

MEMORANDUM OF UNDERSTANDING

BY AND AMONG

BIOMEDICAL RESEARCH FOUNDATION OF NORTHWEST LOUISIANA;

BRF HOSPITAL HOLDINGS, L.L.C.;

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 8, 2016

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (MOU) is made and entered into effective on the 8th day of September, 2016, by and among THE BIOMEDICAL RESEARCH FOUNDATION OF NORTHWEST LOUISIANA, a Louisiana nonprofit corporation (BRF), BRF HOSPITAL HOLDINGS, L.L.C., a Louisiana limited liability company (BRFHH), the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College (LSU), and the State of Louisiana, acting through the Division of Administration (State). BRF, BRFHH, 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 September 30, 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 lease agreement, professional services agreement, ancillary services support agreement, and information technology agreement (Individual, a "Related Agreement," and collectively, the "Related Agreements");

WHEREAS, it was, and still is, a collective goal of the Parties to provide Medicaid recipients with integrated, coordinated care; management of chronic disease; improvement in access to preventive and diagnostic services for children and adults; and improved recipient satisfaction with access to care and the care experience. Further, the Public Purpose of the CEA was to maintain an academic medical center in which the Parties continuously work in collaboration and are committed and aligned in their actions and activities, in a manner consistent with a sustainable business model and adequate funding levels, to serve as a premier site for Graduate Medical Education, and to fulfill the State's historic safety net mission, focusing on, and supporting, key service lines necessary to assure high quality GME programs and access to safety net services;

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 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 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 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 or Related Agreement provisions, including all Public Purpose provisions, remain in effect.
2. In accordance with Article VII of the CEA, BRF and BRFH had the option 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 this requirement is no longer applicable and generates savings to BRF and BRFH. In lieu thereof, BRF and BRFH will timely provide data metrics as required by the Louisiana Department of Health.
3. In accordance with Article VII of the CEA, BRFH agreed to contract with LSU and/or an LSUHSC-S Faculty Practice Organization to obtain the services of LSU physicians and related services necessary to provide patient care in the Hospitals and their provider-based outpatient clinics. This requirement is acknowledged and reaffirmed by BRF and BRFH and it is expressly stated herein BRFH shall pay fair market value for these contracts to LSU. BRFH acknowledges a debt owed to LSU in the amount of \$6.9 million and agrees to pay this amount to LSU by the close of business on October 17, 2016. The parties acknowledge a dispute over further amounts claimed by LSU for further services. To resolve the dispute over the remaining amounts, BRFH agrees to pay into an escrow account designated by the Commissioner of Administration the disputed amount of \$4.3 million by the close of business on October 17, 2016. Further, BRFH agrees to pay into the same account the disputed amount of \$1 million being the 15% withhold amount for the dispute over ACS Free Care. These amounts will be held in escrow pending a binding resolution by an arbitrator mutually selected by the LSU and BRFH. If LSU and BRFH cannot agree on an arbitrator within five days of the deposit of said funds, the parties agree to use an AAA arbitration process. Any decision of the arbitrator or arbitration panel regarding the resolution of these disputed payments shall be made within thirty days of the deposit of these funds and shall be binding on all parties. In accordance with the arbitration decision, the amounts respectively due to LSU or returned to BRFH shall be paid within thirty days. The costs for the arbitration shall be split evenly between LSU and BRFH. This same process shall be used for any payment disputes between the Parties.
4. BRFH agrees to abide by the amendments to the PSA dated June 27, 2016 (in the approximate amount of \$37 million), and not claim that the amended PSAs were conditioned upon payment to

BRFHH by the State and/or the consent of its lending institutions as set forth in the email from Steve Skrivanos to Victor Yick on June 27, 2016. These amendments and the underlying PSA are also hereby extended and will remain in effect until June 30, 2017. Unless the PSA is renegotiated by the mutual consent of the parties, this extended PSA will define the obligations of BRFHH to LSU, subject to the interpretation of the PSA by the arbitration in Section 3.

5. BRF and BRFHH agree to abandon and not pursue any and all claims related to EPIC billing or IT. BRF and BRFHH will not charge LSU for access for these data services unless legally required to do so. If the parties are unable to agree whether this is required, the arbitration process in Section 3 will determine whether this is required under applicable law, and if so, the amount owed therefor.
6. BRF and BRFHH will no longer withhold any amounts due to LSU for ACS Free Care. However, any future disputes shall be resolved consistently with the arbitrator's decision on the current ACS Free Care dispute.
7. The aforementioned items and the other open items set forth in this MOU are not intended to be a comprehensive listing of all disputes and amounts that may be owed to LSU, and the failure to include any other such amount herein shall not waive or relieve BRFHH of its obligation to timely pay such amounts to LSU.
8. BRF and BRFHH agree to resume and continue communications with any LSU designated representative.
9. BRFHH and BRF agree that \$6,402,292.00 shall be recouped by the Louisiana Department of Health (LDH) from any amounts due to BRFHH in the October 15, 2016 DSH payment.
10. In the event that (i) the CEA is terminated for any reason; (ii) BRF or BRFHH withdraws from the CEA; and/or (iii) management and operation of the Hospital is returned to the control of LSU or some other successor entity, BRF and BRFHH agrees that it shall promptly and reasonably negotiate with LSU to establish the terms of a transition services agreement whereby BRF and BRFHH will continue to provide access all systems needed to operate the hospital seamlessly and without interruption, including access to the hospital's electronic health record and all components thereof, including without limitation the patient record, billing, collection, and reporting modules, and other computer- and technology-based systems under the control of BRF or BRFHH at the Shreveport and Monroe hospitals, for a fair and commercially reasonable fee, as reasonably needed for LSU to manage and operate the Hospital as permitted under the terms of the Cooperative Endeavor Agreement with BRF and BRFHH until such time as LSU (or another successor entity) is reasonably able to install or stand-up its own IT system and software for management of hospital operations, electronic health records and patient care. Should the parties be unable to agree to a fair and commercially reasonable fee, the parties agree to use the same arbitration process outlined in Section 3 for the determination of this amount.
11. BRF and BRFHH certify that any and all subleases of space, equipment or facilities to for-profit entities are at fair market value and BRF and BRFHH agree to seek retroactive approval from LSU of any such sublease or other arrangement currently in effect, which approval shall not be

unreasonably withheld. This Section relates only to the Master Facilities and Equipment leases referenced in the CEA.

12. BRF and BRFH agree (a) to make a good faith attempt to renegotiate its PPO contracts, and other private pay reimbursement contracts, to maximize reimbursement, (b) to document these efforts and (c) to permit a confidential review of the contracts and methodology by a mutually-agreed upon expert.
13. BRF and BRFH agree to continue to improve quality at the Shreveport Hospital by funding a diagnostic process focused on managing and improving quality. This process shall include a preparation phase which will include a review of the national quality data reported on University Hospital Shreveport thereby allowing the organization completing the diagnostic process access to hospital quality data which can be reviewed. In addition, there shall be onsite meetings to directly investigate quality issues which shall include focused interviews with patients, staff and providers, and assessments of clinical processes. These onsite visits will assist in developing a remediation strategy for the quality issues identified in the preparation phase. The onsite assessments will occur over a period of months until it is demonstrated that issues with quality are actually being remediated. Finally, BRF and BRFH agree that they shall create and establish a remediation plan with oversight provided by the organization conducting the diagnostic process and BRFH agrees to follow this plan as a condition of this MOU and underlying CEA. The independent organization conducting the diagnostic review process shall be selected by BRF and BRFH from a list of three organizations selected LDH and the cost of such process shall not exceed \$250,000. Further, LSU shall be a full participant in this process. BRF and BRFH agree that LDH shall have access to all information developed during the diagnostic process including the results therefrom.
14. BRF and BRFH agree that they shall not contest the placement of residents in other hospitals which enter into agreements with LSU, provided that such placement be made on the basis of it being reasonably necessary to support Graduate Medical Education (GME). LSU and BRF and BRFH agree to retain adequate resident coverage of the services at University Health.
15. BRF and BRFH agree that they will reevaluate all cost centers of the hospitals in order to ensure that they are operating in the most efficient manner possible to lessen the financial burden of the State of Louisiana.
16. Payments to BRFH, over and above Title XIX per diems, shall be limited to a maximum of \$270,969,235, subject to actual costs of services. The State is in no way obligated to pay more than this maximum amount. All payments to BRFH shall be paid monthly. For DSH payments, and DSH payments only, the payments to BRF and BRFH shall be made one month in advance, meaning that the DSH payments will be made at the beginning of the month for each month. However, the monthly payment structure will not begin until 2017. For the first and second quarters of FY16-17, DSH payments will be made on October 15, 2016 (subject to the provisions of paragraph 21). Beginning with January, 2017, DSH payments will be made monthly.
17. BRF and BRFH shall use all reasonable good faith efforts to ensure that any additional funding they receive over and above the Title XIX per diems is not used to fund private pay shortfalls in physician services or other cost centers. The State, through the Division of Administration, shall

have the right to request reports from BRFHH outlining in detail the costs incurred at the Monroe and Shreveport hospitals. BRFHH must have the ability to segregate the costs for each hospital into "allowable costs" per HIM-15 principles and "unallowable costs." The State shall have the express option to request interim cost analysis on a quarterly basis from BRFHH and may also have the option to request such reports yearly. The reports shall be provided within 30 days of written request.

19. The State, through the Division of Administration, shall have the right to request reimbursement reports from BRFHH outlining in detail all reimbursement received by the Monroe and Shreveport hospitals. BRFHH must have the ability to segregate the reimbursement by hospital and it shall include reimbursement from any and all sources including, but not limited to, Title XIX per diem payments, Medicaid UCC / DSH payments, Medicaid upper payment limit payments, commercial payer sources, and Healthy Louisiana payments. The State shall have the express option to request interim reports on a quarterly basis and may also have the option to request such reports yearly. The reports shall be provided within 30 days of written request.
20. This MOU shall terminate on June 30, 2017, unless modified by a subsequent MOU or CEA.
21. Funding and payments requirement 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).
22. The inclusion of language in this MOU regarding an arbitration process shall not be interpreted to prevent the parties from seeking injunctive relief or other appropriate remedies in a court of competent jurisdiction and venue regarding the enforcement of any other provision of this MOU.

IN WITNESS WHEREOF, the Parties sign the Agreement as per 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:  10/6/16
F. King Alexander, President Date

STATE OF LOUISIANA, ACTING THROUGH DOA

By:  10/6/16
Jay Dardenne, Commissioner Date
Louisiana Division of Administration

BIOMEDICAL RESEARCH FOUNDATION OF NORTHWEST LOUISIANA

By:  10/3/10
Malcolm Murchison, Chairman Date

BRF HOSPITAL HOLDINGS, L.L.C.

By:  10/3/10
Stephen F. Skrivanos, Chairman Date