

# ADDENDUM D

# ADMINISTRATION

December 6, 2006



Robert D. Trifunovic, M.D.  
Palomar Medical Center Medical Staff  
555 East Valley Parkway  
Escondido, CA 92025

Re: Agreement to reimburse Medical Staff for Department Chair, QMC Chair,  
Chief of Staff and Chief of Staff Elect Compensation

Dear Doctor Trifunovic:

Palomar Pomerado Health ("PPH"), a hospital district organized under California Health & Safety Code, Division 23 and Palomar Medical Center Medical Staff ("Medical Staff") hereby enter into this letter agreement ("Letter Agreement") by the terms of which PPH will reimburse Medical Staff for a portion of the compensation provided by Medical Staff to certain physicians under department and committee chair/officer agreements. PPH is the owner and operator of Palomar Medical Center ("hospital") located at 555 East Valley Parkway, Escondido, California.

## 1. Department Chair, QMC Chair, Chief of Staff and Chief of Staff Elect Agreements

Medical Staff has entered into those arrangements listed on Exhibit A (the "Arrangements") with certain physicians ("Physicians") to chair departments/committees, or to serve as Chief of Staff or Chief of Staff Elect at Hospital. Medical Staff represents and warrants that the duties and responsibilities are set out in the Medical Staff Bylaws and other documents. Medical Staff further represents and warrants that its arrangements with the Physicians provide compensation that is fair market value for the services provided and is not determined in any manner that takes into account the value or volume of referrals or other business generated by the Physician to PPH.

## 2. Financial Terms

Medical Staff shall be solely responsible for compensating Physicians pursuant to the terms of the Arrangements. Medical Staff shall submit to PPH documentation reflecting the compensation provided by Medical Staff to the Physicians pursuant to the Arrangements no later than the tenth (10<sup>th</sup>) day of each month. PPH shall provide reimbursement to Medical Staff as follows:

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- 1) seventy-five percent (75%) of the amounts provided to the Chief of Staff Elect;
- and
- 2) fifty percent (50%) of the amounts provided to the Physicians pursuant to all of the other Arrangements.

PPH shall provide such reimbursement within ten (10) business days after Medical Staff's submission to PPH of the payment documentation. PPH shall provide such reimbursement in recognition of the fact that the Physicians, by the terms of their agreements with Medical Staff, provide services which in part benefit PPH.

**3. Term**

This letter agreement will have a term of one year, beginning January 1, 2006, and ending January 1, 2007, unless sooner terminated as otherwise provided in the agreement contemplated by this letter of intent.

**4. Termination**

PPH will have the right to terminate the agreement upon the occurrence of any of the following events:

- (i) With or without cause, in either case without penalty, upon ninety (90) days written notice to Medical Staff.
- (ii) Any breach of the Agreement by Medical Staff which is not cured within thirty (30) days after written notice is given by PPH to Medical Staff.
- (iii) Upon such other conditions as agreed upon by Medical Staff and PPH.

**5. Publicity**

Except as required by law, no party shall make any public announcement with respect to the agreement proposed by this letter of intent without the express written consent of the other parties.

**6. Controlling Law**

This letter of intent shall be governed by and construed and enforced in accordance with the laws of the State of California.

**7. Counterparts**

This letter agreement may be executed in counterparts, each of which shall be an original, but all of which together shall constitute one and the same agreement.

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Sincerely,

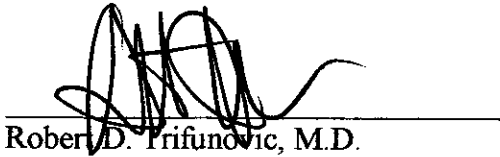


Michael H. Covert

President/CEO

Palomar Pomerado Health

Accepted and agreed to by Medical Staff as of 12/29, 2006



Robert D. Trifunovic, M.D.

Chief of Staff

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Exhibit A

<u>Physician</u>	<u>Position</u>	<u>Term</u>	<u>Monthly Comp.</u>
Robert D. Trifunovic, M.D.	Chief of Staff	01/01/06-12/31/08	
John J. Lilley, M.D.	Chief of Staff Elect	01/01/06-12/31/08	
John T. Steele, M.D.	Chair, Surgery Dept.	09/01/06-12/31/08	
John J. Lilley, M.D.	Chair, Medicine Dept.	01/01/06-12/31/07	
Gregory A. Langford, M.D.	Chair, OB/GYN Dept.	01/01/06-12/31/07	
David J. Golembeski, M.D.	Chair, Pediatric Dept.	01/01/06-12/31/07	
Jaime B. Rivas, M.D.	Chair, Emergency Medicine Dept.	01/01/06-12/31/07	
Gary P. Spoto, M.D.	Chair, Radiology Dept.	01/01/06-12/31/07	
Thomas S. Velky, M.D.	Chair, Trauma Dept.	01/01/06-12/31/07	
Pierre R. Lotzof, M.D.	Chair, Anesthesia Dept.	01/01/06-12/31/07	
Lachlan Macleay, M.D.	Chair, Pathology Dept.	01/01/06-12/31/07	
Nicholas J. Jauregui, M.D.	Chair, Family Practice Dept.	01/01/06-12/31/07	
Paul C. Milling, M.D.	Chair, Ortho/Rehab Dept.	01/01/06-12/31/07	
Daniel C. Harrison, M.D.	Chair, QMC	01/01/06-12/31/07	