

## MANAGEMENT SERVICES AGREEMENT

This Management Services Agreement (this "Agreement") is made and entered into this 1st day of April, 2012 (the "Effective Date") by and between the Collin County Healthcare Foundation, a Texas non-profit corporation ("the County"), and Centennial Medical Center, ("Centennial").

Tenet Frisco, Ltd. d/b/a



### RECITALS

A. The County is a Texas non-profit corporation established by Collin County in 1983 to perform administrative services to assist Collin County in the provision of high quality, affordable healthcare services to citizens of Collin County.

B. Centennial is a private acute care hospital located in Frisco, Texas.

C. Centennial has entered, or will enter, agreements with providers (each a "Provider" and, collectively, the "Providers") whereby each Provider will provide healthcare services to low-income patients that meet certain criteria (collectively, the "Provider Agreements").

D. Centennial and County wish to enter into this Agreement to establish and maintain uniform and consistent delivery of economically efficient administrative and support services to enable Centennial to provide the highest quality of care to patients.

### AGREEMENT

NOW, THEREFORE, in consideration of the premises, the mutual covenants and promises hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto do hereby contract and agree as follows:

### ARTICLE I COUNTY OBLIGATIONS

During the term hereof, County hereby agrees to provide to Centennial the following services (the "Management Services") necessary to the daily operations of managing and supervising the Provider Agreements including, without limitation, the following:

**Section 1.1 Management Services and Administration.** County shall provide qualified staff support personnel who shall provide management supervision of the Provider Agreements. Support personnel may include independent contractors and shall have the necessary operational and financial authority to manage the business operations of the Provider Agreements to the extent such operational and financial authority has explicitly been delegated to said third party by County, including, without limitation, the following:

A. Maintain and verify Certificates of Insurance for medical professional liability indemnity coverage for each Provider, where applicable.

B. Maintain and verify all state and federal licensure requirements for Providers including, but not limited to Drug Enforcement Administration registration and Texas Medical Board or state department licensure, where applicable.

C. Establish and enforce policies and procedures regarding the production and storage of medical records, where applicable.

D. Collect and maintain documentation regarding immunization status of Providers, where applicable.

E. Conduct case conferences, medical consultation, medical education programs, and other programs and activities relating to care delivered to patients through Centennial' Provider Agreements, where applicable.

F. Perform such other services as the parties shall mutually agree to in writing at any time or times during the term of this Agreement.

G. County shall accept notice from Providers when a Provider has had his or her license to practice medicine in the state suspended, revoked, or restricted. In the event County receives such notice from a Provider, or County determines a Provider is not in compliance with any state or federal rule, regulation, statute, or standard, or is not functioning within the best interests of Centennial, County, or patients served through Centennial's Provider Agreements, County shall notify Centennial and Provider where applicable. County shall verify that appropriate corrective action is taken with respect to such Provider.

H. County agrees to abide by any and all applicable Federal and/or state equal opportunity statutes, rules and regulations, all as may be amended from time to time.

**Section 1.2 Eligibility Determinations.** County shall screen applicants to determine patients' eligibility for health care services provided under Provider Agreements, subject to and in accordance with criteria set forth in each Provider Agreement. Once an applicant has been determined to be eligible under Provider Agreement criteria, County shall immediately refer applicant to the appropriate Provider.

**Section 1.3 Provider Agreements.** County shall assist with the preparation, negotiation and review of Provider Agreements for Centennial. Such Provider Agreements shall contain express provisions for potential assignment as is contemplated under Sections 1.4, 2.3 and 3.4 herein.

**Section 1.4 Acceptance of Assignment.** At any time, upon seven (7) days' written notice to County, Centennial may assign the Provider Agreements, individually or collectively, to County, and County agrees to accept such assignment. Centennial shall act in good faith with Providers to avoid assignment of a Provider Agreement to County.

**Section 1.5 Review of Invoices from Providers.** If applicable, County or its administrator shall process invoices from Providers in accordance with Centennial's payment obligations set forth in each Provider Agreement, and upon reviewing the appropriateness of such invoices shall provide corresponding funding notices to Centennial.

**Section 1.6 Limitation on County Reporting.** County support personnel, described in Section 1.1, may only provide to other departments or the County Commissioners the records and reports generated as a result of their Management Services hereunder once each quarter as part of Centennial's quarterly report to County.

**Section 1.7 Facilities, Fixtures and Equipment.** County shall provide and maintain facilities, equipment and support services as reasonably appropriate for the efficient operation and the provision of the Management Services hereunder. All salaries, wages, taxes, insurance, workers' compensation insurance and other expenses and benefits incidental to the employment by County of such non-physician personnel, described above, will be the responsibility and obligation of County. The selection and retention, as well as direction and control, of such personnel shall at all times rest with County. Notwithstanding the foregoing, to the extent the County delegates certain of the Management Services to one or more independent contractors, the provisions of this Section 1.7 shall not alter the compensation arrangements set forth in such independent contractor relationship.

**Section 1.8 Financial Reports.** Upon its receipt of invoices from Providers, County shall review such invoices within the applicable timeframe set forth in the Provider Agreements.

A. County shall analyze each invoice and any supporting documentation in comparison with the services provided by the Providers and provide a summary for Centennial, including the services performed by Provider and the services required by the Provider Agreements but not provided by Providers.

B. As part of this summary, County will (i) suggest adjustments to the compensation to Providers; and (2) provide a summary of any disputed amounts to Centennial.

**Section 1.9 Administrative and Financial Decisions.** County shall assist Centennial in making administrative and financial decisions relating to the administration of the Provider Agreements to the full extent permitted by state law as they relate to the practice of medicine.

**Section 1.10 Collections.** To the extent County collects payments from patients, for services Centennial provides under Provider Agreements, the parties agree that the amounts collected by County shall be the property of Centennial and shall be transferred from County to Centennial on either a weekly or monthly basis.

## ARTICLE II CENTENNIAL OBLIGATIONS

**Section 2.1 Retention of County.** Centennial hereby agrees that County shall provide the Management Services in the manner and to the extent specified herein. Centennial agrees to make available to County the information required to perform the Management Services on behalf of Centennial. Centennial shall work with any third party administrator County designates to assist in carrying out the delivery of its Management Services hereunder.

**Section 2.2 Assignment of Provider Agreements.** Upon request of County, with seven (7) days' prior written notice, Centennial shall assign the Provider Agreements, individually or collectively, to County.

**Section 2.3 Notify Providers of Assignment of Provider Agreements.** In the event of assignment of a Provider Agreement pursuant to Section 1.4 or Section 2.2, Centennial shall be responsible for providing written notification of the assignment to each Provider.

**Section 2.4 Notify County of Changes in Providers.** In the event any additional party shall become a Provider or Centennial intends to terminate any Provider Agreement, Centennial shall give ten (10) days' prior written notice of such change to County.

**Section 2.5 Payment for Health Care Services.** Except as expressly provided in this Agreement, Centennial shall be and remain responsible for the payment of compensation to Providers as required pursuant to the Provider Agreements.

### **ARTICLE III TERM AND TERMINATION**

**Section 3.1 Term.** This Agreement shall remain in full force and effect for a term of one (1) year from and after the Effective Date, and for so long thereafter until either party hereto gives the other party at least thirty (30) days' prior written notice of its election to terminate this Agreement. If all of the Provider Agreements are assigned to County or terminated, this Agreement shall automatically terminate.

**Section 3.2 Termination by Agreement.** In the event County and Centennial shall mutually agree in writing, this Agreement may be terminated on the terms and date stipulated therein.

**Section 3.3 Termination without Cause.** This Agreement may be terminated by either party without cause upon thirty (30) days' prior written notice to the other.

**Section 3.4 Assignment on Termination.** Upon termination of this Agreement pursuant to Sections 3.2 or 3.3 above, Centennial may immediately assign the Provider Agreements to County, and County shall accept such assignment.

### **ARTICLE IV MISCELLANEOUS**

**Section 4.1 Laws and Regulations.** The parties hereby acknowledge and agree that the respective rights, powers, duties and responsibilities of Centennial and County may be limited by changes to applicable federal, state and local laws and regulations, or by changes to the interpretation or application thereof, affecting Centennial and the services to be provided by County. Centennial and County agree to comply fully with all applicable laws and regulations in the performance of their responsibilities. Both parties covenant and agree to negotiate in good faith to implement any necessary changes with the goal of maintaining the basic structure of this Agreement and the rights and duties established by this Agreement.

**Section 4.2 Governing Law.** This Agreement shall be governed, interpreted and construed according to the laws of the State of Texas, excluding any such law that would direct the application of the law of a different jurisdiction.

**Section 4.3 Entire Agreement.** This Agreement constitutes the sole and entire agreement between the parties and supersedes all previous agreements or understandings relating to the subject matter hereof. This Agreement shall be binding upon and inure to the benefit of each of the parties, their respective heirs, successors and permitted assigns.

**Section 4.4 Severability.** If any provision, covenant or condition in this Agreement, or the application thereof to any person or circumstance, shall to any extent be held by a court to be illegal, void or unenforceable, the validity of the remaining portions of this Agreement shall not be affected, and the rights and obligations of the parties shall be enforced to the fullest extent possible as if the Agreement did not contain such provision or condition.

**Section 4.5 Legal Action.** In the event either party resorts to legal action against the other party to enforce the terms and provisions of this Agreement, each party will pay its own costs of such action, including, without limitation, the legal fees and related costs in connection therewith.

**Section 4.6 Failure to Declare Default; Waiver.** The failure of either party to declare any default, breach or violation of any provisions of this Agreement immediately upon the occurrence thereof, or delay in taking any action in connection therewith, shall not waive such default, breach or violation, but said party shall have the right to declare any such default at any time. Any waiver by a party of a default, breach or violation of this Agreement shall not operate as or be construed to be a waiver of any subsequent breach thereof.

**Section 4.7 Paragraph Headings.** The article and paragraph headings contained in this Agreement are for convenience of reference only and shall in no manner be construed as a part of this Agreement or be used in the interpretation of anything in this Agreement.

**Section 4.8 Independent Contractor.** It is mutually understood and agreed that County and Centennial are at all times acting and performing as independent contractors under this Agreement. Neither party shall have nor exercise any control or direction over the methods by which the other party performs its management or professional services except as expressly granted by the terms of this Agreement. No relationship of employer and employee is created by this Agreement. In no event will this Agreement be construed as establishing a partnership or joint venture or similar relationship between the parties.

**Section 4.9 Third Party Beneficiaries.** This Agreement is entered into for the sole benefit of County and Centennial. Nothing contained herein or in the parties' course of dealings shall be construed as conferring any third party beneficiary status on any person or entity not a party to this Agreement, including, without limitation, any Provider or its employee or representative.

**Section 4.10 Confidentiality.** To the extent allowed by law, this Agreement is confidential and its substance may only be disclosed to the parties hereto, appropriate third parties (such as insurance carriers and government agencies) as mutually agreed upon by the parties hereto, or such parties as may be required by law. Furthermore, in the performance of this Agreement there may be an exchange of data, which is confidential and proprietary in nature. To the extent either party notifies the other that any information released by that party to

the other (including information such as plans for the expansion, relocation or further development of Centennial and/or the operations of County) is confidential, the other party agrees to maintain the confidentiality of that information and not to disclose it to others (excepting officers or employees of the parties having a legitimate need to know) to the extent allowed by law. The parties understand and agree that County may be subject to Texas public records laws and to the extent County is ordered by an appropriate authority to release information made confidential hereunder, it may do so without further recourse under this Agreement. In such event, County shall endeavor to notify Centennial of its intent to release information made confidential herein.

**Section 4.11 Representations and Warranties.** Centennial and County each independently represent and warrant that neither Centennial, County, nor any of their representatives are (i) 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) convicted of a criminal offense related to the provision of health care items or services but not yet excluded, debarred, or otherwise declared ineligible to participate in the Federal health care programs; or (iii) under investigation or otherwise aware of any circumstances which may result in the exclusion of Centennial or County, or any of their representatives from participation in Federal health care programs.

**Section 4.12 Compliance with HIPAA and Access to Records.**

A. To the extent applicable to this Agreement, Centennial and County agree 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. Section 1320d *et seq.* ("**HIPAA**") and any current and future regulations promulgated under 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 amended from time to time and, all collectively referred to herein as "**HIPAA Requirements**". Centennial and County agree not to use or further disclose any Protected Health Information (as defined in the Federal Privacy Regulations) or EPHI (as defined in the Federal Security Regulations), other than as permitted by the HIPAA Requirements and the terms of this Agreement. In addition, Centennial and County agree to comply with any state laws and regulations that govern or pertain to the confidentiality, privacy, security of, and electronic transactions pertaining to, health care information.

B. 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, Centennial and County shall make available those contracts, books, documents and records necessary to verify the nature and extent of the costs of providing services under this Agreement. Such inspection shall be available for up to four (4) years after the rendering of such services. If Centennial or County carry out any of the duties of this Agreement through a subcontract with a value of \$10,000.00 or more over a twelve (12) month period with a related individual or organization, Centennial and County agree to include this

requirement in any such subcontract. This section is included pursuant to and is governed by the requirements of 42 U.S.C. § 1395x(v)(1) and the regulations thereto.

C. County agrees to abide by any applicable terms included in Centennial's HIPPA Business Associate Agreements with Providers, and County agrees to sign and abide by the HIPPA Business Associate Agreement attached to this Agreement as Exhibit A.

**Section 4.13 Assignment.** Except as provided in this Agreement, neither party shall have the right to assign any of its rights, obligations or performance of professional services hereunder to any other person or entity without the prior written consent of the other party.

**Section 4.14 General.** This Agreement and any affidavit, certificate, instrument agreement or other document required to be provided hereunder may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute but one and the same instrument. Unless the context shall otherwise require, the singular shall include the plural and vice-versa, and each pronoun in any gender shall include all other genders. The terms and provisions of this Agreement constitute the entire agreement among the parties hereto in respect of the subject matter hereof, and neither County nor Centennial has relied on any representations or agreements of the other, except as specifically set forth in this Agreement. This Agreement shall inure to the benefit of, and be binding upon, the parties hereto and their respective successors, trustees, receivers and permitted assigns.

**Section 4.15 Notices.** All notices or other communication permitted or required pursuant to this Agreement shall be deemed validly given when received by personal delivery or by certified mail, return receipt requested, addressed as follows:

**Centennial:** Centennial Medical Center  
12505 Lebanon Road  
Frisco, Texas 75035

**Copy to:** Gjerset & Lorenz, LLP  
2801 Via Fortuna, Suite 500  
Austin, TX 78746

**County:** Collin County Healthcare Foundation  
Collin County McKinney Plaza Location  
825 N. McDonald St.  
McKinney, Texas 75069

or to such other addresses and to such other persons as either party may from time to time designate by notice given as herein provided. Such notices or communications shall be deemed to have been given three (3) days after deposit in the United States mail if sent by regular, registered or certified mail, postage prepaid, or one (1) day after delivery to an overnight delivery service.

**Section 4.16 Waiver; Amendments.** No waiver, alteration, amendment or modification of provisions contained in this Agreement shall be binding unless made in writing and signed by both parties.

**Section 4.17 Immunity Retained.** No Party waives or relinquishes any immunity or defense on behalf of itself, its officers, employees and agents as a result of its execution of this Agreement and the performance of the covenants contained herein.

**Section 4.18 Mediation.** The parties may, but are not obligated to, submit any dispute or controversy arising under or in connection with this Agreement to non-binding mediation.

**Section 4.19 Venue.** This Agreement is executed and shall be performed in whole or in part in Collin County, Texas, where venue shall lie for all purposes.

**Section 4.20 Separate Jurisdiction.**

A. Centennial will retain all jurisdictional powers incident to its separate operation, including, but not limited to, the power to determine its general and fiscal policies and to appoint its administrative officers and other personnel under the terms of this Agreement.

B. County shall retain for its administrative offices all jurisdictional powers incident to separate ownership and operation, including the powers to determine general and fiscal policies and to appoint its administrative officers and other personnel under the terms of this Agreement.

**Section 4.21 No Patient Referrals.** The parties agree that the benefits to Centennial and County hereunder do not require, are not payment for, and are not in any way contingent upon the admission, referral or any other arrangement for the provision of any item or service offered by County, or any affiliate of County, to the patients of Centennial. The parties to this Agreement agree that no payments made hereunder are made in return for, or to induce any person to:

A. Refer an individual to anyone for the furnishing or arranging for the furnishing of items or services for which payment may be made in whole or in part under the Medicare or Medicaid programs; or

B. Purchase, lease, order, or arrange for or recommend purchasing, leasing, or ordering any good, facility, service, or item for which payment may be made in whole or in part under the Medicare or Medicaid programs.

**Section 4.22 Access to Books and Records.** Centennial, or its designees, shall have access during normal business hours to County's records pertaining to Management Services specifically provided to Centennial as kept by County in performing its obligations under this Agreement, including records of collections, expenses, and disbursements. At the request of Centennial, County shall furnish Centennial additional financial information as may be necessary for Centennial to prepare its tax returns. County, or its designees, shall have access during normal business hours to the records of Centennial pertaining to the provision of the services by Providers under the Provider Agreements.


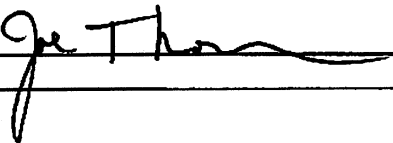
**Section 4.23 Ownership and Availability of Records.** All records maintained by County in connection with the Management Services provide hereunder are and shall remain the property of the Centennial. Records will be made available for review and inspection upon request by Centennial or Providers for purposes of quality assurance, risk management review, and other appropriate purposes.

IN WITNESS WHEREOF, the parties have entered into this Agreement to be effective as of the date first set forth above.

**Collin County Healthcare Foundation:**

 4/3/12

Tenet Frisco, Ltd. d/b/a  
Centennial Medical Center:

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 4/16/12

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