

MEMORANDUM OF UNDERSTANDING

BY AND AMONG

UNIVERSITY HOSPITAL & CLINICS, INC.;

LAFAYETTE GENERAL HEALTH SYSTEM, INC.;

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

AND

THE STATE OF LOUISIANA THROUGH THE DIVISION OF ADMINISTRATION

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 Lafayette General Health System, Inc., a Louisiana nonprofit corporation (LGHS), University Hospital & Clinics, Inc. a Louisiana nonprofit corporation (UHC), the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College (LSU), and the State of Louisiana, acting through the Commissioner of Administration (State). LGHS, UHC, LSU, and the State are referred to together as the "Parties" and each as a "Party" throughout this MOU.

RECITALS

WHEREAS, the Parties have, effective May 17, 2013, entered into an Amended and Restated 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 and competitiveness of Louisiana's medical education and training programs so that Louisiana is positioned to continue to attract the most talented faculty, students, residents, and other medical professionals;

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 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 the CEA 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 supersede the terms of the CEA and Related Agreement;

WHEREAS, the Parties believe this MOU is 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;

WHEREAS, the Parties expressly agree, notwithstanding anything to the contrary, the provisions of this MOU will control and supersede any provisions contained in the CEA and/or Related Agreements to the contrary as of its effective date.

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 or Related Agreement provisions, including all public purpose provisions, remain in effect.
2. In accordance with Section 8.1 of the CEA, LGHS agreed to negotiate in good faith with LSU to establish terms of a Clinical and Accountable Care Services Agreement pursuant to which LSU would provide certain data warehouse, data analytics and disease management services in exchange for a fair market value services fee. The Parties agree that this requirement is no longer applicable, the parties to the Clinical and Accountable Care Services Agreement will terminate such agreement, generating savings to LGHS. In lieu thereof, LGHS will work in good faith with the LDH to establish terms of participation in a data metrics program implemented by LDH.
3. In accordance with Section 8.1 of the CEA, LGHS agreed to contract with LSU to obtain the services of LSU physicians and related services as determined necessary by LGHS to provide patient care in the Hospital and its provider-based outpatient clinics. This requirement is acknowledged and reaffirmed by LGHS and it is expressly stated that LGHS and LSU shall assess the current payment formula under the existing agreement for such services to confirm, and update if appropriate, that the formula is within the range of fair market value supported by data compiled by the Association of American Medical Colleges, or other similar sources, and LGHS agrees to pay LSU amounts due under such agreement within 30 calendar days of receipt of an invoice and all supporting documentation for the amounts invoiced.
4. LGHS and UHC agree to evaluate their current reimbursement contracts with all entities to ensure that both hospitals are receiving fair market value reimbursement for services rendered. LGHS and UHC also agree to increase their efforts to maximize collections from all private pay reimbursement sources.

5. LGHS and UHC will act in good faith to evaluate costs for which reimbursement is made under this MOU and the CEA and identify opportunities for improved efficiencies while achieving high quality and positive patient outcomes. LGHS acknowledges the State's desire for more predictable and stable budgeting of costs under the CEA and therefore LGHS will work in good faith with the State to modify the CEA to establish more predictable payment obligations in light of continuing and agreed goals of improved healthcare delivery and access and promotion of graduate medical education.
6. This MOU shall terminate on June 30, 2017, unless modified by a subsequent MOU or CEA.
7. LGHS and UHC shall use all reasonable good faith efforts to ensure that any additional funding they receive over and above their Title XIX per diems does not go to fund private pay shortfalls in physician services or other cost centers.
8. Payments to LGHS and UHC, over and above their Title XIX per diems, shall be limited to a maximum of \$128,918,796.00 for state fiscal year 2017, subject to the actual costs of services. The State is in no way obligated to pay more than this maximum amount.
9. Funding and payments required by LSU and / or the State of Louisiana 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 9/13/16
F. King Alexander, President Date

STATE OF LOUISIANA, THROUGH THE DIVISION OF ADMINISTRATION

By: Jay Dardenne 9/15/16
Jay Dardenne, Commissioner Date

LAFAYETTE GENERAL HEALTH SYSTEM, INC.

By: Ami 1 9/15/16 2:00 pm
Date
Its: President

UNIVERSITY HOSPITAL & CLINICS, INC.

By: Ami 2 9/15/16
Date
Its: Board Chairman