

CRESCENT PREFERRED PROVIDER ORGANIZATION, INC.

PARTICIPATING HOSPITAL AGREEMENT

THIS AGREEMENT is entered into by and between Crescent Preferred Provider Organization, Inc., a North Carolina non-profit corporation, (hereinafter referred to as "Crescent") and _____ (hereinafter referred to as "Hospital").

WHEREAS, Crescent maintains and supports a network of medical care professionals and hospitals to arrange certain health care services to persons entitled to benefits under managed care plans or similar health plans sponsored or issued by Payors which have entered into Crescent Service Agreements; and

WHEREAS, Crescent and Hospital mutually desire to promote the effective and efficient delivery of health care services to persons enrolled in such health benefits plans; and

WHEREAS, Hospital desires to participate in the Crescent provider network under the terms and conditions of this Agreement and such Service Agreements.

NOW, THEREFORE, in consideration of the foregoing and of the mutual agreements undertaken below, Crescent and Hospital hereby agree as follows:

I. DEFINITIONS

For purposes of this Agreement, the following terms shall have the meanings specified below.

1.0 "Claims Paid" means, of the applicable Recognized Charges, the amount payable and paid to Hospital by the applicable Payor.

1.1 "Coinsurance" means a fixed percentage of the Recognized Charges for a Covered Service that a Member is required to pay under a Plan.

1.2 "Copayment" means a fixed dollar amount that a Member is required to pay toward the cost of a Covered Service under a Plan.

1.3 "Covered Services" means those health care services for which Members are entitled to receive benefits, including reimbursement, under the terms of the applicable Plan.

1.4 "Crescent Provider" means a Participating Physician, a hospital or any other provider or facility that (a) has contracted with Crescent to provide Covered Services to Members, (b) is a member of a group or institutional practice that has contracted with Crescent

to provide Covered Services to Members and who is authorized to provide Covered Services to Members pursuant to that contract, (c) is under agreement to participate in a provider network administered by Crescent, or (d) is otherwise on a list of Crescent Providers distributed by Crescent. Hospital, upon entering into this Agreement, will be a Crescent Provider.

1.5 "Crescent Service Agreements" means contracts or agreements between Crescent and Payors or TPAs under which Crescent will be required to arrange certain Covered Services, including Physician Services and Hospital Services, to Members of Plans sponsored or issued by such Payors or TPAs.

1.6 "Deductible" means a fixed dollar amount to be paid by a Member for Covered Services prior to commencement of payment for the Covered Services under the terms of the applicable Plan.

1.7 "Emergency" means a medical condition manifesting itself by acute symptoms of sufficient severity including but not limited to, severe pain, or by acute symptoms developing from a chronic medical condition that would lead a prudent layperson, possessing an average knowledge of health and medicine to reasonably expect the absence of immediate medical attention to result in any of the following:

- (a) Placing the health of an individual, or with respect to a pregnant woman the health of the woman or her unborn child, in serious jeopardy;
- (b) Serious impairment to bodily functions;
- (c) Serious dysfunction of any bodily organ or part.

1.8 "Evidence of Coverage" means the documents delivered or available to Members and issued or sponsored by a Payor or TPA, which describe and define the Plan's health benefits, including the exclusions, limitations, and conditions related to such benefits. "Evidence of Coverage" includes, as to fully insured Plans, the Member's certificate of coverage ("COC") or equivalent, and, as to self-funded plans, the summary plan description ("SPD") or equivalent. "Evidence of Coverage" may also include, if the applicable COC or SPD expressly so indicates, the master group contract or equivalent or administrative services agreement or equivalent between the employer and the insurer or TPA, but only to the extent such contract or agreement is not inconsistent with the COC or the SPD.

1.9 "HMO Member" means a Member of a Plan issued by a health maintenance organization licensed in the State of North Carolina.

1.10 "Hospital Services" means those Covered Services that may appropriately be rendered by a hospital (on either an inpatient or outpatient basis) excluding any services that are expressly excluded as Hospital Services in a Crescent Services Agreement with a TPA or Payor.

1.11 "In-Plan Provider" means a health care practitioner or facility that (i) has contracted, directly or indirectly, to provide Covered Services to Members of a particular Plan, or (ii) is otherwise on a list of participating providers distributed by a TPA or Payor for a particular Plan.

1.12 Intentionally omitted.

1.13 "Medical Management Programs" means the reasonable customer satisfaction plans, quality management programs, utilization management programs, credentialing, rules and regulations and other similar programs, procedures and protocols conducted by or on behalf of Payors and/or Crescent pursuant to this Agreement, the applicable Crescent Service Agreement and Crescent's participating provider agreements with other Crescent Providers.

1.14 "Member" means any person properly enrolled and eligible for coverage under a Plan issued or sponsored by a Payor and for whom Hospital is required to render Hospital Services pursuant to and in accordance with the terms of this Agreement and any addendum hereto.

1.15 "Participating Physician" means a physician duly licensed to practice medicine who has entered into an agreement with Crescent to provide Physician Services to Members, or who is a member of a group or institutional practice which has entered into an agreement with Crescent and who is authorized under that agreement to provide Physician Services to Members and who satisfies all applicable terms of Medical Management Programs, including, but not limited to, credentialing programs.

1.16 "Payor" means the entity which has contracted with Crescent (or with respect to which a contract has been entered into) for health care benefits to Members of certain Plan(s) and which is financially liable for funding benefits under a Plan. A Payor's financial liability for funding benefits is governed by the terms of its Plan. Crescent will inform Hospital of the Payor for a specific Plan on request.

1.17 "Physician Services" means those Covered Services that may appropriately be rendered by a physician.

1.18 "Plan" means a health care benefits plan which is providing health care benefits to enrollees pursuant to an insurance policy providing health care benefits to individuals, a self-funded employee health care benefits plan offered by an employer to all or some of its employees, or some other health care benefits plan pursuant to which a Payor provides reimbursement or other payment for Covered Services received by individual persons.

1.19 "Primary Care Physician" means a Participating Physician who satisfies any requirements of Crescent, a Payor, or a TPA for rendering Physician Services in internal

medicine, family practice or pediatrics and who has elected to be designated as a Primary Care Physician. To the extent so provided in the applicable Crescent Service Agreement, Plan or Medical Management Program: (i) "Primary Care Physician" may also include qualifying Participating Physicians whose specialty is obstetrics and gynecology; and (ii) Primary Care Physicians will be primarily responsible for providing or arranging for the provision of, and coordinating the medical care for, Members who select him or her as their Primary Care Physician.

1.20 "Recognized Charges" means the amount payable to Hospital for Hospital Services rendered to Members, as determined in accordance with the terms of the applicable Crescent Services Agreement.

1.21 "Service Area" means the North Carolina counties listed on Attachment A hereto, as amended from time to time.

1.22 "Specialist Physician" means a Participating Physician who is not a Primary Care Physician and who provides Physician Services to Members within the range of his or her medical specialty; who meets all other requirements for Specialist Physicians contained in Crescent's or the Payor's or TPA's policies or procedures, as applicable; and who has elected to be designated as a Specialist Physician.

1.23 "Third Party Administrator" or "TPA" means an entity which has contracted to provide administrative services only for an employer or other group sponsor of a Plan pursuant to which such employer or group sponsor retains the financial responsibility for health care services provided or arranged to Members of such Plan.

II. SERVICE AGREEMENTS AND INTERPRETATION OF AGREEMENT

2.1 Crescent Service Agreements. Hospital understands that Crescent intends to enter into Crescent Service Agreements with Payors under which Crescent will be required to arrange certain Covered Services, including Hospital Services, within the Service Area to Members of Plans sponsored or issued by the contracting Payors.

If Crescent enters or has entered a Crescent Service Agreement requiring Crescent to arrange for Hospital Services within the Service Area, and the applicable Payor has not requested that Hospital be excluded from being an In-Plan Provider in connection with such Crescent Service Agreement, Crescent shall send or arrange to send to Hospital a schedule of the Recognized Charges (if any) proposed by the Payor(s) to Hospital thereunder and a description of the contract terms under such Crescent Service Agreement (including any subsequent revisions thereto) which impose rights or obligations applicable to Hospital which are substantially different from or supplemental to the rights and obligations applicable to Hospital under this Agreement. As set forth in Section 3.1 herein, Crescent adheres to the "messenger

model” and will not negotiate, agree upon or otherwise seek to determine Recognized Changes or other competitively sensitive terms for Hospital.

If no schedule of Recognized Charges for Hospital Services is proposed by the Payor or TPA, the procedures described in Section 3.1(b) of this Agreement shall be utilized.

Upon receipt of the schedule of Recognized Charges, if applicable, and a description of obligations imposed by the contract terms in connection with an existing or proposed Crescent Service Agreement, Hospital may decline to or agree to or may choose to become, under the terms of Section 3.1 herein, an In-Plan Provider for and to render Hospital Services to Members of such Plans as defined in the applicable Crescent Service Agreement. The terms and provisions of applicable Crescent Service Agreements with respect to which Hospital elects to be an In-Plan Provider through this Agreement apply to Hospital; proposed amendments to material terms applicable to Hospital are subject to the requirements of Section 11.1 of this Agreement. A summary of material terms and provisions of Crescent Service Agreements shall be provided to Hospital upon request, and a copy of such Crescent Service Agreements shall be available for Hospital’s review upon reasonable request.

2.2 Administrative Fees. Hospital understands that Crescent may charge Payors a fee for the use of the Crescent provider network, and Crescent shall use best efforts to charge Payors a fee for any Medical Management Programs or other administrative services provided. Hospital also agrees, however, that in lieu of or in addition to any such fee that may be charged to Payors, Crescent may charge Hospital an administrative fee (limited to no greater than 5% of Claims Paid), as may be determined from time to time by Crescent, as compensation for the administrative services provided to Hospital pursuant to Article IX of this Agreement. The method of payment of such administrative fee shall be as reasonably determined by Crescent and may vary with respect to different Crescent Service Agreements. Such methods may include, with respect to payments paid to Hospital from Payors for which Hospital has elected to be an In-Plan Provider, automatic deductions made at the time of Hospital’s payment by the applicable claims processor or Hospital’s direct payment of the applicable fee(s) to Crescent based on payments from such Payors. Crescent shall use best efforts to require Payors to cooperate in auditing and reconciling the administrative fee required under this Section 2.2.

III. PROVISION OF HOSPITAL SERVICES TO MEMBERS

3.1 Acceptance and Treatment of Members. Hospital agrees to accept and treat Members under the terms of this Agreement. Hospital understands that Crescent makes no guarantee regarding the selection or use of Hospital’s Services by any Member.

Hospital may unilaterally elect to become an In-Plan Provider for, and thereafter to be obligated to provide Hospital Services to Members of such Plan pursuant to the terms of this Agreement and the applicable Crescent Service Agreement, as follows:

(a) If such Plan has offered compensation terms applicable to Hospital (such as a schedule of Recognized Charges for Hospital Services), Crescent shall give Hospital at least thirty (30) days prior written notice of such compensation terms, and other material terms if applicable, as are contained in an appropriate addendum relating to the respective Plan. Such notice may be delivered to the Hospital via fax, hand delivery, U.S. Mail, Federal Express or any other reasonable means of delivery selected by Crescent. Hospital understands that Crescent strictly adheres to the “messenger model” and that under no circumstances will Crescent negotiate, agree upon, or otherwise seek to determine compensation terms or any other competitively sensitive terms for any provider, including Hospital. All compensation and other competitively sensitive information which Crescent transmits to or from Hospital in Crescent’s capacity as messenger is confidential and will not be disclosed by Crescent to any other provider. Written guidelines for appropriate use of the “messenger model” will be distributed by Crescent to all Crescent Providers and Crescent, and all Crescent Providers, including Hospital, will be required to comply with such guidelines.

Upon receipt of the schedule of Recognized Charges and a description of Hospital’s material obligations under the applicable Crescent Service Agreement, Hospital may accept the addendum (or make a counterproposal to the Plan) by so indicating in a written notice sent to Crescent or its designee, which may be delivered via fax, hand-delivery, U.S. Mail, Federal Express or any other reasonable means of delivery. If Hospital has not accepted an addendum (or made a counterproposal to the Plan) related to a Plan within the applicable thirty (30) days notice period, Hospital will be deemed to have rejected such addendum; provided, however, at Crescent’s request, with respect to any Plan for which Hospital declines to be an In-Plan Provider based primarily on such Plan’s offered Recognized Charges, Hospital shall use good faith efforts to negotiate directly with applicable Payor in order to reach a mutually satisfactory agreement under which Hospital will become an In-Plan Provider for such Payor’s Plan(s) through Crescent.

As described in Section 3.1(b) below, and as an alternative to the procedure described above, Crescent may obtain individually-determined fee information from Hospital representing the minimum payment which Hospital is willing to accept from a Plan. Hospital’s individually-determined fee information will be furnished to Crescent on forms provided by Crescent upon Hospital’s execution of this Agreement or as soon as is reasonably possible following Hospital’s execution of this Agreement. The form will specify the manner in which the individually-determined fee information is to be reported to Crescent. Hospital may also, at its option, elect to authorize Crescent to contract on Hospital’s behalf with Plans offering Recognized Charges equal to or better than Hospital’s individually-determined minimum fees. Authorization forms will be provided by Crescent to Hospital. If Hospital so authorizes Crescent, and a Plan’s Recognized Charges are equal to or better than Hospital’s individually-determined minimum

fees, Hospital will become an In-Plan Provider for such Payor(s) Plan(s) through Crescent and will accept as compensation the Plan's Recognized Charges. For purposes of this Section 3, this procedure shall be known as the "pre-authorization process." The pre-authorization process shall only be used when a Plan so requests in writing, and under no circumstances will a Plan be required to use the pre-authorization process. Hospital is under no obligation to participate in the pre-authorization process in order to become a Crescent Provider, nor is Hospital obligated to use the pre-authorization process for any contracting opportunities presented to Hospital through Crescent. If Hospital becomes an In-Plan Provider for such Payor(s) Plans via the pre-authorization process, Crescent shall notify Hospital in writing at least thirty (30) days before the effective date of the applicable Crescent Service Agreement, of Payor's Recognized Charges, and other material terms if applicable, as are contained in an appropriate addendum relating to the respective Plan. Such notice may be delivered to the Hospital via fax, hand delivery, U.S. Mail, Federal Express or any other reasonable means of delivery selected by Crescent.

(b) If such Plan does not offer compensation terms applicable to Hospital (such as a schedule of Recognized Charges for Hospital Services), Crescent may, at Plan's written request, provide Plan with information concerning Hospital's individually-determined fees, including the minimum compensation terms which Hospital has indicated to Crescent that it is willing to accept. Such information shall be furnished to Plan for the sole purpose of enabling Plan to develop contract offers. Plan is free to counterpropose compensation terms which will be conveyed to Hospital via the messenger model. To facilitate Crescent's presentation of Hospital's fee information to Plans that request it, Hospital agrees to furnish Crescent with individually-determined fee information (such as a schedule of charges or a discount factor) which represents the minimum payment which Hospital is willing to accept. Hospital's individually-determined fee information will be furnished to Crescent on forms provided by Crescent upon Hospital's execution of this Agreement or as soon as is reasonably possible following Hospital's execution of this Agreement. The form will specify the manner in which the individually-determined fee information is to be reported to Crescent.

If, after reviewing the fee information provided pursuant to this Section 3.1(b), a Plan offers compensation terms applicable to Hospital (such as a schedule of Recognized Charges for Hospital Services), all of the protocols, procedures, deadlines and notice provisions set forth in Section 3.1(a) above shall apply to such offer. If Hospital and Plan elect to participate in the pre-authorization process described above, all of the protocols, procedures, deadlines and notice provisions set forth in Section 3.1(a) relating to the pre-authorization process shall apply to this Section 3.1(b).

(c) Hospital may unilaterally decline or agree to be an In-Plan Provider for any Payor or Plan and Hospital may freely contract with any Payor or Plan without contracting through Crescent. If, however, Crescent makes a request that Hospital become an In-Plan Provider under a Crescent Service Agreement and Hospital declines such request with respect to a Crescent Service Agreement, the following condition shall apply: If, within the twelve months immediately prior to the effective date of the applicable Crescent Service Agreement, Hospital

has not been an In-Plan Provider for the Payor(s) related to such Crescent Service Agreement, and, within six months after the effective date of the Crescent Service Agreement, Hospital becomes an In-Plan Provider for such Payor(s) under terms substantially similar to those applicable to Hospital under the applicable Crescent Service Agreement, then Hospital shall pay Crescent a monthly fee amount equal to the then-current Crescent Provider administrative fee, calculated based on either (i) the actual monthly amounts payable to Hospital by such Payor as an In-Plan Provider if such information is available to Crescent or (ii) the average monthly amounts payable per Payor, averaged based on a combination all Crescent Service Agreements for which Hospital elected to become an In-Plan Provider through Crescent. Such administrative fees shall be due and payable through the term of the applicable Crescent Service Agreement. Hospital agrees that Crescent may select a third party to audit Hospital's relevant agreements in order to review Hospital's compliance with this Section 3.1(c).

3.2 Verification of Eligibility. Crescent will use best efforts to require each TPA or Plan to agree to provide a mechanism for Hospital to verify a patient's eligibility as a Member prior to rendering services. Unless otherwise directed by Payor or TPA, Hospital may verify the current status of the Member's eligibility for Covered Services by requesting the Member to present his or her identification card or by contacting Payor or Payor's designee during normal business hours. So long as Hospital substantially complies with such mechanisms, Crescent shall use best efforts to contractually require Payor to pay for otherwise Covered Services rendered to such persons, even if Payor later determines that such person was ineligible for Covered Services. In addition, Crescent will use best efforts to cause Payor not to discontinue coverage for a Member during a confined hospital stay to the extent previously authorized by Payor and consistent with concurrent review procedures. Notwithstanding the foregoing, Hospital shall not be required to verify coverage prior to rendering services in an Emergency, and Crescent will use best efforts to require Payors to contractually agree that Hospital shall not be denied payment for services rendered in an emergency solely due to Hospital's failure to verify coverage in advance of rendering services. Crescent shall use best efforts to cause Payor to contractually agree that Hospital shall not be liable to Payor for any refusal or failure to render services to any person for whom coverage cannot be verified in accordance with Payor's customary administrative procedures.

3.3 Hospital Standard of Care in Providing Hospital Services. Hospital shall deliver Hospital Services to Members with the same care and attention that is customarily provided to patients by similar providers in Hospital's community.

3.4 Discrimination Prohibited. Hospital agrees that it will not differentiate or discriminate in the treatment of Members by reason of the fact that they are enrolled in a Plan. Hospital further agrees to provide Covered Services to Members in accordance with the same standards and within the same time availability as provided to its other patients. Hospital agrees not to adversely discriminate against Members on the basis of race, color, national origin, gender, age, religion, marital status, health status or health insurance coverage.

IV. COMPENSATION FOR SERVICES TO MEMBERS

4.1 Compensation. Hospital's compensation for Hospital Services rendered to Members shall be the Recognized Charges. Hospital agrees to accept such amounts as payment in full for Hospital Services rendered to Members. Recognized Charges paid by Payor will or may be reduced by any applicable Copayment, Deductible, or Coinsurance payable by the Member. Hospital agrees that Coinsurance payments due and collected from Members will be computed based on the Recognized Charges rather than on Hospital's usual or customary fees or rates. Crescent shall use best efforts to require Payors to contractually agree to pay Participating Providers within thirty (30) days of Payor's receipt of a properly and fully completed form, unless such claim is suspended for coordination of benefits. In the event an overpayment was made by Sponsor or Sponsor's designee to Hospital for services rendered, Crescent agrees to use best efforts to insure that no withhold or deductions from future payments due to Hospital will be taken by Sponsor or Sponsor's designee. Crescent agrees to use best efforts to insure that Hospital will be notified that any overpayment is due within one hundred twenty days of the date the overpayment was paid to Hospital or Hospital will not be required to reimburse Sponsor or Sponsor's designee. In the event consistent delays or nonpayment occur, Crescent agrees to use best efforts to negotiate a remedy with Payor which may include, but is not limited to, elimination of discounts or termination of the applicable Crescent Services Agreement.

4.2 No Recourse. Hospital hereby agrees that in no event, including but not limited to non-payment, Crescent's or Payor's insolvency, or breach of this Agreement, shall Hospital bill, charge, collect a deposit from, seek compensation, remuneration or reimbursement from or have any recourse against, an HMO Member (or persons acting on such HMO Member's behalf) for Covered Services. This provision shall not prohibit (1) collection of copayments, or coinsurance, or deductibles authorized by an HMO Member's Certificate of Coverage; (2) collection of payment for services provided to HMO Members which are not Covered so long as Hospital has notified the HMO Member in advance that the services may not be Covered Services and the HMO Member chooses to receive the service; and (3) collection of payment for any services which would otherwise be Covered Services but which are delivered to an HMO Member after the expiration of the particular benefit to which that HMO Member would have been otherwise entitled.

Hospital further agrees that (1) the provisions of this Section 4.2 shall survive the termination of this Agreement regardless of the cause giving rise to termination and that (2) the provisions of this Section 4.2 shall supersede any oral or written contrary agreement heretofore entered into between Hospital and any HMO Member or persons acting on an HMO Member's behalf.

4.3 Obligation to Continue In-Patient Care of HMO Members. As to HMO Members, if Crescent or a Payor which is an HMO becomes insolvent or fails to compensate

Hospital as required by this Agreement for any reason, Hospital nevertheless agrees that his or her obligations under this Agreement shall continue in full force with respect to related HMO Members for the period, after Crescent's or such Payor's insolvency or failure to compensate Hospital, for which premiums for such Members have been paid, and as to HMO Members who are confined to an inpatient facility at the time Crescent or a Payor becomes insolvent or for other reasons fails to compensate Hospital as required by this Agreement, until such HMO Members are discharged from the facility or their benefits expire, whichever is sooner. Hospital shall not bill HMO Members for Hospital Services rendered during such period.

4.4 Billing. When billing for Covered Services, Hospital must submit an itemized bill, showing Hospital's actual charges, on standard UB92 or HCFA 1500 forms or by means reasonably acceptable to the applicable Payor or TPA; Hospital will send such bills to Crescent, the TPA, or a Payor, as directed by Crescent. If Crescent performs repricing, Crescent will use best efforts to remit repriced bills to the Payor or TPA within forty-eight (48) hours of Crescent's receipt. Such bills shall be submitted by Hospital within one hundred twenty (120) days from the date services were rendered or the date the Member is discharged from the hospital. Hospital understands and agrees that services for which bills are submitted more than one hundred twenty (120) days after the date of payment may be ineligible for payment, depending on the Payor or TPA, and that the Hospital may not bill a Member for payment for services which are not payable due to the Hospital's failure to submit a timely claim. Crescent's agreements with Payor or TPA shall generally state that, except in circumstances that are extraordinary or beyond the control of Hospital, all billings by Hospital will be considered final unless Hospital requests adjustments in writing within ninety (90) days after the Hospital receives the applicable Claims Paid with respect to such billing.

4.5 Coordination of Benefits. Hospital agrees to cooperate in the effective implementation of any Plan provisions relating to coordination of benefits. Crescent will use best efforts to require each Plan to provide that: (i) when the Payor is the primary payor, Hospital is entitled to collect and bill, (from any additionally liable health benefits plans) for the difference between Recognized Charges and the Hospital's usual and customary rates for the applicable Covered Services; and (ii) if Payor is not the primary payor, Hospital is entitled to be paid a total amount, which when added to the amounts received by the Hospital for the Covered Services from all sources including the Member and all other payors, does not exceed Recognized Charges.

4.6 Collection of Copayments, Coinsurance, Deductibles. Hospital agrees to use commercially reasonable efforts to collect, and not to waive, any Copayments, Coinsurance and Deductibles for Covered Services.

4.7 Noncovered Services. To the extent required by the applicable Crescent Services Agreement, Hospital may only charge, bill and collect from a Member charges for healthcare services which are not Covered Services if the Member has signed a waiver acknowledging that

such services were not authorized for reimbursement by Payor and that the Member will pay such charges. Hospital shall have no obligation to provide services that are not Covered Services to Members, except as required by law. Hospital shall have the right to pursue collections of debts incurred for services rendered to a Member prior to his or her enrollment with Payor. To the extent permitted by law, Hospital may bill Members directly for Covered Services upon Payor's failure to make timely payment.

4.8 Denial of Claims. Crescent shall use best efforts to contractually require Payors (a) to submit to Crescent, for its review and approval, the procedures to be followed in the event Hospital believes that Payor has wrongly denied payment of a claim and (b) to indemnify and hold harmless Crescent and Hospital from and against all claims of Members or their beneficiaries that any claims were wrongly denied. Crescent shall use best efforts to make such procedures regarding denial of claims available to Hospital.

4.9 Liability for Non-Payment. Crescent shall not be liable to Hospital or any other person for a failure of the Payor to pay any Recognized Charges or for any other breach of Payor's obligations to Crescent, Hospital or any other person.

V. HOSPITAL ADMISSIONS OF MEMBERS

5.1 Admissions.

Hospital shall cooperate with admission and referral policies of Plans, including, but not limited to any policies allowing only In-Plan Physicians to admit Members for Hospital Services, and only if prior authorization is obtained from a Payor, TPA or designee.

VI. POLICIES, GUIDELINES AND PERFORMANCE REVIEW PROCEDURES

6.1 Medical Management Programs. Hospital agrees to participate in Medical Management Programs related to Hospital Services and related amendments, if any, which are provided to Hospital regarding Hospital Services to Members. All Medical Management Programs now or hereafter conducted directly by Crescent pursuant to this Agreement shall be conducted in a manner substantially consistent with all applicable JCAHO and NCQA requirements, the requirements of the Healthcare Quality Improvement Act of 1986, as amended, and all other regulatory standards and criteria for such programs. Crescent or its designee may permit Payors and their designees to conduct Medical Management Programs and shall use best efforts to contractually require such entities to meet such legal and regulatory requirements. Crescent shall use best efforts to contractually require any entity which now or hereafter conducts Medical Management Program on behalf of Crescent pursuant to this Agreement to obtain Crescent's prior written consent before modifying any Medical Management Program. Crescent will use best efforts to maintain copies of all Medical Management Programs and make

such copies available for inspection and copying by Hospital during normal business hours. Upon agreement by Crescent to any modification of, or new implementation of, a Medical Management Program which materially affects Hospital, Crescent shall provide written notice to Hospital describing such modification or containing a copy of such revised or new Medical Management Program and setting forth a date by which Hospital must comply with such modifications, allowing a reasonable amount of time (not less than thirty (30) days) for Hospital to comply with such revisions.

6.2 Performance Standards. Crescent may gather outcomes and performance data regarding Hospital Services rendered by Hospital and other Crescent Providers in accordance with Medical Management Programs. Hospital understands that Crescent or Payor (or their designee) may in accordance with Medical Management Programs develop, adopt and implement reasonable standards ("Performance Standards ") related to the need for, and efficiency and quality of, Hospital Services. Crescent shall reasonably inform Hospital of such Performance Standards as such are developed and amended, allowing a reasonable amount of time (not less than thirty (30) days) for Hospital to comply with such standards. Hospital further understands that Crescent or Payor (or their designee) will periodically screen or otherwise review Hospital Services delivered by Hospital in order to evaluate compliance with such Performance Standards, and that these Performance Review actions could result in the restriction, suspension or termination of Hospital's participation under this Agreement, and that Crescent's or Payor's sanctions policy, described at Section 6.4 herein, will or may apply to deficiencies identified in such review(s). Hospital agrees to cooperate with Crescent and Payor (or designee) and respond, at the requestor's expense, to reasonable requests for information related to the provision of Covered Services by Hospital. Hospital understands that reviews under this paragraph will or may be conducted concurrently, prospectively and retrospectively.

6.3 Utilization Management and Quality Assurance Programs. Pursuant to participation in Crescent's or Payor's Medical Management Programs, Hospital agrees to cooperate with and participate in reasonable utilization management and quality assessment programs developed by Crescent, or by a Payor or TPA for related Plan(s), and understands that failure to comply with applicable utilization requirements may result in reductions of payment to Hospital, depending on the applicable program or Plan. Crescent shall, and shall use best efforts to require Payor to, define a reasonable process by which Hospital can appeal any reduction(s) in payment made pursuant to Crescent's or Payor's Medical Management or utilization management programs.

6.4 Sanctions and Grievance Processes. Pursuant to participation in Crescent's or Payor's Medical Management Programs, Hospital will cooperate with Crescent's, a Payor's or a TPA's sanction processes and will cooperate with Members in any applicable grievance processes for Members. An outline of applicable sanction and grievance processes will be distributed to Hospital by Crescent, TPA or Payor, as appropriate, and a copy of relevant grievance and sanctions provisions of applicable Medical Management Programs will be provided to Hospital upon request. Crescent will, and will use best efforts to require Payors and

TPAs to, give Hospital prior written notice of revisions of any applicable grievance or sanctions processes, allowing a reasonable time (not less than thirty (30) days) for Hospital to comply with such revisions.

6.5 Encounter Data. Hospital shall provide Crescent and/or Crescent's designee with specific encounter data related to Hospital Services rendered to Members, which data shall include identifying patient information, the referring physician, and an itemized record of services rendered. Such information shall be in a form reasonably acceptable to Crescent. It is specifically intended that the Hospital's billing statements, required under Section 4.4, will be satisfactory to meet the record submissions requirements of this Section 6.5.

6.6 Credentialing, Licensure and Notice Requirement. Hospital understands that Crescent, and the TPA or Payor has adopted and will utilize credentialing standards (including but not limited to, maintaining an unrestricted license to deliver hospital services, participation status with Medicare and full accreditation by the Joint Commission for Accreditation of Health Care Organizations) for Hospital. Information regarding the applicable credentialing program will be provided by Crescent, TPA, or Payor, as appropriate. Hospital is required to meet and to continue to meet all applicable and reasonable credentialing standards adopted or utilized by Crescent, a Payor or a TPA. Crescent will, and will use best efforts to require Payors or TPAs to, give Hospital reasonable notice of any revisions to applicable credentialing requirements, allowing Hospital a reasonable time (not less than thirty (30) days) to comply with such revisions. Hospital will participate and cooperate with the reasonable credentialing and recredentialing processes of Crescent, a Payor or a TPA, and will comply with determinations made pursuant to the same. During the term of this Agreement, Hospital will notify Crescent of material adverse changes in the information provided in the credentialing or recredentialing process(es). Hospital represents and warrants that it has and will maintain all licenses and certifications necessary to provide those Hospital Services required under this Agreement. Hospital shall notify Crescent immediately of any action to suspend, revoke or restrict the license and/or any other accreditation or certification of Hospital that is necessary for providing Hospital Services and of any material sanctions imposed by Medicare upon Hospital.

6.7 Roster of Providers and Use of Trademarks. Hospital authorizes Crescent to include Hospital's name and address, in its roster of Crescent Providers, which may be included in various marketing materials of Crescent. Hospital also authorizes TPA or Payor to include Hospital's name and address in their rosters of In-Plan Providers. Crescent agrees to include Hospital in its roster of Crescent Providers. Crescent will, use best efforts to require any TPA or Payor with which it enters a Crescent Service Agreement and with which Hospital elects to become an In-Plan provider to, include Hospital in its roster of In-Plan Providers. Hospital agrees to notify Crescent and, if applicable, Payors and TPAs promptly in writing of any changes in its name, address, or telephone number. Hospital may not use the trademarks or service marks of any TPA or Payor without the express written consent of Payor or TPA, and Crescent will not use or authorize Payors or TPAs to use the trademarks or service marks of Hospital, if any, without the express written consent of Hospital. Crescent shall use reasonable efforts to include

in its Crescent Service Agreements a provision that Hospital has express permission to display a reasonable written notice or otherwise reasonably communicate to the public that Hospital is an In-Plan Provider of such TPA or Payor.

6.8 Limitations on Access to and Use of Data. Notwithstanding anything to the contrary contained herein, all rights of Crescent, Payors and any other person under this Agreement to collect, review and use any records and data regarding Hospital's operations or Hospital's patients, and Hospital's obligations to comply with the Medical Management Programs and other programs and procedures of Crescent, TPAs, and Payors pursuant to this Agreement, shall be subject to the following limitations:

(a) Nothing herein shall be construed to interfere with or in any way alter any physician-patient relationship, shall interfere with the independent medical judgment of the professionals practicing and working at Hospital's facilities, or shall interfere with Hospital's ability to provide information or assistance to any patient.,

(b) Nothing herein shall require Hospital to permit review and disclosure of records in violation of the requirements of applicable federal or state law regarding the confidentiality of medical records and prescription drug records. Prior to obtaining access to such records, Hospital may require the requestor to obtain from Members such general or specific consents to Hospital's release of such records, if Hospital shall determine such consents are required or advisable. Crescent and Hospital shall comply with all applicable state and federal laws and regulations regarding confidentiality of medical records.

(c) All rights of Crescent, TPAs and Payors to examine and review the Hospital's records shall be limited to the records reasonably necessary for legitimate and proper purposes of such person and shall not entitle Crescent, any TPA or any Payor to conduct a general review of Hospital's records. All information obtained by Crescent, any TPA or any Payor as a result of any audit and/or examination of records shall be used solely for the limited purposes stated in this Agreement.

(d) All encounter data, medical records, billing information and other information provided to Crescent, TPAs or Payors by Hospital, or compiled by Crescent, TPAs or Payors regarding Hospital Services rendered by and the operations of Hospital is confidential information ("Confidential Information") that is not generally available to the public and that has value to Crescent and Hospital because it is not known to others. Hospital, Crescent, TPAs and Payors shall preserve the confidentiality of the Confidential Information and shall use the Confidential Information solely in connection with their obligations and rights pursuant to this Agreement and applicable Crescent Service Agreements. Hospital, Crescent, TPAs and Payors shall disclose Confidential Information only (A) to those of their employees and contractors who are required to know such information for purposes of enabling Hospital, Crescent, TPAs and Payors to perform their obligations under this Agreement and Crescent Service Agreements and only so long as each person to whom such disclosure is made will be informed of Hospital's,

Crescent's, TPAs' and Payors' obligations under this confidentiality provision, and (B) as required by court order or other legal process binding upon Hospital, Crescent, any TPA or any Payor, as appropriate. If Hospital, Crescent or any TPA or Payor becomes legally compelled to disclose any Confidential Information, such person shall promptly notify the owner of the applicable Confidential Information of such fact so that such owner may seek an appropriate remedy to prevent such disclosure, and request the person demanding such disclosure to allow the owner of such Confidential Information a reasonable period of time to seek such remedy.

(e) No individual and unaggregated data obtained or compiled about Hospital which data specifically identifies Hospital or any of its patients shall be disclosed by Crescent or any TPA or Payor, except to the extent necessary to carry out the terms of this Agreement or any applicable Crescent Service Agreement. Hospital shall have the right to inspect, upon not less two (2) weeks prior notice, its individual data collected by Crescent, TPAs or Payors (or their designees) under Medical Management Programs and to request correction of errors and omissions therein.

(f) All costs of copying, compiling and auditing the records of Crescent or Hospital pursuant to this Agreement shall be paid by the entity conducting the audit of such records. All audits shall be conducted during normal business hours and in a manner that is not disruptive to the other party's operations, and shall be subject to the reasonable requirements of the party whose records are being audited.

(g) Crescent shall use best efforts to cause each Payor and TPA to be bound by the provisions of this Section 6.8, including without limitation the confidentiality provisions of subsection (d).

(h) The recovery of damages may not be an adequate means to redress a breach of this Section 6.8, and accordingly, Hospital and Crescent shall have a right of injunctive relief or specific performance to enforce the provisions of this Section 6.8. Nothing contained in this Section 6.8, however, shall prohibit Hospital or Crescent from pursuing any remedies in addition to injunctive relief or specific performance, including damages.

(i) The provisions of this Section 6.8 shall survive the termination or expiration of this Agreement.

VII. PATIENT RECORDS

7.1 Record Maintenance. Hospital agrees to maintain complete and professionally adequate medical records for Members treated by Hospital. Hospital further agrees to maintain such other records with respect to the value and nature of the Covered Services rendered as required by applicable law or regulation or by the reasonable requirements, and pursuant to the legitimate and proper purposes of Crescent, TPA or Payor. Hospital shall maintain all medical

and other records pertaining to Covered Services rendered to Members for as long as required by law, but, in any event, for at least five years after the last date of services rendered.

7.2 Access to Records. Hospital agrees to respond to any written inquiry from Crescent or Payors regarding Covered Services rendered to a Member within fourteen (14) days of receipt of the inquiry. Crescent, Payors and their duly authorized agents shall have the right, upon reasonable notice during normal business hours, to examine and copy Hospital's medical and administrative records for the purpose of (a) substantiating charges for Covered Services, verifying the delivery of Covered Services to Members and assuring the proper documentation of Covered Services pursuant to or in connection with this Agreement and (b) carrying out specific procedures or compiling specific data under Medical Management Programs to the extent conducted by Crescent or such Payor. Payors and the North Carolina Department of Insurance shall have the right to examine and copy Hospital's medical and administrative records to the extent required by such Department's regulation of Payors.

7.3 Obligations Survive Termination. The obligations stated in this Section VII shall not terminate with the expiration or termination of this Agreement.

VIII. INSURANCE AND NOTICE OF CLAIMS

8.1 Insurance. Hospital agrees to maintain, at all times during the term of this Agreement, comprehensive general liability and professional liability insurance coverage in such amounts and on such terms as are customary for providers like Hospital (and no less than the prevailing standard in the provider community) to insure Hospital for any damages resulting from the rendering of or failure to render Hospital Services by any person for whose acts or omissions Hospital is responsible, the use of any property or facilities provided to any such party, and the activities performed by Hospital in connection with this Agreement. Hospital shall furnish Crescent with appropriate evidence of such coverage upon request. Hospital shall provide Crescent with written notice at least ten (10) days prior to the effective date of any material adverse changes in the status of required coverage.

8.2 Notice of Claims. Hospital agrees to notify Crescent of any lawsuits or claims filed against Hospital by or on behalf of Members within ten (10) working days of the Hospital's receipt of notice of such a claim having been filed. Hospital shall provide Crescent with any non-privileged information related to such claim(s) that is reasonably requested by Crescent.

IX. CRESCENT'S SERVICES

9.1 Services Provided by Crescent. In exchange for the administrative and other fees paid by Hospital to Crescent pursuant to this Agreement, Crescent agrees to perform the following services:

- (a) Establish and foster good relations with all Payors who are clients of Crescent through effective customer service programs and contracting procedures;
- (b) Market the network of Crescent Providers to payors that have Members located in the Service Area, and in connection therewith, publish and periodically update a Crescent Provider directory;
- (c) Develop product and services to be offered by the network of Crescent Providers to Payors, including Medical Management Programs;
- (d) Coordinate all contracting activities on Crescent's behalf with Payors, providers, other managed care organizations and other vendors and using an appropriate messenger model in accordance with antitrust and other laws;
- (e) Establish contract relationships with a sufficient number and breadth of Crescent Providers to maintain an effective and adequate provider network responsive to the needs of Payors;
- (f) Adopt and administer credentialing programs for all Crescent Providers in accordance with Section 6.6 hereof ;
- (g) Adopt and administer Medical Management Programs for all Crescent Providers in accordance with Article VI hereof;
- (h) Adopt and administer a conflicts of interest policy to assure that all dealings between Crescent and its directors, officers and members are on fair market value terms;
- (i) Compile data and publish periodic reports to Crescent Providers and Payors regarding the health care services provided by Crescent Providers, all with the aim of facilitating the efficient and effective delivery of quality health care services within the Service Area; and
- (j) Provide optional repricing services for Crescent Providers as required pursuant to Crescent Service Agreement(s).

9.2 Legal Requirements. Crescent shall conduct its operations in accordance with all applicable laws and regulations, and shall possess and maintain all licenses, permits and certificates required by law to conduct its business.

9.3 Insurance. Crescent agrees to maintain, at all times during the term of this Agreement, comprehensive general liability, errors and omissions liability insurance and

directors and officers insurance in such amounts, on such terms, and with such insurance companies as are consistent with the prudent operation of Crescent's business. Crescent shall furnish Hospital with appropriate evidence of such coverage upon request. Crescent shall provide Hospital with written notice at least ten (10) days prior to the effective date of any material adverse changes in the status of required coverage.

9.4 Access to Records. Crescent shall permit Hospital to review and copy the records of Crescent related to Covered Services provided by Hospital for any legitimate, proper and lawful purpose. All such audits shall be conducted during normal business hours and in a manner that is not disruptive to Crescent's operations, and shall be subject to reasonable requirements the party whose records are being audited.

X. TERMINATION OF RELATIONSHIPS

10.1 Term. This Agreement shall commence on the date accepted and fully executed and shall continue in effect for one (1) year thereafter unless terminated for cause as provided herein. After the initial one (1) year term, this Agreement shall continue in effect unless and until it is terminated in accordance with the terms of this Agreement.

10.2 Termination Without Cause. After the initial one (1) year term, this Agreement may be terminated by either party upon at least ninety (90) days prior written notice to the other.

10.3 Termination for Cause.

(a) This Agreement may be terminated at any time as follows:

(i) in case of a material breach of this Agreement, by the non-breaching party upon sixty (60) days prior notice to the breaching party specifying the nature of the alleged breach; provided, however, that with regard to any breach which is capable of cure, this Agreement shall not terminate if the allegedly breaching party cures the breach to the satisfaction of the nonbreaching party within sixty (60) days after the notice is given;

(ii) upon ten (10) days prior written notice by either party in the event Crescent no longer is contractually obligated to arrange or provide Covered Services to Members of at least one Plan.

(b) This Agreement, or Hospital's status as an In-Plan Provider with any Plan, may be terminated at any time upon thirty (30) days prior written notice in accordance with the terms of Section 11.1 herein.

(c) This Agreement may be terminated or suspended by Hospital immediately, except to the extent another time period is expressly stated,:

(i) for Crescent's failure to maintain insurance as required under Section 9.3 of this Agreement;

(ii) if Crescent no longer has licensure or certifications required to comply with its obligations under this Agreement;

(iii) if any material sanction(s) under Medicaid or Medicare programs or any other governmental program are imposed on Crescent;

(vi) upon an entry of an order for relief in a Chapter 7 (Bankruptcy) proceeding under Title 11 of the U.S. Code involving Crescent; or

(vii) if Hospital, on advice of counsel, notifies Crescent in writing that Hospital's continued participation with Crescent under this Agreement may subject Hospital to substantial risk of loss or material adverse action against Hospital (including, but not limited to, criminal prosecution, civil penalty, actions related to Hospital's licensure, accreditation(s), tax exempt status, or certification(s) (including any certificate of public advantage)), and Crescent and Hospital are unable to reach a mutually acceptable modification of this Agreement within fifteen (15) business days after Crescent receives such notice.

(d) This Agreement may be terminated or suspended by Crescent immediately, except to the extent another time period is expressly stated, under the below-listed circumstances, in accordance with any specifically applicable procedural requirements outlined in the then-current Crescent sanctions plan. Such sanctions plan shall provide, at a minimum, the notice and hearing provisions established by 42 USC § 11112(b), if applicable, and, if such statutory provisions are not applicable, then Hospital shall receive (i) reasonable prior written notice of the reasons for and the effective date of termination or suspension and (ii) an opportunity for a hearing to present information to Crescent to resolve the matter, which hearing shall occur before the effective date of termination unless Members' health or safety may be endangered by delay:

(i) pursuant to Crescent's or Payor's Performance Standard Review

(ii) for failure of Hospital to meet the credentialing standards of Crescent;

(iii) for Hospital's failure to maintain insurance as required under Section 8.1 of this Agreement;

(iv) if Hospital no longer has licensure or certifications required to deliver Hospital Services under this Agreement;

(v) if material sanctions under Medicaid or Medicare programs or any other governmental program are imposed on Hospital;

(vi) upon an entry of an order for relief in a Chapter 7 (Bankruptcy) proceeding under Title 11 of the U.S. Code involving Hospital; or

(vii) if Crescent, on advice of counsel, notifies Hospital in writing that Crescent's continued participation under this Agreement may subject Crescent to substantial risk of loss or material adverse action against Crescent (including, but not limited to, criminal prosecution, civil penalty, actions related to Crescent's licensure, accreditation(s), or certification(s)), and Crescent and Hospital are unable to reach a mutually acceptable modification of this Agreement within fifteen (15) business days after Hospital receives such notice.

Crescent may permit Payor to request, at any time, that Crescent consider the termination, restriction or suspension of Hospital's participation as an In-Plan Provider for Plan(s) sponsored or issued by such Payor. Crescent shall use best efforts to require Payor to submit any such request in writing and to specify the facts and circumstances supporting such request. Upon receipt of such request, Crescent or its designee shall conduct an investigation of the matters identified by Payor as possible grounds for termination, restriction and suspension and shall, at the conclusion of such investigation, inform Hospital and Payor in writing of Crescent's or its designee's conclusions and actions taken in connection therewith. Decisions to terminate, restrict or suspend Hospital from participation as an In-Plan Provider with any Plan(s) and/or under this Agreement may be made by Crescent or its designee at the conclusion of such investigation and in consultation with Payor. Notwithstanding anything to the contrary contained herein, Payor in consultation with Crescent may retain the prerogative to, at anytime, approve or disapprove participation of any individual provider included in Crescent's panel of Crescent Providers for inclusion in or removal as an In-Plan Provider for such Plan from Payor's Plan.

10.4 Obligations Following Termination from Crescent or In-Plan Provider Status.

Upon any termination of this Agreement, the parties hereto agree as follows:

(a) Administrative Duties. For all Members, Hospital shall cooperate with Crescent, TPA, and/or Payor in the transition of administrative duties.

(b) Care of Patients. Hospital shall continue to provide Hospital Services to Members receiving active treatment at the time of termination until the earlier of: the completion of the course of treatment; or the date when Crescent, the Payor or the TPA makes reasonable

and medically appropriate arrangements to have another hospital provide the services; or the expiration of the patient's status as a Member. The terms of this Agreement and the Crescent Service Agreements will continue to apply to all Hospital Services provided before and after termination, except Hospital's compensation for Covered Services rendered after termination shall be Hospital's usual and customary fees for such services. Hospital agrees to inform Members seeking medical care after the date of termination that Hospital is no longer a Crescent Provider or an In-Plan Provider, as appropriate.

(c) HMO Members. Hospital agrees that the terms of this Agreement shall continue in full force and effect after the effective date of Hospital's termination (either as an In-Plan Provider for any HMO(s) or as a Crescent Provider) as to HMO Members who are confined to an inpatient facility at the time of such termination, until such HMO Members are ready for discharge from the facility.

(d) Continuation of In-Plan Status. To the extent required under an applicable Crescent Service Agreement for which Hospital elects to participate under this Agreement, upon termination of this Agreement, Hospital agrees to remain an In-Plan Provider for the lesser of (i) the duration of the applicable Crescent Service Agreement(s); or (ii) one year after the effective date of the termination of this Agreement.

XI. MISCELLANEOUS

11.1 Amendments. Hospital acknowledges that Crescent may need to amend this Agreement or a specific Service Agreement from time to time, under the following terms and conditions. Any such amendment shall be proposed in writing and submitted to Hospital at least thirty (30) days prior to its effective date. If Hospital does not file a written objection to the proposed amendment by letter to Crescent postmarked within thirty (30) days of the date the amendment is mailed to Hospital, the amendment will be deemed to be accepted by Hospital and Crescent. If Hospital files a written objection to the amendment within said thirty (30) day period (as provided in the preceding sentence), it shall not apply to Hospital, and either Crescent or Hospital may (i) terminate this Agreement upon thirty (30) additional days notice; and (ii) if the Amendment relates solely to any specific Crescent Service Agreement or to any specific Plan(s) or any group of Members, either Crescent or the Hospital may terminate Hospital's status as an In-Plan Provider for such Plan or as to those Members.

11.2 Patient Care and Treatment Decisions. Hospital acknowledges that care and treatment decisions are ultimately the choice of the patient, and that the terms of this Agreement and any claim determinations and utilization review decisions impact only the right of the Member or Hospital for reimbursement or payment; this Agreement and any utilization management, quality assurance, credentialing, or provider sanctions programs are not intended to

dictate or control Hospital's ethical or professional obligations to provide information, assistance, or medical treatment offered or delivered to Members.

11.3 Antitrust Considerations. Hospital agrees to comply with all applicable laws regarding restraint of trade and will not unlawfully seek, exchange, disclose or share with any provider with which it competes any patient fee or pricing information or other competitively sensitive information, including information on salary and fringe benefits for associates or employees. Hospital acknowledges that the exchange of such information may violate the antitrust laws and agrees to abide strictly by any Crescent rule, policy or regulation intended to prevent the exchange, disclosure or sharing of competitively sensitive information.

11.4 Waiver. The waiver by either party or any Payor or TPA of a breach or violation of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach thereof. No term of this Agreement, and no breach of this Agreement, shall be waived, altered or modified except by written instrument signed by the person sought to be bound thereby. No delay or failure by any party to insist upon the strict performance of any term of this Agreement, or to exercise any right or remedy available upon any breach of this Agreement, shall operate as a waiver thereof, and no single or partial exercise of any right or remedy under this Agreement shall preclude other or further exercise thereof or the exercise of any other right, power or privilege. No course of dealing between the parties shall be effective to change, modify or discharge any provision of this Agreement or to constitute a waiver of any default hereunder.

11.5 Governing Law, Severability. This Agreement shall be governed in all respects by the laws of the State of North Carolina. The invalidity or unenforceability of any terms or conditions hereof shall in no way affect the validity or enforceability of any other term or provision.

11.6 Transferability. This Agreement shall not in any manner be assigned, delegated (except to the limited extent related to arranging coverage as described herein), or transferred by either party without the prior written consent of the other party. Any assignment, delegation or transfer, in whole or in part of this Agreement by either party shall be communicated to the other party by prior written notice, which notice shall detail any specific duties or obligations to be so assigned, delegated or transferred.

11.7 Relationship of Parties. None of the provisions of this Agreement are intended to create, nor shall be deemed or construed to create, any relationship between the parties hereto other than that of independent entities contracting with each other solely for the purpose of effectuating the provisions of this Agreement. Hospital, TPAs, and Payors are independent contractors. Neither Crescent, Hospital nor any Payor or TPA, nor any of their respective employees shall be construed to be the agent, employer, or representative of the other

11.8 Material Misstatements. Hospital agrees that any material misstatements in or omissions from its application to become a Crescent Provider shall constitute cause for retroactive cancellation of this Agreement by Crescent.

11.9 Notices. Except as otherwise provided herein, any notice required to be given pursuant to the terms and provisions hereof shall be in writing and shall be either hand delivered or sent by first class mail to the parties at the addresses set forth on the signature page hereto.

11.10 Entire Agreement. This Agreement constitutes the entire understanding and agreement of the parties hereto and supersedes all other agreements, oral or written, regarding the subject matter of this Agreement. This Agreement supersedes and shall take the place of any previous Participating Hospital Agreement between Hospital and Crescent.

11.11 Non-Exclusivity. This Agreement is non-exclusive, and does not prohibit either party from contracting with other persons or entities directly or through entities other than Crescent.

11.12 Dispute Resolution. In the event a dispute between or among any parties arises out of or is related to the Agreement, the parties to such dispute shall meet and negotiate in good faith to attempt to resolve the dispute.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of this _____ day of _____ 20 ____.

CRESCENT PREFERRED PROVIDER
ORGANIZATION, INC.

By: _____
Myrna S. Harris

Title: Chief Executive Officer
Address: 1200 Ridgefield Boulevard
Suite 215
Asheville, NC 28806

HOSPITAL

By: _____
(Signature)

Title: _____

Address: _____

ATTACHMENT A
SERVICE AREA
EFFECTIVE AS OF JUNE 1, 2001

Coverage Area:

17 counties

Avery
Buncombe
Cherokee
Clay
Graham
Haywood
Henderson
Jackson
McDowell
Macon
Madison
Mitchell
Polk
Rutherford
Swain
Transylvania
Yancy

Att. A-1

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