

MEMORANDUM OF UNDERSTANDING

BY AND AMONG

OUR LADY OF THE LAKE HOSPITAL, INC.;

LOUISIANA STATE UNIVERSITY AGRICULTURAL AND MECHANICAL COLLEGE;

STATE OF LOUISIANA, THROUGH THE DIVISION OF ADMINISTRATION

AND

LOUISIANA DEPARTMENT OF HEALTH

DATED EFFECTIVE JULY 1, 2017

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (MOU) is made and entered into effective this 1st day of July, 2017, by and among BOARD OF SUPERVISORS OF LOUISIANA STATE UNIVERSITY AGRICULTURAL AND MECHANICAL COLLEGE (LSU), a public constitutional corporation of the State of Louisiana, represented herein by its President, OUR LADY OF THE LAKE HOSPITAL, INC., a Louisiana nonprofit corporation (OLOL), the STATE OF LOUISIANA, acting through the Commissioner of Administration (State), and the LOUISIANA DEPARTMENT OF HEALTH (LDH), acting through its Secretary. OLOL, 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 May 5, 2010, entered into a Cooperative Endeavor Agreement (CEA) for the public purposes set forth therein, as well as multiple related agreements (individually, a "Related Agreement," and collectively, the "Related Agreements"). LDH joined in the execution of that CEA only for purposes of consenting and agreeing to the terms set forth in certain identified sections and Articles. The Parties entered into an amendment thereof effective April 5, 2013, related to clinic operations;

WHEREAS, it was, and still is, a collective goal of the parties to maintain shared values and assumptions that support building a new model for the relationship between a Major Teaching Hospital and a health sciences center with respect to the LSU GME Programs and that this new model will provide physicians and patients with a new environment of care that optimizes the use of all resources;

WHEREAS, in maintaining this goal, the parties also have the goal of achieving a significant level of collaboration and cost efficiencies in joint program development, prioritization, implementation, accountability, and mechanisms of funding GME Programs in general and the LSU GME Programs in particular. Further, the parties are committed to 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 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, 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 in effect as of May 5, 2010, as amended effective April 5, 2013, as well as the Related Agreements, so long as this MOU is in effect;

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 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 in the CEA or any Related Agreement to the contrary, the parties expressly agree that until this MOU terminates, the provisions of this MOU will control where the language conflicts with any underlying CEA or any Related Agreement Provisions. Further, the parties agree that where this MOU does not expressly contradict the CEA or any Related Agreement, the CEA provisions, including all public purpose provisions, remain in effect.
2. Notwithstanding any Cost Analysis Worksheet submitted to the contrary or evidencing higher expenditures, OLOL agrees and understands that its FY18 budget for supplemental FMP/UPL payments due under the CEA is \$103,500,000 payable monthly, provided that this cap will be increased to \$112,000,000 in the event that expenditures at the new Emergency Room located at 5439 Airline Highway, when added to other expenditures payable under this MOU, exceed the \$103,500,000 cap. OLOL will be paid up to this amount subject to the amount substantiated in the Cost Analysis Worksheets for fiscal year ending June 30, 2018. All parties agree that, except as otherwise provided in this MOU, the FY18 Payment Budget represents the total payments to be made by the State during FY18 for services rendered during FY18.
3. In calculating OLOL reimbursable costs pursuant to the Cost Analysis Worksheets, the Parties agree that tab A of the Cost Analysis Worksheet delivered pursuant to the CEA will include a flat amount of \$10,000,000 for the costs previously itemized on such tab.
4. OLOL agrees that it will complete and maintain a licensed emergency room as an outpatient department of OLOL that is located at the existing clinic location on Airline Highway in Baton Rouge, Louisiana. Notwithstanding the foregoing, the State and LDH acknowledge and agree that the covenant in this Section 4 will terminate if there is a reduction in or failure to pay the funding established in Section 2.
5. In calculating the costs due under the CEA for FY18, the Parties acknowledge that OLOL has incurred an additional cost of approximately \$16,500,000 for physician services performed in connection with OLOL's obligations under the CEA, and OLOL will be entitled to include such additional costs in the Cost Analysis Worksheets for FY18, but only to the extent such expenses are not otherwise recovered by OLOL through the Cost Analysis Worksheet calculations.
6. If OLOL has contracted with LSU for data warehouse, disease management and related healthcare 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 or any Related Agreement, OLOL may terminate such contracts and generate savings to OLOL. While the goals mentioned above remain valid, in lieu of contracting with LSU, OLOL will work in good faith with the State to establish the terms of its participation in a data metrics program implemented by LDH. Further, OLOL agrees to work in good faith with LDH to establish terms of participation and implementation of pilot programs, quality incentives and other programs developed by LDH to support the purposes and goals of the CEA.

7. As to the fiscal year beginning July 1, 2017, the parties agree that they will negotiate in good faith regarding the payment of costs (excluding Title XIX per diems) otherwise due under the CEA for any new satellites of OLOL. "New satellites" means any new facility established by OLOL prior to July 1, 2017 at a location other than its existing locations as of the date of this MOU.
8. The parties agree to negotiate in good faith regarding any additional sums that may be owed for any of the prior years.
9. OLOL agrees 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. LSU and OLOL will assess the current payment formula under the existing agreement for such services to confirm, and update if appropriate, that such formula is within the range of fair market value supported by data compiled by Association of American Medical Colleges or other similar sources, and OLOL 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.
10. The State acknowledges that pursuant to the MOU for fiscal year ending June 30, 2017, OLOL has reevaluated all cost centers of the hospital in order to promote the most efficient operating manner possible to lessen the financial burden of the State of Louisiana. OLOL will continue to evaluate such costs from time-to-time when determined appropriate by OLOL in its reasonable discretion. Specifically, at all times, OLOL will act in good faith to provide services in a manner such that costs for which reimbursement is made under this MOU and the CEA are incurred in the most economical manner while still achieving high quality and positive patient outcomes.
11. This MOU shall terminate on June 30, 2018, unless modified by a subsequent MOU or CEA.
12. To the extent that funding and payments required by LSU, 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), OLOL's obligations under this MOU are conditioned on receipt of such approval.

SIGNATURE PAGE FOR MEMORANDUM OF UNDERSTANDING

IN WITNESS WHEREOF, the Parties have executed this Memorandum of Understanding as of the dates 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 Date
Louisiana State University System

OUR LADY OF THE LAKE HOSPITAL, INC., a Louisiana non-profit Corporation

By: K Scott Wester 10/20/17
K. Scott Wester, CEO Date

STATE OF LOUISIANA, THROUGH THE DIVISION OF ADMINISTRATION

By: Jay Dardenne 10/24/17
Jay Dardenne, Commissioner Date

LOUISIANA DEPARTMENT OF HEALTH

By: Rebekah Gee 10/20/17
Rebekah Gee, Secretary Date

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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 10/27/17
F. King Alexander, President Date
Louisiana State University System

OUR LADY OF THE LAKE HOSPITAL, INC., a Louisiana non-profit Corporation

By: K. Scott Wester 10/20/17
K. Scott Wester, CEO Date

STATE OF LOUISIANA, THROUGH THE DIVISION OF ADMINISTRATION

By: _____
Jay Dardenne, Commissioner Date

LOUISIANA DEPARTMENT OF HEALTH

By: _____
Rebekah Gee, Secretary Date