

**MINUTES OF A REGULAR MEETING  
OF THE BOARD OF DIRECTORS  
MONTGOMERY COUNTY HOSPITAL DISTRICT**

The regular meeting of the Board of Directors of Montgomery County Hospital District was duly convened at 4:00 p.m., August 22, 2017 in the Administrative offices of the Montgomery County Hospital District, 1400 South Loop 336 West, Conroe, Montgomery County, Texas.

**1. Call to Order**

Meeting called to order at 4:00 p.m.

**2. Invocation**

Led by Mr. Spratt

**3. Pledge of Allegiance**

Led by Ms. Whatley

**4. Roll Call**

**Present:**

Bob Bagley  
Mark Cole  
Kenn Fawn  
Sandy Wagner  
Brad Spratt  
Georgette Whatley

**Not Present:**

Chris Grice

**5. Public Comment**

John Nicks made a public comment to the board.

Eric Yollick made a public comment to the board.

**6. Special Recognition:**

**Field/June -** Brandon Sanson

**Non Field -** Andrew Karrer

**Field -** Terry Carpenter

**7. Consider and act on ratification of contracts with additional network providers for indigent care. (Mrs. Wagner, Chair - Indigent Care Committee)**

Mrs. Wagner made a motion to consider and act on ratification of contracts with additional network providers for indigent care. Ms. Whatley offered a second and motion passed unanimously. Mr. Gauen will send an updated list of providers.

8. **CEO Report to include update on District operations, strategic plan, capital purchases, employee issues and benefits, transition plans and other healthcare matters, grants and any other related district matters.**

Mr. Randy Johnson, CEO presented report to the board.

9. **Consider and act on the 2017 Wage and Salary survey. (Ms. Whatley, Chair – Personnel Committee) (attached)**

Ms. Whatley made a motion to consider and act on the 2017 Wage and Salary survey. Mrs. Wagner offered a second. Ms. Whatley withdrew her original motion.

Ms. Whatley made a motion to table until next month. Mr. Spratt offered a second.

10. **Consider and act on the HR Retirement Bridge Plan. (Ms. Whatley, Chair – Personnel Committee) (attached)**

Mr. Randy Johnson made a presentation to the board.

Ms. Whatley moved to tabled agenda item for a future meeting. Agenda item will be brought back to the board at the beginning of 2018.

*“Mr. Fawn requested agenda item 12 to be moved behind agenda item number 28”*

11. **Consider and act on the MCHD 5 year plan. (Mr. Fawn, Chairman – MCHD Board) (attached)**

Mr. Fawn made a motion to consider and act on MCHD 5 year plan. Mrs. Wagner offered a second. Mr. Randy Johnson made a presentation to the board. After board discussion motion passed unanimously.

12. **EMS Director Report to include updates on EMS staffing, performance measures, staff activities, patient concerns, transport destinations and fleet.**

Mr. Jared Cosper, EMS Director presented a report to the board.

Legal Counsel advised he needed about 5 minutes of the board's time about patient care concerns and requested they go into executive session pursuant to 551.071 of the Texas Government Code.

Mr. Fawn made a motion to convene into executive session at 5:23 p.m. pursuant to section 551.071 of the Texas Government Code to consult with legal counsel regarding patient care concerns.

The board reconvened from executive session at 5:28 p.m. and no action is to be taken.

13. **Consider and act on annual renewal licenses for Centrelearn. (Mr. Bagley, Chairman – EMS Committee) (attached)**

Mr. Bagley made a motion to consider and act on annual renewal licenses for Centrelearn. Mr. Spratt offered a second and motion passed unanimously.

- 14. Consider and act on sole source letter for Zoll RescueNet Pro. (Mr. Bagley, Chairman – EMS Committee) (attached)**

Mr. Bagley made a motion to consider and act on sole source letter for Zoll RescueNet Pro. Ms. Whatley offered a second and motion passed unanimously.

- 15. Consider and act on contract for Zoll RescueNet Pro. (Mr. Bagley, Chairman – EMS Committee) (attached)**

Mr. Bagley made a motion to consider and act on contract for Zoll RescueNet Pro. Ms. Whatley offered a second and motion passed unanimously.

- 16. Consider and act on annual Cisco Network Equipment warranty renewal. (Mr. Bagley, Chairman – EMS Committee) (attached)**

Mr. Bagley made a motion to consider and act on annual Cisco Network Equipment warranty renewal. Ms. Whatley offered a second and motion passed unanimously.

- 17. Consider and act on annual HP Server Equipment warranty renewal. (Mr. Bagley, Chairman – EMS Committee) (attached)**

Mr. Bagley made a motion to consider and act on annual HP Server Equipment warranty renewal. Ms. Whatley offered a second. After board discussion motion passed unanimously.

- 18. Consider and act on extended warranty for X-Series Monitors. (Mr. Bagley, Chairman – EMS Committee) (attached)**

Mr. Bagley made a motion to consider and act on extended warranty for X-Series Monitors. Ms. Whatley offered a second and motion passed unanimously.

- 19. COO Report to include updates on infrastructure, facilities, radio system, warehousing, staff activities, community paramedicine, emergency management, and purchasing.**

Mrs. Melissa Miller, COO presented a report to the board.

- 20. Consider and act on Station 90 Lease Agreement. (Mr. Cole, Chair – PADCOM Committee) (attached)**

Mr. Cole made a motion to consider and act on Station 90 lease agreement. Mr. Bagley offered a second. After board discussion motion passed unanimously.

- 21. Health Care Services Report to include regulatory update, outreach, eligibility, service, utilization, community education, clinical services, epidemiology, and emergency preparedness.**

Mr. David Hernandez, HCAP Coordinator presented a report to the board.

- 22. Consider and act on Healthcare Assistance Program claims from Non-Medicaid 1115 Waiver providers processed by Boon-Chapman. (Mrs. Wagner, Chair - Indigent Care Committee)**

Mrs. Wagner made a motion to consider and act on Healthcare Assistance Program claims from Non-Medicaid 1115 Waiver providers processed by Boon-Chapman. Ms. Whatley offered a second and motion passed unanimously.

- 23. Consider and act on ratification of voluntary contributions to the Medicaid 1115 Waiver program of Healthcare Assistance Program claims processed by Boon Chapman. (Mrs. Wagner, Chair – Indigent Care Committee)**

Mrs. Wagner made a motion to consider and act on ratification of voluntary contributions to the Medicaid 1115 Waiver program of Healthcare Assistance Program claims processed by Boon Chapman. Ms. Whatley offered a second and motion passed unanimously.

- 24. Presentation of preliminary Financial Report for ten months ended July 31, 2017 – Brett Allen, CFO, report to include Financial Summary, Financial Statements, Supplemental EMS Billing Information, and Supplemental Schedules.**

Mr. Brett Allen, CFO presented financial report to the board.

- 25. Consider and act on ratification of payment of District invoices. (Mr. Grice, Treasurer - MCHD Board)**

Mr. Fawn made a motion to consider and act on ratification of payment of District invoices. Mr. Spratt offered a second and motion passed unanimously.

- 26. Consider and act on salvage and surplus. (Mr. Grice, Treasurer – MCHD Board) (attached)**

Mr. Fawn made a motion to consider and act on salvage and surplus as listed. Ms. Whatley offered a second and motion passed unanimously.

- 27. Secretary's Report - Consider and act on minutes for the July 25, 2017 Regular BOD meeting and August 8, 2017 Special BOD meeting. (Mrs. Wagner, Secretary - MCHD Board)**

Mrs. Wagner made a motion to consider and act on minutes for the July 25, 2017 Regular BOD Meeting. Mr. Spratt offered a second and motion passed unanimously.

Mrs. Wagner made a motion to consider and act on minutes from the August 8, 2017 Special BOD meeting. Mr. Spratt offered a second and motion passed. Mr. Fawn abstained from vote.

- 28. Consider and act on Annual US Digital Designs Maintenance Renewal. (Mr. Cole, Chair – PADCOM Committee)**

Mr. Cole made a motion to consider and act on annual US Digital Designs Maintenance Renewal. Mr. Fawn offered a second and motion passed unanimously.

- 29. Convene into executive session pursuant to section 551.074 of the Texas Government Code for the MCHD Board to hear and deliberate upon the employment appeal of Christopher Blethen pursuant to the District's personnel policy HR 25-504, Disciplinary and Grievance Procedure. (Mr. Fawn, Chairman – MCHD Board)**


Mr. Christopher Blethen notified Mrs. Donna Daniel, Records Manager on August 22<sup>nd</sup> at approximately 12:53 p.m. that he wanted to drop his Level II Grievance request. Ms. Daniel receive this notification in writing and also confirmed via a phone call with Mr. Blethen.

- 30. Reconvene from executive session to act upon the employment appeal of Christopher Blethen pursuant to the District's personnel policy HR 25-504, Disciplinary and Grievance Procedure. (Mr. Fawn, Chairman – MCHD Board)**

Not needed.

**31. Adjourn**

Meeting adjourned at 5:39 p.m.

  
Sandy Wagner, Secretary



Montgomery County Hospital District  
Board of Directors - Public Meeting  
Request for Appearance

Speaker's Name	YOLLITUN		
Address	POB 7571		
Representing	Group or Organization	Name of Group	
<input checked="" type="checkbox"/> Self	<input type="checkbox"/> (of 25 or more)		
FOR MCHD USE ONLY			
Date of Meeting	Subject		
8.22.17	MCHD		
Program	NONE		
Presiding Officer	NONE		



Montgomery County Hospital District  
Board of Directors - Public Meeting  
Request for Appearance

Speaker's Name	John Nicks		
Address	PO Box 821 - Magnolia, TX 77323		
Representing	Group or Organization	Name of Group	
<input checked="" type="checkbox"/> Self	<input type="checkbox"/> (of 25 or more)		
FOR MCHD USE ONLY			
Date of Meeting	Subject		
Aug 22			
Program			
Presiding Officer			

**FIELD Payscale FY '18**

<b>JOB TITLE</b>	<b>CURRENT GRADE</b>	<b>CURRENT MIN ANNUAL</b>	<b>CURRENT MAX ANNUAL</b>	<b>PROPOSED GRADE</b>	<b>PROPOSED MIN ANNUAL</b>	<b>PROPOSED MAX ANNUAL</b>
<b>600</b>						
EMS BASIC	NO GRADE	\$37,000	\$45,000	600	N/C	N/C
<b>601</b>						
EMS INTERMEDIATE	NO GRADE	\$39,000	\$44,900	601	N/C	\$48,000
<b>602</b>						
EMS ATTENDANT	NO GRADE	\$46,500	\$51,500	602	N/C	\$56,200
<b>603</b>						
EMS INCHARGE	NO GRADE	\$58,000	\$72,540	603	N/C	\$75,000
<b>604</b>						
EMS FTO	NO GRADE	\$63,500	\$79,400	604	N/C	\$83,000
<b>605</b>						
EMS SUPERVISOR	NO GRADE	\$72,000	\$90,000	605	N/C	\$94,000
<b>606</b>						
EMS SHIFT COMMANDER	NO GRADE	\$90,000	\$112,500	606	N/C	N/C
<b>700</b>						
ALARM MEDIC I	NO GRADE	\$39,000	\$45,000	700	N/C	\$47,000
<b>701</b>						
ALARM MEDIC II	NO GRADE	\$48,800	\$56,000	701	N/C	\$60,000
<b>702</b>						
ALARM MEDIC III	NO GRADE	\$56,000	\$61,000	702	N/C	\$68,000
<b>703</b>						
ALARM SUPERVISOR	NO GRADE	\$62,900	\$78,600	703	N/C	\$84,500

## NON-FIELD Payscale FY '18

JOB TITLE	CURRENT GRADE	CURRENT MIN ANNUAL	CURRENT MAX ANNUAL	PROPOSED GRADE	PROPOSED MIN ANNUAL	PROPOSED MAX ANNUAL
<b>100</b>						
BILLING REPRESENTATIVE I	100	\$26,581	\$36,162	100	\$25,376	\$38,064
MATERIALS MANAGEMENT TECH	NO GRADE	\$0	\$0	100	\$25,376	\$38,064
DISTRIBUTION TECHNICIAN	100	\$26,581	\$36,162	100	\$25,376	\$38,064
MAKE READY TECHNICIAN	100	\$26,581	\$36,162	100	\$25,376	\$38,064
MECHANIC HELPER	100	\$26,581	\$36,162	100	\$25,376	\$38,064
<b>101</b>						
COMMUNITY HEALTH WORKER	101	\$30,533	\$42,612	101	\$27,768	\$41,652
DOCUMENT IMAGING SPECIALIST	102	\$32,681	\$47,166	101	\$27,768	\$41,652
HR ASSISTANT/RECEPTIONIST	100	\$26,581	\$36,162	101	\$27,768	\$41,652
INTAKE SPECIALIST	101	\$30,533	\$42,612	101	\$27,768	\$41,652
<b>102</b>						
BILLING REPRESENTATIVE II	101	\$30,533	\$42,612	102	\$29,640	\$44,460
CLAIMS REPRESENTATIVE	201	\$36,978	\$56,273	102	\$29,640	\$44,460
ELIGIBILITY SPECIALIST II	102	\$32,681	\$47,166	102	\$29,640	\$44,460
SCHEDULER	102	\$32,681	\$47,166	102	\$29,640	\$44,460
<b>200</b>						
FACILITIES TECHNICIAN I	200	\$35,366	\$49,900	200	\$34,320	\$51,480
RADIO TECHNICIAN	200	\$35,366	\$49,900	200	\$34,320	\$51,480
BILLING REPRESENTATIVE III	102	\$32,681	\$47,166	200	\$34,320	\$51,480
IT WEB ADMINISTRATOR	200	\$35,366	\$49,900	200	\$34,320	\$51,480
PHARMACY BENEFITS REP I	201	\$36,978	\$56,273	200	\$34,320	\$51,480
SUPPLY CHAIN SPECIALIST	200	\$35,366	\$49,900	200	\$34,320	\$51,480
<b>201</b>						
MECHANIC I	200	\$35,366	\$49,900	201	\$36,400	\$54,600
ADMIN MATERIALS COORDINATOR	200	\$35,366	\$49,900	201	\$36,400	\$54,600
SUPPORT SERVICES ADMIN ASST	200	\$35,366	\$49,900	201	\$36,400	\$54,600
RECORDS ADMINISTRATOR	200	\$35,366	\$49,900	201	\$36,400	\$54,600
<b>202</b>						
ACCOUNTS PAYABLE SPECIALIST	200	\$35,366	\$49,900	202	\$38,480	\$57,720
ACCOUNTS RECEIVABLE SPECIALIST	200	\$35,366	\$49,900	202	\$38,480	\$57,720
EQUIPMENT SERVICE SPECIALIST	200	\$35,366	\$49,900	202	\$38,480	\$57,720
FACILITIES TECHNICIAN II	200	\$36,978	\$56,273	202	\$38,480	\$57,720
LEAD TECHNICIAN	201	\$36,978	\$56,273	202	\$38,480	\$57,720
MECHANIC II	201	\$36,978	\$56,273	202	\$38,480	\$57,720
<b>203</b>						
FACILITIES TECHNICIAN III	202	\$40,200	\$61,970	203	\$41,080	\$61,620
MECHANIC III	202	\$40,200	\$61,970	203	\$41,080	\$61,620
PHARMACY BENEFIT REP II	202	\$40,200	\$61,970	203	\$41,080	\$61,620
<b>300</b>						
CASE MANAGER	400	\$51,000	\$84,800	300	\$47,840	\$71,760
PAYROLL/BENEFITS COORDINATOR	201	\$36,978	\$56,273	300	\$47,840	\$71,760
ACCOUNTANT	202	\$40,200	\$61,970	300	\$47,840	\$71,760
COMMUNITY PARAMEDIC	300	\$45,570	\$76,767	300	\$47,840	\$71,760
EMS ADMINISTRATIVE COORDINATOR	300	\$45,570	\$76,767	300	\$47,840	\$71,760
FIRST RESP & OUTREACH COORD	300	\$45,570	\$76,767	300	\$47,840	\$71,760
HCAP COORDINATOR	300	\$45,570	\$76,767	300	\$47,840	\$71,760
HCAP ELIGIBILITY SUPERVISOR	301	\$48,285	\$80,784	300	\$47,840	\$71,760
RADIO FOREMAN	202	\$40,200	\$61,970	300	\$47,840	\$71,760
PUBLIC INFORMATION OFFICER	NO GRADE	\$0	\$0	300	\$47,840	\$71,760
<b>301</b>						
COMM PARAMED PROJECT COORD	300	\$45,570	\$76,767	301	\$50,960	\$76,440
CLINICAL DATA ANALYST (BAMA)	NO GRADE	\$0	\$0	301	\$50,960	\$76,440
HUMAN RESOURCES GENERALIST	300	\$45,570	\$76,767	301	\$50,960	\$76,440
PROFESSIONAL DEVELOPMENT COORD	300	\$45,570	\$76,767	301	\$50,960	\$76,440
QUALITY COORDINATOR	300	\$45,570	\$76,767	301	\$50,960	\$76,440
QA/QI COORDINATOR	300	\$48,285	\$80,784	301	\$50,960	\$76,440



NON-FIELD Payscale FY '18

JOB TITLE	CURRENT GRADE	CURRENT MIN ANNUAL	CURRENT MAX ANNUAL	PROPOSED GRADE	PROPOSED MIN ANNUAL	PROPOSED MAX ANNUAL
<b>302</b>						
BILLING SUPERVISOR	301	\$48,285	\$80,784	302	\$55,120	\$82,680
QUALITY SUPERVISOR	300	\$45,570	\$76,767	302	\$55,120	\$82,680
EDUCATION SUPERVISOR	301	\$48,285	\$80,784	302	\$55,120	\$82,680
EMER PREPAREDNESS & RISK MGR	301	\$0	\$0	302	\$55,120	\$82,680
PART TIME INSTRUCTOR	NO GRADE	\$0	\$0	302	\$55,120	\$82,680
PROGRAM ADMINISTRATOR TIER 1	300	\$45,570	\$76,767	302	\$55,120	\$82,680
<b>400</b>						
ASSISTANT ALARM MANAGER	NO GRADE	\$0	\$0	400	\$59,280	\$88,920
HCAP MANAGER	400	\$51,000	\$84,800	400	\$59,280	\$88,920
BILLING MANAGER	400	\$51,000	\$84,800	400	\$59,280	\$88,920
BUSINESS ANALYSIS UNIT MANAGER	NO GRADE	\$0	\$0	400	\$59,280	\$88,920
FACILITIES MANAGER	400	\$51,000	\$84,800	400	\$59,280	\$88,920
FLEET MANAGER	400	\$51,000	\$84,800	400	\$59,280	\$88,920
RECORDS MANAGER & COMPLIANCE OFF	400	\$51,000	\$84,800	400	\$59,280	\$88,920
SUPPLY CHAIN MANAGER	400	\$51,000	\$84,800	400	\$59,280	\$88,920
PROGRAM ADMINISTRATOR TIER 2	400	\$51,000	\$84,800	400	\$59,280	\$88,920
<b>401</b>						
HUMAN RESOURCES MANAGER	401	\$75,000	\$100,700	401	\$70,720	\$106,080
QUALITY IMPROVEMENT MANAGER	401	\$75,000	\$100,700	401	\$70,720	\$106,080
RADIO SYSTEMS MANAGER	300	\$48,285	\$80,784	401	\$70,720	\$106,080
<b>402</b>						
ASST EMS DIRECTOR OF OPERATIONS	402	\$90,000	\$116,600	402	\$76,960	\$115,440
CLINICAL SERVICES MANAGER	401	\$75,000	\$100,700	402	\$76,960	\$115,440
ALARM MANAGER	402	\$90,000	\$116,600	402	\$76,960	\$115,440
ACCOUNTING MANAGER		\$75,000	\$100,700	402	\$76,960	\$115,440
IT MANAGER	401	\$75,000	\$100,700	402	\$76,960	\$115,440
<b>500</b>						
EMS DIRECTOR	500	\$95,000	\$160,000	500	\$106,080	\$195,957
CHIEF OPERATIONS OFFICER	500	\$95,000	\$160,000	500	\$106,080	\$195,957
CHIEF FINANCIAL OFFICER	500	\$95,000	\$160,000	500	\$106,080	\$195,957
<b>502</b>						
CHIEF EXECUTIVE OFFICER	501	PER BOARD		502	PER BOARD	

2017	2020	2025
Name	Name	Name
KIMMEY, KAREN	KIMMEY, KAREN	KIMMEY, KAREN
MADDOX, JACK	MADDOX, JACK	MADDOX, JACK
SMITH, ERNEST	SMITH, ERNEST	SMITH, ERNEST
TAYLOR, PHILLIP	TAYLOR, PHILLIP	TAYLOR, PHILLIP
WELCH, TAMELLA	WELCH, TAMELLA	WELCH, TAMELLA
WOOD, RICHARD	WOOD, RICHARD	WOOD, RICHARD
WEBB, KAREN	WEBB, KAREN	WEBB, KAREN
CASE, CONNIE	CASE, CONNIE	CASE, CONNIE
CLANCY, LOIS	CLANCY, LOIS	CLANCY, LOIS
ARTIFICAVITCH, DAVID	ARTIFICAVITCH, DAVID	ARTIFICAVITCH, DAVID
GUNSELMAN, DEBRA	GUNSELMAN, DEBRA	GUNSELMAN, DEBRA
HERNANDEZ, DAVID	HERNANDEZ, DAVID	HERNANDEZ, DAVID
ROACH, MARK	ROACH, MARK	ROACH, MARK
SHAPIRO, MAURA	SHAPIRO, MAURA	SHAPIRO, MAURA
GAINES, GLENDA	GAINES, GLENDA	GAINES, GLENDA
HAHN, JERALD	HAHN, JERALD	HAHN, JERALD
BERG, GLORIA	BERG, GLORIA	BERG, GLORIA
BERLEHNER, ERIC	BERLEHNER, ERIC	BERLEHNER, ERIC
HERNANDEZ, ANA	HERNANDEZ, ANA	HERNANDEZ, ANA
SANDEL, DIANE	SANDEL, DIANE	SANDEL, DIANE
	OLDEN, LUTHER	OLDEN, LUTHER
	FREDREGILL, ELIZABETH	FREDREGILL, ELIZABETH
	PELCZAR, SCOTT	PELCZAR, SCOTT
	THIERBACH, EDGAR	THIERBACH, EDGAR
	SULLEY, LETICIA	SULLEY, LETICIA
	BEDAIR, WAYNE	BEDAIR, WAYNE
	LINDBURG, TYRONE	LINDBURG, TYRONE
	ROYAL, SHERRI	ROYAL, SHERRI
	CARPENTER, TERRY	CARPENTER, TERRY
	SMITH, DONALD	SMITH, DONALD
		ABBOTT, CORD
		COPELAND, MATTHEW
		DUKE, TERRI
		GILLUM, LEE
		HERNANDEZ, MARIA
		HON, CALVIN
		IBRAHIM, SYED
		JAROSEK, COLLEEN
		KAPPLER, TIMOTHY
		MIFFLIN, KEVIN
		MOSLEY, DAVID
		SULLIVAN, SHERRY
		JOHNSON, RANDY
		KRAUS, CATHY
		VALENTINE, HENRIETTA
		SULLIVAN, ALLEN
		JOHNSON, ROBIN
		BRINKMAN, KATRINA
		CURRIE, APRIL
		DANIEL, DONNA
		PAIRETT, DAVID
		GUNSELMAN, KEVIN
		MLADENKA, JACKIE
		RUNTE-STULTZ, BARBARA
		FAIRBANKS, LYNETTE
		KARRER, ANDREW
		DELACERDA, VERONICA
		HANCOCK, JOHN
		BEDAIR, ELIZABETH
		MALLARE, PIORGENE
		RITCHIE, RHONDA
		ALLEN, DENNIS
		BRAY, CHARLOTTE
		LANGAN, PATRICK
		HOFFART, ANGELA
		SIMANONOK, JULIE
		TRAINOR, SHAWN
		MATTHEWS, BRANDI
		EVANS, JUSTIN



Montgomery County Hospital District  
Five-Year Strategic Plan

August 2017

FINAL DRAFT

Date Approved by Board of Directors \_\_\_\_\_

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## Executive Summary

In creating the Strategic Plan for the Montgomery County Hospital District, the Board of Directors developed some overarching goals for District executives. Following is the Policy Statement, which serves as the guiding principles of the Executive Management and Command staff:

1. MCHD shall set tangible and definable Goals to:
  - a. Set a standard and then measure MCHD's delivery of services. This metric must be understood, achieved, and then communicated through the organization to the Board and to the Public.
  - b. Set a standard and then measure MCHD's employee job satisfaction. We will continue to measure this metric by focusing on employee turnover rates and patient satisfaction surveys. This metric must be understood, achieved, and then communicated through the organization to the Board and to the Public.
  - c. Effectively communicate the successes of the District to the residents of Montgomery County. This will be done by giving quarterly "updates" to Chambers of Commerce, Rotary Clubs, Lions Club, and updates to City Councils. Successes will be promoted in social media and news outlets at least weekly. Finally, success will be communicated to first Responder organizations and local hospitals at least two times a year.
2. MCHD will assure that tax revenue into the District does not grow faster than the combined annual rate of inflation and the rate of population growth.
3. MCHD will strive to maintain a cash reserve of at least six month's operating expenses at all times.

The Montgomery County Hospital District (MCHD) was created by special legislation in 1977 as a political subdivision of the State of Texas. The primary responsibility of the District's creation, according to enabling legislation, is to provide healthcare to indigent residents of the county. This is a very broad scope, which can include the Healthcare Assistance Program (HCAP), Emergency Medical Services (EMS), some public health services as defined and directed by the MCHD Board. Through the years, MCHD services have expanded to include a county-wide emergency medical service (EMS), the 911 communication system, the county's Public Health District, and emergency preparedness (with coordination of agency partners).

This report completes a detailed assessment of the Montgomery County Hospital District's strategic position. As a part of the analysis, the planning group examined the history of the District, the external environment and associated trends, evaluated the stakeholders' needs, assessed the internal operating conditions and current directional strategies to provide the basis for the proposed strategic objectives.

The strategic assessments were performed with specific attention placed on balancing the organization pillars of People, Service, Quality, Finance, and Growth.

The recommendations offered in this report bear a direct relation to the major issues that need to be addressed by the District. Perhaps the largest predictable challenge that faces MCHD in the coming years is the change in healthcare legislation. The state continues to work with the seven year old Affordable Care Act.

As a political subdivision of the state, the District must work within the parameters provided, striving to maximize the available healthcare dollars to positively impact healthcare in Montgomery County.

In addition to healthcare reform, other significant trends include:

1. Population growth and the associated growth in volume
2. Legislative and regulatory changes in healthcare
3. A local economy beginning to recover from oil glut
4. Uninsured population growing
5. Increasing expenses related to services provided

From these key factors, a series of Five Strategic Goals supported by strategic objectives to fulfill those goals were formulated to enhance the District's ability to balance the needs of competing stakeholders and achieve success in meeting our statutory and elected service goals.

1. Maintain MCHD as the **regional "Employer of Choice"**
2. **Provide excellent service** in our EMS, HCAP and Emergency Preparedness programs to all our customers: co-workers, clients, patients, taxpayers and the community.
3. Deliver the highest quality service by establishing and maintaining a **structured process to measure and continually improve**. This will be evidenced by Key Performance Indicators, Core Measures and implementation of a Process Improvement program.
4. Provide for the short and long term **financial stability** of MCHD and protection for the taxpayer while meeting the needs of the community
5. Proactively **meet the growth needs** of our community in all areas.
  - a. Communicate mission and outcomes internally and externally
  - b. Continuously educate and train our staff, based on current best practices and industry standards

In conclusion, the Montgomery County Hospital District is committed to provide excellent essential services with which it is charged in a fiscally responsible way. MCHD is also dedicated to creating a work environment, for its employees that encourages open communication and highly supports professional growth and education. The District is financially strong and operates in a community that is experiencing steady growth.

## **Mission, Vision and Values**

### **Mission Statement**

Our mission is to care for the indigent and provide EMS services while protecting the interest of the taxpayers and insuring long-term stability through fund development.

### **Vision Statement**

Our vision is cost effective indigent care and taxpayer supplemented EMS with total professionalism administered through an elected board of directors.

### **Values**

Our values are quality, innovative, cost effective operations that are open to the public.

### **Employee Value Statements**

#### **Accountability**

Being responsible for our thoughts, words, and deeds, and the resources entrusted to us.

#### **Compassion**

To be understanding, caring and nurturing.

#### **Excellence**

We will strive to exceed all expectations and maintain the highest standards in our industry.

#### **Innovation**

Providing superior and professional service to the citizens of Montgomery County utilizing professional development, state of the art technology, and sound practice.

#### **Integrity**

Acting with the highest standards of honesty and ethics in every decision and action that we make as individuals or as an organization.

#### **Unity**

A group of individuals striving toward shared goals and a vision of improving the quality of life for all.

## MCHD History

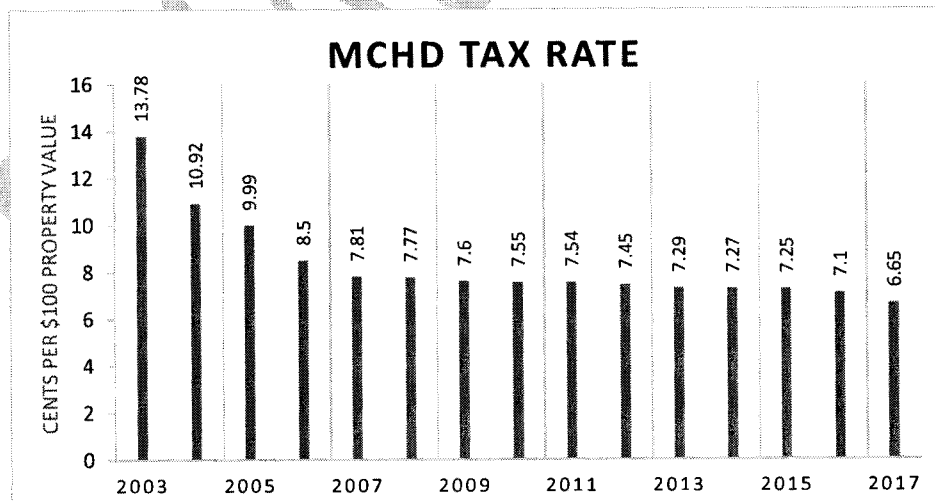
Originally, the District carried out its legislative purpose for the financial health of the Medical Center Hospital in Conroe, Texas. The Medical Center Hospital in Conroe was sold in 1993 to Health Trust, Inc. After the sale of the hospital, the District met its requirement by contracting for services with the new owners of the hospital and other private physicians.

Today, the District's provider network for its Health Care Assistance Program (HCAP) has grown from a handful of physicians to more than 650 providers across Montgomery and Harris Counties. The District contracts for healthcare services across the continuum of care. Our contracts provide pre and post hospital care providers and contracted inpatient care in more than 15 hospitals, in Montgomery County and surrounding areas.

In addition to indigent care, the District provides emergency medical ambulance services for Montgomery County. Medical Center Hospital operated a hospital-based EMS prior to the formation of the District in 1977. At the time of the sale of the hospital, the District maintained operational control of EMS. In 1995, the District contracted with a private company to provide EMS emergency response and transfer services. In 1997, the MCHD Board of Directors decided that in order to reach the desired level of excellence, the District would resume control of EMS operations in 1998.

Because of the District's enabling legislation, it is supported through an ad valorem tax-based funding mechanism. In 2003, MCHD began a trend of reducing property taxes. This was accomplished by controlling costs, eliminating inefficient programs, and increasing fee for service revenue. Rapidly rising property valuations also contributed to the Board's ability to reduce the tax rate. The cost of continued provision of HCAP care has also reduced as better HCAP Case Management has been implemented. As the chart below demonstrates, MCHD has reduced the tax rate every year since 2003.

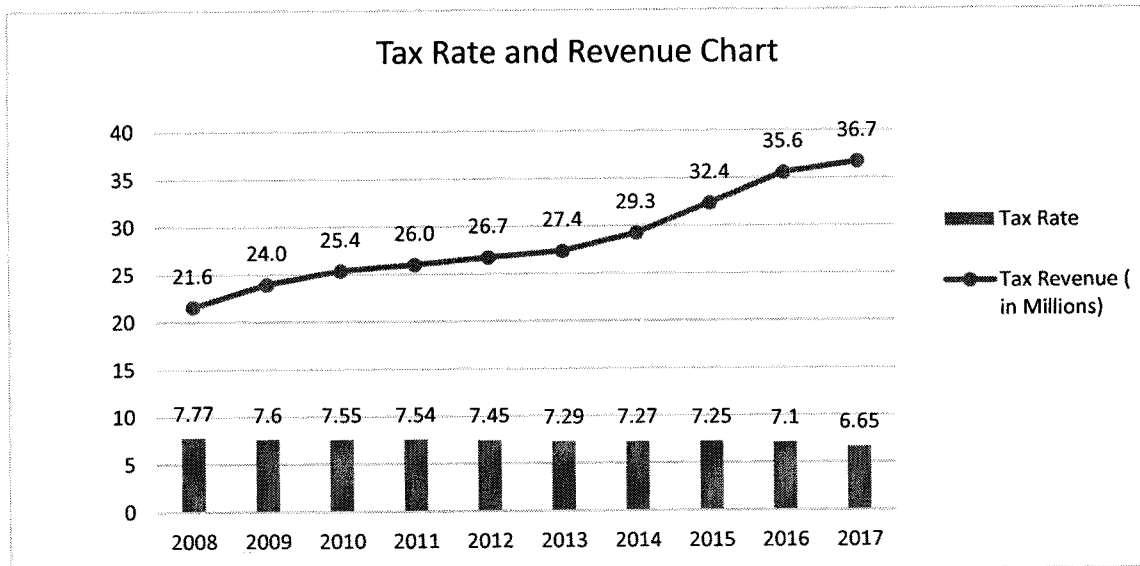
The graph below shows the progression of the District's tax rate over time.





Likewise, the graph below shows the progress of the tax rate and total tax revenue received by the District over the years.

**Tax Rate and Revenue Chart**



Because the county's tax base has grown, the tax rate reductions have not negatively affected the District's income. MCHD's conservative Board works diligently to have one of the most efficient tax rates in the county.

The current projection of 2018 taxes indicate that MCHD tax revenue will reduce from \$36.7 MM to \$35.1 MM, due to the 20% increased Homestead exemption which was approved in 2017. Growth in the county should allow tax revenue increases to \$ 36.9 MM in 2019.

## The District Today

The District operates two separate **Strategic Service Units**. Each unit has a unique mission, set of stakeholders, operating environment and resource requirements. These units are: HCAP and EMS. In addition to these units, there are **Support Units** that enable the Strategic Service Units to be successful.

### Strategic Service Units

#### 1. Health Care Assistance Program (HCAP)

HCAP is the District's indigent health care program, and is mandated by MCHD's enabling legislation. HCAP does not directly provide medical care, but instead provides the funding mechanism for its members to have access to care through contracted providers. This "membership" program provides healthcare for Montgomery County citizens who meet the eligibility requirements. We contract with hospitals and various pre and post hospital care providers to actively decrease medical cost. This allows MCHD to provide the broadest range of services at the least cost.

The MCHD HCAP eligibility requirements for indigent residents of Montgomery County in need of healthcare services substantially exceed the minimum income eligibility mandates of the State of Texas. Although a complete discussion of the eligibility requirements and the services provided is outside the scope of this discussion, it is important to understand the basic requirements for membership.

In order to qualify for HCAP, an applicant:

- a. Must be a legal resident of Montgomery County
- b. Must have a family income that does not exceed 133% of the Federal Poverty Level for the region
- c. Must have household assets that do not exceed \$2,000 (excluding one household automobile)
- d. Must not have access to healthcare services that can be funded by any other public or private program
- e. Must meet other eligibility requirements
- f. Member must recertify their eligibility every six months.

Certified members of HCAP are entitled to:

- a. Basic healthcare
- b. Certain specialty care
- c. Certain prescription medication (up to three concurrent)
- d. Hospitalization
- e. Annual cap on cost of care: \$60,000 which is twice the amount of the legal required minimum

As previously discussed, the direct provision of healthcare services is handled by contracted providers. The HCAP staff is responsible for:

- a. Managing the eligibility process and certifying eligibility of member applicants
- b. Resolving eligibility issues with members and service providers
- c. Resolving issues and conflicts that may arise with, and between, members and service providers
- d. Overseeing the payment process and resolving any payment issues

- e. Case Management assists clients in accessing community resources, disease management and overcoming barriers to obtaining optimum health. In addition to providing the above services, HCAP also provides diabetes education and supplies, including home visits to certain clients.

**HCAP STRATEGIC GOALS AND OBJECTIVES:**

1. **Strategic Goal:** Maintain MCHD as the regional “Employer of Choice”  
**Strategic tactics to meet goal:**
  - a. Provide quarterly continuing education to staff
  - b. Staff will participate in MCHD Committees
  - c. Staff will participate in executive staff “town halls” at least every six months
  - d. Staff will participate in MCHD’s salary and benefit review every three years
2. **Strategic Goal:** Provide Excellent Service to our co-workers, clients, taxpayers and community  
**Strategic tactics to meet goal:**
  - a. Customer Service will be a standing agenda item for staff meetings
    - i. Manager will track and trend service feedback and report monthly at staff meetings
  - b. Employee defined “Standards” will be reviewed quarterly at staff meetings
3. **Strategic Goal:** Establish and maintain a structured process to measure and improve quality  
**Strategic tactics to meet goal:**
  - a. Revise current KPI’s as needed to measure improvement with new and established processes
  - b. Involve staff with KPI data collection and action plans
  - c. Check with hospitals and physician offices to discuss process, cost and outcomes
4. **Strategic Goal:** Provide for the short and long-term financial stability of MCHD and protection for the taxpayer while meeting the needs of the community.  
**Strategic tactics to meet goal:**
  - a. Maintain 2-level approval process for all HCAP applicants
  - b. Review 100% of claims for accuracy of bills compared with the contract
  - c. Investigate and recommend the return on investment of providing transportation to and from medical visits

5. **Strategic Goal:** Proactively meet the growth needs of our community

**Objective #1:** Communicate mission and outcomes internally and externally

**Strategic tactics to meet goal and objective #1:**

- a. Monthly staff meetings
- b. Bi-monthly HCAP newsletter article
- c. Monthly presentation to external stakeholders

**Objective #2:** Continuous education and training of staff

**Strategic tactics to meet goal and objective #2:**

- a. Monthly staff meetings
- b. Bi-monthly HCAP newsletter article
- c. Monthly presentation to external stakeholders

2. Emergency Medical Services (EMS)

The provision of emergency medical services and the required 911 communication and radio systems to Montgomery County has been a longstanding adopted responsibility of the District. Throughout its history, the MCHD EMS has been recognized for its leadership in level and quality of care. To maintain and in fact improve its quality, MCHD has recently achieved CAAS (Commission on Accreditation of Ambulance Services) certification.

MCHD EMS is well known for its early adoption of cutting edge protocols, techniques and medications. It also has been well regarded for its education programs, quality improvement initiatives and overall operational efficiency.

In addition to 911 transports, MCHD EMS provides non-emergency transfers as requested for patients who are being moved from one facility to another, or to their homes. Currently, MCHD focuses its efforts on critical transfers, a service that relies on the in-depth training and experience of its medics. Unlike emergency response, the cost recovery for this service is very high and predictable.

The following are components of EMS:

**EMS Operations**

EMS Operations is responsible for deploying, staffing, housing, supervising and operating all EMS resources. MCHD EMS currently operates 23 24-hour ambulances and four peak units. In addition MCHD operates one squad, four supervisor trucks and one command supervisor truck each day.

**Clinical Services Department**

The Clinical Services Department oversees protocol development, then implements and oversees the provision of care of MCHD EMS. The Department also manages and tracks quality, best practices, EMS hiring and EMS promotion process as well as field, community, and first responder continuing education through classes and in-services. The Clinical Services Department also teaches EMT Basic classes at two area high schools and at MCHD headquarters.

### **Alarm**

MCHD EMS operates a Communications Center to dispatch its emergency and non-emergency calls. The center is accredited by the National Academy of EMS Dispatchers. In addition to dispatching all of MCHD EMS emergency and non-emergency calls, the center is contracted to provide dispatch services for the Conroe Fire Department and for several communications centers throughout underserved areas of Texas. The center also serves as the back-up call center in the event of interrupted operations at the two primary 911 call centers.

### **Community Paramedicine**

MCHD established its Community Paramedicine program established in 2013. The program targets individuals that are high utilizers of 911 Emergency Services and is funded through the Medicaid 1115 Waiver. The goal of CP is to reduce non-emergency 911 calls, and subsequent non-emergency frequent trips to the hospital Emergency Departments.

### **Emergency Preparedness**

MCHD is actively involved with local, regional and statewide health system planning for emergency preparedness. The District's preparedness activities range from working with the Public Health Department to educate the community, to working with Police Department SWAT units to recover victims of mass casualty. In order to be response-ready, MCHD staff participates in planning activities and training exercises, and works with the following organizations/agencies: Montgomery County, city of Conroe, Montgomery County Sheriff's Office, Southeast Texas Regional Advisory Council (SETRAC), and the Texas Department of State Health Services (DSHS).

## **EMS STRATEGIC GOALS AND TACTICS**

1. **Strategic Goal:** Maintain MCHD EMS as the regional "Employer of Choice".

#### **Strategic tactics to meet this goal:**

- a. Provide quarterly CE to all staff
- b. EMS staff will participate in MCHD Committees
- c. EMS Staff will participate in EMS hiring and promotional practices
- d. EMS will participate in Bike Medic, Tactical Medic, Community Medic, and community education programs
- e. EMS will participate in "round and ride out" with Command and Executive staff in order to exchange information between rank and file, at least every 6 months
- f. Management staff will track staff satisfaction surveys annually and turnover reports monthly
- g. Management staff will participate in wage and salary comparisons with other agencies every three years.

2. **Strategic Goal:** Provide excellent service to MCHD co-workers, clients, taxpayers, and community

**Strategic tactics to meet this goal:**

- a. Command staff will trend service feedback and report monthly at staff and Board Meetings
- b. Core Value, "Compassion" will be discussed at each Supervisor Meeting and each Quarterly CE
- c. Command Staff will track and trend service feedback and report monthly at staff and quarterly meetings

3. **Strategic Goal:** Establish and maintain a structured process to measure and improve quality.

**Strategic tactics to meet this goal:**

- a. Track, trend, evaluate, and publish 17 core measures data
- b. Track, trend, evaluate, and review KPI's and Core Measures for CP, Alarm, Emergency Preparedness, Clinical Services Department, and EMS Operations
- c. Review all STEMI, stroke, trauma and a sample percentage of random routine calls for best practices and quality review

4. **Strategic Goal:** provide for the financial stability of MCHD and protection for the taxpayer while meeting the needs of the community

**Strategic tactics to meet this goal:**

- a. Review historical call volume and use projected county growth data to expand coverage while maintaining efficiency
- b. Review monthly operational and capital expenses to budget
- c. Review Capital project planning and review, on a quarterly basis

5. **Strategic Goal:** Proactively meet the growth needs of our community

**Strategic tactics to meet this goal:**

- a. Track historical trends and use reporting Metrics to plan for the future
- b. Meet with first responder agencies, county commissioners, city councils, as well as community agencies, hospitals and volunteer organizations to communicate our mission and receive feedback

## **Support Units**

In addition to the two Strategic Service Units, there are eleven Support Units within the District that provide the underlying foundation that allows MCHD to carry out its mission.

1. **Finance and Accounting**

The Finance and Accounting Department is responsible for general accounting, grant accounting, financial reporting, cost and budget reporting, accounts payable and receipts management. The department is also responsible for all financial analysis and projections, cash management and treasury functions, as well as the oversight of the District's investments and investment policy. The Board of Directors is charged with approving the actual policies that govern investment decisions, as well as ratifying all invoices paid on a monthly basis.

2. **Billing**

MCHD EMS charges patients for services provided. This revenue subsidizes that provided by the taxpayer. That revenue comes in the form of reimbursements made either by or on behalf of patients for services rendered. MCHD EMS maintains its own internal Billing Department to expedite the reimbursement process. Typically, reimbursements for services provided comes through various payor sources, including Medicare, Medicaid, private third-parties (e.g. insurance coverage), or the patients themselves.

3. **Radio/Communications Technology**

The District in partnership with The City of Conroe is the primary owner/operator of an EDACS/P25 800 megahertz trunked radio system. Additionally, the District and the City have strategically partnered to own and sublease a network of six radio tower sites throughout Montgomery County. The radio system serves approximately 900 users on the 800 MHz system, but the District also supports approximately 1,000 users on the Fire/EMS VHF paging and tactical channel system. The combined systems are the primary and backup communications resources for Fire and EMS First Responders in the County.

4. **Facilities**

The MCHD campus houses the 911 call center, administration, the service center and station 11. Additionally, there are 23 MCHD stations throughout the county; four are regional stations and there are eleven stations that MCHD shares with fire departments. The remaining eight are freestanding stations. The District is responsible for its own facility maintenance including the MCHD campus, the 23 stations and radio towers throughout the country. Campus house-keeping, laundry and grounds are contracted services responsible to the Facilities department.

5. **Human Resources**

The Human Resources Department oversees the personnel for both field and office staff. This includes hiring and termination, payroll tracking, administering employee benefits and formal personnel disciplinary actions.

6. Information Systems

Information Systems (IS) is an internal service provider to all units and departments of the District, and is a mission critical function. Great care is taken to keep the system performing at peak efficiency, and to operating a robust, redundant and safe system. The technological sophistication of the information system has played a significant role in the successful and cost efficient operations of all elements of the District.

In 2005, after reviewing options for maintaining the sophisticated system, the District moved to outsource certain information system support services. While District staff is still extremely active in managing the IS operations, MCHD contracts much of the support requiring a high level of specialized skills. All reporting systems are managed in-house.

7. Public Information

The Public Information Department builds the lines of communication with field and non-field staff, community partners, chambers of commerce, legislators, the media, and the community as a whole. Building and maintaining relationships allow for better partnerships, and enable easier disaster management, communication and coordination.

8. Records and Compliance

District operations are highly regulated and therefore subject to all of the commensurate record keeping and oversight. The Compliance Officer is responsible for oversight to insure that the District adheres to all state, local and federal regulatory requirements. The Records Department oversees the retention of any and all records created and received by MCHD in the regular course of business to archive essential information for business continuity. The Records department is also responsible for open records requests and contract term review. Additionally, Records department is responsible for MCHD Board correspondence and communication.

9. Materials Management

Materials Management is the internal service provider to MCHD EMS, HCAP and all MCHD Support Services that is responsible for the purchasing, receiving, distributing and, in some cases, delivering all supplies and equipment utilized by the District. This department maintains a shipping, receiving and distribution process for all clinical and non-clinical supplies. Materials Management staff also provides, or arranges for, the maintenance of all biomedical equipment used by EMS.

10. Quality Improvement

Quality Improvement is responsible for oversight of continuous performance improvement in all departments. EMS Core Measures, patient satisfaction surveys and CAAS certification indicate commitment to assuring delivery of high quality patient care. HCAP and Support Services departments have Key Performance Indicators that allow for tracking, trending and benchmarking.

11. Fleet

The Fleet Department is responsible for maintenance and care for all of the District's vehicles. District vehicles log approximately 1.5 million miles each year. The "mission critical" nature of most of the District's vehicles necessitates a rigorous preventative maintenance program, which has established a "mission interruption rate" below one 1.5 incidents per 100,000 vehicle miles.



12. Emergency Preparedness & Risk Management

This department serves as a resource to EMS, Public Health, and other county agencies planning for large disasters, while also leading internal efforts to ensure that MCHD is ready to respond to an emergency on-site. In addition, we serve as a liaison with our insurance broker to ensure that MCHD's insurance policies are appropriate to cover our risks and to communicate any important changes to our business or to ensure that claims are being appropriately handled. Finally, we track and trend safety-related incidents, recommend and provide staff training, draft safety-related policies and track compliance, and manage the post-exposure process when employees are exposed to biological pathogens.

FINAL DRAFT

SUPPORT UNIT STRATEGIC GOALS AND TACTICS

1. **Strategic Goal:** Maintain MCHD as the regional “Employer of Choice”.  
**Strategic tactics to meet this goal:**
  - a. Provide continuing education to all staff
  - b. Invite staff to participate on MCHD Committees
  - c. Encourage staff to continue to receive advanced education, management, and leadership skills.
  - d. MCHD will continue to offer a competitive wage and excellent benefits, as well as continuing education for all employees. A wage and benefit survey will be conducted every 3 years.
  - e. Executive Staff will “round” at least twice per year with each department in order to get “Town Hall” information to and from each department.
  - f. Management staff will track staff satisfaction surveys and turnover reports.
  - g. Staff will from time to time be offered the opportunity to attend a conference specific to their area of expertise.
2. **Strategic Goal:** Provide excellent service to MCHD co-workers, clients, taxpayers, and community  
**Strategic tactics to meet this goal:**
  - a. Departmental managers will trend service feedback and report monthly at staff and Board Meetings
  - b. Each KPI will be previewed at least once per year at the Monthly Departmental Meeting and Quality Review  
Managers will track and trend service feedback and report monthly at staff and quarterly Quality Review
3. **Strategic Goal:** Establish and maintain a structured process to measure and improve quality.  
**Strategic tactics to meet this goal:**
  - a. Plan, execute, review, and reengage on all departmental capital and operational projects. Review project progress by quarter
  - b. Track, trend, evaluate, and review KPI’s for each support department
  - c. Review financials bi-monthly to assure departments are working within budget and budgeted items that are no longer deemed necessary are not purchased, “just because it is in the budget”.
4. **Strategic Goal:** Provide for the financial stability of MCHD and protection for the taxpayer while meeting the needs of the community  
**Strategic tactics to meet this goal:**
  - a. Review historical demand and use projected county growth data to expand capabilities within the mission, while maintaining efficiency
  - a. Review monthly operational and capital expenses to budget
  - b. Review Capital project planning and execution on a quarterly basis
5. **Strategic Goal:** Proactively meet the growth needs of our community  
**Strategic tactics to meet this goal:**
  - a. Track historical trends and use reporting metrics to plan for the future
  - b. Meet with first responder agencies, county commissioners, city councils, as well as community agencies, hospitals and volunteer organizations to communicate our mission and receive feedback
  - c. Attend conferences in the field of focus to do best practices comparisons

## Trends and Issues - County

### Demographics

The Montgomery County Hospital District serves the geo-political boundaries of Montgomery County. Some business units may have a slightly different community of stakeholders. Some communities served are regional target populations (i.e. radio system customers outside Montgomery County, EMS mutual aid requests, disaster response, etc.).

### Physical identifying features:

- Montgomery County, Texas is 1,100 square miles
- Large, recreational water supply lake in the county's northwest corner
- Two major interstates from north to south (IH 45 and IH 69)
- One major state highway (99) transects Montgomery County from the Hardy Toll road to IH 59 in the southernmost portion of the county.
- Two high-volume freight rail lines that carry industrial components to and from Houston, running parallel to the two highways referenced above; other high-volume rail lines travel along Highway 249, FM 2854 and FM 105.
- A secondary road system comprised of primarily two-lane farm to market roads that are currently exceeding original design capacity.
- A two to four lane loop (336) encircles greater Conroe.

### Municipalities within Montgomery County

City of Conroe  
Montgomery  
Magnolia  
Willis  
Shenandoah  
Oak Ridge North

Splendora  
Cut and Shoot  
Roman Forest  
Stagecoach  
Woodloch

Panorama Village  
Patton Village  
Woodbranch

### Unincorporated areas including

The Woodlands  
Grangerland  
Porter

New Caney  
Peel Junction  
Dobbin

Pinehurst  
Tamina  
Decker Prairie

### School Districts

Cleveland ISD  
Conroe ISD  
Magnolia ISD  
Montgomery ISD  
New Caney ISD

Richards ISD  
Splendora ISD  
Tomball ISD  
Willis ISD

Population Growth

According to the 2016 Woodlands Area Economic Development Partnership, Montgomery County's population was 555,890, making it the 11<sup>th</sup> largest county in the state. The median household income was \$65,620, and the poverty rate was 10.9%. The median age was 36.1 years.

A portion of this growth is due to the number of businesses, including Exxon/Mobil, which have relocated to North Harris County. All factors taken into account, growth throughout the county will continue to occur, which presents certain challenges and opportunities for all service providers.

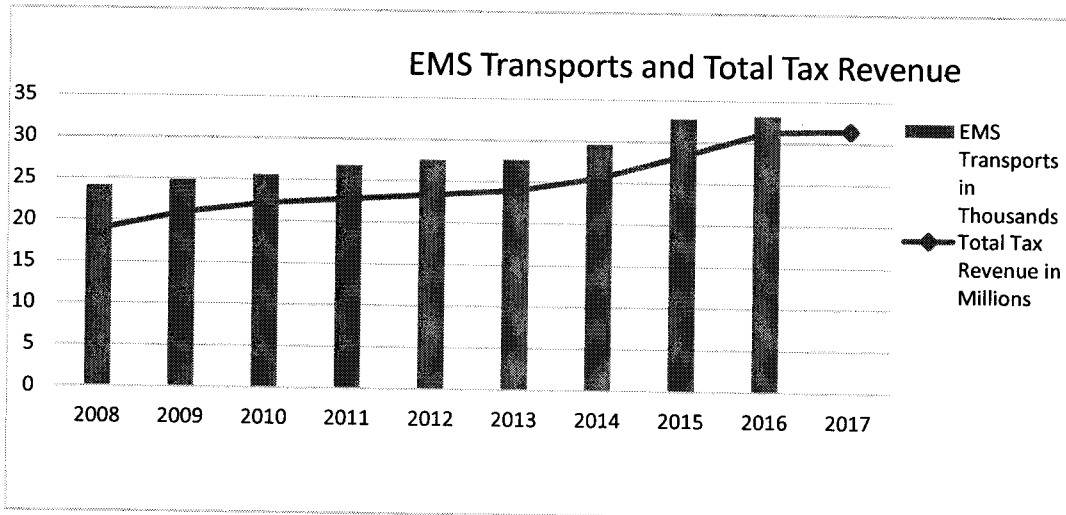
Property Values

Total appraisals in Montgomery County have grown dramatically in recent years. New housing starts, commercial development, new manufacturing and increased appraisals on existing properties have consistently increased over the past several years.

Over the last five years, the growth in appraisals has enabled the Board to reduce the tax rate below the historic low rate. Growth brings with it an increase in service demands. The District will continue to function in a responsible manner.

### Tax Revenue

MCHD has been responsive to the growth in appraisals by reducing tax rates for the last consecutive 14 years. However, during those same years, the District experienced increased demand. We continue to add technology and adjust deployment and work schedules to absorb the volume increase with very few additional resources being added.



As growth continues, MCHD adds resources to keep up with the growing demand. But, as MCHD increases resources, it will add value, due to economies of scale and system duplication. For example, in 2008 there were approximately 18,500 annual transports. 2008 tax revenue was approximately \$21,600,000, yielding \$1,166 tax dollars per transport. In 2016 there were approximately 33,000 annual transports. 2016 tax revenue was approximately \$35,750,000, yielding \$1,083 tax dollars per transport.

MCHD intends to maintain six months' reserve operating funds, and maintain "HCAP" Reserve fund as well as Capital Reserve fund, while most efficiently serving its mission.

### **Tax Revenue History and Projections**

Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017*
Tax Rate **	0.0777	0.076	0.0755	0.0754	0.0745	0.0729	0.0727	0.0725	0.071	0.0665
Total Tax Revenue	21,588,263	23,972,257	25,379,675	26,001,632	26,737,471	27,399,294	29,251,683	32,367,127	35,754,407	35,973,441
Tax Revenue Increase :										
% Increase	12.98%	11.04%	5.87%	2.45%	2.83%	2.48%	6.76%	10.65%	10.47%	2.65%
\$ Increase	2,479,702	2,383,994	1,407,418	62,1957	735,838	661,823	1,852,388	3,115,444	3,387,279	946,496

\*Projections

\*\* Per \$100 Valuation

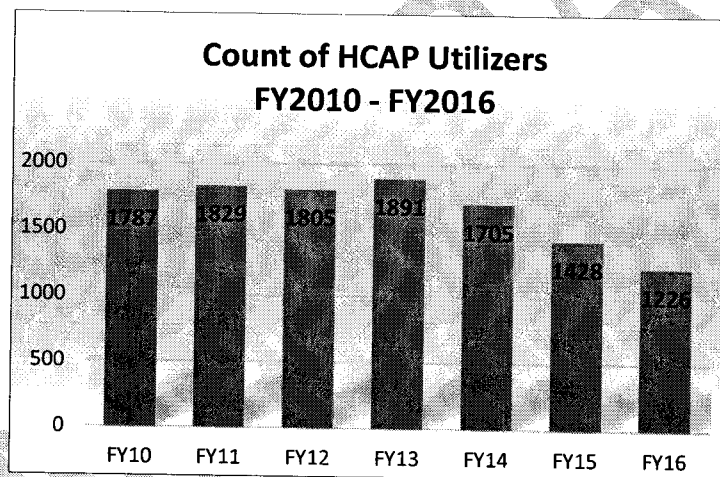
## Trends and Issues - Service Delivery Units

### HCAP

#### Program Enrollment

The number of people from Montgomery County enrolling in HCAP was steadily trending upward from FY2010 – FY 2013. However, in the past three years the program has experienced a decrease in enrollment numbers despite the county's increased population growth.

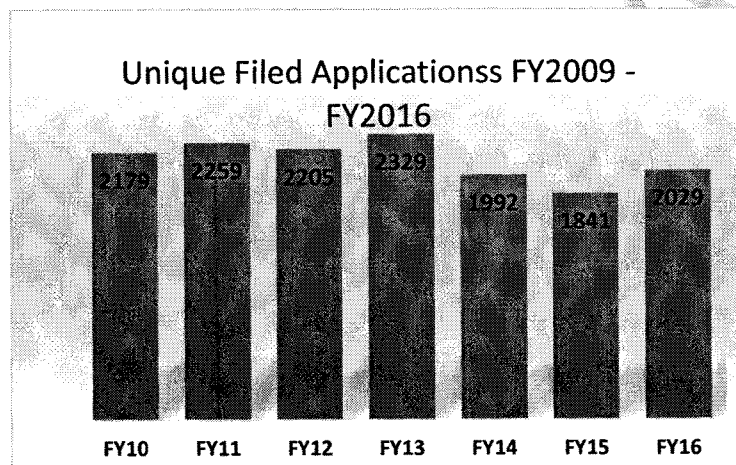
HCAP enrollment growth peaked from FY 2012 to FY 2013 by 4.8%. From FY 2013 to FY 2014 it declined by 9.8%. The Affordable Care Act (ACA) and State Health Insurance Exchanges (HIE), began operations in October of 2013. Without this HIE Exchange, management believes that the program would have continued to add approximately 300 clients per fiscal year to the enrollment panel. In fact, due to the HIE implementation the actual enrollment dipped 16.2% with a decrease of 277 clients between FY 2014 – FY 2016 (see table below).



Currently, HCAP projects relatively flat to insignificant decrease in enrollment over the next three to five years, if factors affecting indigent health care such as the eligibility requirements, economy and ACA policies remain constant. If changes occur to the aforementioned factors, this could lead to a potential increase in HCAP enrollment over the next few years.

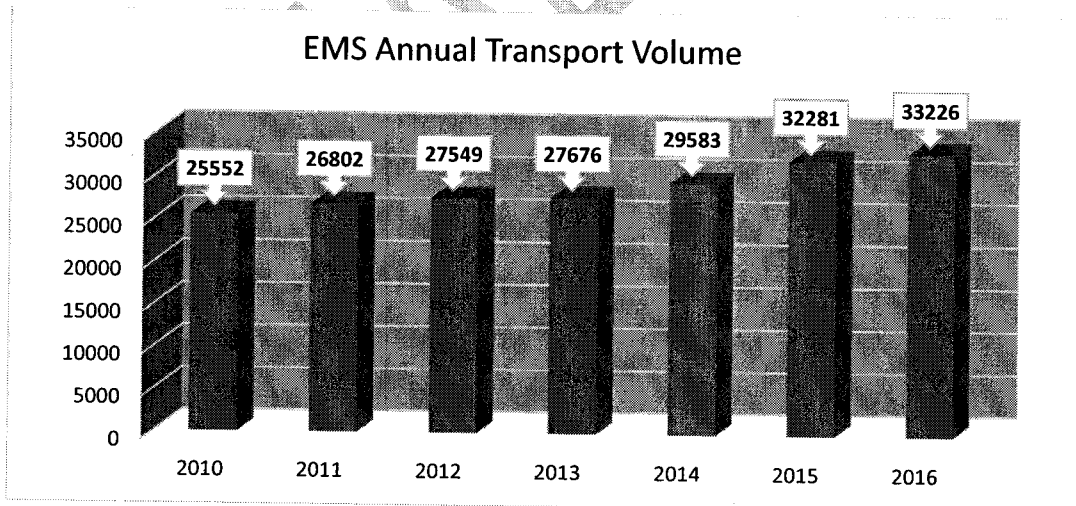
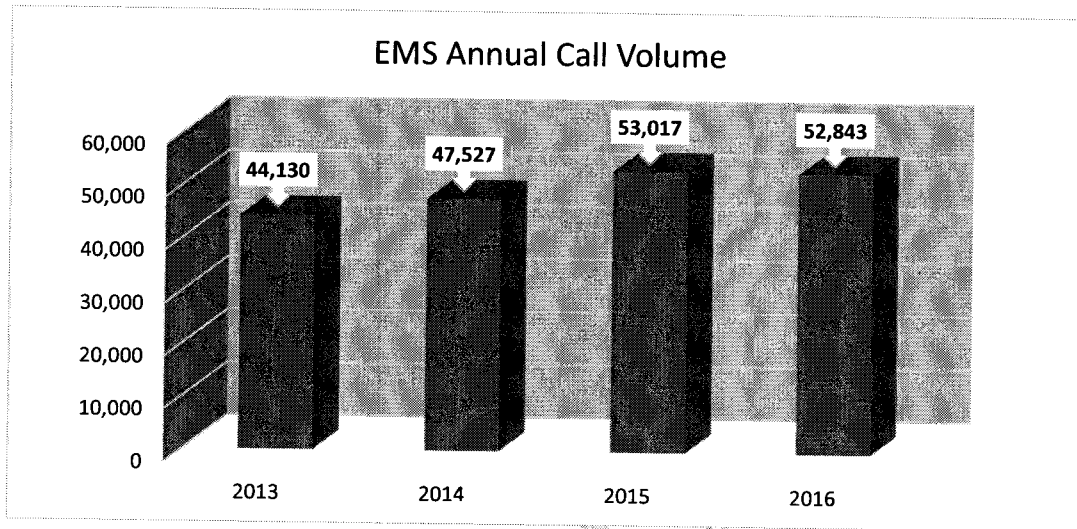
Program Applications

Further analysis of HCAP data also indicates a decrease in the number of yearly applications (see table below) which would correlate with the decrease in program enrollment. These predictive numbers are indicative of gaps in our local health care system and healthcare resources. Community collaborations and strategic partnerships could possibly improve access issues which might have a minor increase in the number of applications for HCAP.



### EMS

EMS calls have remained at a fairly stable 5-6% rate of growth over the past several years. EMS calls spiked by 7% and 14% respectively during 2014 and 2015. During 2016 EMS calls were flat due to the economy and perhaps more free standing Emergency Departments (EDs). MCHD Call volume is growing by 12% again in 2017. MCHD projects the call volume will continue to grow by an average of 6% per year for the next 5 years.



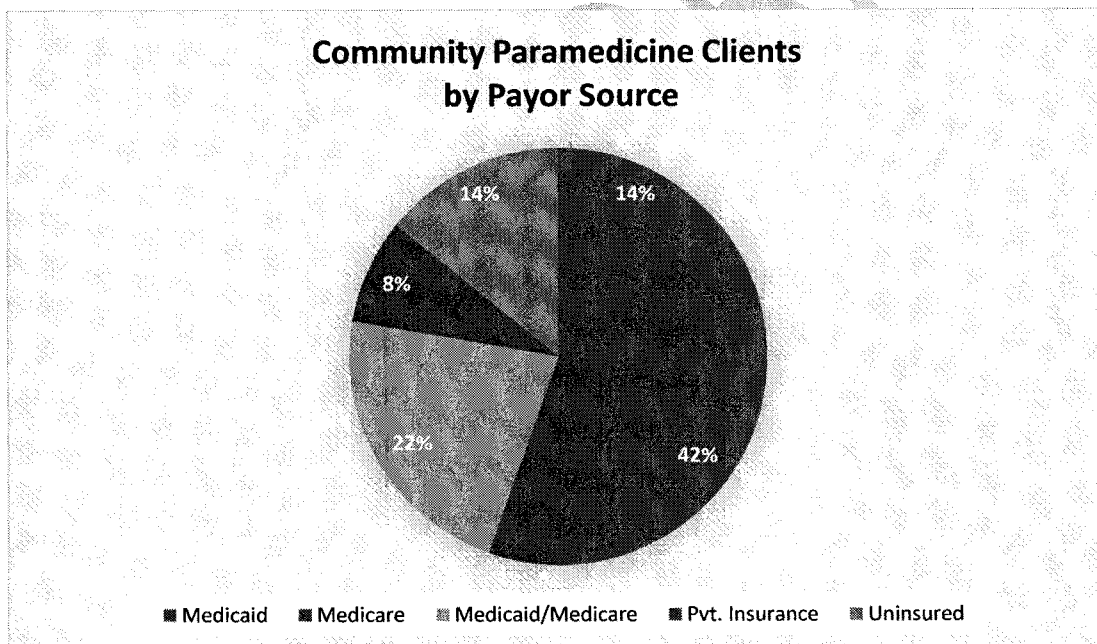


### Community Paramedicine

The program utilizes Paramedics, who are already embedded within our community, to optimize clients' health, improve their quality of life and reduce overall costs of healthcare. The program has served over 300 unduplicated residents. Services provided include:

- Physical and psycho-social assessments
- Medication reconciliation and education
- General and disease specific healthcare education
- Care coordination between hospitals, PCPs, Specialist and care facilities
- Navigation assistance with insurance, discharge instructions, transportation
- Connecting with ongoing community resources and support system

Without extension, the funding from the Medicaid 1115 Waiver will end in December of 2017. The funding obtained will maintain the program through FY18. Over 75% of our current clients have healthcare coverage through Medicaid, Medicare, private insurance or a combination of the three. Regional healthcare organizations, both hospital and insurance carriers, are interested in partnering with us to reduce healthcare costs through reduction in hospital re-admissions. We have been meeting with four large hospital systems and two Medicaid insurance carriers to provide these reimbursable services. We expect that this program will be funded in the future through private / public partnerships.



Our goal for FY 17 and FY 18 is to obtain contracts with the Medicaid insurance carriers and area hospitals which will provide a sustainable future for the program.

## SWOT Assessment

The SWOT assessment is a traditional part of the strategic planning process which develops “situational awareness” for the organization.

The strength and weaknesses that currently impact, or may impact, the District’s operations are listed below. Opportunities that may present themselves which the District can take advantage of are also listed. Threats or risks the District faces are considered last. This assessment lays the foundation for the 5 year assumptions that follow.

### Strengths

- Well-trained workforce
- Loyal employees (annual turnover rate between 5%-15%, Industry average is 15%-25%)
- Employee involvement in decision making
- Support for professional development
- Financially stable with a well-rounded budget
- Embrace innovation and technology
- Well managed indigent care system with a broad network of providers
- Experienced leadership team
- Well trained and experienced staff throughout the District.
- General Counsel well versed in District history and local government issues. Additionally MCHD has an HR Attorney to assure HR compliance.
- Accredited Communications Center
- Good relationship with vendors that supplement and enhance staff knowledge,
- Public Health Department enables MCHD to have financial mechanism to provide Community Paramedicine
- Strong financial process in place
- Increase in interdepartmental collaboration on projects and committees
- Staff is well equipped to do their job
- Improving media and community relations
- High level of field staff support (MCHD provides staff who delivers, counts and restocks station supply rooms)
- Well managed organizational structure
- Caring and altruistic employees across the organization that exemplifies the corporate values
- Consistent and experienced Board of Directors
- MCHD has a quality expert (CPHQ) employed to oversee the development and implementation of our Quality Improvement
- CAAS Accredited EMS
- Key Performance Indicators (KPI) implemented in each department.
- Have implemented a Reports Manager to focus on metrics management
- Very motivated, experienced, and capable Medical Director

### Weaknesses

- Decentralized workforce
- Stressful work environment with a growing demand for services
- Need for greater reliance on objective data for decision making
- Need to support continuity of operations (power, fuel, etc.)
- Limited ability for non-field staff to advance/promote within the District; relatively flat organization
- Need a more objective way to track employee performance (i.e. Laserfiche)
- Lack of internal understanding of/appreciation for work of other departments
- Better use of Crew Scheduler to monitor staff resources and expenses
- Lack of follow through on long-term projects
- Some community members and providers feel HCAP doesn't cover enough residents
- Some systems in the organization such as LaserFiche, Labor Scheduling, Payroll Processing, CAD Reporting and Inventory Control Systems are underutilized
- Quality benchmarking and process improvement need to be hardwired
- Multiple barriers to data retrieval and analysis
- Formal management / leadership programs are not consistent or hardwired.
- More consistent training is needed
- Communication is inconsistent
- Project Management is inconsistent

### Opportunities

- Relationship building with strategic partners and community organizations
  - Providing educational opportunities for our community partners and the public
  - Work with community partners to organize a an annual project that meets a community need
- Experienced personnel available for mentoring of new employees
- Maintain external accreditations
- Expand and enhance interoperability capacity of radio system
- Establish an employee mentoring program
- Establish a checklist culture
- Improve documentation of processes in departments
- Establish standardization of operations across departments
- Oversight and management of interdepartmental projects for efficiency, budget adherence and timeliness to negate “mission creep”
- Improve efficiency and accuracy with CAD system
- Quality benchmarking
- Increase involvement in community education
- Become increasingly financially transparent
- Utilization of social media to stay connected to employees and the community
- Infrastructure and staff in place to easily expand services offered to the community
- Expand services of Community Paramedicine
- Increase usage of website to provide information to both the public and employees
- Keep emergency management plans current and host training exercises
- Proactive employees are further defining their role in the organization, as well as the organization’s role in the community, and bringing fresh ideas to management
- Increase facility to facility patient requested transfer
- Improve Project management Systems
- Improve Communication Portal
- Pursue alternative funding mechanisms for new, or expansions to facilities.

### Threats

- Increasing healthcare costs
- Unstable political environment – healthcare legislative changes
- Competitive forces on staffing regarding wages and benefits
- Competitive forces for EMS coverage resulting in increasing number of non- emergency providers in Montgomery County
- A Fire department or ESD may take EMS services in -house
- Budget constraints
- Need to be better prepared for a large public health emergency
- Litigation environment/risk
- Appraisals and/or revenue caps on property taxes

### Five-Year Financial Projections Assumptions

The five year financial projections are included immediately following this information.  
The following assumptions were made while developing the five year financial forecast:

1. Taxable value will continue at an average 5% increase over the next five years.
2. The MCHD tax rate will be 0.0664 per \$100 valuation.
3. EMS collected revenue will increase at an average rate of 6% per year.
4. Labor costs will increase at an average rate of 5% over the next five-year period.
5. Texas County and District Retirement System (TCDRS) annual rate of 6.55% of Payroll.
6. Employee health insurance expenses will increase at an annual rate of 8% per year.
7. Supply expenses will increase at a rate of 5% per year.
8. EMS Drug expenses will increase at 8% per year.
9. Indigent/specialty healthcare will increase at 5% per year, over the next five years.
10. Capital, other than EMS and Radio Tower, will be budgeted at \$494,000 in FY'18 and is projected to grow at a 5% rate the following years.
11. Transport services are planned to increase 1,800 per year for the first 3 years and increase 1,000 runs per year in years 4 and 5.
12. Build a station in Porter in 2019, estimated cost \$600,000
13. Station 33, build an apartment to existing station for \$600,000 in 2021.
14. Build a station in North Central Conroe in 2021 at \$ 1,100,000.
15. Build a station in West County in 2022 for \$1,200,000.
16. Continue to expand Fleet by 1 truck per year, for the next 5 years
17. Add 6 remounts per year until 2021, then expand to 7 remounts annually.
18. Add 2 more towers to radio system at an estimated cost of 2.5 million dollars a tower (1 tower in 2020 and the second tower in 2021).
19. Purchase one Tahoe per year beginning 2020.
20. The adopted 20% Homestead Exemption will reduce the tax value in FY18 by 6 billion dollars.
21. New Transfer station will cost 40K to lease per year

<b>Montgomery County Hospital District</b>					
<b>Financial Projection</b>					
	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>
Revenue					
Tax	34,341,430	36,058,502	37,861,427	39,754,498	41,742,223
EMS	13,119,760	13,906,946	14,741,363	15,625,845	16,563,396
Grants	25,000	25,000	25,000	25,000	25,000
Other	6,005,136	6,305,393	6,620,662	6,951,696	7,299,280
<b>Total Revenue</b>	<b>53,491,326</b>	<b>56,295,841</b>	<b>59,248,452</b>	<b>62,357,039</b>	<b>65,629,899</b>
Expenses					
Payroll					
Direct Labor	22,542,540	23,669,667	24,853,150	26,095,808	27,400,598
Taxes	1,705,487	1,810,730	1,901,266	1,996,329	2,096,146
TCDRS	1,531,106	1,609,537	1,690,014	1,774,515	1,863,241
Health & Dental	4,958,792	5,355,495	5,783,935	6,246,650	6,746,382
<b>Total Payroll</b>	<b>30,737,925</b>	<b>32,445,429</b>	<b>34,228,365</b>	<b>36,113,302</b>	<b>38,106,367</b>
Operating Expenses					
Drugs	188,929	204,043	220,366	237,995	257,035
Other	14,320,575	15,036,604	15,788,434	16,577,856	17,406,749
<b>Total Operating Expenses</b>	<b>14,509,504</b>	<b>15,240,647</b>	<b>16,008,800</b>	<b>16,815,851</b>	<b>17,663,784</b>
Indigent Care					
Uncompensated Care	3,778,308	3,778,308	3,778,308	3,778,308	3,778,308
Specialty Healthcare	3,076,015	3,229,816	3,391,307	3,560,872	3,738,916
<b>Total Indigent Care</b>	<b>6,854,323</b>	<b>7,008,124</b>	<b>7,169,615</b>	<b>7,339,180</b>	<b>7,517,224</b>
Capital	4,382,401	3,346,895	3,770,611	5,586,578	4,288,920
<b>Total Expenses</b>	<b>56,484,153</b>	<b>58,041,095</b>	<b>61,177,391</b>	<b>65,854,911</b>	<b>67,576,295</b>
Revenue O/(U) Expenses	(2,992,827)	(1,745,255)	(1,928,939)	(3,497,872)	(1,946,395)

Total EMS	1,697,500	1,698,299	1,606,085	2,069,826	2,293,580
Other Capital	493,901	518,596	544,526	571,752	600,340
Total Capital	4,382,401	3,346,895	3,770,611	5,586,578	4,288,920
<b>Assumptions:</b>					
<b>Tax Revenue</b>					
Adjusted Taxable Value	51,719,021,817	54,304,972,908	57,020,221,553	59,871,232,631	62,864,794,263
MCHD Effective Tax Rate	0.000723	0.000632	0.000632	0.000632	0.000632
MCHD Rollback Tax Rate	0.000780	0.000683	0.000683	0.000683	0.000683
MCHD Adopted Tax Rate	0.000664	0.000664	0.000664	0.000664	0.000664
Tax Revenue	34,341,430	36,058,502	37,861,427	39,754,498	41,742,223
Tax Revenue Growth Rate	-6.4%	5.0%	5.0%	5.0%	5.0%
<b>Rates and Growth Factors</b>					
Taxable Value Growth Rate	5.0%	5.0%	5.0%	5.0%	5.0%
Population Growth Rate	3.685%	3.685%	3.685%	3.685%	3.685%
Inflation	1.660%	1.660%	1.660%	1.660%	1.660%
	5.3%	5.3%	5.3%	5.3%	5.3%
EMS Revenue	14.90%	6.00%	6.00%	6.00%	6.00%
Labor Cost Increase	5.00%	5.00%	5.00%	5.00%	5.00%
Payroll Taxes	7.65%	7.65%	7.65%	7.65%	7.65%
TCDRS	6.80%	6.80%	6.80%	6.80%	6.80%
Health Insurance	8.00%	8.00%	8.00%	8.00%	8.00%
Expenses	5.00%	5.00%	5.00%	5.00%	5.00%
Drugs	8.00%	8.00%	8.00%	8.00%	8.00%
Indigent - Specialty Healthcare	5.00%	5.00%	5.00%	5.00%	5.00%
Qty 911 Ambulance (New)	1	1	1	1	1

<b>Capital</b>					
<b>Main Campus</b>					
Telephone System	250,000				
Covered Ambulance Parking	0				
EMS Classroom	0				
Accounting Software			250,000		
Admin Grounding Project	87,000				
Admin Uninterrupted Power Supply	250,000				
Information Technology	119,000	160,000	150,000	175,000	195,000
<b>Total Main Campus</b>	<b>706,000</b>	<b>160,000</b>	<b>400,000</b>	<b>175,000</b>	<b>195,000</b>
<b>Stations</b>					
Porter Station 34	225,000				
Porter 1314 & 99		600,000			
Caney Creek Replacement				600,000	
Conroe North Central				1,100,000	
West County Station					1,200,000
<b>Total Stations</b>	<b>225,000</b>	<b>600,000</b>	<b>0</b>	<b>1,700,000</b>	<b>1,200,000</b>
<b>Towers / Radios</b>					
Land for Towers		150,000	150,000		
Replace/Reconfigure Microwave System	1,260,000				
Tower and Equipment			850,000	850,000	
Upgrade EDACS to P25		220,000	220,000	220,000	
<b>Total Towers / Radios</b>	<b>1,260,000</b>	<b>370,000</b>	<b>1,220,000</b>	<b>1,070,000</b>	<b>0</b>
<b>EMS / Communications</b>					
911 Ambulance New	310,500	319,106	322,614	326,180	329,806
911 Ambulance (Re-mount)	855,000	869,193	869,193	1,014,059	1,014,059
Transfer Ambulance	372,000	0	214,354	0	219,454
Tahoe	0	0	39,924	40,587	41,261
ePCR		350,000			
EKG Monitors (Capital Lease)				529,000	529,000
Opticoms	160,000	160,000	160,000	160,000	160,000



Cost 911 Ambulance (New)	204,500	207,895	211,346	214,854	218,421
Cost 911 Ambulance Equipment	106,000	106,000	106,000	106,000	106,000
Inflation 911 Ambulance (New)		1.7%	1.7%	1.7%	1.7%
Total Cost 911 Ambulance (New)	310,500	319,106	322,614	326,180	329,806
Qty 911 Ambulance (Re-mount)	6	6	6	7	7
Cost 911 Ambulance (Re-mount)	142,500	142,500	142,500	142,500	142,500
Inflation 911 Ambulance (Re-mount)		1.7%	1.7%	1.7%	1.7%
Total Cost 911 Ambulance (Re-mount)	855,000	869,193	869,193	1,014,059	1,014,059
Qty Transfer Ambulance	2	0	1	0	1
Cost Transfer Ambulance	145,000	147,407	149,854	152,342	154,871
Cost Transfer Ambulance Equipment	82,000	61,000	61,000	61,000	61,000
Inflation Transfer Ambulance		1.7%	1.7%	1.7%	1.7%
Total Cost Transfer Ambulance	372,000	0	214,354	0	219,454
Qty Tahoe	0	0	1	1	1
Cost Tahoe	38,000	38,631	39,272	39,924	40,587
Inflation Tahoe		1.7%	1.7%	1.7%	1.7%
Total Cost Tahoe	0	0	39,924	40,587	41,261

## **Key Relationships**

### Hospitals

Our local hospitals are important partners for EMS, Public Health and HCAP. Strong relationships with the hospital administrations and medical staff are essential to the success of MCHD. We must continue efforts to recruit local hospitals into the HCAP provider network. At such time as the ACA expires, a broad based hospital network will insure the financial security of the District.

From an EMS perspective, partnerships with local hospitals will insure continuity of care in important service line areas such as stroke, trauma, and acute coronary syndromes. As the demand for service rises, our hospitals must be ready to meet the demand. Failure to do so will result in extended wait times and undesirable outcomes for patients.

### Physician Community

We must continue to cultivate and support our network of local physicians willing to provide care for our indigent care patients. The physician community has voiced the basic areas for physician engagement. They include industry appropriate authorization practices, clearly understand covered services, reasonable and timely compensation. MCHD should continuously monitor physician satisfaction with our HCAP program in an effort to maintain an optimized network. A diverse and healthy network will insure access to services in the local community for HCAP patients and help promote the long term financial stability of the District. MCHD must assure prompt payment to keep physician panel intact as healthcare payment rates decrease.

### Municipalities and other Local Governments

MCHD provides essential healthcare services for the local municipalities and other local governments. Maintaining close working relationships with the leadership of these entities will ensure we are meeting their service needs and those of their citizens. In addition, these entities can provide essential intelligence on expected growth patterns and potential problems in the future.

### Business Community and Local Chambers of Commerce

MCHD has a good relationship with the business community, having a reputation of conservative fiscal management, tax reductions, and quality service to the community. Maintaining strong communication ties with the Chambers and local business leaders will help keep MCHD focused on balancing service needs with our responsibility to assist in creating an environment that promotes economic development.

### Civic Groups and Faith Based Community

MCHD leadership must maintain a presence in local civic and faith based organizations. These groups serve two important purposes for MCHD. First, they need to have a good understanding of the services we provide so that they can appropriately refer individuals to MCHD. Second, they will likely be able to represent the concerns and priorities of the community so that we might better understand the needs and plan accordingly.

### Key Supply Chain Reinforcement

The District should pursue memorandums of understanding with key suppliers to insure the flow of critical supplies in the event of an emergency.

### **Organizational Structure of the Future**

The next five years will see MCHD maintain its commitment to excellence in health care, quality, research, best practices and staff development. The District will also actively remain educated in the changes of health care policy – both nationally and locally. Just as successful businesses are continually looking for opportunities to serve its customers as the market changes, MCHD will seek out ways to fulfill its mission in light of the changing health care climate.

Currently, some of the initiatives which are being considered are: providing a larger number of services via our medics, expanding Community Paramedicine services, offering non-emergency ambulance transport services, and expanding our educational offerings.

The incorporation of these activities into our daily business will not only better serve the community by filling gaps left by the current health care system, but it will also give our nursing and field staff the opportunity to put their training into practice and utilize all the medical skills they possess.

These will be years of growth and an opportunity to expand the network within which we work. Employees are being encouraged to think creatively and initiate projects that will serve the community as well as enable our staff to grow professionally.



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Suite 400  
Broomfield, Colorado 80021-5059  
303-801-0000 (main)  
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[www.zoll.com](http://www.zoll.com)

June 28, 2017

Montgomery County Hospital District  
1440 South Loop 336 West  
Conroe, TX 77304

Attn: Karen Webb

Dear Ms. Webb:

ZOLL® Data Systems, Inc. is the sole source of *RescueNet*® Billing Pro, the features of which include identifying the propensity to pay, and which integrates into both *RescueNet* Billing and ePCR. Feel free to contact me at 303.801.1097 or [jbourne@zoll.com](mailto:jbourne@zoll.com) if you have questions or need additional information.

Best regards,

A handwritten signature in black ink, appearing to read "Jon C. Bourne", is written over a faint, circular, embossed or stamped mark.

Jon C. Bourne  
Counsel

ZOLL Data Systems, Inc.  
Application Service Provider Agreement

Order No: 00021804

**Bill To: Montgomery County Hospital District**  
1400 South Loop 336 West  
Conroe, TX 77304

**Territory Manager:** Nick Sortin

**Expires:** August 31, 2017

Billing								Annual Cost or	Monthly Cost
Item	Lic. Type	Description	Qty	List Price	Disc	Adj. Price	One Time Charge		
HBPRO-03	HL	RescueNet Billing Pro (Per Transport/Month) - 3 Year	3333	\$2.15		\$2.15		\$85,991.40	\$7,165.95

**Comments:** Multi-Year Term as provided below.

ANNUAL FEES: \$85,991.40  
MONTHLY FEE: \$7,165.95

ANNUAL FEES FOR MULTI-YEAR TERM: \$257,974.20

**Payment Terms:** ZOLL will issue an invoice under this Initial Order at the end of each calendar month during the Term following the earlier of: (i) the date upon which the deployment of ASP Services is complete and the ASP Services are able to function as described in the Instructions, regardless of whether Customer actually uses the ASP Services; or (ii) ninety (90) days after the Effective Date, unless a delay in completion of implementation has been caused by ZOLL, in which case the issuance of the Deployment Invoice shall be postponed for a number of days equal to the delay that ZOLL has caused (the earlier of such dates being the "**Deployment Effective Date**"). All amounts are due within 30 days after the date of the invoice.

\* **Term.** Unless earlier terminated as set forth in the ASPA or this Initial Order, (i) the initial term of this Initial Order shall begin on the Effective Date and continue for 3 years following the Deployment Effective Date (the "**Multi-Year Term**"); and (ii) after the Multi-Year Term, this Initial Order automatically shall continue on a month-to-month basis until so terminated.

**Early Termination Fee.** Notwithstanding the ASPA, if this Initial Order is terminated prior to the expiration of the Multi-Year Term by ZOLL for a material default or by Customer without cause excluding termination due to nonappropriation, then Customer immediately shall pay ZOLL an early termination fee equal the amount of (i) the Annual Fees for the Multi-Year Term minus (ii) the sum of Monthly Fees paid by Customer to ZOLL prior to the date of termination for the ASP Services set forth in this Initial Order.

\* **Annual Fees:** The Annual Fees shown above are for twelve-month periods during the Term (beginning on the Deployment Effective Date), which will be invoiced and paid as the Monthly Fees as shown above.

\* **Monthly Fee (Subject to Adjustment):** The Monthly Fees shown are based on the quantity ("Qty") of transports listed in the line item above (the "**Transport Volume**"). Following 12 months of service (from the Deployment Effective Date), ZOLL will conduct an annual audit of the Transport Volume. Should the Transport Volume exceed 110% of quantity for the 12 month period, ZOLL will invoice Customer for the excess above quantity at the per-transport price listed in the line item above. Should a shortage greater than 10% of Transport Volume exist for the 12 month period, ZOLL will issue a credit in the amount of 10% of the Annual Fee. Future billings for Billing Pro will be adjusted based on the new Transport Volume as determined by the audit for the following 12 month period.

\* Notwithstanding anything to the contrary set forth herein, this ASPA will automatically terminate in the event (i) Customer's governing board fails to budget and appropriate funds in each ensuing fiscal year in amounts sufficient to fully fund its obligations hereunder and (ii) Customer provides at least twenty (20) days prior written notice to ZOLL of such termination. Such termination shall occur on the first day of Customer's fiscal year of such nonappropriation.

**ZOLL Data Systems, Inc.**  
**Application Service Provider Agreement for Montgomery County Hospital District**

**Order No: 00021804**

The person signing below represents and warrants that she or he has the authority to bind Customer to the terms of this Agreement. By signing below, the parties agree to the terms and conditions of this Agreement. Once signed, any reproduction of this Agreement, or any attachment or exhibit hereto, made by reliable means (for example, photocopy or facsimile) is considered an original and all ASP Services ordered and provided under this Agreement will be subject to it.

**ZOLL Data Systems, Inc.**

**Montgomery County Hospital District**

Authorized Signature:

Authorized Signature:

\_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**ZOLL Data Systems, Inc.**  
**Application Service Provider Agreement for Montgomery County Hospital District**

**Terms and Conditions**

**1. Definitions**

- 1.1. **"ASP Services"** means the provision of Fire or EMS data management functionality as described hosted by ZOLL and made available to its customers for their internal business use in accordance with the terms of this Agreement.
- 1.2. **"BAA"** means the Business Associate Addendum attached hereto as **Exhibit A**.
- 1.3. **"Confidential Information"** means all trade secrets, business and financial information, computer software, machine and operator instructions, business methods, procedures, know how, and other information that relates to the business or technology of either party and is marked or identified as confidential, or is disclosed in circumstances that would lead a reasonable person to believe such information is confidential. The Software and the Instructions shall be considered ZOLL's Confidential Information, notwithstanding any failure to mark or identify it as such.
- 1.4. **"Fee Based Services"** means the ASP Services for which ZOLL charges Customer a fee.
- 1.5. **"Initial Order"** means the written, mutually executed document preceding these terms and conditions.
- 1.6. **"Instructions"** means the instructions for use of the ASP Services and the documentation and users manuals from time-to-time provided by ZOLL on the ZOLL Site.
- 1.7. **"Intellectual Property Rights"** means any and all existing or future copyrights, trademarks, service marks, trade secrets, patents, patent applications, know how, moral rights, contract rights, and other proprietary rights, and all registrations, applications, renewals, extensions, and combinations of the foregoing.
- 1.8. **"Order Form"** means a written document mutually agreed to and signed by the parties and made a part of this Agreement, setting forth additional ASP Services to be provided to Customer under the terms of this Agreement during the Term.
- 1.9. **"Software"** means the ZOLL software that underlies the ASP Services provided to Customer, as modified, updated, and enhanced.
- 1.10. **"ZOLL Site"** means the web site located at a unique URL to be provided by ZOLL to Customer where end users may download the Software and access and use the ASP Services.

**2. ASP Services; Payment Obligation; Taxes.**

- 2.1. **Provision of ASP Services by ZOLL.** Subject to the terms and conditions of this Agreement, ZOLL will use commercially reasonable efforts to make the ASP Services available to Customer through the ZOLL Site over normal network connections, excepting downtime due to necessary maintenance and troubleshooting. Customer, not ZOLL, shall be responsible for controlling its users and protection of confidentiality of its login IDs and passwords. The BAA shall apply to the ASP Services. Customer acknowledges that (i) it is responsible for maintaining its interface and connectivity to the ASP Services and (ii) the facility(ies) used for provision of the ASP Services may be owned or operated by ZOLL, or a ZOLL affiliate or a third party, or any combination of such facilities, as determined by ZOLL.
- 2.2. **Modifications and Upgrades to ASP Services.** Customer acknowledges that ZOLL may modify and upgrade the ASP Services, on an ongoing basis, in order to improve or adapt the ASP Services. Without limiting the foregoing, ZOLL will have the right, in its sole discretion, to develop, provide and market new, upgraded or modified ASP Services to Customer, including adding, removing, or modifying the functionality or features of the ASP Services accessible by Customer and its users. ZOLL will use commercially reasonable efforts to notify Customer within a reasonable period of time prior to the implementation of such changes so that Customer is reasonably informed of alterations to the ASP Services that will affect the ASP Services and Customer's use of them.
- 2.3. **Support and Maintenance.** ZOLL will provide telephone support services during ZOLL's regular business hours for Service questions.
- 2.4. **Payment Obligation.** Fee Based Services provided to Customer will require payment of applicable fees. The fees (the **"Fees"**) and terms of use and payment for Fee Based Services are set forth in the Initial Order and any Order Form. All payments must be made in U.S. dollars, unless otherwise agreed by the parties. Any amounts not paid when due will accrue interest at the lesser of 1½% per month or the maximum rate permitted by applicable law from the due date until paid. In addition, ZOLL reserves the right to deny Customer, and its users, access to the ASP Services in the event that any invoice is not paid in a timely manner, or to terminate this Agreement in the case of non-payment of an invoice(s); unless Customer has provided written that the invoice is the subject of a good faith dispute. Customer acknowledges that ZOLL will not be responsible for any damage or liability caused by ZOLL's interruption or termination of the ASP Services in accordance with this Section 2.3 as a result of Customer's failure to pay ZOLL in a timely manner.
- 2.5. **Taxes.** Fees exclude, and Customer will make all payments of the Fees to ZOLL free and clear of, all applicable sales, use, and other taxes and all applicable export and import fees, customs duties and similar charges. When applicable, ZOLL may include any taxes that it is required to collect as a separate line item on an invoice. Customer will be responsible for, and will indemnify and hold harmless ZOLL from, payment of all such taxes (other than taxes based on ZOLL's net income), fees, duties, and charges, and any related penalties and interest, arising from the payment of the Fees or the delivery of the ASP Services to Customer hereunder.

**3. License Grant; Restrictions; Ownership.**

- 3.1. **License Grant.** Subject to the terms and conditions of this Agreement, ZOLL grants to Customer, during the Term, a non-exclusive, non-transferable, non-sublicensable license to access and use the ASP Services using the Software, each as made available to Customer through the ZOLL Site, solely for Customer's internal business purposes and solely in accordance with the Instructions.
- 3.2. **Restrictions.** Customer shall not, and shall not permit any third party to: (a) modify, adapt, alter, translate, or create derivative works from the ASP Services, Software or the Instructions; (b) allow any third party access to or use of the ASP Services; (c) reverse engineer, decompile, disassemble, or otherwise attempt to alter or derive the source code for the Software; or (d) otherwise use or copy the Software or the Instructions or the ASP Services in any manner not expressly permitted hereunder. Customer agrees not to use the ASP Services in excess of its authorized login protocols. Customer shall immediately notify ZOLL of any unauthorized use of Customer's login ID, password, or account or any other breach of security.
- 3.3. **Remediation.** If Customer becomes aware of any actual or threatened activity contemplated by the restrictions on use set forth in Section 3.2 above, Customer will, and will cause its users to, immediately take all reasonable measures necessary to stop the activity or threatened activity and to mitigate the effect of such activity including: (a) discontinuing and limiting any improper access to any data; (b) preventing any use and disclosure of improperly obtained data; (c) destroying any copies of improperly obtained data that may have been made on their systems; (d) otherwise attempting to mitigate any harm from such events; and (e) immediately notifying ZOLL of any such event(s) so that ZOLL may also attempt to remedy the problem(s) and prevent its future occurrence.

**ZOLL Data Systems, Inc.**  
**Application Service Provider Agreement for Montgomery County Hospital District**

**Terms and Conditions**

**3.4. Ownership.** The Software, Instructions, ASP Services, all proprietary technology utilized by ZOLL to perform its obligations under this Agreement, and all Intellectual Property Rights in and to the foregoing, are the exclusive property of ZOLL (or, as the case may be, its licensors and suppliers). Any rights not expressly granted to Customer hereunder are reserved by ZOLL (or its licensors and suppliers, as the case may be).

**4. Customer Content; Security; Backups.**

**4.1. Customer Content.** As between ZOLL and Customer, and without limiting the rights (if any) of any patient, Customer will retain all right, title and interest in and to all data, information or other content provided by Customer in its use of the ASP Services ("Customer Content"); provided, however, that ZOLL may de-identify and use Customer Content for any lawful purpose consistent with all applicable law.

**4.2. Security.** Subject to Customer's obligations under this Agreement, ZOLL will implement commercially reasonable security measures within the ASP Services in an attempt to prevent unlawful access to Customer Content by third parties. Such measures may include, where appropriate, use of updated firewalls, commercially available virus screening software, logon identification and passwords, encryption, intrusion detection systems, logging of incidents, periodic reporting, and prompt application of current security patches and virus definitions.

**4.3. Backup of Customer Content.** While ZOLL will use commercially reasonable efforts to maintain the integrity of the Customer Content, to back up the Customer Content, and to provide full and ongoing access to the ASP Services, loss of access to the ASP Services and/or loss of Customer Content may occur. Customer will make provision for additional back-up storage of any critical Customer Content. ZOLL will not be responsible for any loss, corruption of or inaccessibility of the Customer Content due to interruption in the ASP Services or otherwise arising out of circumstances not within ZOLL's control.

**5. Warranty Disclaimers.**

**5.1. ZOLL Service Warranty.** ZOLL represents and warrants that during the Term of this Agreement, (i) ZOLL has the right to license the ASP Services and Instructions to Customer pursuant to this Agreement and (ii) the ASP Services will materially conform to the Instructions. Customer will notify ZOLL in writing of any breach of this warranty, and request a correction of the warranted nonconformity. If ZOLL is unable to provide a correction or work-around pursuant to the terms governing the provision of the ASP Services after using commercially reasonable efforts, ZOLL may terminate this Agreement upon written notice to Customer. This Section 5.1 sets forth Customer's exclusive remedy, and ZOLL's entire liability, for breach of the warranty for the ASP Services contained herein.

**5.2. EXCEPT AS EXPRESSLY PROVIDED IN SECTION 5.1, THE ASP SERVICES ARE PROVIDED "AS IS", WITHOUT ANY WARRANTIES OF ANY KIND, WHETHER EXPRESS, IMPLIED, OR STATUTORY; ZOLL DOES NOT PROMISE THAT THE ASP SERVICES WILL BE SECURE, UNINTERRUPTED OR ERROR-FREE, OR THAT THEY ARE SUITABLE FOR THE PARTICULAR NEEDS OF CUSTOMER, ITS USERS OR ANY THIRD PARTY OR THAT THEY WILL BE AVAILABLE FOR ANY PERIOD AND ZOLL MAKES NO UP-TIME COMMITMENT. ZOLL SPECIFICALLY DISCLAIMS ALL IMPLIED WARRANTIES, INCLUDING, WITHOUT LIMITATION, ALL WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE, AND NON INFRINGEMENT, AND ANY WARRANTIES ARISING FROM COURSE OF DEALING OR COURSE OF PERFORMANCE OR USAGE IN TRADE. CUSTOMER ACKNOWLEDGES THAT IT HAS RELIED ON NO WARRANTIES OTHER THAN THE EXPRESS WARRANTIES IN THIS AGREEMENT AND THAT NO WARRANTIES ARE MADE BY ANY OF ZOLL'S LICENSORS OR SUPPLIERS.**

**5.3** Customer acknowledges and agrees that, in entering into this Agreement, it has not relied upon the future availability of any new or enhanced feature or functionality, or any new or enhanced product or service, including, without limitation, updates or upgrades to ZOLL's existing product and services. ZOLL's performance obligations hereunder are limited to those expressly enumerated herein, and payment for ZOLL's performance obligations shall be due as described herein.

**6. Limitation of Liability.** In no event will either party be liable hereunder for any consequential, indirect, exemplary, special, punitive or incidental damages, or for any lost data, lost profits or costs of procurement of substitute goods or services, arising from or relating to this Agreement, however caused and under any theory of liability (including negligence), even if such party has been advised of the possibility of such damages. ZOLL's total cumulative liability in connection with this Agreement and the Software, whether in contract or tort or otherwise, will not exceed the amount paid TO ZOLL BY CUSTOMER FOR the ASP SERVICES provided UNDER THIS AGREEMENT IN THE PREVIOUS SIX (6) MONTH PERIOD. Customer acknowledges that these limitations reflect the allocation of risk set forth in this Agreement and that ZOLL would not enter into this Agreement without these limitations on its liability, and Customer agrees that these limitations shall apply notwithstanding any failure of essential purpose of any limited remedy. In addition, ZOLL disclaims all liability of any kind of ZOLL's licensors and suppliers.

**7. Term and Termination.**

**7.1. Term.** The term of this Agreement ("Term") begins on the Effective Date and continues until terminated as set forth herein.

**7.2. Termination.** Either party may terminate this Agreement without cause on twenty (20) days' prior written notice to the other party. Either party may terminate this Agreement immediately if the other party materially defaults in the performance of any of its obligations hereunder and fails to cure such default within thirty (30) days after written notice from the non-defaulting party.

**7.3. Effects of Termination.** Upon termination of this Agreement for any reason: (a) all amounts, if any, owed to ZOLL under this Agreement before such termination will become immediately due and payable, including, in the event of termination of this Agreement (i) by ZOLL under Section 7.2 for a material default or (ii) by Customer under Section 7.2, a termination fee ("Early Termination Fee") - if applicable as described in Section 7.4 - equal to the amount, if any, of (x) the initial Annual Fee minus (y) the sum of Monthly Fees (as defined in the Initial Order) paid by Customer to ZOLL hereunder prior to the date of termination during the initial twelve-month period (b) Customer's right to access the ASP Services will immediately terminate; and (c) Customer must (i) promptly discontinue all use of the ASP Services and (ii) return or destroy all copies of the Instructions and the Software in Customer's possession or control.

**7.4 Products Excluded from Early Termination Fee.** RescueNet @Work, RescueNet NetTransit, and stand alone instances of RescueNet Crew Scheduler ASP are excluded from the Early Termination Fee.

**8. Confidentiality.**

**8.1. Protection.** Subject to Section 4 hereof, the party receiving Confidential Information ("Receiving Party") from the other party ("Disclosing Party") will not use any Confidential Information of the Disclosing Party for any purpose not expressly permitted by this Agreement, and will disclose the Confidential Information of the Disclosing Party only to the employees or contractors of the Receiving Party who have a need to know such Confidential Information for purposes of this Agreement and who are under a duty of confidentiality no less restrictive than the Receiving Party's duty hereunder. The Receiving Party will protect the Disclosing Party's Confidential Information from unauthorized use, access, or disclosure in the same manner as the Receiving Party protects its own confidential or proprietary information of a similar nature and with no less than reasonable care. ZOLL understands Customer is a local government subject to the Texas Public Information Act. Customer shall provide ZOLL with prompt notice of any requests for Confidential Information so that ZOLL can seek protection from appropriate administrative or judicial authorities.



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**8.2. Exceptions.** The Receiving Party's obligations under Section 8.1 above with respect to any Confidential Information of the Disclosing Party will terminate if and when the Receiving Party can document that such information: (a) was already lawfully known to the Receiving Party at the time of disclosure by the Disclosing Party; (b) is disclosed to the Receiving Party by a third party who had the right to make such disclosure without any confidentiality restrictions; (c) is, or through no fault of the Receiving Party has become, generally available to the public; or (d) is independently developed by the Receiving Party without access to, or use of, the Disclosing Party's Confidential Information. In addition, the Receiving Party may disclose Confidential Information of the Disclosing Party to the extent that such disclosure is: (i) approved in writing by the Disclosing Party, (ii) necessary for the Receiving Party to enforce its rights under this Agreement in connection with a legal proceeding; or (iii) required by law or by the order of a court or similar judicial or administrative body, provided that the Receiving Party notifies the Disclosing Party of such required disclosure in writing prior to making such disclosure and cooperates with the Disclosing Party, at the Disclosing Party's reasonable request and expense, in any lawful action to contest or limit the scope of such required disclosure.

**9. Indemnification.**

**9.1.** ZOLL will defend, at its own expense, any action against Customer brought by a third party alleging that the ASP Services infringe any U.S. patents or any copyrights or misappropriate any trade secrets of a third party, and ZOLL will pay those costs and damages finally awarded against Customer in any such action that are specifically attributable to such claim or those costs and damages agreed to in a monetary settlement of such action. The foregoing obligations are conditioned on Customer: (a) notifying ZOLL promptly in writing of such action; (b) giving ZOLL sole control of the defense thereof and any related settlement negotiations; and (c) cooperating and, at ZOLL's request and expense, assisting in such defense. If the ASP Services become, or in ZOLL's opinion are likely to become, the subject of an infringement claim, ZOLL may, at its option and expense, either: (i) procure for Customer the right to continue using the ASP Services; (ii) replace or modify the ASP Services so that they become non-infringing; or (iii) terminate this Agreement, in whole or in part, as appropriate. Notwithstanding the foregoing, ZOLL will have no obligation under this Section 9.1 or otherwise with respect to any infringement claim based upon: (1) any use of the ASP Services not in accordance with this Agreement; (2) any use of the ASP Services in combination with products, equipment, software, or data not supplied by ZOLL if such infringement would have been avoided but for the combination with other products, equipment, software or data; (3) the failure of Customer to implement any replacements, corrections or modifications made available by ZOLL for the ASP Services; (4) Customer Content; or (5) any modification of the ASP Services or use thereof by any person other than ZOLL or its authorized agents or subcontractors. This Section states ZOLL's entire liability and the Customer's exclusive remedy for any claims of infringement.

**9.2.** To the fullest extent permitted by law, Customer shall indemnify, defend and hold ZOLL harmless from and against any and all liabilities, losses, expenses, damages and claims that arise out of information provided to ZOLL by Customer or Customer's use of the ASP Services except to the extent same are due to ZOLL's breach hereof or ZOLL's gross negligence or intentional misconduct.

**10. General Provisions.**

**10.1. Compliance with Laws and Export Regulations.** Customer shall comply with all applicable laws and regulations concerning its use of the ASP Services, including without limitation if applicable all export and import control laws and regulations. Customer will not use the Services for any purpose in violation of any applicable laws. Customer agrees to defend, indemnify, and hold harmless ZOLL from and against any and all liabilities, losses, expenses, damages and claims that arise out of violation of any applicable laws or regulations by Customer or any of its agents, officers, directors, or employees.

**10.2. Audits and Inspections.** Upon written request from ZOLL, Customer shall furnish ZOLL with a certificate signed by an officer of Customer stating that the ASP Services are being used strictly in accordance with the terms and conditions of this Agreement. In addition, upon prior written notice, ZOLL will have the right, during normal business hours, to inspect, or have an independent audit firm inspect, Customer's records relating to Customer's use of the ASP Services to ensure it is in compliance with the terms of this Agreement, including with any limitation on the number of vehicles or other mechanism upon which pricing is based hereunder. The costs of the audit will be paid by ZOLL, unless the audit reveals that Customer's underpayment of Fees exceeds 5%. Customer will promptly pay to ZOLL any amounts shown by any such audit to be owing (which shall be calculated at ZOLL's standard, non-discounted rates) plus interest as provided in Section 2.4 above.

**10.3. Assignment.** Customer may not assign or transfer, by operation of law or otherwise, any of its rights under this Agreement to any third party without ZOLL's prior written consent. Any attempted assignment or transfer in violation of the foregoing will be null and void. ZOLL shall have the right to assign this Agreement to an affiliate or to any successor to its business or assets to which this Agreement relates, whether by merger, sale of assets, sale of stock, reorganization or otherwise.

**10.4. U.S. Government End Users.** If Customer is a branch or agency of the United States Government, the following provision applies. The Software and Instructions are comprised of "commercial computer software" and "commercial computer software documentation" as such terms are used in 48 C.F.R. 12.212 (SEPT 1995) and if provided hereunder are (i) for acquisition by or on behalf of civilian agencies, consistent with the policy set forth in 48 C.F.R. 12.212; or (ii) for acquisition by or on behalf of units of the Department of Defense, consistent with the policies set forth in 48 C.F.R. 227.7202 1 (JUN 1995) and 227.7202 3 (JUN 1995).

**10.5. Notices.** All notices, consents, and approvals under this Agreement must be delivered in writing by electronic mail, courier, electronic facsimile (fax), or certified or registered mail (postage prepaid and return receipt requested) to the other party at the address set forth in the Initial Order (or such other address as from time to time provided by such party in accordance with this Section), and will be effective upon receipt or three (3) business days after being deposited in the mail as required above, whichever occurs sooner.

**10.6. Governing Law and Venue; Waiver of Jury Trial.** This Agreement will be governed by and interpreted in accordance with the laws of the State of Texas without reference to its choice of law rules. The United Nations Convention on Contracts for the International Sale of Goods does not apply to this Agreement. Any action or proceeding arising from or relating to this Agreement shall be brought in a federal or state court in Montgomery County, Texas, and each party irrevocably submits to the jurisdiction and venue of any such court in any such action or proceeding. EACH PARTY HEREBY KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT.

**10.7. Remedies.** Except as otherwise expressly provided in this Agreement, the parties' rights and remedies under this Agreement are cumulative. Customer acknowledges that the ASP Services are built on valuable trade secrets and proprietary information of ZOLL, that any actual or threatened breach hereof may constitute immediate, irreparable harm to ZOLL for which monetary damages would be an inadequate remedy, and that injunctive relief is an appropriate remedy for such breach. If any legal action is brought to enforce this Agreement, the prevailing party will be entitled to receive its attorneys' fees, court costs, and other collection expenses, in addition to any other relief it may receive.

**10.8. Waivers.** Any waiver or failure to enforce any provision of this Agreement on one occasion will not be deemed a waiver of any other provision or of such provision on any other occasion.

**10.9. Severability.** If any provision of this Agreement is held by a court of competent jurisdiction to be unenforceable, such provision will be changed and interpreted to accomplish the objectives of such provision to the greatest extent possible under applicable law and the remaining provisions of this Agreement will continue in full force and effect.

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**10.10. Independent Contractors.** The parties are entering into, and will perform, this Agreement as independent contractors. Nothing in this Agreement will be construed to make either party the agent of the other for any purpose whatsoever, to authorize either party to enter into any contract or assume any obligation on behalf of the other or to establish a partnership, franchise or joint venture between the parties.

**10.11. Subcontracting by ZOLL.** ZOLL may, in its sole discretion, contract with any third party to provide the ASP Services.

**10.12. Counterparts.** This Agreement may be executed in counterparts, each of which will be considered an original, but all of which together will constitute the same instrument.

**10.13. Force majeure.** Neither party shall be liable for damages for any delay or failure of performance hereunder (other than payment obligation) arising out of causes beyond such party's reasonable control and without such party's fault or negligence, including, but not limited to, Acts of God, acts of civil or military authority, fires, riots, wars, embargoes, Internet disruptions, hacker attacks, or communications failures.

**10.14. Entire Agreement; Amendment; No Third-Party Beneficiaries; Survival.** This Agreement, including the Initial Order and any Order Forms executed hereunder and any exhibits hereto (including the BAA), and the Terms of Use and Privacy Policy that are accessible on the ZOLL Site constitute the entire agreement between the parties regarding the subject hereof and supersedes all prior or contemporaneous agreements, understandings, and communication, whether written or oral. If there is any conflict between this Agreement and the Terms of Use, this Agreement shall take precedence. This Agreement may not be amended or any provision hereof waived except in writing signed by both parties. There are no third-party beneficiaries of this Agreement. Those provisions of this Agreement that may be reasonably interpreted as surviving termination of this Agreement or the survival of which is necessary for the interpretation or enforcement of this Agreement shall continue in full force and effect in accordance with their terms notwithstanding the termination hereof.

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**Exhibit A – Business Associate Addendum**

This Business Associate Addendum (this "Addendum") is entered into by and between Montgomery County Hospital District ("Covered Entity") and ZOLL Data Systems, Inc. ("Business Associate") in order to comply with 45 C.F.R. §164.502(e) and §164.504(e), governing protected health information ("PHI") and business associates under the Health Insurance Portability and Accountability Act of 1996 (P.L. 104 191), 42 U.S.C. Section 1320d, et. seq., and regulations promulgated thereunder, as amended from time to time (statute and regulations collectively referred to as "HIPAA") This Addendum amends the terms and conditions of and is hereby incorporated as part of that certain agreement between Covered Entity and Business Associate entitled Application Service Provider Agreement (the "Services Agreement") and attached hereto.

**STATEMENT OF AGREEMENT**

**§1. Definitions.** Terms used, but not otherwise defined, in this Addendum shall have the same meaning as those terms in HIPAA; provided that PHI shall refer only to protected health information of Covered Entity unless otherwise stated.

**§2. Compliance and Agents.** Business Associate agrees that to the extent it has access to PHI, Business Associate will fully comply with the requirements of this Addendum with respect to such PHI. Business Associate will ensure that every agent, including a subcontractor, of Business Associate to whom it provides PHI received from, or created or received by Business Associate on behalf of, Covered Entity will comply with the same restrictions and conditions as set forth in this Addendum. If Covered Entity is required by HIPAA to maintain a Notice of Privacy Practices, Covered Entity shall notify Business Associate of any limitations in such notice to the extent that such limitation may affect Business Associate's use or disclosure of PHI.

**§3. Use and Disclosure; Rights.** Business Associate agrees that it shall not use or disclose PHI except as permitted under this Addendum, including Section 16 hereof, and in compliance with each applicable requirement of 45 CFR Section 164.504(e). Business Associate may use or disclose the PHI received or created by it, (a) to perform its obligations under this Addendum, (b) to perform functions, activities, or services for, or on behalf of, Covered Entity as specified in the Services Agreement, or (c) to provide data aggregation functions to Covered Entity as permitted by HIPAA. Further, Business associate may use the PHI received by it in its capacity as Business Associate, if necessary, to properly manage and administer its business or to carry out its legal responsibilities. Business Associate may disclose the PHI received by it in its capacity as Business Associate to properly manage and administer its business or to carry out its legal responsibilities if: (a) the disclosure is required by law, or (b) the Business Associate obtains reasonable assurances from the person to whom the information is disclosed that it will be held confidentially and used or further disclosed only as required by law or for the purpose for which it is disclosed to the person and the person notifies Business Associate of any instances of which it is aware that the confidentiality of the information has been breached. Covered Entity shall not request Business Associate to use or disclose PHI in any manner that would not be permissible under HIPAA if done by Covered Entity.

**§4. Safeguards.** Business Associate agrees to develop, document, use, and keep current appropriate procedural, physical, and electronic safeguards, as required in 45 C.F.R. §§164.308 - 164.312, sufficient to prevent any use or disclosure of electronic PHI other than as permitted or required by this Addendum.

**§5. Minimum Necessary.** Business Associate will limit any use, disclosure, or request for use or disclosure to the minimum amount necessary to accomplish the intended purpose of the use, disclosure, or request.

**§6. Report of Improper Use or Disclosure.** Business Associate shall report to Covered Entity any information of which it becomes aware concerning any use or disclosure of PHI that is not permitted by this Addendum and any security incident of which it becomes aware. Business Associate will, following the discovery of a breach of "unsecured protected health information," as defined in 45 C.F.R. § 164.402, notify Covered Entity of such breach within 15 days. The notice shall include the identification of each individual whose unsecured protected health information has been, or is reasonably believed by Business Associate to have been, accessed, acquired, or disclosed during such breach. Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a use or disclosure of PHI by Business Associate in violation of this Addendum.

**§7. Individual Access.** In accordance with an individual's right to access to their own PHI in a designated record set under 45 CFR §164.524 and the individual's right to copy or amend such records under 45 CFR §164.524 and §164.526, Business Associate shall make available all PHI in a designated record set to Covered Entity to enable the Covered Entity to provide access to the individual to whom that information pertains or such individual's representative.

**§8. Amendment of and Access to PHI.** Business Associate shall make available for amendment PHI in a designated record set and shall incorporate any amendments to PHI in a designated record set in accordance with 45 CFR §164.526 and in accordance with any process mutually agreed to by the parties.

**§9. Accounting.** Business Associate agrees to document such disclosures of PHI and information related to such disclosures as would be required for Covered Entity to respond to an individual's request for an accounting of disclosures of their PHI in accordance with 45 CFR §164.528. Business Associate agrees to make available to Covered Entity the information needed to enable Covered Entity to provide the individual with an accounting of disclosures as set forth in 45 CFR §164.528.

**§10. DHHS Access to Books, Records, and Other Information.** Business Associate shall make available to the U.S. Department of Health and Human Services ("DHHS"), its internal practices, books, and records relating to the use and disclosure of PHI received from, or created or received by Business Associate on behalf of, Covered Entity for purposes of determining the Covered Entity's compliance with HIPAA.

**§11. Individual Authorizations; Restrictions.** Covered Entity will notify Business Associate of any limitation in its notice of privacy practices, any restriction to the use or disclosure of PHI that Covered Entity has agreed to with an individual and of any changes in or revocation of an authorization or other permission by an individual, to the extent that such limitation, restriction, change, or revocation may affect Business Associate's use or disclosure of PHI.

**§12. Compliance with ARRA.** Covered Entity and Business Associate agree to comply with the amendments to HIPAA included in the American Recovery and Reinvestment Act of 2009 ("ARRA") (P.L. 111 5), including all privacy and security regulations issued under ARRA that apply to Business Associate as and when those regulations are effective.

**§13. Term.** This Addendum shall take effect on the effective date of the Services Agreement, and shall continue in effect unless and until either party terminates this Addendum or the Services Agreement.

**§14. Breach; Termination; Mitigation.** If Covered Entity knows of a pattern of activity or practice of Business Associate that constitutes a material breach or violation of Business Associate's obligations under this Addendum, Covered Entity and Business Associate shall take any steps reasonably necessary to cure such breach and make Business Associate comply, and, if such steps are unsuccessful, Covered Entity may terminate this Addendum. Business Associate shall take reasonable actions available to it to mitigate any detrimental effects of such violation or failure to comply.

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**Exhibit A – Business Associate Addendum**

**§15. Return of PHI.** Business Associate agrees that upon termination of this Addendum, and if feasible, Business Associate shall (a) return or destroy all PHI received from Covered Entity, or created or received by Business Associate on behalf of Covered Entity, that Business Associate maintains in any form or manner and retain no copies of such information or, (b) if such return or destruction is not feasible, immediately notify Covered Entity of the reasons return or destruction are not feasible, and extend indefinitely the protection of this Addendum to such PHI and limit further uses and disclosures to those purposes that make the return or destruction of the PHI not feasible.

**§16. De-identified Health Information.** Business Associate may de-identify any and all PHI and may create a "Limited Data Set" in accordance with 45 C.F.R. § 164.514(b)&(e). Customer acknowledges and agrees that deidentified information is not PHI and that Business Associate may use such de-identified information for any lawful purpose. Use or disclosure of a Limited Data Set must comply with 45 CFR 164.514(e).

**§17. Survival.** All representations, covenants, and agreements in or under this Addendum or any other documents executed in connection with the transactions contemplated by this Addendum, shall survive the execution, delivery, and performance of this Addendum and such other documents. The respective rights and obligations of Business Associate under Section 14 of this Addendum shall survive termination or expiration of this Addendum.

**§18. Further Assurances; Conflicts.** Each party shall in good faith execute, acknowledge or verify, and deliver any and all documents which may from time to time be reasonably requested by the other party to carry out the purpose and intent of this Addendum. The terms and conditions of this Addendum will override and control any conflicting term or condition of the Services Agreement. All non conflicting terms and conditions of the Service Agreement shall remain in full force and effect. Any ambiguity in this Addendum with respect to the Services Agreement shall be resolved in a manner that will permit Covered Entity to comply with HIPAA.

**§19. Applicable Law.** The parties acknowledge and agree that HIPAA may be amended and additional guidance or regulations implementing HIPAA may be issued after the date of the execution of this Addendum and may affect the parties' obligations under this Addendum. The parties agree to take such action as is necessary to amend this Addendum from time in order as is necessary for Covered Entity to comply with HIPAA.

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**Exhibit B – Service Level Agreement**

Service Level Agreement (the “SLA”) defines the service levels provided by ZOLL in accordance with delivering its software as a hosted service pursuant to the Application Service Provider Agreement (the “ASP Agreement”), to which this SLA is attached as an exhibit. This SLA is effective upon ZOLL’s acceptance of a signed copy of the ASP Agreement from Customer and receipt from Customer of all fees due and payable. Capitalized terms used but not defined herein shall have the same meanings as assigned to such terms in the ASP Agreement.

**1 Service Overview.** ZOLL’s hosted services (the “Hosted Services”) are defined as the service of hosting, on ZOLL’s IT platform, the web based Software for use by Customer. ZOLL’s IT platform includes the network connectivity, hardware systems, security components and management services supporting the Hosted Services. Specifically excluded from this SLA are the services, software and hardware provided by other third parties (such as cellular network carriers and mobile handset providers), and any other software, services or systems operating outside of ZOLL hosted infrastructure, including any software (including ZOLL’s developed software) or systems operating on Customer’s premises.

**2 Service Deliverables**

**2.1 Service Deliverables**

**2.1.1 Downtime.** Downtime, expressed in minutes, is any time the Hosted Service is not accessible to Customer and Customer’s users.

**2.1.2 Planned Downtime.** Planned Downtime is Downtime including scheduled periods where the Hosted Services may not be available in order for ZOLL to continue to bring the best possible service, features and performance to its customers. Planned Downtime includes, but is not limited to: 1) Standard Maintenance; and 2) Emergency Maintenance. Standard Maintenance is performed when upgrades or system updates need to be applied (i.e. standard software release, non-critical software updates). Emergency maintenance happens when there is a critical system update that needs to be applied quickly to avoid significant downtime (such as hardware patches that address server vulnerabilities or a critical software update).

*Standard Maintenance Windows:* Weekly, Monday and Wednesday between the hours of 7pm to 11pm Mountain Time. Notice will go out at least 24 hours in advance of the planned outage.

*Emergency Maintenance Windows:* **As needed.** Best efforts will be made to provide notice at least 30 minutes in advance of the planned outage.

**2.1.3 Excused Downtime.** Excused Downtime time is Downtime caused by: a) services, software or hardware provided by anyone other than ZOLL (such as the cellular network carrier or the mobile handset provider), b) software, services or systems operating outside of ZOLL hosted infrastructure, including any software (including ZOLL’s developed software) or systems operating on Customer’s premises; c) a Force Majeure event or a customer related action (e.g. a customer’s failure to comply with its obligations under the Application Service Provider Agreement or use of the Hosted Services in ways that were not intended).

**2.1.4 Unplanned Downtime.** Unplanned Downtime in a calendar month is expressed as a percentage calculated as follows:

$\frac{(\text{Downtime} - (\text{Planned Downtime} + \text{Excused Downtime}))}{\text{Total number of minutes in the calendar month}} \times 100 = x \%, \text{ where “x” is Unplanned Downtime.}$
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**2.1.5 Unplanned Downtime Goal.** ZOLL shall provide the Hosted Services such that there is less than 1% of Unplanned Downtime in a calendar month.

**2.1.6 Incident Monitoring and Reporting.** Problems with the Hosted Services can be logged by Customer through the ZOLL support website at support@zoll.com or through the ZOLL’s call center at 800-663-3911. An incident report will be created and escalated as appropriate.

**STANDARD ZOLL DELIVERABLES:**

*Online Incident Reporting:* 24x7 reporting through the ZOLL support site, support@zoll.com. Responses shall be provided within 24 hours during normal business hours.

*Call Center Standard Support:* Monday to Friday 6:00am to 6:00pm, Mountain Time.

**2.2 Covered Services / Customer Content**

**2.2.1 Covered Services.** The Hosted Services covered by the Unplanned Downtime Goal are those identified in the ASP Agreement as the ASP Services, that have been activated for Customer, and Customer has accepted and is using in the course of carrying out their normal business operations.

**2.2.2 Availability of Customer Content.** It is Customer’s responsibility to maintain any Customer Content that it requires for archival purposes or ongoing management of its operations. Unless specified otherwise in the ASP Agreement, ZOLL will store Customer Content, other than Inactive Data (as defined below), for [5] years (calculated from the date of creation of such Customer Content, or ZOLL’s receipt of such Customer Content, whichever is later) in ZOLL’s working data set. Upon the expiration of such [5]-year period, ZOLL will notify Customer in writing and will provide Customer the option, which Customer shall exercise by informing ZOLL in writing, within 30 days of receiving the notice, that either (a) Customer wishes to receive Customer Content in a ZOLL-provided tool that allows Customer to view, search and print such Customer Content, or (b) Customer will pay ZOLL, at ZOLL’s then-current storage rates and upon ZOLL’s then-current terms and conditions, to continue to store such Customer Content. If Customer fails to exercise one of the foregoing options within such 30-day period, ZOLL will have the right to destroy all Customer Content in its possession or under its control. During the time ZOLL stores Customer Content for Customer hereunder, ZOLL will periodically identify Customer Content that has had no activity associated with it for at least 180 days (“Inactive Data”) and will notify Customer in writing of its intent to remove the Inactive Data from ZOLL’s working data set and destroy such data, unless Customer requests, in writing, within 30 days of receiving the notice from ZOLL, that either (a) Customer wishes to receive such Inactive Data in a ZOLL-provided tool that allows Customer to view, search and print such Inactive Data, or (b) Customer will pay ZOLL, at ZOLL’s then-current storage rates and upon ZOLL’s then-current terms and conditions, to continue to store such Inactive Data. If Customer fails to exercise one of the foregoing options within such 30-day period, ZOLL will have the right to destroy the applicable Inactive Data in its possession or under its control. Except for this Section 2.2.2, the terms of this SLA (including, without limitation, the Unplanned Downtime Goal) do not apply to Customer’s access of Inactive Data.

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**Exhibit B – Service Level Agreement**

**2.3 Remedies.** A “Service Credit” means a percentage of the monthly service fee to be credited to Customer (subject to Customer’s written request therefor and ZOLL’s verification thereof) for the service for which the Unplanned Downtime Goal is exceeded in a calendar month. For any calendar month where the aggregate total of Unplanned Downtime for a particular service exceeds 1%, ZOLL will provide a 10% Service Credit towards Customer’s monthly service charge for the service that was affected; provided, that credit is requested by the Customer within 30 days of the end of the calendar month in which the Unplanned Downtime occurred and the Unplanned Downtime is verified by ZOLL. The Service Credit will be applied to a future month’s service invoice (typically two months later). Customer service remedy disputes concerning Unplanned Downtime must be made in writing within 60 days from the Unplanned Downtime in dispute and include details on the nature of the outage and date and time of occurrence. Prior to issuance of Service Credits, the incident must be verified by ZOLL. Failure to submit a written request for Service Credit as noted above shall constitute a waiver of such Service Credits by Customer. Further, Service Credits shall not be issued if Customer is not current on all fees due and payable.

**3 Term.** The term of this SLA shall be coincident with the term of the ASP Agreement.

**4 Other Conditions**

**4.1 General Terms & Conditions.** Terms and conditions on use of Hosted Services are contained in the ASP Agreement.

**4.2 Modifications.** Changes to this SLA may be made from time to time at ZOLL’s sole discretion. Customer will be notified of any material changes to this SLA.

**4.3 Limitations On Remedies.** The remedies of Section 2 of this SLA shall be Customer’s sole and exclusive remedies with respect to ZOLL exceeding the Unplanned Downtime Goal.

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**Exhibit C – Services**

**1. DEFINITIONS.** Capitalized terms used in this Exhibit C but not defined in the Agreement shall have the meanings set forth herein.

**2. SERVICES**

**2.1 ZOLL Obligations.** ZOLL agrees to provide the Services as more specifically described in, and in accordance with, any SOW executed under the Agreement.

**2.2 Customer's Obligations.**

(a) Access. Customer shall at its own expense provide or make available to ZOLL access to the Customer's premises, systems, telephone, terminals and facsimile machines and all relevant information, documentation and staff reasonably required by ZOLL to enable ZOLL to perform the Services.

(b) Maintenance of Access Conditions. Customer is responsible for maintaining the conditions of access specified in clause 2.2(a) above and the SOW. ZOLL may suspend its obligations during such period that such conditions of access are not maintained and Customer agrees to reimburse ZOLL for any reasonable costs incurred as a result of such suspension at its then current time and materials rates.

(c) Other Obligations. Customer agrees to perform its obligations hereunder (including the SOW) in a timely manner and shall co-operate and provide ZOLL with requested information to enable ZOLL to perform the Services. To the extent that ZOLL is performing work in accordance with specifications provided by Customer, Customer shall be solely responsible for compliance with all laws and regulations.

**3. EXTENSION OF TIME.**

**3.1 Delay.** Customer acknowledges that time frames and dates for completion of the Services as set out in the SOW are estimates only and the ability to meet them is influenced by a range of factors including: (a) the developing nature of the scope of work; (b) the performance of third party contractors involved in the process; (c) the contribution of resources by the Customer; and (d) times of response by and level of co-operation of Customer. Obligations as to time are therefore on a "reasonable efforts" basis only and ZOLL shall not be liable for failure to meet time frames or completion dates unless that is due to negligence of ZOLL. If Customer fails to schedule installation within 6 months from the Effective Date, or postpones or cancels a scheduled installation with less than 30 days notice or Customer requests a change in the timing or duration of the Services with less than 30 days' notice, ZOLL may charge, and Customer shall pay, an additional installation fee plus any additional costs incurred as a result (including, without limitation, a \$200 travel change fee to cover increased travel costs as a result of the rescheduling).

**3.2 Changes.** Customer understands that ZOLL's performance is dependent in part on Customer's actions. Accordingly, any dates or time periods relevant to performance by ZOLL hereunder will be appropriately and equitably extended to account for any delays resulting from changes due to Customer's acts or omissions. If either party proposes in writing a change to the scope, timing, or duration of the Services, the other party will reasonably and in good faith consider and discuss with the proposing party the proposed change and a revised estimate of the costs for such change. If Customer elects to have ZOLL develop custom software, Customer agrees that the functionality provided by the custom software is not essential to Customer's use of the Software. If Customer does not use all of the Services purchased, unused Services will be credited.

**3.3 Notification.** Where in ZOLL's reasonable opinion there is likely to be a delay in the provision of Services under any SOW because of a cause beyond the reasonable control of ZOLL (including default or delay of Customer in performing its obligations), ZOLL will: (a) notify Customer of the circumstances of the delay; (b) give details of the likely effect of the delay and develop, at the Customer's expense, a strategy to manage the consequences of the delay; (c) request a reasonable extension of time; and (d) submit to Customer a statement of the variations to the SOW resulting from the delay.

**4. THIS SECTION INTENTIONALLY LEFT BLANK**

**5. OWNERSHIP AND LICENSE.**

**5.1 Ownership.** ZOLL shall retain all right, title and interest in and to: (a) all software, tools, routines, programs, designs, technology, ideas, know-how, processes, techniques and inventions that ZOLL makes, develops, conceives or reduces to practice, whether alone or jointly with others, in the course of performing the Services; (b) all enhancements, modifications, improvements and derivative works of the Software and of each and any of the foregoing; and (c) all Intellectual Property Rights related to each and any of the foregoing (collectively, the "**ZOLL Property**").

**5.2 License.** Provided that Customer is not in breach of any material term of the Agreement or any SOW, ZOLL grants Customer a non-exclusive, non-transferable license, without rights to sublicense, to use the ZOLL Property that is incorporated into deliverables delivered pursuant to an SOW (each, a "**Deliverable**"), solely for Customer's own internal business purposes in connection with the use of the Deliverable and the Software and solely for so long as the licenses to the Software granted pursuant to the Agreement remain in effect.

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**Exhibit D – Description of License Types**

The license to install and use the Software shall be in accordance with the following license options. The Software may contain a software license management tool (a “**License Manager**”) that regulates Customer’s use of the Software. If so, all of the licensed activity described below must be subject to the control of the License Manager, and Customer may not install or use the Software in a manner that circumvents or interferes with the operation of the License Manager or any other technological measure that controls access to the Software.

**Hosted License** - Hosted License provides access to the ASP Services as described in Section 3.1 and provides Customer the right to install the Software on an unlimited number of compatible personal computers or devices, for use by any number of Customer users to perform Dispatch, Billing, Scheduling, Records Management, or to facilitate the entry of PCRs, as specified on the Initial Order. The license is not limited to any specifically identified Customer users.