

AGREEMENT FOR INDIGENT CARE

THIS AGREEMENT made as of the Closing Date, as that term is defined in Section 3.1 of the Definitive Agreement, as hereinafter set forth, by and between THE LOWER FLORIDA KEYS HOSPITAL DISTRICT, a body politic and corporate, existing under the laws of the State of Florida (hereinafter referred to as "District"), and KEY WEST HMA, INC., a Florida for-profit corporation (hereinafter referred to as "Sub").

WITNESSETH:

WHEREAS, the District, Sub and Health Management Associates, Inc., a Delaware corporation ("HMA") have entered into a Definitive Agreement as of February __, 1999 (the "Definitive Agreement"); and

WHEREAS, the District and Sub have entered into a Lease Agreement dated as of February __, 1999 (the "Lease Agreement"); and

WHEREAS, pursuant to the terms of the Definitive Agreement and the Lease Agreement, the District will lease its land and facilities and its interest in the Personal Property Assets, as that term is defined in the Definitive Agreement, to Sub, for the purpose of Sub operating and managing the hospital delivery system in Key West, Florida; and

WHEREAS, pursuant to the terms of its Enabling Legislation, being Chapter 67-1724, Laws of Florida, as amended, and pursuant to the terms of Section 155.40, Florida Statutes, the District is obligated to provide for the health care needs of the Residents of the District, without regard to the ability or inability of said Residents to pay therefor; and

WHEREAS, as a material consideration for entering into the Definitive Agreement and the Lease Agreement, is the acceptance by Sub to provide and furnish the health care

needs for the Residents of the District, both emergent and non-emergent, that is entrusted to the District; and

WHEREAS, the District desires to enter into this Agreement to assure the provision of adequate and proper medical and health, hospitalization and emergency care, attendance, maintenance and facilities for the Residents of the District, all upon the terms and conditions herein set forth, and as set forth in the Definitive Agreement and the Lease Agreement, and Sub is willing to enter into this Agreement, upon all of the terms and conditions herein set forth;

NOW, THEREFORE, in consideration of the promises hereinafter set forth and other good and valuable consideration, the receipt and adequacy of which are acknowledged, the parties agree as follows:

ARTICLE I

DEFINITIONS

In addition to the other definitions contained in the heading paragraph, the recitals section of this Agreement, and in the Definitive Agreement and the Lease, the following terms will, when used in this Agreement, have the following respective meanings:

1.1 Indigent Care means the totality of care rendered to the Indigent Residents of the District as and when requested and deemed medically necessary for the health and welfare of the Resident.

1.2 Indigent Resident means a Resident of the District (i) whose family income for the twelve (12) month period preceding the provision of services by Sub does not exceed 125% of the then current Federal Poverty Guidelines, published by the U.S.

Department of Health and Human Services (or such guidelines published by a successor agency thereto.)

1.3 Policies and Procedures means those policies and procedures appended hereto, as Schedule 1.3, which sets forth in detail the eligibility, reimbursement, formula and documentation upon which the amount of Indigent Care provided by Sub under this Agreement is identified, calculated, and verified.

1.4 Resident means a person who makes his home or place of abode in the geographical boundaries of the Lower Florida Keys Hospital District with no present intention of moving outside the District.

ARTICLE II

COMPLIANCE WITH LAWS

Sub agrees, during the term of this Agreement, to provide such amounts of Indigent Care as is requested and required by the Residents and Indigent Residents of the District, in conformance with Chapter 67-1724, Laws of Florida, as amended and as may be amended from time to time; Section 155.40, Florida Statutes, as may be amended from time-to-time; and the terms of this Agreement.

ARTICLE III

TERM

The term of this Agreement shall commence on the Closing Date and shall terminate concurrent with the termination of the Lease.

ARTICLE IV

SUB'S OBLIGATIONS

4.1 In consideration for the payments herein agreed to be made to Sub by the District, Sub agrees, for and during the term of this Agreement, to admit and provide emergent and non-emergent care and treatment and hospitalization for all Residents and Indigent Residents of the District, without limitation, to the extent of the then current hospital facilities and any future expansion thereof. Sub further agrees that for as long as it operates a Primary Care Clinic, it will make available to the Residents and Indigent Residents the use of such Clinic. In no event shall the foregoing be construed to limit, on the basis of such persons being diagnosed as having Acquired Immune Deficiency Syndrome or AIDS related complex, Sub's obligation to provide treatment or hospitalization to Residents and Indigent Residents of the District. Sub further agrees that all Residents will receive treatment without regard to race, color, sex, creed, national origin, sexual orientation or ability to pay.

4.2 Upon cessation of the District's obligation, as set forth in the Definitive Agreement and the Lease, to financially compensate Sub, in part, for its provision of Indigent Care to the Residents of the District, nothing herein is intended to preclude or limit the obligation of Sub hereunder, which shall be total and absolute, and Sub agrees that it shall provide the requisite Indigent Care regardless if during the first ten (10) years of the Lease, the District has fulfilled its payment obligations thereunder and there remains further Indigent Care required by the District Residents during that year; and for the balance of the twenty (20) years of the Lease, without regard that the District has no further financial obligations to the Sub therefor.

4.3 Sub, in the course of its normal operations, shall make every effort to ascertain if each patient has medical, hospital or health insurance, and Sub shall use its best efforts to collect any amounts payable under such insurance for hospital charges. In addition, when subject to the requirements of law, Sub shall use its best efforts to collect, in full, from patients, any amounts payable by such patients for services rendered.

ARTICLE V

DISTRICT'S OBLIGATIONS

5.1 In consideration of Sub's commitment and obligation to the Residents and Indigent Residents of the District, District agrees to pay Sub for health care services provided to Indigent Residents as set forth in the Definitive Agreement and the Lease.

5.2 The basis upon which the amount of Indigent Care rendered by the Sub to the Indigent Residents of the District is calculated is as set forth in the Policies and Procedures.

5.3 Assuming the District fulfills its obligations to compensate Sub, in part, for its provision of Indigent Care to the Residents during the first ten (10) years of the Lease, and for the term of the Lease, as regards the operation of the Primary Care Clinic, there is no obligation attendant upon the District to levy ad valorem taxation upon the taxpaying residents of the District for the purpose of further compensating Sub for fulfilling its obligations hereunder.

5.4 Payments made by the District to Sub hereunder shall be for the sole use and benefit of Sub and no other party shall have any claim thereto. No such payments shall reduce the liability of any third party to Sub for services provided to a Resident of the District.

ARTICLE VI

DEFAULT

Any breach of this Agreement by either District or Sub shall be deemed a default as set forth in the Lease, and subject to the remedies set forth therein.

ARTICLE VII

ADDITIONAL COVENANTS OF SUB

For as long as this Agreement shall remain in effect, Sub shall:

- 7.1 Participate in the Medicare and Medicaid programs as a provider of hospital services;
- 7.2 Accept indigent patients who are Residents of the District who are referred to Sub by Monroe County or any agency thereof;
- 7.3 Accord to the District's duly authorized representatives full access to its financial books and records relating to indigent care during normal business hours, and provide said representatives with copies of such books, records and documents as they in their reasonable discretion request in order to allow them to verify the amount of Indigent Care delivered by Sub under the terms of this Agreement, and the Definitive Agreement and the Lease. Sub understands and agrees that copies of any such books, records or documents delivered to the representative of the District may become public records available for inspection and copying by the public, and waives any right it might otherwise have to non-disclosure of such books, records and documents.

ARTICLE VIII

MISCELLANEOUS

8.1 This Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective heirs, executives and administrators and assigns.

8.2 Nothing contained in this Agreement shall be construed as creating the relationship of a joint venture or partner by and among the District and Sub.

8.3 This Agreement shall be governed by and construed in accordance with the laws of the State of Florida.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and date first above written.

THE LOWER FLORIDA KEYS HOSPITAL DISTRICT

By: _____
Chairman, Board of Commissioners

KEY WEST HMA, INC.

By: _____
Title: _____

POLICY AND PROCEDURE

DEPARTMENT:	Fiscal Services	Dept. Director Approval _____
INDIGENT CARE TITLE:	Financial Assistance	Area V.P. Approval _____
EFFECTIVE DATE	_____	Administrative Approval _____
NEW	_____	Committee/Board Approval _____ (if applicable)
REVISED	_____	Review Date _____

POLICY:

The Lower Florida Keys Hospital District as part of its mission provides funding for indigent patients who are residents of the District. HMA or affiliates will use the following guidelines or similar mutually agreed upon procedures to determine that indigent patients are properly qualified for District Indigent care reimbursement based on the Indigent Care Agreement.

ELIGIBILITY:

- A. To qualify for indigent care, the patient must be a resident of The Lower Florida Keys Hospital District. Resident means a person who makes his home or place of abode, within the geographical boundaries of the Lower Florida keys Hospital District with no present intention of moving outside the District. Geographical Boundaries are defined as the City of Key West to the southern end of the Seven Mile Bridge.
- B. Primary Guide Income - A resident qualifies for indigent assistance if the Family income for the prior twelve months was less than 125% of the then current Federal Poverty Guidelines, published by the U.S. Department of Health and Human Services or such successor guidelines published by the United States or an agency thereof.
- C. Medicaid Qualified persons are considered to qualify for financial assistance. If an indigent patient is denied coverage by failing to meet the Medicaid admission criteria, the denied days are eligible for reimbursement under financial assistance. Because of the lack of alternative facilities in the Keys, Psychiatric or substance abuse patient's admission and number of days qualifying for indigent care reimbursement are governed by current Medicaid rules and regulations.

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There is no limitation for outpatient treatment of Psychiatric or substance abuse indigent patients other than the normal limitation of 50% of gross charges.

REIMBURSEMENT

D. Inpatient - The District will reimburse HMA for inpatient charges at HMA's Medicaid per diem rate. Since this rate can fluctuate periodically, the Medicaid per diem rate is defined as that rate which is in effect at the date of the patient's discharge from the Hospital. Should the Medicaid program retroactively adjust a rate the rate reimbursed will be that rate which was originally in effect at the time of the patient's discharge. The Inpatient reimbursement model will be used for observation patients.

E. Outpatient - The District will reimburse HMA for outpatient charges at the rate of 50% of HMA's billed charges. The outpatient reimbursement model will be used for short-stay surgery admissions.

F. Modifications to the above.

1. The indigent care covered by the Hospital District is deemed to include coverage for services rendered on those patients which have no other means of payment for the services. If the patient during admission to the hospital has partial insurance coverage for the services rendered, the District will be responsible for reimbursement if the patient meets the eligibility criteria described above. However, any payments received by the Health System on behalf of the patient are to be credited to the District. Partial insurance coverage is defined as coverage of 25% or less of the estimated gross charges for a patient's admission as either inpatient or outpatient.

2. If the patient's insurance coverage excludes a particular diagnosis, such as psychiatric care or maternity care, the District will reimburse the Health System at the agreed upon Medicaid per diem rate for these services rendered even though the patient has some type of medical coverage subject to limitations discussed above.

3. In the case of a patient who exhausts their annual Medicaid benefits, the District will reimburse the HMA for those services rendered subsequent to the exhaustion of benefits by the patient.

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As an overall guide for inpatient services, District reimbursement will be the number of qualified days times Medicaid per diem rate minus any payments received from other parties. In no instances will the indigent care reimbursement exceed 100% of gross patient charges.

As an overall guide for outpatient services, District reimbursement will be limited to billed charges times 50% minus any payments received from other parties, i.e., total reimbursement all sources cannot exceed 50% of billed charges.

SUBSEQUENT RECEIPTS

In certain instances, HMA will subsequently receive payment for services rendered to indigent patients who had been submitted to the District for reimbursement. HMA will credit these amounts received on the subsequent months indigent care log to the District.

On a monthly basis, HMA will submit to the District a copy of unapplied cash report or its equivalent for subsequent payments.

DOCUMENTATION

Individual patient files are to be maintained on all indigent care patients submitted to the District for reimbursement. The following documents must be maintained in these patient files in order for the District to reimburse HMA.

A. A copy of the itemized billing documenting all charges made to the patient, including late charges or credits.

B. A completed and signed application for financial assistance should be completed by each patient in a timely manner. However, if a patient has previously been admitted to the facility, a copy of the application for financial assistance, if completed within the last twelve months, will be acceptable. However, there must be some evidence that the information contained on the original application for financial assistance is still correct. This could consist of inquiry by one HMA staff which should be documented in the patient file and on updated credit bureau report.

C. A complete and signed income verification form.

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D. An eligibility determination form. This form will document that steps have been taken to verify information provided by the patient on the income verification form and will document that the patient has been notified that they qualify for indigent care. The file should contain a copy of the patient's current W-2, current pay stub, or most recently filed tax return and a current credit bureau report. The application will not be deemed complete until the patient provides this documentation. There will be some cases where the patient will not be able to provide copies of these documents. In these cases documentation should be entered in the file that the patient is most likely telling the truth and the patient has signed the financial assistance form stating that these items are unavailable. Copies of forms are attached to policy statement.

E. The patient's a/r status report as of the date the patient charges are transferred to the indigent care log. The status report should detail all charges the total transfer and show a final zero balance.

F. A copy of the Medicaid eligibility determination via Medifax.

G. If the patient was admitted under an insurance payor class, documentation that the other payor has accepted or denied the claim. A copy of an insurance denial form would be preferred. If patient verify this credit check coverage is approved, proof of insurance received should be in the indigent care documentation file.

REQUIRED REPORTS TO DISTRICT

HMA will provide to the District on a monthly basis an Indigent Care Log for both Inpatient and Outpatient financial assistance accounts written off for the current month. The indigent care logs prepared by HMA should be substantially the same as the logs prepared by Health System. Any format changes must be approved by the District. Once an indigent care log has been submitted to the District it is considered final. Any corrections that must be made to accounts appearing on the submitted indigent care log must be made and appear on the next submitted indigent care log provided to the District after the need for the corrections is determined.

APPLICATION PROCEDURES:

ER ADMISSION CLERK/ADMISSIONS SPECIALIST

A financial assistance application will be offered to all self-pay outpatients and Emergency Room patients at the time of admission. If the patient declines to apply for financial assistance, write "declines" on the application form. If the patient completes the form, notify the patient that proof of income (a W-2 or copy of most recent filed income tax return must be submitted to HMA for the application to be deemed complete. If the patient states that they cannot provide the proof of income requested have the patient indicate the reason on the form and sign the statement regarding income. Point out to the patient the penalty for signing a false statement. If the patient signs the statement, witness the signature on the place provided on the form.

ADMISSION CLERK/PATIENT ACCOUNT REPRESENTATIVE

A financial assistance application will be offered to all self-pay inpatients at time of admission or as soon after as practical. If the patient declines to apply for financial assistance, write "declines" on the application form. If the patient completes the form notify the patient that proof of income (a W-2 or copy of most recently filed income tax return must be submitted to HMA for the application to be deemed complete. If the patient states that they cannot provide the proof of income requested have the patient indicate the reason on the form and sign the statement regarding income. Point out to the patient the penalty for signing a false statement. If the patient signs the statement, witness the signature on the place provided on the form.

ER ADMISSION SPECIALIST. ADMISSION SPECIALIST. PATIENT ACCOUNT REPRESENTATIVE

Review the financial assistance application for completeness and send it with the patient's file to Patient Billing.

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APPROVAL PROCEDURES:

PATIENT BILLING SPECIALIST

Upon discharge and billing the Billing Specialist will review all patient files for financial assistance application. Files with filled out financial applications will be forwarded by the Billing Specialist to the appropriate Collector.

PATIENT ACCOUNTING SERVICES REPRESENTATIVE

Upon receipt of a file with a filled out financial assistance application the collector will run a Medifax on the patient and place the Medifax in the file. The Patient Accounting Services Representative will review the application for completeness and determine if the patient qualifies under the income guidelines. If the patient exceeds income guidelines or does not reside within the Hospital District, the Patient Accounting Representative will deliver to the Financial Assistant Fiscal Services for denial. If the patient is a resident of the Hospital District and qualifies under the income guidelines the Patient Accounting Services Representative will review the application for completeness. If the patient has not signed the statement regarding inability to provide proof of income the Patient Accounting Services Representative will generate a letter to the patient stating that the patient has ten days to submit proof of income or the application is denied. Once the letter is generated the Patient Accounting Services Representative will file the account in appropriate tickler file. If the financial assistance application is complete and the patient had properly signed off on the proof of income portion, the Patient Accounting Services Representative will key into the account notes that a financial assistance application is pending approval and deliver the file to the Financial Assistant Fiscal Services.

The Patient Accounting Service Representative is responsible for receiving the proof of income when received. The Patient Accounting Services Representative will match received proof of incomes to the appropriate file, enter in the account notes that financial assistance application is pending and deliver the file to the Financial Assistant Fiscal Services.

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FINANCIAL ASSISTANT FISCAL SERVICES

The Financial Assistant Fiscal Services Clerk or designee will pull all accounts not responding within the appropriate ten day cycle for proof of income, issue a denial letter and return the files to the file clerk for filing in open accounts receivable.

The Financial Assistant Fiscal Services Clerk will review pending financial assistance files for completeness. The Financial Assistant Fiscal Services Clerk will run and Equifax credit reports on all inpatient financial assistance applications where proof of income was not provided. In conjunction with the Supervisor of Patient Accounting Services, the Clerk will review the credit report and approve or request additional information from those patients who appear questionable. The Financial Assistant Fiscal Services Clerk will approve all proper financial assistance applications and in conjunction with the Chief Financial Officer approve unusual financial assistance applications.

REPORTING PROCEDURES

FINANCIAL ASSISTANT FISCAL SERVICES

The Financial Assistant Fiscal Services Clerk inputs to the Financial Class Screen to change the financial class of the patient to financial assistance and prints an A/R status sheet that documents the financial class change and all memos on the account. The Clerk next makes a copy of the itemized bill and the approved application for financial assistance and stamps the patient billing file Financial Assistance. The file is then filed in a temporary file in alphabetical sequence until the end of the month of write off.

On the twentieth of the month, the Financial Assistant Fiscal Services Clerk will run the Financial Assistance Review Report. The Clerk reviews the report for correctness comparing the original balance and write off balance to determine that no payments have been received and that late charges have been included. The Clerk next goes to the medical records screen in the system and changes the Financial Class in the medical records to reflect financial assistance.

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On the second on the month following the write-off, the Clerk prints remittance advises for both in and out patient financial assistance. The Clerk reviews the remittance for correctness or makes the corrections required and reruns a final corrected remittance advice. One copy of the final corrected remittance advice is filed in a binder and one copy is provided to the District to document the District's liability for the month.

NOTE: ONCE THE REMITTANCE IS FINALIZED ANY CORRECTIONS REQUIRED MUST BE MADE IN THE NEXT MONTH'S REMITTANCE FOR THE DISTRICT. (The District Auditors require a complete audit trail that would be lost if completed months' remittances are changed.)

After completion of the above, the Financial Assistant Fiscal Services Clerk pulls one copy of the approved application and one copy of the itemized bill and files them in the monthly binder of Financial Assistance. The completed files are given then to the file clerk to be filed in the segregated area of the file room set up for financial assistance.

AUDIT PROCEDURES:

FINANCIAL ASSISTANT FISCAL SERVICES

The Financial Assistant Fiscal Services Clerk will review all inpatient approvals where the individual did not provide a copy of a W-2 or most recently filed income tax return. The Clerk will run the account through the Equifax Credit Service. The Clerk along with the Supervisor Patient Accounting Services will review the credit reports and select those accounts that do not appear to be indigent. Letters will be sent to those patients requesting proof of income. Should the patient fail to respond, the account will be taken back from financial assistance and the patient treated as any other self-pay.

On a random basis, the Financial Assistant Fiscal Services Clerk will select 10 outpatient accounts per month and run them through the Equifax Credit Service. The Clerk along with the Supervisor Patient Accounting Services will review the credit reports and select those accounts that do not appear to be indigent. Letters will be sent to those patients requesting proof of income. Should the patient fail to respond, the account would be taken back from financial assistance and the patient treated as any other self-pay.

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ACCESS TO INDIGENT CARE FILES BY DISTRICT

Indigent care financial files and records which are the basis of entries on the monthly indigent care logs are available for review by District personnel or designee during normal business hours. It is anticipated that indigent care files will be randomly selected for testing of compliance to the above stated policies and procedures. Improper indigent care documentation and failure to follow the procedures listed above may be grounds to deny an indigent care claim.

CHANGES IN POLICY AND PROCEDURES

If changes in policy and procedures are needed, either HMA or the District can propose a change which must be agreed to and documented by both parties. No changes can have a retroactive impact on previously submitted and approved indigent care logs.

P.O. BOX 9107
KEY WEST, FL 33041-9107

The below Financial Assistance Application is not considered complete until you have supplied the hospital with your prior years Income Tax Return, W-2 or sign the statement verifying the information is correct. People electing to sign the certified statement without supplying additional proof of income may still be required at a later time to provide this information as during our audits requests may randomly be sent to Financial Assistance applicants for proof of eligibility. If requested proof of eligibility is not received your account could be investigated for criminal proceedings.

APPLICATION FOR FINANCIAL ASSISTANCE

Patient # _____ Admit Date _____ Type of Service _____
Patient Last Name _____ First _____
Address _____
City, State, Zip _____ Home Phone _____
Patients Employer _____ Phone _____
Other Employer _____ Phone _____
Patients Gross Income _____ Last 12 Months or Last 3 Months x 4 Family Size _____
Other Family Income _____ Last 12 Months or Last 3 Months x 4 Total Bill _____
Applicants Signature: _____ Date _____
Witness Signature: _____ Date _____
You must supply the hospital with proof of eligibility or sign the below statement:

I certify that the above information is true and accurate to the best of my knowledge. Further, I will make application for any assistance (Medicaid, Medicare, etc.) which may be available for payment of my HOSPITAL charges, and I will take any action reasonably necessary to obtain such assistance and will assign or pay to the HOSPITAL the amount recovered for Hospital charges. If any information I have given proves to be untrue, I understand that the HOSPITAL may re-evaluate my financial status and take whatever action becomes appropriate. Additionally, I understand that in accordance with the FLORIDA STATUTES §17.50, providing false information to defraud a HOSPITAL for the purposes of obtaining goods or services, is a MISDEMEANOR in the second degree and is punishable by law.

Applicants Signature: _____ Date _____
Witness Signature: _____
Income was verified by: _____ Income Return _____ W-2 _____ Statement Other _____
_____ The applicant is approved for care at no cost or a reduced cost under category B of the poverty guidelines.
_____ The applicants request for free or reduced charges has been denied for the following reasons(s):
(a): _____ income exceeds guidelines _____ incomplete application
Other _____
Date of Conditional Determination _____ Date of Final Determination _____
Date Applicant notified _____
Approved by: _____