

**MANAGEMENT SERVICES/
PERFORMANCE IMPROVEMENT AGREEMENT**

by and between

Hospital

and

Physician Group (“MANAGER”)

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MANAGEMENT SERVICES/PERFORMANCE IMPROVEMENT AGREEMENT

THIS MANAGEMENT SERVICES/PERFORMANCE IMPROVEMENT AGREEMENT (this “**Agreement**”) is entered into as of _____, xxx, by and between Hospital and Physicians (“**Manager**”).

WITNESSETH:

WHEREAS, Hospital owns and operates an acute care hospital facility at XXX (the “**Hospital**”), which provides a variety of acute care services including cardiovascular services (the “**Service Line**”);

WHEREAS, Hospital desires expanded physician input, effort and initiative on the part of the physician members of the Hospital active medical staff to design and establish a co-management program such that the Hospital may improve the overall quality, efficiency, and effectiveness of the Hospital and Service Line through specific goals and metrics;

WHEREAS, Manager is an organization formed by physicians (a) conducting private medical practice in the specialty of, and subspecialties relating to cardiovascular surgery, within the greater community; (b) who have experience improving the overall quality, efficiency, and effectiveness of health care services similar to those to be provided within the Service Line; and (c) who reasonably should be qualified to be a member of Hospital’s active medical staff; and

WHEREAS, HOSPITAL wishes to contract with Manager to manage certain aspects of the Service Line in accordance with the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and conditions as expressed herein, the parties agree as follows:

1. OBLIGATIONS OF MANAGER

1.1 General Appointment and Responsibilities of Manager.

1.1.1 HOSPITAL hereby appoints Manager, and Manager accepts such appointment, to provide management and performance improvement services for and on behalf of the Hospital with respect to the Service Line

1.1.2 This arrangement is intended to be exclusive such that Manager shall provide, design and development consultation services, management and performance improvement services exclusively to HOSPITAL and the Hospital unless otherwise approved in writing by HOSPITAL.

1.1.3 Manager shall provide the services through the use of qualified physicians approved by HOSPITAL (each a “**Manager Representative**” and together the “**Manager Representatives**”). HOSPITAL may disapprove any physician from serving as a Manager Representative for any reason, including for having a conflict of interest with the Hospital. Manager shall compensate all Manager Representatives consistent with fair market

value and only on the basis of documented time and effort expended in the provision of the management and performance improvement services. The parties acknowledge and agree that (a) the initial management services to be provided by Manager, and the relevant terms and conditions concerning such services, are more specifically delineated in Schedule 1.1, which is attached hereto and made a part hereof (collectively referred to herein as “**Management Services**”).

- 1.1.4 The parties further acknowledge and agree that Manager, in performing its day to day management responsibilities set forth in Schedule 1.1 shall act upon direction from its Board of Managers and through an individual designated by Manager (the “**Administrator**”) and be subject to the policies and procedures of HOSPITAL and Hospital, the terms of this Agreement, and the parameters of the Hospital’s approved budget. Manager shall report to the CEO of HOSPITAL or his/her designees and Manager’s authority shall be subject to the overall direction and reserve powers of the Governing Board of the Hospital.
- 1.2 Scope of Engagement. For purposes of this Agreement, the Service Line shall include the cardiology cath lab procedures and cardiology interventional procedures, including the clinical services identified by the DRG/CPT codes set forth on Appendix A to Schedule 1.1.
- 1.3 Performance Improvement Initiatives. In addition to the Management Services to be provided hereunder, Manager also shall endeavour to make certain focused operational and quality improvements with respect to the Service Line. Such performance improvement initiatives are set forth in Schedule 1.3 (collectively, the “**Performance Improvement Initiatives**”). HOSPITAL and Manager agree that the Performance Improvement Initiatives are not to be amended during the relevant Performance Improvement Period (as defined below), unless expressly required by law, at the determination of HOSPITAL. Notwithstanding the previous sentence, in the event that an unforeseen circumstance, other than a change in law, requires that a Performance Improvement Initiative be changed, such change will be adopted and compensation adjustments made, if any, (i) only on an anniversary of the Effective Date (as defined below), and (ii) only with the written approval of Manager and HOSPITAL, in each of their sole discretion. Any such new Performance Improvement Initiative shall be memorialized in an amendment to this Agreement executed by the parties. The parties acknowledge and agree that it is not their intention to limit or reduce items or services to the Hospital’s patients and no payment hereunder is made to reduce or limit such services. Instead, it is the Parties’ intention to improve the quality, efficiency and effectiveness of the Service Line.
- 1.4 Medical Directors. The parties have identified medical director positions and corresponding qualifications and compensation that will be necessary to manage and improve the quality, efficiency and effectiveness of the Service Line, which are listed and memorialized in Schedule 1.4 provided, however, the compensation

payable to medical directors shall be at the expense of Manager and also shall be consistent with fair market value without taking into consideration the volume or value of referrals or other business any medical director may generate for the Hospital. Manager shall employ the medical directors, the terms and conditions of which shall comply with the exception at 42 C.F.R. § 411.357(c) or other applicable exception pursuant to regulations adopted under 42 U.S.C. § 1395nn (the “**Stark Law**”). The medical directors will be considered Manager Representatives. Manager shall compensate all medical directors only on the basis of documented time and effort expended in the provision of such services. This documentation shall be maintained by Manager and made available to HOSPITAL upon request.

1.5 Reporting.

1.5.1 Monthly. At each regular monthly meeting of the Cardiovascular Executive Committee, and, if requested by the Hospital, at a special meeting of the Cardiovascular Executive Committee, Manager shall provide a report, in a form agreed upon by the Parties, on the following:

- (i) actions taken by Manager in the previous month with respect to each of the Management Services listed on Schedule 1.1, as applicable; and
- (ii) actions planned to be taken by Manager in the upcoming month with respect to each of the Management Services listed on Schedule 1.1, as applicable (a “**Monthly Management Report**”).

1.5.2 Quarterly. At the first regular meeting of the Cardiovascular Executive Committee in each calendar quarter, and, if requested by the Hospital, at a special meeting of the Cardiovascular Executive Committee, Manager shall provide a report, in a form agreed upon by the Parties, on the following:

- (i) the status of each work plan in development or in place for each of the Management Services listed on Schedule 1.1, as applicable; and
- (ii) the Management Services listed on Schedule 1.1, as applicable, that Manager is currently prioritizing (a “**Quarterly Management Report**”).

1.5.3 Approval. Each Monthly Management Report and each Quarterly Management Report shall be approved, in accordance with Section 2.5.5, by the Cardiovascular Executive Committee prior to the end of the meeting in which such report was provided.

1.6 Manager Representatives.

- 1.6.1 Medical Staff. Each Manager Representative shall be a member in good standing in the “active staff” category of Hospital’s Medical Staff and have and maintain all clinical privileges at Hospital necessary for the performance of Manager Representative’s obligations under this Agreement. Each Manager Representative may obtain and maintain medical staff privileges at any other hospital or health care facility.
- 1.6.2 Representations and Warranties by Manager. Manager represents and warrants that at all times during this Agreement: (a) each Manager Representative’s license to practice medicine in any state has never been suspended, revoked or restricted; (b) no Manager Representative has been reprimanded, sanctioned or disciplined by any licensing board or medical specialty board; (c) no Manager Representative has been excluded or suspended from participation in, or sanctioned by, any Federal Health Care Program or state equivalent; (d) no Manager Representative has been denied membership and/or reappointment to the medical staff of any hospital or health care facility; (e) no Manager Representative’s medical staff membership or clinical privileges at any hospital or health care facility have been suspended, limited or revoked for a medical disciplinary cause or reason; and (f) no Manager Representative has been charged with or convicted of a felony, a misdemeanor involving fraud, dishonesty, controlled substances, or moral turpitude, or any crime relevant to the provision of medical services or the practice of medicine.
- 1.6.3 Notification of Certain Events. Manager shall notify HOSPITAL in writing within twenty-four (24) hours after Manager becomes aware of the occurrence of any one or more of the following events:
- (i) Manager or any Manager Representative becomes the subject of, or materially involved in, any investigation, proceeding, or disciplinary action by: Medicare and Medicaid programs or any other Federal health care program, as defined at 42 U.S.C. Section 1320a-7b(f) (collectively, the “**Federal Health Care Programs**”) or state equivalent, any state’s medical board, any agency responsible for professional licensing, standards or behavior, or any medical staff;
 - (ii) any Manager Representative’s medical staff membership or clinical privileges at any hospital are denied, suspended, restricted, revoked or voluntarily relinquished, regardless of the availability of civil or administrative hearing rights or judicial review with respect thereto;
 - (iii) any Manager Representative becomes the subject of any suit, action or other legal proceeding arising out of such Manager Representative’s professional services;

- (iv) any Manager Representative is required to pay damages or any other amount in any malpractice action by way of judgment or settlement;
- (v) any Manager Representative becomes the subject of any disciplinary proceeding or action before any state's medical board or similar agency responsible for professional standards or behavior;
- (vi) any Manager Representative becomes incapacitated or disabled from performing Director Services, or voluntarily or involuntarily retires from the practice of medicine;
- (vii) any Manager Representative's license to practice medicine is restricted, suspended or terminated, regardless of the availability of civil or administrative hearing rights or judicial review with respect thereto;
- (viii) Manager or any Manager Representative is charged with or convicted of a criminal offense;
- (ix) any act of nature or any other event occurs which has a material adverse effect on Manager's ability to provide the Management Services;
- (x) Manager or any Manager Representative is debarred, suspended, excluded or otherwise ineligible to participate in or receive payment from any third-party payor program, including, without limitation, any Federal Health Care Program or state equivalent, any other public or private health and/or hospital care programs, insurance programs, self-funded employer health programs, health care service plans or preferred provider organizations; or
- (xi) any termination, non-renewal, cancellation or reduction in coverage of any insurance policy required to be maintained by Manager or a Manager Representative under this Agreement.

2. DELEGATED AUTHORITY / HOSPITAL SERVICES

2.1 General Delegation. HOSPITAL shall delegate to Manager that authority necessary to deliver effectively the Management Services required hereunder, to make certain focused operational and quality improvements with respect to the Service Line and to undertake and achieve the Performance Improvement Initiatives; provided, however, Manager's authority shall be subject to the overall direction and reserve powers of the Governing Board of the Hospital, and Manager shall report to the CEO of HOSPITAL or his/her designees. To the extent there is any dispute as to the extent of such authority, such dispute shall be

finally settled by the CEO of HOSPITAL after consultation with the appropriate medical director(s) of the Service Line.

2.2 Matters Requiring Approval of HOSPITAL. In carrying out its obligations under this Agreement, Manager recognizes that there are certain decisions that shall be made only by or with the approval of HOSPITAL. Except as otherwise provided herein, Manager shall be responsible for the implementation of the decisions of HOSPITAL and for conducting those activities set forth in this Agreement. No act shall be taken, sum expended, or obligation incurred by Manager on behalf of the Hospital with respect to a matter within the scope of any of the following decisions (“**Major Decisions**”) affecting the Service Line, unless such Major Decisions have been approved by HOSPITAL. Such Major Decisions shall include the following:

2.2.1 Change in the licensure of the Service Line.

2.2.2 Approval of the annual operating and capital plans for the Service Line and any material changes to such plans.

2.2.3 Material changes in the scope of the Service Line.

2.2.4 Approval of the Hospital’s charges for the Service Line.

2.2.5 Negotiation, execution and implementation of managed care contracts pertaining to the Service Line.

2.2.6 Transactions with related and affiliated parties.

2.2.7 Adoption of or approval of material changes to credentialing policies or protocols.

2.2.8 Adoption of or approval of material changes to the Hospital’s quality assurance plan as applied to the Service Line.

2.2.9 Marketing and promotion of the Service Line, or use of a Hospital’s name in the promotion of Manager’s activities.

2.2.10 Paying bonuses or other incentives to the Hospital’s employees in connection with such employees’ contributions to the objectives set forth herein.

2.2.11 Adoption of Performance Improvement Initiatives other than those as agreed to by the parties and set forth on Schedule 1.3.

2.2.12 Negotiation, execution and implementation of agreements with suppliers, including group purchasing organizations and distribution networks.

- 2.3 Hospital Employees. The Hospital shall have the exclusive authority to hire, discharge, and establish terms of employment for all employees of the Service Line. Hospital-specific duties with respect to employees shall include, but not be limited to: (i) control of all human resource issues, including scope of job duties and responsibilities; (ii) control of hiring, firing and promotion of all employees; (iii) maintaining all payroll functions, including establishing and administering all employee benefit plans for the employees; and (iv) determining wages and terms and conditions of employment for the employees. Manager shall have input to the annual evaluations of Service Line employees utilizing such forms as the Hospital uses for its personnel. At the request of HOSPITAL, Manager shall assist the Hospital in employee-related matters, in accordance with the duties set forth in Schedule 1.1.
- 2.4 Hospital Committees. The Hospital shall appoint physicians who are actively involved in Manager's operations to Hospital committees as agreed upon by HOSPITAL and Manager. HOSPITAL shall not pay any additional compensation to Manager or the physicians for serving on such committees.
- 2.5 Cardiovascular Executive Committee. Manager shall, in conjunction with the Hospital, maintain a governance committee for the Service Line (the "**Cardiovascular Executive Committee**") to ensure that Manager's efforts are coordinated with the Hospital. Except as otherwise provided in this Agreement, the Cardiovascular Executive Committee shall be responsible for directing and overseeing the performance of Manager's duties under this Agreement.
- 2.5.1 Number of Members. The Cardiovascular Executive Committee shall consist of six members. Three members shall be physicians appointed by the Manager and three members shall be appointed by Hospital.
- 2.5.2 Term. The tenure of each member of the Cardiovascular Executive Committee will be determined by Manager and Hospital.
- 2.5.3 Meetings. Regular meetings of the Cardiovascular Executive Committee shall be held at least monthly on such dates, at such times and at such places as may be established by, and publicized among, the members of the Cardiovascular Executive Committee. At least two (2) days' notice of a regular meeting is required. A special meeting may be called by any two (2) members of the Cardiovascular Executive Committee or the Hospital and shall be held on a date and a time and place as may be established by the members or the Hospital, as the case may be, calling the special meeting. At least two (2) days' notice of any special meeting shall be given to each member of the Cardiovascular Executive Committee.
- 2.5.4 Quorum. A quorum shall exist at a meeting of the Cardiovascular Executive Committee if four of the members of the Cardiovascular Executive Committee are present at the meeting.

- 2.5.5 Action at Meetings. The act of a four or more of the members of the Cardiovascular Executive Committee present at a meeting at which a quorum exists shall be the act of the Cardiovascular Executive Committee.
- 2.5.6 Written Consent. Action may be taken by the Cardiovascular Executive Committee without a meeting, if at least four members of the Cardiovascular Executive Committee consent to such action in writing, and prompt written notice of the action is given to any member of the Cardiovascular Executive Committee that did not furnish written consent to the action taken.
- 2.5.7 Sub-Committees. The Cardiovascular Executive Committee may recommend the establishment of sub-committees, subject to HOSPITAL approval, to ensure that certain of Manager's efforts, including quality performance and operational performance, are coordinated with the Hospital and with each other, including, *e.g.*, a Quality Subcommittee, Operations Subcommittee, Cardiac and CV/CT Surgery Subcommittee; and Invasive & Non-Invasive Labs Subcommittee.
- 2.6 Control Retained by the Hospital. Manager recognizes that the Hospital shall at all times exercise control over the assets and operation of the Service Line, and Manager shall perform the functions described in this Agreement in accordance with the governing documents of the Hospital, the mission, philosophy, policies and procedures of HOSPITAL and the Hospital and the Medical Staff Bylaws and Rules and Regulations, as the same may be amended from time to time. By entering into this Agreement, HOSPITAL hereby delegates to Manager that authority necessary to provide the Management Services and to pursue the Performance Improvement Initiatives; provided, however, HOSPITAL does not delegate to Manager any of the powers, duties, or responsibilities required to be retained by the Hospital under law (including all certificates and licenses issued under authority of law for operation of the Service Line) and the governing documents of the Hospital. The Hospital shall be the holder of all licenses, accreditation certificates, and contracts that the Hospital obtains and shall be the "providers" within the meaning of all third party contracts for the Service Line.

3. COMPENSATION

- 3.1 Compensation to Manager. In consideration of the Management Services to be provided by Manager, HOSPITAL agrees to compensate Manager as described on Schedule 4.1 attached hereto and made a part hereof. Manager agrees to compensate each of the Manager Representatives as set forth on Schedule 4.1.
- 3.2 IRS Form W-9. Upon execution of this Agreement, Manager shall furnish a completed and executed copy of IRS Form W-9 that identifies Manager's taxpayer identification number.

4. TERM AND TERMINATION

- 4.1 Term. The initial term of this Agreement shall commence on _____, 2016 (the “**Effective Date**”) and continue for a period of five (5) years. It is anticipated that this Agreement will be renewed by a written agreement of the parties prior to the end of the initial term and for successive 12 month terms thereafter. Each 12 month period during the term of the Agreement shall be referred to as a “**Performance Improvement Period**”. At least thirty (30) days prior to the end of any Performance Improvement Period, the parties shall meet and mutually agree to amend and replace the Performance Improvement Initiatives and compensation associated therewith, each as defined above and described on Schedules 1.1, 1.3 and 4.1, respectively.
- 4.2 Termination without Cause. Either party may terminate this Agreement at any time, without cause, expense or penalty upon ninety (90) days prior written notice to the other party. Notwithstanding anything to the contrary, either party may immediately terminate this Agreement if prior to the anniversary of the Effective Date the parties are unable to mutually determine appropriate changes and updates to the Incentive Compensation and Performance Improvement Initiatives to be effective in the subsequent year.
- 4.3 Termination by Manager. Manager shall have cause for termination of this Agreement:
- 4.3.1 If HOSPITAL shall default in the performance of any material covenant, agreement, term or provision of this Agreement and such default shall continue for a period of thirty (30) days after written notice to HOSPITAL from Manager stating the specific default (unless HOSPITAL begins to diligently pursue correction if such default is of a nature that cannot be reasonably corrected within said thirty (30) day period); or
- 4.3.2 If the Hospital or any portion thereof affecting the Service Line shall be damaged or destroyed, or if any material services of the Hospital shall be rendered incapable of normal operation by fire or other casualty, and if a Hospital fails to commence repairing, restoring, rebuilding or replacing any such damage or destruction within thirty (30) days after such fire or other casualty, or fails to complete such work within a reasonable period of time; or
- 4.3.3 If HOSPITAL shall apply for or consent to the appointment of a receiver, trustee or liquidator of HOSPITAL or of all or a substantial part of its assets, file a voluntary petition in bankruptcy or admit in writing its inability to pay its debts as they come due, make a general assignment for the benefit of creditors, file a petition or an answer seeking reorganization or arrangement with creditors of HOSPITAL files and involuntary petition under any state or federal reorganization, insolvency, arrangement,

bankruptcy or other debtor relief provision, and such petition is not dismissed within thirty (30) days; or

4.3.4 If, through no fault of Manager, any license necessary for the operation of the Hospital or any of the services provided under the Service Line covered hereunder are, at any time suspended, terminated, revoked; or

4.3.5 If HOSPITAL shall fail to make payment to Manager when such payment becomes due and payable hereunder and does not make such payment within thirty (30) days after receiving written notice of such failure from Manager; or

4.3.6 If the Hospital shall fail to make any payments, or keep any covenants, owing to any third party which would cause the Hospital to lose the right to operate the Service Line.

4.4 Termination by HOSPITAL. HOSPITAL shall have cause for termination of this Agreement:

4.4.1 If Manager shall default in the performing of any material covenant, agreement, term or provision of this Agreement (the violation of any rule, policy or governing document of HOSPITAL or of the Hospital) and such default shall continue for a period of thirty (30) days after written notice to Manager from HOSPITAL stating the specific default (unless Manager begins to diligently pursue correction if such default is of a nature that cannot be reasonably corrected within said thirty (30) day period); or

4.4.2 If the Hospital or any portion thereof shall be damaged or destroyed, or if any material service of the Hospital shall be rendered incapable of normal operation, by fire or other casualty and if the Hospital determines in good faith that repairing, restoring, rebuilding or replacing any such damage or destruction is not in the best interest of the Hospital; or

4.4.3 If Manager shall apply for or consent to the appointment of a receiver, trustee, liquidator of Manager, or of all or a substantial part of its assets, file a voluntary petition in bankruptcy, admit in writing its inability to pay its debts as they come due, make general assignment for the benefit of creditors, file a petition or an answer seeking reorganization or arrangement with creditors of Manager in an involuntary petition under any state or federal reorganization, insolvency, arrangement, bankruptcy or other debtor relief provision, and such petition is not dismissed within thirty (30) days; or

4.4.4 If, through no fault of HOSPITAL or the Hospital, any license necessary for the operation of the Service Line is at any time suspended, terminated or revoked; or

4.4.5 If Manager shall engage in any fraudulent practice or wilful misconduct.

4.5 Obligations upon Termination.

4.5.1 Manager's Obligations. In the event of any termination under the terms of this Agreement, Manager will cooperate and assist in the orderly and efficient transfer of the management of the Service Line to HOSPITAL or to any new administrator or management firm as directed by HOSPITAL, prior to the termination date. Upon termination, Manager shall surrender all documents and records in its possession relating to the Service Line. Manager shall not retain any copies of any such documents or records except such documents and records as shall be necessary to perform its obligations or to provide substantiation to taxing and regulatory authorities having jurisdiction over it. Under no circumstances shall Manager provide copies of any records or documents to any third parties, nor shall Manager or any affiliate of Manager use any records or documents in the operation of any other facility without the prior written consent of HOSPITAL. Manager shall also return any equipment or other items owned by the Hospital and in the possession of Manager, as applicable.

4.5.2 HOSPITAL Obligations. HOSPITAL shall pay Manager the Compensation earned through the termination date of the Agreement pursuant to the payment provisions set forth on Schedule 4.1. In the event that the agreement is terminated other than pursuant to Section 4.3.1, 4.3.4, or 4.3.5, HOSPITAL shall pay Manager the Medical Director Compensation and Incentive Compensation in such amounts accrued to the date of the termination of the Agreement for which Manager has not previously received payment.

5. INDEMNIFICATION

5.1 Indemnification by HOSPITAL. HOSPITAL shall defend, indemnify and hold Manager, its members, directors, officers, agents or employees, including Manager Representatives, harmless from and against any and all claims, demands, assessments, judgments, damages, losses, actions (including professional malpractice actions asserted against Manager to the extent such actions are in connection with Manager's provision of Management Services and Performance Improvement Initiatives hereunder), penalties, fines, liabilities, encumbrances, liens, costs and expenses of investigation and defense of any claim, whether or not such claim is ultimately defeated, and of any good faith settlement of judgment, of whatever kind or nature, including but not limited to, reasonable attorneys' fees and disbursements (together, the "**Losses**"), arising out of, in connection with or otherwise resulting from any act or omission of HOSPITAL, its officers, agents, or employees (other than Manager and its employees). Upon notice from Manager, HOSPITAL, at HOSPITAL's expense, shall resist and defend any such claim or action by counsel reasonably satisfactory to Manager.

5.2 Indemnification by Manager. Manager shall defend, indemnify and hold HOSPITAL, its directors, officers, agents or employees harmless from and

against any and all Losses arising out of, in connection with or otherwise resulting from any act or omission of Manager, their respective officers, agents, or employees (other than HOSPITAL and its employees). Upon notice from HOSPITAL, Manager, at Manager's expense, shall resist and defend any such claim or action by counsel reasonably satisfactory to HOSPITAL.

- 5.3 Limitations. Notwithstanding anything to the contrary, the indemnification provisions of this Article 5 shall be secondary and supplemental to any policy or policies of insurance covering any Losses for which HOSPITAL, Manager, or their respective directors, officers, agents or employees would otherwise be entitled to indemnification, and nothing in Article 5 shall be deemed to interfere with or supersede the level of coverage available under any such policy or policies, which shall be primary in nature, with indemnification under Article 5 as secondary or supplemental to such policy or policies in all respects

6. INSURANCE

- 6.1 Malpractice Liability Insurance. Manager shall, at its sole cost and expense, maintain Continuous Coverage (as defined below) of Manager Representative under policies of professional malpractice liability and general liability insurance coverage. The insurance policies shall: (i) in the case of the professional malpractice liability insurance policy, provide coverage for negligent acts or omissions of Manager Representative in the performance of professional services; (ii) in the case of the general liability insurance policy, provide coverage for bodily injury and property damages resulting from negligent acts or omissions of Manager Representative (other than those matters covered by the professional liability insurance policy); (iii) name Manager Representative as named insured; (iv) be issued by an insurance company licensed or otherwise qualified to issue professional liability and general liability insurance policies or coverage in the State and reasonably acceptable to Hospital; and (v) provide for minimum coverage limits consistent with the Medical Staff bylaws, but in no event less than One Million Dollars (\$1,000,000) per occurrence or claim and Three Million Dollars (\$3,000,000) in the annual aggregate. Such coverage shall provide for a date of placement preceding or coinciding with the Effective Date of this Agreement.
- 6.2 Continuous Coverage. For purposes of this Agreement, the term “**Continuous Coverage**” means the maintenance of required insurance from the Effective Date, continuing during the entire term of this Agreement and expiring not less than three (3) years following the expiration or earlier termination of this Agreement (the “**Insurance Period**”). If for any reason any insurance policy maintained by Manager pursuant to this Section is terminated, reduced below the minimum coverage requirements set forth in this Article, not renewed or cancelled (whether by action of the insurance company or Manager Representative) prior to the expiration of the Insurance Period, Manager shall: (i) cause a replacement insurance policy meeting the requirements of this Article to be in effect as of the effective date of the termination, reduction, non-renewal or cancellation of the

prior insurance policy; and (ii) purchase either extended reporting coverage (i.e., “tail” coverage) or prior acts coverage (i.e., “nose” coverage) as necessary to meet the requirements of this Section. “Tail” coverage must provide for an unlimited discovery/reporting period or a discovery/reporting period that would extend through the end of the Insurance Period, and “nose” coverage must provide for a retroactive discovery/reporting period at least as of the start of the Insurance Period.

- 6.3 Certificate of Insurance. On or before the Effective Date, Manager shall provide Hospital with certificates of insurance or other written evidence of the insurance policies required by this Article, in a form satisfactory to Hospital, prior to the Effective Date, on each annual renewal of such insurance policies during the Insurance Period, and as requested by Hospital. Manager shall provide Hospital with no less than thirty (30) calendar days’ prior written notice of cancellation or any material change in such professional malpractice liability insurance coverage.
- 6.4 Replacement Insurance. In the event Manager fails to procure, maintain or pay for any insurance policy required under this Article, Hospital shall have the right, but not the obligation, to procure, maintain or pay for such insurance policy. In such event, Manager shall reimburse Hospital for the cost thereof not more than ten (10) days after Hospital’s written request to Manager.

7. **AUDIT**

- 7.1 HOSPITAL’s Right to Audit. HOSPITAL or its representatives may conduct annual examinations, during business hours and upon reasonable prior notice, of the books and records maintained for HOSPITAL by Manager, but only to the extent the records relate to the activities of HOSPITAL or the Hospital. HOSPITAL also may perform any and all additional audit tests relating to Manager’s activities, provided, that such audit tests are related to those activities performed by Manager for the Hospital. Any and all such audits shall be at the sole expense of HOSPITAL.
- 7.2 Regulatory Audits. As and to the extent required by law, upon the written request of the Secretary of Health and Human Services, the Comptroller General or any of their duly authorized representatives, Manager shall make available those contracts, books, documents and records necessary to verify the nature and extent of the costs of providing Management Services and Performance Improvement Initiatives under this Agreement. Such inspection shall be available for up to four (4) years after the rendering of such Management Services and Performance Improvement Initiatives. Manager agrees to include this requirement in any agreement with a subcontractor relating to Manager’s duties of this Agreement. This Section is included pursuant to and is governed by the requirements to 42 U.S.C. § 1395x(v)(1) and the regulations thereto. No attorney-client, accountant-client, or other legal privilege will be deemed to have been waived by HOSPITAL, any Hospital, Manager or any Manager Representative by virtue of this Agreement.

- 7.3 Manager's Right to Audit. Upon Manager's request, from time to time, Manager shall be entitled to inspect the books and records of HOSPITAL relevant to this Agreement necessary to confirm the accuracy of the amounts due to Manager pursuant to Section 3.

8. FRAUD AND ABUSE/STARK/COMPLIANCE

- 8.1 Fraud and Abuse/Stark Law. It is the intent of the parties that the terms of this Agreement be in compliance with all applicable federal and state laws, statutes, rules and regulations, including, without limitation, Medicare and Medicaid provisions. Nothing in this Agreement or in any other written or oral agreement between HOSPITAL and Manager, nor any consideration offered or paid in connection with this Agreement, contemplates or requires the admission or referral of any patients or business to Hospital. If either party determines, in good faith, based upon advice of legal counsel, or receives general or specific notice from a governmental agency that this Agreement or any part hereof: (i) violates or fails to comply with any state or federal law, regulation, rule or administrative policy or would result in Stark law restrictions on referrals to the Hospital or any of its affiliates; (ii) jeopardizes such party's (or any of its affiliates') participation in any federal or state health care program; or (iii) exposes any person or party or its affiliates to any other sanctions by any other regulatory agency, such party shall notify the other party in writing of its determination. The parties shall then (x) negotiate those modifications reasonably determined to be necessary to comply with a change of law other event described in this Section; or (y) if the parties are unable to negotiate a modification within thirty (30) days of delivery of the notice, then this Agreement shall automatically terminate.
- 8.2 Quality Safeguards. The parties agree that it is not their intention to limit or reduce items or services to Hospital patients and no payment hereunder is made to reduce or limit such services. Instead, it is the parties' intention to improve the quality and efficiency of the Service Line. Manager shall establish quality assurance measures to ensure that the performance improvement services to be provided hereunder do not have the unintentional consequence of limiting or reducing items or services to Hospital patients or adversely affecting the quality of care. If such measures would indicate an adverse effect, then the parties agree to revise the performance improvement standard in such a way as to further its intended purpose of improving the quality and efficiency of the Service Line provided to Hospital patients.
- 8.3 Corporate Compliance Program. Manager agrees to conduct its activities in accordance with all laws and regulations applicable to the services required hereunder. Manager shall comply with HOSPITAL's and the Hospital's corporate compliance program with respect to the provision of such services. Manager shall provide annual compliance training to the medical directors and other key personnel of Manager with respect to the principles of ethical and legal conduct of business.

8.4 Practitioner Compensation Arrangements. Manager represents and warrants to HOSPITAL that the compensation paid or to be paid by Manager to any physician is and will at all times be fair market value for services and items actually provided by such physician, not taking into account the value or volume of referrals or other business generated by such physician for HOSPITAL or Hospital. Manager further represents and warrants to HOSPITAL that Manager has and will at all times maintain a written agreement with each physician receiving compensation from Manager.

9. HEALTH INFORMATION COMPLIANCE

9.1 HIPAA. Manager agrees to comply with the Health Information Technology for Economic and Clinical Health Act of 2009 (the “**HITECH Act**”), the Administrative Simplification provisions of the Health Insurance Portability and Accountability Act of 1996, as codified at 42 U.S.C. §§ 1320d through d-8 (“**HIPAA**”) and any current and future regulations promulgated under either the HITECH Act or HIPAA, including without limitation the federal privacy regulations contained in 45 C.F.R. Parts 160 and 164 (the “**Federal Privacy Regulations**”), the federal security standards contained in 45 C.F.R. Parts 160, 162 and 164 (the “**Federal Security Regulations**”), and the federal standards for electronic transactions contained in 45 C.F.R. Parts 160 and 162 (the “**Federal Electronic Transactions Regulations**”), all as may be amended from time to time, and all collectively referred to herein as “**HIPAA Requirements.**” Manager agrees to enter into any further agreements as necessary to facilitate compliance with HIPAA Requirements.

9.2 Business Associate Agreement. The parties agree to be bound by the terms of the Hospital’s then current form of business associate agreement and such business associate agreements are hereby incorporated by reference into this Agreement.

9.3 Warranty. Manager warrants that all the services to be provided herein shall fully comply with all applicable federal, state and local statutes, rules and regulations related to health information, and that it shall be deemed a material breach of this Agreement by Manager if it shall fail to observe this requirement. If such a breach is not cured in accordance with this Agreement, HOSPITAL may terminate this Agreement without penalty and without limiting any other rights and remedies set forth in this Agreement in accordance with Section 4.4.1.

9.4 Survival. This Section 9 shall survive the termination of this Agreement.

10. STATUS OF THE PARTIES

10.1 Independent Contractor Relationship. At all times during the term of this Agreement, it is agreed that Manager is acting as an independent contractor and not as an agent or employee of HOSPITAL or the Hospital. Manager agrees to pay as they become due all federal and state income taxes as well as all other taxes due and payable on the compensation earned by Manager hereunder.

11. GENERAL PROVISIONS

- 11.1 Manager Governing Documents. Prior to the execution of this Agreement, Manager shall provide to HOSPITAL for its review and approval the following governing and operational documents (“**Governing Documents**”): (a) Manager’s articles of organization, and (b) company agreement. Manager shall consistently and uniformly utilize the Governing Documents in the conduct of its business and shall comply with and require performance of all of the provisions contained in the Governing Documents. Manager hereby agrees that, after HOSPITAL’s approval of the Governing Documents, Manager shall notify and consult with HOSPITAL in advance of any material revision, modification or termination of any of the Governing Documents, or entering into any new agreement or arrangement materially affecting the ownership or voting of Manager’s equity securities or membership interests (as applicable).
- 11.2 Manager Member Joinder Agreement. Manager shall cause each member of Manager, upon becoming a member, to execute, and Manager shall deliver to HOSPITAL, a joinder letter agreement in the form attached as Exhibit 11.2, whereby such member will attest to having read this Agreement and agree to comply with its terms. Manager shall make available to each member any amendments to this Agreement and shall deliver to HOSPITAL similar certifications as contained in the joinder letter agreement as to such amendments, executed by each member.
- 11.3 Warranty and Representation. Manager covenants, warrants and represents that neither Manager nor any director, officer, employee or member of Manager, nor any Manager Representative, including, to Manager’s knowledge, any director, officer, employee or member thereof, has ever been convicted of any act or omission constituting a felony under the laws of the State of C or constitute Medicare or Medicaid fraud or any other offense or violation under Title XVIII of the Social Security Act, 349 Stat. 620 (1935), as amended, or under any state health care program, as defined in 42 U.S.C. § 1320a-7(b).
- 11.4 Taxes and Contributions. Manager shall be responsible for withholding and paying, as may be required by law, all federal, state, and local taxes and contributions with respect to, assessed against, or measured by Manager’s earnings hereunder, or salaries or other contributions or benefits paid or made available to any persons retained, employed or used by Manager, including any Manager Representative, and any and all other taxes and contributions applicable to its services for which Manager may be responsible under any laws or regulations, and Manager shall make all returns and/or reports required in connection with any and all such laws, regulations, taxes, contributions, and benefits.
- 11.5 Confidentiality of Agreement Terms. HOSPITAL and Manager agree that the terms and conditions of this Agreement shall remain confidential. Neither HOSPITAL nor Manager shall distribute this Agreement or any part thereof or

reveal any of the terms of this Agreement to parties other than their affiliates, employees or agents or agents or representatives who have a need to know such terms in the performance of services for such party.

11.6 Confidentiality of Materials. Neither Manager, nor its directors, officers, employees or agents, nor the Manager Representatives, shall disclose to others either during the term or subsequent to termination any information, data, forms, reports, systems, Work Product (as defined below) or other materials containing information specific to HOSPITAL or the Hospital without the prior written consent of HOSPITAL, unless otherwise required by law and unless such disclosure to a Manager’s representatives is necessary in order for such Manager to provide its services hereunder. Manager, and its directors, officers, employees and agents, and the Manager Representatives each understand and agree that the obligations and duties under this Section do not cease upon termination of this Agreement and agree to return all such documents (including any copies thereof) to Manager immediately upon the termination of this Agreement.

11.7 Proprietary Rights. All Work Product resulting from the Management Services and all rights, title and interest in and to such Work Product shall be owned by HOSPITAL. For purposes hereof, “**Work Product**” means deliverables, policies, procedures, program tools, reports, documentation, designs, works of authorship, intellectual property and any other items that are created, developed or delivered by Manager, its members, directors, officers, agents or employees, including Manager Representatives and any subcontractor in the performance of the Manager’s duties and obligations under this Agreement.

11.8 Notices. Notices or communications herein required or permitted shall be given to the respective parties by registered or certified mail (said notice being deemed given as of the date of mailing) or by hand delivery at the following addresses unless either party shall otherwise designate its new address by written notice:

HOSPITAL

Hospital
Facsimile: _____
Attention: Chief Executive Officer

with a copy to:

Counsel
Facsimile:

MANAGER

Facsimile: _____
Attention: Board of Managers

with a copy to:

Counsel
Facsimile:

- 11.9 Assignment. Neither party may assign this Agreement without the written approval of the other party, except that HOSPITAL may assign this Agreement to any entity that establishes or acquires the Hospital or substantially all of the Hospital's assets that comprise the Service Line.
- 11.10 Waiver of Breach. No consent or waiver, express or implied, by either party hereto to or of any breach or default by the other party in the performance by the other of its obligations hereunder shall be valid unless in writing and no such consent or waiver shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance by such other party of the same or any other obligations of such party hereunder. Failure on the part of either party to complain of any act or failure to act of the other party or to declare the other party in default, irrespective of how long such failure continues, shall not constitute a waiver by such party of its rights hereunder. The granting of any consent or approval in any other instance by or on behalf of HOSPITAL and/or Manager shall not be construed to waive or limit the need for such consent in any other or subsequent instance.
- 11.11 Excluded Provider.
- 11.11.1 Manager represents and warrants to HOSPITAL that it, its directors, members, employees, agents and representative(s), including the Manager Representatives: (i) are not currently excluded, debarred or otherwise ineligible to participate in the Federal health care programs as defined in 42 U.S.C. § 1320a-7b(f) (the "**Federal health care programs**"); (ii) have not been convicted of a criminal offense related to the provision of health care items or services, and (iii) are not under investigation or otherwise aware of any circumstances which may result in any of them being excluded from participation in the Federal health care programs. This shall be an ongoing representation and warranty during the term of this Agreement and Manager shall immediately notify HOSPITAL of any change in the status of the representation and warranty set forth in this Section. Any breach of this Section shall give HOSPITAL the right to terminate this Agreement immediately for cause.
- 11.11.2 Manager shall indemnify and hold harmless HOSPITAL and the Hospital against all actions, claims, demands and liabilities, and against all loss, damage, costs and expenses, including reasonable attorneys' fees, arising directly or indirectly, out of any violation of this Section by Manager, or due to the exclusion of Manager, or any of its directors, members, employees, agents or representatives, including

the Manager Representatives, from a Federal health care program, including Medicare or Medicaid.

- 11.12 Governing Law. This Agreement shall be construed and governed by the laws of the State of XXX.
- 11.13 Severability. If any term, covenant, or condition of this Agreement or the application thereof to any person or circumstance shall be invalid or unenforceable, the remainder of this Agreement and the application of any term or provision to person or circumstances other than those to which it is held invalid or unenforceable shall not be affected thereby and all other terms shall be valid and enforceable to the fullest extent permitted by law.
- 11.14 Amendment; Binding Effect. This Agreement may not be modified except in writing executed by both parties. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.
- 11.15 Execution. This Agreement and any amendments thereto shall be executed in duplicate copies on behalf of HOSPITAL and Manager by an official of each, specifically authorized by its respective board to perform such executions. Each duplicate copy shall be deemed an original, but both duplicate originals together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by facsimile or electronic transmission will be effective as delivery of a manually executed counterpart to this Agreement.
- 11.16 Interpretation. The parties hereto acknowledge and agree that (i) each party has reviewed the terms and provisions of this Agreement; (ii) the rule of construction to the effect that any ambiguities are resolved against the drafting party shall not be employed in the interpretation of this Agreement; and (iii) the terms and provisions of this Agreement shall be construed fairly as to all parties hereto and not in favor or against any party, regardless of which party was generally responsible for the preparation of this Agreement.
- 11.17 Time is of Essence. Time is of the essence of this Agreement.
- 11.18 Dispute Resolution. Any controversy, dispute or disagreement arising out of or relating to this Agreement, the breach thereof, or the subject matter thereof that cannot be informally resolved by the parties, shall be settled exclusively by binding arbitration (except with respect to any disputes pertaining to fair market value determination, which disputes will be resolved in accordance with Section 8.1 hereof), which shall be conducted in XXX, in accordance with the *American Health Lawyers Association Alternative Dispute Resolution Service Rules of Procedure for Arbitration*, and which to the extent of the subject matter of the arbitration, shall be binding not only on all parties to the Agreement, but on any other entity controlled by, in control of, or under common control with the party, to the extent that such affiliate joins in the arbitration, and judgment on the

award rendered by the arbitrator may be entered in any court having jurisdiction thereof.

- 11.19 Authorization. Each individual signing this Agreement warrants that such execution has been duly authorized by the party for which he or she is signing. The execution and performance of this Agreement by each party has been duly authorized by all necessary corporate action, and this Agreement constitutes the valid and binding obligation of each party, enforceable against such party in accordance with its terms.
- 11.20 Entire Agreement. This Agreement supersedes all previous contracts or agreements between the parties with respect to the same subject matter and does constitute the entire Agreement between the parties hereto and HOSPITAL and Manager shall neither be entitled to other benefits than those herein specifically enumerated.
- 11.21 Litigation Consultation. Neither Manager nor any Manager Representative shall accept consulting assignments or otherwise contract, agree, or enter into any arrangement to provide expert testimony or evaluation on behalf of a plaintiff in connection with any claim against HOSPITAL or any of its affiliates named, or expected to be named as a defendant. Neither Manager nor any Manager Representative shall accept similar consulting assignments if (a) the defendants or anticipated defendants include a member of the Hospital's medical staff or any of its affiliates, and (b) the matter relates to events that occurred at the Hospital or any of its affiliates; provided, however, the provisions of this Section shall not apply to situations in which any shareholder, physician or employee of a Manager served as a treating physician.
- 11.22 No Conflicting Obligations. Each Manager represents and warrants that the execution and delivery of this Agreement and the performance of its respective obligations hereunder do not and will not: (a) present a conflict of interest or materially interfere with the performance of its respective duties under any other agreement or arrangement; or (b) violate, conflict with, or result in a breach of any provision of, or constitute a default (or an event which, with notice and/or lapse of time, would constitute a default) under, terminate, accelerate the performance required by, or result in a right of termination or acceleration under any of the terms, conditions or provisions of any other agreement, indebtedness, note, bond, indenture, security or pledge agreement, license, franchise, permit, or other instrument or obligation. Manager shall immediately inform HOSPITAL of any other agreements to which Manager or any Manager Representative is a party that may present a conflict of interest or materially interfere with performance of either Manager's or any Manager Representative's duties under this Agreement.
- 11.23 Non-Discrimination. Neither Manager nor any Manager Representative shall differentiate or discriminate in the provision of services on the basis of race, color, national origin, ancestry, religion, sex, marital status, sexual orientation, age, medical condition, medical history, genetics, evidence of insurability, or

claims history, in violation of any applicable state, federal or local law or regulation, or Hospital rules, including, without limitation, the Age Discrimination Act of 1975, the Americans with Disabilities Act and all regulations issued pursuant thereto and as may be amended from time to time. Manager, each Manager Representative, and the Hospital shall be in full compliance with Section 504 of the Rehabilitation Act of 1973, Titles VI and VII of the 1964 Civil Rights Act, and all regulations issued pursuant thereto and as may be amended from time to time.

11.24 No Third-Party Beneficiary Rights. The Parties do not intend to confer and this Agreement shall not be construed to confer any rights or benefits to any person, firm, group, corporation or entity other than the Parties.

* * * * Remainder of Page Blank / Signature Page Follows * * * *

IN WITNESS WHEREOF, the duly authorized officer and representative of HOSPITAL and Manager have executed this Agreement to be effective as of the date first written above.

HOSPITAL:

By: _____

Title: _____

MANAGER:

By: _____

Title: _____

SCHEDULE 1.1

MANAGEMENT SERVICES

The Management Services to be provided by Manager include the following tasks:

1. The modalities/services to be covered by this Agreement include, but are not limited to, the following:
 - Cardiology cath lab procedures and cardiology interventional procedures, including those DRG/CPT codes as set forth in Appendix A at the end of this Schedule 1.1; and
 - Such other modalities/services as may be mutually agreed upon by HOSPITAL and Manager.

2. Service Line Employees. Unless otherwise directed by HOSPITAL and subject to Section 2.3 of this Agreement, Manager shall manage all clinical employees of the Hospital who provide services in connection with the Service Line (the “**Service Line Employees**”) and assist the Hospital in their recruitment, hiring, evaluation, termination, discipline, reprimand, and establishment of terms of employment for the Service Line Employees. Manager’s authority with respect to the Service Line Employees shall be subject to the Hospital’s human resource policies and procedures and the parameters of the approved operating budget of the Hospital. Subject to the foregoing, Manager’s authority with respect to the Service Line Employees shall include: (i) assisting the Hospital in defining the scope of job duties and responsibilities; and (ii) advising the Hospital regarding all decisions concerning the hiring, firing, evaluation, promotion and compensation of the Service Line Employees. Manager’s authority shall be subject to the overall direction and reserve powers of the Governing Board of the Hospital, and Manager shall report to the CEO of HOSPITAL or his/her designees.

Within the parameters of the approved budgets, Manager will assist the Hospital to establish, implement and monitor staffing by the Service Line Employees and establish scheduling protocols for the Service Line. Any recommendations for Service Line Employee corrective action for staff will be referred to the CEO of HOSPITAL (or other executive designated by the CEO of HOSPITAL) for action in accordance with the relevant Hospital’s human resource policies. Any adjustments made in the scope of the initial staffing will be based on the mutual written agreement of the parties.

3. Work Plans.
 - a. Manager shall develop work plans for the delivery of the Management Services.
 - b. Manager shall develop work plans for the delivery of the Management Services as well as each Performance Improvement Initiative set forth on Schedule 1.3.

- c. At a minimum, each work plan shall include the following:
- (1) The methodology to be used to accomplish the Management Services, including any staff training and/or educational components to such methodology;
 - (2) The methodology to be used to accomplish the or to attain the performance improvement, including:
 - i. The measurement tool to be utilized;
 - ii. The physicians and staff that will be targeted / involved in effecting the performance improvement or accomplishing the Management Services;
 - iii. The individual physician or committee responsible for the performance improvement or Management Services and the hours allocated for completing the task;
 - iv. The documentation to be generated / collected; and
 - v. The mechanism to monitor and coordinate physician resources within the Service Line to ensure patient safety and operational efficiency in pursuit of the performance improvement or in carrying out the Management Services.

Manager shall periodically review the effectiveness of the work plans on the Service Line and recommend to HOSPITAL any necessary changes to such work plans. All work plans, and any changes thereto, shall be submitted to HOSPITAL for its approval, such approval not to be unreasonably withheld. Following approval by HOSPITAL, Manager shall implement the work plans.

4. Contracts, Leases, and Purchases. Manager shall monitor and make recommendations to HOSPITAL and the Hospital with respect to the subject matter of certain contracts, leases, and purchases pertaining to the Service Line, including:
 - a. Equipment, operating supplies and other materials and supplies which may be needed for the Service Line;
 - b. Outside services as may be necessary for the Service Line; and
 - c. Such maintenance and repairs as shall be necessary to keep and maintain the Service Line in good working order and condition.
5. Third Party Payors. Manager shall assist HOSPITAL and the Hospital in their negotiations of reimbursement and fee payment methods related to the Service Line with third party payors and/or state or federal agencies.

6. Accreditation and Certification. Manager shall assist the Hospital in complying with the standards and requirements of accrediting agencies, including, but not limited to, The Joint Commission and other applicable accreditations specific to the cardiovascular services as requested by the Hospital. Manager shall recommend any required changes in policies and protocols to ensure that the Service Line services are provided in accordance with applicable federal, state and local laws, consistent with each Hospital's policies and procedures, and in furtherance of the performance improvement initiatives. Manager shall participate in the preparation for and conduct of accrediting surveys and other similar activities.
7. Quality Assurance and Utilization Review. Manager shall assist the Hospital in implementing, monitoring and managing any quality assurance, utilization review, educational and risk management programs conducted by the Hospital and applicable to the Service Line.
8. Training and Education. Manager shall assist the Hospital in the development of educational training materials and in training and educating employees assigned to the Service Line. Manager shall monitor and ensure that employees assigned to the Service Line receive training on at least a semi-annual basis. Such training and education shall be related to, and foster improvements in, the overall quality, efficiency, and effectiveness of the Service Line as reflected in the work plans referenced in Section 3 of this Schedule 1.1. Manager shall develop and present, on at least a semi-annual basis, educational programs to physicians providing services within the Service Line. Manager shall also develop and present, on at least a semi-annual basis, educational and informational programs to community based physicians regarding the Service Line services and physicians, and coordination of care for patients in the Service Line.
9. Credentialing. At the request of the Hospital, Manager shall assist the Hospital in its credentialing process regarding appointments and re-appointments to the medical staff through the collection, evaluation and verification of additional relevant data. Manager shall make recommendations to the Hospital regarding appointments and re-appointments to its medical staff.
10. Forms. Manager shall ensure the standardization of documentation across the entire Service Line, including, but not limited to, charts, forms, clinical notes and other documents, and shall ensure compliance with Hospital documentation standards and processes.
11. Management and Information System and Reporting. Manager shall make recommendations to the Hospital regarding the provision of information system hardware and software as may be necessary for the Service Line, including any recommended updates or upgrades of existing information systems.
12. Capital Planning. At the discretion of HOSPITAL, Manager, in conjunction with HOSPITAL, shall review and recommend adjustments to annual program and capital plans for the Service Line. Any such recommended changes shall be subject to the ultimate approval of the Governing Board of the Hospital and the Governing Board of

Foundation HealthCare, Inc. If approved, Manager shall in good faith use its best efforts to implement and manage the plans within the approved parameters.

13. Billing and Collection. Manager shall assist Hospital, and its billing and collection agent(s), in the preparation of all reasonably necessary paperwork to allow the Hospital to timely and accurately bill and collect all bills for services provided to Service Line patients of the Hospital. Such assistance shall include, but not be limited to, training and educating physicians and staff as to correct documentation standards and, at the request of the Hospital, assist the Hospital in establishing billing, receivables, credit and collection policies and procedures, and oversight of such activities.
14. Pre-Bill Review. At the request of the Hospital, Manager will engage in pre-bill review of the Service Line designated cases at the Hospital pursuant to the internal controls processes for the Service Line's medical records and physician reviewers to ensure appropriate documentation is in place. The parties expect that such reviews typically will be completed within one (1) business day of the request.
15. Outside Services. To the extent reasonably required for the operation of the Service Line, and subject to the approval of HOSPITAL, Manager shall be entitled to retain or employ, and coordinate the services of, persons necessary or reasonably appropriate to carry out the Management Services set forth in this Agreement. Manager shall require any person retained or employed to carry out the Management Services to comply with all applicable terms of this Agreement.
16. Quarterly and Annual Reports. Manager shall prepare and provide to HOSPITAL at the close of each quarter (or at other mutually agreeable times) certain operational and statistical reports in a form developed by Manager as set forth in the work plans referenced in this Schedule 1.1. These statements will reflect the operations of the Service Line for such time period, the work performed by Manager, the medical director services provided, measurements with regard to the performance standards, and such other information reasonably requested by HOSPITAL.
17. Supply Chain. Manager shall make recommendations to HOSPITAL regarding the management of supply chain activities for the Service Line, including, as appropriate, (i) standardization of supplies; (ii) vendor management; and (iii) inventory management.
18. Intensive Care Services. Manager shall monitor and evaluate the use of intensive care services by Service Line patients of the Hospital.
19. Evaluations. Manager shall monitor and evaluate patient, physician and staff satisfaction within the Service Line, and, as needed, develop, implement and manage programs and plans for improvement.
20. Pre-Procedure/Visit. Manager shall be responsible for managing all pre-procedure/visit communications with Service Line patients to ensure that (i) all required paperwork and consents are completed; and (ii) Service Line patients' questions have been answered and such patients are reasonably informed and prepared for his/her procedure or visit.

21. Case Management. Manager will assist the Hospital in the provision of those case management activities necessary for the proper operation of the Service Line. The case management activities may include, but are not limited to, discharge planning, appointment scheduling, development of patient educational materials and discharge instructions, ordering of appropriate services and supplies upon discharge, and the establishment, implementation and monitoring of a patient call-back process that meets applicable regulatory standards for Service Line patients.
22. Duty to Notify HOSPITAL of Inefficiencies. Manager will bring to the attention of HOSPITAL any services that are discovered to be inefficient or inconsistent with the policies and procedures established by the Hospital. HOSPITAL will, in good faith, consider Manager's recommendations to remedy such inefficiencies and inconsistencies for implementation into the policies and procedures of the Hospital.
23. Medical Records. Manager shall use its best efforts to cause patient medical records to be maintained in accordance with applicable law and regulation as well as any applicable accrediting agency.
24. Electronic Health Records. Where applicable, Manager shall ensure Service Line staff and physicians appropriately utilize the Hospital's electronic health records system.
25. Books and Records. At all times during the term hereof, Manager shall maintain, on behalf of HOSPITAL and the Hospital, accurate books and records of its activities relating to the Service Line.
26. Insurance Coverages. Manager agrees to maintain Directors & Officers insurance and comprehensive insurance with minimum coverage amounts as may be reasonably determined by HOSPITAL, and such other coverages as may be reasonably requested by HOSPITAL.
27. Operational Assistance. Manager shall assist the Hospital in operating the Service Line by providing the following general management services:
 - a. Direct and coordinate the Service Line in accordance with recognized standards to promote quality and efficient care to be given to patients.
 - b. Ensure that the Service Line adheres to each Hospital's policies and procedures, applicable laws and regulations, accrediting body requirements and other regulatory compliance, and make recommendations regarding same.
 - c. Assist as a liaison among administrative departments and committees, as well as the medical staff.
 - d. Assist in strategic, financial and operational planning for future HOSPITAL services provided by the Hospital, as well as the development and operation of capital and operating budgets, with special regard to new technologies and equipment and management information systems.

- e. Assist the Hospital in the provision of education and training to support staff in the provision of efficient and effective cardiovascular services as detailed in the work plans referenced in Section 3 of this Schedule 1.1.
- f. At the request of the Hospital, assist in preparing for and responding to surveys conducted by governmental authorities and other accrediting bodies.
- g. At the request of the Hospital, assist in preparing for and responding to third party payor audits concerning the medical necessity or quality of professional cardiovascular services as well as other government inquiries, including the compilation and timely delivery of all required documentation.
- h. At the request of the Hospital, assist in the development of patient care programs and protocols in response to pay for performance programs of third party payors, including Medicare and Medicaid.
- i. Assist the Hospital in the development, implementation and monitoring of programs and plans to reduce adverse events, including medication errors.
- j. Monitor and provide recommendations regarding facilities management, equipment purchase and maintenance and supplies management.
- k. Assist the Hospital in the development of community awareness and educational programs that provide information regarding Service Line services and related topics of interest to community residents.
- l. Make recommendations as to qualified personnel, including appropriate staffing complements.
- m. At the request of the Hospital, assist the Hospital in negotiating, retaining and managing services that may be furnished through contractual arrangements.
- n. Assist in the management of expenses in relationship to fluctuation in revenues.
- o. Develop, implement, and, as appropriate, update operating policies and procedures pertaining to the Service Line.
- p. Assist the Hospital in the development of provider community relationships that result in a more satisfied referral base.
- q. Assist the Hospital in increasing productivity in furtherance of and consistent with the objectives of the Agreement by: (i) evaluating and restructuring delivery of care processes; (ii) evaluating job descriptions and realigning responsibilities as appropriate; and (iii) establishing and maintaining productivity standards.
- r. Working with Hospital staff to provide evidence of performance as may be reasonably requested by the Hospital to include operational statistics, financial statements and productivity reports.

- s. Assist the Hospital in the development and implementation of patient care protocols for the delivery of the Service Line, including protocols pertaining to the most appropriate setting for such services (i.e., outpatient or inpatient), as such protocols may be referenced in the work plans referenced in Section 3 of this Schedule 1.1.
- t. Assist the Hospital in developing and updating on at least an annual basis best practice standards for the Service Line, including, but not limited to, performance-based benchmarks and monitoring systems.
- u. Perform such other services related to the efficient and effective delivery of quality cardiovascular services as may be reasonably requested by the Hospital.

Appendix A

SELECTED DRG/CPT CODES SUBJECT TO THE MANAGEMENT AGREEMENT

(The descriptions and numbers of the DRG/CPT codes set forth on the following Appendix A are subject to change in accordance with Medicare law and policy.)

DRG/CPT Cardiology Cath Lab Procedures

33206 - PERMANENT PACEMAKER PPM - SINGLE CHAMBER
33208 - PERMANENT PACEMAKER PPM - DUAL CHAMBER
33249 - INTRA CARDIAC DIFIBRILATOR
33282 - IMPLANTATION OF PATIENT-ACTIVATED CARDIAC EVENT RECORDER
36222 - PLACE CATH CAROTID/INOM ART
37220 - REVASCULARIZATION, ENDOVASCULAR, OPEN OR PERCUTANEOUS, ILIAC ARTERY, UNILATERAL, INITIAL VESSEL; WITH TRANSLUMINAL ANGIOPLASTY
37221 - REVASCULARIZATION, ENDOVASCULAR, OPEN OR PERCUTANEOUS, ILIAC ARTERY, UNILATERAL, INITIAL VESSEL; WITH TRANSLUMINAL STENT PLACEMENT(S), INCLUDES ANGIOPLASTY WITHIN SAME VESSEL
37224 - FEM/POPL REVAS W/TLA
37225 - FEM/POPL REVAS W/ATHER
37228 - TIB/PER REVAS W/TLA
75630 - X-RAY AORTA LEG ARTERIES
75710 - ARTERY X-RAYS ARM/LEG
92960 - RADIOVERSION ELECTRIC EXT
93452 - LEFT HRT CATH W/VENTRCLGRPHY
93454 - CORONARY ARTERY ANGIO S&I
93455 - CORONARY ART/GRFT ANGIO S&I
93620 - COMPREHENSIVE ELECTROPHYSIOLOGIC EVALUATION
C1760 - CLOSURE DEV, VASC
J0583 - BIVALIRUDIN

DRG/CPT Cardiology Interventional Procedures

247 - PERC CARDIOVASC PROC W DRUG-ELUTING STENT W/O MCC
253 - OTHER VASCULAR PROCEDURES W CC
254 - OTHER VASCULAR PROCEDURES W/O CC/MCC
299 - PERIPHERAL VASCULAR DISORDERS W MCC
36 - CAROTID ARTERY STENT PROCEDURE W/O CC/MCC
919 - COMPLICATIONS OF TREATMENT W MCC
983 - EXTENSIVE O.R. PROCEDURE UNRELATED TO PRINCIPAL DIAGNOSIS W/O CC/MCC
247 - PERC CARDIOVASC PROC W DRUG-ELUTING STENT W/O MCC
253 - OTHER VASCULAR PROCEDURES W CC

SCHEDULE 1.3

PERFORMANCE IMPROVEMENT INITIATIVES AND INCENTIVE COMPENSATION

Manager will be entitled to incentive compensation (“**Incentive Compensation**”) to the extent it can attain certain quality of service benchmarks, operational efficiency benchmarks and new program development benchmarks (collectively, the “**Performance Improvement Initiatives**”).

The parties acknowledge and agree that it is not their intention to limit or reduce items or services to the Hospital’s patients. Instead, it is the parties’ intention to improve and, where appropriate, maintain the quality and efficiency of the Service Line.

Manager will be eligible to earn Incentive Compensation based upon its performance with respect to the standards set forth in this Schedule 1.3. The aggregate Incentive Compensation payable to Manager shall be calculated consistent with the provisions of this Schedule 1.3. The amount of Incentive Compensation that will be available to be earned by Manager during the term of this Agreement (the “**Incentive Compensation Pool**”) will be as mutually agreed upon by the parties and verified by an independent valuation expert as reflecting fair market value. The allocation assigned to each of the Performance Improvement Initiatives to arrive at 100% of the Incentive Compensation Pool is as follows:

Performance Benchmarks

Metric	Baseline Performance	Target Performance	Excellent Performance	Weighting	Annual Target Payment	Annual Excellent Payment
On Time Case Starts	80%	90%	>95%	15%	\$26,550	\$30,300
Case Performance Within Schedule Blocks (2 hour minimum block w/ cases being performed in “normal” parameters)	60%	80%	>90%	5%	\$8,850	\$10,100
Room Turnover Time (Between Cases)	20 mins	16 mins	12 mins	5%	\$8,850	\$10,100
Supply Chain Management/Effectiveness	GPO – 90% Card – 90% PV – 80%	GPO – 95% Card – 95% PV – 90%	GPO >95% Card - >95% PV - >95%	5%	\$8,850	\$10,100
Reports Completed Within Same Day of Procedure	95%	97%	100%	5%	\$8,850	\$10,100
Percent of Patients Properly Consented and Prepped for Procedure	100%	100%	100%	5%	\$8,850	\$10,100

Metric	Baseline Performance	Target Performance	Excellent Performance	Weighting	Annual Target Payment	Annual Excellent Payment
Percent of Cases Communicated Timely to Referring Physician – Immediately After Case Completion	80%	90%	>95%	5%	\$8,850	\$10,100
Access-Site Complications (Bleeding/Hematoma)*	<3%	<2%	<1%	15%	\$26,550	\$30,300
Utilization of Educational Materials Pre and Post-Procedure	90%	95%	>98%	5%	\$8,850	\$10,100
Medical Record Completion and Utilization of Computerized Physician Order Entry	90%	95%	>98%	5%	\$8,850	\$10,100
Percent of Business from New Physicians - New MDs Performing Cases in Labs - New MDs Referring Cases to the Labs	1% per calendar quarter 3% per calendar quarter	2% per calendar quarter 4% per calendar quarter	3% per calendar quarter 6% per calendar quarter	15%	\$26,550	\$30,300
Overall Schedule Utilization for Entire Program	50% for Elective Cases	65% for Elective Cases	75% for Elective Cases	15%	\$26,550	\$30,300
Total Annual Incentive Compensation Pool				100%	\$177,000	\$202,000

Prior to the anniversary of the Effective Date the Manager and HOSPITAL shall agree to revise and updates to the Incentive Compensation Pool and Performance Benchmarks to be effective in the subsequent year.

Payment of Incentive Compensation

Manager’s right to receive Incentive Compensation shall be earned on a quarterly basis for each Performance Improvement Initiative; *provided, however*, that no Incentive Compensation shall be earned by, or due to, Manager during the initial ninety (90) days following the Effective Date of this Agreement (the “**Initial 90-Days**”). During the Initial 90-Days, Manager and HOSPITAL shall evaluate the Performance Benchmarks and validate the Incentive Compensation Pool as described above in this Schedule 1.3 with the mutual understanding that Incentive Compensation may be earned only during any quarter following the Initial 90-Days.

SCHEDULE 1.4

LIST OF MEDICAL DIRECTOR POSITIONS, DUTIES AND HOURS

Position	Name of Medical Director	Duties	Maximum Hours per Month*
Program Director	[TO BE COMPLETED]	<ul style="list-style-type: none">• Schedule management• Credentialing• General overview of Service Line operations• Review daily care plans/strategies with nursing leadership and staff• Coordination of Performance Improvement Initiatives	19
Procedural Suite Leader	[TO BE COMPLETED]	<ul style="list-style-type: none">• Procedural area physician schedules and associated staff support	15
Quality Leader	[TO BE COMPLETED]	<ul style="list-style-type: none">• Review cases/reports/complications and/or unexpected deaths in the lab	9

* In addition to the hours above, any medical director or a combination of all medical directors shall provide an additional 6 to 12 hours per month meeting with community physicians regarding the Service Line capabilities and Performance Improvement Initiatives and/or developing educational and marketing materials describing the Service Line capabilities and Performance Improvement Initiatives, all of which shall be subject to HOSPITAL's review and final approval.

SCHEDULE 4.1

COMPENSATION

HOSPITAL agrees to compensate Manager for its efforts in performing the Management Services and implementing the Performance Improvement Initiatives, as set forth in this Schedule 4.1. The compensation will consist of Medical Director Compensation and Incentive Compensation, as set forth below.

1. Medical Director Compensation.

HOSPITAL will pay Manager on the basis of documented time and effort expended by each medical director identified on Schedule 1.4 at an hourly rate of \$XXX, up to a maximum of 55 hour/month.

For purposes of supporting payment of the Medical Director Compensation, Manager shall maintain and shall require the medical directors to maintain and submit time records in accordance with the form attached hereto as Appendix A. Manager shall submit said records as a condition precedent to HOSPITAL's payment obligation hereunder. Time records shall be maintained by Manager for at least four (4) years after the end of the cost reporting period to which the records apply.

The Medical Director Compensation shall be paid on a monthly basis by the last business day of the month based on approved time records submitted by the 10th day of such month. Following its receipt of the Medical Director Compensation payments from HOSPITAL, Manager shall distribute such payments to the medical directors in accordance with their submitted time records.

2. Incentive Compensation.

In addition to the Medical Director Compensation, Manager will have the opportunity to earn Incentive Compensation as set forth in Schedule 1.3. HOSPITAL agrees to pay Manager the Incentive Compensation in accordance with Schedule 1.3.

Appendix A to Schedule 4.1

OFFICIAL TIME RECORD

Document Purpose: This time record shall be used to account for time spent fulfilling duties specified in the Management Services/Performance Improvement Agreement dated [], 2016 (the “Agreement”).

Instructions: In the boxes shown below, for each instance of time spent fulfilling duties, show the date, function(s) performed using the codes in the legend, participants in any consultation, meeting, email, or telephone conversation, name of policy reviewed, number of charts reviewed, a detailed description of the work done, and the time incurred. Time incurred in providing services under the Agreement should be documented in ¼th hour (.25) increments (15 minutes). For example, an hour and a half meeting would be shown as 1.5 hours. If time falls between two increments, round to the nearest increment. If the nearest increment is zero, round up (e.g., if the time spent in a meeting was six minutes, round up and list this time as 0.25 hour, not 0 hour).

Insert Date (Column 1): Date service was rendered or duty was performed.

Code (Column 2): *THIS FIELD WILL BE COMPLETED BY THE FACILITY ADMINISTRATION, AND NOT BY THE PHYSICIAN.* For Medicare cost report purposes, for each function performed on each date it was performed, the administrator will code the activity as one of the following:

Code A: Physician services to the facility

Code B: Direct patient care

Code C: Non-reimbursable activities on Medicare cost-reports

Code D: Other services

Function: (Column 3): Please reference the legend at the bottom right corner of the time sheet to record the function performed. If “O”, “Other”, is used, a full explanation must be included in the Detailed Description (Column 5). Please note that the facility no longer requires the physician to designate any code (A, B, C, or D) for services performed.

Participant/Policy Name (Column 4): In these spaces, please list the participant in any email, phone conversation, consultation or meeting. If there are several participants, list the primary participants. However, if the role the physician plays is one expected to require numerous calls and/or e-mails, it is more important to have an accurate description of the nature of the calls and e-mails than to have a list of every person called or e-mailed. If there are several participants, the primary participants should be named or if the types of participants could be categorized, that will suffice. For chart or policy review, please state the number of charts or the name of the policy reviewed. For all other functions, list participants, individually or as a group, if relevant. If the physician was the only participant, list the exact subject of the work. For example, if the function is research, list the specific matters researched.

Agreement Reference (Column 5): In this space refer to the Description of Duties Section in the Agreement and reference the corresponding duty by letter or number (however the duties are listed).

Example: If the timesheet shows an entry of “Mt/W – Administrator, Weekly meeting re: Discharges”; and if 4 A. states: “Meet regularly with the program Administrator at Hospital”, then with this example 4 A will need to be entered in the Agreement Reference column.

Detailed Description of the Service Provided (Column 6): Each entry must contain sufficient detail to adequately describe the function that was performed, and provide the facility with a means of verifying the claim. Facility may provide additional guidance regarding the required level of specificity and acceptable and unacceptable time sheet formats, from time to time.

Total Time Spent on Function (Column 7): Time should be documented in ¼ hour (.25) increments. For example, a meeting requiring an hour and fifteen minutes would be recorded as 1.25 hours.

This record covers one (1) month of services. Upon completion of a month, please send this time record to the attention of:

Hospital

Please maintain a copy for your records. Disbursement for services described both in the Agreement will be made after receipt of properly completed time records.

Attestation. (To be signed by each Manager Representative performing services on behalf of Manager under the Agreement before the first time record submission)

I understand, and agree to comply with the above instructions in completing the attached time records throughout the term of this Agreement. All items submitted on each time record will be made in good faith for items described in the Agreement.

Manager Representative Signature: _____ / ____ / ____

Print Manager Representative's Name: _____

EXHIBIT 11.2

JOINDER LETTER AGREEMENT

Hospital

This JOINDER LETTER AGREEMENT (“**Letter**”) is entered into by the undersigned member of Manager. I acknowledge that Hospital (“**HOSPITAL**”), and Physicians (“**Manager**”), have entered into that certain Management Services/Performance Improvement Agreement dated _____ (“**Agreement**”) under which Manager shall provide HOSPITAL specified co-management services with respect to the operations of a new hospital (“**Hospital**”). As a member of Manager, I expressly acknowledge that I have read the Agreement, and agree, as a member of Manager, to be bound by and comply with all of the requirements of the Agreement applicable to Manager.

Sincerely,

[_____] , [M.D.] [D.O.]

Manager Member

Date: _____