

TRAVIS COUNTY INDIGENT CARE AFFILIATION AGREEMENT

This Indigent Care Affiliation Agreement (the "Agreement") is entered into as of the 7th day of November, 2012 ("Effective Date"), by and among Central Health ("District") and the Affiliated Hospitals listed on Exhibit A ("Affiliated Hospitals").

RECITALS:

WHEREAS, the State's under-funding of, and reductions in eligibility for, Medicaid increases the volumes of indigent patients who rely on hospital emergency room services as the source of primary healthcare and shifts the burden for indigent care to the Affiliated Hospitals, the District, and local community;

WHEREAS, the District and the Affiliated Hospitals desire to ensure that the indigent have access to and receive quality medical and hospital services;

WHEREAS, the District and the Affiliated Hospitals recognize that it is in their best interest to increase funding for the Medicaid population and to access federal funding for the indigent to which the Affiliated Hospitals are entitled under the State's Medicaid program; and

WHEREAS, the District and the Affiliated Hospitals recognize that they need to collaborate to ensure their ability to deliver healthcare services to indigent patients in their community;

NOW, THEREFORE, in consideration of the promises and covenants contained in this Agreement, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged and agreed, the parties agree as follows:

1.0 INDIGENT CARE COLLABORATION

1.1 Improving Access to Healthcare for Indigent. The District and the Affiliated Hospitals will assess the opportunities to improve access to healthcare for indigent persons residing in the community through participation in the Medicaid program.

2.0 REPRESENTATIONS AND WARRANTIES

2.1 Affiliated Hospitals Representations and Warranties. Each Affiliated Hospital represents and warrants that:

- a. It is a corporation or partnership, duly established and created pursuant to applicable law with all requisite power and authority to enter into this Agreement in all respects;

- b. There is no agreement to condition the amount transferred by the District nor the amount of Medicaid supplemental payments on the amount of indigent care the Affiliated Hospital has provided or will provide;
- c. There is no agreement to condition the amount of the Affiliated Hospital's indigent care obligation on the amount transferred by the District nor the amount of any Medicaid supplemental payment the Affiliated Hospital might receive;
- d. No escrow, trust, or other funding mechanism exists, the amount of which is conditioned or contingent on the amount of indigent care services provided or to be provided by the Affiliated Hospital; and that any escrow, trust or other funding mechanism utilized in connection with an anticipated intergovernmental transfer ("IGT") from the District has been disclosed to the Texas Health and Human Services Commission ("HHSC") and is not used to effect a quid pro quo for the provision of indigent care services by or on behalf of the Affiliated Hospital;
- e. The District has not received and will not receive refunds of payments the District made or makes to the Affiliated Hospital for any purpose in consideration for an IGT by the District to fund Medicaid supplemental payments;
- f. The execution, delivery, and performance by the Affiliated Hospital of this Agreement are within the Affiliated Hospital's powers, are not in contravention of any other instruments governing the Affiliated Hospital and have been duly authorized and approved by the Affiliated Hospital to the extent required by applicable law;
- g. Neither the Affiliated Hospital, nor any of its representatives are (i) currently excluded, debarred, or otherwise ineligible to participate in the Federal health care programs as defined in 42 U.S.C. § 1320a-7b(f) (the "Federal health care programs"); (ii) convicted of a criminal offense related to the provision of health care items or services but not yet excluded, debarred, or otherwise declared ineligible to participate in the Federal health care programs; or (iii) under investigation or otherwise aware of any circumstances which may result in the exclusion of the Affiliated Hospital, or any of its representatives, from participation in the Federal health care programs; and
- h. This Agreement has been duly and validly executed by the Affiliated Hospital.

2.2 District Representations and Warranties. The District represents and warrants that:

- a. It is a body politic and a political subdivision of the State of Texas, duly established and created pursuant to Article IX, Section 4 of the Texas Constitution with all requisite power and authority to enter into this Agreement in all respects;
- b. There is no agreement to condition the amount transferred by the District nor the amount of Medicaid supplemental payments on the amount of indigent care the Affiliated Hospitals have provided or will provide;
- c. There is no agreement to condition the amount of the Affiliated Hospitals' indigent care obligation on the amount transferred by the District nor the amount of any Medicaid supplemental payment the Affiliated Hospitals might receive;
- d. No escrow, trust, or other funding mechanism exists, the amount of which is conditioned or contingent on the amount of indigent care services provided or to be provided by the Affiliated Hospitals; and that any escrow, trust or other funding mechanism utilized in connection with an anticipated IGT from the District has been disclosed to HHSC and is not used to effect a quid pro quo for the provision of indigent care services by or on behalf of the Affiliated Hospitals;
- e. The District has not received and will not receive refunds of payments the District made or makes to the Affiliated Hospitals for any purpose in consideration for an IGT by the District to fund Medicaid supplemental payments;
- f. The execution, delivery, and performance by the District of this Agreement are within the District's powers, are not in contravention of any other instruments governing body of the District, and have been duly authorized and approved by the governing body of the District as and to the extent required by applicable law;
- g. Neither the District, nor any of its representatives are (i) currently excluded, debarred, or otherwise ineligible to participate in the Federal health care programs as defined in 42 U.S.C. § 1320a-7b(f) (the "Federal health care programs"); (ii) convicted of a criminal offense related to the provision of health care items or services but not yet excluded, debarred, or otherwise declared ineligible to participate in the Federal health care programs; or (iii) under investigation or otherwise aware of any circumstances which may result in the exclusion of the District, or any of its representatives from participation in Federal health care programs;
- h. This Agreement has been duly and validly executed by the District; and
- i. The District has public funds eligible to contribute to the non-federal share of Medicaid payments.

3.0 OBLIGATIONS OF THE AFFILIATED HOSPITALS

- 3.1 **Agreement to Collaborate with the District.** The Affiliated Hospitals agree to work collaboratively with the District to improve access to health care for indigent persons.
- 3.2 **Documentation.** The Affiliated Hospitals agree to provide the District documentation that demonstrates the amount and types of health care (including indigent health care and Medicaid services historically provided in the community) as requested by the District, but no more frequently than quarterly.
- 3.3 **Compliance with State and Federal Law.** The Affiliated Hospitals agree to retain qualified professionals to ensure health care is provided in compliance with state and federal charity care laws, anti-trust laws, any other applicable laws, and the Medicare and Medicaid programs.
- 3.4 **Indigent Care Program Participation.** At all times during the term of this Agreement, the Affiliated Hospitals shall use best efforts to maintain qualification for participation in the Medicaid and Medicare programs.
- 3.5 **Compliance with HIPAA and Access to Records.** To the extent applicable to this Agreement, the Affiliated Hospitals agree to comply with the Health Insurance Portability and Accountability Act of 1996, as codified at 42 U.S.C. Section 1320d, *et seq.* ("HIPAA"), and any current and future regulations promulgated thereunder, including, without limitation, the federal privacy regulations contained in 45 C.F.R. Parts 160 and 164 (the "Federal Privacy Regulations"), the federal security standards contained in 45 C.F.R. Parts 160, 162 and 164 (the "Federal Security Regulations"), and the federal standards for electronic transactions contained in 45 C.F.R. Parts 160 and 162 (the "Federal Electronic Transaction Regulations"), all as amended from time to time, and all collectively referred to herein as "HIPAA Requirements." The Affiliated Hospitals agree not to use or further disclose any Protected Health Information (as defined in the Federal Privacy Regulations) or EPHI (as defined in the Federal Security Regulations), other than as permitted by the HIPAA Requirements and the terms of this Agreement. In addition, the Affiliated Hospitals agree to comply with any state laws and regulations that govern or pertain to the confidentiality, privacy, security of, and electronic transactions pertaining to, health care information.

As and to the extent required by law, upon the written request of the Secretary of Health and Human Services, the Comptroller General or any of their duly authorized representatives, the Affiliated Hospitals shall make available those contracts, books, documents and records necessary to verify the nature and extent of the costs of providing services under this Agreement. Such inspection shall be available for up to four (4) years after the rendering of such services. The Affiliated Hospitals will also indemnify and hold the District harmless if any amount of reimbursement is denied or disallowed because of the Affiliated

Hospitals' failure to comply with the obligations set forth in this section. Such indemnity shall include, but not be limited to, the amount of reimbursement denied, plus any interest, penalties and legal costs. If the Affiliated Hospitals carry out any of the duties of this Agreement through a subcontract with a value of \$10,000.00 or more over a twelve (12) month period with a related individual or organization, the Affiliated Hospitals agree to include this requirement in any such subcontract. This section is included pursuant to, and is governed by the requirements of, 42 U.S.C. § 1395x(v)(1) and the regulations thereto.

4.0 OBLIGATIONS OF THE DISTRICT

- 4.1 **Agreement to Collaborate with the Affiliated Hospitals.** The District agrees to work collaboratively with the Affiliated Hospitals to improve access to health care for indigent persons.
- 4.2 **No Condition on Medicaid Funding.** The District agrees that it will not condition the amount to which it funds the non-federal share of supplemental payments on a specified or required minimum amount of prospective indigent care.
- 4.3 **Retrospective Evaluation of Services.** The District may retrospectively evaluate the amount and impact of the Affiliated Hospitals' indigent care delivery and can rely on such historical information in determining whether and to what degree it will provide an IGT in the future.
- 4.4 **Documents Publicly Available.** The District agrees to make publicly available any documentation utilized in connection with intergovernmental transfers of funds.
- 4.5 **Use of Public Funds.** To the extent the District decides to provide funding for Medicaid supplemental payments, the District agrees to use public funds eligible for such funding.
- 4.6 **Compliance with State and Federal Law.** The District agrees to engage qualified professionals to ensure health care is provided in compliance with applicable laws and the Medicare and Medicaid programs.
- 4.7 **Compliance with HIPAA and Access to Records.** The District agrees to comply with the Health Insurance Portability and Accountability Act of 1996, as codified at 42 U.S.C. Section 1320d, *et seq.* ("HIPAA"), and any current and future regulations promulgated thereunder, including, without limitation, the federal privacy regulations contained in 45 C.F.R. Parts 160 and 164 (the "Federal Privacy Regulations"), the federal security standards contained in 45 C.F.R. Parts 160, 162 and 164 (the "Federal Security Regulations"), and the federal standards for electronic transactions contained in 45 C.F.R. Parts 160 and 162 (the "Federal Electronic Transaction Regulations"), all as amended from time to time, and all collectively referred to herein as "HIPAA Requirements." The District agrees not to use or further disclose any Protected Health Information (as defined in the

Federal Privacy Regulations) or EPHI (as defined in the Federal Security Regulations), other than as permitted by the HIPAA Requirements and the terms of this Agreement. In addition, the District agrees to comply with any state laws and regulations that govern or pertain to the confidentiality, privacy, security of, and electronic transactions pertaining to, health care information.

As and to the extent required by law, upon the written request of the Secretary of Health and Human Services, the Comptroller General or any of their duly authorized representatives, the District shall make available those contracts, books, documents and records necessary to verify the nature and extent of the costs of providing services under this Agreement. Such inspection shall be available for up to four (4) years after the rendering of such services.

5.0 GENERAL PROVISIONS

5.1 **Term and Termination.** The term of this Agreement shall be one year from the Effective Date and shall automatically continue thereafter for additional terms of one year unless the parties agree otherwise; provided, however, that this Agreement shall terminate immediately upon written notice by either the District or the Affiliated Hospitals to the other party.

5.2 **Notices.** All notices required or permitted hereunder shall be in writing and shall be sufficiently given and deemed to have been received upon personal delivery, by overnight carrier, by email, or by United States mail, postage prepaid, registered or certified mail, addressed to the parties as follows:

District: Central Health
111 East Cesar Chavez St., Suite B
Austin, Texas 78702
ATTN: Chief Executive Officer

Affiliated Hospital: See Attached Exhibit A

With a Copy to: Gjerset & Lorenz, LLP
2801 Via Fortuna, Suite 500
Austin, Texas 78746

5.3 **Relationships between the Parties.** The relationship between the District and the Affiliated Hospitals is solely a contractual relationship between independent contractors. No party hereto is an agent or employee of any other party. Nothing in this Agreement shall prevent any affiliation or contracting by any party with any third party, with the exception that no party may contract or affiliate with another party to gain entitlement to Medicaid supplemental payments pursuant to this Agreement.

5.4 **Governing Law.** This Agreement shall be governed by the laws of the State of Texas. The Affiliated Hospitals understand that the District is a political

subdivision of the State of Texas and governed by certain statutes applicable thereto.

- 5.5 **Assignment.** No party may assign any right, obligation, or responsibility under this Agreement except to a successor in interest.
- 5.6 **No Third Party Beneficiary.** The parties to this Agreement do not intend to establish any third party beneficiary relationships by virtue of this Agreement.

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IN WITNESS WHEREOF, the parties have hereunto set their hand as of the date set forth above.

CENTRAL HEALTH

By Patricia A. Young Brown
Patricia A. Young Brown
President and Chief Executive Officer

**ST. DAVID'S HEALTHCARE
PARTNERSHIP, L.P., LLP**

By Round Rock Hospital, Inc., its General Partner

By _____
David Huffstutler
Chief Executive Officer

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IN WITNESS WHEREOF, the parties have hereunto set their hand as of the date set forth above.

CENTRAL HEALTH

By _____
Patricia A. Young Brown
President and Chief Executive Officer

**ST. DAVID'S HEALTHCARE
PARTNERSHIP, L.P., LLP**
By Round Rock Hospital, Inc., its General Partner

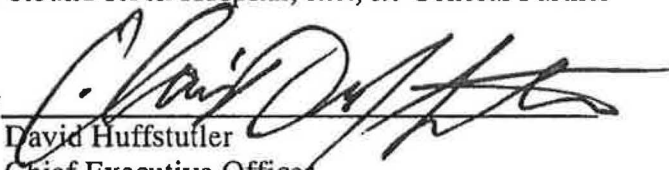
By  _____
David Huffstutler
Chief Executive Officer

EXHIBIT A

Affiliated Hospitals

St. David's Healthcare Partnership, L.P., LLP d/b/a North Austin Medical Center 12221 MoPac Expressway North Austin, Texas 78758	St. David's Healthcare Partnership, L.P., LLP d/b/a South Austin Hospital 901 West Ben White Boulevard Austin, Texas 78704
St. David's Healthcare Partnership, L.P., LLP d/b/a St. David's Medical Center 901 East 32nd Street Austin, TX 78705	