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**AMENDED AND RESTATED
SCHEDULE 2 TO SPOHN MEMBERSHIP AGREEMENT**

PROVISION OF HEALTH CARE SERVICES

CHRISTUS Spohn Health System Corporation ("Spohn") shall provide charity Health Care Services to Nueces County Indigent patients during the term of the Spohn Membership Agreement (the "Agreement") consistent with the following terms.

1. DEFINITIONS

- 1.1. Annual Inflation Adjuster. "Annual Inflation Adjuster" shall mean any average percentage increase in the Consumer Price Index and the Global Insight Hospital Index for the four (4) consecutive calendar quarters ended on March 31 of the Year immediately prior to the commencement date of the applicable Year.
- 1.2. Affiliate. "Affiliate" shall mean any Person that, directly or indirectly, controls, or is controlled by or under common control with, another Person. For purposes of this definition, "control" (including the terms "controlled by" and "under common control with"), as used with respect to any Person, means the power to direct or cause the direction of the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities or by contract or otherwise.
- 1.3. Charity Care. "Charity Care" shall mean the unreimbursed amount (based on Spohn's then existing charges) which Spohn does not receive as a result of providing, funding or otherwise financially supporting health care services on an inpatient or outpatient basis to a person classified by Spohn as "financially indigent" or "medically indigent," or providing funding or otherwise financially supporting health care services through community outreach programs and other health care related organizations, including health care services provided by Spohn to then current enrollees under the District's indigent care program for which Spohn does not receive any reimbursement and who also qualify for Spohn's then current charity guidelines.
- 1.4. Consumer Price Index. "Consumer Price Index" shall mean the Consumer Price Index for All Urban Consumers as published by the United States Department of Labor, Bureau of Labor Statistics, or any comparable successor index prepared and published by the United States government.
- 1.5. Emergency Services. "Emergency Services" shall mean services provided by Spohn at any Spohn Facility to medically screen, stabilize and treat, in accordance with applicable triage requirements under state and federal transfer statutes and regulations as may be from time to time in effect for hospitals in the State of Texas, a medical condition manifesting itself by acute symptoms of sufficient severity, including, without limitation, severe pain, such that the absence of immediate medical attention could be reasonably expected to result in:

- a. Placing the health of the individual, or, with respect to a pregnant woman, her unborn child, in serious jeopardy;
 - b. Serious impairment to bodily functions;
 - c. Serious dysfunction of any bodily organ or part; or
 - d. With respect to a pregnant woman who is having contractions:
 - i. Inadequate time to effect a safe transfer to another hospital before delivery, or
 - ii. A threat to the health or safety of the woman or the unborn child.
- 1.6. “Emergency Services” shall also include any services identified as Emergency Services in the Handbook.
- 1.7. Global Insight Hospital Index. “Global Insight Hospital Index” shall mean the IHS Global Insight Hospital Market Basket Index as published by Global Insight in Health-Care Cost Review, or any comparable successor health care industry index agreed to by the District and Spohn.
- 1.8. Handbook. “Handbook” shall mean the Nueces County Hospital District Indigent Health Care Program Handbook, as amended, modified, or supplemented from time to time in accordance with Section 3.3.
- 1.9. Health Care Services. “Health Care Services” shall mean Medically Necessary (i) Hospital Services, (ii) Physician Health Services, (iii) pharmaceuticals prescribed by a Physician authorized to provide Physician Health Services hereunder—provided, however, that Spohn shall not be required to provide more prescription drugs than it is required to provide pursuant to the applicable provisions of the Handbook, and (iv) pharmaceuticals prescribed in respect of Hospital Services—provided, however, that pharmaceuticals prescribed for use after a patient has been discharged or after the outpatient Hospital Service has been rendered are subject to the limitation set forth in subsection (iii) above, and provided further that pharmaceuticals prescribed to Indigents shall conform to the requirements set forth in the Handbook.
- 1.10. Hospital Services. “Hospital Services” shall mean all inpatient and outpatient hospital services generally offered by Spohn, at any Nueces County Facility, including Emergency Services, which are permitted to be provided by Spohn under the authority of hospital and other facility licenses held by Spohn, in accordance with the statutes and regulations of the State of Texas, and shall also include any service designated as a Hospital Service in the Handbook. Notwithstanding the foregoing, “Hospital Services” shall not include any service provided by a Physician that is a “Physician Health Service,” as defined below.

- 1.11. Indigent. "Indigent" shall mean those persons who meet the definition and eligibility criteria for "Indigent" set forth in the Handbook.
- 1.12. Medically Necessary or Medical Necessity. "Medically Necessary" or "Medical Necessity" shall mean health care services which are determined by the attending Physician or another medical professional, as may be appropriate in each case, to be:
- a. Appropriate and necessary for the symptoms, diagnosis, or treatment of the medical conditions of the Indigent presenting himself or herself for treatment, as determined in accordance with the Utilization Review Plan (as defined below); and
 - b. Provided for the diagnosis or direct care and treatment of the medical condition of the Indigent presenting himself or herself for treatment; and
 - c. Not primarily for the convenience of the Indigent, the Indigent's physician or another provider; and
 - d. The appropriate level of service needed to provide safe and adequate care, subject, where applicable, to the Utilization Review Plan.
- 1.13. Nueces Aid Program. "Nueces Aid Program" shall mean the Indigent Health Care Program administered by the Nueces County Hospital District.
- 1.14. Physician. "Physician" shall mean an individual licensed by the State of Texas to practice medicine within the scope of his or her license, who has fulfilled the requirements for and is a member in good standing of any medical staff of Spohn and is permitted to practice at any Nueces County Facility.
- 1.15. Physician Health Services. "Physician Health Services" shall mean the medical, professional, and ancillary services offered by or in connection with Physicians as part of their medical practice, including, without limitation, diagnostic and therapeutic services provided in such Physician's office setting (including, without limitation, primary, secondary, or tertiary care services, physician assistant and nurse practitioner services, and primary care or consultative Physician services in the specialties of family practice, obstetrics/gynecology, pediatrics, and such other specialties as Spohn may contract with to provide primary, secondary, or tertiary care services hereunder) and such medical, professional and ancillary services identified as Primary Health or Consultative Services in the Handbook. Such Physician Health Services shall be made available at such times and at such location or locations as Spohn, in its reasonable discretion, determines are adequate to make such services reasonably accessible to Indigents.
- 1.16. Spohn Facility. "Spohn Facility" means any health care facility, hospital, medical office or clinic owned or operated by Spohn and designated as a "Spohn Facility" in the Handbook.

- 1.17. Universal Governmental Plan. "Universal Governmental Plan" shall mean a state or federal program adopted after September 30, 1996, which provides for payment to Spohn for providing Health Care Services to Indigents by Spohn, which program may constitute a material restructuring of Medicaid, Medicare or other existing governmental programs that provides coverage to significant number of Indigent individuals including, without limitation, any state or federal program adopted pursuant to the Patient Protection and Affordable Care Act or the Health Care and Education Reconciliation Act of 2010.
- 1.18. Utilization Review Plan. "Utilization Review Plan" shall mean Spohn's utilization review and quality assurance plan, as reasonably applied from time to time by Spohn with respect to Health Care Services. If requested in writing by the District, Spohn will make available a copy of the Utilization Review Plan for the District's review and amend the Utilization Review Plan to incorporate an appeal procedure permitting the District to appeal any Utilization Review Plan or other Medical Necessity decision of Spohn, such appeal procedure to be administered by a nationally or regionally recognized vendor of such services to be engaged by Spohn at Spohn's expense, the selection of which shall be subject to the consent of the District, which consent shall not be unreasonably withheld.
- 1.19. Year. "Year" shall mean the period commencing on October 1 and ending September 30 of the following year, and each twelve-month period thereafter.

2. NUECES AID PROGRAM SERVICES

- 2.1. Provision of Health Care Services. During the term of the Agreement, Spohn shall provide or arrange for the provision of Health Care Services to Indigents without charge at the level and to the extent set forth in the Handbook. Indigents, as defined in Section 1.11 hereto, shall have the ability to access services in all Spohn Facilities, as defined in Section 1.16. Spohn Facilities include each hospital owned or operated by Spohn, including hospitals located outside of Nueces County, Spohn's family health centers, the Dr. Hector P. Garcia – Memorial Family Health Center to be constructed by Spohn consistent with the September 10, 2014 Letter of Intent between Spohn and the District, Spohn's outpatient and ambulatory locations, and any new facilities Spohn may operate for the purpose of providing healthcare to the community. The determination of whether an individual is an "Indigent" eligible to receive Health Care Services hereunder shall be made in accordance with Article 3 hereof. Spohn may, at its option, charge and collect a minimal access fee to any Indigent who seeks care in an emergency room of any Spohn Facility, but whose conditions do not require Emergency Services, to the extent permitted by applicable law. Spohn shall have all responsibility for payment to the Physicians participating with Spohn in the provision of Health Care Services. Spohn shall also provide inpatient hospital and outpatient services to Nueces County jail inmates to the extent such services are not covered in the Health Services Agreement for Nueces County Correctional Facilities among Nueces County, the District and the correctional care services contractor ("Jail Infirmary Contract") that was in effect on December 1, 2013. To the extent the Jail Infirmary Contract with such correctional care services contractor or a successor contractor to such correctional care services contractor

is subsequently terminated or significantly modified to reduce the level of services provided thereunder, Spohn and the District agree to enter into negotiations for Spohn's potential provision of expanded jail infirmary services.

2.2. Psychiatric Services. In addition to the Health Care Services Spohn furnishes to Indigents pursuant to the Handbook in accordance with Section 2.1, Spohn will ensure the appropriate availability of inpatient and outpatient psychiatric and behavioral health services for Indigents during the term of the Agreement. The specific requirements Spohn must fulfill in making these psychiatric and behavioral health services available to Indigents and in maintaining the availability of psychiatric and behavioral health services include:

- a. The location of the inpatient and outpatient psychiatric and behavioral health services Spohn makes available to Indigents will be in Corpus Christi, Texas;
- b. Spohn will furnish or arrange transportation services (including coordination with law enforcement for transportation) for Nueces County Indigents requiring psychiatric and/or medical services between Spohn's inpatient psychiatric facilities and Spohn's off-site service facilities where Indigents can access psychiatric and/or medical services. Spohn will pay for such transportation services if not paid for by another source or furnished by another source without charge;
- c. Spohn will ensure that inpatient Indigents have access to appropriate medications upon a psychiatric discharge, consistent with the limitations in the Handbook;
- d. Spohn shall analyze the most appropriate facility for psychiatric and behavioral health services in conjunction with the Texas legislative initiative, House Bill 3793, 83rd Legislature, Regular Session, 2013 Plan for the Appropriate and Timely Provision of Mental Health Services, which directs the Department of State and Health Services to develop a plan to ensure the appropriate and timely provision of mental health services, and other applicable initiatives;
- e. Spohn will provide psychiatric assessment and crisis stabilization services;
- f. Spohn will provide adequate availability of inpatient psychiatric beds for Indigents, patients under emergency detention warrant, and adult Behavioral Health Center of Nueces County (formerly Nueces County MHMR) patients. Spohn will evaluate and, as appropriate, modify such number of inpatient psychiatric beds in the future based on patient demand and community need;
- g. Spohn will provide an adequately and appropriately equipped commitment hearing location within or adjacent to Spohn's inpatient psychiatric facility;
- h. Spohn will provide access for law enforcement officers and others to bring Nueces County residents to Spohn's appropriate facilities;

- i. Spohn will coordinate with law enforcement on the transportation by law enforcement authorities of jail inmates and persons in law enforcement custody who have psychiatric conditions; and
- j. Spohn will maintain its collaboration with Behavioral Health Center of Nueces County (formerly Nueces County MHMR) for behavioral health services and resources, including inpatient services.

2.3 Trauma and Emergency Department Services. Spohn shall maintain a designated Level II Trauma Services Center in Corpus Christi, Texas, in conformity with the rules promulgated by the Texas Department of State Health Services. The parties acknowledge and agree that there may be a brief period of time immediately prior to and/or immediately following the demolition or cessation of the operations of CHRISTUS Spohn Hospital – Corpus Christi (“Memorial”) that CHRISTUS Spohn Hospital – Corpus Christi (“Shoreline”) is designated as “in active pursuit” of Level II Trauma Services Center designation; provided, however, the parties acknowledge and agree that, while Shoreline is “in active pursuit” of Level II Trauma Services Center designation, Spohn shall operate Shoreline’s trauma center at the same level as a designated Level II Trauma Center. Notwithstanding anything herein to the contrary, Spohn shall be prohibited from ceasing operations at or demolishing Memorial until Shoreline’s trauma center has received, or is “in active pursuit” of, Level II Trauma status.

2.4 Disaster Preparedness. In accordance with hospital regulatory requirements, Spohn shall at all times maintain disaster preparedness, leveraging resources within and outside of the Coastal Bend Region in case of a large-scale emergency, and enlisting emergency resources from other communities in the case of a catastrophic event. Spohn shall review its emergency preparedness plans and conduct drills locally, regionally and at a state level to ensure systemic knowledge of the standard operating procedures during an emergency.

2.5 Shoreline Renovations. During the term of the Agreement, Spohn shall provide consistent levels of inpatient and outpatient services necessary to meet the needs of the Indigent. Prior to ceasing operations at or closing Memorial, as contemplated in the September 10, 2014 Letter of Intent between Spohn and the District, Spohn will:

- a. Complete the construction to the Shoreline Emergency Department to ensure that the Nueces County community will have constant access to an emergency department. Spohn shall ensure that such initial refurbishment and enhancement of Shoreline’s Emergency Department will include the construction or renovation of at least thirty-nine (39) emergency department treatment beds/emergency department beds, subject to no more than a ten percent (10%) variance following Spohn’s receipt of a patient flow assessment and related construction design considerations from Spohn’s architect. Spohn will also evaluate and, as appropriate, modify the number of emergency department treatment beds and emergency department beds at Shoreline in the future based on outpatient demand and community need.

- b. Expand its number of staffed inpatient beds at Shoreline to a minimum of four hundred and six (406) staffed beds. Spohn's expansion of Shoreline will additionally include shelled space at Shoreline to enable future inpatient growth, as necessary.
- c. Provide office space and a training center for the medical residents participating in Spohn's Graduate Medical Education ("GME") program at Shoreline.

2.6 Ongoing Monitoring. As part of Spohn's redesign of Shoreline (including, without limitation, the Shoreline Emergency Department), Spohn's construction of the new Hector P. Garcia – Memorial Family Health Center, and Spohn's ongoing operation of healthcare facilities in Nueces County, Spohn will monitor community needs and factors impacting the community, including the growing population in Nueces County, the increased number of freestanding emergency departments, the increasing availability of primary care in the community, availability of behavioral health services, and other factors impacting patients served by Spohn. Subsequent to the demolition of Memorial and the expansion of services provided at Shoreline, Spohn will monitor these factors and make reasonable adjustments at Spohn's healthcare facilities to respond to community needs.

2.7 Graduate Medical Education. Spohn will maintain at least two GME programs with comprehensive resident training applicable to such programs. Spohn will maintain, support, and fill at least the number of resident slots needed to obtain Medicare payments at its current annual Medicare full-time equivalent GME cap. Spohn's GME program resident training will continue to occur at various care sites, in order to ensure a comprehensive training experience.

2.8 Clinic Services. The clinic services available at Memorial as of September 10, 2014 will continue to be available in the Dr. Hector P. Garcia – Memorial Family Health Center. These include the current and the expanded services listed below:

- a. Adequate and appropriately furnished and equipped space within the Dr. Hector P. Garcia-Memorial Family Health Center for twelve (12) District enrollment counselors and one (1) receptionist. The District and Spohn also agree to evaluate the future need for such space for District enrollment counselors and, if agreed to, modify such space in the future, including potentially providing space within Shoreline for District enrollment counselors;
- b. Extended Dr. Hector P. Garcia-Memorial Family Health Center hours to include operating 24 hours on Thursday, Friday and Saturday for non-scheduled visits, with future adjustments to such hours of operation based on patient demand and community need, including potentially operating 24 hours in the health center on Sunday, Monday, Tuesday, and Wednesday in addition to Thursday, Friday, and Saturday; provided

Spohn will not reduce the number of days the Dr. Hector P. Garcia-Memorial Family Health Center operates 24 hours for at least six (6) months;

- c. Faculty and residency clinic focused on primary care services (family medicine);
- d. Specialty clinics, including urology, cardiology, neurology, endocrinology, orthopedics, and post-trauma care;
- e. Clinic outpatient pharmacy services and medication counseling education;
- f. X-ray and laboratory services;
- g. Social services;
- h. Community health/transition care workers to assist patients and families in navigating needed healthcare services;
- i. Behavioral health counseling;
- j. Wellness and prevention education for both patient and families, including help with appropriate diet and lifestyle;
- k. Management of ongoing diseases such as diabetes, heart conditions, and high blood pressure; and
- l. Support of spiritual needs through availability of an onsite prayer room.

2.9 Books and Records. At all times during the term hereof, Spohn shall cause accurate books and records of account and medical records to be maintained as are necessary to permit the verification of the Health Care Services provided by Spohn to Indigents, Spohn's standard charges relating to providing Health Care Services, Spohn's standard charges on the date thereof, and the amount of any payment received by Spohn pursuant to Medicare, Medicaid, CHAMPUS, Universal Governmental Plan or other third-party payor in respect of Health Care Services.

- a. The District shall have the right, at the District's expense, to inspect, examine, and copy, to the extent permitted by applicable law, such portion of the books, records, files, and other documents maintained by Spohn, including, for example, but not by limitation, Spohn's charge-masters, as are reasonably necessary for the District to verify the matters listed in this Section 2.9.
- b. The District agrees that the information which will be made available to the District, its officers, employees and agents (collectively, "Agents") pursuant to Section 2.9 is of a confidential and proprietary nature. The

District agrees that it will and will use its reasonable efforts to cause its Agents to maintain the confidentiality of all such information and only to disclose such information to such duly authorized persons as are necessary to confirm the services provided by Spohn hereunder. Notwithstanding the foregoing, the District and its Agents shall comply with the provisions of the Health Insurance Portability and Accountability Act of 1996, as amended ("HIPAA"), and the Health Information Technology for Economic and Clinical Health Act, as amended ("HITECH Act"), together with the rules adopted thereunder, for any "protected health information" (as such term is used in HIPAA and the HITECH Act) received from Spohn. The District further agrees that the District will not, and will use its reasonable efforts to cause its Agents not to, use any such information in any way to compete with or to permit others to compete with Spohn or successors or assigns or in a manner which would be detrimental to the business, financial affairs or reputation of Spohn or its successors and assigns. The District for itself and its Agents recognizes that any breach of this Section would result in irreparable harm to Spohn and that therefore Spohn shall be entitled to an injunction to prohibit any such breach by the District or its Agents, in addition to all other legal and equitable remedies available to Spohn. Nothing in this Section shall prohibit the use of such confidential information for such governmental filings as are required by law or governmental regulations or the disclosure of such confidential information if such disclosure is compelled by judicial or administrative process or, in the opinion of the District's counsel, other requirements of law.

- 2.10 Hospital License. Spohn shall provide the District with formal documentation of its hospital license(s) issued by the Department of State Health Services or other licenses or permits required with respect to the Spohn Facilities and shall promptly notify the District of any revocation or suspension of any such license or permit issued with respect to any Spohn Facility.
- 2.11 Non-Discrimination. Spohn shall not discriminate in the provision of Health Care Services to any person on the basis of such person's status as an Indigent; provided, however, that, except as expressly stated in this Schedule 2, this covenant shall not require Spohn to provide any services to any person other than such Health Care Services, as defined herein. Spohn shall require any subcontractor that provides Health Care Services to include in its subcontract with Spohn: (a) a nondiscrimination clause similar to the language contained in this Section 2.11 and (b) a covenant to include such a clause in any subcontract between such subcontractor and any of its subcontractors that provide Health Care Services.
- 2.12 Regulatory Requirements. Spohn will operate the Spohn Facilities at all times in compliance with federal, state and local law, rules and regulations, and all accepted and approved methods and practices of medicine for all Health Care Services rendered to Indigents.

- 2.13 Medicare and Medicaid Participation. Spohn shall cause Spohn Facilities to become qualified for participation in the Medicare and Medicaid programs or any Universal Governmental Plan and shall maintain such qualifications throughout the term.
- 2.14 Hospital Accreditation. Spohn shall cause each hospital that constitutes a Spohn Facility to obtain and maintain during the term its accreditation as a general hospital by The Joint Commission or comparable accreditation body (including the Medicare Certification Program) if such comparable accreditation body is acceptable for purposes of obtaining and maintaining educational accreditation for the Family Practice Residency Program affiliated with the District or Spohn.
- 2.15 Submission of Informational Claims. Spohn will timely submit to the District periodically, on standard industry claim forms, either in electronic format or hard-copy report format, informational claims describing all Health Care Services provided to Indigent patients. As a matter of convenience, Spohn may submit such claims to the District on a periodic batch submission basis.
- 2.16 Monthly Operating Committee. The Monthly Operating Committee shall be composed of at least three (3) members appointed by Spohn and at least three (3) members appointed by the District. In addition, each of the parties' governing boards may send at least one (1) voting member of its board to each meeting. The Monthly Operating Committee shall be established to meet and discuss the provision of Health Care Services on a monthly basis, and to identify and define operating problems and issues. If at any time, the District and Spohn mutually agree to meet more or less regularly, then such revised periodic meeting schedule will become effective. The District and Spohn will jointly adopt an agenda for such meetings and determine the reports which will be required at such meetings. The approved minutes and all reports presented during the meetings will be retained consistent with the parties' respective document retention policies.
- 2.17 Spohn's Health Care Services. Spohn agrees and expressly covenants with the District to provide or arrange for the provision of Health Care Services to any Indigent that presents himself or herself to Spohn for medical aid or hospital care.
- 2.18 Eligibility Criteria and/or Benefit Modifications. Historically, the Indigent income eligibility guidelines used by the District in determination of eligibility for services under the Nueces Aid Program ("Eligibility Criteria") were set at a level up to 150% of the federal poverty level as published annually in the Federal Register ("FPL"). Effective May 25, 2007, the initial "Base Enrollment" was calculated to be 11,924 Nueces Aid Program enrollees (*i.e.*, the product of (i) the 10,840 Nueces Aid Program enrollees on November 30, 2006 multiplied by (ii) 1.10). Base Enrollment shall be adjusted effective as of January 1 of each year during the term of the Agreement to reflect the Annual Inflation Adjuster (not to exceed 7.99% in any given year) (*i.e.*, the Base Enrollment for the applicable year shall mean an amount equal to the sum of the prior year's Base Enrollment multiplied by the annual inflation adjuster (not to exceed 7.99% in any given

year) plus the prior year's Base Enrollment); provided, however, Base Enrollment shall not be adjusted in any given year to exceed 16,000 Nueces Aid Program enrollees. On November 30, 2012 and as of November 30 annually thereafter, the District shall determine the number of persons enrolled in the Nueces Aid Program to determine whether the Nueces Aid Program enrollment has exceeded the Base Enrollment applicable to such year. If at any such time enrollment in the Nueces Aid Program exceeds the Base Enrollment applicable to such year, the District will initiate adjustments to the Eligibility Criteria, to be effective the following March 1, to a percentage of the FPL projected by the District to bring enrollment in the Nueces Aid Program to a number of enrollees equal to or less than the Base Enrollment applicable to such year by the following November 30 after such Eligibility Criteria adjustments are initiated; provided, however, the District shall in no event be required to adjust the District's Eligibility Criteria to less than 100% of the FPL. The parties acknowledge that the District's base Eligibility Criteria are currently set in the Handbook at 150% of the FPL and that the Handbook may be amended only upon approval in writing of the nonrequesting party.

- 2.19 Disease Management Programs. Spohn shall cooperate with the District in the development, achievement, and ongoing operation of disease management programs established by the District.
- 2.20 Preventive Health Care and Beneficiary Outreach Programs. Spohn and the District shall cooperate in the development of preventive care programs, including the delineation of Preventive Health Care Services in the Handbook and beneficiary outreach programs designed to inform Indigents of the availability of and procedures to access such services.
- 2.21 Efficient Operation and Networking. Spohn shall use reasonable efforts to operate the Spohn Facilities in an efficient, cost-effective manner. Spohn will use reasonable efforts to work with the medical staff of each of the Spohn Hospitals to develop an area-wide approach to managed care and networking and to maintain a balanced provider network for the benefit of the citizens of Nueces County in order to continue to offer quality and economically feasible medical aid and health care services within Nueces County.
- 2.22 Non-interference; Sole Provider Status.
 - a. To the greatest extent permitted by law, the District agrees that during the term of the Agreement, the District shall not directly or indirectly, without Spohn's prior written consent, which Spohn may withhold in its sole discretion, (i) own, lease, manage, operate or participate in the management or operation of any hospital, ambulatory surgery center, clinic or other health facility located in Nueces County, Texas; (ii) invest or participate in any other health care facilities or health care organizations in Nueces County, Texas; or (iii) provide inpatient, outpatient or any other medical service in Nueces County, Texas other than at the Spohn Facilities

in accordance with this Schedule 2 and Schedule 1 of the Agreement. In the event that Spohn has elected not to exercise its rights under Section 2.23, the District may provide or fund the delivery of medical aid or hospital care to the Indigent that was not then provided by Spohn to the residents of Nueces County at the time Spohn elected not to exercise its rights of first refusal under Section 2.23. The District hereby acknowledges and agrees that prior to the District's transfer, distribution, allocation or payment of Two Million Dollars (\$2,000,000) or more of the District's funds in one or a series of transactions, to an Affiliate of the District or any governmental entity (other than the Texas Health and Human Services Commission), the District shall cause such Affiliate or governmental entity to enter into a non-compete agreement with Spohn.

- b. To the greatest extent permitted by law, except as otherwise agreed by the District and Spohn or as results from implementation of the Medicaid Waiver in Nueces County and the surrounding region, the District hereby acknowledges and agrees that, during the term, Spohn shall be the exclusive provider, subject to the specific exceptions set forth in Section 2.22(a), of all services funded and/or provided by the District to residents of Nueces County.

2.23 Right of First Refusal. In recognition of Spohn's agreement to provide or arrange for the provision of certain health care services, the District hereby grants Spohn a "right of first refusal" to provide any additional services (including locations for the delivery of services) which the District intends to fund and/or provide to any resident of Nueces County, Texas. If at any time during the term, the District shall desire to provide any such additional services to the residents of Nueces County, Texas, Spohn shall have the right of first refusal to provide such services pursuant to the procedure set forth herein. With respect to each additional service or group of services proposed to be provided, the District and Spohn shall negotiate in good faith for the purpose of establishing the terms and conditions upon which Spohn shall provide such additional service or expand the number of locations in which Spohn provides existing services. In the event the District and Spohn are unable to reach a definitive agreement following a reasonable period of negotiation between the parties, the District shall be permitted either (i) to directly engage in such service without further consent or right of first refusal by Spohn or (ii) to unilaterally develop a proposed written agreement (the "Care Agreement") setting forth the terms and conditions upon which the District is willing to contract with a third party for the delivery of services. The District acknowledges and agrees that in the event that the District begins to directly provide a service and then subsequently elects to seek a subcontractor for such service through a third party, Spohn's right of first refusal hereunder shall apply. In the event the District elects to develop a Care Agreement, the District shall submit the proposed Care Agreement to Spohn. Spohn shall have ten (10) days in which to review and execute the Care Agreement. If Spohn shall fail to exercise this right of first refusal by signing and returning one (1) copy of the Care Agreement to the District within ten (10) days after receipt of the Care Agreement, then Spohn shall

be deemed to have given its consent and, at the request of the District, shall confirm such consent in writing for the purposes of Section 2.22, and the District shall have the right to contract with any third party upon terms equal to or better (from the District's perspective) than those set forth in the Care Agreement. Spohn's right of first refusal shall apply to (i) all new services or locations for the delivery of services proposed to be funded by the District and (ii) all contract renewals relating to the proposed continued provision of services by third parties where the terms of the contract being renewed are materially different from the terms of the contract in which Spohn elected not to exercise its right of first refusal under this Section 2.23.

- 2.24 Spohn's Charity Care Commitment. In each full calendar year during the term, Spohn hereby agrees to provide Charity Care through Spohn's health care operations, the Spohn Facilities and any other District owned health care facilities operated by Spohn at an aggregate level at least equal to the greater of (i) Twelve Million Dollars (\$12,000,000), or (ii) the minimum amount of charity care which Spohn is otherwise required by applicable law to provide; provided, however, the parties shall meet and adjust such charity care financial commitment, as appropriate, in the event a Universal Governmental Plan is implemented.

3 INDIGENT PRECERTIFICATION PROCESS

- 3.1 Indigent Registry and Identification Card Procedures. The District will develop and continuously maintain a registry of persons who make application and whom it determines to be Indigents, and the District will deliver copies of such registry to Spohn. A copy of the registry shall be maintained at the Nueces County Facilities, and at such other locations as Spohn, in its reasonable discretion, determines are necessary or appropriate for the delivery of Health Care Services hereunder. Additionally, the District shall provide each Indigent with a patient identification card identifying her or him as being entitled to receive Health Care Services hereunder. Such patient identification card shall be valid for the period of time set forth in the Handbook. The District will issue new patient identification cards on an ongoing basis, but renewed as to Indigents after determining a person's status (or continued status) at such time as an Indigent. Spohn may require presentation of a valid patient identification card, after making reasonable and good faith efforts to verify the identity of the person presenting himself/herself as an Indigent, for such Indigent to be eligible to receive Health Care Services. Spohn shall make reasonable and good faith efforts to determine whether a person presenting himself/herself for services who otherwise is uninsured is included within the registry. Spohn shall require any subcontractor that provides Health Care Services to include in its subcontract with Spohn (a) a covenant to comply with the provisions in this section, and (b) an agreement to include such a covenant in any subcontract between such subcontractor and any of its subcontractors that provide Health Care Services.
- 3.2 Covenant to Provide Handbook. The District shall provide to Spohn a copy of the Handbook, including any revisions or modifications thereto, containing the

procedures to determine the status of persons residing in the District as Indigents and their eligibility for Health Care Services.

- 3.3 Amendments to the Handbook. The Handbook may be amended or modified from time to time upon the request of either party and upon approval of both parties. It is acknowledged by both parties that the Handbook may be subject to revision to conform to any applicable legal requirements. In the event such legal requirements mandate amendment or modification of the Handbook, the District shall make such amendments or modifications without the written approval of Spohn; provided, however that the District shall promptly give notice to Spohn of such legal requirements requiring amendment or modification and a copy of the Handbook as amended or modified in accordance therewith.