



January 17, 2018

Larry Blitz
Interim Chief Executive Officer
Tulare Regional Medical Center
869 Cherry Ave
Tulare, CA 93274

Re: Letter of Understanding for Early Out Self-Pay Solution

Dear Larry:

Thank you for the opportunity to assist Tulare Regional Medical Center with its revenue cycle needs. The purpose of this Letter of Understanding is to outline the terms and objectives of our engagement.

This Letter of Understanding (Agreement) is entered into by and between Healthcare Resource Group, Inc. (HRG) and Tulare Regional Medical Center (CLIENT) and is effective on the date last signed below after both parties have executed (Agreement Effective Date). This Agreement is incorporated into and deemed a part of the Master Services Agreement (MSA) effective January 17, 2018 by and between HRG and CLIENT. Services are understood to begin as of a "go-live date" (GoLive), which is further defined in the below Engagement Term and Fees section of this Agreement.

Scope

HRG will partner with CLIENT to provide an Early Out Self-Pay clean-up solution. HRG will provide a dedicated team of experienced professionals to assume responsibility for all of CLIENT's self-pay account follow-up and collections, excluding accounts with credit balances or balances owed under \$5.00. These services will be performed at HRG's OutPartnering™ Center located in Spokane Valley, Washington.

This Early Out Self-Pay solution will include resolution of all existing CLIENT self-pay account balances as well as the ongoing placement of accounts that transition to a self-pay financial class with discharge dates prior to the HRG GoLive date. The initial estimated volume of aged accounts is 3,260 totaling \$5.1 million. CLIENT has the option to assign additional ongoing placements with discharge dates greater than the HRG GoLive date, if desired.

HRG shall act as a part of CLIENT's business office to help improve efficiency, maximize collections and consult on a variety of improvement processes, procedures and regulation changes that may affect reimbursement. HRG will utilize proprietary software to enhance its productivity for CLIENT; at all times the CLIENT'S system shall be the master database. Any modifications or updates entered into HRG's system will be uploaded daily (electronically or manually) to the CLIENT's system to ensure accuracy of the master database.

System Definitions

HIS - Health Information System: Cerner
EHR - Electronic Health Record System: Cerner



Account Resolution Definitions

Resolution is defined as any one of the following:

- Receiving full payment to bring an account to a zero balance
- Establishing a patient payment plan and bringing an account to a zero balance
- Determining a patient is eligible for Charity Care
- Determining account meets bad debt guidelines and returning account to CLIENT for submission to collection agency
- Accounts that have transferred to a non-self-pay financial class

HRG Responsibilities

It is the understanding of both parties that the below listed items will be the responsibility of HRG during the term of this Agreement. HRG shall:

- Self-pay Collection Activities
 - Attempt telephone contact with patients/guarantors, calling every account
 - Perform financial counselor screening to determine patient/guarantor ability to pay; if appropriate, educate the guarantor as to assistance programs that may be available including Medicaid, potential underinsured/uninsured patient discount and Charity Care applications
 - Accounts identified as eligible for Charity Care applications or accounts where a third-party insurance is identified will be returned to CLIENT
 - Maintain business hours for inbound and outbound calls from 8am-5pm weekdays in the CLIENT's time zone
 - Maintain business hours for outbound calls from 5pm-8pm weekdays in the CLIENT's time zone and 9am-1pm Saturdays pacific time
 - Provide dedicated toll-free telephone number for patient calls
 - Provide CLIENT private labeled (name and logo) online patient payment portal allowing patients to view statements, enroll in paperless billing, submit payments and setup recurring payments
 - Provide a pay by phone Interactive Voice Response (IVR) option
 - Provide Spanish-speaking representatives and other language interpretation service for non-English speaking patients
 - Validate all assigned patient addresses with U.S. postal database prior to statement issuance
 - Perform skip tracing on accounts with missing or inaccurate demographic information
 - Provide option to group multiple accounts on a single guarantor statement or issue individual statements on each account
 - Send statements by regular or electronic mail to patients/guarantors within 72 hours of an account balance becoming patient responsibility and at least once every 30 days thereafter
 - Negotiate, monitor and maintain payment plans
 - Process credit card transactions via online resources
 - Work all accounts to meet regulatory bad debt requirements
 - Provide bad debt file to CLIENT for referral to collection agency for all accounts upon completion of the collection cycle
- Technology and Connectivity
 - Provide secure network and system access compliant to industry standards
 - Establish connectivity prior to GoLive
 - Provide a secure File Transfer Protocol (FTP) site to facilitate the transfer of information containing Protected Health Information (PHI)
 - Upload all comments to CLIENT's HIS system daily
- Training



- Have HRG assigned manager(s) participate on-site or via virtual meeting (for example, GoToMeeting) to receive up to two days of training from CLIENT
- Reporting and Communication
 - Review performance on a monthly basis with CLIENT’s Chief Financial Officer and/or key designated individuals
 - Submit and present to CLIENT monthly reports
- General
 - Commit to work all accounts in a professional, ethical and effective manner to maximize collections on performed services while minimizing the cost of those collections
 - Represent CLIENT’s business office in all collection efforts and observe the CLIENT’s policies and procedures, as applicable to the services provided in this Agreement
 - HRG shall at all times promote and maintain the image of CLIENT in any and all forms of communication with CLIENT’s patients and other CLIENT parties of interest

CLIENT Responsibilities

It is the understanding of both parties that the below listed items will be the responsibility of CLIENT during the term of this Agreement. CLIENT shall bear any expense related to the performance of its responsibilities unless otherwise agreed upon with HRG and specifically stated herein. CLIENT shall:

- Patient Accounting
 - Assign all existing self-pay accounts to HRG immediately at GoLive
 - Assign all new self-pay classified accounts to HRG on a daily basis following discharge or payment by a third-party payer, for accounts with a discharge date prior to the HRG GoLive date
 - Post all charges, payments and appropriate adjustments to the appropriate accounts
 - Manage all credit balance accounts
 - Respond to Communication Log requests for additional information or documentation within 72 hours of receipt
- Charity Care
 - Receive and process applications in a timely manner and notify HRG of outcomes
- Computer and Telephone Technology and Systems
 - Immediately following execution of Agreement, provide connectivity, software and access required for HRG to provide services and enable reporting capabilities as outlined in this Agreement
 - Provide compliant sign-on credentials (individual user names and passwords), for each HRG team member assigned, to access software, terminal emulation software, remote connection software, and any other software and hardware/software combination packages necessary.
 - Maintain HIS and notify HRG prior to all system updates
 - Provide and maintain telephone capability to forward patient calls to HRG
 - Provide the capability and interfaces necessary for HRG to upload text notes to all accounts assigned to HRG
- Initial Bulk Data Transfer
 - Deliver or provide access for HRG to pull the following files daily, in a file format containing all data necessary and consistent with HRG recommended best practices
 - Complete data extract based on an Aged Trial Balance for all accounts in the patient accounting module of the HIS, regardless of whether assigned to HRG under an Agreement
 - Complete transaction history for each account assigned to HRG, comprising every individual late charge, payment, adjustment and any other transaction changing account balance, from the point of final bill until GoLive
 - Complete demographic information for each account assigned to HRG



- Complete data extract containing text notes for each account assigned to HRG with a complete history from the creation date of the account to the present
- Scheduled Bulk Data Transfer
 - Deliver or provide access for HRG to pull the following files daily, all data necessary and consistent with HRG recommended best practices
 - Complete data extract based on an Aged Trial Balance for all accounts in the patient accounting module of the HIS, not limited to HRG assignments or to new assignments only
 - Complete cash and adjustments journal itemizing all payments and adjustments posted to the accounts receivable system since the last journal delivered
 - Each transaction should carry a unique identifying number assigned by CLIENT system to prevent duplication
 - No transaction may appear more than once in any given data transfer
 - No transaction may appear in more than one data transfer
 - Complete demographic information for each account assigned to HRG
 - Complete data extract containing all the freeform text notes added to each account assigned to HRG since the last notes extract
- Customer Service
 - Continue to provide standard customer service to patients including obtaining necessary insurance information or referring the debtor to HRG's toll-free telephone number
 - Direct walk-in patients to a readily available phone to access HRG's toll-free telephone number
- Policy and Procedures
 - Collaborate with HRG to maintain and update all policies and procedures related to self-pay collections and discounts
 - Update and communicate to HRG as changes are made and as appropriate
 - Obtain patient consent for HRG to utilize all phone numbers patient has provided to either CLIENT or HRG for the purpose of telephone contact for collections
- Collection Agency and Bad Debt
 - Maintain a contractual relationship with an agency to assign accounts for bad debt collections
 - Review recommendations from HRG to assign accounts to bad debt monthly, at a minimum
 - Process all financial class changes in a timely manner
 - Provide collection agency reports to HRG for self-pay analysis reporting
- Training
 - Provide up to two days of training on-site or via virtual meeting (for example, GoToMeeting) for HRG assigned manager(s)
- Reporting and Communication
 - Review performance on a monthly basis with HRG's assigned manager(s)
 - Provide weekly resolution to all requests on the HRG Communication Logs

Engagement Term and Fees

The term of this Agreement shall commence as of the GoLive date and shall continue in full force and effect for an initial period of twelve (12) months. This Agreement may be extended if agreed to in writing by both parties. CLIENT will be notified of the GoLive date as soon as determined by both parties via an email to the CLIENT representative referenced as the addressee on this Agreement.

HRG will invoice CLIENT the following rates for payments received on accounts assigned to HRG. These rates will apply based on the age of the account when assigned to HRG:

Days 0-30	8%
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Days 31-120	10.25%
Days 121-150	12%
Days 151-365	15%
Days 366+	18%

Above fees include implementation costs inclusive of travel expenses.

HRG shall submit an invoice for the above fees at the end of each month. Invoice terms are net 30.

HRG will receive credit for collections on assigned accounts effective the GoLive date and for 60 days following termination of this Agreement.

This engagement entails an investment of time, money, and resources to implement and find complete success and value. Therefore, significant modifications to the scope of work defined as a 10% increase or decrease between the initial and/or ongoing account estimates referenced in the Scope section of this Agreement versus actual accounts received by HRG, will result in a fee structure review and possible re-negotiation.

CLIENT authorizes HRG to establish and administer a depository account on their behalf for purposes of collecting all payments received on self-pay accounts via phone, mail and online. HRG will provide CLIENT with access to a daily transaction report and will provide monthly reconciliation of the depository account detail. HRG will withhold any outstanding compensation due to HRG from the remittance of self-pay payments and will calculate such on a monthly basis. Self-pay collections in excess of HRG's outstanding compensation will be refunded via electronic ACH sweep to a depository account that CLIENT designates. HRG will pass through to CLIENT standard credit card processing fees and associated bank and online portal fees. The depository account is to be housed at Columbia State Bank, 505 West Riverside Avenue, Suite 100, Spokane, Washington 99201. This authorization will remain effective until revoked in writing.

Ad hoc reports are available to CLIENT as an HRG partner. Depending on the scope of the work required for HRG to provide the requested report(s), HRG may either waive the fee to CLIENT or charge for the added service. If a charge for ad hoc reporting is necessary, HRG and CLIENT will agree upon the fee prior to incurring the expense.

AUTHORIZATION and SUBMISSION on behalf of HRG



Kelly Ryan
Director Business Development

APPROVAL

If CLIENT agrees with the terms set forth in this Agreement, sign and date one copy and return it to HRG for finalization and processing at:

By Mail: Healthcare Resource Group, Inc.
12610 East Mirabeau Parkway, Suite 800
Spokane Valley, Washington 99216
Attn: Kris Ditzler, Chief Financial Officer

By Secure Fax: 855.349.1364

By Email: contractmanagement@hrgpros.com



AGREED AND ACCEPTED

This Agreement is entered into as of the Agreement Effective Date and pursuant to the terms of the MSA.

I hereby accept the terms and conditions set forth herein on behalf of CLIENT and am authorized to do so:

Signature: _____

Printed Name: _____

Title: _____

Date: _____

I hereby accept the terms and conditions set forth herein on behalf of HRG and am authorized to do so:

Signature: _____

Printed Name: Kris Ditzler

Title: Chief Financial Officer

Date: _____

