

MEMORANDUM OF UNDERSTANDING

BY AND AMONG

WOMAN'S HOSPITAL FOUNDATION;

STATE OF LOUISIANA, THROUGH THE DIVISION OF ADMINISTRATION

AND

LOUISIANA DEPARTMENT OF HEALTH

DATED EFFECTIVE SEPTEMBER 23, 2016

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (MOU) is made and entered into effective this 23 day of September, 2016, by and among WOMAN'S HOSPITAL FOUNDATION, a Louisiana nonprofit corporation (WHF), the State of Louisiana, through the Division of Administration (DOA), and the Louisiana Department of Health (LDH). WHF, DOA and LDH are referred to together as the "Parties" and each as a "Party" throughout this MOU.

RECITALS

WHEREAS, the Parties have, effective April 15, 2013, entered into a Cooperative Endeavor Agreement (CEA) for the public purpose as defined therein, and entered into a First Amendment to Cooperative Endeavor Agreement effective September 1, 2013;

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, Louisiana has traditionally relied on a state-wide public hospital system, most recently owned and operated by the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College (LSU), pursuant to constitutional and statutory authority, to (1) provide health care to the State's uninsured and high-risk Medicaid populations and (2) serve as the primary training sites for LSU's medical education programs;

WHEREAS, LSU had owned and operated Earl K. Long Medical Center that served as a teaching facility, including a medical residency program, and where LSU has operated a hospital-based obstetrics and gynecology clinic that provides health care services to the uninsured and high-risk Medicaid populations;

WHEREAS, during the time period in which the above referenced CEA was 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, the public purpose of the aforementioned CEA included, among others items, the goals of (1) maintaining the range of OB/GYN patient care services provided by clinics prior to the CEA, (2) stabilizing and enhancing the medical education and training experiences and opportunities available to LSU students and residents in the specialty of obstetrics and gynecology, (3) optimizing the training resources to build Louisiana's health care workforce and further the healthcare enterprise in the State, and (4) based on available and reasonable means of financing, providing better access to obstetrical and gynecological clinic care services to the uninsured and high-risk Medicaid populations by WHF establishing and operating a clinic ("Clinic") and providing support to the obstetrical and gynecological programs of LSU;

WHEREAS, the Parties recognize that WHF's operation of the Clinic and support of the LSU programs will include the commitment and the assumption of significant financial and operational investments by WHF and its Affiliates, and desire to assure sustainable reimbursement levels commensurate with such investments;

WHEREAS, effective July 1, 2016, WHF entered into a contract with the LSU Medical School providing a substantial increase in costs over prior years for faculty and related expenses;

WHEREAS, the parties recognize that the above referenced CEA and First Amendment need to be modified by a Memorandum of Understanding in key areas to continue the partnership between the parties;

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 that the provisions of this MOU will control where the language conflicts with any underlying CEA provisions. Further, the parties agree that where this MOU does not expressly contradict the CEA, the CEA provisions, including all public purpose provisions, remain in effect.
2. Notwithstanding any obligations mentioned in the Required Funding section of the CEA, the parties expressly agree that WHF's payments from DOA and LDH, in excess of its Title XIX Medicaid claims, shall be \$9,509,055.00 for services rendered under the CEA between July 1, 2016 and June 30, 2017. WHF will be paid this amount regardless of substantiated allowable costs as defined in the underlying CEA.
3. The payment timing and structure shall remain as agreed upon in the CEA. Quarterly payments to WHF shall be \$2,377,264.00.
4. With regard to sums due to WHF under the CEA for services rendered prior to July 1, 2016, DOA and LDH agree:
 - a. That the interim CEA cost payments previously paid to WHF for cost report years 2013 and 2014 shall become final and binding on the parties. No additional sums shall be due to WHF for services rendered under the CEA prior to September 30, 2014 and no claim shall be made for repayment from WHF of any amount previously paid (including these interim CEA cost payments) for services rendered prior to that date based on WHF's costs of providing those services.
 - b. That the provisions of the CEA providing for cost-based payment and settlement continue to apply to those services rendered between October 1, 2014 and September 30, 2015 ("2015 Contract Year") and October 1, 2015 and June 30, 2016 ("2016 Contract Year").
 - c. That the reconciliation and settlement of the 2015 Contract Year shall be completed within thirty (30) days of execution of this MOU.
 - d. That DOA and LDH shall use their best efforts to pay the 2015 Contract Year settlement prior to June 30, 2017. Notwithstanding the foregoing, however, DOA and LDH agree to include that amount (or the unpaid balance thereof) in the executive budget for SFY 2018, and any unpaid balance on the cost settlement for the 2015 Contract Year shall be finally paid no later than September 30, 2017.

- e. That no later than the later of (i) September 30, 2017 or (ii) ninety (90) days following the submission of the as filed cost report and work papers required by Section 7.3 of the CEA related to the 2016 Contract Year, WHF shall be paid, for that year, either a final CEA cost reconciliation payment or an interim CEA cost reconciliation payment based on WHF's as filed cost report and work papers.
5. If WHF has contracted 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 in order to comply with provisions of the CEA, WHF may terminate such contracts and generate savings to WHF. While the goals mentioned above remain valid, In lieu of contracting with LSU, WHF will timely provide data metrics as required by the Louisiana Department of Health.
6. WHF has contracted 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, and WHF shall continue to contract with LSU at a cost that is within an acceptable fair market value range.
7. This MOU shall terminate on June 30, 2017, unless modified by a subsequent MOU or CEA.
8. Funding and payments required by the State of Louisiana and / or LDH are conditioned upon and subject to legislative appropriation and BA-7 approval by the Joint Legislative Committee on the Budget (JLCB). In the event that such appropriation and approval do not occur, WHF may immediately terminate this MOU and the CEA by written notice to DOA and LDA.

[signatures on following page]

SIGNATURE PAGE FOR MEMORANDUM OF UNDERSTANDING

IN WITNESS WHEREOF, the Parties have executed this Memorandum of Understanding as of the dates below.

WOMAN'S HOSPITAL FOUNDATION, a Louisiana non-profit Corporation

By:  9/29/16
Teri Fontenot, CEO Date

STATE OF LOUISIANA, THROUGH THE DIVISION OF ADMINISTRATION

By:  10/3/16
 Jay Dardenne, Commissioner Date

LOUISIANA DEPARTMENT OF HEALTH

By:  9/30/16
Rebekah Gee, Secretary Date