MEMORANDUM OF UNDERSTANDING

BY AND AMONG

LOUISIANA CHILDREN'S MEDICAL CENTER;

UNIVERSITY MEDICAL CENTER MANAGEMENT CORPORATION;

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

AND

THE STATE OF LOUISIANA, THROUGH THE DIVISION OF ADMINISTRATION

EFFECTIVE SEPTEMBER 1, 2016

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (MOU) is made and entered into effective this 1st day of September, 2016, by and among Louisiana Children's Medical Center, a Louisiana nonprofit corporation (LCMC), University Medical Center Management Corporation, a Major Affiliate of LSU pursuant to La. R.S. 17:3390 and Louisiana nonprofit corporation (UMCMC), the Board of Supervisors of Louisiana State University Agricultural and Mechanical College (LSU) and the State of Louisiana, acting through the Commissioner of Administration (State). LCMC, UMCMC, 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 29, 2013, entered into an Amended and Restated Cooperative Endeavor Agreement (CEA) for the Public Purpose as defined therein, as well as multiple related agreements, including, without limitation, a hospital facility lease, equipment lease, professional services agreement and transition services agreement (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 pursued;

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 stabilizing 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 modify the terms of the CEA and Related Agreements;

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 delivered in a manner consistent with the goals of quality, safety and patient centeredness; and

WHEREAS, the Parties expressly agree that the provisions of this MOU shall amend 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 provisions, including all public purpose provisions, remain in effect.

2. In accordance with Article IX, in Section 9.1(c) of the CEA, UMCMC agreed to contract with LSU for data warehouse, disease management and related health care effectiveness services designed to improve quality and patient outcomes, and reduce the cost of health care services, particularly among the uninsured and high risk Medicaid patients. The parties agree that this requirement is no longer applicable. In lieu thereof, UMCMC will timely provide mutually agreed upon data metrics to the Louisiana Department of Health, the timing of which shall be mutually agreed upon by the Parties.

3. In accordance with Article IX, in Section 9.1(b) of the CEA, UMCMC agreed to contract with LSU to obtain the services of LSU physicians and related services necessary to provide patient care in the Hospital and its provider-based outpatient clinics. This requirement is acknowledged and reaffirmed by UMCMC and it is expressly stated herein that UMCMC shall pay fair market value (as determined by salary data compiled by the Association of American Medical Colleges ("AAMC") and other generally available sources, taking into account standard evaluation factors such as productivity, efficiency, performance quality, incentives and like matters) for these contracts to LSU within 30 calendar days of receipt of invoice.

4. UMCMC agrees to provide the Parties with a business plan within 60 days of the effective date of this MOU designed to utilize excess capacity at its hospital. This plan shall include a provision for increased mental health services to serve the needs of the population in that area.

5. UMCMC agrees to evaluate its current reimbursement contracts with all entities to ensure that UMCMC is receiving fair market value reimbursement for services rendered. UMCMC also agrees to increase its efforts to maximize collections from all private pay reimbursement sources.

6. Giving full consideration to the expansive capital structure and the overhead associated with academic training, UMCMC agrees that it will reevaluate all cost centers of the hospital in order to seek to operate in the most efficient manner possible to lessen the financial burden of the State of Louisiana.

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

8. Notwithstanding any language in the CEA or any Related Agreement to the contrary, LCMC shall receive credit for advance lease payments made by UMCMC over such portion of the

term of the hospital facility lease as is currently provided by the lease. If the hospital facility lease is terminated and UMCMC ceases to occupy the hospital facility, or LCMC withdraws as the sole member of UMCMC, before all prepaid rent has been earned, the State shall require the balance of any unearned prepaid rent, in the form of annual payments, be paid by the successor occupant(s) and/or the occupant(s)' affiliates in the same amount that UMCMC would have been entitled to receive as a credit against rent in accordance with Exhibit F of the Amended and Restated Master Hospital Lease had UMCMC not ceased to occupy the New Facility. Neither UMCMC nor LCMC shall have any other claim for the value of unamortized improvements, working capital, or otherwise, for financial returns, or liquidated damages as referenced in Sections 15.3 and 17.2 of the CEA.

9. Payments to UMCMC, over and above Title XIX per diems, shall be limited to a maximum of $411,997,757 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. This amount shall include any and all "shared savings" to which UMCMC may be entitled under the CEA.

10. UMCMC and LCMC shall use all reasonable good faith efforts 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.

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

IN WITNESS WHEREOF, the Parties have executed this MOU as set forth below.

BOARD OF SUPERVISORS OF LOUISIANA STATE UNIVERSITY AND AGRICULTURAL AND MECHANICAL COLLEGE, a public constitutional corporation of the State of Louisiana

By: _____
F. King Alexander, President

STATE OF LOUISIANA

By: _____
Jay Dardenne, Commissioner of Administration

LOUISIANA CHILDREN'S MEDICAL CENTER

By: _____
Gregory C. Feirn, President and CEO

UNIVERSITY MEDICAL CENTER MANAGEMENT CORPORATION

By: _____
Bill Masterton, President and CEO