

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (MOU) is made and entered into effective this 1st day, of September, 2016, by and among BOARD OF SUPERVISORS OF LOUISIANA STATE UNIVERSITY AND AGRICULTURAL AND MECHANICAL COLLEGE (LSU), a public constitutional corporation of the State of Louisiana, represented herein by its President, OUR LADY OF THE LAKE HOSPITAL, INC., a Louisiana non-profit corporation (OLOL); the STATE OF LOUISIANA, acting through the Commissioner of Administration (State), and the LOUISIANA DEPARTMENT OF HEALTH (LDH), acting through its Secretary. OLOL, LSU, LDH and the State are referred to together as the "Parties" and each as a "Party" throughout this MOU.

RECITALS

WHEREAS, the Parties have, effective May 5, 2010, entered into a Cooperative Endeavor Agreement (CEA) for the public purposes set forth therein, as well as multiple related agreements (individually, a "Related Agreement," and collectively, the "Related Agreements"). LDH joined in the execution of that CEA only for purposes of consenting and agreeing to the terms set forth in certain identified sections and Articles. The Parties entered into an amendment thereof effective April 5, 2013, related to clinic operations;

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

WHEREAS, in maintaining this goal, the Parties also have the goal of achieving a significant level of collaboration and cost efficiencies in joint program development, prioritization, implementation, accountability, and mechanisms of funding GME Programs in general and the LSU GME Programs in particular. Further, the parties are committed to providing the highest quality of health care services to all residents of the State in the most efficient manner possible;

WHEREAS, in order to meet these goals, the Parties agree that they must further specify key services that must be provided and understand that financial efficiencies must be achieved;

WHEREAS, during the time period in which the above referenced CEA and Related Agreements have been in effect, the Parties have learned that the system of health care delivery and medical education must be further reformed in order to be sustainable;

WHEREAS, in order to begin the process of reformation of these partnerships and delivery systems, the Parties agree that the CEA and, to the extent applicable the Related Agreements must be modified in key areas and, in the interim, the Parties agree that this MOU will supersede the terms of the CEA in effect as of May 5, 2010, as amended effective April 5, 2013, as well as any Related Agreements, so long as this MOU is in effect;

WHEREAS, the Parties believe this MOU is necessary to, among other valuable public purposes; (1) stabilize healthcare delivery and medical education; (2) optimize the resources available to further build upon the health care training and delivery experience in the applicable region; (3) continue to enhance and provide access to a full range of clinical care services to recipients in the applicable area; and (4) promote better health care in Louisiana and provide the impetus for shifting to a more value-based, outcomes driven delivery system;

WHEREAS, in order to achieve these goals, the Parties agree that they need to work collaboratively to ensure that delivery of health care is budget driven in order to maintain optimal efficiencies; and

WHEREAS, the Parties expressly agree, notwithstanding anything to the contrary, the provisions of this MOU will control and supersede any provisions contained in the CEA and/or Related Agreements to the contrary as of its effective date.

NOW, THEREFORE, the Parties agree as follows:

1. Notwithstanding any language in the CEA or any Related Agreement to the contrary the parties expressly agree that, until this MOU terminates, the provisions of this MOU will control where the language conflicts with any underlying CEA or any Related Agreement Provisions. Further, the parties agree that where this MOU does not expressly contradict the CEA or any Related Agreement, the CEA provisions, including all public purpose provisions, remain in effect.
2. Notwithstanding any Cost Analysis Worksheet submitted to the contrary or evidencing higher expenditures, OLOL agrees and understands that its FY17 budget for supplemental FMP/UPL payments due under the CEA is \$111,900,000. OLOL will be paid up to this amount subject to the amount substantiated in the Cost Analysis Worksheets for state fiscal year ending June 30, 2017. All parties agree that the above budgeted amount represents the maximum obligation of the State for supplemental FMP/UPL payments due under the CEA for the fiscal year ending June 30, 2017.
3. OLOL agrees that it will establish a licensed emergency room as an outpatient department of OLOL that is planned to be located at the existing clinic location on Airline Highway in Baton Rouge, Louisiana. By June 30, 2017, the State will provide to OLOL funding in the amount of \$5,500,000 to expand access and improve healthcare in this underserved area. Such amount will be paid in regular installments throughout the year consistent with current supplemental payment programs.
4. If OLOL has contracted with LSU for data warehouse, diseases management and related health care effectiveness services designed to improve quality and patient outcomes, and reduce the cost of health care services, particularly among the uninsured and high risk Medicaid populations in order to comply with provisions of the CEA or any Related Agreement, OLOL may terminate such contracts and generate savings to OLOL. While the goals mentioned above remain valid, in lieu of contracting with LSU, OLOL will work in good faith with the State to establish the terms of its participation in a data metrics program implemented by LDH. Further, OLOL agrees to work in good faith with

LDH to establish terms of participation and implementation of pilot programs, quality incentives and other programs developed by LDH to support the purposes and goals of the CEA.

5. As to the fiscal year beginning July 1, 2017, the parties agree that they will negotiate in good faith regarding the payment of costs, other than Title XIX per diems for any department or satellites of OLOL, other than the main campus located on Essen Lane in Baton Rouge, the Urgent Care Center located at 5439 Airline Highway, and outpatient clinic locations previously operated by LSU under the license of the now-closed Earl K. Long Medical Center
6. OLOL will receive a payment of \$18,100,000 in partial settlement of Cost Analysis Worksheets for the fiscal years ending 2013, 2014 and 2015. The parties agree to negotiate in good faith regarding any additional sums that may be owed for any of the prior years.
7. OLOL agrees to contract with LSU to obtain the services of LSU physicians and related services necessary to provide patient care in the Hospital and its provider-based outpatient clinics. LSU and OLOL will assess the current payment formula under the existing agreement for such services to confirm, and update if appropriate, that such formula is within the range of fair market value supported by data compiled by Association of American Medical Colleges or other similar sources, and OLOL agrees to pay LSU amounts due under such agreement within 30 calendar days of receipt of an invoice and all supporting documentation for the amounts invoiced.
8. OLOL agrees that it will reevaluate all cost centers of the hospital in order to promote the most efficient operating manner possible and to lessen the financial burden of the State of Louisiana. Specifically, at times, OLOL will act in good faith to provide services in a manner such that costs for which reimbursement is made under this MOU and the CEA are incurred in the most economical manner possible while still achieving high quality and positive patient outcomes.
9. This MOU shall terminate on June 30, 2017 unless modified by a subsequent MOU or CEA.
10. Funding and payments required by LSU, the State of Louisiana, and/or LDH are conditioned upon and subject to legislative appropriation and BA-7 approval by the Joint Legislative Committee on the Budget (JLCB).

SIGNATURE PAGE FOR MEMORANDUM OF UNDERSTANDING

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

BOARD OF SUPERVISORS OF LOUISIANA STATE UNIVERSITY AND AGRICULTURAL AND MECHANICAL COLLEGE, a public Constitutional corporation of the State of Louisiana

By: F. King Alexander 9/13/16
F. King Alexander, President Date

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

By: K. Scott Wester 9/15/16
K. Scott Wester, CEO Date

STATE OF LOUISIANA, THROUGH THE DIVISION OF ADMINISTRATION

By: Jay Dardenne 9/15/16
Jay Dardenne, Commissioner Date

LOUISIANA DEPARTMENT OF HEALTH

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