

LEASE AGREEMENT AMENDMENT

THIS AMENDMENT (the "Amendment"), entered into this 15th day of April, 2002 to have been effective as of October 1, 2001, by and between **THE LOWER FLORIDA KEYS HOSPITAL DISTRICT**, a body politic and corporate organized under the law of the State of Florida ("Lessor"), acting through its Board of Commissioners, and **KEY WEST HMA, INC.**, a Florida for-profit corporation ("Lessee").

RECITALS

WHEREAS, the parties hereto have previously entered into that certain Lease Agreement dated as of May 1, 1999 (the "Lease Agreement"); and

WHEREAS, pursuant to Section 15.6 of the Lease Agreement, the Lease Agreement may not be modified or amended except by an agreement in writing signed by both parties; and

WHEREAS, the parties hereto desire to amend and clarify certain aspects of the Lease Agreement as regards the operations of the Clinic (as described in Section 4.1(i) of the Lease Agreement) and the funding obligations of the Lessor thereon;

NOW, THEREFORE, in consideration of the foregoing, and the mutual covenants and agreements herein contained, Lessor and Lessee hereby agree as follows:

1. Section 2.1(h). of the Lease Agreement shall be deleted, and the following Section 2.1(h) placed in its stead:

"Provided that the Lessor has Three Million Dollars (\$3,000,000) in cash or investment assets, or by virtue of the payment set forth herein does not cause its cash or investment assets balance to fall below said \$3,000,000, amount, the Lessor agrees that during each year of the thirty (30) year Lease term, the Lessor shall fund an amount up to Five Hundred Thousand Dollars (\$500,000) per year to pay participating physicians practicing in the Lower Florida Keys Hospital District, and

who maintain adequate professional liability insurance as determined by Lessee, for either (x) services provided to indigent patients of the Clinic (as described in Section 4.1(i) hereof), including Clinic visits, surgeries and outpatient procedures scheduled as a result of such visits to the Clinic, or (y) services provided to indigent patients seeking medical care and treatment at the Emergency Room of the Hospitals and as a result thereof are referred to a participating physician as an emergent inpatient. For purposes of this Section, the term "investment assets" is not intended to include either unrealized gain, or accrued but unpaid interest, or earned interest in the Escrow Account not swept to the Custodial Account. In the event that the space for the Clinic and administrative support is terminated by the Lessee, then, effective upon termination, all physician services provided after termination shall not be eligible for payment, whether for services provided as a result of referral from the Clinic or the Emergency Room. All payments to participating physicians made pursuant to this covenant, which covenant is a material and significant representation and covenant of the Lessor to Lessee and a material inducement for the Lessee to enter into this Lease Agreement, shall be made in four (4) quarterly installments during each year of the term of the Lease. Payment for the first three (3) quarters of any fiscal year shall not exceed the sum of One Hundred Twenty Five Thousand Dollars (\$125,000) per quarter, regardless of the actual amount of participating physician indigent care provided. Payment for the fourth quarter of each fiscal year shall be made in accordance with Exhibit E, Section Reimbursement, Paragraph C of the Clinic policies and procedures. Lessee agrees to provide Lessor with administrative accounting and billing services (at Lessee's

cost) for the payments to participating physicians for so long as Lessor continues such funding. Notwithstanding the foregoing, the District shall be credited the amount of \$25,000/year, until the earlier of ten (10) years or the date the District's cash or investment assets reach the three million dollars (\$3,000,000) floor, as reimbursement for disputed reimbursement from the inception of the Lease Agreement through the date hereof, such that the District's obligation hereunder shall not exceed Four Hundred Seventy Five Thousand Dollars (\$475,000) per year."

2. Section 4.1(i) of the Lease Agreement shall be deleted, and the following Section 4.1(i) placed in its stead:

"(i) Primary Care Clinic. For a minimum of one (1) year following the Commencement Date and, thereafter so long as adequate physician coverage is readily available, Lessee shall maintain space for a primary care clinic ("Clinic") at the District Hospital or dePoo Hospital, or such other location as Lessee shall designate from time to time. The Clinic shall provide a broad range of primary care health services with an expanded operating schedule to all Residents regardless of the Resident's ability to pay. The policies and procedures for the parameters of the operation of the Clinic shall be as set forth in Exhibit "E, attached hereto and made a part hereof. All administrative and non-physician allied health professional staff will be provided by Lessee. The physician coverage for the Clinic will be provided by participating physicians (at no cost to Lessee) practicing in the Lower Florida Keys Hospital District and who maintain adequate professional

liability insurance as determined by Lessee. Initially, it is the intent of Lessee to delegate to the Physician/Hospital Alliance of the Keys (the "PHA"), the duties and responsibilities of coordinating and encouraging the availability of participating physician services. Notwithstanding the foregoing, a physician does not need to be a member of the PHA in order to be deemed a participating physician eligible for District reimbursement provided that said physician meets the adequate professional liability insurance as determined by Lessee. Lessee shall be obligated to maintain the space for the Clinic for the Lease Term and may only discontinue providing such space and administrative support prior to expiration of the Lease Term with the approval of the Lessor, which approval shall not be unreasonably withheld. However, if the services provided for by the Clinic are replaced by other programs and/or if the Clinic becomes economically impractical to operate as determined by the Lessee, then the Lessor shall approve the request for closure of the Clinic made by Lessee. Lessee agrees to provide Lessor with at least a sixty (60) day notice of its intention to discontinue support for the Clinic."

3. A new exhibit, identified as "Exhibit E" Clinic Policies and Procedures, shall be appended to the Lease Agreement, in exactly the form as appended hereto.
4. All the remainder of the terms of the Lease Agreement not otherwise modified herein shall remain in full force and effect.

IN WITNESS WHEREOF, Lessor and Lessee have caused this Lease to be duly executed
as of the day and year first above written.

THE LOWER FLORIDA KEYS HOSPITAL
DISTRICT, a body politic and corporate of the State
of Florida

By its Board of Commissioners

Marilyn Narenkivicius
Name: Marilyn Narenkivicius

By: Donald R. Yost
Name: Donald R. Yost

KEY WEST HMA, INC., a Florida corporation

Jeanne E. Trent
Name: Jeanne E. Trent

By: Timothy R. Parry
Name: Timothy R. Parry
Title: SR. Vice Pres / Gen. Counsel

STATE OF FLORIDA
COUNTY OF MONROE

The foregoing instrument was acknowledged before me this 23rd day of
April, 2002, by Donald R. Yost,
Chairman of the Board of Commissioners of THE LOWER FLORIDA KEYS HOSPITAL
DISTRICT, a body politic and corporate of the State of Florida, on behalf of the body politic and
corporate, who is personally known to me or have produced Florida (state) Driver's Licenses No.
_____, as identification.

My Commissioner Expires:

(Affix Notary Seal)

Mary Ann Hiatt
Notary Public (Signature)

Mary Ann Hiatt
(Printed Name)

Administrator
(Title or Rank)

DD025751
(Serial Number, if any)

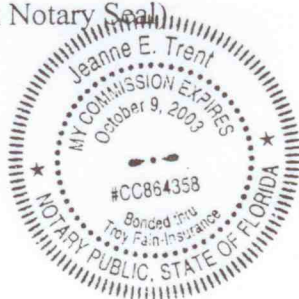


STATE OF FLORIDA
COUNTY OF COLLIER

The foregoing instrument was acknowledged before me this 17th day of April, 2002, by Timothy R. Parry, as Sr. V.P. / General Counsel of KEY WEST HMA, INC., Florida corporation, on behalf of the corporation, who is personally known to me or who has produced Florida (state) Driver's License No. _____ as identification.

My Commissioner Expires:

(Affix Notary Seal)



Jeanne E. Trent
Notary Public (Signature)

(Printed Name)

(Title or Rank)

(Serial Number, if any)

EXHIBIT "E"

CLINIC POLICIES AND PROCEDURES

Policy

The Lower Florida Keys Hospital District, as part of its mission, provides limited funding within its financial constraints, as set forth in Section 2.1(h) of the Lease Agreement, for physician services provided to indigent patients who are residents of the District. Key West HMA will use the guidelines set forth in the Policy and Procedure appended to the Agreement for Indigent Care, identified as Exhibit B to the Lease Agreement, to determine that indigent patients are properly qualified for District Indigent Care reimbursement for their physicians.

Procedures

- A. The PHA shall be responsible for encouraging the participation of and billing for the participating physicians eligible for reimbursement by virtue of providing medical services to either indigent patients of the Clinic and/or to indigent patients referred from the Emergency Rooms at the Hospitals.
- B. A physician does not need to be a member of the PHA to be deemed a participating physician eligible for reimbursement for treating indigent patients of the District, provided that the participating physician meets all other requirements of this obligation.
- C. The PHA commits to encouraging participating physician coverage for the Clinic regardless of whether or not District funds are available for reimbursement to the physicians in any given quarter or year.
- D. Any indigent resident patient presenting to the Hospitals' Emergency Rooms who are in need of immediate medical care and treatment by other than the Emergency Room Physician, either by virtue of inpatient admission or physician consult in the Emergency Room, shall qualify said physicians for payment as if they were a Clinic patient.
- E. Any indigent resident patient presenting to the Hospitals' Emergency Rooms who, after being medically screened by the Emergency Room staff, is not deemed in need of emergent care or treatment, but who (consistent with COBRA and EMTALA laws) is appropriate for discharge and referral to a physician for subsequent follow-up, shall be referred to the Clinic during its normal operating hours. A participating physician shall not be eligible for reimbursement from the District for non-emergent patients referred to them directly from the Emergency Room.

(112)

Reimbursement

- A. The District will compensate participating physicians for qualified indigent care reimbursement at the rate of one hundred percent (100%) of the Medicaid rate.
- B. Any proposed changes to the rate of compensation of the participating physicians shall not be implemented until a written request for a proposed change, the proposed new rate and the reason for the change is forwarded to the District Board of Commissioners, for consideration and action at the next regularly scheduled District Board meeting.
- C. In the event that in any given quarter the amount of eligible participating physician reimbursement exceeds the District's financial obligation for that quarter, the excess amount shall not be billed to the District, and shall be held in abeyance until the end of that fiscal year, it being the intent that each quarter starts anew with new physician reimbursement eligibility. If, at the end of a given fiscal year, the District has not expended its annual aggregate obligation of \$500,000, then in such event the excess bills from previous quarters held in abeyance can be submitted to the District for payment, up to the amount of the District's maximum obligation.
- D. There shall be no carryover of unpaid reimbursable bills from year-to-year.
- E. In order to assure the equity for the participating physicians, the PHA shall adopt a policy to assure a proportionate allocation among its participating physicians.