MEMORANDUM OF UNDERSTANDING

BY AND AMONG

SOUTHERN REGIONAL MEDICAL CORPORATION;

HOSPITAL SERVICE DISTRICT NO. 1
OF THE PARISH OF TERREBONNE

BOARD OF SUPERVISORS OF LOUISIANA STATE UNIVERSITY AND AGRICULTURAL AND MECHANICAL COLLEGE;

THE STATE OF LOUISIANA, THROUGH THE DIVISION OF ADMINISTRATION

AND

THE LOUISIANA DEPARTMENT OF HEALTH

DATED EFFECTIVE SEPTEMBER 11, 2016

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (MOU) is made and entered into effective this 11th day of September, 2016, by and among the HOSPITAL SERVICE DISTRICT NO. 1 OF THE PARISH OF TERREBONNE, a body corporate and created pursuant to La. R.S. 46:1051 et seq. (Terrebonne), SOUTHERN REGIONAL MEDICAL CORPORATION (SRMC), a Louisiana nonprofit corporation in which Terrebonne is the sole Member (SRMC), the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College (LSU), the State of Louisiana, acting through the Commissioner of Administration (State), and the Louisiana Department of Health (LDH). SRMC, Terrebonne, LSU, LDH, and the State are referred to together as the "Parties" and each as a "Party" throughout this MOU.

RECITALS

WHEREAS, the Parties have, effective June 23, 2013, entered into a Cooperative Endeavor Agreement (CEA) for the Public Purpose as defined therein, as well as multiple related agreements (individually, a "Related Agreement," and collectively, the "Related Agreements");

WHEREAS, it was, and still is, a collective goal of the Parties to enhance the stability of the continued provision of medical services to the patients in the Houma area, including the Medically Indigent and uninsured population thereof, and to maintain the viability of SRMC and protect and enhance its vital role in the community in the most efficient and cost-effective manner;

WHEREAS, in maintaining this goal, the Parties also have the goal of providing the highest quality of health care services to all residents of the State in the most efficient manner possible;

WHEREAS, in order to meet these goals, the Parties agree that they must further specify key services that must be provided and understand that financial efficiencies must be achieved;

WHEREAS, during the time period in which the above referenced CEA and Related Agreements have been in effect, the Parties have learned that the State's system of health care delivery and medical education must be further reformed in order to be sustainable;

WHEREAS, in order to begin the process of reformation of these partnerships and delivery systems, the Parties agree that some of the partnership CEAs and, to the extent applicable, the Related Agreements must be modified in key areas and, in the interim, the Parties agree that this MOU will modify the terms of the CEA and Related Agreements;

WHEREAS, the Parties believe changes to some of the partnerships are necessary to, among other valuable public purposes, (1) stabilize health care delivery and medical education; (2) optimize the resources available to further build upon the health care training and delivery experience in the applicable region; (3) continue to enhance and provide access to a full range of clinical care services to recipients in the applicable area and (4) promote better health care in Louisiana and provide the impetus for shifting to a more value-based, outcomes driven delivery system;

WHEREAS, in order to achieve these goals, the Parties agree that they need to work collaboratively to ensure that delivery of health care is budget driven in order to maintain optimal efficiencies; and

WHEREAS, the Parties expressly agree, notwithstanding anything to the contrary, where applicable, the provisions of this MOU will control and amend any provisions contained in the CEA to the contrary as of its effective date; and

WHEREAS, the Parties expressly agree that Sections 3, 4, 5, and 7 are not applicable to the CEA because it is structured as a flat fee payment arrangement rather than a cost-based arrangement.

NOW, THEREFORE, the Parties agree as follows:

1. Notwithstanding any language to the contrary, the Parties expressly agree that the provisions of this MOU will control where the language conflicts with any underlying CEA or Related Agreement provisions. Further, the Parties agree that where this MOU does not expressly contradict the CEA or a Related Agreement, the CEA provisions, including all Public Purpose provisions, remain in effect.

2. The Parties agree that SRMC will timely provide data metrics as required by the Louisiana Department of Health, and such data shall be considered Confidential Information under Section 18.5 of the CEA.

3. If SRMC or Terrebonne has contracted with LSU for physician services, it is expressly stated herein that the Parties shall pay fair market value as determined by salary data compiled by the Association of American Medical Colleges ("AAMC") for these agreements to LSU within 15 calendar days of receipt of invoice.

4. SRMC and Terrebonne agree to evaluate their current reimbursement contracts with all entities to ensure that each entity is receiving fair market value reimbursement for services rendered. SRMC and Terrebonne also agree to increase efforts to maximize collections from all private pay reimbursement sources.

5. SRMC and Terrebonne agree that they will reevaluate all cost centers of the respective hospitals in order to ensure that they are operating in the most efficient manner possible to lessen the financial burden of the State of Louisiana.

6. This MOU shall terminate on June 30, 2017, unless modified by a subsequent MOU or CEA.

7. SRMC and Terrebonne shall use all reasonable good faith efforts to work to ensure that any additional funding it receives over and above its Title XIX per diems does not fund private pay shortfalls in physician services or other cost centers.

8. Payments to SRMC and Terrebonne, over and above Title XIX per diems, shall be limited to a maximum of $142,508,286.00. The State is in no way obligated to pay more than this maximum amount.

9. Funding and payments required by LSU, the State of Louisiana, LDH and / or DOA is conditioned upon and subject to legislative appropriation and BA-7 approval by the Joint Legislative Committee on the Budget (JLCB).

SIGNATURE PAGE FOR MEMORANDUM OF UNDERSTANDING

BOARD OF SUPERVISORS OF LOUISIANA STATE UNIVERSITY AND AGRICULTURAL AND MECHANICAL COLLEGE

By: F. King Alexander 9/19/16
F. King Alexander, President Date

STATE OF LOUISIANA, THROUGH THE DIVISION OF ADMINISTRATION

By: 9/19/16
Jay Dardenne, Commissioner Date

SOUTHERN REGIONAL MEDICAL CORPORATION

By: Phyllis Peoples 9/18/16
Phyllis L. Peoples, Chief Executive Officer Date

HOSPITAL SERVICE DISTRICT NO. 1 OF THE PARISH OF TERREBONNE

By: Phyllis Peoples 9/18/16
Phyllis L. Peoples, Chief Executive Office Date

LOUISIANA DEPARTMENT OF HEALTH

By: 9/19/16
Dr. Rebekah Gee, Secretary Date

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