UNITED STATES BANKRUPTCY COURT SOUTHERN DISTRICT OF INDIANA INDIANAPOLIS DIVISION

IN RE:)	
)	CASE NO. 18-07762-JJG-11
FAYETTE MEMORIAL HOSPITAL)	
ASSOCIATION, INC. D/B/A FAYETTE)	
REGIONAL HEALTH SYSTEMS,)	
)	
DEBTOR.)	

EMERGENCY STAFFING SOLUTIONS, INC.'S APPLICATION FOR ADMINISTRATIVE PRIORITY CLAIM PURSUANT TO 11 U.S.C § 503(b)(1)

Creditor Emergency Staffing Solutions, Inc. ("ESS") submits this its Application for Administrative Priority Claim pursuant to Section 503(b)(1) of Title 11 of the United States Code and Rules 9013 and 9014 of the Federal Rules of Bankruptcy Procedure, requesting allowance of administrative expenses for post-position services provided by ESS to the Debtor. In support thereof, ESS shows the Court the following:

- 1. ESS and Debtor are parties to an unexpired Coverage Services Agreement (the "Agreement"), a true and correct copy of which is attached hereto as Exhibit A.
- 2. Pursuant to the Agreement, ESS provided administrative services to Debtor, including arranging for emergency department physician staffing services.
- 3. Debtor filed a motion to reject unexpired executory contracts, including the Agreement with ESS.
- 4. Debtor filed its petition for relief under Chapter 11 of the Bankruptcy Code on October 10, 2018 and has been operating as a Debtor in Possession ever since.
- 5. ESS is entitled to an administrative expense claim under Section 503(b)(1) of Title 11 of the United States Code for amounts that became due while the Debtor made beneficial use of the property.

EMERGENCY STAFFING SOLUTIONS, INC.'S APPLICATION FOR ADMINISTRATIVE PRIORITY CLAIM PURSUANT TO 11 U.S.C § 503(b)(1) – Page 1

- 6. Section 503(b)(1) permits an administrative priority claim for the "actual, necessary costs and expenses of preserving the estate." In the Seventh Circuit, a claim is entitled to administrative priority if it (1) arises from a transaction with the debtor-in-possession and (2) is beneficial to the debtor in possession. *In re Jartran, Inc.*, 732 F.2d 584, 586 (7th Cir. 1984).
- 7. There is no dispute that ESS provided physician staffing services to the Debtor post-petition. These services during the post-petition period allowed the Debtor to use their facilities in this Chapter 11 case and attempt reorganization. Amounts accruing after the petition date through the effective date of rejection are entitled to administrative priority. *See In re Sportsman's Warehouse, Inc.*, 436 B.R. 308, 312 (Bankr. D. Del. 2009); *In re Goody's Family Clothing, Inc.*, 392 B.R. 604, 614 (Bankr. D. Del. 2008), aff'd, 401 B.R. 656 (D. Del. 2009); *see also Zagata Fabricators, Inc. v. Superior Air Prods.*, 893 F.2d 624, 627 (3d Cir. 1990). Because the Debtor enjoyed the benefit of ESS's services post-petition, the invoices for services which remain unpaid post-petition are entitled to be paid as an administrative priority claim.
- 8. ESS is entitled to an administrative expense priority claim from the time the petition for relief was filed until the rejection of the executory contract:

06/30/2019 Invoice due 07/19/2019 \$17,290.00 07/15/2019 Invoice due 07/15/2019 \$45,502.45 07/15/2019 Invoice due 07/15/2019 \$8,250.00 07/20/2019 Invoice due 08/02/2019 \$132.54 07/31/2019 Invoice due 08/12/2019 \$4,275.00

TOTAL DUE:

\$75,449.99

9. ESS is entitled to an administrative priority claim under Section 503(b)(1) in the sum of \$75,449.99.

WHEREFORE, ESS requests that the Court enter an order allowing ESS an administrative priority claim against the Debtor's estates in the amount of \$75,449.99, and for such other relief as the Court deems just and proper.

Respectfully submitted,

/s/David J. Burton

David J. Burton (#16666-53)

BURTON & SIMKIN 25 North Seventh St. Richmond, IN 47374

Phone: (765) 966-5518 Fax: (765) 966-5510

dburton@burtonandsimkin.com

ATTORNEY FOR CREDITOR

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on August 23, 2019 a copy of the foregoing was filed electronically. Notice of this filing will be sent to all parties of record by operation of the Court's electronic filing system. Parties may access this filing through the Court's system.

/s/David J. Burton
David J. Burton

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NOTICE OF APPLICATION FOR ADMINISTRATIVE PRIORITY CLAIM AND OBJECTION DEADLINE

PLEASE TAKE NOTICE that on August 23, 2019, Creditor Emergency Staffing Solutions, Inc. ("ESS") filed its Application for Administrative Priority Claim Pursuant to § 503(b)(1) (the "Application").

As described in more detail in the Application, ESS seeks entry of an order allowing ESS an administrative priority claim against the Debtor, Fayette Memorial Hospital Association, Inc. d/b/a Fayette Regional Health Systems ("Fayette") in the amount of \$75,449.99 pursuant to Section 503(b)(1) of Title 11 of the United States Code.

PLEASE TAKE FURTHER NOTICE that your rights may be affected. You should read this Notice carefully and discuss it with your attorney, if you have one in this bankruptcy case. If you do not have an attorney, you may wish to consult one.

PLEASE TAKE FURTHER NOTICE that, if you do not want the Court to enter an order granting the Application, or if you want the Court to consider your views on the Application, then, on or before 21 days from the date of this Notice, you or your attorney must file with the Court a written objection explaining your position. If you mail your response or objection to the Court, you must mail it early enough so the Court will <u>receive</u> it on or before the date stated herein.

Those not permitted to file papers with the Court electronically must deliver any objection by U.S. Mail, courier, overnight/express mail, or in person to the United States Bankruptcy Court Clerk's Office, 116 U.S. Courthouse, 46 East Ohio Street, Indianapolis, IN 46204. The court's website is www.insb.uscourts.gov.

If you have not received a copy of the Application, you may get one by contacting the person who signed this Notice or at the Clerk's Office.

PLEASE TAKE FURTHER NOTICE THAT IF AN OBJECTION IS TIMELY FILED, A HEARING ON THE APPLICATION WILL BE SCHEDULED AT A LATER DATE.

PLEASE TAKE FURTHER NOTICE that if an objection is not timely filed, the Court may grant the relief requested in the Application **without a hearing**.

Respectfully submitted,

/s/David J. Burton

David J. Burton (#16666-53)

BURTON & SIMKIN 25 North Seventh St.

Richmond, IN 47374 Phone: (765) 966-5518

Fax: (765) 966-5510

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EMERGENCY STAFFING SOLUTIONS, INC.'S APPLICATION FOR

ADMINISTRATIVE PRIORITY CLAIM PURSUANT TO 11 U.S.C § 503(b)(1) - Page 1

FMHA POC

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Respectfully submitted,

s/David J. Burton

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AFFIDAVIT IN SUPPORT OF ADMINISTRATIVE PRIORITY CLAIM

BEFORE ME, the undersigned authority, on this day personally appeared Shonda Rupe, who, after being duly sworn upon her oath, stated as follows:

- 1. "My name is Shonda Rupe. I am over the age of 18 years. I am of sound mind. I have never been convicted of a crime. All statements contained herein are within my personal knowledge or the knowledge of those I supervise and are true and correct. I am otherwise competent to make this affidavit.
 - 2. I am the Chief Operating Officer of Emergency Staffing Solutions, Inc. ("ESS").
- 1. ESS and Debtor are parties to a Coverage Services Agreement (the "Agreement") with a November 1, 2018 commencement date (the "Commencement Date").
- 2. Beginning on the Commencement Date, ESS provided the services to Debtor as required under the Agreement. These services were provided until the termination of the Agreement on July 15, 2019.
- 3. According to the books and records of ESS, the Debtor is indebted to ESS for services provided post-petition and for which it has not been paid in the sum of \$75,449.99.
- 4. I affirm under penalties of perjury that the foregoing representations of fact are true. FURTHER AFFIANT SAITH NOT.

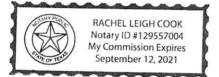
EMERGENCY STAFFING SOLUTIONS, INC.

Shonda Rupe, Chief Operating Officer

STATE OF TEXAS

COUNTY OF COLLIN

SUBSCRIBED AND SWORN to before me, a Notary Public in and for said County and , 2019.



STATE OF TEXAS

COVERAGE SERVICES AGREEMENT

RECITALS

WHEREAS, Hospital is an acute care hospital located at 1941 Virginia Avenue, Connersville, Indiana 47331 that provides health care services to patients in its community (including indigent patients) utilizing its facilities;

WHEREAS, Group is an emergency department physician staffing group that provides administrative services to hospitals, including arranging for emergency department physician staffing services:

WHEREAS, Group contract with physicians who are duly licensed and registered to practice medicine in the State of Indiana and are qualified to provide the Services (each, a "Physician" and collectively the "Physicians"); and

WHEREAS, Group desires to provide emergency department physician staffing services to the Hospital, and Hospital desires to contract with Group for such services so that Hospital may better fulfill its mission of providing or arranging to provide certain health care services to patients (including indigent patients) utilizing Hospital's facilities.

NOW THEREFORE, in consideration of the mutual promises of the parties hereto, and of the covenants and conditions hereinafter expressed, the parties hereby agree and covenant, each with the other, as follows:

1. SPECIFIC DUTIES OF GROUP

- 1.1 Services. Group, in coordination with its contracted Physicians, shall perform the services set forth on Exhibit Λ (the "Services"), attached hereto and incorporated by reference. Group and the Physicians shall carry out their responsibilities and perform the Services under this Agreement in a professional, ethical and diligent manner in order to serve the best interests of patients and the Hospital.
- 1.2 <u>Hospital Approval.</u> Notwithstanding the foregoing, Hospital shall have the right to approve each Physician that Group designates to provide Services in the Hospital, prior to the assignment of any Physician to the Hospital. Hospital agrees to require no more onerous provisions for acceptance of Group's Physicians than are applicable to other physicians in accordance with the rules, regulations and bylaws of the Medical Staff of Hospital. Hospital further agrees that it will grant temporary privileges to Group's Physicians as requested and as qualified. In addition, after Physicians assigned to the Hospital are initially approved by the Hospital, Hospital shall, upon the occurrence of any of the following with respect to any Physician, have the right at any time (i) to insist on the replacement of any Physician that Group has assigned to provide Services under this Agreement in the Hospital, and (ii) upon prior notice to Group, to refuse any Physician permission to utilize any Hospital facility for purposes of providing Services under this Agreement, upon the occurrence of any of the following:

- (a) Failure by such Physician to meet the qualifications required of the Physicians under this Agreement, including being approved for membership of the Medical Staff of the Hospital pursuant to the Medical Staff Bylaws;
 - (b) Death of Physician;
- (c) Suspension, cessation or loss of Physician's (i) qualifications or unrestricted license to practice medicine in the State of Indiana (including by reason of failure to meet continuing medical education requirements); (ii) state or federal authorization to administer or prescribe controlled substances; (iii) participation in the Medicare or Medicaid programs; (iv) Hospital medical staff privileges; or (v) malpractice insurance coverage;
- (d) Permanent disability (ill health or other disability) of such Physician which prevents or makes inadvisable his or her continued practice of medicine as contemplated by this Agreement:
- (e) Reasonable determination by Hospital that patient health or safety is in imminent and serious danger from Physician's actions or inactions;
 - (f) Conviction of such Physician of a felony;
- (g) Violation by such Physician of any term of Hospital's policies or Medical Staff Bylaws as they exist from time to time following notification of such violation by Hospital to Group and the failure to cure the same within thirty (30) days thereafter; or
- (h) Restrictions, sanctions or other actions by any regulatory, credentialing or certifying body or any insurance provider.
- 1.3 <u>Representations and Warranties of Group</u>. Group hereby represents and warrants to Hospital as follows:
 - (a) <u>Licensure.</u> Each Physician is and at all times during the term hereof shall remain, duly licensed, registered and in good standing under the laws of the State of Indiana to engage in the unrestricted practice of medicine and to administer and prescribe controlled substances. With respect to each Physician, Group represents and warrants that such Physician's license to practice medicine and certificate to prescribe controlled substances in the State of Indiana or in any other jurisdiction has never been denied, terminated, suspended, probated, revoked, voluntarily relinquished under threat of disciplinary action or restricted in any way.
 - (b) <u>Medicare/Medicaid Participation.</u> During the term of this Agreement, each Physician shall be authorized to participate in the Medicare and Medicaid Programs.
 - (c) <u>Medical Staff Membership.</u> Each Physician has or will obtain, and during the term of this Agreement shall maintain, Hospital medical staff membership and appropriate clinical privileges.
 - (d) <u>Disclosure.</u> Group and each Physician shall immediately notify Hospital in the event any representation concerning a Physician set forth in this Agreement within the knowledge of Group or such Physician shall no longer be true, correct or complete.

- (e) <u>Authority.</u> Group represents and warrants to Hospital that Group has the power and authority to obligate the Physicians to perform the duties of the Physicians pursuant to this Agreement. Group agrees to so obligate the Physicians.
- (f) Group is a for-profit corporation duly organized and validly existing under the laws of the State of Texas.
- (g) Group has all requisite corporate power and authority to enter into this Agreement and to perform its obligations under this Agreement. This Agreement has been duly authorized, executed and delivered by Group and is a legal, valid and binding obligation of Group, enforceable in accordance with its terms.
- (h) The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby by Group will not violate any provisions of, or constitute a default under, any contract or other agreement to which Group is a party or by which it is bound, or conflict with its Articles of Incorporation or bylaws.
- 1.4 <u>Medical Records.</u> Group shall ensure that each Physician keeps accurate and complete medical records in accordance with Hospital's medical staff bylaws, rules, regulations, and policies, and will file them in a manner acceptable to Hospital. All records shall remain the property of Hospital subject to such access and review by the Group and its Physicians.
- Quality Assurance/Utilization Review and Peer Review Programs. Group, through its 1.5 Physicians shall have knowledge of and assist Hospital in developing, implementing, monitoring and reviewing the Hospital's quality assurance, utilization review, performance improvement and peer review programs, procedures, guidelines and policies which relate to the Hospital and as required by Hospital policies, by Medicare law and regulations, by the standards or reports of The Joint Commission, and/or other regulatory, licensing, or accrediting agencies. If any regulatory, accrediting, or licensing agency should determine that the Hospital does not meet or exceed the acceptable standards prescribed and which are the responsibility of Group to satisfy under this Agreement, any and all action necessary to effect compliance shall be taken by Group within a reasonable time (not to exceed thirty (30) days unless otherwise agreed) after the details of noncompliance and steps necessary to effect compliance are given by notice to Group. In addition to the foregoing, Group and its Physicians shall comply with any and all procedures, guidelines and policies relating to Hospital's quality assurance, utilization review, peer review, risk management and safety programs. Hospital shall have knowledge of and assist Group in developing, implementing, monitoring and reviewing Hospital's quality assurance, utilization review, performance improvement and peer review programs, procedures, guidelines and policies which relate to the Group in its provision of services to Hospital in accordance with Group policies provided to Hospital, Medicare laws and regulations and/or other regulating, licensing or accreditation agencies.
- 1.6 <u>Reimbursement.</u> Group and each Physician shall cooperate with Hospital and its employees as reasonably requested in the completion of any forms necessary for third party reimbursement.
- 1.7 Education. Group shall ensure that each Physician participates for reasonable periods of time in the educational programs conducted by Hospital and performs such other teaching functions within Hospital as Hospital reasonably deems necessary to assure Hospital's compliance with requirements of accrediting bodies.

- 1.8 <u>Incurring Financial Obligation.</u> Group agrees and acknowledges that neither it nor any Physician has any right, power or authority to incur and will not incur any financial obligation, legal obligation or liability, or other obligation on behalf of, or binding upon, Hospital.
- 1.9 <u>Professional Expenses.</u> Group shall be solely responsible for all personal and professional expenses incurred by it or any person provided by Group to render Services under this Agreement.

1.10 Liability Insurance.

- (a) Physicians' Coverage Requirements. Group shall obtain and maintain, and shall ensure that each Physician obtains and maintains, professional liability insurance. All policies described above shall provide that Hospital be given written notice no less than thirty (30) days prior to cancellation or material change of the policy. Group further agrees to provide evidence of the above coverage to Hospital either by providing copies of policies or certificates of insurance within thirty (30) days of the effective date of such coverage upon request by Hospital. Any policy or policies of insurance obtained by Group pursuant to this Section shall be in compliance with applicable requirements of Hospital's Medical Staff Bylaws.
- (b) <u>Tail Coverage</u>. Upon the termination or expiration of this Agreement, for the policy or policies obtained pursuant to this Section which are "claims made" insurance rather than "occurrence" insurance, Group shall either (i) purchase "tail" coverage to continue the liability insurance coverage in effect during the term hereof or (ii) continue in full force and effect the same level of liability insurance coverage on a claims made basis until the longest statute of limitations for professional and general liability for acts committed has expired (recognizing that the statute of limitations for minors is tolled until they reach the age of majority). Group shall provide evidence of such coverage to Hospital within thirty (30) days of request by Hospital.

1.11 Compliance Obligations.

- (a) Rules, Regulations, Policies and Directives. As a continuing condition of this Agreement, Group and each Physician shall comply with and provide the Services in accordance with (i) the standards of The Joint Commission, (ii) the bylaws, rules, regulations and policies of Hospital; (iii) the bylaws, rules, regulations and policies of the medical staff of the Hospital; and (iv) the Principles of Ethics adopted by the American Medical Association, as such principles are amended from time to time. Group hereby specifically acknowledges and agrees that pursuant to The Joint Commission standards, Hospital retains certain obligations regarding patient care and services within Hospital facilities.
- (b) <u>Compliance with Law</u>. The Services shall be provided in accordance with all applicable provisions of law and other rules and regulations of any governmental authority relating to the activities contemplated by this Agreement.
- 1.12 <u>Physicians' Responsibilities with Respect to Patients.</u> No Physician providing Services arranged pursuant to this Agreement is an employee of Hospital. Nothing herein shall be construed as giving that degree of control or direction on the part of Hospital that creates an employer-employee relationship between Hospital and any Physician. Hospital shall not control or direct the practice of medicine. All Physicians providing services in any Hospital facility shall:

- (a) Provide the necessary medical services in a manner so that the medical needs of each patient are met consistent with Hospital and medical staff bylaws, rules, regulations, and policies and patient expectations.
- (b) Be cognizant of the manner in which patients are received, the efforts to meet their needs, and other aspects of courtesy, compassion and sound nursing and medical care for every patient.

Notwithstanding anything contained herein to the contrary, no rule or regulation contained in this Agreement shall operate to delay medical treatment when immediate attention is required. The parties acknowledge the primary purpose of this Agreement is to make medical services available to the Hospital's patients in the Hospital (including indigent patients) at all times.

1.13 Notice to Hospital. Group agrees to notify Hospital in writing within five (5) calendar days of (i) receipt of notice of the commencement of any investigation into (or regulatory action involving) the Group's or any Physician's practice or concerning a Physician's medical license by the State of Indiana Medical Board, Indiana Attorney General, the Office of Inspector General, the Justice Department, or any other entity of federal, state, or local government, or (ii) loss of any insurance coverage required hereunder.

2. HOSPITAL OBLIGATIONS

- 2.1 Space & Equipment. Hospital shall make available during the term of this Agreement the space and equipment it deems is reasonably necessary for the proper operation of the Hospital including the provision of Services by the Physicians. Such requirements shall, at a minimum, include, but not be limited to: sleep room for a Physician, desk, filing space, access to computer with internet access, and capabilities reasonably acceptable to Group. Hospital shall furnish Hospital with utilities, housekeeping, laundry and other services, as it deems reasonably necessary for the proper operation of the Hospital.
- 2.2 <u>Supplies.</u> Hospital shall purchase all supplies reasonably necessary for the proper operation of the Hospital, including the provision of Services.
- 2.3 <u>Personnel Provided by Hospital.</u> Hospital shall make available during the term of this Agreement such personnel that it deems reasonable and necessary for the effective operation of the Hospital, including nurses and other para-medical personnel, laboratory and x-ray technicians, and respiratory therapists. The selection and retention, as well as direction and control of such personnel in administrative matters, shall at all times rest solely with Hospital. Such personnel are employees, volunteers or contractors of Hospital.
- 2.4 <u>Hospital Responsibility.</u> Hospital shall be responsible for any claims or loss to persons or property solely by reason of any act, action, negligence, omission, or default on the part of Hospital or any of its officers, directors, employees, or representatives in connection with the conduct and performance of the services under this Agreement.
- 2.5 <u>Reimbursement.</u> Hospital shall cooperate with Group and its employees or representatives as reasonably requested in the completion of any forms necessary for third party reimbursement.
- 2.6 <u>Incurring Financial Obligation.</u> Hospital agrees and acknowledges that neither it nor its officers, employees, contractors nor representatives of any kind have any right, power or authority to incur and will not incur any financial obligation, legal obligation or liability, or other obligation on behalf of, or binding upon, Group.

2.7 Quality Assurance/Utilization Review and Peer Review Programs. Hospital shall have knowledge of and assist Group in developing, implementing, monitoring and reviewing Hospital's quality assurance, utilization review, performance improvement and peer review programs, procedures, guidelines and policies which relate to the Group in its provision of services to Hospital in accordance with Medicare laws and regulations and/or other regulating, licensing or accreditation agencies.

3. COMPENSATION ARRANGEMENT

3.1 <u>Compensation for Services.</u> In exchange for the performance by Group and the Physicians of the Services required under this Agreement, Hospital will compensate Group as set forth on Exhibit B attached hereto and incorporated herein by reference.

4. **CONFIDENTIALITY**

- 4.1 Agreement. Group agrees to, and ensures that each Physician will, keep this Agreement and its contents confidential and not disclose this Agreement or its contents to any third party, other than its attorneys, accountants, and other engaged third parties, unless required by law, without the written consent of the Hospital. Hospital agrees to keep this Agreement and its contents confidential and not disclose this Agreement or its contents to any third party, other than its attorneys, accountants, and other engaged third parties, unless required by law, without the written consent of Group.
- Proprietary Information. Group acknowledges that in connection with the performance of the Services under this Agreement, Group and the Physicians will be acquiring and making use of certain confidential information and trade secrets of Hospital which may include management reports, financial statements, internal memoranda, reports, patient and customer lists, confidential technology, business connections, payors, managed care strategies, reimbursement methodologies, past performance, future prospects, strategic initiatives and other materials, records and/or information of a proprietary nature ("Hospital Confidential Information"). Therefore, in order to protect the Hospital Confidential Information, Group and the Physicians shall not after the date hereof use the Hospital Confidential Information except in connection with the performance of the Services pursuant to this Agreement, or divulge the Hospital Confidential Information to any third party, unless Hospital consents in writing or such use or divulgence or disclosure is required by law. In the event Group or any Physician receives a request or demand for the disclosure of Hospital Confidential Information, the party receiving such request or demand shall immediately provide written notice to Hospital of such request or demand, including a copy of any written element of such request or demand. Upon termination of this Agreement, neither Group nor any Physician, will take or retain, without prior written authorization from Hospital, any papers, patient lists, fee books, patient records, files, or other documents or copies thereof or other Hospital Confidential Information of any kind belonging to Hospital. Without limiting other possible remedies for the breach of this covenant, the parties agree that injunctive or other equitable relief shall be available to enforce this covenant, such relief to be without the necessity of posting a bond, cash or otherwise.

Hospital acknowledges that in connection with the performance of the services under this Agreement, Hospital will be acquiring and making use of certain confidential information and trade secrets of Group which may include management reports, financial statements, internal memoranda, reports, patient and customer lists, confidential technology, business connections, payors, managed care strategies, reimbursement methodologies, past performance, future prospects, strategic initiatives and other materials, records and/or information of a proprietary nature ("Group Confidential Information"). Therefore, in order to protect Group Confidential Information, Hospital shall not after the date hereof use Group Confidential Information except in connection with the performance of the services pursuant to this Agreement, or divulge Group Confidential Information to any third party, unless Group consents in

writing or such use or divulgence or disclosure is required by law. In the event Hospital receives a request or demand for the disclosure of Group Confidential Information, the party receiving such request or demand shall immediately provide written notice to Group of such request or demand, including a copy of any written element of such request or demand. Upon termination of this Agreement, neither Hospital nor any of its employees or agents will take or retain, without prior written authorization from Group, any papers, patient lists, fee books, patient records, files, or other documents or copies thereof or other Group Confidential Information of any kind belonging to Group. Without limiting other possible remedies for the breach of this covenant, the parties agree that injunctive or other equitable relief shall be available to enforce this covenant, such relief to be without the necessity of posting a bond, cash or otherwise.

Hospital Confidential Information and Group Confidential Information shall not include information that Group or the Hospital can demonstrate by clear and convincing evidence: (a) at the time of disclosure by Hospital to Group or vice versa that the information was known to Group or the Hospital respectively as evidenced by its contemporaneous written records; (b) at the time of disclosure by disclosing party, was published or known publicly or otherwise was in the public domain; (c) after disclosure by disclosing party and other than as a result of a breach of either party's obligations under this Agreement, becomes published or publicly known or otherwise becomes part of the public domain; or (d) is disclosed to disclosing party in good faith by a third party who is not under obligation of confidence or secrecy to such party.

5. RECORDS

- Medical Records and Reports. In performing the Services hereunder, Group agrees that 5.1 the Physicians will generate medical records and reports pertaining to patients treated which records and reports shall be kept in the format as determined by Hospital and prepared in a timely manner, all in accordance with Hospital policies. All such records and reports shall be and remain the property of Hospital unless otherwise provided by law. The parties recognize that the patient has the legal right to have access to his or her medical records, that all staff physicians at Hospital have the right to consult those records to facilitate the continuity of proper care, and that such records are confidential and privileged under state and federal law. Hospital expressly agrees that Group and the Physicians shall have access, as permitted by applicable law, to such patient records at any time necessary for Group and the Physicians to fulfill their duties under this Agreement and for the provision of Group quality assurance, audit and billing requirements. Group acknowledges that in performing services hereunder, it shall be part of an "organized health care arrangement" with Hospital for purposes of the privacy and security rules of the Health Insurance Portability and Accountability Act of 1996 and the regulations promulgated thereunder ("HIPAA"). Group agrees to abide by Hospital's policies and procedures regarding HIPAA, including Hospital's Notice of Privacy Practices, and otherwise agrees to abide by all terms and conditions of HIPAA.
- 5.2 <u>Business Records and Reports.</u> In performing its duties hereunder, Group may generate business or financial records and reports relating to the costs and operation of the Hospital, risk management, and quality control.
- 5.3 Access to Books and Records. Each party agrees to comply with the following requirements governing the maintenance of documentation to verify the cost of services rendered under this Agreement:
- 5.3.1 Availability of Records. Until the expiration of four (4) years after the furnishing of services pursuant to this Agreement, each party shall make available, upon written request of the Secretary of Health & Human Services ("HHS"), or upon request of the Comptroller General of the

United States, or any of their duly authorized representatives, this Agreement, and books, documents, and records of such party that are necessary to certify the nature and extent of such costs.

6. TERM AND TERMINATION

- Initial Term. The term of this Agreement shall commence on or before "Initial Term"), unless sooner terminated as provided in this Agreement.
- 6.2. Renewal Term(s). At the expiration of the Initial Term, this Agreement shall renew automatically in successive one (1) year increments (each, a "Renewal Terms"), unless either party shall provide written notice to the other party of its intent not to renew this Agreement at least ninety (90) days prior to the expiration of the Initial Term or any Renewal Term, as the case may be. As used herein from time to time, "Term" shall mean the Initial Term, as well as any Renewal Term.
- 6.3 Termination for Default. If either party defaults in the performance of its obligations (including compliance with any covenants) under this Agreement and such default is not cured within forty-five (45) days of the receipt of written notice thereof, then the non-defaulting party shall have the right (in addition to any other rights it may have) by further written notice to terminate this Agreement immediately upon the expiration of the 45-day cure period. This provision shall not constitute an election of remedies by the terminating party or liquidated damages to the terminating party, and the terminating party shall have and retain all rights to damages at law and rights to equitable relief in the event of breach by the defaulting party.
- 6.4 <u>Immediate Termination by Group</u>. Group may terminate this Agreement immediately upon either of the following occurrences: (i) loss of Hospital licensure; or (ii) loss of Hospital Medicare certification.
- 6.5 <u>Termination by Hospital</u>. Hospital shall have the right, in its sole discretion, to immediately terminate this Agreement upon the occurrence of any of the following:
 - (a) Loss by Group of liability insurance coverage as required herein; or
 - (b) Conviction of any of Group's officers or a Physician of a felony;
 - (c) Performance or attempted performance of any of Group's obligations through any Physician who does not have privileges on Hospital's medical staff; or
 - (d) Closure of Hospital.
- 6.6 <u>Post-Termination Obligations.</u> The termination of this Agreement shall not relieve either party of any obligation pursuant to this Agreement which arose on or before the date of termination, and those sections of this Agreement which by their terms extend beyond termination or expiration of this Agreement shall survive and continue in full force and effect after the expiration of the Term or any termination of this Agreement.
- 6.7 <u>Effect of Termination.</u> If this Agreement is terminated in any way which requires notice of termination to either party, Hospital shall be obligated to pay the any and all charges accruing in the final month of this Agreement (as described in Exhibit B) on or before the termination date of this Agreement. If this Agreement is immediately terminated in any way which does not require notice of termination to either party, Hospital shall be obligated to pay any and all charges accruing in the final

month of this Agreement (as described in Exhibit B) within ten (10) business days of termination date of this Agreement. Within five (5) business days of Hospital's receipt of the final invoice under this Agreement, Hospital shall provide to Group all actual volume adjustment information, or, if such information should be unavailable, an estimate of the volume adjustment information based on the volume in previous years.

6.7 Matters Relating to Medical Staff Membership and Due Process. Medical staff membership is a condition to the performance of Services under this Agreement. This Agreement is not, however, and shall not be construed as, any form of guarantee or assurance by Hospital that any Physician will obtain or retain medical staff membership or clinical privileges; those matters are governed solely by the bylaws, rules and regulations of the Medical Staff of the Hospital as in effect from time to time. Any due process or other requirements of the bylaws, rules or regulations of the medical staff at Hospital shall not apply to the termination of this Agreement or the removal by Hospital of any Physician from providing services to Hospital hereunder during the Term. Upon the termination of this Agreement, Medical Staff membership shall automatically terminate for all Physicians arranged for by Group.

7. DISPUTE RESOLUTION

- 7.1 <u>Mediation.</u> Both parties agree, in good faith, to attempt to resolve any dispute which may arise under this Agreement by submitting such dispute for nonbinding mediation.
- 7.2 <u>Termination.</u> This Section shall not prevent either party from electing to terminate this Agreement in accordance with its termination provisions.

8. RESTRICTIVE COVENANTS

Non-solicitation of Personnel. In recognition that Group expends substantial resources and efforts to make qualified physicians ("Providers") available to serve as Providers, Hospital agrees during the term of this Agreement including any extensions thereof, and for a period of 24 months after the termination or expiration of this Agreement regardless of cause, Hospital will not directly or indirectly (including, without limitation, through a controlled affiliate) solicit, retain, employ, contract with or otherwise engage or be the beneficiary of the professional services of any Provider who (a) was presented to Hospital by Group as a prospective Provider or (b) provided either administrative or medical services to satisfy Group's obligations under this Agreement at Hospital. In addition, Hospital agrees it will not induce, persuade, or attempt to persuade any Emergency Physician or prospective Emergency Physician to refuse to provide services or terminate his or her relationship with Group, its agents or affiliates. Notwithstanding the provisions of Section 8, Group may, in its sole discretion, elect to waive the provisions of Section 8 for any Emergency Physician subject to such provision; provided however, that Group shall be compensated for each such Emergency Physician in the amount of Fifty Thousand Dollars (\$50,000). Group and Hospital agree that Fifty Thousand Dollars (\$50,000) represents the minimum monetary damage that would be incurred by Group in the event Hospital violates this restrictive covenant given the extensive time and resources that Group has devoted to recruiting, training and maintaining the relationship it enjoys with the Providers. Nothing in this provision shall prevent Group from seeking and obtaining injunctive relief in the event Hospital violates this restrictive covenant.

9. GENERAL PROVISIONS

9.1 <u>Patient Complaints.</u> The parties agree to cooperate with each other in the resolution of any patient complaints arising out of the services provided hereunder. All patient complaints shall be resolved in accordance with any procedures established by Group and Hospital.

- 9.2 <u>Corporate Practice of Medicine.</u> Nothing contained herein is intended to constitute the use of a medical license for the practice of medicine by anyone other than a licensed physician, aid Hospital or any other corporation to practice medicine when in fact such corporation is not licensed to practice medicine. The parties specifically acknowledge the following:
- (a) This Agreement contemplates nothing more than the delivery of administrative and coverage services by Group through Group's management and administrative staff, and Group's employed physicians, respectively, to Hospital. Group and the Physicians shall remain entirely independent of Hospital as to the diagnosis and treatment of patients and all other medical, professional and ethical affairs of the Physicians. Group shall ensure that the Physicians accept full responsibility to these patients for the nature and character of all professional medical services rendered.
 - (b) There shall be no sharing of profits between Group and Hospital.
- (c) Hospital claims no right, title or interest in any of the assets of Group, none of which assets shall be used for the benefit of Hospital.

9.3 Relationship of Parties.

- Independent Contractor Status. In performing their responsibilities pursuant to this Agreement, it is understood and agreed that the Physicians performing Services hereunder are at all times acting as independent contractors to the Hospital and that the Physicians are not partners, joint-venturers, or employees of the Hospital. As independent contractors, Hospital shall not be responsible for providing workers compensation insurance, the payment of unemployment fees or taxes, or any of other benefit provided to its employees. If required by the laws of the State of Indiana, Group shall be responsible for procuring, providing and maintaining workers compensation insurance on a continual basis for the term of this agreement and provide Hospital with a certificate of said coverage. Hospital shall neither have nor exercise any control or direction over the medical judgment of the Physicians nor over the methods or manner by which the Physicians perform their work and functions under this Agreement as they relate to the diagnosis or treatment of any disease, disorder, physical deformity, or injury. Nothing in this Agreement shall alter or is intended to alter the physician-patient relationship. The interest and responsibility of the Hospital is to ensure that the services offered at the Hospital and covered by this Agreement shall be performed and rendered in a competent, efficient, and satisfactory manner. It is expressly agreed that the Physicians will not for any purpose be deemed to be agents, ostensible or apparent agents, or servants of Hospital, and the parties agree to take any and all such action as may be reasonably requested by Hospital to inform the public, patients of the Hospital, and others utilizing the professional services of the Physicians of such fact.
- (b) Compensation, Fringe Benefits, Taxes. Group hereby acknowledges and agrees and shall ensure that the Physicians understand and agree that: (i) each Physician shall not be entitled to any salary or other compensation from Hospital or to any employee benefits provided by Hospital, including, but not limited to disability, life insurance, pension and annuity benefits, educational allowances, professional membership dues, and sick, holiday, or vacation pay; (ii) Hospital will not withhold income taxes or pay Social Security or unemployment taxes for Physicians, such being the exclusive responsibility of Group, which Group agrees to discharge fully; and (iii) Group shall indemnify and hold harmless the Hospital against any and all liability related to withholding or failure to withhold income taxes or paying or not paying Social Security or unemployment taxes for the Physicians. If the Internal Revenue Service or any other governmental agency challenges the independent contractor status of the Physicians, the parties

agree that the Group and the Hospital shall have the right to participate in any discussion or negotiation that occurs in the course of such challenge.

- Conformance with Law. The parties recognize that this Agreement is subject to, and agree to comply with, applicable local, state, and federal statutes, rules and regulations, including without limitation the Medicare and Medicaid Anti-Fraud and Abuse Amendments and applicable state laws and regulations. Group shall comply with all laws, rules and regulations relating to the confidentiality of patient information, including the applicable provisions of Indiana law and the privacy regulations promulgated pursuant to HIPAA. Any provisions of applicable statutes, rules, or regulations that invalidate any term of this Agreement, that are inconsistent with any term of this Agreement, or that would cause one or both of the parties hereto to be in violation of law shall be deemed to have superseded the terms of this Agreement; provided, however, that the parties shall use their best efforts to accommodate the terms and intent of this Agreement to the greatest extent possible consistent with the requirements of applicable statutes, rules and regulations and negotiate in good faith toward amendment of this Agreement in such respect. In addition, in the event the legal counsel of Group or Hospital, in its reasonable opinion, determines that this Agreement or any material provision of this Agreement violates any federal or state law, rule or regulation, the parties shall negotiate in good faith to amend this Agreement or the relevant provision thereof to remedy such violation in a manner that will not be inconsistent with the intent of the parties or such provision. If the parties cannot reach an agreement on such amendment within 30 days of commencement of renegotiation, however, then either party may terminate this Agreement immediately. This section shall survive the termination of this Agreement.
- 9.5 Governing Law and Venue. This Agreement shall be construed and governed according to the laws of the State of Texas, without giving effect to its conflict of laws provisions. Any suit, action, or proceeding against Group with respect to this Agreement, or any judgment entered by any court in respect thereof may only be brought in the state and federal Courts located in Collin County, Texas.
- 9.6 No Referral. Nothing contained in this Agreement shall require (directly or indirectly, explicitly or implicitly) any party to refer any patients to any other party or to use any other party's facilities as a precondition to receiving the benefits set forth herein.
- 9.7 <u>Rights in Property.</u> Group acknowledges and agrees that this Agreement shall not be deemed to grant to Group any rights to Hospital real property, equipment or furnishings.
- 9.8 <u>Notices.</u> Any notice to a party hereto pursuant to this Agreement shall be given in writing by personal delivery, overnight delivery, or United States certified or registered mail, return receipt requested, addressed as follows:

If to Hospital:

If to Group:

Fayette Regional Health System 1941 Virginia Avenue Connersville, Indiana 47331 Attention: CEO Emergency Staffing Solutions 17304 Preston Road, Suite 1400 Dallas, Texas 75252 Attention: Ron Weiss, CEO

The parties shall hereafter notify each other in accordance herewith of any change of address to which notice is required to be sent. Notice shall be effective upon delivery.

9.9 <u>Parties Bound.</u> This Agreement and the rights and obligations hereunder shall be binding upon and inure to the benefit of the parties, and their respective heirs, personal representatives, and

permitted assigns. This Agreement shall also bind and inure to the benefit of any successor of Hospital by merger or consolidation.

- 9.10 No Third-Party Beneficiaries. No provision of this Agreement is intended to benefit any person or entity, including, but not limited to any Physician who is not a party to this Agreement, nor shall any person or entity not a party to this Agreement have any right to seek to enforce or recover any right or remedy with respect hereto.
- 9.11 Non-Waiver. No waiver by either of the parties hereto of any failure by the other party to keep or perform any provision, covenant or condition of this Agreement shall be deemed to be a waiver of any preceding or succeeding breach of the same, or any other provision, covenant or condition.
- 9.12 <u>Additional Documents.</u> Each of the parties hereto agrees to execute any document or documents that may be reasonably requested from time to time by the other party to implement or complete such party's obligations pursuant to this Agreement.
- 9.13 <u>Section Headings.</u> The headings preceding the text of the several sections of this Agreement are inserted solely for convenience of reference and shall not constitute a part of this Agreement, nor shall they affect the meaning, construction, or effect of any section hereof.
- 9.14 <u>Gender and Number.</u> Whenever the context of this Agreement requires, the gender of all words herein shall include the masculine, feminine, and neuter, and the number of all words herein shall include the singular and plural.
- 9.15 Entire Agreement. This Agreement, including any exhibits or addenda identified and incorporated by reference herein, contains the entire understanding of the parties and supersedes any prior written or oral agreements or understandings between them concerning the subject matter set forth above. There are no representations, warranties, covenants, promises, agreements, arrangements or understandings, oral or written, express or implied among the parties hereto relating to the subject matter set forth above which have not been fully expressed herein.
- 9.16 <u>Amendments.</u> Only an instrument in writing signed by the parties can amend this Agreement. Amendments to this Agreement shall be effective as of the date stipulated therein.
- 9.17 Severability. The sections, paragraphs and individual provisions contained in this Agreement shall be considered severable from the remainder of this Agreement and in the event that any section, paragraph or other provision should be determined to be unenforceable as written for any reason, such determination shall not adversely affect the remainder of the sections, paragraphs or other provisions of this Agreement. It is agreed further, that in the event any section, paragraph or other provision is determined to be unenforceable, the parties shall use their best efforts to reach agreement on an amendment to the Agreement to supersede such severed section, paragraph or provision.
- 9.18 <u>Counterparts.</u> This document may be executed in multiple counterparts, each of which when taken together shall constitute but one and the same instrument.
- 9.19 Exclusion. Group hereby represents and warrants to Hospital that neither it nor any of its officers, directors, partners, employees, subsidiaries or affiliates (collectively, the "Group Parties") have ever been excluded from participation in any Federal or state health benefits program (including, without limitation, Medicare, Medicaid and Tricare) and Group shall immediately notify Hospital in writing if any such exclusion from program participation is recommended, initiated, or implemented with respect to any of the Group Parties.

EXECUTED as of the dates set forth below.

HOSPITAL

Fayette Regional Health System

By: Smill While

Its: CEO

Date: 10.5-2018

GROUP

Emergency Staffing Solutions,

Inc

By: Y

Its: _

Date: | | | | | | | |

EXHIBIT A <u>Emergency Department Services</u>

- 1. Professional Services. Subject to the continuing approval of Hospital as described in this Agreement, Group agrees (a) to provide or arrange for emergency department coverage services in the Hospital through its contracted Physicians at the times and in the manner provided for in this Agreement; and (b) to make such Physicians available with respect to all Hospital patients (regardless of financial condition, insurance coverage, or ability to pay) who require emergency medical services in the Hospital. Group shall provide one (1) Physician to be on site at all times during the times set forth in this Exhibit A, for the timely and proper provision of medical services in the Hospital. It is the goal of the Group and the Hospital to identify a core group of physicians, with the utilization of a nominal amount of part time physicians when needed. It is the goal of the Group and the Hospital that the full time physicians be trained in a primary specialty, with ample emergency department experience.
- 2. <u>Emergency Department Coverage Services</u>. Group, through its contracted Physicians, shall:
 - (a) Examine and treat all persons who present themselves at the Hospital's emergency department (the "Emergency Department") for care or treatment.;
 - (b) Provide timely and appropriate care to patients;
 - (c) Respond in a timely manner to requests for needed assistance initiated by a house supervisor in life and/or limb threatening emergencies of hospitalized patients;
 - (d) Provide coverage for inpatient cardiac and/or respiratory arrests provided that patients in the Hospital's Emergency Department are not requiring physician supervision and monitoring;
 - (e) Communicate any admission to the patient's primary care physician;
 - (f) Attend to persons injured in the facility and Hospital personnel with job related injuries, illness, or exposure;
 - (g) complete medical records prior to the end of their next shift worked;
 - (h) Communicate appropriately with patient, patient's family, and patient's representative.
- 3. <u>Medical Director Services.</u> Group will designate a Physician approved by Hospital to be Medical Director of the Emergency Department. The Medical Director shall be responsible for managing Emergency Department issues on a day-to-day basis, including, without limitation, the following:
 - (a) Coordinate the Emergency Department Physician coverage schedule;
 - (b) Recommend policies and procedures to Hospital concerning the administration of the Emergency Department;
 - (c) Address patient complaints involving Emergency Department Physicians; and

- Act as a liaison among Group, members of the organized Medical Staff of Hospital (d) ("Medical Staff"), and the Hospital.
- (e)
- Review transfers to other facilities, both from the Emergency Department or from the floor.

 Location. Group shall provide the Services at 1941 VIRISINIA AVE, Connervalle 147331 4.
- Days and Hours; Schedule. Group shall provide Emergency Department coverage twenty-four (24) hours per day, seven (7) days per week by physicians. Group shall provide 3-12hr. Der Werdoverage by mid level providers. The schedule for coverage shall be arranged by the Group and provided to the Hospital CEO or its designee and Emergency Department at least five (5) days prior to the first day of each month.
 - All Physicians covering the Emergency Department shall comply with all Bylaws, Policies, Rules and Regulations of the Hospital, the Medical Staff, and the Physician's department, as well as with all State and Federal laws and regulations regarding the transfer of patients and treatment of Emergency Department patients.

EXHIBIT B Compensation for Emergency Department Services

- A. Hospital agrees to pay Group \$ 105,000 per month.
- B. Hospital will be billed monthly and agrees to pay invoice in full within 10 days of receipt of an invoice therefore. Any invoice not paid within 15 days of receipt shall accrue interest on the unpaid amount at the annual rate of the 18%. Notwithstanding any other provision in this Agreement, Group may immediately terminate this Agreement at any time without notice if payment for services is not received by the 45th day after the invoice is mailed.
- C. During the term of this Agreement, The Group shall have the sole and exclusive right and responsibility for the billing and collection of all fees and reimbursement relating to all Professional Component Services rendered by the Group and its physicians. Hospital agrees to guarantee a minimum ED volume of 1000 billable patients per month, averaged on a calendar quarter basis. Billable patients include all patients who present in the Emergency Department and are treated by the ESS physician regardless of their ability to pay. It is only meant to exclude those patients who present to the ED but are not seen by the ESS physician for some reason (for example: Left Without Being Seen, Wound Checks, Labs, other Outpatient Services, etc.). Hospital agrees to pay Group \$95 per patient below 1000 billable patients per month, averaged on a calendar quarterly basis.
- D. Hospital agrees that the payer mix specifically for the Emergency Department is as follows by volume:

BCBS	8%
Medicaid	39%
Medicare	33%
Commercial	5%
Self Pay	12%

Emergency Staffing Solutions, Inc. Customer Open Balance All Transactions

	Туре	Date	Num	Memo	Due Date
Fayette Regional Health System	-				
	Invoice	06/30/2019	38062		07/19/2019
	Invoice	07/15/2019	38061		07/15/2019
	Invoice	07/15/2019	38063		07/15/2019
	Invoice	07/20/2019	38113		08/02/2019
	Invoice	07/31/2019	38184		08/12/2019
Total Fayette Regional Health System					
TOTAL					

	2:18 PM		
	08/13/2019		
	Accrual Basis		
Open Balance	Amount		
17,290.00	17,290.00		
45,502.45	45,502.45		
8,250.00	8,250.00		
132.54	132.54		
4,275.00	4,275.00		
75,449.99	75,449.99		
75,449.99	75,449.99		