

## CLINICAL SERVICES AGREEMENT

**THIS CLINICAL SERVICES AGREEMENT** (this "*Agreement*") is made and entered into as of 12:00:01 am CST on June 24, 2013 (the "*Effective Time*"), by and between Southern Regional Medical Corporation ("*Operator*"), a non-profit corporation, and The Board of Supervisors of Louisiana State University and Agricultural and Mechanical College ("*Contractor*"), a public constitutional corporation organized under the laws of the State of Louisiana, on behalf of its Health Care Services Division. Operator and Contractor may also be collectively hereinafter referred to as the "*Parties*", each a "*Party*".

**RECITALS:**

**WHEREAS**, prior to the Effective Time, Contractor operated the state hospital located in Houma, Louisiana, known as Leonard J. Chabert Medical Center ("*LJC*") for the public purpose of providing efficient and effective health care services to the community;

**WHEREAS**, the availability of the Clinical Services (as defined below) to be provided pursuant to this Agreement are critical to the health and welfare of the community;

**WHEREAS**, pursuant to that certain Cooperative Endeavor Agreement (the "*CEA*") executed effective June 24, 2013, by and among Operator, Contractor, Hospital Service District No. 1 of the Parish of Terrebonne ("*Terrebonne*"), the State of Louisiana (through its Division of Administration) and the Louisiana Department of Health and Hospitals, from the Effective Time and thereafter during the term of the CEA, Operator shall provide inpatient, outpatient and other services at the LJC facility (the "*Hospital*") under the terms and conditions set forth in the CEA and any ancillary documents contemplated therein;

**WHEREAS**, pursuant to that certain Management Agreement (the "*Management Agreement*"), executed by and among Operator, Terrebonne and Chabert Operational Management Company, L.L.C. (the "*Manager*"), the Manager shall manage and assist in operating the Hospital;

**WHEREAS**, Contractor employs or otherwise contracts with certain health care providers, including, but not limited to, physicians, residents, physician assistants, nurse practitioners, and certified registered nurse anesthetists, duly licensed and qualified in the State of Louisiana;

**WHEREAS**, Contractor desires to provide health care providers (the "*Health Care Providers*") to Operator for coverage and delivery of patient care to patients of the Hospital as further described on Exhibit A (the "*Clinical Services*"), all in accordance with the terms and conditions hereof; and

**WHEREAS**, this Agreement is desired by the Parties in order to provide Operator with necessary Clinical Services for coverage and delivery of efficient and effective patient care to patients;

**NOW, THEREFORE**, for and in consideration of the recitals above and the mutual covenants and conditions contained herein, the Parties agree as follows:

1. **DEFINITIONS.** Capitalized terms in this Agreement, not defined elsewhere in this Agreement, shall have the following meanings:

a. Clinical Services. The term "*Clinical Services*" shall mean the services generally described on Exhibit A, which is attached hereto and incorporated herein by reference.

b. Hospital Policies. The term "*Hospital Policies*" shall mean and include the policies and procedures of the Hospital, the Bylaws and rules and regulations of the Medical Staff and other policies, practices and procedures of the Hospital and the Manager all as are from time to time adopted, authorized and approved.

c. Medical Staff. The term "*Medical Staff*" shall mean the organized medical staff of the Hospital or any duly constituted subdivision thereof.

## 2. **CONTRACTOR'S OBLIGATIONS.**

a. Clinical Services. During the Term (as defined in Section 6 below) of this Agreement, Contractor shall provide Health Care Providers to perform the Clinical Services described on Exhibit A at locations as are agreed to in writing by Operator and Contractor, or Contractor's subcontractors, as the case may be. Contractor shall also provide Health Care Providers to supervise the operation and provision of such Clinical Services in accordance with Contractor's obligations hereunder. Should any Health Care Provider cease providing or become unavailable to provide Clinical Services (including, but not limited to, a revocation of Staff Privileges), Contractor shall provide a mutually agreeable equivalent replacement or substitute Health Care Provider, as requested by the Hospital. Exhibit A shall be amended to reflect any corresponding changes to the scope of the Clinical Services to be provided under this Agreement due to any such addition, substitution, deletion or other change in Health Care Providers.

b. Medical Education. Contractor shall provide a Designated Institutional Official ("*DIO*") and program directors for Hospital-sponsored graduate medical education residency programs. Contractor shall also provide instruction, teaching and supervision to medical students training at Hospital under arrangements between Contractor and/or its subcontractors and medical schools.

c. Scheduling. Contractor shall, except as otherwise provided by the Hospital Policies, cause Clinical Services to be readily available to the Hospital as specified in this Agreement. Contractor, or its approved designee, shall, with the approval of the Hospital's Chief Executive Officer or its designated representative ("*Hospital Representative*"), establish schedules for all Clinical Services provided pursuant to this Agreement to the end that the safety and needs of the patients of the Hospital take precedence over other concerns. Coordination of the responsibilities of the Health Care Providers at the Hospital will be provided by Contractor, or its approved designee. Contractor, or its approved designee, and the Medical Director/Hospital Representative shall meet, as is reasonable, to (i) discuss scheduling; (ii) answer questions and address problems that arise regarding scheduling; and (iii) coordinate the Clinical Services of the Health Care Providers.

d. Applicable Standards. Contractor shall, and shall require the Health Care Providers to, at all times render the Clinical Services to patients in a competent, professional and ethical manner in accordance with the prevailing standards of health care practice and in material

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compliance with all applicable statutes, regulations, rules, orders, and directives of any and all applicable governmental and regulatory bodies having competent jurisdiction, including, without limitation, the Department of Health and Hospitals, the U.S. Department of Health and Human Services, the Centers for Medicare and Medicaid Services and the Joint Commission, and the execution of the Clinical Services shall serve the best interest of the patients. Without limiting the generality of the foregoing, Contractor and the Health Care Providers shall adhere to the mandates dictated by Titles VI and VII of the Civil Rights Act of 1964; the Vietnam Era Veterans' Readjustment Assistance Act of 1974; Americans with Disabilities Act of 1990; Sec. 503 of the Rehabilitation Act of 1973; and Sec. 202 of Executive Order 11246; all as amended. Furthermore, Contractor and the Health Care Providers shall not discriminate in the rendering of the Clinical Services because of race, color, religion, sex, sexual orientation, age, national origin, handicap, political beliefs, disabled veteran, veteran status, or any other non-merit factor. In addition, Contractor shall require each Health Care Provider to perform all of his/her Clinical Services in accordance with all Hospital Policies and Medical Staff bylaws, policies, procedures, rules and regulations, including, without limitation, those relating to timely completion of medical records.

e. Use of Premises. Contractor covenants not to use, or permit any Health Care Provider to use, any part of the premises of the Hospital for any purpose other than those purposes related to the performance of the Clinical Services required hereunder, unless otherwise mutually agreed to by the Parties in writing.

f. Payment Programs with Third Parties. Contractor shall, and shall cause all Health Care Providers to, participate in any third-party payment programs in which the Hospital participates, including, without limitation, Medicare and Medicaid. The Parties acknowledge and agree that the Manager shall negotiate the terms of managed care agreements in which the Hospital is a participant and Contractor, or its designee, shall negotiate the terms of managed care agreements in which Contractor and/or the Health Care Providers are participants.

g. Medical Records.

- i. Contractor, in accordance with Hospital Policies, shall cause the Health Care Providers to prepare and promptly file with the appropriate staff member of the Hospital, reports of all examinations, procedures, and other procedures performed by the Health Care Providers in the Hospital and shall maintain an accurate, legible and complete file within the Hospital of all such reports and supporting documents in order to, among other matters, document the medical necessity of the Clinical Services provided and to support the proper coding of claims. Contractor, in accordance with Hospital Policies, shall cause the Health Care Providers to timely prepare and file such additional or supplementary reports as the Hospital and/or the Manager may reasonably request and be prepared to analyze and interpret such reports upon reasonable request by the Hospital and/or the Manager.
- ii. The ownership and right of control of all reports, records and supporting documents related to Hospital patient care prepared in connection with the Clinical Services shall vest exclusively in the Hospital and shall not be removed or transferred from the Hospital except in accordance with applicable state and federal laws and regulations, Hospital Policies, and/or

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the terms of this Agreement; provided, however, that Contractor and/or the Health Care Providers shall have the right to access, inspect or obtain copies of such reports, records and supporting documents upon reasonable request, for continuing care and for billing purposes.

- iii. Contractor shall retain all books, records and other documents relevant to this Agreement and/or the Clinical Services for at least four (4) years after the furnishing the Clinical Services and shall make available upon the request of federal officials or their representatives, this Agreement and Contractor's books, documents and records as may be necessary to certify the nature and extent of the cost incurred by Operator and/or the Hospital for the Clinical Services provided pursuant to this Agreement.

h. Required Disclosures. Contractor shall notify Operator, in writing, within seven (7) days after obtaining knowledge that any of the following events has occurred:

- i. Any Health Care Provider's license to practice in the State of Louisiana or any other jurisdiction lapses or is denied, suspended, revoked, terminated, relinquished or made subject to terms of probation or other restriction;
- ii. Any Health Care Provider's Medical Staff membership and/or privileges at any health care facility are denied, suspended, revoked, terminated, relinquished (under threat of disciplinary action), or made subject to terms of probation or other restriction;
- iii. Any Health Care Provider has at any time been excluded from participation in any federally funded health care program including, without limitation, Medicare and Medicaid;
- iv. Contractor or any Health Care Provider is required to pay damages in any malpractice action by way of judgment or settlement;
- v. Contractor or any Health Care Provider becomes the subject of an investigatory, disciplinary, or other proceeding before any governmental, professional, licensing board, medical staff, or peer review body; or
- vi. Contractor's or any Health Care Provider's conviction of a criminal offense related to health care or Contractor's or any Health Care Provider's listing by a federal agency as being debarred, excluded or otherwise ineligible for federal program participation.

i. Qualifications; Credentialing; and Privileges.

- i. *Qualifications of the Health Care Providers.* Contractor hereby assumes all responsibility for verifying the qualifications and credentials of all Health Care Providers supplied under this Agreement; provided, however, that the Hospital reimburses Contractor for the cost, if any, of any verification reports required by the Hospital from third parties, such as specialty boards; provided further that prior to any such reimbursement,

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Contractor shall prepare and submit an invoice to Operator and/or the Hospital setting forth the appropriate details of the costs incurred by Contractor. Contractor shall ensure that, at a minimum: (A) each Health Care Provider is validly licensed to practice in his/her respective field (medicine, advanced nursing, etc.) in the State of Louisiana; and (B) to the extent that such Health Care Provider shall dispense prescription medications as a part of the Clinical Services, said Health Care Provider has a current and valid license issued by the Drug Enforcement Agency. Contractor shall provide such information to the Hospital and/or the Manager, as reasonably requested. The Clinical Services to be rendered hereunder shall be performed by such qualified Health Care Providers as may be employed by or under contract with Contractor.

- ii. *Medical Staff Privileges.* The right to grant privileges to any Health Care Provider as Medical Staff ("**Staff Privileges**") shall remain with the Hospital. Health Care Providers presented by Contractor to Operator shall be granted Staff Privileges at the Hospital in accordance with the Hospital Policies. Contractor shall require each Health Care Provider to complete the standard application documents including, without limitation, standard waivers and releases of the Hospital; any costs and/or expenses accrued in connection with such applications shall be paid by contractor and/or the Health care Provider. Subject to the requirements of qualifying for Staff Privileges, the Hospital shall grant Staff Privileges to qualified Health Care Providers identified by Contractor, shall not unreasonably withhold the granting of Staff Privileges to qualified Health Care Providers, and shall process all applications for Staff Privileges in the same manner as it processes applications for other providers. Health Care Providers granted Staff Privileges shall receive the rights and privileges, and be subject to the responsibilities of membership on the Medical Staff; provided however, the Health Care Providers shall: (i) be subject to removal from the Medical Staff pursuant to Section 4(d) below; and (ii) lose any Medical Staff membership automatically when such Health Care Provider is no longer authorized by Contractor to serve hereunder.

a. Obligations of the Health Care Providers.

- i. *Cooperation with Risk Management and Quality Initiatives.* Contractor shall require that the Health Care Providers participate in the Hospital's quality assurance, risk management, patient safety, and cost management programs, as reasonably requested by the Manager. Contractor covenants that, at all times hereunder, prompt and impartial medical diagnosis and treatment shall be given to all patients under the care of the Health Care Providers.
- ii. *Marketing.* Contractor shall require the Health Care Providers to participate in Hospital sponsored events intended to improve awareness of the Hospital's comprehensive services or to create community awareness about the Hospital's services, as reasonably requested by the Manager. The Hospital and/or the Manager will be responsible for marketing the

appropriate aspects of the Clinical Services.

- iii. *Continuing Education.* Contractor shall require the Health Care Providers to fulfill continuing education requirements and also additional training as required with respect to new procedures, techniques and treatments related to their field of practice.
- iv. *Medical Staff Participation.* The Contractor shall require that, as reasonably requested by the Hospital or the Manager: (i) the Health Care Providers participate in the development of Hospital Policies, specifically Medical Staff policies and procedures that impact their field of practice; and (ii) the Health Care Providers shall actively participate in Medical Staff activities by attending meetings, attending Medical Staff functions, and serving on appropriate committees.

### 3. OPERATOR'S OBLIGATIONS.

a. Policies and Procedures. Operator agrees to make available to Contractor, as well as the Health Care Providers, copies of the Hospital Policies. Operator agrees to notify Contractor, in a timely manner, of any proposed, anticipated or actual changes to the Hospital Policies in the same manner it notifies its employees of such changes.

b. Support Provided by Operator and/or the Hospital. Operator and/or the Hospital shall make the following available to Contractor and the Health Care Provider at the Hospital's sole cost and expense and in such quality to facilitate the efficient and effective provision of the Clinical Services:

- i. sufficient office space equipped with desks, chairs, telephone and facsimile machine, answering service, computers, printers, supplies, equipment and materials for copying medical charts and records adequate for providing the Clinical Services at the Hospital.
- ii. *Clinical Personnel.* Operator shall provide qualified clinical personnel adequate to assist the Health Care Providers in providing the Clinical Services at the Hospital as determined reasonably necessary by the Operator;
- iii. Qualified clinical personnel adequate to assist the Health Care Providers in providing the Clinical Services at the Hospital;
- iv. qualified office personnel to assist the Health Care Providers in providing the Clinical Services at the Hospital;
- v. equipment for use by Health Care Providers to provide the Clinical Services at the Hospital;
- vi. a monthly a call list of Medical Staff health care providers with Staff Privileges;
- vii. medical record support to Health Care Providers in a manner consistent

with the medical record support provided to other health care providers of the Hospital;

- viii. assistance to Contractor in its billing and collection efforts by obtaining and providing to Contractor accurate and complete demographic, insurance and employment information on Hospital patients treated by the Health Care Providers; and
- ix. lab coats for the residents in the Hospital's graduate medical education program.

c. Participation in Medicaid. The Hospital shall participate in Medicaid programs, in accordance with the CEA.

#### 4. MUTUAL COVENANTS.

a. Use of Names. Neither Operator, nor the Hospital, shall use Contractor's name or logo, or the name or logo of any of Contractor's affiliates, except upon written approval of Contractor. Contractor shall not use Operator's name or logo, or the name or logo of any of Operator's affiliates, except upon written approval of Operator. Notwithstanding the foregoing, any employee or representative of the Hospital or the Manager may disclose to a patient of the Hospital that the patient will be seen by or treated by a Health Care Provider who is providing Clinical Services as an independent contractor of the Hospital.

b. Access to Records and Record Retention. Contractor and Operator agree to retain this Agreement (including all amendments and supplements hereto) and any of their books, documents, and records, which may serve to verify the costs of this Agreement for a period of four (4) years after the provision of any Clinical Services, or as otherwise required by law. All Parties agree to allow the Secretary of the Department of Health and Human Services and the Comptroller General to access this Agreement, as well as the books, documents, and records kept in connection with the Clinical Services in the event that such access is requested in writing and is made in accordance with applicable federal regulations. Furthermore, Contractor's auditors, the Louisiana Legislative Auditor's office and the Office of the Governor – Division of Administration auditors shall have the right upon reasonable written notice to inspect and audit, during Operator's regular business hours and at no expense to Operator, the books and records of Operator and the Hospital.

c. Cooperation in Litigation. Each Party shall provide information and testimony and otherwise assist the other Party in defending against litigation brought against a Party, its directors, officers or employees based upon a claim of negligence, malpractice or any other cause of action, arising under this Agreement, except when the other Party is a named adverse party.

d. Removal of a Health Care Provider. Operator agrees to advise Contractor promptly of any questions which arise concerning the professional qualifications, clinical performance or disruptive behavior associated with any Health Care Provider. Contractor agrees to use its best efforts to attempt to resolve any such questions promptly to the reasonable satisfaction of the Hospital, including, if necessary, permanently removing the Health Care Provider from providing Clinical Services to the Hospital under this Agreement. If the Hospital, in its sole, but good faith, discretion, demands the removal of such Health Care Provider, Contractor shall send notice to the Health Care Provider revoking the Health Care Provider's authorization to provide Clinical Services under this Agreement, and in accordance with Section 2(a) of this Agreement,

Contractor shall recruit a mutually agreeable equivalent replacement or substitute Health Care Provider. In the event that no mutually agreeable equivalent replacement or substitute Health Care Provider can be recruited, for any reason whatsoever, **Exhibit A** shall be amended to reflect the change in the scope of the Clinical Services to be provided under this Agreement and **Exhibit B** shall be amended to reflect any corresponding changes in compensation due to Contractor hereunder.

e. Billing.

- i. *Schedule of Contractor Charges.* Contractor shall, upon the Manager's approval, from time to time, establish and amend a schedule of charges for all direct patient care services to be furnished by Contractor at the Hospital, which charges: (A) are represented to be Contractor's customary charges for such services and not in excess of charges for similar services under similar conditions in the medical community serviced by the Hospital; and (B) shall be separate and distinct from the charges made by the Hospital for hospital services furnished to patients. A copy of the current schedule of charges for direct patient care services to be furnished by Contractor at the Hospital shall be maintained at all times at the Hospital.
- ii. *Billing and Collection.* Contractor shall charge patients on a fee for service basis for direct patient care services rendered, including any and all direct patient care services for inmates, in accordance with the CEA. Patients ineligible for cost-free care who are treated by the Health Care Providers shall be billed a physician's professional fee. Contractor shall utilize the Hospital's standards for determining a patient's eligibility for cost-free care. Professional fee billing will be completed by Contractor at its sole cost and expense including personnel, equipment and supplies. The Hospital shall have the right to require Contractor to provide a third-party (mutually agreed upon) audit or assessment of Contractor's billing and collection functions on an annual basis. Neither Operator, the Hospital, nor the Manager, shall be responsible for any bad debt or uncollectible patient account and shall not be required to initiate any collection activities with regard to any patient accounts billed by Contractor for direct patient care services. All Contractor's collections for patient care services provided by Contractor and the Health Care Providers shall be and remain the property of Contractor.
- iii. *Hospital Billing.* The Hospital shall retain the right, and Contractor shall have no right or ability, to perform appropriate billing and collection functions for all hospital services furnished by the Hospital, or any of its employees or other contractors.

f. Civil Rights. Contractor and Operator shall abide by the requirements of the following, as applicable: Title VI and VII of the Civil Rights Act of 1964, as amended by the Equal Opportunity Act of 1972, Federal Executive Order 11246 as amended, the Rehabilitation Act of 1973, as amended, the Vietnam Era Veteran's Readjustment Assistance Act of 1974, Title IX of the Education Amendments of 1972, the Age Discrimination Act of 1975, the Fair Housing Act of 1968 as amended, and the requirements of the Americans with Disabilities Act of 1990. Contractor and



Operator agree not to discriminate in their employment practices, and will render services under this Agreement without regard to race, color, religion, sex, sexual orientation, national origin, veteran status, political affiliation, or disabilities.

g. Compliance with HIPAA. Each Party agrees to comply with the Health Insurance Portability and Accountability Act of 1996, as codified at 42 U.S.C. § 1320d (“*HIPAA*”) and any current and future regulation promulgated thereunder including, but 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. Part 142, and the federal standards for electronic transactions contained in 45 C.F.R. Parts 160 and 162, all collectively referred to herein as “*HIPAA Requirements*”, to the extent applicable. Each Party agrees not to use or further disclose any Protected Health Information or Individually Identifiable Health Information (both as defined in HIPAA and/or the HIPAA Requirements), other than as permitted by the HIPAA Requirements and the terms of this Agreement. To the extent applicable under HIPAA, each Party shall make its internal practices, books and records relating to the use and disclosure of Protected Health Information available to the Secretary of Health and Human Services to the extent required for determining compliance with the Federal Privacy Regulations.

## 5. COMPENSATION.

a. Payment to Contractor. The Parties agree to the compensation terms and provisions set forth on Exhibit B with respect to the Clinical Services, attached hereto and incorporated herein by reference in its entirety. In addition to the compensation terms and provisions set forth on Exhibit B, Operator shall pay to Contractor: (i) an annual administrative fee of \$250,000.00, which shall be paid in two payments of \$125,000.00 each on July 1 and January 1 or each year of the Term; and (ii) the full ORM invoiced amount for malpractice insurance for the Health Care Providers for each fiscal year, which amount shall not exceed the actual costs to HCSD and which shall be payable within thirty (30) days of any invoices related thereto.

b. Timing of Payment. Operator shall pay the amounts owed to Contractor for the Clinical Services within twenty (20) days of the Hospital’s receipt of Contractor’s monthly invoice.

c. Allocation of Health Care Provider Time; Contractor Invoices. Pursuant to the requirements of Medicare, Medicaid, and other third-party payer programs, the compensation received by Contractor under this Agreement must be apportioned on the basis of the administrative teaching, research and professional components of the Clinical Services. Contractor shall, upon the Manager’s reasonable request, promptly prepare and submit to the Hospital such Health Care Provider time allocation forms and time records as are deemed by the Hospital to be required by Medicare, Medicaid and other third-party payer programs. Contractor shall submit monthly invoices to the Hospital with respect to said Clinical Services and shall incorporate the performance standard evaluations as set forth in the attached Exhibit C, as amended from time to time. Contractor’s invoices and supporting records shall be subject to review and audit by the Manager. Contractor shall only invoice for salary lines which are actually provided under this Agreement; otherwise, the compensation terms set forth on Exhibit B shall be reduced by any salary line that is not so provided.

d. Set Off. In the event that the Hospital or the Manager in good faith determines that certain costs for which Contractor has been reimbursed pursuant to this Agreement

are not allowable costs under this Agreement, the Hospital shall have the right to set off and withhold said amounts from any amount due to Contractor hereunder.

6. **TERM.** This Agreement shall be effective as of the Effective Time and shall continue in full force and effect until 11:59:59 pm CST on June 30, 2014 (the "**Term**"). At least One Hundred Twenty (120) days prior to the expiration of the Term, Operator and Contractor shall enter into negotiations to determine the Clinical Services and compensation to be provided in a new agreement between the Parties commencing on July 1, 2014, if any.

7. **TERMINATION.**

a. Termination by Mutual Consent or Without Cause. This Agreement may be terminated by the mutual, written consent of the Parties. Further, either Party may terminate this Agreement without cause upon sixty (60) days prior written notice to the other Party.

b. Termination for Breach. Except as more specifically set forth below, either Party may terminate this Agreement upon breach by the other Party of any material provision of this Agreement, provided such material breach continues for thirty (30) days after receipt by the breaching Party of written notice of such breach from the non-breaching Party without the breaching Party commencing a cure of said breach within the thirty (30) day period and diligently prosecuting said cure (even if the cure is not complete within such thirty [30] day period).

c. Termination for Changes in Law. Should any law, regulation or procedure of the government or any governmental agency, or the Parties reasonable interpretation thereof, require a change which materially affects the ability of a Party to satisfy any provision of this Agreement, the Parties shall renegotiate, in good faith, the affected provision so that such provision can be satisfied in accordance with such law, regulation or procedure, and the Parties agree to add an addendum to this Agreement bringing the Agreement into compliance with such law. If the Parties are unable, within ninety (90) days, to agree on an acceptable change to the affected provision, the provision shall be severed in accordance with Section 10(l) below. If such severance materially affects the administration of this Agreement, either Party may terminate this Agreement upon no less than thirty (30) days' prior written notice to the other Party.

d. Effect of Termination. As of the effective date of termination of this Agreement, neither Party shall have any further rights or obligations hereunder except:

- i. as otherwise provided herein;
- ii. for rights and obligations accruing prior to such effective date of termination; or
- iii. arising as a result of any breach of this Agreement.

8. **STATUS OF CONTRACTOR AND HEALTH CARE PROVIDERS.**

a. Independent Contractor. The Clinical Services provided by Contractor pursuant to this Agreement shall be as an independent contractor. In providing the Clinical Services to the Hospital, the Health Care Providers will be acting in the course and scope of their employment, appointment, or assignment for, or on behalf of, Contractor and shall not be entitled to

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receive or accept from Operator or the Manager any remuneration or other compensation whatsoever for the Clinical Services. It is expressly acknowledged and stipulated by the Parties that each Health Care Provider providing Clinical Services to the Hospital is and shall be an employee or contractor solely of Contractor and shall not, for any purpose whatsoever, be or be considered an employee, representative, or agent of Operator.

b. No Employer/Employee Relationship. Nothing in this Agreement is intended, and nothing in this Agreement shall be construed, to create an employer/employee relationship or a joint venture relationship between the Parties or to allow Operator, the Hospital or the Manager to exercise control or direction over the manner or method in which Contractor or the Health Care Providers perform the Clinical Services; provided always that the Clinical Services shall be provided by Contractor and the Health Care Providers in a manner consistent with the standards governing such Clinical Services and the provisions of this Agreement. The provisions set forth in this Section 8 shall survive expiration or other termination of this Agreement, regardless of the cause of such termination.

c. Incurring Liabilities. Neither Party shall have the authority to bind the other Party under any contract or agreement or incur any debts or other obligations on behalf of the other Party.

d. Statutory Employer. Notwithstanding the foregoing, and to the extent allowed by law, for purposes of the Louisiana Workers' Compensation Law, LA R.S. 23:1021 *et seq.*, Operator and Contractor agree that the Clinical Services performed by Contractor and the Health Care Providers are an integral part of and are essential to the ability of Operator to generate Operator's goods, products and/or services, and that the Clinical Services of Contractor and/or the Health Care Providers shall be considered part of Operator's trade, business, and occupation, for purposes of LA R.S. 23:1061(a)(1). Furthermore, the Parties agree that Operator is the principal or statutory employer of the Health Care Providers for purposes of LA R.S. 23:1061(a) only. Irrespective of Operator's status either as the statutory employer or as the special employer (as defined in LA R.S. 23:1031(C)) of the Health Care Providers, and regardless of any other relationship or alleged relationship between Operator and the Health Care Providers, Contractor shall be and remain at all times primarily responsible for the payment of Louisiana Workers' Compensation benefits to its employees, and neither Contractor nor its underwriters shall be entitled to seek contribution for any such payments from Operator or the Hospital.

e. Tax Treatment. Contractor understands and agrees that:

- i. Contractor and the Health Care Providers will not be treated as employees of Operator for federal tax purposes;
- ii. Operator will not withhold on behalf of Contractor or the Health Care Providers any sums for income tax, unemployment insurance, social security, or any other withholding pursuant to any law, or make available to Contractor or the Health Care Providers any of the benefits afforded to employees of the Operator; and
- iii. All such payments, withholdings, and benefits, if any, are the sole responsibility of Contractor.

In the event that the Internal Revenue Service or any other governmental agency should question or

challenge the status of Contractor or the Health Care Providers, the Parties hereto mutually agree that both Contractor and Operator shall have the right to participate in any discussion or negotiation occurring with such agency or agencies, irrespective of whom or by whom such discussions or negotiations are initiated.

## 9. INSURANCE.

a. Contractor's Insurance Obligations. Contractor agrees to furnish Operator, upon request, a Certificate of Insurance providing evidence that Contractor is covered for worker's compensation and general liability under the plan administered by the Louisiana State Office of Risk Management. Contractor warrants that Contractor and the Health Care Providers are provided professional liability coverage in accordance with the provisions of Louisiana Revised Statutes 40:1299.39, *et seq.*, for the Clinical Services. With respect to liability arising out of medical malpractice, the obligation of Contractor shall not exceed the amount payable by the State Health Care Provider Fund pursuant to the provisions of Louisiana Revised Statutes 40:1299.39, *et seq.*

b. Operator's Insurance Obligations. During the Term of this Agreement, Operator shall maintain the insurance coverage required by the CEA.

c. Overpayments. Each Party shall be responsible for refunding any excess amounts or overpayments which that Party receives or received from third-party payers.

## 10. GENERAL PROVISIONS.

a. Nonexclusivity. The Clinical Services are provided to Operator on a nonexclusive basis, and this Agreement in no way shall be construed to limit or impede Contractor's right to provide similar or related services to any other person or entity or Operator's right to purchase or otherwise acquire similar or related services from any other person or entity.

b. Legal Representation of the Parties. This Agreement and the Exhibits attached hereto were negotiated by the signatories hereto with the benefit of legal representation, and any rule of construction or interpretation otherwise requiring this Agreement and/or the Exhibits attached hereto to be construed or interpreted against any signatory hereto shall not apply to any construction or interpretation hereof.

c. Expenses. Except as otherwise provided in this Agreement, each Party to this Agreement will bear its respective fees and expenses incurred in connection with the preparation, negotiation, execution and performance of this Agreement, including all fees and expense of its representatives. If this Agreement is terminated, the obligation of each Party to pay its own fees and expenses will be subject to any rights of such Party arising from a breach of this Agreement by another Party.

d. Entire Agreement; Modification. This Agreement and the Exhibits attached hereto, all as amended, contains the entire understanding of the Parties with respect to the subject matter hereof and supersedes all prior agreements, oral or written, and all other communications between the Parties relating to such subject matter. Notwithstanding the foregoing, the Parties acknowledge that in the event that any provisions of this Agreement conflict with the provisions of the CEA, the provisions of the CEA shall govern. This Agreement may not be amended or modified

except by mutual written agreement.

- e. Incorporation of Recitals and Exhibits. The Parties agree and acknowledge that the foregoing recitals are true and correct, are incorporated herein by reference and are made a part hereof in their entirety. The Parties agree and acknowledge that the Exhibits attached hereto are incorporated herein by reference and are made a part hereof in their entirety.
- f. Governing Law and Venue. This Agreement has been executed and delivered in and shall be interpreted, construed and enforced pursuant to and in accordance with the laws of the State of Louisiana. All duties and obligations of the Parties created hereunder are performable in Louisiana, and East Baton Rouge Parish, Louisiana, shall be the sole and exclusive venue for any litigation, special proceeding, or other proceeding between the Parties that may be brought or arise out of or in connection with or by reason of this Agreement. The provisions set forth herein shall survive expiration or other termination of this Agreement regardless of the cause of such termination.
- g. Counterparts. This Agreement and any amendments hereto shall be in writing and may be executed in multiple copies by Operator and Contractor. Each multiple executed copy shall be deemed an original, but all multiple copies together shall constitute one and the same instrument.
- h. Enforcement and Attorneys' Fees. If it becomes necessary for one Party to employ the services of an attorney for the protection and enforcement of its rights under this Agreement, or to interpret this Agreement, or to compel performance of the other Party's obligations under this Agreement, the Party prevailing in such action shall be entitled to recover from the other Parties the cost of such action so incurred, including, without limitation, reasonable attorneys' fees, costs and necessary disbursements prior to trial, at trial and on appeal, in addition to any other relief to which such Party shall be entitled.
- i. Authority. Each Party represents and warrants that it has the right, authority and power to enter into this Agreement. Each individual who has executed this Agreement is of the full age of majority, is competent, and has the authority to execute this Agreement on behalf of the entity which he/she represents.
- j. Gender and Number. Whenever the context herein requires, the gender of all words shall include the masculine, feminine, and neuter and the number of all words the singular and plural.
- k. Additional Assurances. The provisions of this Agreement shall be self-operative and shall not require further agreement by the Parties except as may be herein specifically provided to the contrary. Notwithstanding the foregoing, each of the Parties shall, at any time and from time to time at and after the execution of this Agreement, upon the reasonable request of another Party, take any and all steps reasonably necessary to consummate this Agreement and the transactions contemplated hereby, and will do, execute, acknowledge and deliver, or will cause to be done, executed, acknowledged and delivered, all such further acts, deeds, assignments, transfers, conveyances, powers of attorney and assurances as may be required to consummate this Agreement and the transactions contemplated hereby.

1. Severability. If an arbitrator or a court of competent jurisdiction finds any term of this Agreement or any Exhibit attached hereto to be invalid, illegal, or unenforceable, then that term will be curtailed, limited or deleted, but only to the extent necessary to remove the invalidity, illegality, or unenforceability, and without in any way affecting or impairing the remaining terms.

m. Notices. All notices hereunder shall be in writing, delivered personally, by certified or registered mail, return receipt requested, or by overnight courier, and shall be deemed to have been duly given when delivered personally or three (3) days after being deposited in the United States mail, postage prepaid, or one (1) day after being deposited with the overnight courier, addressed as follows:

If to Operator:

Southern Regional Medical Corporation  
1978 Industrial Boulevard  
Houma, LA 70363  
Attn: Chief Executive Officer

with a copy to:

Legal Department  
Chabert Operational Management  
Company, L.L.C.  
1514 Jefferson Highway  
New Orleans, LA 70121

If to Contractor:

Board of Supervisors of Louisiana State University  
and Agricultural and Mechanical College  
3810 West Lakeshore Drive  
Baton Rouge, Louisiana 70808  
Attn: Executive Vice President for Health Care

with a copy to:

LSU System Office  
3810 West Lakeshore Drive  
Baton Rouge, Louisiana 70808  
Attn: Vice President of Health Affairs

with a copy to:

LSU Health Care Services Division  
5429 Airline Highway  
Baton Rouge, Louisiana 70805  
Attn: Chief Executive Officer

with a copy to:

Taylor, Porter, Brooks & Phillips, L.L.P.  
Attn: Jon N. "Blue" Loupe  
451 Florida St., 8<sup>th</sup> Floor  
Baton Rouge, Louisiana 70801

or to such other persons or places as either Party may from time to time designate by written notice pursuant to this Section 11(m).

n. Waiver. No waiver by any Party of any breach of this Agreement no matter how long continuing nor how often repeated, shall be construed as a waiver of any subsequent breach; nor shall any delay or omission by any Party to exercise any right under this Agreement be construed as a waiver of that right. No waiver shall be deemed valid unless it is in writing and signed by an authorized representative of each affected Party.

o. Captions. The captions contained herein are used solely for convenience and shall not be deemed to define or limit the provisions of this Agreement.

p. Assignment; Binding Effect. Except as expressly set forth in this Agreement, no Party may assign any of its rights or delegate any of its obligations under this Agreement without the prior written consent of the other Parties. Subject to the preceding sentence, this Agreement will apply to, be binding in all respects upon and inure to the benefit of the successors and permitted assigns of the Parties.

q. No Third-Party Beneficiaries. Nothing in this Agreement shall be construed as conferring any benefit, either directly or indirectly, on any person or entity not a Party to this Agreement.

r. Referrals. The Parties acknowledge that none of the benefits granted Contractor or any Health Care Provider hereunder are conditioned on any requirement that Contractor or any Health Care Provider make referrals to, be in a position to make or influence referrals to, or otherwise generate business for, Operator, Terrebonne, the Manager or the Hospital. The Parties further acknowledge that no Health Care Provider is restricted from establishing staff privileges at, referring any patient to, or otherwise generating any business for, any other hospital or health care facility of his/her choosing. In the event a Health Care Provider hospitalizes a patient, or if a Health Care Provider deems any ancillary service necessary, said Health Care Provider shall be free to use any hospital or ancillary services he or she deems appropriate, in his or her sole discretion. Furthermore, the Parties agree that the compensation paid to Contractor under this Agreement, combined with any additional compensation Contractor receives from a third party(ies), represents the fair market value of the Clinical Services provided.

s. Force Majeure. Neither Party shall be liable nor deemed to be in default for any delay or failure in performance under this Agreement or other interruption of service or employment deemed resulting, directly or indirectly, from Acts of God, civil or military authority, acts of public enemy, war, accidents, fires, explosions, earthquakes, floods, failure of transportation, nonappropriation, strikes or other work interruptions by either Party's employees, or any similar or dissimilar cause beyond the reasonable control of either Party. In such an event, and if: (i) the Hospital or any of its clinics or departments are closed; and/or (ii) the Health Care Providers are unable to provide Clinical Services as required by this Agreement, Operator shall guaranty payment to Contractor for each day during which Health Care Providers are unable to provide Clinical Services, up to a maximum of three (3) days. The daily compensation rate shall be based on the compensation that was due Contractor for the workday immediately preceding the event. Contractor shall cooperate with the Hospital in providing appropriate documentation to the Federal Emergency Management Agency ("*FEMA*") for reimbursement of such compensation.

**[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK  
SIGNATURES ON FOLLOWING PAGES]**

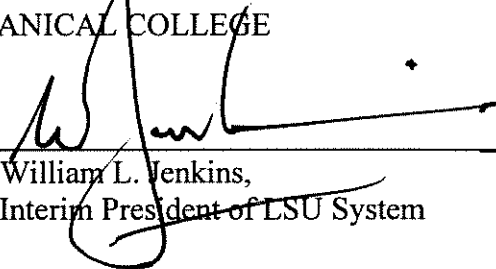
Signature Page for Clinical Services Agreement

**THUS DONE AND SIGNED** by Contractor as of the 23<sup>rd</sup> day of June,

2013:

**CONTRACTOR:**  
BOARD OF SUPERVISORS OF  
LOUISIANA STATE UNIVERSITY  
AND AGRICULTURAL AND  
MECHANICAL COLLEGE

By:

  
\_\_\_\_\_  
William L. Jenkins,  
Interim President of LSU System



Signature Page for Clinical Services Agreement

THUS DONE AND SIGNED by Operator as of the 23<sup>rd</sup> day of June, 2013:

**OPERATOR:**  
SOUTHERN REGIONAL MEDICAL  
CORPORATION

By: Phyllis Peoples  
Name: Phyllis Peoples  
Title: Executive Chief Executive Officer