In re:	)	
	)	Chapter 11
Curae Health, Inc., *et al*.[1]	)	Case No. 18-05665
	)	
1721 Midpark Road, Suite B200	)	Judge Walker
Knoxville, TN 37921	)	
Debtors.	)	Jointly Administered

**DEBTORS' EXPEDITED MOTION FOR ENTRY OF AN ORDER (I) AUTHORIZING
DEBTORS TO TRANSFER THE REVENUE CYCLE SERVICES FOR THE
DEBTORS' FACILITIES TO MEDHOST OF TENNESSEE, INC.,
AND (II) GRANTING RELATED RELIEF**

By this motion (the "**Motion**"), the above-captioned debtors and debtors in possession (the "**Debtors**") seek entry of an order (the "**Proposed Order**")[2] filed contemporaneously herewith, pursuant to sections 105(a) and 363 of title 11 of the United States Code (the "**Bankruptcy Code**"), rules 2002 and 6004 of the Federal Rules of Bankruptcy Procedure (the "**Bankruptcy Rules**"), and rule 9075-1 of the Local Rules of the Bankruptcy Court for the Middle District of Tennessee (the "**Local Rules**") authorizing the Debtors to transfer the Revenue Cycle Services for the Debtors' Facilities to MedHost of Tennessee, Inc ("**MedHost**"). Debtors further request that the Court set a hearing on this Motion as provided in Debtors' Motion for a Hearing filed contemporaneously herewith. In support of this Motion, the Debtors respectfully state as follows:

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[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are Curae Health, Inc. (5638); Amory Regional Medical Center, Inc. (2640); Batesville Regional Medical Center, Inc. (7929); and Clarksdale Regional Medical Center, Inc. (4755); Amory Regional Physicians, LLC (5044); Batesville Regional Physicians, LLC (4952); Clarksdale Regional Physicians, LLC (5311).

[2] The Debtors, MedHost, the Official Committee of Unsecured Creditors, and Midcap are discussing certain revisions to the proposed order and may submit a revised proposed order prior to the hearing on this Motion.

JURISDICTION AND VENUE

1.   The United States Bankruptcy Court for the Middle District of Tennessee (the "**Court**") has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2).

2.   Venue is proper in this District pursuant to 28 U.S.C. §§ 1408 and 1409.

3.   The statutory bases for the relief requested herein are sections 105(a) and 363 of the Bankruptcy Code and Bankruptcy Rules 2002 and 6004.

GENERAL BACKGROUND

4.   On August 24, 2018 (the "**Petition Date**"), the Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code with this Court commencing the above-captioned chapter 11 cases (the "**Chapter 11 Cases**"). The general factual background regarding the Debtors, including their business operations, debt structure, and the events leading to the filing of the Chapter 11 Cases is set forth in detail in the *Declaration of Stephen N. Clapp, Chief Executive Officer of Curae Health, Inc., in Support of Chapter 11 Petitions and First Day Pleadings* (the "**First Day Declaration**") [Docket No. 49] and fully incorporated herein by reference.

5.   The Debtors continue to operate their businesses and manage their properties as debtors-in-possession pursuant to §§ 1107(a) and 1108 of the Bankruptcy Code.

6.   On August 29, 2018, the Court entered an order authorizing the joint administration of the Chapter 11 Cases [Docket No. 59].

7.   Support for this Motion is set forth in detail in the *Declaration of Stephen N. Clapp, Chief Executive Officer of Curae Health, Inc., in Support of Debtors' Motion* the ("**Clapp Declaration**"), attached hereto as Exhibit A.

REVENUE CYCLE SERVICES

8.   Debtor Curae Health, Inc. ("**Curae**") provides revenue cycle services (the "**Revenue Cycle Services**") for the following hospital facilities operated by Debtors: the hospital operated by Debtor Clarksdale Regional Medical Center, Inc. (the "**Clarksdale Facility**"); the hospital operated by Debtor Batesville Regional Medical Center, Inc. (the "**Batesville Facility**"); and the hospital operated by Debtor Amory Regional Medical Center, Inc. (the "**Amory Facility**", together with the Batesville Facilities and the Clarksdale Facilities, the "**Facilities**").[3] Clapp Declaration, at ¶ 6. The Revenue Cycle Services provided by Curae encompass the financial process needed by the Facilities to process claims, process payments, and generate revenue. Efficient and effective Revenue Cycle Services are necessary for the Facilities to generate cash. *Id.*

9.   Based on patient volumes at the Facilities during the 12-month period prior to the Petition Date, Curae required the following staffing structure to perform the Revenue Cycle Services for the Facilities: the Vice President of Financial Operations, the Vice President of Revenue Cycle, the Director of Accounts Receivable, the Lead Billing Supervisor, the market Patient Financial Services Director, 21 billing and follow up team members, and 8 cash posters, which include refund clerks and charity application review staff hired at each Facility (collectively, the "**Revenue Cycle Staff**"). *Id.* at ¶ 7.

10.   In mid-August, Curae was in the process of hiring additional staff to assist with the conversion to the MedHost billing system at the Clarksdale Facility. *Id.* at ¶ 8. However, due to the filing of the Chapter 11 Cases, Curae has had to cover the needed staff additions with

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[3] Curae also provides revenue cycle services for the hospital in Russellville, Alabama operated by non-debtor Russellville Hospital, Inc. ("**Russellville**") and the Debtor physician entities. The revenue cycle services provided to Russellville and the Debtor physician entities will not be affected by the relief sought in this Motion.

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temporary staff. *Id.* Unfortunately, the use of temporary staff has yielded less than optimal results. *Id.* During the brief period Curae has used temporary workers, Curae has already had to replace 4 temporary workers due to inconsistent work hours and work productivity. *Id.*

11.   Since the Petition Date, Curae has lost approximately five full-time Revenue Cycle Staff. *Id.* at ¶ 9. Revenue Cycle Staff continue to apply and interview for other permanent full-time positions. *Id.* Because Curae is unable to attract experienced, full-time staff, Curae must continue to source candidates through temp agencies. *Id.* The loss of MedHost-experienced staff compounded with the Revenue Cycle Staff's uncertainty over future employment has had a negative impact on cash collections for the Facilities. *Id.*

12.   To ensure the Facilities' ability to generate cash, Debtors have reached an agreement with MedHost whereby MedHost will perform the Revenue Cycle Services for the Facilities. *Id.* at ¶ 10. The Statements of Work for each Facility memorializing the terms of the agreement between Debtors and MedHost (the "**Statements of Work**") are attached hereto as Exhibit B. Pursuant to the Statements of Work, MedHost proposes a fee of 4.5% of patient account cash receipts from each Facility. Based on estimates prepared by the Debtors' financial accounting department, Debtors estimate that Curae currently spends $4.9 million[4] annually for corporate accounting, leased space, staffing, and associated costs. *Id.* The current MedHost proposal of 4.5% is estimated to cost $4.05 million based on trailing 12-month hospital-only net revenue. *Id.*

13.   Since all revenue collection and billing activity for the Facilities is handled through the MedHost system, Debtors believe that the transition to MedHost should take less than 4 weeks to complete and is in the best interest of the Debtors and their estates. *Id.* at ¶ 11.

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[4] This estimate includes Curae's costs associated with the physician entities.

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As part of the transition, certain of the Revenue Cycle Staff may be employed by MedHost, which will further reduce any delays associated with the transition. *Id.*

RELIEF REQUESTED

14.   By this Motion, the Debtors seek (I) to enter into the Statements of Work with MedHost, whereby MedHost will perform the Revenue Cycle Services for the Facilities, and (II) necessary related relief.

BASIS FOR RELIEF

I.   Contracting with Medhost for Revenue Cycle Services Is a Sound Exercise of the Debtors' Business Judgment and Is in the Best Interests of the Debtors' Estates

15.   The decision to transfer the Revenue Cycle Services to MedHost is arguably a transaction outside the ordinary course of business for which court approval in accordance with section 363(b) of the Bankruptcy Code is required. Section 363(b) of the Bankruptcy Code provides, in relevant part, that a debtor "after notice and a hearing, may use, sell or lease, other than in the ordinary course of business, property of the estate . . . ." 11 U.S.C. § 363(b).

16.   In reviewing a debtor's decision to use estate property pursuant to section 363 of the Bankruptcy Code, courts have routinely held that if such use represents reasonable business judgment on the part of the debtor, such use should be approved. *See In re Lionel Corp.,* 722 F.2d 1063, 1070–71 (2d Cir. 1983) (requiring a "good business reason" to approve a transaction under section 363). "Ordinarily, the position of the trustee is afforded deference, particularly where business judgment is entailed in the analysis or where there is no objection." *In re Lahijani,* 325 B.R. 282, 289 (9th Cir. B.A.P. 2005).

17.   Courts emphasize that the business judgment rule is not an onerous standard and may be satisfied "as long as the proposed transaction appears to enhance the debtor's estate." *In re Food Barn Stores, Inc.,* 107 F.3d 558, 566 n.16 (8th Cir. 1997); *accord In re AbitibiBowater,*

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418 B.R. 815, 831 (Banks. D. Del. 2009) (the business judgment standard is "not a difficult standard to satisfy"). Under the business judgment rule, "management of a corporation's affairs is placed in the hands of its board of directors and officers, and the Court should interfere with their decisions only if it is made clear that those decisions are, *inter alia,* clearly erroneous, made arbitrarily, are in breach of the officers' and directors' fiduciary duty to the corporation, are made on the basis of inadequate information or study, are made in bad faith, or are in violation of the Bankruptcy Code." *In re Farmland Indus., Inc.,* 294 B.R. 855, 881 (Bankr. W.D. Mo. 2003) (citing *In re United Artists Theatre Co.,* 315 F.3d 217, 233 (3d Cir. 2003); *Richmond Leasing Co. v. Capital Bank, N.A.,* 762 F.2d 1303, 1309 (5th Cir. 1985); *In re Defender Drug Stores, Inc.,* 145 B.R. 312, 317 (9th Cir. B.A.P. 1992)).

18.   Here, the Debtors have determined in their business judgment that it is prudent to transfer the Revenue Cycle Services for the Facilities to MedHost. Due to personnel losses and other factors, Curae cannot continue perform the Revenue Cycle Services for the Facilities. *See* Clapp Declaration, at ¶ 9. Debtors believe that transferring the Revenue Cycle Services for the Facilities to MedHost will allow the Debtors to maximize revenue and will minimize expenses for the Debtors' estates. *Id.* at ¶ 10. Accordingly, Debtors believe that the terms in the MedHost Statements of Work are reasonable and transitioning the Revenue Cycle Services to MedHost is in the best interests of the Debtors, the Debtors' estates, creditors, and all other parties in interest. *Id.* at ¶ 12.

NOTICE

19.   Concurrently with the filing of this Motion, the Debtors shall provide notice of this Motion to: (a) the Office of the United States Trustee for the Middle District of Tennessee; (b) Centers for Medicare and Medicaid Services; (c) State of Tennessee Department of Health

Division of Licensure and Regulation Office of Health Care Facilities; (d) Mississippi State Department of Health; (e) counsel to the official committee of unsecured creditors established in these cases pursuant to Section 1102 of the Bankruptcy Code; (f) ServisFirst Bank and its counsel; (g) Midcap Financial Trust and its counsel; (h) CHS/Community Health Systems, Inc. and its counsel (i) all Tennessee local counsel having entered a notice of appearance in these cases; (j) the Internal Revenue Service; (k) the Tennessee Attorney General's Office; (l) the Mississippi Attorney General's Office; (m) the Tennessee Secretary of State; (n) Medhost and its counsel; (o) the patient care ombudsman and her proposed counsel; and (p) any party that has requested notice pursuant to Bankruptcy Rule 2002. Service is being executed via the Court's CM/ECF system, email, hand delivery, and/or overnight mail.

WHEREFORE, the Debtors respectfully request that the Court grant the relief sought herein and such other and further relief as the Court may deem proper.

Dated: October 19, 2018
      Nashville, Tennessee

                           POLSINELLI PC
                           /s/ Michael Malone
                           Michael Malone
                           401 Commerce Street, Suite 900
                           Nashville, TN 37219
                           Telephone: (615) 259-1510
                           Facsimile: (615) 259-1573
                           mmalone@polsinelli.com

                           -and-
                           David E. Gordon (*Admitted Pro Hac Vice*)
                           Caryn E. Wang (*Admitted Pro Hac Vice*)
                           1201 West Peachtree Street NW
                           Atlanta, Georgia
                           Telephone: (404) 253-6000
                           Facsimile: (404) 684-6060
                           dgordon@polsinelli.com
                           cewang@polsinelli.com
                           Counsel to the Debtors and
                           Debtors in Possession

65711135.2

EXHIBIT A

Clapp Declaration

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In re:	)	
	)	Chapter 11
Curae Health, Inc., *et al.*[5]	)	Case No. 18-05665
	)	
1721 Midpark Road, Suite B200	)	Judge Walker
Knoxville, TN 37921	)	
Debtors.	)	Jointly Administered

DECLARATION OF STEPHEN N. CLAPP IN SUPPORT OF DEBTORS' MOTION

Pursuant to 28 U.S.C. § 1764, Stephen N. Clapp, declares as follows under the penalty of perjury:

1.   I am the President and Chief Executive Officer ("**CEO**") of Curae Health, Inc. ("**Curae**" or "**the Company**"), a Tennessee nonprofit corporation. Curae is the sole member and sponsoring organization of Amory Regional Medical Center, Inc. ("**Amory**"); Batesville Regional Medical Center, Inc. ("**Batesville**"); and Clarksdale Regional Medical Center, Inc. ("**Clarksdale**"). Amory, Batesville, and Clarksdale are each the sole member of a physician entity as follows: Amory is the sole member of Amory Regional Physicians, LLC ("**Amory Physicians**"); Batesville is the sole member of Batesville Regional Physicians, LLC ("**Batesville Physicians**"); Clarksdale is the sole member of Clarksdale Regional Physicians, LLC ("**Clarksdale Physicians**"). Curae, Amory, Batesville, Clarksdale, Amory Physicians, Batesville Physicians, and Clarksdale Physicians are the debtors and debtors in possession in the above-captioned chapter 11 cases (the "**Chapter 11 Cases**") and shall be collectively referred to herein

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[5] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are Curae Health, Inc. (5638); Amory Regional Medical Center, Inc. (2640); Batesville Regional Medical Center, Inc. (7929); and Clarksdale Regional Medical Center, Inc. (4755); Amory Regional Physicians, LLC (5044); Batesville Regional Physicians, LLC (4952); Clarksdale Regional Physicians, LLC (5311).

as the "**Debtors**" or the "**Company**". I am authorized to submit this declaration (the "**Declaration**") on behalf of the Debtors.

2.   I have served as President and CEO of Curae since it was formed in 2014. Prior to serving as President and CEO of Curae, I served as President and CEO of Restoration Healthcare, LLC ("**Restoration**"), a for-profit rural hospital company that was focused on helping to save struggling rural hospitals. I served as President and CEO of Restoration from the time it was formed in 2006 until 2013 when Restoration divested its last hospital. Prior to forming Restoration, I worked for Baptist Health System of East Tennessee ("**Baptist**") from 1995 to 2006. For several years, I served as Senior Vice President of Baptist, and during that time I was responsible for overseeing: (a) the hospital and other operating entities; (b) strategic planning; (c) business development; (d) physician recruitment; and (e) real estate.

3.   I am familiar with the Debtors' business operations, financial condition, policies and procedures, day-to-day operations, and books and records. Except as otherwise noted, I have personal knowledge of the matters set forth herein or have gained knowledge of such matters from other employees, agents, attorneys, and advisors, the accuracy and completeness of which information I relied upon to provide this Declaration.

4.   References to the Bankruptcy Code (as hereafter defined), the chapter 11 process, and related legal matters are based on my understanding of such matters in reliance on the explanation provided by, and the advice of, counsel. If called upon to testify, I would testify competently to the facts set forth in this Declaration.

5.   I submit this Declaration on behalf of the Debtors in support of the DEBTORS' EXPEDITED MOTION FOR ENTRY OF AN ORDER (I) AUTHORIZING DEBTORS TO TRANSFER THE REVENUE CYCLE SERVICES FOR DEBTORS' FACILITIES TO

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MEDHOST OF TENNESSEE, INC., AND (II) GRANTING RELATED RELIEF (the "**Motion**").

6.   Curae provides Revenue Cycle Services for the Debtors' Facilities.[6] The Revenue Cycle Services provided by Curae encompass the financial process needed by the Facilities to process claims, process payments, and generate cash. Efficient and effective Revenue Cycle Services are necessary for the Facilities to generate cash.

7.   Based on patient volumes at the Facilities during the 12-month period prior to the Petition Date, Curae required the following staffing structure to perform the Revenue Cycle Services for the Facilities: the Vice President of Financial Operations, the Vice President of Revenue Cycle, the Director of Accounts Receivable, the Lead Billing Supervisor, the market Patient Financial Services Director, 21 billing and follow up team members, and 8 cash posters, which include refund clerks and charity application review staff hired at each Facility (collectively, the "**Revenue Cycle Staff**").

8.   In mid-August, Curae was in the process of hiring additional staff to assist with the conversion to the MedHost billing system at the Clarksdale Facility. Due to the filing of the Chapter 11 Cases, Curae has attempted to cover the needed staff additions with temporary staff. Unfortunately, the use of temporary staff has yielded less than optimal results. During the brief period Curae has used temporary workers, Curae has already had to replace 4 temporary workers due to inconsistent work hours and work productivity.

9.   Since the Petition Date, Curae has lost approximately five full-time Revenue Cycle Staff. Because Curae is unable to attract experienced, full-time staff, Curae must continue to source candidates through temp agencies. Revenue Cycle Staff continue to apply and

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[6] Curae also provides revenue cycle services for the hospital in Russellville, Alabama operated by non-debtor Russellville Hospital, Inc. ("**Russellville**") and the Debtor physician entities.

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interview for other permanent full-time positions. The loss of MedHost-experienced staff compounded with the Revenue Cycle Staff's uncertainty over future employment has had a negative impact on cash collections.

10. To ensure the Facilities' ability to generate cash, Debtors have reached an agreement with MedHost, whereby MedHost will perform the Revenue Cycle Services for the Facilities. Pursuant to the Statements of Work, MedHost proposes a fee of 4.5% of patient account cash receipts from each Facility. Based on estimates prepared by the Debtors' financial accounting department, Debtors estimate that Curae currently spends $4.9 million[7] annually for corporate accounting, leased space, staffing, and associated costs. The current MedHost hospital proposal of 4.5% is estimated to cost $4.05 million based on trailing 12-month hospital-only net revenue.

11. Since all revenue collection and billing activity for the Facilities is handled through the MedHost system, Debtors believe that the transition to MedHost should take less than 4 weeks to complete and is in the best interest of the Debtors and their estates. As part of the transition, the Revenue Cycle Staff may be employed by MedHost, which will further reduce any delays associated with the transition.

12. Debtors believe that the terms in the MedHost Statements of Work are reasonable and transitioning the Revenue Cycle Services to MedHost in in the best interests of the Debtors, the Debtors' estates, creditors, and all other parties in interest.

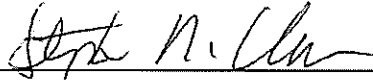I declare under penalty of perjury that the foregoing is true and correct.

[*Signature on Following Page*]

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[7] This estimate includes Curae's costs associated with the physician entities.

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Executed this 19th day of October, 2018.

                                            Curae Health, Inc.
Amory Regional Medical Center, Inc.,
Batesville Regional Medical Center, Inc.,
Clarksdale Regional Medical Center, Inc.
Amory Regional Physicians, LLC
Batesville Regional Physicians, LLC
Clarksdale Regional Physicians, LLC

Debtors and Debtors in Possession

_____

Stephen N. Clapp
President and Chief Executive Officer of Curae
Health, Inc.

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EXHIBIT B

Statements of Work

MEDHOST®

MEDHOST of Tennessee, Inc.
6550 Carothers Parkway, Suite 160
Franklin, TN 37067

Statement of Work
Revenue Cycle Professional Services

PO/SOW#: WA – 000xxxx

SOW Creation Date:	**Contracting Entity:**	**Serviced Facility**
October 4, 2018	Curae Health 121 Leinart St. Clinton, TN 37716	Gilmore Memorial Hospital 1105 Earl Frye Boulevard Amory, MS 38821

Fee Schedule

CODE	DESCRIPTION	MONTHLY FEES
RCPS	Revenue Cycle Professional Services	Rate spread across all services of 4.5% of patient account cash receipts from payors for Gilmore Memorial Hospital
CTCM	Contract Maintenance	Included in above rate
CTUI	Contract Management Variance Identification	Included in above rate
CTUR	Contract Management Variance Recovery	Included in above rate

INTRODUCTION

This Statement of Work # WA – 000xxxx (hereinafter called the "SOW") is effective as of the last date signed below and is issued pursuant to the Software License and Application Services Agreement #WC-839 between Curae Health and MEDHOST of Tennessee, Inc., ("MEDHOST"), dated July 7, 2015, as amended (the "Agreement"). This SOW is subject to all terms and conditions contained in the Agreement as if this SOW were made a part thereof. Any term not otherwise defined herein shall have the meaning specified in the Agreement. In the event of any conflict or inconsistency between the terms of this SOW and the terms of the Agreement, the terms of the Agreement shall govern and prevail.

All work performed hereunder will be performed for the *Serviced Facility* as contracted for by the *Contracting Entity*, as such entities are identified in the header above. Hereinafter, this SOW will use the defined term "Client" to collectively refer to both the *Serviced Facility* and the *Contracting Entity*. It will be the sole responsibility of the *Contracting Entity*, to determine and to control which entity will be responsible for performing any particular obligation or requirement placed on the "Client" hereunder, but the *Contracting Entity* will remain the legally responsible party under the Agreement and this SOW.

Serviced Facility acknowledges that, for purposes of this Statement of Work, it shall be bound by the terms, conditions, restrictions, limitations, representations and warranties of the Agreement to the same extent as if it were part of "Company" under the Agreement, and represents and warrants that it is bound by the terms of this Statement of Work and is jointly and severally responsible for any and all obligations hereunder, including but not limited to fees payable hereunder for Services provided by MEDHOST.

IN WITNESS WHEREOF, the parties hereto have executed this SOW as of the date last written below.

Curae Health

By: _____

Name: _____

Title: _____

Date: _____

Amory Regional Medical Center, Inc. d/b/a Gilmore Memorial Hospital

By: _____

Name: _____

Title: _____

Date: _____

MEDHOST of Tennessee, Inc.

By: _____

Name: _____

Title: _____

Date: _____

1. SERVICES AND DELIVERABLES

1.1. Scope of Work

This SOW will cover the following work as described below and further detailed herein.

1.2. Services

MEDHOST will perform the following Services under this SOW:

SERVICE OFFERING: Revenue Cycle Services to include:

- Insurance Accounts Receivable
- Cash Posting
- Contract Management

<u>Service Phases</u>:

1) **Implementation:** The implementation phase will include a series of calls with Client and MEDHOST. The initial kick-off call will occur within two weeks of SOW signature and MEDHOST will provide Client with Starter Pack, inclusive of project plan. Client will ensure that all identified key team members based on the MEDHOST starter pack will attend the kick-off meeting. The purpose of the kick-off meeting is to finalize the implementation project plan, clarify Client obligations, and agree to an implementation timeline. The implementation phase will be complete once all components are implemented to allow for service to commence.

   MEDHOST Obligations:
   A. Establish implementation plan and data requirements
   B. Assign Project Lead and single escalation point for Client
   C. Document Client specific account workflow
   D. Complete client required training including but not limited to navigation of client systems including MEDHOST, SSI, and other peripheral software systems in place.
   E. Set-up systems and technology for MEDHOST best practices, which include written communication, verification, Secure File Transfer Protocol (SFTP), etc. to support service delivery workflows. Define the update and system entry protocol for account transactions and updates made in the client system. Deliver specifications for automating updates in the client system. MEDHOST will send this information to Client system. These specifications may include:
      a. Financial transactions - payments, adjustments
      b. Demographic updates
      c. Insurance updates
      d. Daily notes
      e. Any/all Specialized and/or automated workflows such as:
         i. Financial Assistance/Charity Care
         ii. Discount approvals
         iii. Bankruptcy
         iv. Deceased
         v. Third Party Liability
         vi. Workers Com
         vii. Payment Plans

   Client Obligations:

   A. Provide Client set-up documentation within one week of contract execution
      a. Data necessary for set-up completion includes:
         i. Tax ID
         ii. Client Legal Name
         iii. Client Address
         iv. List of individual facilities:

        1. Address
        2. NPI
        3. Taxonomy Code
        4. PTAN

B. Ensure attendance of all key stakeholders on kick off call within one week of contract signature to include:
    a. Primary project contact
    b. Executive sponsor
    c. IT representative

C. Ensure attendance by IT representatives on System Access and Training

D. Ensure attendance at on-going Implementation meetings

E. Provide a single point of coordination and escalation for partnership

F. Provide Client-specific Policies and supporting documentation applicable to service delivery within two weeks of kick off call. Examples include:
    a. All Revenue Cycle (PFS) Policies and Procedures
    b. Payment Agreement Guidelines
    c. VIP Handling
    d. Financial class table, Payer codes/Insurance master table
    e. Transaction code table; inclusive of payments, adjustments and write off transaction codes
    f. Patient and service types, along with descriptions

G. Establish remote Client system access within MEDHOST to include:
    a. Patient accounting system, final bill scrubber, electronic health record, case management systems, CPOE, and any additional clinical or financial information systems access needed to support submission of claims to third party payers
    b. Access to, or copies of, payer contracts
    c. Online access to remittance advice, including but not limited to 835 and other payer specific remittance documentation
    d. Remote printing capability (UBO4s, CMS1500s, Itemized Statements or other documentation required to complete service delivery)
    e. Access to payer web portals
    f. System access will be completed within two weeks of request in order to prevent impact to MEDHOST service delivery

H. Establish process to proactively keep MEDHOST team members and training up to date when there are changes to the client's software versions, new enhancements, system access when new MEDHOST FTEs are on-boarded and other changes which may affect MEDHOST's ability to accomplish work for the client. Other examples include:
    a. Deployment into MEDHOST virtual desktops environments
    b. Changes in MEDHOST equipment (e.g., laptop failure requires replacement equipment)
    c. System access updates within two weeks of request when changes in FTEs (new, change, term) occur, including equipment requirements

I. Secure location (SFTP) to send and retrieve files including transactions, remittance advice, etc. to be determined to reside on MEDHOST or Client system or both.

J. Deviation in providing the above outlined files or inability to abide by the File Specification requirements and/or timeline outlined in said addendum, will result in scope change and additional fees

2) **Services Delivery:** MEDHOST will provide **Revenue Cycle Services** described below for all accounts receivable.   Delivery is predicated on both MEDHOST and Client fulfilling their obligations as outlined in the following.

- **Population:** MEDHOST will be responsible for providing services for:
  - All unbilled inpatient, outpatient and ancillary accounts with balances owed by a third party including, but not limited to, Medicare, Medicaid, Blue Cross / Blue Shield, Managed Care, Commercial, Workman Compensation, Indian Health, VA, TriCare, and Auto/Homeowners/Liability carriers starting on mutually agreed upon date until contract termination.
  - One-time referral of previously billed inpatient, outpatient and ancillary accounts with balances owed by third party including, but not limited to, Medicare, Medicaid, Blue Cross / Blue Shield, Managed Care, Commercial, Workman Compensation, Indian Health, VA,, TriCare, and Auto/Homeowners/Liability carriers.

Deviation in providing the above outlined referrals or inability to provide accounts within specific tolerances of the above account population, may result in scope change and additional fees.

**MEDHOST Revenue Cycle Obligations**

MEDHOST will complete all billing, re-billing, follow up activities, and clinical review services necessary to resolve assigned accounts, as follows.

- MEDHOST team will manage the retrospective Accounts Receivable process from account placement through resolution based upon program parameters. Resolution is defined to be resolved to zero balance or balance is determined to be patient responsibility through cash payment, adjustment, and/or completion of a formal appeal/grievance process.
- MEDHOST will handle processing of the ERA 835 files, as well as lock box and any direct mail payments
  - ERAs for electronic payers will be uploaded into MEDHOST
  - Paper remittance advices received by Client will be posted into MEDHOST
  - Lock box payments received by Client will be posted into MEDHOST
  - Account adjustments will be posted into MEDHOST
- MEDHOST will process all claims ready for billing from MEDHOST through the claim scrubber and clearing house on a daily basis.
- MEDHOST will review Early Out accounts to see if accounts need to be moved back to insurance financial class.
- MEDHOST will identify third party coverage throughout the recovery process and will work the discovered insurance population of AR accounts to resolution. Included actions will be all re-billing, follow-up activities, and clinical review services necessary to finalize discovered insurance accounts.
- MEDHOST will perform account follow-up on all open balances owed by a third party including, but not limited to, Medicare, Medicaid, Blue Cross / Blue Shield, Managed Care, Commercial, Workman Compensation, Indian Health, VA, TriCare, and Auto/Homeowners/Liability carriers as identified by patient access.
- MEDHOST will manage all accounts billed to third parties and denied in total or partially by the third party payer, upon receipt of the denial
- MEDHOST will note all accounts where a letter, call or any other action has been performed during the resolution process.
- MEDHOST will provide review of master files and criteria and provide client with suggested changes.
- MEDHOST will send one Patient Accounting resource and one HIM resource onsite for 1 week to assist with the master file training/cleanup.
- A Revenue Cycle resource will go onsite for 1 week, and then will host weekly status calls going forward

MEDHOST Contract Management Obligations

MEDHOST will be responsible for the following activities:

- MEDHOST Contract Management module will be accessible during term of the SOW. For clarity, Client has licensed the Contract Management module from MEDHOST under a separate Sales Order.
- Provide all Services and Deliverables as described in this SOW.
- Provide Point of Contact(s) for Client. This Point of Contact(s) may be changed by MEDHOST at any point via written communication with Client.
- Open lines of communication with the Client of all pertinent data regarding status of project at all times.
- MEDHOST will provide a review of Client's use of the MEDHOST Contract Management module and the payor log master files and provide Client with a report of proposed changes.
- MEDHOST will build and/or maintain the Contract Management master files to include the most recent rates, contract terms, schedules and any other pertinent information used to identify payor reimbursement discrepancies as determined from the terms of the payor contracts.
- MEDHOST will build and update new contracts in the Contract Management master files as needed and attach to the matching payor/plan master files.
- MEDHOST will notify Client of any identified documentation (based on any addendums or a rate updates sent to MEDHOST by Client) needed to correctly maintain the contract terms in the MEDHOST Contract Management module.
- MEDHOST will work Contract Management patients with No Expected Payment Report daily to identify root causes.
- MEDHOST will work Contract Management Variance Report daily. MEDHOST will determine the cause of such variances and take all appropriate actions within their means to resolve the issue.
- MEDHOST will note all accounts where a letter, call or any other action has been performed during the resolution process. Variances will be coded accordingly in MEDHOST system from a list of pre-defined reason codes

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- MEDHOST will continue follow up guidelines once payor has verified the underpayment until resolution.
- MEDHOST will notify Client of contract issues identified during the underpayment investigative process.
- MEDHOST will notify Client of identified revenue cycle issues hindering maximum reimbursement.

MEDHOST Reporting Obligations:

- MEDHOST will facilitate a weekly meeting to review initial results of the project. After 90 days, the meetings may be reduced to monthly.
- MEDHOST will provide the following standard reports:
  - Inventory report
  - Identified Contract Management variances
  - Daily Cash Posting reports
  - Weekly Cash Report (by payer)
  - Weekly ATB
    - Number of accounts and dollars in aging categories by payer
- Supplemental reports will be dependent on MEDHOST capabilities

Client Obligations:

- Participation in monthly performance review meetings
- Provide MEDHOST with all Explanation of Benefits or Remittance Advices within 2 days of request by MEDHOST.
- Provide MEDHOST with electronic access to remittance advices for contracted payors including all government payors and any correspondence relevant to patient transactions.
- Client personnel are responsible for the daily receipts, posting, balancing, and the retention of the supporting documentation for over the counter payments.
- Provide MEDHOST with any internal forms used to balance cash, submit adjustment requests, and submit refund requests and any forms with Client letterhead which may be needed to communicate with outside parties such as payors, attorney's, etc.
- Provide MEDHOST with all current executed payor contracts, amendments and any other documents and information relevant to the Contract Management work.
- Provide MEDHOST with electronic access to remittance advices for contracted payors, including but not limited to, all government payors and any correspondence relevant to the Contract Management work.
- Post comments to the patient accounts regarding any actions taken, any communication with patient or payor and any correspondence received regarding the patient accounts.
- Respond in a timely manner to all requests from MEDHOST, which will best help to maximize reimbursements and minimize recurring variances.
- Take corrective actions requested by MEDHOST to remedy conditions that interfere with the Contract Management work.

2. RESPONSIBILITIES

2.1. MEDHOST Responsibilities

MEDHOST will be responsible for the following activities:

1. Provide all Services as described in this SOW.

2.2. Client Responsibilities

Client will be responsible for the following activities:

1. Provide MEDHOST with electronic access to remittance advices for contracted payors, including, but not limited to, all government payors and any correspondence relevant to the Contract Management work.
2. Respond in a timely manner to all requests from MEDHOST, which will best help to maximize reimbursements and minimize recurring variances.
3. Take corrective actions requested by MEDHOST to remedy conditions that interfere with the Contract Management work.
4. Client represents and warrants that (a) it has all necessary right and authority to execute and perform this SOW in light of pending bankruptcy #3:18-bk-05665, to which both Curae Health, Inc. and Batesville Regional Medical Center, Inc. are parties; (b) the Services to be provided hereunder represent services provided for in the ordinary course of Client's business and its relationship with MEDHOST; and (c) it has confirmed that the financial commitment represented by this SOW are contemplated in the applicable budget(s) for the ongoing operation of Client, and that it is responsible for obtaining all necessary approvals from any party claiming an interest in the assets in Client's accounts receivable. MEDHOST shall have no responsibility to provide any Services hereunder until and unless MEDHOST and its legal counsel are satisfied, in their sole discretion, that all necessary and appropriate approvals have been obtained. Client will provide any reasonable assistance in obtaining such approvals that is requested by MEDHOST

MEDHOST's timely and full performance of this SOW is dependent on Client's fulfillment of these responsibilities.

Initial Points of Contact:

	POINT(S) OF CONTACT	Phone	Email
MEDHOST	Lisa Mounkes Teresa Cantrell	(615) 761-1889 (615) 761-2656	Lisa.Mounkes@medhost.com Teresa.cantrell@medhost.com
Client			

3. ASSUMPTIONS

MEDHOST has created this SOW under the following assumptions. If one or more of these assumptions proves to be invalid, costs and other project factors may be impacted.

1. Where appropriate, knowledgeable Client resources will be made available for functional questions and making business decisions. It is also expected that Client staff will participate throughout the implementation.
2. Unless otherwise agreed, MEDHOST reserves the right to subcontract any or all portions of the Services contemplated hereunder. MEDHOST will remain responsible for its subcontractors. The payment gateway provider is not considered a subcontractor of MEDHOST.
3. Client will have the appropriate software and hardware available at the beginning of and throughout the term of this SOW. The necessary hardware environment (operating system, network, ports) should be configured appropriately and stable.
4. It is expressly understood that MEDHOST is not acting as a collection agency, but acting as a consultant in receivables management.
5. MEDHOST does not provide any guarantees with regard to any specific transaction or variance.

4. PERFORMANCE DETAILS

4.1. Place of Performance

All services will be provided via, remote and/or online means and methods.

4.2. Commencement

This SOW will commence as agreed to by parties.

4.3.   Term and Timeline

This SOW represents a commitment by Client for an initial Term of **twelve (12) months** of the monthly services. The Term of this SOW will then continue until either party provides sixty (60) days' written notice of intent to terminate the SOW.

If Client terminates or does not renew the Agreement prior to the conclusion of the initial Term of this SOW, the terms of the Agreement shall continue to govern this SOW as and to the extent such terms would have governed this SOW if the Agreement had never terminated, and shall do so until the end of the then-current Term of this SOW. At the conclusion of such Term, the parties shall mutually agree on a governing agreement to replace the Agreement, or this SOW shall terminate.

5. PAYMENT TERMS

Revenue Cycle Operations

FEE TYPE	PAYMENT TERMS
Fees	The rate for all Services listed hereunder shall be 4.5% of patient account cash receipts from payors for Gilmore Memorial Hospital. Upon execution, MEDHOST will invoice Client a good-faith estimate of the first two (2) weeks' fees. After the completion of first two weeks of Services hereunder, MEDHOST will invoice the next two weeks' estimated fees, which will be adjusted to true up the difference between the previous invoice's estimated fees and the actual amount of fees owed under this SOW for that two week period. MEDHOST will continue this invoicing process every two weeks for the duration of the term of the SOW. At the conclusion of the SOW, MEDHOST will either invoice (if the most recent paid invoice was less than the actual fees) or refund (if the most recent paid invoice was greater than the actual fees) any true-up amount for the final two weeks of Services. All invoices will be will be due upon receipt, and Client will pay MEDHOST as set forth above via ACH direct debit initiated by MEDHOST

All prices specified in the SOW are exclusive of any taxes, fees, duties or other applicable amounts. Client shall pay the taxes related to Services purchased pursuant to the SOW, or Client shall present an exemption certificate acceptable to the taxing authorities. Applicable taxes, if any, will be billed as a separate item on the invoice.

6. TRAVEL & EXPENSES

To the extent applicable, and unless otherwise specified, out-of-pocket expenses, including per diems, will be invoiced in arrears for the month that they were incurred in accordance with MEDHOST's travel policy. Client will be invoiced for all costs associated with out-of-pocket expenses (including, without limitation, costs and expenses associated with meals, lodging, local transportation and any other applicable business expenses) listed on the invoice as a separate line item. Out-of-pocket expenses will also include any fees incurred by MEDHOST to deliver the Service(s) and/or Deliverable(s) in a remote manner to Client, including, but not limited to, on-line meeting service fees and conference calls. All per diems will be billed at the then-current IRS reimbursement rate.

7. PROPRIETARY AND CONFIDENTIAL

This SOW contains confidential and proprietary information of MEDHOST and its vendors. Information contained in this SOW may not be disclosed, disseminated, or otherwise revealed to any party outside of Client or any party within Client who is not privileged to receive such information without the express written permission of MEDHOST. There is no obligation to maintain the confidentiality of any information which was known to Client prior to receipt of such information from MEDHOST, or becomes publicly known through no fault of Client, or is received without obligation of confidentiality from a third party owing no obligation of confidentiality to MEDHOST.

8. INTELLECTUAL PROPERTY

Upon full payment of all amounts due MEDHOST under this SOW and the Agreement, Client shall own all rights, title, and interest in and to written deliverables (e.g., reports and statements) that were specifically created for Client from Client's data or from the assessment or analysis of Client's operations (hereinafter referred to as "*Custom Work Product*"). MEDHOST hereby grants, sells, assigns, and conveys to Client all rights of MEDHOST in and to such Custom Work Product.

The transfer of any rights hereunder shall not apply to, Background Technology (as hereinafter defined) or any software, materials or other technology which is owned or controlled by MEDHOST or a third party (collectively referred to as "*Existing Technology*"). "*Background Technology*" means all processes, tools, works of authorship, user guides, programs, data, utilities or other intellectual property, in whatever form, that MEDHOST prepared or had prepared in connection with the Existing Technology or otherwise outside the scope of the Services provided hereunder. Background Technology, working papers, scripts, proprietary methodology and confidential information belong exclusively to MEDHOST, including to the extent included in the Deliverable. To the extent that the Deliverables contain MEDHOST Background Technology, Client is granted a nonexclusive license to use MEDHOST Background Technology or Existing Technology for the limited purpose of implementing the Deliverable for Client's internal purposes.

9. PROJECT CHANGE CONTROL PROCEDURE

Services and Deliverables not explicitly addressed within this Statement of Work are beyond its scope and should only be provided pursuant to an executed Amendment to this SOW. Notwithstanding the foregoing, additional work performed at an hourly rate, if such a rate is stated herein, may be performed without execution of an Amendment if the cost of such work is less than $5,000. In addition, MEDHOST's performance of additional work without an executed Amendment shall not be deemed a waiver of MEDHOST's right to collect payment for such work at MEDHOST's reasonable hourly rate if evidence exists that the parties mutually intended for such work to be performed.

MEDHOST®

MEDHOST of Tennessee, Inc.
6550 Carothers Parkway, Suite 160
Franklin, TN 37067

Statement of Work
Revenue Cycle Professional Services

PO/SOW#:   WA – 000xxxx

SOW Creation Date:	**Contracting Entity:**	**Serviced Facility**
October 4, 2018	Curae Health	Panola Medical Center
	121 Leinart St.	303 Medical Center Drive
	Clinton, TN 37716	Batesville MS 38606

Fee Schedule

CODE	DESCRIPTION	MONTHLY FEES
RCPS	Revenue Cycle Professional Services	Rate spread across all services of 4.5% of patient account cash receipts from payors for Panola Medical Center
CTCM	Contract Maintenance	Included in above rate
CTUI	Contract Management Variance Identification	Included in above rate
CTUR	Contract Management Variance Recovery	Included in above rate

INTRODUCTION

This Statement of Work # WA – 000xxxx (hereinafter called the "SOW") is effective as of the last date signed below and is issued pursuant to the Software License and Application Services Agreement #WC-839 between Curae Health and MEDHOST of Tennessee, Inc., ("MEDHOST"), dated July 7, 2015, as amended (the "Agreement"). This SOW is subject to all terms and conditions contained in the Agreement as if this SOW were made a part thereof. Any term not otherwise defined herein shall have the meaning specified in the Agreement. In the event of any conflict or inconsistency between the terms of this SOW and the terms of the Agreement, the terms of the Agreement shall govern and prevail.

All work performed hereunder will be performed for the *Serviced Facility* as contracted for by the *Contracting Entity*, as such entities are identified in the header above. Hereinafter, this SOW will use the defined term "Client" to collectively refer to both the *Serviced Facility* and the *Contracting Entity*. It will be the sole responsibility of the *Contracting Entity*, to determine and to control which entity will be responsible for performing any particular obligation or requirement placed on the "Client" hereunder, but the *Contracting Entity* will remain the legally responsible party under the Agreement and this SOW.

Serviced Facility acknowledges that, for purposes of this Statement of Work, it shall be bound by the terms, conditions, restrictions, limitations, representations and warranties of the Agreement to the same extent as if it were part of "Company" under the Agreement, and represents and warrants that it is bound by the terms of this Statement of Work and is jointly and severally responsible for any and all obligations hereunder, including but not limited to fees payable hereunder for Services provided by MEDHOST.

IN WITNESS WHEREOF, the parties hereto have executed this SOW as of the date last written below.

Curae Health

By: _____

Name: _____

Title: _____

Date: _____

Batesville Regional Medical Center, Inc. d/b/a
Panola Medical Center

By: _____

Name: _____

Title: _____

Date: _____

MEDHOST of Tennessee, Inc.

By: _____

Name: _____

Title: _____

Date: _____

1. SERVICES AND DELIVERABLES

1.1. Scope of Work

This SOW will cover the following work as described below and further detailed herein.

1.2. Services

MEDHOST will perform the following Services under this SOW:

SERVICE OFFERING: Revenue Cycle Services to include:

- Insurance Accounts Receivable
- Cash Posting
- Contract Management

<u>Service Phases</u>:

1) **Implementation:** The implementation phase will include a series of calls with Client and MEDHOST. The initial kick-off call will occur within two weeks of SOW signature and MEDHOST will provide Client with Starter Pack, inclusive of project plan. Client will ensure that all identified key team members based on the MEDHOST starter pack will attend the kick-off meeting. The purpose of the kick-off meeting is to finalize the implementation project plan, clarify Client obligations, and agree to an implementation timeline. The implementation phase will be complete once all components are implemented to allow for service to commence.

   MEDHOST Obligations:
   A. Establish implementation plan and data requirements
   B. Assign Project Lead and single escalation point for Client
   C. Document Client specific account workflow
   D. Complete client required training including but not limited to navigation of client systems including MEDHOST, SSI, and other peripheral software systems in place.
   E. Set-up systems and technology for MEDHOST best practices, which include written communication, verification, Secure File Transfer Protocol (SFTP), etc. to support service delivery workflows. Define the update and system entry protocol for account transactions and updates made in the client system. Deliver specifications for automating updates in the client system. MEDHOST will send this information to Client system. These specifications may include:
      a. Financial transactions - payments, adjustments
      b. Demographic updates
      c. Insurance updates
      d. Daily notes
      e. Any/all Specialized and/or automated workflows such as:
         i. Financial Assistance/Charity Care
         ii. Discount approvals
         iii. Bankruptcy
         iv. Deceased
         v. Third Party Liability
         vi. Workers Com
         vii. Payment Plans

   Client Obligations:

   A. Provide Client set-up documentation within one week of contract execution
      a. Data necessary for set-up completion includes:
         i. Tax ID
         ii. Client Legal Name
         iii. Client Address
         iv. List of individual facilities:

      1. Address
      2. NPI
      3. Taxonomy Code
      4. PTAN

B. Ensure attendance of all key stakeholders on kick off call within one week of contract signature to include:
    a. Primary project contact
    b. Executive sponsor
    c. IT representative

C. Ensure attendance by IT representatives on System Access and Training

D. Ensure attendance at on-going Implementation meetings

E. Provide a single point of coordination and escalation for partnership

F. Provide Client-specific Policies and supporting documentation applicable to service delivery within two weeks of kick off call. Examples include:
    a. All Revenue Cycle (PFS) Policies and Procedures
    b. Payment Agreement Guidelines
    c. VIP Handling
    d. Financial class table, Payer codes/Insurance master table
    e. Transaction code table; inclusive of payments, adjustments and write off transaction codes
    f. Patient and service types, along with descriptions

G. Establish remote Client system access within MEDHOST to include:
    a. Patient accounting system, final bill scrubber, electronic health record, case management systems, CPOE, and any additional clinical or financial information systems access needed to support submission of claims to third party payers
    b. Access to, or copies of, payer contracts
    c. Online access to remittance advice, including but not limited to 835 and other payer specific remittance documentation
    d. Remote printing capability (UBO4s, CMS1500s, Itemized Statements or other documentation required to complete service delivery)
    e. Access to payer web portals
    f. System access will be completed within two weeks of request in order to prevent impact to MEDHOST service delivery

H. Establish process to proactively keep MEDHOST team members and training up to date when there are changes to the client's software versions, new enhancements, system access when new MEDHOST FTEs are on-boarded and other changes which may affect MEDHOST's ability to accomplish work for the client. Other examples include:
    a. Deployment into MEDHOST virtual desktops environments
    b. Changes in MEDHOST equipment (e.g., laptop failure requires replacement equipment)
    c. System access updates within two weeks of request when changes in FTEs (new, change, term) occur, including equipment requirements

I. Secure location (SFTP) to send and retrieve files including transactions, remittance advice, etc. to be determined to reside on MEDHOST or Client system or both.

J. Deviation in providing the above outlined files or inability to abide by the File Specification requirements and/or timeline outlined in said addendum, will result in scope change and additional fees

2) **Services Delivery:** MEDHOST will provide **Revenue Cycle Services** described below for all accounts receivable. Delivery is predicated on both MEDHOST and Client fulfilling their obligations as outlined in the following.

- **Population:** MEDHOST will be responsible for providing services for:
  - All unbilled inpatient, outpatient and ancillary accounts with balances owed by a third party including, but not limited to, Medicare, Medicaid, Blue Cross / Blue Shield, Managed Care, Commercial, Workman Compensation, Indian Health, VA, TriCare, and Auto/Homeowners/Liability carriers starting on mutually agreed upon date until contract termination.
  - One-time referral of previously billed inpatient, outpatient and ancillary accounts with balances owed by third party including, but not limited to, Medicare, Medicaid, Blue Cross / Blue Shield, Managed Care, Commercial, Workman Compensation, Indian Health, VA,, TriCare, and Auto/Homeowners/Liability carriers.

Deviation in providing the above outlined referrals or inability to provide accounts within specific tolerances of the above account population, may result in scope change and additional fees.

MEDHOST Revenue Cycle Obligations

MEDHOST will complete all billing, re-billing, follow up activities, and clinical review services necessary to resolve assigned accounts, as follows.

Page **3** of **8**

- MEDHOST team will manage the retrospective Accounts Receivable process from account placement through resolution based upon program parameters. Resolution is defined to be resolved to zero balance or balance is determined to be patient responsibility through cash payment, adjustment, and/or completion of a formal appeal/grievance process.
- MEDHOST will handle processing of the ERA 835 files, as well as lock box and any direct mail payments
  - ERAs for electronic payers will be uploaded into MEDHOST
  - Paper remittance advices received by Client will be posted into MEDHOST
  - Lock box payments received by Client will be posted into MEDHOST
  - Account adjustments will be posted into MEDHOST
- MEDHOST will process all claims ready for billing from MEDHOST through the claim scrubber and clearing house on a daily basis.
- MEDHOST will review Early Out accounts to see if accounts need to be moved back to insurance financial class.
- MEDHOST will identify third party coverage throughout the recovery process and will work the discovered insurance population of AR accounts to resolution. Included actions will be all re-billing, follow-up activities, and clinical review services necessary to finalize discovered insurance accounts.
- MEDHOST will perform account follow-up on all open balances owed by a third party including, but not limited to, Medicare, Medicaid, Blue Cross / Blue Shield, Managed Care, Commercial, Workman Compensation, Indian Health, VA, TriCare, and Auto/Homeowners/Liability carriers as identified by patient access.
- MEDHOST will manage all accounts billed to third parties and denied in total or partially by the third party payer, upon receipt of the denial
- MEDHOST will note all accounts where a letter, call or any other action has been performed during the resolution process.
- MEDHOST will provide review of master files and criteria and provide client with suggested changes.
- MEDHOST will send one Patient Accounting resource and one HIM resource onsite for 1 week to assist with the master file training/cleanup.
- A Revenue Cycle resource will go onsite for 1 week, and then will host weekly status calls going forward

MEDHOST Contract Management Obligations

MEDHOST will be responsible for the following activities:

- MEDHOST Contract Management module will be accessible during term of the SOW. For clarity, Client has licensed the Contract Management module from MEDHOST under a separate Sales Order.
- Provide all Services and Deliverables as described in this SOW.
- Provide Point of Contact(s) for Client. This Point of Contact(s) may be changed by MEDHOST at any point via written communication with Client.
- Open lines of communication with the Client of all pertinent data regarding status of project at all times.
- MEDHOST will provide a review of Client's use of the MEDHOST Contract Management module and the payor log master files and provide Client with a report of proposed changes.
- MEDHOST will build and/or maintain the Contract Management master files to include the most recent rates, contract terms, schedules and any other pertinent information used to identify payor reimbursement discrepancies as determined from the terms of the payor contracts.
- MEDHOST will build and update new contracts in the Contract Management master files as needed and attach to the matching payor/plan master files.
- MEDHOST will notify Client of any identified documentation (based on any addendums or a rate updates sent to MEDHOST by Client) needed to correctly maintain the contract terms in the MEDHOST Contract Management module.
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- MEDHOST will notify Client of identified revenue cycle issues hindering maximum reimbursement.

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- Provide MEDHOST with electronic access to remittance advices for contracted payors including all government payors and any correspondence relevant to patient transactions.
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- Provide MEDHOST with any internal forms used to balance cash, submit adjustment requests, and submit refund requests and any forms with Client letterhead which may be needed to communicate with outside parties such as payors, attorney's, etc.
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2. RESPONSIBILITIES

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MEDHOST's timely and full performance of this SOW is dependent on Client's fulfillment of these responsibilities.

Initial Points of Contact:

	POINT(S) OF CONTACT	Phone	Email
MEDHOST	Lisa Mounkes Teresa Cantrell	(615) 761-1889 (615) 761-2656	Lisa.Mounkes@medhost.com Teresa.cantrell@medhost.com
Client			

3. ASSUMPTIONS

MEDHOST has created this SOW under the following assumptions. If one or more of these assumptions proves to be invalid, costs and other project factors may be impacted.

1. Where appropriate, knowledgeable Client resources will be made available for functional questions and making business decisions. It is also expected that Client staff will participate throughout the implementation.
2. Unless otherwise agreed, MEDHOST reserves the right to subcontract any or all portions of the Services contemplated hereunder. MEDHOST will remain responsible for its subcontractors. The payment gateway provider is not considered a subcontractor of MEDHOST.
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If Client terminates or does not renew the Agreement prior to the conclusion of the initial Term of this SOW, the terms of the Agreement shall continue to govern this SOW as and to the extent such terms would have governed this SOW if the Agreement had never terminated, and shall do so until the end of the then-current Term of this SOW. At the conclusion of such Term, the parties shall mutually agree on a governing agreement to replace the Agreement, or this SOW shall terminate.

5. PAYMENT TERMS

Revenue Cycle Operations

FEE TYPE	PAYMENT TERMS
Fees	The rate for all Services listed hereunder shall be 4.5% of patient account cash receipts from payors for Panola Medical Center. Upon execution, MEDHOST will invoice Client a good-faith estimate of the first two (2) weeks' fees. After the completion of first two weeks of Services hereunder, MEDHOST will invoice the next two weeks' estimated fees, which will be adjusted to true up the difference between the previous invoice's estimated fees and the actual amount of fees owed under this SOW for that two week period. MEDHOST will continue this invoicing process every two weeks for the duration of the term of the SOW. At the conclusion of the SOW, MEDHOST will either invoice (if the most recent paid invoice was less than the actual fees) or refund (if the most recent paid invoice was greater than the actual fees) any true-up amount for the final two weeks of Services. All invoices will be will be due upon receipt, and Client will pay MEDHOST as set forth above via ACH direct debit initiated by MEDHOST

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6. TRAVEL & EXPENSES

To the extent applicable, and unless otherwise specified, out-of-pocket expenses, including per diems, will be invoiced in arrears for the month that they were incurred in accordance with MEDHOST's travel policy. Client will be invoiced for all costs associated with out-of-pocket expenses (including, without limitation, costs and expenses associated with meals, lodging, local transportation and any other applicable business expenses) listed on the invoice as a separate line item. Out-of-pocket expenses will also include any fees incurred by MEDHOST to deliver the Service(s) and/or Deliverable(s) in a remote manner to Client, including, but not limited to, on-line meeting service fees and conference calls. All per diems will be billed at the then-current IRS reimbursement rate.

7. PROPRIETARY AND CONFIDENTIAL

This SOW contains confidential and proprietary information of MEDHOST and its vendors. Information contained in this SOW may not be disclosed, disseminated, or otherwise revealed to any party outside of Client or any party within Client who is not privileged to receive such information without the express written permission of MEDHOST. There is no obligation to maintain the confidentiality of any information which was known to Client prior to receipt of such information from MEDHOST, or becomes publicly known through no fault of Client, or is received without obligation of confidentiality from a third party owing no obligation of confidentiality to MEDHOST.

8. INTELLECTUAL PROPERTY

Upon full payment of all amounts due MEDHOST under this SOW and the Agreement, Client shall own all rights, title, and interest in and to written deliverables (e.g., reports and statements) that were specifically created for Client from Client's data or from the assessment or analysis of Client's operations (hereinafter referred to as "*Custom Work Product*"). MEDHOST hereby grants, sells, assigns, and conveys to Client all rights of MEDHOST in and to such Custom Work Product.

The transfer of any rights hereunder shall not apply to, Background Technology (as hereinafter defined) or any software, materials or other technology which is owned or controlled by MEDHOST or a third party (collectively referred to as "*Existing Technology*"). "*Background Technology*" means all processes, tools, works of authorship, user guides, programs, data, utilities or other intellectual property, in whatever form, that MEDHOST prepared or had prepared in connection with the Existing Technology or otherwise outside the scope of the Services provided hereunder. Background Technology, working papers, scripts, proprietary methodology and confidential information belong exclusively to MEDHOST, including to the extent included in the Deliverable. To the extent that the Deliverables contain MEDHOST Background Technology, Client is granted a nonexclusive license to use MEDHOST Background Technology or Existing Technology for the limited purpose of implementing the Deliverable for Client's internal purposes.

9. PROJECT CHANGE CONTROL PROCEDURE

Services and Deliverables not explicitly addressed within this Statement of Work are beyond its scope and should only be provided pursuant to an executed Amendment to this SOW. Notwithstanding the foregoing, additional work performed at an hourly rate, if such a rate is stated herein, may be performed without execution of an Amendment if the cost of such work is less than $5,000. In addition, MEDHOST's performance of additional work without an executed Amendment shall not be deemed a waiver of MEDHOST's right to collect payment for such work at MEDHOST's reasonable hourly rate if evidence exists that the parties mutually intended for such work to be performed.

MEDHOST®

MEDHOST of Tennessee, Inc.
6550 Carothers Parkway, Suite 160
Franklin, TN 37067

Statement of Work
Revenue Cycle Professional Services

PO/SOW#:   WA – 000xxxx

SOW Creation Date:	Contracting Entity:	Serviced Facility
October 4, 2018	Curae Health 121 Leinart St. Clinton, TN 37716	Northwest Mississippi Medical Center 1970 Hospital Drive Clarksdale MS 38614

Fee Schedule

CODE	DESCRIPTION	MONTHLY FEES
RCPS	Revenue Cycle Professional Services	Rate spread across all services of 4.5% of patient account cash receipts from payors for Northwest Mississippi Medical Center.
CTCM	Contract Maintenance	Included in above rate
CTUI	Contract Management Variance Identification	Included in above rate
CTUR	Contract Management Variance Recovery	Included in above rate

INTRODUCTION

This Statement of Work # WA – 000xxxx (hereinafter called the "SOW") is effective as of the last date signed below and is issued pursuant to the Software License and Application Services Agreement #WC-839 between Curae Health and MEDHOST of Tennessee, Inc., ("MEDHOST"), dated July 7, 2015, as amended (the "Agreement"). This SOW is subject to all terms and conditions contained in the Agreement as if this SOW were made a part thereof. Any term not otherwise defined herein shall have the meaning specified in the Agreement. In the event of any conflict or inconsistency between the terms of this SOW and the terms of the Agreement, the terms of the Agreement shall govern and prevail.

All work performed hereunder will be performed for the *Serviced Facility* as contracted for by the *Contracting Entity*, as such entities are identified in the header above. Hereinafter, this SOW will use the defined term "Client" to collectively refer to both the *Serviced Facility* and the *Contracting Entity*. It will be the sole responsibility of the *Contracting Entity*, to determine and to control which entity will be responsible for performing any particular obligation or requirement placed on the "Client" hereunder, but the *Contracting Entity* will remain the legally responsible party under the Agreement and this SOW.

Serviced Facility acknowledges that, for purposes of this Statement of Work, it shall be bound by the terms, conditions, restrictions, limitations, representations and warranties of the Agreement to the same extent as if it were part of "Company" under the Agreement, and represents and warrants that it is bound by the terms of this Statement of Work and is jointly and severally responsible for any and all obligations hereunder, including but not limited to fees payable hereunder for Services provided by MEDHOST.

IN WITNESS WHEREOF, the parties hereto have executed this SOW as of the date last written below.

Curae Health

By: _____

Name: _____

Title: _____

Date: _____

Clarksdale Regional Medical Center, Inc. d/b/a Northwest Mississippi Medical Center

By: _____

Name: _____

Title: _____

Date: _____

MEDHOST of Tennessee, Inc.

By: _____

Name: _____

Title: _____

Date: _____

1. SERVICES AND DELIVERABLES

1.1. Scope of Work

This SOW will cover the following work as described below and further detailed herein.

1.2. Services

MEDHOST will perform the following Services under this SOW:

SERVICE OFFERING: Revenue Cycle Services to include:

- Insurance Accounts Receivable
- Cash Posting
- Contract Management

<u>Service Phases</u>:

1) **Implementation:** The implementation phase will include a series of calls with Client and MEDHOST. The initial kick-off call will occur within two weeks of SOW signature and MEDHOST will provide Client with Starter Pack, inclusive of project plan. Client will ensure that all identified key team members based on the MEDHOST starter pack will attend the kick-off meeting. The purpose of the kick-off meeting is to finalize the implementation project plan, clarify Client obligations, and agree to an implementation timeline. The implementation phase will be complete once all components are implemented to allow for service to commence.

   <u>MEDHOST Obligations</u>:
   A. Establish implementation plan and data requirements
   B. Assign Project Lead and single escalation point for Client
   C. Document Client specific account workflow
   D. Complete client required training including but not limited to navigation of client systems including MEDHOST, SSI, and other peripheral software systems in place.
   E. Set-up systems and technology for MEDHOST best practices, which include written communication, verification, Secure File Transfer Protocol (SFTP), etc. to support service delivery workflows. Define the update and system entry protocol for account transactions and updates made in the client system. Deliver specifications for automating updates in the client system. MEDHOST will send this information to Client system. These specifications may include:
      a. Financial transactions - payments, adjustments
      b. Demographic updates
      c. Insurance updates
      d. Daily notes
      e. Any/all Specialized and/or automated workflows such as:
         i. Financial Assistance/Charity Care
         ii. Discount approvals
         iii. Bankruptcy
         iv. Deceased
         v. Third Party Liability
         vi. Workers Com
         vii. Payment Plans

   <u>Client Obligations</u>:

   A. Provide Client set-up documentation within one week of contract execution
      a. Data necessary for set-up completion includes:
         i. Tax ID
         ii. Client Legal Name
         iii. Client Address
         iv. List of individual facilities:

      1. Address
      2. NPI
      3. Taxonomy Code
      4. PTAN

B. Ensure attendance of all key stakeholders on kick off call within one week of contract signature to include:
    a. Primary project contact
    b. Executive sponsor
    c. IT representative

C. Ensure attendance by IT representatives on System Access and Training
D. Ensure attendance at on-going Implementation meetings
E. Provide a single point of coordination and escalation for partnership
F. Provide Client-specific Policies and supporting documentation applicable to service delivery within two weeks of kick off call. Examples include:
    a. All Revenue Cycle (PFS) Policies and Procedures
    b. Payment Agreement Guidelines
    c. VIP Handling
    d. Financial class table, Payer codes/Insurance master table
    e. Transaction code table; inclusive of payments, adjustments and write off transaction codes
    f. Patient and service types, along with descriptions

G. Establish remote Client system access within MEDHOST to include:
    a. Patient accounting system, final bill scrubber, electronic health record, case management systems, CPOE, and any additional clinical or financial information systems access needed to support submission of claims to third party payers
    b. Access to, or copies of, payer contracts
    c. Online access to remittance advice, including but not limited to 835 and other payer specific remittance documentation
    d. Remote printing capability (UBO4s, CMS1500s, Itemized Statements or other documentation required to complete service delivery)
    e. Access to payer web portals
    f. System access will be completed within two weeks of request in order to prevent impact to MEDHOST service delivery

H. Establish process to proactively keep MEDHOST team members and training up to date when there are changes to the client's software versions, new enhancements, system access when new MEDHOST FTEs are on-boarded and other changes which may affect MEDHOST's ability to accomplish work for the client. Other examples include:
    a. Deployment into MEDHOST virtual desktops environments
    b. Changes in MEDHOST equipment (e.g., laptop failure requires replacement equipment)
    c. System access updates within two weeks of request when changes in FTEs (new, change, term) occur, including equipment requirements

I. Secure location (SFTP) to send and retrieve files including transactions, remittance advice, etc. to be determined to reside on MEDHOST or Client system or both.
J. Deviation in providing the above outlined files or inability to abide by the File Specification requirements and/or timeline outlined in said addendum, will result in scope change and additional fees

2) **Services Delivery:** MEDHOST will provide **Revenue Cycle Services** described below for all accounts receivable.   Delivery is predicated on both MEDHOST and Client fulfilling their obligations as outlined in the following.

- **Population:** MEDHOST will be responsible for providing services for:
    o All unbilled inpatient, outpatient and ancillary accounts with balances owed by a third party including, but not limited to, Medicare, Medicaid, Blue Cross / Blue Shield, Managed Care, Commercial, Workman Compensation, Indian Health, VA, TriCare, and Auto/Homeowners/Liability carriers starting on mutually agreed upon date until contract termination.
    o One-time referral of previously billed inpatient, outpatient and ancillary accounts with balances owed by third party including, but not limited to, Medicare, Medicaid, Blue Cross / Blue Shield, Managed Care, Commercial, Workman Compensation, Indian Health, VA,, TriCare, and Auto/Homeowners/Liability carriers.

Deviation in providing the above outlined referrals or inability to provide accounts within specific tolerances of the above account population, may result in scope change and additional fees.

MEDHOST Revenue Cycle Obligations

MEDHOST will complete all billing, re-billing, follow up activities, and clinical review services necessary to resolve assigned accounts, as follows.

- MEDHOST team will manage the retrospective Accounts Receivable process from account placement through resolution based upon program parameters. Resolution is defined to be resolved to zero balance or balance is determined to be patient responsibility through cash payment, adjustment, and/or completion of a formal appeal/grievance process.
- MEDHOST will handle processing of the ERA 835 files, as well as lock box and any direct mail payments
  - ERAs for electronic payers will be uploaded into MEDHOST
  - Paper remittance advices received by Client will be posted into MEDHOST
  - Lock box payments received by Client will be posted into MEDHOST
  - Account adjustments will be posted into MEDHOST
- MEDHOST will process all claims ready for billing from MEDHOST through the claim scrubber and clearing house on a daily basis.
- MEDHOST will review Early Out accounts to see if accounts need to be moved back to insurance financial class.
- MEDHOST will identify third party coverage throughout the recovery process and will work the discovered insurance population of AR accounts to resolution. Included actions will be all re-billing, follow-up activities, and clinical review services necessary to finalize discovered insurance accounts.
- MEDHOST will perform account follow-up on all open balances owed by a third party including, but not limited to, Medicare, Medicaid, Blue Cross / Blue Shield, Managed Care, Commercial, Workman Compensation, Indian Health, VA, TriCare, and Auto/Homeowners/Liability carriers as identified by patient access.
- MEDHOST will manage all accounts billed to third parties and denied in total or partially by the third party payer, upon receipt of the denial
- MEDHOST will note all accounts where a letter, call or any other action has been performed during the resolution process.
- MEDHOST will provide review of master files and criteria and provide client with suggested changes.
- MEDHOST will send one Patient Accounting resource and one HIM resource onsite for 1 week to assist with the master file training/cleanup.
- A Revenue Cycle resource will go onsite for 1 week, and then will host weekly status calls going forward

MEDHOST Contract Management Obligations

MEDHOST will be responsible for the following activities:

- MEDHOST Contract Management module will be accessible during term of the SOW. For clarity, Client has licensed the Contract Management module from MEDHOST under a separate Sales Order.
- Provide all Services and Deliverables as described in this SOW.
- Provide Point of Contact(s) for Client. This Point of Contact(s) may be changed by MEDHOST at any point via written communication with Client.
- Open lines of communication with the Client of all pertinent data regarding status of project at all times.
- MEDHOST will provide a review of Client's use of the MEDHOST Contract Management module and the payor log master files and provide Client with a report of proposed changes.
- MEDHOST will build and/or maintain the Contract Management master files to include the most recent rates, contract terms, schedules and any other pertinent information used to identify payor reimbursement discrepancies as determined from the terms of the payor contracts.
- MEDHOST will build and update new contracts in the Contract Management master files as needed and attach to the matching payor/plan master files.
- MEDHOST will notify Client of any identified documentation (based on any addendums or a rate updates sent to MEDHOST by Client) needed to correctly maintain the contract terms in the MEDHOST Contract Management module.
- MEDHOST will work Contract Management patients with No Expected Payment Report daily to identify root causes.
- MEDHOST will work Contract Management Variance Report daily. MEDHOST will determine the cause of such variances and take all appropriate actions within their means to resolve the issue.
- MEDHOST will note all accounts where a letter, call or any other action has been performed during the resolution process. Variances will be coded accordingly in MEDHOST system from a list of pre-defined reason codes

- Both underpayment and overpayment false variances which meet the Clients dollar threshold will be reported and discussed with the Client in an effort to minimize future revenue cycle errors.
- MEDHOST will contact third party carriers regarding identified underpayments and follow payor guidelines for additional reimbursement.
- MEDHOST will continue follow up guidelines once payor has verified the underpayment until resolution.
- MEDHOST will notify Client of contract issues identified during the underpayment investigative process.
- MEDHOST will notify Client of identified revenue cycle issues hindering maximum reimbursement.

MEDHOST Reporting Obligations:

- MEDHOST will facilitate a weekly meeting to review initial results of the project. After 90 days, the meetings may be reduced to monthly.
- MEDHOST will provide the following standard reports:
  - Inventory report
  - Identified Contract Management variances
  - Daily Cash Posting reports
  - Weekly Cash Report (by payer)
  - Weekly ATB
    - Number of accounts and dollars in aging categories by payer
- Supplemental reports will be dependent on MEDHOST capabilities

Client Obligations:

- Participation in monthly performance review meetings
- Provide MEDHOST with all Explanation of Benefits or Remittance Advices within 2 days of request by MEDHOST.
- Provide MEDHOST with electronic access to remittance advices for contracted payors including all government payors and any correspondence relevant to patient transactions.
- Client personnel are responsible for the daily receipts, posting, balancing, and the retention of the supporting documentation for over the counter payments.
- Provide MEDHOST with any internal forms used to balance cash, submit adjustment requests, and submit refund requests and any forms with Client letterhead which may be needed to communicate with outside parties such as payors, attorney's, etc.
- Provide MEDHOST with all current executed payor contracts, amendments and any other documents and information relevant to the Contract Management work.
- Provide MEDHOST with electronic access to remittance advices for contracted payors, including but not limited to, all government payors and any correspondence relevant to the Contract Management work.
- Post comments to the patient accounts regarding any actions taken, any communication with patient or payor and any correspondence received regarding the patient accounts.
- Respond in a timely manner to all requests from MEDHOST, which will best help to maximize reimbursements and minimize recurring variances.
- Take corrective actions requested by MEDHOST to remedy conditions that interfere with the Contract Management work.

2. RESPONSIBILITIES

2.1. MEDHOST Responsibilities

MEDHOST will be responsible for the following activities:

1. Provide all Services as described in this SOW.

2.2. Client Responsibilities

Client will be responsible for the following activities:

1. Provide MEDHOST with electronic access to remittance advices for contracted payors, including, but not limited to, all government payors and any correspondence relevant to the Contract Management work.
2. Respond in a timely manner to all requests from MEDHOST, which will best help to maximize reimbursements and minimize recurring variances.
3. Take corrective actions requested by MEDHOST to remedy conditions that interfere with the Contract Management work.
4. Client represents and warrants that (a) it has all necessary right and authority to execute and perform this SOW in light of pending bankruptcy #3:18-bk-05665, to which both Curae Health, Inc. and Batesville Regional Medical Center, Inc. are parties; (b) the Services to be provided hereunder represent services provided for in the ordinary course of Client's business and its relationship with MEDHOST; and (c) it has confirmed that the financial commitment represented by this SOW are contemplated in the applicable budget(s) for the ongoing operation of Client, and that it is responsible for obtaining all necessary approvals from any party claiming an interest in the assets in Client's accounts receivable. MEDHOST shall have no responsibility to provide any Services hereunder until and unless MEDHOST and its legal counsel are satisfied, in their sole discretion, that all necessary and appropriate approvals have been obtained. Client will provide any reasonable assistance in obtaining such approvals that is requested by MEDHOST

MEDHOST's timely and full performance of this SOW is dependent on Client's fulfillment of these responsibilities.

Initial Points of Contact:

	POINT(S) OF CONTACT	Phone	Email
MEDHOST	Lisa Mounkes Teresa Cantrell	(615) 761-1889 (615) 761-2656	Lisa.Mounkes@medhost.com Teresa.cantrell@medhost.com
Client			

3. ASSUMPTIONS

MEDHOST has created this SOW under the following assumptions. If one or more of these assumptions proves to be invalid, costs and other project factors may be impacted.

1. Where appropriate, knowledgeable Client resources will be made available for functional questions and making business decisions. It is also expected that Client staff will participate throughout the implementation.
2. Unless otherwise agreed, MEDHOST reserves the right to subcontract any or all portions of the Services contemplated hereunder. MEDHOST will remain responsible for its subcontractors. The payment gateway provider is not considered a subcontractor of MEDHOST.
3. Client will have the appropriate software and hardware available at the beginning of and throughout the term of this SOW. The necessary hardware environment (operating system, network, ports) should be configured appropriately and stable.
4. It is expressly understood that MEDHOST is not acting as a collection agency, but acting as a consultant in receivables management.
5. MEDHOST does not provide any guarantees with regard to any specific transaction or variance.

4. PERFORMANCE DETAILS

4.1. Place of Performance

All services will be provided via, remote and/or online means and methods.

4.2. Commencement

This SOW will commence as agreed to by parties.

4.3. Term and Timeline

This SOW represents a commitment by Client for an initial Term of **twelve (12) months** of the monthly services. The Term of this SOW will then continue until either party provides sixty (60) days' written notice of intent to terminate the SOW.

If Client terminates or does not renew the Agreement prior to the conclusion of the initial Term of this SOW, the terms of the Agreement shall continue to govern this SOW as and to the extent such terms would have governed this SOW if the Agreement had never terminated, and shall do so until the end of the then-current Term of this SOW. At the conclusion of such Term, the parties shall mutually agree on a governing agreement to replace the Agreement, or this SOW shall terminate.

5. PAYMENT TERMS

Revenue Cycle Operations

FEE TYPE	PAYMENT TERMS
Fees	The rate for all Services listed hereunder shall be 4.5% of patient account cash receipts from payors for Northwest Mississippi Medical Center. Upon execution, MEDHOST will invoice Client a good-faith estimate of the first two (2) weeks' fees. After the completion of first two weeks of Services hereunder, MEDHOST will invoice the next two weeks' estimated fees, which will be adjusted to true up the difference between the previous invoice's estimated fees and the actual amount of fees owed under this SOW for that two week period. MEDHOST will continue this invoicing process every two weeks for the duration of the term of the SOW. At the conclusion of the SOW, MEDHOST will either invoice (if the most recent paid invoice was less than the actual fees) or refund (if the most recent paid invoice was greater than the actual fees) any true-up amount for the final two weeks of Services. All invoices will be will be due upon receipt, and Client will pay MEDHOST as set forth above via ACH direct debit initiated by MEDHOST

All prices specified in the SOW are exclusive of any taxes, fees, duties or other applicable amounts. Client shall pay the taxes related to Services purchased pursuant to the SOW, or Client shall present an exemption certificate acceptable to the taxing authorities. Applicable taxes, if any, will be billed as a separate item on the invoice.

6. TRAVEL & EXPENSES

To the extent applicable, and unless otherwise specified, out-of-pocket expenses, including per diems, will be invoiced in arrears for the month that they were incurred in accordance with MEDHOST's travel policy. Client will be invoiced for all costs associated with out-of-pocket expenses (including, without limitation, costs and expenses associated with meals, lodging, local transportation and any other applicable business expenses) listed on the invoice as a separate line item. Out-of-pocket expenses will also include any fees incurred by MEDHOST to deliver the Service(s) and/or Deliverable(s) in a remote manner to Client, including, but not limited to, on-line meeting service fees and conference calls. All per diems will be billed at the then-current IRS reimbursement rate.

7. PROPRIETARY AND CONFIDENTIAL

This SOW contains confidential and proprietary information of MEDHOST and its vendors. Information contained in this SOW may not be disclosed, disseminated, or otherwise revealed to any party outside of Client or any party within Client who is not privileged to receive such information without the express written permission of MEDHOST. There is no obligation to maintain the confidentiality of any information which was known to Client prior to receipt of such information from MEDHOST, or becomes publicly known through no fault of Client, or is received without obligation of confidentiality from a third party owing no obligation of confidentiality to MEDHOST.

8. INTELLECTUAL PROPERTY

Upon full payment of all amounts due MEDHOST under this SOW and the Agreement, Client shall own all rights, title, and interest in and to written deliverables (e.g., reports and statements) that were specifically created for Client from Client's data or from the assessment or analysis of Client's operations (hereinafter referred to as "*Custom Work Product*"). MEDHOST hereby grants, sells, assigns, and conveys to Client all rights of MEDHOST in and to such Custom Work Product.

The transfer of any rights hereunder shall not apply to, Background Technology (as hereinafter defined) or any software, materials or other technology which is owned or controlled by MEDHOST or a third party (collectively referred to as "*Existing Technology*"). "*Background Technology*" means all processes, tools, works of authorship, user guides, programs, data, utilities or other intellectual property, in whatever form, that MEDHOST prepared or had prepared in connection with the Existing Technology or otherwise outside the scope of the Services provided hereunder. Background Technology, working papers, scripts, proprietary methodology and confidential information belong exclusively to MEDHOST, including to the extent included in the Deliverable. To the extent that the Deliverables contain MEDHOST Background Technology, Client is granted a nonexclusive license to use MEDHOST Background Technology or Existing Technology for the limited purpose of implementing the Deliverable for Client's internal purposes.

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