MEMORANDUM OF UNDERSTANDING

BY AND AMONG

SOUTHWEST LOUISIANA HOSPITAL ASSOCIATION D/B/A LAKE CHARLES MEMORIAL HOSPITAL;

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 15, 2016

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (MOU) is made and entered into effective this 15th day of September, 2016, by and among SOUTHWEST LOUISIANA HOSPITAL ASSOCIATION D/B/A LAKE CHARLES MEMORIAL HOSPITAL, a Louisiana nonprofit corporation (SLHA), 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). SLHA, 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 June 24,2013, entered into an Amended and Restated Cooperative Endeavor Agreement (CEA) for the Public Purpose as defined therein, as well as 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 residents of the State in the applicable region 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 modify the terms of the CEA and/or 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 budget driven in order to maintain optimal efficiencies; and

WHEREAS, the Parties expressly agree, notwithstanding anything to the contrary, the provisions of this MOU will control and amend any provisions contained in the CEA 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 thatthe 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 provision, remain in effect.

2. In accordance with Section 7.1(b) of the CEA, SLHA agreed to work in good faith 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 populations. The Parties agree that Section 7.1(b) of the CEA is no longer applicable. In lieu thereof, SLHA will work in good faith with the State to provide mutually agreeable data metrics to the Louisiana Department of Health.

3. In accordance with Section 7.1(a) of the CEA, SLHA agreed to contract with LSU to obtain the services of LSU physicians and related services as determined necessary by SLHA to provide patient care as required by the CEA. This requirement is acknowledged and reaffirmed by SLHA and it is expressly stated herein that SLHA shall pay fair market value as determined by salary data compiled by the Association of American Medical Colleges ("AAMC") for these contracts to LSU within 15 calendar days of receipt of invoice. To the extent SLHA contracts with LSU for the provision of physician services pursuant to Section 7.1(a) of the CEA, any such agreement(s) will at all times provide for fair market value payments to LSU for such services.

4. The Parties acknowledge that SLHA reviews and negotiates contracts with commercial payors on an ongoing basis and has negotiated contracts which SLHA believes are competitive and which provide fair market value for its services. Notwithstanding, SLHA agrees to review its current commercial payor reimbursement contracts with all entities and to consider whether there are opportunities for adjustments to the rate schedules when such contracts are next available for renewal.

5. SLHA agrees that it will act in good faith to continue to evaluate services and cost centers of the hospital related to the CEA in order to identify opportunities for improved efficiencies while achieving high quality and positive patient outcomes.

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

7. SLHA shall use all reasonable good faith efforts to work to ensure that any additional funding it receives from the State over and above its Title XIX per diems is dedicated to the delivery of health care services to Medicaid and indigent patients in the applicable region.

8. Payments to SLHA, over and above Title XIX per diems, shall be limited to a maximum of $55,972,886.00, subject to the actual costs of services. The State is in no way obligated to pay more that this maximum amount.

9. Funding and payments required by LSU, the State of Louisiana, 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 9/13/16
F. King Alexander, President Date

STATE OF LOUISIANA, THROUGH THE DIVISION OF ADMINISTRATION

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

SOUTHWEST LOUISIANA HOSPITAL ASSOCIATION

By: Larry Graham 9-15-16
Larry Graham, CEO Date