

CRESCENT HEALTH SOLUTIONS, INC.

PARTICIPATING FACILITY AGREEMENT

THIS AGREEMENT is entered into by and between Crescent Health Solutions, Inc., a North Carolina non-profit corporation, (hereinafter referred to as "Crescent") and _____ (hereinafter referred to as "Facility").

WHEREAS, Crescent maintains and supports a network of medical care professionals and facilities 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 Network Access Agreements; and

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

WHEREAS, Facility 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 Facility hereby agree as follows:

I. DEFINITIONS

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

1.0 "Amendment" means any change to the terms of a contract, including terms incorporated by reference, that modifies fee schedules. A change required by federal or state law, rule, regulation, administrative hearing, or court order is not an Amendment.

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

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

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

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

1.5 "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. Facility, upon entering into this Agreement, will be a Crescent Provider.

1.6 "Crescent Network Access 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 Facility Services, to Members of Plans sponsored or issued by such Payors or TPAs.

1.7 "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.

1.8 "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.

1.9 "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.

1.10 “HMO Member” means a Member of a Plan issued by a health maintenance organization licensed in the State of North Carolina.

1.11 “Facility Services” means those Covered Services that may appropriately be rendered by a facility (on either an inpatient or outpatient basis) excluding any services that are expressly excluded as Facility Services in a Crescent Network Access Agreement with a TPA or Payor.

1.12 “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.

1.13 “Medical Director” means the physician, or his or her designee, designated by Crescent to manage Crescent’s Medical Management Program.

1.14 “Medical Management Programs” means the reasonable customer satisfaction plans, quality management programs, utilization management programs, credentialing, rules and regulations, provider sanctions, grievance procedures and other similar programs, procedures and protocols conducted by or on behalf of Payors and/or Crescent pursuant to this Agreement, the applicable Crescent Network Access Agreement and Crescent’s participating provider agreements with other Crescent Providers.

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

1.16 “Messenger Model” means the process described in Exhibit D of this Agreement.

1.17 “Messenger Package” means the schedule of fees accepted by Crescent from Payor or Payor’s designee that are sent to Crescent Participating Providers for consideration pursuant to rules of the Messenger Model.

1.18 “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.

1.19 “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 Facility of the Payor for a specific Plan on request.

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

1.21 "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.

1.22 "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, pursuant to Section 11.13 of this Agreement, to be designated as a Primary Care Physician. To the extent so provided in the applicable Crescent Network Access 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 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.

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

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

1.25 "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 pursuant to Section 11.11 of this Agreement, to be designated as a Specialist Physician.

1.26 "Sponsor" means the entity that is financially responsible for payment for Covered Services in accordance with the applicable Plan and may be, as applicable: the Payor.

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

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

If no schedule of Recognized Charges for Facility Services is proposed by the Payor or TPA, the Facility agrees to comply with procedures described in Section 3.1 herein by negotiating in good faith with the Payor or TPA.

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 Network Access Agreement, Facility 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 Facility Services to Members of such Plans as defined in the applicable Crescent Network Access Agreement. The terms and provisions of applicable Crescent Network Access Agreements with respect to which Facility elects to be an In-Plan Provider through this Agreement apply to Facility; proposed amendments to material terms applicable to Facility are subject to the requirements of Section 11.1 of this Agreement. A summary of material terms and provisions of Crescent Network Access Agreements shall be provided to Facility upon request, and a copy of such Crescent Network Access Agreements shall be available for Facility’s review upon reasonable request.

2.2 Administrative Fees. Facility understands that Crescent may charge Payors a fee for the use of the Crescent provider network, and Crescent shall charge Payors a fee for any Medical Management Programs or other administrative services provided. Facility also agrees, however, that in lieu of or in addition to any such fee that may be charged to Payors, Crescent may charge Facility 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 Facility 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 Network

Access Agreements. Such methods may include, with respect to payments paid to Facility from Payors for which Facility has elected to be an In-Plan Provider, automatic deductions made at the time of Facility's payment by the applicable claims processor or Facility's direct payment of the applicable fee(s) to Crescent based on payments from such Payors. Crescent shall contractually require Payors to cooperate in auditing and reconciling the administrative fee required under this Section 2.2.

III. PROVISION OF FACILITY SERVICES TO MEMBERS

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

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

(a) If such Plan makes an initial offer of compensation terms applicable to Facility (such as a schedule of Recognized Charges for Facility Services), Crescent shall give Facility at least thirty (30) days prior written notice of such compensation terms, and other material terms if applicable, as are contained in an appropriate Messenger Package relating to the respective Plan. Such notice may be delivered to the Facility pursuant to Section 11.9 hereof. Facility 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 Facility. All compensation and other competitively sensitive information which Crescent transmits to or from Facility 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 Facility, will be required to comply with such guidelines.

Upon receipt of the schedule of Recognized Charges and a description of Facility's material obligations under the applicable Crescent Network Access Agreement, Facility may accept the Messenger Package (or make a counterproposal to the Plan) by so indicating in a written notice sent to Crescent or its designee, which may be delivered pursuant to Section 11.9. If Facility has not accepted the Messenger Package (or made a counterproposal to the Plan) related to a Plan within the applicable thirty (30) days notice period, Facility will be deemed to have rejected such Messenger Package; provided, however, at Crescent's request, with respect to any Plan for which Facility declines to be an In-Plan Provider based primarily on such Plan's offered Recognized Charges, Facility shall use good faith efforts to negotiate directly with applicable Payor in order to reach a mutually satisfactory agreement under which Facility will become an In-Plan Provider for such Payor's Plan(s) through Crescent.

When Facility and Payor or Payor's Representative reach agreements related to rates via the Messenger Model, the agreed upon rates will remain in effect for a period of twelve (12) months. If either party wishes to renegotiate rates, discussions can be initiated at any time during the ninety (90) days prior to the end of the twelve month period. If the parties reach agreements related to rates prior to the end of a term (one year), the new rates will go into effect the day following the end of the existing one-year term. In the event rates have been in effect for twelve months or more, Facility and Payor or Payor's Representative may renegotiate rates at any time for future twelve month periods.

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 Facility representing the minimum payment which Facility is willing to accept from a Plan. Facility's individually-determined fee information will be furnished to Crescent on forms provided by Crescent upon Facility's execution of this Agreement or as soon as is reasonably possible following Facility's execution of this Agreement. The form will specify the manner in which the individually-determined fee information is to be reported to Crescent. Facility may also, at its option, elect to authorize Crescent to contract on Facility's behalf with Plans offering Recognized Charges equal to or better than Facility's individually-determined minimum fees. Authorization forms will be provided by Crescent to Facility. If Facility so authorizes Crescent, and a Plan's Recognized Charges are equal to or better than Facility's individually-determined minimum fees, Facility 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. Facility is under no obligation to participate in the pre-authorization process in order to become a Crescent Provider, nor is Facility obligated to use the pre-authorization process for any contracting opportunities presented to Facility through Crescent. If Facility becomes an In-Plan Provider for such Payor(s) Plans via the pre-authorization process, Crescent shall notify Facility in writing at least thirty (30) days before the effective date of the applicable Crescent Network Access Agreement, of Payor's Recognized Charges, and other material terms if applicable, as are contained in an appropriate Messenger Package relating to the respective Plan. Such notice may be delivered to the Facility pursuant to Section 11.9.

(b) If such Plan does not offer compensation terms applicable to Facility (such as a schedule of Recognized Charges for Facility Services), Crescent may, at Plan's written request, provide Plan with information concerning Facility's individually-determined fees, including the minimum compensation terms which Facility 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 Facility via the Messenger Model. To facilitate Crescent's presentation of Facility's fee information to Plans that request it, Facility 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 Facility is willing to accept. Facility's individually-determined fee information will be furnished to Crescent on forms provided by Crescent upon Facility's execution of this Agreement or as soon as is reasonably possible following Facility'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 Facility (such as a schedule of Recognized Charges for Facility Services), all of the protocols, procedures, deadlines and notice provisions set forth in Section 3.1(a) above shall apply to such offer. If Facility 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) Facility may unilaterally decline or agree to be an In-Plan Provider for any Payor or Plan and Facility may freely contract with any Payor or Plan without contracting through Crescent. If, however, Crescent makes a request that Facility become an In-Plan Provider under a Crescent Network Access Agreement and Facility declines such request with respect to a Crescent Network Access Agreement, the following condition shall apply: If, within the twelve months immediately prior to the effective date of the applicable Crescent Network Access Agreement, Facility has not been an In-Plan Provider for the Payor(s) related to such Crescent Network Access Agreement, and, within six months after the effective date of the Crescent Network Access Agreement, Facility becomes an In-Plan Provider for such Payor(s) under terms substantially similar to those applicable to Facility under the applicable Crescent Network Access Agreement, then Facility 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 Facility 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 Network Access Agreements for which Facility elected to become an In-Plan Provider through Crescent. Such administrative fees shall be due and payable through the term of the applicable Crescent Network Access Agreement. Facility agrees that Crescent may select a third party to audit Facility's relevant agreements in order to review Facility's compliance with this Section 3.1(c).

3.2 Verification of Eligibility. Crescent will contractually require each TPA or Plan to agree to provide a mechanism for Facility to verify a patient's eligibility as a Member, based on current information held by Payor or Payor's designee prior to rendering services. Unless otherwise directed by Payor or TPA, Facility 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 Facility substantially complies with such mechanisms, Crescent shall facilitate discussion of mutually agreeable provisions that may be made for cases where incorrect or retroactive information was submitted by employer groups. In addition, Crescent will contractually require 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, Facility shall not be required to verify coverage prior to rendering services in an Emergency, and Crescent will use best commercial efforts to require Payors to contractually agree that Facility shall not be denied payment for services rendered in an emergency solely due to Facility's failure to verify coverage in advance of rendering services. Crescent shall require Payor to contractually agree that Facility 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 Facility Standard of Care in Providing Facility Services. Facility shall deliver Facility Services to Members with the same care and attention that is customarily provided to patients by similar providers in Facility's community.

3.4 Discrimination Prohibited. Facility 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. Facility 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. Facility 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. Facility's compensation for Facility Services rendered to Members shall be the Recognized Charges. Facility agrees to accept such amounts as payment in full for Facility 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. Facility agrees that Coinsurance payments due and collected from Members will be computed based on the Recognized Charges rather than on Facility's usual or customary fees or rates. Crescent shall 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 Facility for services rendered, Crescent agrees to contractually require that no withhold or deductions from future payments due to Facility will be taken by Sponsor or Sponsor's designee. Crescent agrees to contractually require that Sponsor or Sponsor's designee notify Facility that any overpayment is due within one hundred twenty days (120) of the date the overpayment was paid to Facility or Facility will not be required to reimburse Sponsor or Sponsor's designee. In the event consistent delays or nonpayment occur, Crescent agrees to negotiate a remedy with Payor which may include, but is not limited to, elimination of discounts or termination of the applicable Crescent Network Access Agreement.

4.2 Intentionally Omitted – See Insurer Amendment and Addendum.

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 Facility as required by this Agreement for any reason, Facility 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 Facility, 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 Facility as required by this Agreement, until such HMO Members are discharged from the facility or their benefits expire, whichever is sooner. Facility shall not bill HMO Members for Facility Services rendered during such period.

4.4 Billing. When billing for Covered Services, Facility must submit an itemized bill, showing Facility's actual charges, on standard UB92 or CMS 1500 forms or by means reasonably acceptable to the applicable Payor or TPA; Facility will send such bills to Crescent, the TPA, or a Payor, as directed by Crescent. If Crescent performs repricing, Crescent will remit repriced bills to the Payor or TPA within forty-eight (48) hours of Crescent's receipt. Such bills shall be submitted by Facility within one hundred eighty (180) days from the date services were rendered or the date the Member is discharged from the facility. Facility understands and agrees that services for which bills are submitted more than one hundred eighty (180) days after the date of payment may be ineligible for payment, depending upon the Payor or TPA, and that the Facility may not bill a Member for payment for services which are not payable due to the Facility'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 Facility, all billings by Facility will be considered final unless Facility requests adjustments in writing within ninety (90) days after the Facility receives the applicable Claims Paid with respect to such billing.

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

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

4.7 Non-Covered Services. To the extent required by the applicable Crescent Network Access Agreement, Facility 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. Facility shall have no obligation to provide services that are not Covered Services to Members, except as required by law. Facility 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, Facility may bill Members directly for Non-Covered Services.

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

4.9 Liability for Non-Payment. Crescent shall not be liable to Facility 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, Facility or any other person.

V. FACILITY ADMISSIONS OF MEMBERS

5.1 Admissions. Facility 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 Facility 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. Facility agrees to participate in Medical Management Programs related to Facility Services and related amendments, if any, which are provided to Facility regarding Facility 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 Joint Commission 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 contractually require such entities to meet such legal and regulatory requirements. Crescent shall 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 maintain copies of all Medical Management Programs conducted by Crescent or Crescent's designee and make such copies available for inspection and copying by Facility during normal business hours. Upon agreement by Crescent to any modification of, or new implementation of, a Medical Management Program which

materially affects Facility, Crescent shall provide written notice to Facility describing such modification or containing a copy of such revised or new Medical Management Program and setting forth a date by which Facility must comply with such modifications, allowing a reasonable amount of time (not less than thirty (30) days) for Facility to comply with such revisions.

6.2 Performance Standards. Crescent may gather outcomes and performance data regarding Facility Services rendered by Facility and other Crescent Providers in accordance with Medical Management Programs. Facility 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, Facility Services. Crescent shall reasonably inform Facility of such Performance Standards as such are developed and amended, allowing a reasonable amount of time (not less than sixty (60) days) for Facility to comply with such standards. Facility further understands that Crescent or Payor (or their designee) will periodically screen or otherwise review Facility Services delivered by Facility in order to evaluate compliance with such Performance Standards, and that these Performance Review actions could result in the restriction, suspension or termination of Facility'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). Facility 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 Facility. Facility 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, Facility 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 Facility, depending on the applicable program or Plan. Crescent shall, and shall contractually require Payor to, define a reasonable process by which Facility 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, Facility 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 Facility 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 Facility upon request. Crescent will, and will require Payors and TPAs to, give Facility prior written notice of revisions of any applicable grievance or sanctions processes,

allowing a reasonable time (not less than thirty (30) days) for Facility to comply with such revisions.

6.5 Encounter Data. Facility shall provide Crescent and/or Crescent's designee with specific encounter data related to Facility 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 Facility'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. Facility 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 facility services, participation status with Medicare and full accreditation by the Joint Commission for Accreditation of Health Care Organizations) for Facility. Information regarding the applicable credentialing program will be provided by Crescent, TPA, or Payor, as appropriate. Facility is required to meet and continue to meet all applicable and reasonable credentialing standards adopted or utilized by Crescent, a Payor or a TPA. Crescent will, and will contractually require Payors or TPAs to, give Facility reasonable notice of any revisions to applicable credentialing requirements, allowing Facility a reasonable time (not less than thirty (30) days) to comply with such revisions. Facility 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, Facility will notify Crescent of material adverse changes in the information provided in the credentialing or recredentialing process(es). Facility represents and warrants that it has and will maintain all licenses and certifications necessary to provide those Facility Services required under this Agreement. Facility shall notify Crescent immediately of any action to suspend, revoke or restrict the license and/or any other accreditation or certification of Facility that is necessary for providing Facility Services and of any material sanctions imposed by Medicare upon Facility.

6.7 Roster of Providers and Use of Trademarks. Facility authorizes Crescent to include Facility's name and address, in its roster of Crescent Providers, which may be included in various marketing materials of Crescent. Facility also authorizes TPA or Payor to include Facility's name and address in their rosters of In-Plan Providers. Crescent agrees to include Facility in its roster of Crescent Providers. Crescent will contractually require any TPA or Payor with which it enters a Crescent Network Access Agreement and with which Facility elects to become an In-Plan provider to, include Facility in its roster of In-Plan Providers. Facility agrees to notify Crescent and, if applicable, Payors and TPAs promptly in writing of any changes in its name, address, or telephone number. Facility 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 Facility, if any, without the express written consent of Facility.

Crescent shall include in its Crescent Network Access Agreements a provision that Facility has express permission to display a reasonable written notice or otherwise reasonably communicate to the public that Facility 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 Facility's operations or Facility's patients, and Facility'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 Facility's facilities, or shall interfere with Facility's ability to provide information or assistance to any patient.

(b) Nothing herein shall require Facility 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, Facility may require the requestor to obtain from Members such general or specific consents to Facility's release of such records, if Facility shall determine such consents are required or advisable. Crescent and Facility 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 Facility'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 Facility'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 Facility, or compiled by Crescent, TPAs or Payors regarding Facility Services rendered by and the operations of Facility is confidential information ("Confidential Information") that is not generally available to the public and that has value to Crescent and Facility because it is not known to others. Facility, 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 Network Access Agreements. Facility, 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 Facility, Crescent, TPAs and Payors to perform their obligations under this Agreement and Crescent Network Access Agreements and only so long as each person to whom such disclosure is made will be informed of Facility's, Crescent's, TPAs' and Payors' obligations under this confidentiality provision, and (B) as

required by court order or other legal process binding upon Facility, Crescent, any TPA or any Payor, as appropriate. If Facility, 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 Facility which data specifically identifies Facility 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 Network Access Agreement. Facility 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 Facility 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 contractually require 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, Facility 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 Facility 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. Facility agrees to maintain complete and professionally adequate medical records for Members treated by Facility. Facility 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. Facility 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. Facility 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 Facility'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 Facility'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. Facility agrees to maintain, at all times during the term of this Agreement, comprehensive general liability and professional liability insurance coverage in such amounts acceptable to the plan and on such terms as are customary for providers like Facility (and no less than the prevailing standard in the provider community) to insure Facility for any damages resulting from the rendering of or failure to render Facility Services by any person for whose acts or omissions Facility is responsible, the use of any property or facilities provided to any such party, and the activities performed by Facility in connection with this Agreement. Facility shall furnish Crescent with appropriate evidence of such coverage upon request. Facility shall provide Crescent with written notice at least ten (10) days prior to the effective date of any changes in the status of required coverage.

8.2 Notice of Claims. Facility agrees to notify Crescent of any lawsuits or claims filed against Facility by or on behalf of Members within ten (10) working days of the Facility's receipt of notice of such a claim having been filed. Facility 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 Facility 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 products 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) Intentionally Omitted

(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 Network Access 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 Facility with appropriate evidence of such coverage upon request. Crescent shall provide Facility 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 Facility to review and copy the records of Crescent related to Covered Services provided by Facility 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 Facility'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 Facility 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;

(iv) 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

(v) if Facility, on advice of counsel, notifies Crescent in writing that Facility's continued participation with Crescent under this Agreement may subject Facility to substantial risk of loss or material adverse action against Facility (including, but not limited to, criminal prosecution, civil penalty, actions related to Facility's licensure, accreditation(s), tax exempt status, or certification(s) (including any certificate of public advantage)), and Crescent and Facility 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 Facility 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 Facility to meet the credentialing standards of Crescent;

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

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

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

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

(vii) if Crescent, on advice of counsel, notifies Facility 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 Facility are unable to reach a mutually acceptable modification of this Agreement within fifteen (15) business days after Facility receives such notice.

Crescent may permit Payor to request, at any time, that Crescent consider the termination, restriction or suspension of Facility's participation as an In-Plan Provider for Plan(s) sponsored or issued by such Payor. Crescent shall contractually 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 Facility and Payor in writing of Crescent's or its designee's conclusions and actions taken in connection therewith. Decisions to terminate, restrict or suspend Facility 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 any time, 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, including Payor's insolvency, the parties hereto agree as follows:

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

(b) Care of Patients. Facility shall continue to provide Facility 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 facility provide the services; or the expiration of the patient's status as a Member. The terms of this Agreement and the Crescent Network Access Agreements will continue to apply to all Facility Services provided before and after termination, except Facility's compensation for Covered Services rendered after termination shall be Facility's usual and customary fees for such services. Facility agrees to inform Members

seeking medical care after the date of termination that Facility is no longer a Crescent Provider or an In-Plan Provider, as appropriate.

(c) HMO Members. Facility agrees that the terms of this Agreement shall continue in full force and effect after the effective date of Facility'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 Network Access Agreement for which Facility elects to participate under this Agreement, upon termination of this Agreement, Facility agrees to remain an In-Plan Provider for the lesser of (i) the duration of the applicable Crescent Network Access Agreement(s); or (ii) one year after the effective date of the termination of this Agreement.

XI. MISCELLANEOUS

11.1 Amendments. Facility acknowledges that Crescent may need to amend this Agreement or a specific Crescent Network Access Agreement from time to time, under the following terms and conditions. Any such amendment shall be proposed in writing and submitted to Facility at least sixty (60) days prior to its effective date. If Facility does not file a written objection to the proposed amendment by letter to Crescent postmarked within sixty (60) days of the date the amendment is received by Facility, the amendment will be deemed to be accepted by Facility and Crescent. If Facility files a written objection to the amendment within said sixty (60) day period (as provided in the preceding sentence), it shall not apply to Facility, and either Crescent or Facility may (i) terminate this Agreement upon thirty (30) additional days notice; and (ii) if the Amendment relates solely to any specific Crescent Network Access Agreement or to any specific Plan(s) or any group of Members, either Crescent or the Facility may terminate Facility's status as an In-Plan Provider for such Plan or as to those Members.

Except as otherwise provided in this Section 11.1, no amendment to this Agreement shall be valid unless it is in writing and signed by or on behalf of the parties hereto.

11.2 Patient Care and Treatment Decisions. Facility 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 Facility for reimbursement or payment; this Agreement and any utilization management, quality assurance, credentialing, or provider sanctions programs are not intended to dictate or control Facility's ethical or professional obligations to provide information, assistance, or medical treatment offered or delivered to Members.

11.3 Antitrust Considerations. Facility 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. Facility 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. Facility, TPAs, and Payors are independent contractors. Neither Crescent, Facility 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. Facility 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 and Notice Contacts.

(a) Notices. Any notice required to be given pursuant to the terms and provisions hereof shall be in writing and delivered and calculated as follows: (i) five (5) business days following the date the notice is placed, first-class postage pre-paid, in the United States mail; (ii) on the day the notice is hand delivered; (iii) for certified or registered mail, the date on the return receipt; or (iv) for commercial courier service, the date of delivery. Notwithstanding the aforementioned, the parties agree that nothing in this section prohibits the use of an electronic medium for a communication other than an amendment.

(b) Notice Contacts. The name or title and address of the person for each party to whom all correspondence, including proposed amendments and other notices, pertaining to the contractual relationship between the parties is set forth on the signature page hereto. Such Notice Contact may be changed by the respective party by delivering written notice to the other party containing the information required for the new Notice Contact as set forth herein and delivered pursuant to the notice requirements contained herein.

11.10 Entire Agreement. This Agreement, all attachments and any attached or incorporated amendments, exhibits, or appendices 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 Facility Agreement between Facility 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 HEALTH SOLUTIONS, INC.

By: _____
Andrew L. Wilson

Title: _____
Chief Executive Officer

Address: _____
1200 Ridgefield Blvd.

_____ Suite 215

_____ Asheville, NC 28806

FACILITY

By: _____
(Signature)

Title: _____

Address: _____

ATTACHMENT A
SERVICE AREA
EFFECTIVE AS OF JUNE 1, 2001

Primary Coverage Area:

17 counties

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

Att. A-1

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EXHIBIT D

CRESCENT HEALTH SOLUTIONS, INC.

ANTITRUST POLICY

SUBJECT: ANTITRUST

STANDARD: Crescent Health Solutions, Inc. (Crescent) recognizes that antitrust violations can have extremely serious consequences. It is the intention of Crescent to comply with all laws applicable to its operations, including the antitrust laws, and accordingly, an appropriate antitrust policy is consistent with this philosophy.

PURPOSE: To establish guidelines for antitrust compliance.

POLICY

1. All Crescent members, officers, directors, managers, employees, affiliates (hereafter, "affiliates" are defined as hospitals, physician organizations, or physician hospital organizations that are not full members of Crescent) and providers must comply with antitrust laws. Crescent will not condone any conduct which violates the antitrust laws. Violation of the Crescent Antitrust Policy by any Crescent member, officer, director, manager, employee, affiliate or provider may result in immediate termination from Crescent or loss of employment with Crescent.
2. Any Crescent member, officer, director, manager, employee, affiliate or provider who has questions about the application of antitrust laws to past, present or future conduct of Crescent should contact the Crescent Chief Operating Officer, who will, in turn, consult with Crescent's antitrust counsel.
3. Local and regional employers in Western North Carolina have expressed their desire for a region-wide physician and hospital network that would help employers stay competitive in their respective industries and maintain their employees' health. Crescent believes that it can respond to this demand by improving access to a broad range of services across the region, by increasing efficiency and cost-effectiveness, and by enhancing the already high quality of health care delivered in Western North Carolina.

4. At the present time, it is anticipated that most contracting opportunities presented to Crescent will be in the nature of non-risk agreements. Should any agreements which contemplate the sharing of substantial financial risk be presented to Crescent, Crescent will adopt appropriate antitrust protocols for handling those contracts. Thus, this Policy and Crescent's Antitrust Compliance Guidelines for Contracting with Third-Party Payors ("Guidelines") which are attached hereto and incorporated by reference, may be expanded, as circumstances warrant.
5. For payor agreements that do not involve the sharing of substantial financial risk, Crescent will adhere to the protocols of the messenger model or other appropriate procedures which avoid antitrust concerns. Specific protocols are set forth in Section II A of the Guidelines, which are attached hereto and incorporated by reference. Under no circumstances will Crescent or its messenger negotiate or suggest fees or other competitively-sensitive terms in proposed non-risk agreements. Crescent and the messenger will maintain the confidentiality of all fee and other competitively-sensitive information received from providers and payors. Likewise, "firewall" protocols, as described in Section II B.1 of the Guidelines will also be adopted, as circumstances warrant.
6. Hospitals, physicians and other duly-licensed individuals or providers participate in Crescent on a non-exclusive basis. Hospitals, physicians and other duly-licensed individuals or providers that participate in Crescent are free at all times to contract directly with payors or participate in other networks or joint ventures.
7. Crescent shall distribute copies of this policy and attached Guidelines to each of its members, officers, directors, managers, employees, affiliates and providers who will sign in the space provided on the last page of this policy, confirming that they have read this policy and the attached Guidelines, and agree to be bound by them. When this policy or the Guidelines are updated, Crescent shall circulate a revised version to each of its members, officers, directors, managers, employees, affiliates and providers reminding them of the existence and substance of this policy and the Guidelines.
8. This policy and the attached Guidelines will be reviewed annually by Crescent with input from Crescent's antitrust counsel. Any proposed deviations from this policy or the attached Guidelines will be reported to Crescent's Chief Operating Officer, who will, in turn, consult with Crescent's antitrust counsel, before any deviation is implemented.

I have read the foregoing statement of policy and attached Guidelines and agree to be bound by them. If so indicated below, my signature constitutes the agreement of the institution or group I represent to be bound by this policy and the attached Guidelines.

Name (please print)

Provider's Signature

Title

Date

EXHIBIT D
RETAIN FOR YOUR RECORDS
DO NOT RETURN

Crescent Health Solutions, Inc.
Antitrust Compliance Guidelines (“Guidelines”)
For Contracting with Third-Party Payors

I. Background

Crescent Health Solutions, Inc. (“Crescent”) has been formed to develop and provide the benefits of a health care delivery system. The goals of Crescent are to provide access, improve choice, enhance the quality of health care delivered in Western North Carolina, and arrange to provide health care services in a more efficient and cost-effective manner.

At the present time, Crescent consists of hospitals and organized physician groups. In the future, Crescent may wish to extend membership to, or affiliate with other hospitals and organized physician groups. Collectively, and for purposes of these Guidelines, the current and future members or affiliates of Crescent shall be called “Providers.” Crescent may offer the services of its Providers to Payors, including without limitation employer self-funded plans, insurers, health maintenance organizations, and other organizations responsible for paying health care services.

Crescent intends to conduct its operations in strict compliance with state and federal antitrust laws. Crescent expects and requires that its members, officers, directors, managers, employees, affiliates (as defined in Crescent’s Antitrust Policy) and Providers do the same. Accordingly, Crescent adopts the following Guidelines for itself and for its members, officers, directors, managers, employees, affiliates, and Providers. These Guidelines are attached to and incorporated by reference in Crescent’s Antitrust Policy, to which all Crescent members, officers, directors, managers, employees, affiliates and Providers have agreed in writing to be bound.

II. Payor Contracting

Crescent recognizes that otherwise independent providers who are not substantially integrated generally may not collectively agree on rates or charges. Providers who are not integrated must set their fees independently, and must make

independent decisions whether or not to contract with a particular Payor.¹ Crescent recognizes the need to set guidelines to ensure that decisions on pricing and contracting are made in an appropriate manner. Accordingly, Crescent will observe the following guidelines when contracting.

A. Messenger Model Procedures

For contracts that do not involve the sharing of substantial financial risk among individual Providers, Crescent may identify a messenger to act as a facilitator of arrangements between individual Providers and Payors. The messenger will be a person designated by Crescent who is not otherwise affiliated with any Provider. The messenger may be an employee of Crescent, provided that all of the procedural requirements concerning the use and dissemination of confidential information set forth in these guidelines are strictly followed.

Crescent may ask each Provider to unilaterally determine its floor prices or rates or a conversion factor for providing services under fee-for-service contracts. This information will be provided directly to Crescent on forms and in the manner prescribed by Crescent. Each Provider may also be asked to execute an agreement authorizing Crescent to enter into contracts on his or her behalf if the contract rate is at or above a “floor” rate unilaterally determined by the individual Provider. This process is called the “pre-authorization process.” The pre-authorization process is offered solely for the purpose of streamlining the contracting process within the legal boundaries of the messenger model.

Neither the Providers nor the messenger will share information concerning an individual Provider’s floor price or rate or conversion factor with any other Providers. The messenger will maintain the information related to each Provider’s floor prices or rates or conversion factor in such a way as to ensure its confidentiality from the other Providers of Crescent (including Providers acting in their capacity as directors or officers of Crescent). The messenger may not negotiate on behalf of Providers or otherwise facilitate collective decision making by Providers.

1. Payors Proposes Fee Schedule. When a Payor asks that Crescent enter into a fee-for-service arrangement and the Payor proposes the fee schedule, Crescent may, at the written request of the Payor,

¹ At the present time, it is anticipated that most contracting opportunities presented to Crescent will be in the nature of non-risk agreements. Should any agreements which contemplate the sharing of substantial financial risk be presented to Crescent, Crescent will adopt appropriate antitrust protocols for handling those contracts.

review forms of contracts proposed by such a Payor and negotiate changes unrelated to price or other competitively-sensitive terms that Crescent believes will make the contracts more acceptable to its Providers. Thereafter, the messenger will follow the steps outlined in subsections (a) and (b) below:

- a. The messenger may transmit the Payor's contract offer to all providers or to a subset thereof that best meets the Payor's needs (the subset will be chosen by the Payor) for individual acceptance or rejection with such neutral explanations of the offers as may be necessary to assist the Providers in understanding and evaluating them. Providers will thereafter be given thirty (30) days to review the offer and to notify Crescent if they accept the offer and/or wish to make a counterproposal to the Payor. If no acceptance or counterproposal is received from the Provider within the thirty (30) day period, the Provider will be deemed to have rejected the offer. All counterproposals (and any responses thereto) will be passed from Payor to Provider in accordance with this provision; under no circumstances shall Crescent or the messenger negotiate fees or other competitively-sensitive terms on behalf of Providers. All compensation and other competitively-sensitive information which Crescent transmits to or from Providers in Crescent's capacity as messenger is confidential and will not be disclosed by Crescent to any Provider. Pursuant to Paragraph 3.1 (a) of the applicable Participation Agreement with Crescent, if a Provider rejects a contract opportunity primarily because of the Payor's proposed compensation terms, Provider is required to use good faith efforts to negotiate directly with the Payor to reach a mutually-satisfactory agreement with the Payor.
- b. At the written request of the Payor, and as an alternative to option (a) above, Crescent may also review Providers' unilaterally-determined floor rates to ascertain the number of Providers who are willing to contract at the rate offered by the Payor and may advise the Payor of the number of Providers who will contract at that rate. If the Payor's offer meets or exceeds the Providers' unilaterally-determined floor rates, Crescent may enter into contracts on behalf of those providers who have elected to participate in the pre-authorization process. Any offers that do not meet the Providers' individually determined floor rates will be transmitted to the Providers for their individual consideration.

2. Payor Does Not Propose Fee Schedule. When a Payor asks Crescent to enter into a fee-for-service arrangement and the Payor does not tender a fee schedule to Crescent, Crescent will follow the steps outlined below:

At the written request of the Payor, Crescent may review the forms of contract or terms proposed by such Payor, and negotiate changes unrelated to price or other competitively-sensitive terms that Crescent believes will make the contract more acceptable to its Providers. Crescent may provide the Payor with information concerning Providers' individually-determined floor rates. Such information shall be furnished to the Payor for the sole purpose of enabling Payor to develop contract offers. The Payor is free to counterpropose compensation terms which will be conveyed to the Providers via the messenger model.

If, after reviewing the fee information provided pursuant to this Section 2, a Payor offers compensation terms which meet or exceed the Providers' individually-determined floor rates, the Payor, at its option, may utilize the pre-authorization process described above, or it may request Crescent to transmit the fee information to the Providers for their individual consideration. If the pre-authorization process is utilized, any offers that do not meet the Providers' individually-determined floor rates will be transmitted to the Providers for their individual consideration.

3. Prohibited Actions. Except as specifically provided above, Crescent and the messenger shall not:
 - a. Agree or disagree on behalf of Providers, individually or collectively, to enter into contracts;
 - b. State the terms (price or other) on which Providers, individually or collectively, will enter into contracts with Payors, or negotiate price or other competitively-sensitive terms;
 - c. Advise Providers whether they should or should not enter into contracts with Payors;
 - d. Share information among Providers as to the terms (price or other) on which they contract to do business individually, or as to whether or not they are prepared individually to do business with any given Payor; nor
 - e. Prohibit individual Providers who wish to negotiate the offer with the Payor from doing so directly.

4. Information Regarding Provider's Fees. Crescent's messenger may provide Payors with information concerning its Providers' fees, which may include their usual and customary fees, and the fees at which they have stated their willingness to contract. The messenger may assist Payors in developing contract offers by taking the fee authorizations of the Providers and developing a schedule that can be presented to a Payor showing the percentages of participants in Crescent who have authorized contracts at various price levels. In doing so, Crescent and the messenger will observe the following guidelines:
 - a. Only the messenger will gather and disseminate the information;
 - b. Under no circumstances will Crescent or the messenger negotiate or agree to fees or other competitively-sensitive terms on behalf of Providers;
 - c. The messenger will collect fee information from the Providers, and will maintain it in such a way as to ensure its confidentiality from other Providers (including Providers acting in their capacity as officers or managers of Crescent);
 - d. In his or her capacity as such, the messenger will act independently of the officers and managers of Crescent, and will be free to consult Crescent's legal counsel as he or she deems necessary, and to act on legal counsel's advice for protection of Crescent and its Providers;
 - e. For purposes of furnishing fee information to Payors, the messenger will provide actual information for all of a sample of Providers, rather than typical or average fees; and
 - f. The messenger may discuss with Crescent's officers and directors any market considerations affecting prices, but will not discuss specific prices, price levels or price proposals.

B. Other Protocols for Payor Contracting

1. Provider "Firewalls." Certain Providers are themselves self-insured employers who may choose to contract through Crescent with other Providers for employee health care. Thus, in its capacity as a Payor, a Provider may receive information concerning certain prices charged by another Provider who is otherwise a competitor. With respect to those situations, to ensure that there will be no inappropriate use of information concerning price and other competitively-sensitive terms, any Provider acting in the capacity of Payor (the "Payor-Provider") will establish a confidentiality barrier, or "firewall," between its employees who make pricing

decisions and those who handle invoices, reimbursement requests, and similar documents and competitively-sensitive information submitted by any other Provider (collectively, the “Confidential Information”). The Payor-Provider employees who receive such Confidential Information will not divulge it, either directly or indirectly, to any Payor-Provider employee or representative involved in making decisions concerning pricing or other competitively-sensitive business terms.

2. **Non-Exclusivity.** Providers remain free at all times to contract or affiliate with any person or entity outside Crescent and to contact directly with Payors.