EXECUTION COPY

ASSET PURCHASE AGREEMENT

by and among

West Suburban Medical Center, Westlake Community Hospital,
Resurrection Services, and Resurrection Ambulatory Services,
each an Illinois not-for-profit corporation

and

VHS Westlake Hospital, Inc. and
VHS West Suburban Medical Center, Inc.,
each a Delaware corporation

DATED: March 17, 2010

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ASSET PURCHASE AGREEMENT

This Asset Purchase Agreemcnt (this "**Agreement**") is made and entered into as of the 17th day of March, 2010 (the "**Execution Date**") by and among West Suburban Medical Center, an Illinois not-for-profit corporation ("**West Suburban Corporation**"), Westlake Community Hospital, an Illinois not-for-profit corporation ("**Westlake Corporation**"), Resurrection Services, an Illinois not-for-profit corporation ("**Resurrection Services**") and Resurrection Ambulatory Services, an Illinois not-for-profit corporation ("**RAS**") (West Sub, Westlake, Resurrection Services and RAS are collectively referred to herein as the "**Sellers**"), on the one hand, and VHS Westlake Hospital, Inc., a Delaware corporation ("**VHS Westlake**") and VHS West Suburban Medical Center, Inc., a Delaware corporation ("**VHS West Sub**") (VHS Westlake and VHS Wcst Sub are collectively referred to herein as the "**Purchasers**"), on the other hand. The Sellers and the Purchasers shall each individually be a "**Party**" and all collectively the "**Parties.**"

RECITALS:

A. The Sellers: (i) engage in the business of delivering health care services to the public in connection with the acute care hospitals known as West Suburban Medical Center and Westlake Hospital, including the retail pharmacy operations identified on Schedule A-1 (the "**Hospitals**"); (ii) engage in the business of delivering health care services to the public in connection with the diagnostic and ambulatory care facilities located on an integrated campus in River Forest, Illinois including the cardiac diagnostics, breast center and advanced imaging center services identified on Schedule A-2 (the "**River Forest Facilities**"); (iii) own and operate certain medical office buildings incident to the operation of the Hospitals or River Forest Facilities as specifically identified on Schedule A-3 (the "**MOBs**"); (iv) own certain residential and other real property in areas adjacent to or near the Hospitals or the River Forest Facilities identified on Schedule A-4 (the "**Related Real Property**"); and (v) own and/or operate physician practices and other healthcare businesses or interests in health care related joint ventures incident to the operation of the Hospitals or the River Forest Facilities as specifically identified on Schedule A-5 (the "**Related Businesses**") (the Hospitals, the River Forest Facilities, the MOBs, the Related Real Property and the Related Businesses are referred to in this Agreement collectively as the "**Facilities**").

B. The Purchasers are in the business of owning and operating hospitals and related businesses and desire to purchase from the Sellers, and the Sellers desire to sell to the Purchasers, substantially all of the Acquired Assets (as defined below) used in the operation of the Facilities, for the consideration and upon the terms and conditions contained in this Agreement.

C. The Purchasers are committed to serving the health needs of the residents of Cook County, Illinois, and the communities served by the Facilities, and in furtherance thereof, the Parties have determined that the needs of such communities will be promoted by the Purchasers' acquisition of the Facilities on the terms set forth herein.

NOW, THEREFORE, in consideration of the foregoing premises (which are hereby made a part of this Agreemcnt) and the mutual promises and covenants contained in this

Agreement, the receipt and sufficiency of which are hereby acknowledged, and for their mutual reliance, the Parties agree as follows:

ARTICLE 1

TRANSACTION TERMS

1.1 Transfer of the Sellers Assets. On the Closing Date, except as set forth in Section 1.2, the Sellers shall assign, transfer, convey and deliver to the Purchasers, and the Purchasers shall acquire, effective at the Effective Date, all of Westlake's and West Sub's right, title and interest in and to all of the assets owned or used by them in connection with operation of the Hospitals and all right, title and interest of Resurrection Services or RAS in those assets used exclusively or primarily by them in connection with the operation of the Facilities, including, without limitation, the following assets and properties (collectively, the "**Acquired Assets**"):

(a) all of the real property that is owned by the Sellers and associated or used with respect to the operation of the Facilities, including, without limitation, the real property that is described in Schedule 1.1(a) (such description to include a PIN number and street address), together with all buildings, improvements and fixtures located thereupon and all construction in progress, rights, privileges and appurtenances thereto (collectively, the "**Owned Real Property**");

(b) all leasehold interests of the Sellers related to the operation of the Facilities described in Schedule 1.1(b), together with all buildings, improvements and fixtures located thereupon and all construction in progress, rights, privileges and appurtenances thereto (the "**Leased Real Property**") (the Owned Real Property and the Leased Real Property are collectively referred to in this Agreement as the "**Real Property**");

(c) all of the tangible personal property owned by the Sellers with respect to the operation of the Facilities, including all medical and other equipment, furniture, fixtures, machinery, vehicles, office furnishings, and leasehold improvements (the "**Personal Property**"), including, without limitation, the Personal Property described in Schedule 1.1(c) and the computer hardware and related equipment described in Schedule 1.1(t);

(d) all of the Sellers' rights, to the extent assignable or transferable, to all licenses, provider numbers issued by governmental bodies, permits, approvals, certificates of need or exemption, franchises, accreditations and registrations and other governmental licenses, permits or approvals issued to the Sellers with respect to the ownership of the Acquired Assets and the operation of the Facilities (the "**Licenses**"), including, without limitation, the Licenses described in Schedule 1.1(d);

(e) all of the Sellers' interest, to the extent assignable or transferable, in and to all real property leases for which a Seller is the landlord (the "**Seller Leases**") and the personal property leases (the "**Personal Property Leases**") with respect to the operation of the Facilities (the Seller Leases and the Personal Property Leases are collectively referred to as the "**Leases**") indicated on Schedule 1.1(e) as being assigned to and assumed by the Purchasers;

(f) all of the Sellers' interest, to the extent assignable or transferable, in and to all contracts and agreements (including, but not limited to, purchase orders) with respect to the ownership of the Acquired Assets and the operation of the Facilities indicated on Schedule 1.1(f) as being assigned to and assumed by the Purchasers (collectively, along with the Leases, the "**Assumed Contracts**"); provided, however, the term Assumed Contracts as used in this Agreement shall exclude, subject to Section 11.3: (i) any multi-facility contracts as to which the Facilities and one or more of the Sellers' or the Sellers' affiliates' other acute care hospitals (which are not the Facilities) participate (the "**Multi-Facility Contracts**") except to the extent it is feasible to assign the portion of such contracts pertaining to the applicable Facilities, as more particularly described on Schedule 1.1(f)(i); or (ii) any contracts to which any of the Sellers are a party used in connection with the Acquired Assets and that are identified by Sellers as excluded as set forth on Schedule 1.1(f)(ii) (the "**Other Excluded Contracts**") (the Multi-Facility Contracts and the Other Excluded Contracts collectively are referred to as the "**Excluded Contracts**");

(g) all of those advance payments, prepayments, prepaid expenses (exclusive of prepayments on insurance policies), deposits and the like which exist as of the Closing Date, subject to the prorations provided in Section 2.4 of this Agreement, which were made with respect to the operation of the Facilities (the "**Prepaids**"), the current categories and amounts of which are set forth on Schedule 1.1(g);

(h) except as excluded by Section 1.2(j), all usable inventories of supplies, drugs, food, janitorial and office supplies and other disposables and consumables located at the Facilities, or used with respect to the operation of the Facilities (the "**Inventory**");

(i) all equity or membership interests held by the Sellers that are described on Schedule 1.1(i);

(j) all documents, records, operating manuals, and files with respect to the operation of the Facilities, including, without limitation, all patient records, medical records, employee records related to the Hired Employees (except portions of such records protected by law or contract), financial and billing records with respect to the operation of the Facilities, equipment records, construction plans and specifications, and medical and administrative libraries, but exclusive of any documents and information contained in, or any software or systems to operate, the email system maintained by the Sellers other than emails that are more than twelve (12) months old as of the Effective Date, or contain privileged, competitively sensitive or proprietary information pertaining to the Resurrection Health Care System and not pertinent to the operations of the Facilities after the Closing Date (as set forth in Section 1.2(v));

(k) to the extent assignable, all rights in all warranties of any manufacturer or vendor in connection with the Personal Property;

(l) all goodwill of the businesses evidenced by the Acquired Assets;

(m) all insurance proceeds (after application of Seller deductibles or co-insurance payments) arising in connection with property damage to the Acquired Assets

occurring after the Execution Date and prior to the Effective Date, to the extent not expended on the repair or restoration of the Acquired Assets;

(n) all of the Sellers' rights in the names "West Suburban Medical Center", "Westlake Hospital", "Westlake Community Hospital" and such other names used exclusively with respect to the operation of the Facilities set forth on Schedule 1.1(n) and, with respect to such names, all abbreviations and variations thereof, and the descriptive content used to describe the Facilities on the website maintained by Resurrection Health Care Corporation, an Illinois not-for-profit corporation ("**Resurrection**"), for the system of entities comprising the Resurrection Health Care System;

(o) any current assets of the Sellers with respect to the operation of the Facilities (which are not otherwise specifically described in this Section 1.1) which are included in Net Working Capital, as determined pursuant to Sections 2.1 and 2.3;

(p) except as excluded by Section 1.2 and subject to Section 2.3, all (1) accounts, notes, interest and other receivables of the Sellers, including (A) accounts receivable for health care or other services provided to physicians or their family members and (B) all accounts, notes or other amounts receivable from physicians related to recruitment, income guaranty or similar practice support arrangements for which any of the Sellers has an outstanding potential obligation to loan or advance funds, pursuant to the agreements described at Schedule 1.1(p); and (2) all claims, rights, interests and proceeds related thereto, including all accounts and other receivables, arising from the rendering of services to inpatients and outpatients at the Facilities, billed and unbilled, recorded and unrecorded, for services provided by the Sellers while owners of the Acquired Assets or otherwise to the extent related to the Facilities whether payable by private pay patients, private insurance, third party payors, Medicare, Medicaid, TRICARE, Blue Cross, or by any other source (collectively, the "**Accounts Receivable**"), including any Accounts Receivable related to patient care services that have been written off as bad debt or are related to zero balance accounts;

(q) the balance of any loans that are subject to repayment or forgiveness and that were made to Hired Employees who are nurses at either of the Hospitals in connection with tuition for the West Suburban College of Nursing, as set forth on Schedule 1.1(q) (the "**Nurse Education Loans**");

(r) all claims of Sellers (whether known or unknown, contingent or otherwise) against third parties (other than affiliates of Sellers) with respect to the service and/or maintenance of any tangible Acquired Assets arising after the Execution Date and prior to the Effective Date, other than those claims as to which Sellers have a right to money damages based on a prior expenditure of money with respect to any such tangible Acquired Assets;

(s) telephone numbers used exclusively with respect to the operation of the Facilities set forth on Schedule 1.1(s); and

(t) except as otherwise included in Schedule 1.1(c) or excluded in Section 1.2(e), computer hardware and data processing equipment of the Sellers or the affiliates of Sellers on site at the Facilities or otherwise listed on Schedule 1.1(t) and the licenses to the

software listed on Schedule 1.1(t) solely with respect to the use of such software at the Facilities and to the extent the applicable vendors have consented to the assignment of such licenses;

provided, however, that the Acquired Assets shall not include the Excluded Assets as defined in Section 1.2 below.

1.2 Excluded Assets. Notwithstanding anything to the contrary in Section 1.1, the Sellers shall retain the following assets of the Sellers (collectively, the "**Excluded Assets**"):

(a) cash, cash equivalents, and short-term and long-term investments;

(b) all intercompany receivables of the Sellers with any of the Sellers' affiliates, after any appropriate adjustments to identify assets relating to operation or ownership of the Facilities, which will be included in the calculation of Net Working Capital;

(c) accounts, notes or other amounts receivable from physicians pursuant to a recruitment, income guaranty or similar practice support arrangement, for which none of the Sellers has any remaining potential obligation to loan or advance funds;

(d) any current assets of the Sellers with respect to the operation of the Facilities which are not included in Net Working Capital, including any cost report settlements for periods prior to the Effective Date;

(e) except as otherwise set forth in Section 1.1(t), computer software, programs and hardware or data processing equipment which is (i) proprietary to or owned or licensed by the Sellers and/or the Sellers' affiliates, data processing system manuals and licensed software materials, as more particularly described in Schedule 1.2(e); or (ii) used in connection with the operation of one or more of the Sellers' or the Sellers' affiliates' acute care hospitals other than the Facilities, including the software and systems necessary to operate the electronic ICU monitoring and the email system used by Sellers prior to the Effective Date;

(f) all of the Sellers' or any affiliate of the Sellers' proprietary manuals, policy and procedure manuals, standard operating procedures and data and studies or analyses (but not including policy and procedure manuals and standard operating procedures that relate to or affect employee or patient care and safety (which the Purchasers are entitled to use following the Closing Date, provided that the Purchasers have cooperated with the Sellers in arranging for adequate actions to be taken to indicate that as used, such policies are deemed policies of the Purchasers and provided further that the Sellers do not make any representations or warranties with respect to the content of such policies);

(g) any asset which would revert to the employer upon the termination of any Seller Plan, including assets representing a surplus or overfunding of any Seller Plan;

(h) the Excluded Contracts;

(i) except as otherwise set forth in Section 1.1(n), any and all names, tradenames, trademarks, symbols or world-wide web addresses associated with the Sellers or the Sellers' affiliates, including, but not limited to, "Resurrection", "Resurrection Health Care

Corporation", "RES-Health", "For All of You, All of Your Life", the butterfly design and logo, "Res-Info", "reshealth.org" and the content therein, and, with respect to any of the foregoing, all abbreviations and variations thereof, and trademarks, trade names, service marks, copyrights and any applications therefor, symbols and logos related thereto, together with any promotional material, stationery, supplies or other items of inventory to the extent bearing such names or symbols or abbreviations or variations thereof;

(j) certain contracts between any of the Sellers and any affiliate of the Sellers with respect to the Acquired Assets, as set forth on Schedule 1.2(j);

(k) the portions of Inventory, Prepaids and other Assets disposed of, expended or canceled, as the case may be, by the Sellers after the Execution Date and prior to the Effective Date in the ordinary course of business;

(l) assets owned and provided by vendors of services or goods to the Facilities;

(m) any Catholic artifacts and symbols in or at the Facilities and owned by any of Sellers or their affiliates on the Effective Date, including those set forth on Schedule 1.2(m) (and Sellers will be responsible for repairing damage to the premises caused by the removal of such artifacts), except as set forth on such Schedule 1.2(m);

(n) all claims, rights, interests and proceeds with respect to state or local tax refunds (including but not limited to property tax) resulting from periods prior to the Effective Date, and the right to pursue appeals of same, which are not included in Net Working Capital;

(o) all of the Sellers' corporate record books and minute books;

(p) any assets of, and any membership interests of Sellers in, (i) joint venture entities other than those referenced on Schedule A-5, and, in particular, excluding any interest in joint venture entities of the Alverno Clinical Laboratory joint venture and the Sellers' interests in the limited liability company operating a sleep center at the River Forest campus (except to the extent any interest in such sleep center entity are subsequently made available for purchase by the Purchasers), and (ii) the West Suburban College of Nursing (except for the Real Property currently occupied by the West Suburban College of Nursing at the West Suburban campus), including, but not limited to those assets set forth on Schedule 1.2(p);

(q) all rights in bequests, grants, donor-restricted gifts and other similar assets;

(r) all unclaimed property of any third party which is subject to applicable escheat laws;

(s) all claims, rights, interests and proceeds (whether received in cash or by credit to amounts otherwise due to a third party) with respect to amounts overpaid by the Sellers to any third party with respect to periods prior to the Effective Date (e.g. such overpaid amounts may be determined by billing audits undertaken by the Sellers or the Sellers' consultants), which are not included in Net Working Capital;

(t) all bank, custodial, escrow and investment accounts of the Sellers, and all deposits with governmental entities unrelated to any Assumed Obligations and described on Schedule 1.2(t);

(u) all rights, claims and choses in action of the Sellers and their affiliates with respect to periods prior to the Effective Date, and any payments, awards or other proceeds resulting therefrom, in either case which are not included in Net Working Capital;

(v) all writings and other items that are protected from discovery by the attorney-client privilege, the attorney work product doctrine or any other cognizable privilege or protection, or contain competitively sensitive or proprietary information pertaining to Resurrection Health Care System and not pertinent to the operations of the Facilities after the Closing Date;

(w) any receipts relating to the Seller Cost Reports or Agency Settlements (whether resulting from an appeal by the Sellers or otherwise) which correspond to amounts which the Sellers previously paid to the applicable payor (or which the Sellers paid to the Purchasers as reimbursement for amounts which the Purchasers were required to pay the applicable payor) with respect to time periods prior to the Effective Date;

(x) underpayments determined to be due from Medicare through the conduct of Medicare's Recovery Audit Program and from the State of Illinois through program audits or reviews conducted by the Illinois Department of Health Care and Family Services, to the extent related to services provided in any period prior to the Effective Date; and

(y) any assets of Resurrection or any of its affiliates other than the Sellers that are not specified as included among the Acquired Assets (and which assets are not integral to the operations of the Facilities or reflected on the books of the Sellers), and such other assets identified in Schedule 1.2(y).

1.3 Assumed Obligations. On the Closing Date, the Sellers shall assign, and the Purchasers shall assume and agree to discharge on and after the Effective Date, the following liabilities and obligations of the Sellers and only the following liabilities and obligations (collectively, the "**Assumed Obligations**"):

(a) the Assumed Contracts, but only to the extent of the obligations arising thereunder with respect to events or periods arising on and after the Effective Date;

(b) any and all obligations of the Sellers to the Hired Employees under the Worker Adjustment and Retraining Notification Act (and any state-equivalent statute) (collectively, "**WARN**") with respect to the operation of the Facilities as a result of (i) the consummation of the transaction contemplated by this Agreement (provided that the Sellers have, with respect to the operation of the Facilities, complied with WARN prior to the Effective Date), (ii) the acts of the Purchasers or any affiliate(s) of the Purchasers on and after the Effective Date (taking into account, or otherwise including, any employee terminations prior to the Effective Date) or (iii) the Purchasers' breach of its covenant with respect to the Hired Employees as set forth in Section 7.3;

(c) the accrued paid time off for the Hired Employees, together with the associated employer tax liabilities, e.g. FICA and MHI and other employer withholdings as of the Closing Date ("**Accrued Paid Time Off**") to the extent included in Net Working Capital;

(d) the loan forgiveness obligations associated with the Nurse Education Loans;

(e) the tuition reimbursement commitments to the Hired Employees in existence as of the Closing Date described on Schedule 1.3(e);

(f) all unpaid real and personal property taxes, if any, not past due and attributable to the Acquired Assets prior to the Effective Date, subject to the prorations provided in Section 2.4;

(g) all amounts not past due for all utilities being furnished to the Acquired Assets, subject to the prorations provided in Section 2.4;

(h) all current liabilities of the Sellers with respect to the operation of the Facilities prior to the Effective Date to the extent included in Net Working Capital; and

(i) any other obligations and liabilities identified in Schedule 1.3(k).

1.4 Excluded Liabilities. Notwithstanding anything to the contrary in Section 1.3, the Purchasers shall not assume or become responsible for any of the Sellers' duties, obligations or liabilities that are not assumed by the Purchasers pursuant to the terms of this Agreement, the Bills of Sale or the Real Estate Assignments (the "**Excluded Liabilities**"), and the Sellers shall remain fully and solely responsible for all of the Sellers' debts, liabilities, contract obligations, expenses, obligations and claims of any nature whatsoever related to the Acquired Assets or the Facilities unless assumed by the Purchasers under this Agreement, in the Bills of Sale or in the Real Estate Assignments. The Excluded Liabilities shall include, without limitation:

(a) any current liabilities of the Sellers with respect to the operation the Facilities prior to the Effective Date (i) which are not included in Net Working Capital, and (ii) which are not otherwise specifically included in the Assumed Obligations;

(b) all liabilities of the Sellers arising out of or relating to any act, omission, event or occurrence connected with the use, ownership or operation of the Facilities or any of the Acquired Assets prior to the Effective Date, other than as specifically included in the Assumed Obligations;

(c) all intercompany liabilities of the Sellers with any of the Sellers' affiliates, other than those relating to medical or other direct services provided by Seller or any of Sellers' affiliates on fair market terms or liabilities relating to operation or ownership of the Facilities (such as for Accrued Paid Time Off), but only to the extent included in Net Working Capital;

(d) all liabilities of the Sellers in connection with proceedings, claims, causes of actions, including claims of professional malpractice, general liability, property damage and

workers' compensation, to the extent arising out of or relating to acts, omissions, events or occurrences prior to the Effective Date;

(e) all liabilities of the Sellers relating to the Seller Cost Reports;

(f) all liabilities of the Sellers for violations of any law, regulation or rule to the extent arising from acts or omissions prior to the Effective Date, including, without limitation, those pertaining to Medicare and Medicaid fraud or abuse;

(g) all liabilities and obligations of Sellers in respect of periods prior to the Effective Date arising under the terms of the Medicare, Medicaid, Blue Cross, or other third party payor programs, and any liability of the Sellers arising pursuant to the Medicare, Medicaid, Blue Cross, or any other third party payor programs as a result of the consummation of any of the transactions contemplated under this Agreement;

(h) overpayments determined to be due to Medicare through the conduct of the Medicare's Recovery Audit Contractor program and to the State of Illinois through program audits or reviews conducted by the Illinois Department of Health Care and Family Services, to the extent related to any period prior to the Effective Date;

(i) subject to Section 2.4, all federal, state, foreign or local tax liabilities or obligations of Sellers in respect of periods ending prior to the Effective Date, including, without limitation, any income tax, any franchise tax, any sales and/or use tax, and any FICA, FUTA, workers' compensation and any and all other taxes due and payable as a result of the exercise by the Hired Employees of such employees' right to paid time off benefits accrued while in the employ of the Sellers;

(j) other than as specifically included in the Assumed Obligations, all liability for any and all claims by or on behalf of the Sellers' employees to the extent such liability relates to the period ending prior to the Effective Date, including, without limitation, liability relating to such time period for (i) any pension, profit sharing, deferred compensation or any other employee health and welfare benefit plans, (ii) any EEOC claim, wage and hour claim, unemployment compensation claim or workers' compensation claim, and (iii) all employee wages and benefits, including, without limitation, accrued paid time off benefits and taxes or other liabilities related thereto in respect of the Sellers' employees;

(k) all liabilities and obligations to retired and former employees of the Facilities, including health and welfare benefits;

(l) any and all obligations to the Hired Employees under WARN as a result of the acts of the Sellers or any affiliate(s) of the Sellers on and after the Effective Date;

(m) all liabilities or obligations (without regard to when such liability or obligation is actually due and/or payable by the Sellers) arising out of any breach by the Sellers prior to the Effective Date of any Lease or Assumed Contract, but only with respect to the period from the date of the breach through the Closing Date;

(n) all liabilities of the Sellers under the Excluded Contracts;

(o) all liabilities of the Sellers to the Hired Employees with respect to any pension liabilities and other deferred compensation liabilities as of the Closing Date;

(p) all liabilities of the Sellers under the Seller Plans, and all administrative costs associated with the Seller Plans;

(q) liabilities or obligations arising from any and all indebtedness of Sellers for borrowed money, including all obligations pursuant to or related to any long-term debt instruments pertaining to the Sellers or any Facilities, including tax-exempt debt (the "**Long-Term Debt**");

(r) liabilities or obligations under the Hill-Burton Act or other restricted grant or loan programs with respect to restricted grants or loans made prior to the Effective Date;

(s) all liabilities or obligations arising out of or relating to actions (or alleged actions) of Sellers or any affiliate of Sellers constituting the subject matter of Carol Niewinski, et al. v. Resurrection Health Care Corporation, Circuit Court of Cook County, Illinois, County Department, Chancery Division (case no. 04 CH 15187);

(t) all liabilities of the Sellers for commissions or fees owed to any finder or broker in connection with the transactions contemplated hereunder; and

(u) any other liability, obligation, governmental overpayment, claim against or contract of any Seller, any affiliate of any Seller or any of the Facilities of any kind or nature, whether or not accrued, whether fixed, contingent or otherwise, whether known or unknown, and whether or not recorded on the books and records of any Seller or any affiliate of any Seller, arising out of any event occurring prior to the Effective Date, unless such liability, obligation, claim or contract is expressly assumed by the Purchasers pursuant to the terms of this Agreement, the Bills of Sale or the Real Estate Assignments.

1.5 Disclaimer of Warranties. Except as expressly set forth in Article 4 hereof, the Acquired Assets consisting of Real Property, the Personal Property and the Inventory transferred to the Purchasers will be sold by the Sellers and purchased by the Purchasers in their physical condition at the Effective Date, "AS IS, WHERE IS AND WITH ALL FAULTS AND NONCOMPLIANCE WITH LAWS" WITH NO WARRANTY OF HABITABILITY OR FITNESS FOR HABITATION, with respect to the Real Property, land, buildings and improvements, and WITH NO WARRANTIES, INCLUDING, WITHOUT LIMITATION, THE WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, with respect to the physical condition of the Personal Property and Inventory, any and all of which warranties (both express and implied) the Sellers hereby disclaim. All of the foregoing real and personal property shall be further subject to normal wear and tear on the land, buildings, improvements and equipment and normal and customary use of the inventory and supplies in the ordinary course of business up to the Effective Date.

1.6 Risk of Loss. The risk of loss or damage to any of the Acquired Assets shall remain with the Sellers through the Closing Date and the Sellers shall maintain their insurance policies and programs covering the Acquired Assets through the Effective Date.

1.7 Operational Pledges. The Purchasers are committed to continuing the services, outreach, education and advocacy efforts provided by the Facilities in the culturally diverse communities they serve, and supporting the many programs and services currently offered by the Facilities to meet the needs of and improve access to health care in those communities, as of and after the Effective Date. In furtherance of such operational goals, the Purchasers pledge the following:

(a) to adhere to and comply with the charity and indigent care policies and practices in effect as of the Effective Date at the Purchasers' or their affiliates' other hospitals in Illinois, as such policies may be amended or supplemented from time to time to reflect changes in law or governmental policy such as implementation of universal healthcare; and for the first two (2) years after the Effective Date and notwithstanding anything to the contrary in the Purchasers' policies that would preclude such, to assure that each Hospital provides not less than the amount of (a) need-based charity care discounts, and (b) service to Medicaid patients, as set forth on Schedule 1.7(a);

(b) to ensure continuity of care in the community by allowing each Hospital's medical staff members in good standing immediately prior to the Effective Date to maintain medical staff privileges at such Hospital, subject to the Hospital's medical staff bylaws then in effect, as amended from time to timc;

(c) to continue to operate the Hospitals as general acute care hospitals and continue to operate the West Suburban facility under the West Suburban Medical Center name, for at least two (2) years after the Effective Date;

(d) to maintain the graduate medical education currently sponsored by West Suburban (which will be transferred by the Sellers to the Purchasers subject to applicable approvals), as set forth on Schedule 1.7(d), through June 30, 2011, and cause Westlake Hospital to participatc in the internal medicine residency program rotation sponsored by Resurrection Medical Center, at least through June 30, 2011 (and such program shall be maintained through such period by Resurrection Medical Center);

(e) to comply, and cause the operations of the Facilities to comply, with the core principles of the *Ethical and Religious Directives for Catholic Health Care Services* as approved by the United States Conference of Catholic Bishops and promulgated by the Archbishop of Chicago and in effect from time to time, including operating the Acquired Assets in such matter as to recognize the inherent dignity of each human person and to exhibit respect for life, to prohibit abortions and euthanasia, and to maintain a chaplaincy program at the Facilities designed to meet the spiritual needs of the community served by the Facilities and the employees, patients and patient families of the Facilities, including assuring the availability of needed sacramental services required to be provided by priests through appropriate on-call and contractual arrangements, all in a manner consistent with the historical practices at the Hospitals; and

(f) to establish governance structures for the Hospitals that ensures continued local input on community services provided by the Hospitals, including, through representation on the Hospitals' advisory boards of at least one (1) community representative of each of Oak

Park and Melrose Park with input and recommendation of individuals (i) through March, 31, 2012, by West Suburban Sentinel Corporation for the Oak Park community representative; and (ii) otherwise from representative community organizations based in the communities served by the Hospitals.

Notwithstanding anything to the contrary, the provisions of this Section 1.7 shall not create any legal or other rights or interests in the Sellers, the Sellers' affiliates or any third-party beneficiaries.

ARTICLE 2

CONSIDERATION

2.1 Purchase Price.

(a) Subject to the terms and conditions of this Agreement, the aggregate purchase price to be paid by the Purchasers to the Sellers for the purchase of the Acquired Assets shall be (i) Forty Million Dollars ($40,000,000) (the "**Purchase Price**"), plus or minus (ii) the amount by which Net Working Capital (as defined below) exceeds or is less than, as applicable, the Assumed Net Working Capital (as defined below) on the Closing Date, and minus (iii) the amount of the Sellers' capital lease obligations with respect to the Facilities on the Closing Date, if any, that are assumed by the Purchasers pursuant to Section 1.3 of this Agreement (the sum of (i), (ii) and (iii) being referred to for purposes of this Agreement as the "**Cash Purchase Price**"). The payment of the Cash Purchase Price at Closing shall be governed by Section 3.3(a). The Purchase Price has been determined based upon Net Working Capital of Fifteen Million Dollars ($15,000,000) (the "**Assumed Net Working Capital**").

(b) For purposes of this Agreement, "**Net Working Capital,**" as of any date, means an amount equal to the difference between:

(i) the current assets of Sellers with respect to the operation of the Facilities, which for purposes of this calculation shall include only (A) the value of Accounts Receivable; (B) the value of the Prepaids usable by the Purchasers after the Effective Date (exclusive of prepayments for insurance); (C) the value of the Inventory usable by the Purchasers after the Effective Date; and (D) the value of those other categories of current assets usable by the Purchasers after the Effective Date, all of which are further described on Schedule 2.1(b), and

(ii) the following current liabilities of Sellers: (A) Accounts Payable, but only to the extent it is anticipated that the Purchasers will be required to fund the payment of such Accounts Payable after the Effective Date (for example, if a Seller has or will make arrangements for payment of certain portions of the Accounts Payable after the Closing, such portion of the Accounts Payable would not be included in the calculation of Net Working Capital);

(B) Accrued Expenses; (C) Accrued Payroll, together with the associated employer liabilities for FICA and Medicare health insurance employer withholdings; (D) Accrued Paid Time Off; and (E) valid Other Current Liabilities, all of which are further described on Schedule 2.1(b).

All capitalized terms used in this subsection (b) shall mean such terms as used on the Interim Combined Balance Sheet and the Final Combined Balance Sheet, modified (to the extent necessary) to exclude any Excluded Assets or Excluded Liabilities.

(c) At least three (3) calendar days but no more than ten (10) calendar days prior to the Closing Date, the Sellers shall prepare and deliver to the Purchasers an unaudited balance sheet with respect to the operation of the Facilities by the Sellers, on a combined basis, as of the most recent date (not more than two months prior to the Closing Date) for which sufficient financial information is available (the "**Interim Combined Balance Sheet**"). The Interim Combined Balance Sheet shall include a calculation of Net Working Capital, and the amount of the Sellers' capital lease obligations with respect to the Facilities on the Closing Date, if any, that are assumed by the Purchasers pursuant to Section 1.3 of this Agreement. The Interim Combined Balance Sheet shall be attached hereto as Schedule 2.1(c). The amounts set forth in the Interim Combined Balance Sheet shall be subject to adjustment as provided in Sections 2.2 and 2.3 below.

2.2 Inventory. As near in time as possible to the Closing Date and with the results extended and adjusted through the Closing Date, the Sellers shall cause an inventory of those departments of the Hospitals identified on Schedule 2.2 to be taken of the Inventory by employees or representatives of the Sellers. The Sellers shall permit representatives or employees of the Purchasers to observe such inventory process. Sellers shall conduct the inventory in a manner consistent with past practices for all relevant departments, having due regard for the appropriate level of materiality for the size of the Hospitals. The cost of conducting the inventory shall be borne by the Sellers. All inventory items that are not obsolete and that are reasonably usable in the conduct of the Facilities after the Effective Date shall be valued in accordance with GAAP and the Sellers' historical valuation practices consistently applied (except that Sellers have not historically counted inventory in the surgery department). The Parties acknowledge that the inventory to be taken pursuant to this Section 2.2 will not be conducted until immediately prior to the Closing Date and, as such, the results of such inventory will not be available until some time after the Closing Date. Accordingly, the Parties agree that for purposes of the Interim Combined Balance Sheet, Net Working Capital shall include the book value of the Inventory with respect to the operation of the Hospitals as reflected by the latest available unaudited balance sheet of the Sellers. For purposes of the Final Combined Balance Sheet, the portion of Net Working Capital attributable to the Inventory shall be the value of the Inventory as determined pursuant to this Section 2.2.

2.3 Post-Closing Adjustment to Purchase Price.

(a) Within one hundred twenty (120) calendar days after the Closing Date, the Sellers shall prepare and deliver to the Purchasers the final unaudited balance sheet of the Facilities, as developed to reflect the Acquired Assets and Assumed Obligations on the books of

each of the Sellers on a combined basis, as of the Closing Date (the "**Final Combined Balance Sheet**"), which shall include a calculation of Net Working Capital as of the Closing Date, and the amount of the Sellers' capital lease obligations with respect to the Facilities on the Closing Date, if any, that are assumed by the Purchasers pursuant to Section 1.3 of this Agreement. The Purchasers, in connection with its review of the Final Combined Balance Sheet, shall be permitted to review work papers of the Sellers and their affiliates and accountants with respect to the preparation of the Final Combined Balance Sheet and the books and records of the Sellers reasonably related thereto. The Interim Combined Balance Sheet and the Final Combined Balance Sheet shall be prepared in a manner consistent with Sellers' reasonable past practices and that are consistent with GAAP, subject to the provisions of Section 4.10(b). If the Purchasers dispute any entry on the Final Combined Balance Sheet that affects the calculation of Net Working Capital or the capital lease obligations assumed by the Purchasers, the Purchasers shall notify the Sellers in writing (which writing shall contain the Purchasers' determination of the amount of the disputed entry) within thirty (30) days after the Purchasers' receipt of the Final Combined Balance Sheet from the Sellers. If the Purchasers and the Sellers cannot resolve such dispute within thirty (30) business days after the Purchasers notify the Sellers in writing of such dispute, then a mutually agreed-upon national, independent certified public accounting firm (the "**Independent Auditor**"), shall review the matter in dispute and, solely as to disputes relating to accounting issues and acting as an expert and not as an arbitrator, shall promptly decide the proper amounts of such disputed entries (which decision shall also include a final recalculation of the Cash Purchase Price) provided that no change shall be made based on use of a methodology that is different from the methodology used to prepare the Final Combined Balance Sheet, as long as such methodology used was reasonable and consistent with the Sellers' past practices and GAAP. In the event that all or a portion of the dispute at issue involves a legal issue or an interpretation of this Agreement, such legal or interpretative dispute shall first be subject to adjudication by a court or similar tribunal, or by an independent attorney expert in the matter at issue and agreed to by the Purchasers and the Sellers (with the costs thereof to be shared equally by the Parties), with any necessary review by the Independent Auditor under this Section 2.3 occurring following the resolution of such legal dispute. Such decision of the Independent Auditor shall be conclusive and binding as between the Purchasers and the Sellers, and the costs of such review shall be borne by the Sellers, on the one hand, and the Purchasers, on the other hand, in proportion to the relevant amount each Party's determination has been modified.

(b) Within sixty (60) days after the Purchasers' receipt of the Final Combined Balance Sheet from the Sellers or, if disputed by the Purchasers, within five (5) business days after the earlier of (a) the date the Purchasers and the Sellers finally resolve such dispute and recalculate the Cash Purchase Price accordingly, or (b) the date of receipt of a final decision of the Independent Auditor (the "**Post-Closing Adjustment Date**"), either (i) the Sellers shall pay the Purchasers in cash or in other immediately available funds the amount of any decrease in the Cash Purchase Price, or (ii) the Purchasers shall pay the Sellers in cash or in other immediately available funds the amount of any increase in the Cash Purchase Price (as applicable, the "**Post-Closing Adjustment Date Payment Amount**"). If not paid when due, the Post-Closing Adjustment Date Payment Amount paid by the Sellers to the Purchasers, or by the Purchasers to the Sellers, as the case may be, shall be increased by interest at a per annum rate equal to the prime rate reported by the Wall Street Journal under "Money Rates" (the "**Prime Rate**") on the Post-Closing Adjustment Date plus two percent (2%) (or the maximum rate allowed by law,

whichever is less) accruing on the Post-Closing Adjustment Date Payment Amount from the Post-Closing Adjustment Date until the date the Post-Closing Adjustment Date Payment Amount is paid to Sellers or the Purchasers, as the case may be.

2.4 Prorations and Utilities. To the extent not otherwise prorated pursuant to this Agreement, or as reflected in Net Working Capital on the Interim Combined Balance Sheet or the Final Combined Balance Sheet, the Purchasers and the Sellers shall prorate (as of the Effective Date), if applicable, Lease payments (or receipts, as applicable), real estate taxes, assessments and other similar charges against the Real Property, plus all other income and expenses which are normally prorated upon the sale of assets of a going concern. As to power and utility charges, final readings as of the Closing Date shall be ordered from the utility companies; the cost of obtaining such final readings, if any, to be paid for equally by Sellers, on the one hand, and by the Purchasers, on the other hand.

ARTICLE 3

CLOSING

3.1 Closing Date. The consummation of the transactions contemplated by this Agreement (the "**Closing**") shall take place at 9:00 a.m. on June 30, 2010, at the offices of McDermott Will & Emery LLP, 227 W. Monroe Street, Chicago, Illinois 60606, or such other date, time and place as the Parties shall mutually agree ("**Closing Date**"); provided that all conditions precedent and other matters required to be satisfied or completed as of the Closing Date have been or will be so satisfied or completed on such date. The Closing with respect to the Facilities shall be deemed to have occurred and to be effective as between the Parties as of 12:01 a.m. (determined by reference to the local time zone in which the Facilities are located) on the next day after the Closing Date (the "**Effective Date**").

3.2 Items to be Delivered by the Sellers at Closing.

At or before the Closing, the Sellers shall deliver to the Purchasers the following, duly executed by the Sellers where appropriate:

(a) General Assignment, Bill of Sale and Assumption of Liabilities in a form agreed upon by the Parties prior to Closing (the "**Bills of Sale**") and executed motor vehicle titles for all motor vehicles included in the Acquired Assets;

(b) Assignment and Assumption of the Leased Real Property in a form agreed upon by the Parties prior to Closing with respect to each Leased Real Property (the "**Real Estate Assignments**");

(c) Special Warranty Deed(s) in a form agreed upon by the Parties prior to Closing;

(d) A Non-Competition and Non-Solicitation Agreement in a form mutually acceptable to the Parties addressing the protectable interests of the Purchasers related to the Acquired Assets in appropriate scope and duration, as more generally described in a form agreed upon by the Parties prior to Closing (the "**Non-Competition Agreement**");

(e) favorable original certificates of existence (good standing), or comparable status, of the Sellers, issued by the Illinois Secretary of State, dated no earlier than a date which is seven (7) calendar days prior to the Closing Date;

(f) a certificate of the President or any Vice President of the Sellers certifying to the Purchasers (a) the accuracy in all material respects of the representations and warranties set forth in Article 4, and compliance with the Sellers' covenants set forth in this Agreement and (b) that all of the conditions contained in Article 8 have been satisfied except those, if any, waived in writing by the Sellers;

(g) a certificate of the corporate Secretary of the Sellers certifying to the Purchasers (a) the incumbency of the officers of the Sellers on the Execution Date and on the Closing Date and bearing the authentic signatures of all such officers who shall execute this Agreement and any additional documents contemplated by this Agreement and (b) the due adoption and text of the resolutions of the trustees and member(s) of the Sellers authorizing (i) the transfer of the Acquired Assets and Assumed Obligations by the Sellers to the Purchasers and (ii) the execution, delivery and performance of this Agreement and all ancillary documents and instruments by the Sellers, and that such resolutions have not been amended or rescinded and remain in full force and effect on the Closing Date;

(h) as agreed by the Parties, one or more administrative and clinical transition service agreements, in a form agreed upon by the Parties prior to Closing (the "**Transition Service Agreements**");

(i) the Lease Agreement for the West Suburban College of Nursing, which shall be at a mutually agreed upon fair market value rental amount and in a form agreed upon by the Parties prior to Closing (the "**WSCN Lease**");

(j) Limited Power of Attorney for use of DEA and Other Registration Numbers, and DEA Order Forms, in a form agreed upon by the Parties prior to Closing (the "**Power of Attorney**");

(k) copies of all third party consents obtained by the Sellers in connection with the assignment of the Assumed Contracts to the Purchasers; and

(l) such other instruments, certificates, consents or other documents which are reasonably necessary to carry out the transactions contemplated by this Agreement and to comply with the terms hereof.

3.3 Items to be Delivered by the Purchasers at Closing.

At or before the Closing, the Purchasers shall execute and deliver or cause to be delivered to the Sellers the following, duly executed by the Purchasers where appropriate:

(a) payment of the Cash Purchase Price based upon the Interim Combined Balance Sheet (subject to adjustment as described in Section 2.3), as adjusted to reflect the prorations provided in Section 2.4. Such amounts shall be payable by wire transfer of

immediately available funds to the Sellers to the account(s) specified by the Sellers to the Purchasers in writing;

(b) for each Purchaser, a certificate of the President or any Vice President certifying to the Sellers (a) the accuracy in all material respects of the representations and warranties set forth in Article 5, and compliance with the Purchasers' covenants set forth in this Agreement, (b) that the Purchasers have obtained all material licenses, permits, certificates of need and authorizations from governmental agencies or governmental bodies that are necessary or required for completion of the transactions contemplated by this Agreement and (c) that all of the conditions contained in Article 7 have been satisfied except those, if any, waived in writing by the Purchasers;

(c) for each Purchaser, a certificate of the corporate Secretary certifying to the Sellers (a) the incumbency of its officers on the Execution Date and on the Closing Date and bearing the authentic signatures of all such officers who shall execute this Agreement and any additional documents contemplated by this Agreement and (b) the due adoption and text of the resolutions of its Board of Directors authorizing the execution, delivery and performance of this Agreement and all ancillary documents and instruments by the Purchasers, and that such resolutions have not been amended or rescinded and remain in full force and effect on the Closing Date;

(d) favorable original certificates of good standing, or comparable status, of the Purchasers, issued by the Delaware Secretary of State, dated no earlier than a date which is seven (7) calendar days prior to the Closing Date;

(e) the Bills of Sale;

(f) the Real Estate Assignments;

(g) the Transition Service Agreements (along with the payment to the Sellers by wire transfer of immediately available funds of any amounts which must be made by the Purchasers to the Sellers or any affiliate of the Sellers concurrent with the execution thereof);

(h) the Non-Competition Agreement;

(i) the WSCN Lease;

(j) the Power of Attorney; and

(k) such other instruments, certificates, consents or other documents which are reasonably necessary to carry out the transactions contemplated by this Agreement and to comply with the terms hereof.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES OF THE SELLERS

As an inducement to the Purchasers to enter into this Agreement and to consummate the transactions contemplated by this Agreement, the Sellers hereby jointly and severally represent, warrant and covenant to the Purchasers as to the following matters, except as disclosed in the disclosure schedules as of the Execution Date, which schedules may be supplemented, updated and amended through the Closing Date pursuant to Sections 6.13 and 14.5 of this Agreement (the "**Disclosure Schedules**") hereby delivered by the Sellers to the Purchasers. Except as otherwise provided herein, the Sellers shall be deemed to remake all of the following representations, warranties and covenants as of the Closing Date:

4.1 Authorization. Subject to the terms of Section 8.9, each of the Sellers has full corporate power and authority to enter into this Agreement and full power and authority to carry out the transactions contemplated hereby.

4.2 Binding Agreement. Subject to the terms of Section 8.9, (a) all corporate and other actions required to be taken by the Sellers to authorize the execution, delivery and performance of this Agreement, all documents executed by the Sellers which are necessary to give effect to this Agreement, and all transactions contemplated hereby, have been duly and properly taken or obtained by each of the Sellers, (b) no other corporate or other action on the part of the Sellers is necessary to authorize the execution, delivery and performance of this Agreement, all documents necessary to give effect to this Agreement and all transactions contemplated hereby and (c) this Agreement has been duly and validly executed and delivered by each of the Sellers and, assuming due and valid execution by the Purchasers, this Agreement constitutes a valid and binding obligation of each of the Sellers enforceable in accordance with its terms subject to (i) applicable bankruptcy, reorganization, insolvency, moratorium and other laws affecting creditors' rights generally from time to time in effect and (ii) limitations on the enforcement of equitable remedies.

4.3 Organization and Good Standing; No Violation.

(a) Each of the Sellers is a nonprofit corporation duly organized, validly existing and in good standing under the laws of Illinois. Each of the Sellers has full power and authority to own, operate and lease its properties and to carry on its businesses as now conducted.

(b) Neither the execution and delivery by the Sellers of this Agreement nor the consummation of the transactions contemplated hereby by the Sellers nor compliance with any of the material provisions hereof by the Sellers, will violate, conflict with or result in a breach of any material provision of any the Sellers' articles of incorporation or bylaws, respectively.

4.4 Material Contracts.

(a) With the exception of the Excluded Contracts, Schedule 1.1(f) includes a list of those contracts and agreements with respect to the ownership of the Acquired Assets and the operation of the Facilities which:

(i) (A) require the payment by the Sellers during the remaining term of such instrument in excess of Twenty-Five Thousand Dollars ($25,000) on an annualized basis, and (B) either (1) have remaining terms of more than 12 months or (2) cannot be terminated by the applicable Seller (prior to Closing) or Purchaser (after Closing) at any time without cause and without obligation to pay a termination fee or penalty upon notice of ninety (90) calendar days or less;

(ii) are with any of the Facilities' referral sources (as determined by applicable health care laws, rules and regulations), including, without limitation, any physicians on any Hospital's medical staff;

(iii) relate to joint ventures (in the form of partnerships, limited liability companies or corporations) in which any Seller has any investment interest which is an Acquired Asset as set forth herein; or

(iv) contain a covenant not to compete or restrictive covenant which is binding upon any Seller with respect to any of the Acquired Assets. Contracts described in this Section 4.4(a) are referred to herein as "**Material Contracts**".

(b) Each Material Contract is in full force and effect and is the valid and binding obligation of the Seller party to it and, to the knowledge of Sellers, of each other party thereto, except where a failure of the Material Contract to be in full force and effect is not material, individually or in the aggregate, to the operation of the Facilities. The consummation of the transactions contemplated by this Agreement will not result in a breach of any term or provision of, or constitute (with or without notice or lapse of time or both) a default under, any Material Contract to which any Seller is a party, or which is binding on any Seller, or to which the Acquired Assets are subject. The consummation of the transactions contemplated by this Agreement will not give any other party to any such Material Contract a right to cancel or terminate the same, a right to modify or amend the terms thereof, or result in an acceleration of the maturity or performance of any obligation under any such contract. No such breach, default, cancellation, termination, modification or amendment or acceleration described in this Section 4.4 would prevent the Sellers from consummating the transactions contemplated by this Agreement, or would result in the creation of any lien or liability on the Acquired Assets.

4.5 Required Consents. Except as set forth in Schedule 4.5, none of the Sellers is a party to or bound by, nor are any of the Acquired Assets subject to, any mortgage, material lien, deed of trust, or any material order, judgment or decree which (a) requires the consent of another to the execution of this Agreement, or (b) requires the consent of another to consummate the transactions contemplated by this Agreement.

4.6 Compliance With Laws and Contracts.

(a) Except as set forth in Schedule 4.6(a), the Sellers, with respect to the operation of the Facilities, are in compliance with all applicable laws, statutes, ordinances, orders, rules, regulations, policies, guidelines, licenses, certificates, certificates of need, judgments or decrees of all judicial or governmental authorities (federal, state, local, foreign or otherwise), except where the failure to be in such compliance would not have a material adverse effect on the Acquired Assets or the business of the Facilities. Except as set forth in Schedule 4.6(a), none of the Sellers, with respect to the operation of the Facilities, has been charged with or given notice of, and to the knowledge of the Sellers, none of the Sellers, with respect to the operation of the Facilities, is under investigation with respect to, any violation of, or any obligation to take remedial action under, any applicable (i) material law, statute, ordinance, rule, regulation, policy or guideline promulgated, (ii) material license, certificate or certificate of need issued, or (iii) order, judgment or decree entered, by any federal, state, local or foreign court or governmental authority relating to the Facilities or the business of the Facilities. Notwithstanding the foregoing, no provision of this Section 4.6(a) shall be deemed a representation or warranty by the Sellers as to compliance with any Environmental Laws (as defined in Section 4.6(c) below).

(b) Except as set forth in Schedule 4.6(b), the Sellers' ownership and operation of the Facilities and the Acquired Assets are and have been in compliance with all Environmental Laws, except where the failure to be in such compliance would not have a material adverse effect on the Acquired Assets or the business of the Facilities. Except as set forth in Schedule 4.6(b), each of the Sellers has obtained all licenses, permits and approvals necessary or required under all applicable Environmental Laws (the "**Environmental Permits**") for the ownership and operation of the Facilities and the Acquired Assets. Except as set forth in Schedule 4.6(b), all such Environmental Permits are in effect and, to the knowledge of the Sellers, no action to revoke or modify any of such Environmental Permits is pending. Except as set forth in Schedule 4.6(b), there is not now pending or, to the knowledge of the Sellers, threatened, any claim, investigation or enforcement action by any governmental authority (whether judicial, executive or administrative) concerning the Sellers' potential liability under Environmental Laws in connection with the ownership or operation of the Facilities or the Acquired Assets. Except as set forth in Schedule 4.6(b), to the knowledge of the Sellers, there has not been a release or threatened release of any Hazardous Substance at, upon, in, under or from the Facilities or the Acquired Assets at any time. At no time during the Sellers' ownership of the Real Property, and to the Sellers' knowledge at no time during others' ownership of the Real Property, have any Hazardous Substances been present on the Real Property except as may be utilized as a matter of course in Facility operations and in accordance with applicable Environmental Laws.

(c) For the purposes of this Agreement, the term "**Environmental Laws**" shall mean all state, federal or local laws, ordinances, codes or regulations relating to Hazardous Substances or to the protection of the environment, including, without limitation, laws and regulations relating to the storage, treatment and disposal of medical and biological waste. For purposes of this Agreement, the term "**Hazardous Substances**" shall mean (i) any hazardous or toxic waste, substance, or material defined as such in (or for the purposes of) any Environmental Laws, (ii) asbestos-containing material, (iii) medical and biological waste, (iv) polychlorinated

biphenyls, (v) petroleum products, including gasoline, fuel oil, crude oil and other various constituents of such products, and (vi) any other chemicals, materials or substances, exposure to which is prohibited, limited or regulated by any Environmental Laws.

(d) To the knowledge of the Sellers, each of the Sellers has performed all material obligations relating to the Acquired Assets and the business of the Facilities, and is not in breach or default, nor do any circumstances exist which with or without notice or lapse of time, or both, would result in breach or default, nor is there any claim of such breach or default with respect to any obligation to be performed, under any Material Contract, Material Lease, guaranty, indenture or loan agreement relating to the Acquired Assets or the business of the Facilities, which breach or default or its consequences might materially adversely affect the Acquired Assets or the business of the Facilities.

4.7 Title; Sufficiency.

(a) Each of the Sellers has good and marketable fee simple or leasehold title, as the case may be, to its Real Property. Each of the Sellers has good and valid title to its Personal Property.

(b) The Real Property and the Personal Property is held by the Sellers free and clear of all liens, pledges, claims, charges, security interests or other encumbrances, and is not, in the case of the Real Property, subject to any rights-of-way, building or use restrictions, exceptions, variances, reservations or limitations of any nature whatsoever except (i) encumbrances for Taxes not yet due and payable; (ii) liens for inchoate mechanics' and materialmen's liens for construction in progress and workmen's, repairmen's, warehousemen's and carriers' liens arising in the ordinary course of business; (iii) easements, restrictive covenants, rights of way and other similar restrictions of record that do not impair in any material respect the value of the assets or the continued conduct of the business in the manner currently used; (iv) zoning and similar legal restrictions that do not impair in any material respect the value of the asset or the continued conduct of the business in the manner currently used; (v) encumbrances, encroachments and other imperfections of title, licenses or encumbrances, if any, of record that do not impair in any material respect the value of the asset or the continued use of its assets in the manner currently used; (vi) encumbrances arising under original purchase price conditional sales contracts and equipment leases with third parties entered into in the ordinary course of business; and (v) in the case of Leased Real Property, all matters, whether or not of record, affecting the title of the lessor (and any underlying lessor) of the Leased Real Property that do not impair in any material respect the value of the asset or the continued conduct of the business in the manner currently used. The Sellers will convey title to the Real Property free and clear of all liens, pledges, claims, charges, security interests or other encumbrances, and is not, in the case of the Real Property, subject to any rights-of-way, building or use restrictions, exceptions, variances, reservations or limitations of any nature whatsoever except the Permitted Encumbrances. For purposes of this Agreement, "**Permitted Encumbrances**" means (i) encumbrances for Taxes not yet due and payable; (ii) easements, restrictive covenants, rights of way and other similar restrictions of record that do not impair in any material respect the value of the assets or the continued conduct of the business in the manner currently used and that are described in the Title Policies; (iii) zoning and similar municipal restrictions that do not impair in any material respect the value of the asset or the continued conduct of the business in the manner

currently used; and (iv) in the case of Leased Real Property, all matters, whether or not of record, affecting the title of the lessor (and any underlying lessor) of the Leased Real Property that do not impair in any material respect the value of the asset or the continued conduct of the business in the manner currently used.

(c) The Inventory with respect to the Facilities is, and at the Closing Date will be, maintained and accounted for in such qualities and quantities as is consistent with GAAP and such Facilities' historical practices.

(d) The Acquired Assets and the Excluded Assets comprise substantially all of the property and assets used in the conduct of the businesses and operation of the Facilities.

(e) In contemplation of the transactions described by this Agreement specifically or the sale of the Facilities generally, Sellers have made no material reductions to or delayed or deferred the timing of any budgeted routine maintenance and have not failed to make any capital expenditures with respect to the Acquired Assets or the business of the Facilities consistent with its current capital expenditure policies applicable to all of the Sellers and their affiliates.

4.8 Certain Representations With Respect to the Facilities.

(a) All licenses, permits, certificates of need or exemption and other approvals which are necessary to operate the business of the Facilities by the Sellers are valid and in full force and effect, except where the failure to have such licenses, permits and approvals would not have a material adverse effect on the Acquired Assets or the business of the Facilities. Schedule 1.1(d) contains an accurate list of the material licenses, permits, certifications of need and other authorizations which are necessary to operate the businesses of the Facilities by the Sellers, true and complete copies of which have been delivered to the Purchasers.

(b) The Hospitals are duly accredited by the Healthcare Facilities Accreditation Program ("**HFAP**") for the periods set forth in Schedule 4.8(b). Sellers have delivered to the Purchasers true and complete copies of each Hospital's most recent accreditation survey report and deficiency list, if any; the most recent Statement and Deficiencies and Plan of Correction on Form HCFA-2567, if any; the most recent state licensing report and list of deficiencies, if any; the most recent fire marshal's survey and deficiency list, if any, and the corresponding plans of correction or other responses.

(c) The Hospitals and (to the extent required) the other Facilities are certified for participation in the Medicare, Medicaid and TRICARE programs, have current and valid provider contracts with each of such programs, and are in compliance in all material respects with the conditions of participation in such programs. Except as set forth in Schedule 4.8(c), none of the Sellers have received notices from the regulatory authorities which enforce the statutory or regulatory provisions in respect of any of the Medicare, Medicaid or TRICARE programs of any pending or threatened investigations with respect to the operation of the Facilities. No Seller, with respect to the operation of any of the Facilities, has been excluded from the Medicare or Medicaid programs or any state health care program, and there is no

pending or, to Sellers' knowledge, threatened exclusion action against any Seller with respect to the operation of any of the Facilities.

(d) Sellers have delivered to the Purchasers, with respect to the operation of each of the Facilities, true and exact copies of all cost reports which Sellers filed with Medicare, Medicaid and Blue Cross for the last two (2) years, as well as all material correspondence and other material documents relating to any disputes and/or settlements with Medicare, Medicaid or Blue Cross within the last two (2) years. Notices of Program Reimbursement have been issued by the applicable fiscal intermediary with respect to the cost reports of the Facilities for Medicare and Medicaid (if required) through the periods set forth in Schedule 4.8(d) (the "**Audit Periods**"). Each of such reports was timely filed. None of the Sellers has received notice of any material dispute between the Facilities and the applicable governmental agency or private entity, or their intermediaries or representatives, regarding such cost reports for periods subsequent to the periods specified in Schedule 4.8(d) and to the knowledge of the Sellers, there are no pending or threatened claims by any of such programs against the Facilities with respect to the Audit Periods or any period thereafter.

(e) With respect to the operation of the Facilities, none of the Sellers have any outstanding loan, grant or loan guarantee pursuant to the Hill-Burton Act (42 USC Section 291a, et seq.) and the transaction contemplated hereby will not result in any obligation on the part of the Purchasers or any Hospital to repay any such loans, grants, or loan guarantee or provide uncompensated care in consideration thereof.

4.9 Brokers and Finders. Except as described on Schedule 4.9, neither of the Sellers nor any affiliate thereof, nor any officer or director thereof, has engaged any finder or broker in connection with the transactions contemplated hereunder. The Sellers shall be solely responsible for compensating any finder or broker listed on Sehedule 4.9.

4.10 Financial Statements.

(a) The following have been or will be prepared from the books and records of the Sellers: (i) unaudited financial statements (consisting of balance sheets, income statements and cash flow statements) of the Hospital Sellers with respect to the operation of the Hospitals as of June 30, 2009 and June 30, 2008, and for the years ended June 30, 2009 and June 30, 2008 (the "**2008 & 2009 Hospital Financials**"); (ii) unaudited financial statements of the Hospital Sellers with respect to the operation of the Hospitals from July 1, 2009 through December 31, 2009 (the "**Hospital Interim Period 2010 Financials**"); (iii) unaudited financial statements of the Sellers with respect to the operation of the Facilities other than the Hospitals as of June 30, 2009 (the "**2009 Non-Hospital Financials**"); (iv) unaudited financial statements of the Sellers with respect to the operation of the Facilities other than the Hospitals as of December 31, 2009 (the ("**Non-Hospital Interim Financials**"); (v) the Interim Combined Balance sheet; and (vi) the Final Combined Balance Sheet (the 2008 & 2009 Hospital Financials, the Hospital Interim Period 2010 Financials, the 2009 Non-Hospital Financials, the Non-Hospital Interim Financials, the Interim Combined Balance Sheet and the Final Combined Balance Sheet are collectively referred to herein as the "**Financial Statements**"). Copies of the 2008 & 2009 Hospital Financials, the Hospital Interim Period 2010 Financials, the 2009 Non-Hospital Financials and

the Non-Hospital Interim Financials have been provided to Purchasers prior to the Execution Date.

(b) The Financial Statements fairly present, or will fairly present when prepared, the financial position and results of operations, as applicable, of the Sellers with respect to the operation of the Facilities as of and for the periods then ended, and with respect to the financial statements for the Hospitals in conformity with GAAP consistently applied during such periods, subject to the following sentence. It is understood and agreed by the Parties that because the Acquired Assets from the non-Hospital Sellers constitute less than substantially all the assets of such Sellers, certain elements of GAAP are unable to be satisfied with respect to the financial information for such assets and associated obligations of the non-Hospital Sellers, but the failure of such elements to satisfy GAAP does not result in a materially misstated financial position of any affected Facility.

(c) Except for liabilities disclosed in the Financial Statements, liabilities incurred in the ordinary course of business since the date of the latest available Hospital Interim Period 2010 Financials or Non-Hospital Interim Financials consistent with past practice or liabilities disclosed in this Agreement, Sellers have no material liabilities or obligations (including without limitation securitization transactions and off-balance sheet arrangements) of any nature with respect to the operation of the Facilities.

4.11 Legal Proceedings. Except as set forth in Schedule 4.11, there are no claims, proceedings or investigations pending or, to the best knowledge of the Sellers, threatened relating to or affecting the Sellers with respect to the operation of the Facilities or any of the Acquired Assets before any court or governmental body (whether judicial, executive or administrative). The Sellers, with respect to the operation of the Facilities, are not subject to any judgment, order, decree or other governmental restriction specifically (as distinct from generically) applicable to them or their assets, including the Acquired Assets, which would have a material adverse effect on the Acquired Assets or the business condition (financial or otherwise) of the Facilities. There is no claim, proceeding or investigation pending or, to the best knowledge of Sellers, threatened, relating to or affecting any Seller with respect to the operation of any Facility before any court or governmental body (whether judicial, executive or administrative) which: (a) materially adversely affects or seeks to prohibit, restrain or enjoin the execution and delivery of this Agreement; (b) materially adversely affects or questions the validity or enforceability of this Agreement; (c) questions the power or authority of any Seller to carry out the transactions contemplated by, or to perform its obligations under, this Agreement; or (d) would result in any change which would materially adversely affect the ability of any Seller to perform any of its obligations hereunder.

4.12 Employee Benefits. Schedule 4.12 contains a list of (i) each pension, profit sharing, bonus, deferred compensation, or other retirement plan or arrangement of the Sellers with respect to the operation of the Facilities, whether oral or written, (ii) each medical, health, disability, insurance or other plan or arrangement of the Sellers with respect to the operation of the Facilities, whether oral or written and (iii) each other employee benefit or perquisite provided by the Sellers with respect to the operation of the Facilities, in which any employee of the Sellers participates in his capacity as such (each, a "**Seller Plan**" and collectively, the "**Seller Plans**").

All required reports and descriptions have been filed or distributed appropriately with respect to each Seller Plan.

4.13 Employees and Labor.

(a) The Sellers have, as of the Execution Date, and shall have, as of the Closing Date, delivered to the Purchasers a complete list (as of the date set forth therein) of names, positions and current annual salaries or wage rates, bonus and other compensation and/or benefit arrangements, the paid time off pay, and period of service credited for vesting as of the date thereof of all full-time and part-time employees of Sellers and their affiliates with respect to the operation of the Facilities and indicating whether such employee is a part-time or full-time employee, the site of such employee's primary workplace and employer.

(b) Except as set forth in Schedule 4.13(b), there are no (a) labor union or collective bargaining agreements in effect with respect to the employees of the Sellers with respect to the operation of the Facilities; (b) labor practice complaints against the Sellers pending, or to the best knowledge of the Sellers threatened, before the National Labor Relations Board; and (c) labor strikes, arbitrations, disputes, slowdowns or stoppages, and no union organizing campaigns, pending, or to the best knowledge of the Sellers threatened, that would materially affect the operation of the Facilities.

(c) Except as set forth in Schedule 4.13(c), there are no outstanding EEOC complaints or Department of Labor investigations of any of the Facilities, and there are no outstanding employment or benefit-related lawsuits or claims.

(d) Sellers have in place employment programs and policies providing for background screens, competence assessments, orientation, health screenings and drug screens of employees and applicants for employment in compliance with all accreditation, licensing and legal requirements, and have complied with such programs, policies and laws with respect to the employees of the Hospitals.

4.14 Insurance. The Sellers maintain, and have maintained, without interruption, at all times during the Sellers' ownership of the Facilities, self-insurance or policies or binders of insurance covering such risks and events, including personal injury, property damage, malpractice and general liability, to provide adequate and sufficient insurance coverage for all the Acquired Assets and operations of the Facilities. Schedule 4.14 contains a list of all such insurance maintained by the Sellers with respect to the operation of the Facilities as of the Execution Date.

4.15 Accounts Receivable. The Financial Statements, with respect to the Sellers' accounts receivable that constitute a part of the Acquired Assets, accurately reflect the amount due to the Sellers as of the date indicated on such applicable Financial Statements with reasonable reserves and allowances. The Accounts Receivable, to the extent uncollected, are valid and existing and represent monies due for goods sold and delivered and services performed in bona fide commercial transactions, have been billed or are billable and are not subject to any right, claims or interest of any other person. To the Sellers' knowledge, there are no refunds, discounts or setoffs payable or assessable that have been determined as of the representation date

with respect to the Accounts Receivable that are not reflected in the Financial Statements. No Accounts Receivable have been sold by Sellers.

4.16 Solvency. Sellers, immediately after Closing and solely as a result of the transactions contemplated hereby, will not be rendered insolvent or otherwise rendered unable to pay their debts as they become due. No Seller has any intention of filing in any court pursuant to any statute either of the United States or of any state a petition in bankruptcy or insolvency or for reorganization or for the appointment of a receiver or trustee of all or any portion of such Seller's property.

4.17 Taxes. Sellers have duly filed all federal, state, foreign and local Tax Returns required to be filed by it (all of which are true and correct in all material respects) and has duly paid or made provision for the payment of all Taxes (including any interest or penalties) which are due and payable, whether or not in connection with such returns. Each Seller, with respect to the operation of the Hospitals, has withheld proper and accurate amounts from its employees' compensation, and made deposits of all such withholdings, in material compliance with all withholding and similar provisions of the Code and any and all other applicable laws. There are no liens for Taxes upon the Acquired Assets, except for statutory liens for current Taxes not yet due and payable or which may hereafter be paid without penalty. Sellers do not and will not have any liability for the Taxes of any Person (other than an affiliate of Seller under Internal Revenue Service regulation 1.1502-6 or any similar provision of state, local or foreign law), as a transferee or successor, by contract or otherwise. No Person (other than the Sellers or any affiliate of Sellers) has limited (expressly or otherwise) Sellers' or their affiliates' ability to disclose the tax treatment or tax structure of, and such advisor's tax strategies with respect to, the transactions contemplated by this Agreement. For purposes of this Agreement, "**Tax**" or "**Taxes**" means any tax of any kind, including, without limitation, all income, unrelated business income, gross receipts, license, payroll, employment, excise, severance, occupation, privilege, premium, net worth, windfall profits, environmental (including taxes under section 59A of the Code), customs duties, capital stock, franchise, profits, withholding, social security, unemployment, disability, real property, personal property, recording, stamp, sales, use, service, service use, transfer, registration, escheat, unclaimed property, value added, alternative or add-on minimum, estimated or other tax, assessment, charge, levy or fee of any kind whatsoever, including payments or services in lieu of Taxes, interest or penalties on and additions to all of the foregoing, which are due or alleged to be due to any governmental authority, whether disputed or not, imposed by the United States or by any foreign country, or by any state, municipality, subdivision or instrumentality of the United States or of any foreign country, or by any other taxing authority. For purposes of this Agreement, "**Tax Return**" means any return, report, information return or amendment or other document (including any related or supporting information) with respect to Taxes. Each Seller is a corporation exempt from federal and state income taxation, and has received a favorable letter of determination from the Internal Revenue Service regarding such Tax status.

4.18 The Sellers Knowledge. References in this Agreement to "**the Sellers' knowledge**" or "**knowledge of the Sellers**" mean the actual knowledge of: (i) with respect to any matter pertaining to the Hospitals: any of the Vice Presidents or the Chief Executive Officer of the applicable Hospital, (ii) with respect to any matter pertaining to any of the Non-Hospital Facilities, the senior-most officer, director or manager responsible for the operations of such

non-Hospital Facility(ies), and (iii) the senior-most officer of Sellers or their affiliates responsible for the applicable subject matter, all without independent investigation. No constructive or imputed knowledge shall be attributed to any such individual by virtue of any position held, relationship to any other Person or for any other reason.

ARTICLE 5

REPRESENTATIONS AND WARRANTIES OF THE PURCHASERS

As an inducement to the Sellers to enter into this Agreement and to consummate the transactions contemplated by this Agreement, the Purchasers hereby jointly and severally represent, warrant and covenant to the Sellers as to the following matters as of the Execution Date and, except as otherwise provided herein, shall be deemed to remake all of the following representations, warranties and covenants as of the Closing Date:

5.1 Authorization. Each Purchaser has the full corporate power and authority to enter into this Agreement and has or by Closing will have full corporate power and authority to carry out the transactions contemplated hereby.

5.2 Binding Agreement. Except as contemplated by Section 9.13, all corporate and other actions required to be taken by the Purchasers to authorize the execution, delivery and performance of this Agreement, all documents executed by the Purchasers which are necessary to give effect to this Agreement, and all transactions contemplated hereby, have been duly and properly taken or obtained by each of the Purchasers. Except as contemplated by Section 9.13, no other corporate or other action on the part of the Purchasers is necessary to authorize the execution, delivery and performance of this Agreement, all documents necessary to give effect to this Agreement and all transactions contemplated hereby. Except as contemplated by Section 9.13, this Agreement has been duly and validly executed and delivered by the Purchasers and, assuming due and valid execution by the Sellers, this Agreement constitutes a valid and binding obligation of the Purchasers enforceable in accordance with its terms subject to (a) applicable bankruptcy, reorganization, insolvency, moratorium and other laws affecting creditors' rights generally from time to time in effect and (b) limitations on the enforcement of equitable remedies.

5.3 Organization and Good Standing. Each of the Purchasers is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, and has full corporate power and authority to own, operate and lease its properties and to carry on its business as now conducted.

5.4 No Violation. Neither the execution and delivery by the Purchasers of this Agreement nor the consummation of the transactions contemplated hereby nor compliance with any of the material provisions hereof by the Purchasers will violate, conflict with or result in a breach of any material provision of the Articles of Incorporation, Bylaws or other organizational documents of the Purchasers.

5.5 Brokers and Finders. Except as described on Schedule 5.5, neither of the Purchasers nor any affiliate thereof nor any officer or director thereof has engaged any finder or

broker in connection with the transactions contemplated hereunder. The Purchasers shall be solely responsible for compensating any finder or broker listed on Schedule 5.5.

5.6 Representations of the Sellers. Each of the Purchasers acknowledges that it is purchasing the Acquired Assets on as "AS IS, WHERE IS" basis (as more particularly described in Section 1.5), and that it is not relying on any representation or warranty (expressed or implied, oral or otherwise) made on behalf of the Sellers other than as expressly set forth in this Agreement.

5.7 Legal Proceedings. Except as described on Schedule 5.7, there are no claims, proceedings or investigations pending or, to the best knowledge of the Purchasers, threatened relating to or affecting the Purchasers or any affiliate of the Purchasers before any court or governmental body (whether judicial, executive or administrative) in which an adverse determination would materially adversely affect the ability of the Purchasers to consummate the transactions contemplated hereby. Neither of the Purchasers nor any affiliate of the Purchasers is subject to any judgment, order, decree or other governmental restriction specifically (as distinct from generically) applicable to the Purchasers or any affiliate of the Purchasers which materially adversely affects the ability of the Purchasers to consummate the transactions contemplated hereby.

5.8 Ability to Perform. The Purchasers have the ability to obtain funds in cash in amounts equal to the Cash Purchase Price by means of credit facilities or otherwise and will at the Closing have immediately available funds in cash, which are sufficient to pay the Cash Purchase Price and to pay any other amounts payable to the Sellers at Closing pursuant to this Agreement and to consummate the transactions contemplated by this Agreement.

5.9 Solvency. Neither of the Purchasers is insolvent and will not be rendered insolvent as a result of any of the transactions contemplated by this Agreement. For purposes hereof, the term "**solvency**" means that: (a) the fair salable value of the Purchasers' tangible assets is in excess of the total amount of its liabilities (including for purposes of this definition all liabilities, whether or not reflected on a balance sheet prepared in accordance with generally accepted accounting principles, and whether direct or indirect, fixed or contingent, secured or unsecured, and disputed or undisputed); (b) the Purchasers are able to pay their debts or obligations in the ordinary course as they mature; and (c) the Purchasers have capital sufficient to carry on their businesses and all businesses which they are about to engage.

5.10 The Purchasers Knowledge. References in this Agreement to "**the Purchasers' knowledge**" or "**to the knowledge of the Purchasers**" mean the actual knowledge of: (i) the Chief Executive Officer, Chief Financial Officer and Chief Operating Officer (or the equivalent positions) of each of the Purchasers, and (ii) the senior-most officers or employees of the Purchasers, or affiliates thereof, primarily responsible for the applicable subject matter, as referenced herein, all without independent investigation. No constructive or imputed knowledge shall be attributed to any such individual by virtue of any position held, relationship to any other Person or for any other reason.

ARTICLE 6

COVENANTS OF THE SELLERS

6.1 Access and Information; Inspections. From the Execution Date through the Effective Date, the Sellers shall afford to the officers and agents of the Purchasers (which shall include accountants, attorneys, bankers and other consultants and agents of the Purchasers) full and complete access during normal business hours to and the right to inspect the plants, properties, books, accounts, records and all other relevant documents and information with respect to the Acquired Assets, liabilities and business of the Facilities. From the Execution Date through the Effective Date, the Sellers shall furnish the Purchasers with such additional financial and operating data and other information in the Sellers' possession as to businesses and properties of the Facilities as the Purchasers or their representatives may from time to time reasonably request, without regard to where such information may be located. The Purchasers' right of access and inspection shall be exercised in such a manner as not to interfere unreasonably with the operations of the Facilities. Such access may include consultations with the personnel of the Sellers and consultations and/or contact with physicians on the medical staff at the Facilities. Further, the Purchasers may, at their sole cost and expense (except as otherwise provided in Section 14.12), undertake environmental, mechanical and structural surveys of the Facilities. Notwithstanding the foregoing, all access and inspection activities contemplated by this Section 6.1 shall be with prior reasonable approval of Sellers' representative, John Walton, or his designee.

6.2 Conduct of Business. On and after the Execution Date and prior to the Effective Date, and except as otherwise consented to or approved by an authorized officer of the Purchasers or specifically required by this Agreement, the Sellers shall, with respect to the operation of the Facilities:

(a) carry on their businesses with respect to the operation of the Facilities in substantially the same manner as presently conducted and not make any material change in personnel, operations, finance, accounting policies (unless the Sellers are required to adopt such changes under GAAP or the Sellers' affiliates adopt such changes on a company-wide basis, in which event the Sellers shall give the Purchasers prompt written notice thereof);

(b) maintain the Facilities and all parts thereof and all other Acquired Assets in operating condition in a manner consistent with past practices, ordinary wear and tear excepted, and make all routine, maintenance and other expenditures contemplated by the current budgets and in a manner consistent with past practices;

(c) perform all of its material obligations under agreements relating to or affecting the Facilities, their operations or the Acquired Assets;

(d) keep in full force and effect present insurance policies or other comparable self-insurance;

(e) use their reasonable efforts to maintain and preserve their business organizations intact, retain their present employees at the Facilities and maintain their

relationships with physicians, suppliers, customers and others having business relationships with the Facilities; and

(f) take such actions as are necessary and use their reasonable efforts to cause the efficient transition of business operations and employee relations to the Purchasers as of the Effective Date.

6.3 Negative Covenants. From the Execution Date until the Effective Date, with respect to the operation of the Facilities, the Sellers shall not, without the prior written consent of the Purchasers or except as may be required by law:

(a) amend or terminate any Material Contracts, enter into any new contract, lease or commitment, or incur or agree to incur any liability, except in the ordinary course of business;

(b) increase compensation payable or to become payable or make any bonus payment to or otherwise enter into one or more bonus agreements with any employee, except in the ordinary course of business in accordance with the Sellers' customary personnel policies; provided, however, this Section 6.3(b) shall not apply to (i) agreements or arrangements with any of the officers of the Facilities (collectively, the "**Leadership Team**") in effect on the Execution Date which are consistent with the practices of the affiliates of the Sellers or (ii) any non-recurring payments or proposed non-recurring payments by the Sellers to any of the employees of the Facilities (including any member of the Leadership Team) to provide an incentive to such employees (or to any member of the Leadership Team) to remain employed at the Facilities through the Effective Date;

(c) create, assume or permit to exist any new debt, mortgage, deed of trust, pledge or other lien or encumbrance (other than Permitted Encumbrances) upon any of the Acquired Assets other than those which are terminated on or prior to the Closing Date;

(d) acquire (whether by purchase or lease) or sell, assign, lease, or otherwise transfer or dispose of any Real Property, plant or equipment, except in the ordinary course of business with comparable replacement thereof;

(e) except with respect to previously budgeted expenditures, purchase capital assets or incur costs in respect of construction in progress;

(f) take any action outside the ordinary course of business;

(g) cancel, forgive, release, discharge or waive any Accounts Receivable, except in the ordinary course of business;

(h) sell or factor any Accounts Receivable; or

(i) reduce Inventory except in the ordinary course of business.

For purposes of this Section 6.3, the Sellers shall be deemed to have obtained the Purchasers' prior written consent to undertake the actions otherwise prohibited by this Section 6.3 if the

Sellers gives the Purchasers written notice of a proposed action and the Sellers do not receive from the Purchasers a written notice of objection to such action within five (5) business days after the Purchasers receives the Sellers' written notice. Notwithstanding any provision to the contrary contained in this Agreement, neither Section 6.2 nor this Section 6.3 shall be construed to (i) prohibit the Sellers from engaging in any act which the Sellers reasonably believes is necessary to preserve and protect the continued operation of the Facilities, or (ii) require the Sellers to undertake any action or prohibit the Sellers from engaging in any act which counsel to Sellers has advised Sellers is necessary to comply with federal or state antitrust laws. The Sellers shall give the Purchasers prompt written notice either prior to, or if prior notice is not feasible, subsequent to taking any act described in the immediately preceding sentence.

6.4 Required Consents and Approvals.

(a) Between the Execution Date and the Effective Date, the Sellers shall: (i) use reasonable efforts to obtain, as promptly as practicable, all consents, approvals, authorizations, clearances, certificates of need and licenses required to be obtained by the Sellers to consummate the transactions contemplated by this Agreement (including, without limitation, those of governmental and regulatory authorities), including notification of non-objection of the Attorney General of Illinois to consummate the transactions contemplated hereby; (ii) reasonably cooperate with the Purchasers and their representatives and attorneys in the preparation of any document or other material which may be required by any governmental agency as a predicate to or result of the transactions contemplated in this Agreement; (iii) provide such other information and communications to governmental and regulatory authorities as such governmental and regulatory authorities may reasonably request; and (iv) cooperate with the Purchasers in the Purchasers' obtaining, as soon as practicable, all material consents, approvals, authorizations, clearances, certificates of need and licenses required to be obtained by the Purchasers to consummate the transactions contemplated hereby.

(b) Between the Execution Date and the Effective Date, the Sellers shall request and use reasonable efforts to obtain, as promptly as practicable, all consents and approvals of third parties required to assign to the Purchasers the Assumed Contracts indicated on Schedule 1.1(f) as being assigned to and assumed by the Purchasers.

6.5 Additional Financial Information.

(a) Within thirty (30) calendar days following the end of each calendar month prior to Closing, the Sellers shall deliver to the Purchasers complete copies of unaudited combined balance sheets and related income statements for all of the Facilities on a combined basis for the month then ended, together with corresponding year-to-date amounts, which presentation shall be consistent with the provisions of Section 4.10 which are applicable to the Financial Statements.

(b) The Purchasers have determined that, after Closing, the business of the Facilities acquired by the Purchasers will constitute a "significant subsidiary" under Regulation S-X promulgated under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), applying the 20% test for acquisitions. As a result, Purchaser believes that an independent registered public accounting firm must prepare (i) audited financial statements of the Facilities as

of the most recent two fiscal year-end periods with respect to the balance sheets and for the most recent three fiscal year periods with the respect to the statements of operations and cash flows (the "**Audited Financial Statements**"), and (ii) unaudited financial statements of the Facilities for additional periods not covered by the Audited Financial Statements (together with the Audited Financial Statements, the "**Required Financial Statements**"). The Required Financial Statements must be filed with the Securities and Exchange Commission within seventy-five (75) days after Closing. During such period, the Sellers will reasonably cooperate, and cause their affiliates to reasonably cooperate, with the Purchasers and its independent registered public accounting firm to the extent necessary for Seller to prepare the Required Financial Statements, including providing them reasonable access during normal business hours to the financial books and records of the Sellers and their affiliates (wherever located) and answering their questions related specifically to, and to the extent necessary in, the preparation of the Required Financial Statements. The Purchasers shall be responsible for all costs and expenses of the independent accounting firm in conducting the audit and of all reasonable costs incurred by the Sellers and their affiliates in providing the cooperation and assistance required by this Section.

6.6 No-Shop.

(a) From and after the Execution Date until the earlier of the Closing Date or the termination of this Agreement, the Sellers shall not, and shall cause their affiliates, officers, directors, employees, investment bankers and agents to not, without the prior written consent of the Purchasers: (i) offer for sale or lease the Facilities or the Acquired Assets (or any material portion thereof); (ii) solicit offers to buy all or any material portion of the Facilities or the Acquired Assets; (iii) hold discussions with any Person (other than the Purchasers) looking toward such an offer or solicitation; (iv) hold discussions with any Person with respect to a proposed merger, acquisition, consolidation or other business combination (including substitution of members or so-called "virtual merger") having the effect of selling, leasing or otherwise disposing of any of the Facilities or Acquired Assets; or (v) enter into any agreement with any Person (other than the Purchasers) with respect to any transaction described in the foregoing clauses (i), (ii), (iii) and (iv). Notwithstanding the foregoing, this Section 6.6 shall not be construed to prohibit the Sellers or their affiliates from engaging in corporate transactions involving the Sellers' or the Sellers' affiliates' membership interests, including, without limitation, membership substitution transactions, so long as the terms thereof do not contemplate the sale or lease or other disposition of the Facilities or the Acquired Assets and such actions are taken subject to the terms and conditions of this Agreement.

(b) Any reference in this Agreement to an "**affiliate**" shall mean any Person directly or indirectly controlling, controlled by or under common control with a second Person; provided, however, an "affiliate" shall not include any officer or director of any Person. The term "**control**" (including the terms "controlled by" and "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise or the right to designate or elect at least a majority of the members of its governing body by contract or corporate membership rights or otherwise. A "**Person**" shall mean any natural person, partnership, corporation, limited liability company, association, trust or other legal entity.

6.7 The Sellers' Efforts to Close. The Sellers shall use their reasonable commercial efforts to satisfy all of the conditions precedent set forth in Articles 8 and 9 to their or the Purchasers' obligations under this Agreement to the extent that the Sellers' action or inaction can control or influence the satisfaction of such conditions.

6.8 Title Matters. As soon as practicable after the Execution Date, the Purchasers shall order (a) a preliminary binder or title commitment(s) (the "**Title Commitment**") sufficient for the issuance of one or more Owner's Title Insurance Policies (ALTA 2006) with respect to the Owned Real Property (the "**Title Policy**"), issued by Chicago Title Insurance Company (the "**Title Company**"), together with true, correct and legible copies of all instruments referred to therein as conditions or exceptions to title (the "**Title Instruments**") and (b) ALTA surveys of all Owned Real Property for which a Title Policy is requested complying with the current Minimum Standard Detail Requirements for ALTA/ACSM Land Title Surveys for the Real Property (the "**Surveys**") and containing a surveyor's certificate in compliance with ALTA/ASCM land title survey requirements. The Sellers shall deliver to the Purchasers copies of the most recent land title surveys of the Facilities in their possession or control. Section 14.12 shall govern which Party or Parties hereto shall bear the costs and expenses of the Title Commitment, the Title Policy and the Surveys.

6.9 Termination of Hired Employees. Upon the Effective Date, the Hired Employees shall cease to be employees of the Sellers and their affiliates. The Sellers and their affiliates shall terminate effective as of the Effective Date the active participation of all of the Hired Employees in all of the Seller Plans, and shall cause each Seller Plan to comply with all applicable laws with respect to any obligations to such Hired Employees. After the Effective Date, the Sellers shall timely make or cause to be made, to the extent applicable, appropriate distributions to, or for the benefit of, all of the Hired Employees in respect of the Seller Plans which are in force and effect with respect to the Hired Employees at the Facilities immediately prior to the Effective Date in accordance with the terms and conditions of the Seller Plans; provided, however, no such distribution shall be required to the extent it is among the Assumed Obligations.

6.10 Hart-Scott-Rodino Act Filings. To the extent required by law, the Sellers will (a) take promptly all actions necessary to make the filings required of the Sellers or the Sellers' affiliates under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 and the rules and regulations promulgated thereunder (the "**HSR Act**"), (b) comply at the earliest practicable date with any request for additional information received by the Sellers or the Sellers' affiliates from the Federal Trade Commission (the "**FTC**") or Antitrust Division of the Department of Justice (the "**DOJ**") pursuant to the HSR Act, and (c) cooperate with the Purchasers in connection with the Purchasers' filings under the HSR Act and in connection with resolving any investigation or other regulatory inquiry concerning the transactions contemplated by this Agreement commenced by either the FTC or the DOJ. All fees and expenses of the Sellers incurred in connection with the Sellers' filing under the HSR Act shall be borne by the Sellers.

6.11 Long-Term Debt. At its sole cost and expense, the Sellers shall do all things necessary, desirable and appropriate so that all liens and mortgages related to the Acquired Assets and securing any of the Long-Term Debt shall be released by the Closing Date.

6.12 Lessor Estoppel Certificates. The Sellers will use commercially reasonable efforts to obtain, prior to the Closing Date, estoppel letters, in a form reasonably acceptable to the Purchasers, for the Leased Real Property described on Schedule 1.1(b).

6.13 Supplements to Disclosure Schedules. From the Effective Date through the Closing Date, the Sellers will promptly notify the Purchasers if the Sellers become aware of any fact or condition that causes or constitutes a breach of any of the Sellers' representations and warranties as of the Effective Date. Should any such fact or condition require any change in the Disclosure Schedules, the Sellers will promptly deliver to the Purchasers a supplement to such Disclosure Schedules specifying such change.

ARTICLE 7

COVENANTS OF THE PURCHASERS

7.1 Purchasers' Efforts to Close. The Purchasers shall use their reasonable commercial efforts to satisfy all of the conditions precedent set forth in Articles 8 and 9 to its or the Sellers' obligations under this Agreement to the extent that the Purchasers' action or inaction can control or influence the satisfaction of such conditions.

7.2 Required Governmental Approvals. Between the Execution Date and the Closing Date, the Purchasers: (a) shall use their reasonable commercial efforts to secure, as promptly as practicable before the Closing Date, all consents, approvals, authorizations, clearances, certificates of need and licenses required to be obtained from governmental and regulatory authorities in order to carry out the transactions contemplated by this Agreement and to cause all of its covenants and agreements to be performed, satisfied and fulfilled, including a certificate of exemption or certificate of need, as applicable, from the Illinois Health Facilities and Services Review Board (the "**IHFSRB**"); and (b) will provide such other information and communications to governmental and regulatory authorities as the Sellers or such authorities may reasonably request. The Purchasers shall cooperate with the Sellers' efforts to obtain all consent and approvals of third parties required for the Sellers to assign to the Purchasers the Assumed Contracts on or before the Closing Date.

7.3 Certain Employee Matters.

(a) As of the Effective Date, Sellers and Purchasers shall have caused the transfer of employment to Purchasers of all Hospital and Hospital-based employees of the Sellers and the Sellers' affiliates, and certain agreed-upon employees of the Sellers or affiliates of the Sellers whose primary responsibilities are to support the Hospitals, the River Forest Facilities, the Related Businesses and/or other Facilities, subject to each such employee's acceptance of such employment, for an initial employment period of at least sixty (60) days after Closing (the "**Transition Period**"). All such employment arrangements will be upon substantially the same terms and conditions with respect to base salaries or wages, job duties, titles and responsibilities provided by the Sellers or affiliates of the Sellers before Closing (subject to employee background checks to the extent required by law and applicable collective bargaining agreements). All employees who accept an offer of employment by the Purchasers shall be referred to collectively in this Agreement as the "**Hired Employees.**" The Purchasers do not

expect to offer employment on the Effective Date to those employees of the Hospitals or other Sellers who as of such date are on short-term disability, until they return to work, or to employees on long-term disability. The Purchasers and the Sellers acknowledge those employees of the Sellers or the Sellers' affiliates working at the Facilities specified on Schedule 7.3 may be retained by such affiliates (the "**Retained Employees**"). After the Transition Period, the Purchasers shall continue to employ the Hired Employees as it reasonably deems necessary and appropriate to support the operations of the Facilities. The Purchasers will give all Hired Employees credit for their Accrued Paid Time Off and for their years of service with the Sellers for purposes of determining eligibility to participate and vesting percentages in the Purchasers' employee pension benefit plans. If the Purchasers terminate any of the Hired Employees following the Transition Period but before one hundred twenty (120) days after Closing, the Purchasers will provide severance to all such terminated employees at least the same extent as would be provided under the Sellers' current severance practice, as set forth in Schedule 7.3(a).

(b) On and after the Effective Date, the Hired Employees shall be eligible for a health plan sponsored by the Purchasers or their affiliates. The Hired Employees shall be given credit for periods of employment with the Sellers or the Sellers' affiliates prior to the Effective Date for purposes of determining eligibility to participate and amount of benefits (including without limitation vesting of benefits), and preexisting condition limitations will be waived with respect to the Hired Employees and their covered dependents unless such preexisting condition limitations were applicable prior to the Effective Date. In addition, if prior to the Effective Date a Hired Employee or his covered dependents paid any amounts towards a deductible or out-of-pocket maximum in the Sellers' or the Sellers' affiliates' medical and health plan's current fiscal year, such amounts shall be applied toward satisfaction of the deductible or out-of-pocket maximum in the current fiscal year of the Purchasers' or the Purchasers' affiliates' medical and health plan that covers the Hired Employees on and after the Effective Date.

(c) The Purchasers shall be responsible to provide continuation coverage pursuant to the requirements of section 4980B of the Internal Revenue Code of 1986, as amended, and Part 6 of Title I of the Employee Retirement Income Security Act of 1974, as amended (COBRA coverage) with respect to each of the Hired Employees (and their dependents) whose qualifying event occurs on or after the Effective Date or later date (with respect to employees on disability) on which such employees become Hired Employees.

(d) After the Closing Date, the Purchasers' human resources department will give reasonable assistance to the Sellers' and their affiliates' human resources department with respect to the Sellers' and the Sellers' affiliates' post-Closing administration of the Sellers' and the Sellers' affiliates' pre-Closing employee pension benefit plans and employee health or welfare benefit plans for the Hired Employees. Within ten (10) days after the Closing Date, the Purchasers shall provide to the Sellers a list of all the employees who were offered employment by the Purchasers but refused such employment.

Notwithstanding anything to the contrary, the provisions of this Section 7.3 shall not create any legal or other rights or interests in the Sellers, the Sellers' affiliates or any third-party beneficiaries.

7.4 Confidentiality. The Purchasers shall, and shall cause their employees, representatives and agents to, hold in strict confidence, unless compelled to disclose by judicial or administrative process or, in the opinion of the Purchasers' counsel, by other requirements of law, all Confidential Information (as hereinafter defined), and the Purchasers shall not disclose the Confidential Information to any person, except as otherwise may be reasonably necessary to carry out the transactions contemplated by this Agreement, including any business or diligence review by or on behalf of the Purchasers. The Purchasers' obligations set forth in the immediately preceding sentence shall apply (a) between the Execution Date and the Effective Date with respect to Confidential Information which is among the Acquired Assets and (b) from and after the Execution Date for all Confidential Information which is not described in subsection (a) above. For the purposes hereof, "**Confidential Information**" shall mean all information of any kind concerning the Sellers or the business of the Facilities, in connection with the transactions contemplated by this Agreement except information (i) ascertainable or obtained from public or published information, (ii) received from a third party not known by the Purchasers to be under an obligation to the Sellers or any affiliate of the Sellers to keep such information confidential, (iii) which is or becomes known to the public (other than through a breach of this Agreement), or (iv) which was in the Purchasers' possession prior to disclosure thereof to the Purchasers in connection herewith. The Parties acknowledge that the restrictions of this Section 7.4 shall not be applicable to any notices to the Attorney General of the State of Illinois, the IHFSRB, any other governmental bodies or agencies in connection with required change of ownership notices or filings for the Facilities, or any bodies or individuals affiliated with the Roman Catholic Church to whom information is provided in connection with approvals required under Roman Catholic canon law. The rights of the Sellers under this Section 7.4 shall be in addition to and not in substitution for the rights of the Sellers and the Sellers' affiliates under that certain Confidentiality Agreement among the Sellers and the Purchasers dated July 21, 2009 (the "**Confidentiality Agreement**"), which Confidentiality Agreement shall survive the Closing.

7.5 Enforceability. The Purchasers hereby acknowledges that the restrictions contained in Section 7.4 above are reasonable and necessary to protect the legitimate interests of the Sellers. The Parties also hereby acknowledge and agree that any breach of Section 7.4 would result in irreparable injury to the Sellers and that any remedy at law for any breach of Section 7.4 would be inadequate. Notwithstanding any provision to the contrary contained in this Agreement, the Parties therefore agree, and the Purchasers hereby specifically consent that, without necessity of proof of actual damage, the Sellers may be granted temporary or permanent injunctive relief, that the Sellers shall be entitled to an equitable accounting of all earnings, profits and other benefits arising from such breach, and that the Sellers shall be entitled to recover its reasonable fees and expenses, including attorneys' fees, incurred by the Sellers in enforcing the restrictions contained in Section 7.4.

7.6 Waiver of Bulk Sales Law Compliance. The Purchasers hereby waive compliance by the Sellers with the requirements, if any, of Article 6 of the Uniform Commercial Code as in force in any state in which the Acquired Assets are located and all other similar laws applicable to bulk sales and transfers. Notwithstanding the foregoing, the Sellers shall notify the Illinois Department of Revenue and Chicago Department of Revenue of the transaction, as applicable, and obtain a receipt or confirmation showing that the Taxes have been paid or that no taxes are due.

7.7 Hart-Scott-Rodino Act Filings. To the extent required by law, the Purchasers shall (a) take promptly all actions necessary to make the filings required of the Purchasers or their affiliates under the HSR Act, (b) comply at the earliest practicable date with any request for additional information received by the Purchasers or their affiliates from the FTC or the DOJ pursuant to the HSR Act, and (c) cooperate with the Sellers in connection with the Sellers' or the Sellers' affiliates' filings under the HSR Act and in connection with resolving any investigation or other regulatory inquiry concerning the transactions contemplated by this Agreement commenced by either the FTC or the DOJ. All filing fees imposed in connection with the Purchasers' filings under the HSR Act shall be borne by the Purchasers.

ARTICLE 8

CONDITIONS PRECEDENT TO OBLIGATIONS OF THE SELLERS

The Sellers' obligation to sell the Acquired Assets and to close the transactions as contemplated by this Agreement shall be subject to the satisfaction of each of the following conditions on or prior to the Closing Date unless specifically waived in writing by the Sellers in whole or in part at or prior to the Closing.

8.1 Signing and Delivery of Instruments. The Purchasers shall have executed and delivered all documents, instruments and certificates required to be executed and delivered pursuant to the provisions of this Agreement. The Purchasers acknowledge that the Purchasers shall not satisfy the condition precedent set forth in this Section 8.1 (as it relates to the delivery of the amount set forth in Section 2.1) unless the Purchasers initiate the wire transfer of the amount set forth in Section 2.1 to the Sellers, and provide to the Sellers a Federal Reserve wire reference number with respect thereto, on or before 5:00 p.m. (Central time) on the Closing Date.

8.2 Unfavorable Action or Proceeding. On the Closing Date, no orders, decrees, judgments or injunctions of any court or governmental body shall be in effect, and no claims, actions, suits, proceedings, arbitrations or investigations shall be pending or threatened, which challenge or seek to challenge, or which could prevent or cause the rescission of, or the consummation of the transactions contemplated in this Agreement.

8.3 Performance of Covenants. The Purchasers shall have in all material respects performed or complied with each and all of the obligations, covenants, agreements and conditions required to be performed or complied with by it on or prior to the Closing Date.

8.4 Opinion of the Purchasers' Counsel. The Sellers shall have received the favorable opinion of the Purchasers' counsel (which may be in-house counsel), dated the Closing Date, in form agreed upon by the Parties prior to Closing.

8.5 Hart-Scott-Rodino Filings. Any and all filings required to be made and notices required to be given pursuant to the HSR Act shall have been made, all approvals or consents required thereby shall have been obtained and the waiting periods required thereby, if any, shall have expired or terminated.

8.6 Governmental Authorizations. The Parties shall have obtained all material licenses, permits, certificates of need and authorizations from governmental agencies or

governmental bodies that are necessary or required for completion of the transactions contemplated by this Agreement, including, without limitation, approval from the IHFSRB, the expression of a no objection position by the Attorney General of Illinois regarding the purchase and sale of the Acquired Assets by the Purchasers and the Sellers, and reasonable assurances that any other material licenses, permits, certificates of need and authorizations not actually issued as of the Closing will be issued following Closing (which may include oral assurances from appropriate governmental agencies or bodies).

8.7 Schedules. The provisions of the Schedules attached to this Agreement that were supplemented, updated or amended after the Execution Date, if any, shall be acceptable to the Sellers in their sole discretion.

8.8 Warranties True and Correct. The representations and warranties made by the Purchasers in Article 5 shall be true and correct in all material respects when made and as of the Closing Date.

8.9 Approval of Roman Catholic Church. The Sellers shall have received all required approvals of the Roman Catholic Church required to be obtained by the Sellers or any affiliate of the Sellers under canon law, regarding the Sellers' execution of this Agreement and the consummation of the transactions contemplated hereunder.

ARTICLE 9

CONDITIONS PRECEDENT TO OBLIGATIONS OF THE PURCHASERS

The Purchasers' obligation to purchase the Acquired Assets and to close the transactions contemplated by this Agreement shall be subject to the satisfaction of each of the following conditions on or prior to the Closing Date unless specifically waived in writing by the Purchasers in whole or in part at or prior to the Closing.

9.1 Signing and Delivery of Instruments. The Sellers shall have executed and delivered all documents, instruments and certificates required to be executed and delivered pursuant to all of the provisions of this Agreement.

9.2 Unfavorable Action or Proceeding. On the Closing Date, no orders, decrees, judgments or injunctions of any court or governmental body shall be in effect, and no claims, actions, suits, proceedings, arbitrations or investigations shall be pending or threatened, which challenge or seek to challenge, or which could prevent or cause the rescission of, the consummation of the transactions contemplated in this Agreement.

9.3 Performance of Covenants. The Sellers shall have in all material respects performed or complied with each and all of the obligations, covenants, agreements and conditions required to be performed or complied with by the Sellers on or prior to the Closing Date.

9.4 Opinion of Sellers' Counsel. The Purchasers shall have received the favorable opinion of the Sellers' counsel (which may be in-house counsel), dated the Closing Date, in a form agreed upon by the Parties prior to Closing.

9.5 Hart-Scott-Rodino Filings. Any and all filings required to be made and notices required to be given pursuant to the HSR Act shall have been made, all approvals or consents required thereby shall have been obtained and the waiting periods required thereby, if any, shall have expired or terminated.

9.6 Governmental Authorizations. The Parties shall have obtained all material licenses, permits, certificates of need and authorizations from governmental agencies or governmental bodies that are necessary or required for completion of the transactions contemplated by this Agreement, including, without limitation, approval from the IHFSRB, the expression of a no objection position by the Attorney General of Illinois regarding the purchase and sale of the Acquired Assets by the Purchasers and the Sellers, and reasonable assurances that any other material licenses, permits, certificates of need and authorizations not actually issued as of the Closing will be issued following Closing (which may include oral assurances from appropriate governmental agencies or bodies).

9.7 Assumed Contract Consents; Payor Contracts. The Sellers shall have obtained the Material Consents. "**Material Consents**" mean consents for those Material Contracts listed on Schedule 9.7.

9.8 Title Insurance Policy. The Purchasers shall have received a fully effective Title Policy issued to the Purchasers by the Title Company covering the Owned Real Property in the aggregate amount allocated to the Owned Real Property in Schedule 9.8, which may be in the form of a marked Title Commitment (or pro forma Title Policy) binding the Title Company to issue the final Title Policy (the "**Marked Commitment**"). With delivery of the Marked Commitment, the Title Company is confirming to the Purchasers that (i) all of the conditions of Schedule B – Section I of the Title Commitment to the issuance of the final Title Policy have been fully satisfied, except for payment of the Purchaser Price and (ii) except for payment of the Purchase Price, there are no other unsatisfied conditions, qualifications or reservations to the effectiveness of the Marked Commitment, and that the Title Company is otherwise unconditionally obligated and prepared to issue the final title policy to the Purchaser in the form required by the Marked Commitment. The Title Policy shall show fee simple title to the Owned Real Property vested in the Purchasers, subject only to the Permitted Encumbrances, other than those intended to be paid off or discharged by Sellers pursuant to Section 4.7(b)(ii) and (vi). The Title Policy shall include policy modification endorsement 4 ("extended coverage" endorsement) deleting general policy exception numbers 1-5 of Schedule B of the Title Policy.

9.9 Schedules. The provisions of the Disclosure Schedules that were supplemented, updated or amended by the Sellers after the Execution Date, if any, shall be acceptable to the Purchasers in their reasonable discretion, and the provisions of any other Schedules that were supplemented, updated or amended after the Execution Date, if any, shall be acceptable to the Purchasers in their sole discretion.

9.10 Warranties True and Correct. The representations and warranties made by the Sellers in Article 4 shall be true and correct in all material respects when made and as of the Closing Date.

9.11 Approval of Roman Catholic Church. The Sellers shall have received all required approvals of the Roman Catholic Church required to be obtained by the Sellers or any affiliate of the Sellers under canon law, regarding the Sellers' execution of this Agreement and the consummation of the transactions contemplated hereunder.

9.12 Environmental and Other Reports. The Purchasers shall have received environmental and engineering reports with respect to the Facilities prepared by Persons acceptable to the Purchasers and the scope, findings and conclusions of such reports shall be reasonably satisfactory to the Purchasers.

9.13 Approval of Purchasers' Boards of Directors. The boards of directors of the Purchasers shall have ratified the execution of this Agreement and approved the consummation of the transactions contemplated herein, subject to the satisfaction of all Closing conditions applicable to the Purchasers.

9.14 No Material Adverse Change. Since the Execution Date, no Material Adverse Change shall have occurred and no events or circumstances have occurred that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Change in the reasonable discretion of the Purchasers. As used in this Agreement, "**Material Adverse Change**" means any condition, change, event, violation, inaccuracy, circumstance or effect that individually or in the aggregate, could reasonably be expected to result in a material adverse effect on the assets, results of operation or the financial condition of either of the Hospitals or of the Facilities as a whole. Notwithstanding anything to the contrary, "Material Adverse Change" shall not include: (i) changes in the financial or operating performance due to or caused by the announcement of the transactions contemplated by this Agreement or seasonal changes; (ii) changes or proposed changes to any applicable law, reimbursement rates or policies of governmental agencies or bodies that are generally applicable to hospitals or healthcare facilities; (iii) requirements, reimbursement rates, policies or procedures of third party payors or accreditation commissions or organizations that are generally applicable to hospitals or healthcare facilities; (iv) general business, industry or economic conditions, including such conditions related to the business of the Sellers, taken as a whole, or the Purchasers, taken as a whole, that do not disproportionately affect the applicable entities; (v) local, regional, national or international political or social conditions, including the engagement by the United States in hostilities, whether or not pursuant to the declaration of a national emergency or war, or the occurrence of any military or terrorist attack, that do not disproportionately affect the Sellers, taken as a whole, or the Purchasers, taken as a whole; (vi) changes in financial, banking or securities markets (including any disruption thereof and any decline in the price of any security or any market index) that do not disproportionately affect the Sellers, taken as a whole, or the Purchasers, taken as a whole; or (vii) changes in GAAP.

ARTICLE 10

TERMINATION

10.1 Termination. This Agreement may be terminated at any time prior to Closing:

(a) by the mutual written consent of the Parties;

(b) by the Sellers if a material breach of this Agreement has been committed by the Purchasers and such breach has not been (i) waived in writing by the Sellers or (ii) cured by the Purchasers to the reasonable satisfaction of the Sellers within fifteen (15) business days after service by the Sellers upon the Purchasers of a written notice which describes the nature of such breach;

(c) by the Purchasers if a material breach of this Agreement has been committed by the Sellers and such breach has not been (i) waived in writing by the Purchasers or (ii) cured by the Sellers to the reasonable satisfaction of the Purchasers within fifteen (15) business days after service by the Purchasers upon the Sellers of a written notice which describes the nature of such breach;

(d) by the Purchasers if any of the conditions in Article 9 have not been satisfied as of the Closing Date or if satisfaction of any condition in Article 9 is or becomes impossible and the Purchasers has not waived such condition in writing on or before the Closing Date (provided that the failure to satisfy the applicable condition or conditions has occurred by reason other than through the failure of the Purchasers to comply with its obligations under this Agreement);

(e) by the Sellers if any of the conditions in Article 8 have not been satisfied as of the Closing Date or if satisfaction of any such condition in Article 8 is or becomes impossible and the Sellers have not waived such condition in writing on or before the Closing Date (provided that the failure to satisfy the applicable condition or conditions has occurred by reason other than through the failure of the Sellers to comply with their obligations under this Agreement);

(f) by either the Purchasers or the Sellers if the Closing has not occurred (other than through the failure of any Party seeking to terminate this Agreement to comply fully with its obligations under this Agreement) on or before August 30, 2010; or

(g) by Purchaser if, prior to the Effective Date, any of Hospitals or the River Forest Facilities is substantially destroyed, or if, prior to the Effective Date, one or more of such Facilities is substantially damaged by fire, theft, vandalism or other cause or casualty and, as a result, the Sellers are unable to provide twenty-five percent (25%) or more (on a net revenue basis) of the health care services provided by that Facility immediately before the casualty for a period of more than thirty (30) days; provided, however, the Purchasers cannot terminate this Agreement pursuant to this Section if the Sellers otherwise commit to commencing and completing such repairs prior to Closing in such a manner that the services lost because of the damage are operational again and the Parties agree to extend the Closing Date so that the repairs can be completed by the Sellers prior to Closing.

10.2 Termination Consequences. If this Agreement is terminated pursuant to Section 10.1, (a) all further obligations of the Parties under this Agreement shall terminate, except that the obligations in Sections 7.4 (Confidentiality), 14.3 (Governing Law), 14.8 (Confidentiality and Publicity), and 14.12 (Expenses and Attorneys' Fees) shall survive, (b) each Party shall pay the costs and expenses incurred by it in connection with this Agreement, except as provided in Section 14.12, and (c) nothing shall prevent any Party hereto from pursuing any of

its legal rights or remedies that may be granted to any such Party by law against any other Party to this Agreement, except that no Party shall be entitled to obtain Consequential Damages.

ARTICLE 11

POST-CLOSING MATTERS

11.1 Post-Closing Receipt of Assets or Excluded Assets.

(a) Any asset or any liability, all other remittances and all mail and other communications that is an Excluded Asset or an Excluded Liability (i) pursuant to the terms of this Agreement or (ii) as otherwise determined by the Parties' mutual written agreement, and which comes into the possession, custody or control of the Purchasers (or their respective successors-in-interest, assigns or affiliates) shall within ten (10) business days following receipt be transferred, assigned or conveyed by the Purchasers (and their respective successors-in-interest, assigns and affiliates) to the Sellers at the Sellers' cost. Until such transfer, assignment and conveyance, the Purchasers (and their respective successors-in-interest, assigns and affiliates) shall not have any right, title or interest in or obligation or responsibility with respect to such asset or liability except that the Purchasers shall hold such asset in trust for the benefit of the Sellers. The Purchasers (and their respective successors-in-interest, assigns and affiliates) shall have neither the right to offset amounts payable to the Sellers under this Section 11.1(a) against, nor the right to contest its obligation to transfer, assign and convey to the Sellers because of, outstanding claims, liabilities or obligations asserted by the Purchasers against the Sellers including but not limited to pursuant to the post-Closing Cash Purchase Price adjustment of Section 2.3 and the indemnification provisions of Section 12.2. If the Purchasers do not remit any payments or remittances due to the Sellers under this Section 11.1(a) in accordance with the first sentence of this Section 11.1(a), such payments or remittances shall bear interest at the Prime Rate in effect on the calendar day upon which such payment was required to be made to the Sellers (the "**Seller Payment Due Date**") plus two percent (2%) per annum (or the maximum rate allowed by law, whichever is less), such interest accruing after the Seller Payment Due Date until payment, including all interest thereon, is made to the Sellers. The terms of this Article 11 shall not be subject to the time limitations contained in Section 12.1 of this Agreement.

(b) If the Sellers or any of their affiliates receive any funds paid in respect of any Acquired Assets, Assumed Obligations or services rendered by or on behalf of the Facilities from and after the Effective Date, the Sellers shall remit such funds to the Purchasers within ten (10) business days after receipt thereof, and if the Purchasers or any of their affiliates receive any funds paid in respect of Excluded Assets or Excluded Liabilities, the Purchasers shall remit such funds to the Sellers within ten (10) business days after receipt thereof. Any other asset or liability, and all other remittances, mail and other communications that are Acquired Assets or Assumed Obligations that come into the possession, custody or control of the Sellers (or their successors-in-interest, assigns or affiliates) shall within ten (10) business days following receipt be transferred, assigned or conveyed by the Sellers (and its respective successors-in-interest, assigns and affiliates) to the Purchasers. Until such transfer, assignment and conveyance, the Sellers (and their respective successors-in-interest, assigns and affiliates) shall not have any right, title or interest in or obligation or responsibility with respect to such asset or liability except that the Sellers shall hold such asset in trust for the benefit of the Purchasers. The Sellers

(and their respective successors-in-interest, assigns and affiliates) shall have neither the right to offset amounts payable to the Purchasers under this Section 11.1(b) against, nor the right to contest its obligation to transfer, assign and convey to the Purchasers because of, outstanding claims, liabilities or obligations asserted by the Sellers against the Purchasers including but not limited to pursuant to the post-Closing Cash Purchase Price adjustment of Section 2.3 and the indemnification provisions of Section 12.3. If the Sellers do not remit any payments or remittances due to the Purchasers under this Section 11.1(b) in accordance with the first sentence of this Section 11.1(b), such payments or remittances shall bear interest at the Prime Rate in effect on the calendar day upon which such payment was required to be made to the Purchasers (the "**Purchasers Payment Due Date**") plus two percent (2%) per annum (or the maximum rate allowed by law, whichever is less), such interest accruing after the Purchasers Payment Due Date until payment, including all interest thereon, is made to the Purchasers.

(c) Notwithstanding the foregoing, the Parties acknowledge that certain disproportionate share payments or other governmental, safety net or similar programs, including those identified in Schedule 11.1(c) (the "**Safety Net Payments**") are determined and paid by the governmental program or payor in a particular governmental fiscal year based on data taken from a prior governmental fiscal year. If after the Effective Date a Party receives one or more such payments during a governmental fiscal year that includes the Effective Date, the payment shall be apportioned between the Sellers and the Purchasers based on the number of months in the year in which the payment is made (pro-rated for any partial months as necessary) prior to the Effective Date (in the case of the Sellers) and after the Effective Date (in the case of the Purchasers) the Sellers and the Purchasers each owned the Facilities; provided, however, that to the extent Safety Net Payments due in one governmental fiscal year are paid in a subsequent governmental fiscal year, the Safety Net Payments will be apportioned among the Parties as if they had been made in the governmental fiscal year such payments were due.

(d) To the extent that Medicare, Medicaid, Blue Cross and other third party payors offset any amounts owing to the Purchasers for periods from and after the Effective Date, or require the Purchasers to pay any amounts to such third parties for periods from and after the Effective Date, in each case, as a result of any amounts owing (or allegedly owing) to such third parties by the Sellers in respect of periods prior to the Effective Date (the "**Purchaser Offset Amounts**"), the Purchasers shall promptly notify the Sellers of the same and, within fifteen (15) business days of receipt of such notice, the Sellers shall reimburse the Purchasers the amount that has been offset or the amount that the Purchasers are required to pay, as applicable. Without limiting the Sellers' obligations contained in this Section 11.1(d), upon reimbursement or payment of the amount due to the Purchasers, (i) the Sellers shall have the right to dispute with the applicable payor any such offsets or amounts alleged to be owed to such payor, (ii) the Sellers and the Purchasers shall reasonably cooperate with each other in connection with the Sellers' pursuit of such dispute and (iii) if the Purchasers subsequently receive any refund from the applicable payor of any amount which the Sellers have paid to the Purchasers pursuant to this Section 11.1(d), the Purchasers shall, within fifteen (15) business days after receipt thereof, pay such amount to the Sellers. To the extent that Medicare, Medicaid, Blue Cross and other third party payors offset any amounts owing to the Sellers for periods prior to the Effective Date, or require the Sellers to pay any amounts to such third parties for periods prior to the Effective Date, in each case, as a result of any amounts owing (or allegedly owing) to such third parties by the Purchasers in respect of periods on or after the Effective Date (the "**Seller Offset**

Amounts"), the Sellers shall promptly notify the Purchasers of the same and, within fifteen (15) business days of receipt of such notice, the Purchasers shall reimburse the Sellers the amount that has been offset or the amount that the Sellers are required to pay, as applicable. Without limiting the Purchasers' obligations contained in this Section 11.1(d), upon reimbursement or payment of the amount due to the Sellers, (i) the Purchasers shall have the right to dispute with the applicable payor any such offsets or amounts alleged to be owed to such payor, (ii) the Purchasers and the Sellers shall reasonably cooperate with each other in connection with the Purchasers' pursuit of such dispute and (iii) if the Sellers subsequently receive any refund from the applicable payor of any amount which the Purchasers have paid to the Sellers pursuant to this Section 11.1(d), the Sellers shall, within fifteen (15) business days after receipt thereof, pay such amount to the Purchasers.

11.2 Preservation and Access to Records After the Closing.

(a) From the Closing Date until seven (7) years after the Closing Date or such longer periods as are legally required (including in connection with any known or threatened governmental investigation or proceeding, or known or threatened civil or criminal proceeding of which the Sellers shall have notified the Purchasers with respect to document retention; provided that such notice identifies the applicable documentation or other records required to be retained with reasonable specificity) (the "**Document Retention Period**"), the Purchasers shall keep and preserve all medical records, patient records, employee records, medical staff records and other books and records which are among the Acquired Assets as of the Effective Date, but excluding any records which are among the Excluded Assets. If, after the expiration of the Document Retention Period but prior to the expiration of applicable statues of limitation or other legal record retention requirements, the Purchaser intends to destroy or otherwise dispose of any medical records for periods prior to the Effective Date, the Purchaser shall provide written notice to the Sellers of the Purchasers intention no later than forty-five (45) days prior to the date of such intended destruction or disposal and the Sellers shall have the right, at their sole cost, to take possession of such medical records during such period.

(b) The Purchasers will afford to the representatives of the Sellers, including their counsel and accountants, full and complete access to, and copies (including, electronic and color copies) of, such records (including electronic and color records) with respect to time periods prior to the Effective Date (including access to records of patients treated at the Facilities prior to the Effective Date) during normal business hours after the Effective Date, to the extent reasonably needed by the Sellers or the Sellers' affiliates for proper business purposes, subject to reasonable restrictions pertaining to the time and place of such access.

(c) With respect to any electronic or other records which are among the Excluded Assets but relate to the Acquired Assets or Assumed Obligations, the Sellers will afford to the representatives of the Purchasers, including their counsel and accountants, full and complete access to, and copies of (including electronic and color copies), such records with respect to time periods prior to the Effective Date, during normal business hours after the Effective Date, to the extent related to the Acquired Assets or Assumed Obligations and reasonably needed by the Purchasers for proper business purposes, subject to reasonable restrictions pertaining to the time and place of such access.

(d) The Purchasers shall give reasonable cooperation to the Sellers, the Sellers' affiliates and their insurance carriers in respect of the defense of claims by third parties against the Sellers or any affiliate of the Sellers, in respect of events occurring prior to the Effective Date with respect to the operation of the Facilities. Such cooperation shall include, without limitation, making the Hired Employees available for interviews, depositions, hearings and trials. Such cooperation shall also include making all of their employees available to assist in the securing and giving of evidence and in obtaining the presence and cooperation of witnesses. In addition, the Sellers and the Sellers' affiliates shall be entitled to remove from the Facilities originals of any such records, but only for purposes of pending litigation involving the Persons to whom such records refer, as certified in writing prior to removal by counsel retained by the Sellers or any of the Sellers' affiliates in connection with such litigation. Any records so removed from the Facilities shall be promptly returned to the Purchasers following the Sellers' or its applicable affiliate's use of such records.

(e) For the purpose of (i) transitioning the Facilities to the Purchasers pursuant to the transaction contemplated by this Agreement, (ii) granting the Sellers' access to the Excluded Assets, (iii) enabling the Sellers to satisfy its obligations under the Excluded Liabilities and (iv) enabling the Sellers to prepare the Final Combined Balance Sheet pursuant to Section 2.3, the Purchasers shall after the Effective Date give the Sellers, the Sellers' affiliates and their respective representatives access during normal business hours to the Purchasers' books, accounts and records and all other relevant documents and information with respect to the Acquired Assets, Excluded Liabilities and pre-Closing business of the Facilities as representatives of the Sellers and the Sellers' affiliates may from time to time reasonably request, all in such manner as not to unreasonably interfere with the operations of the Facilities. The Sellers acknowledge that they shall coordinate their activities contemplated by this Section 11.2(e) through Rob Jay, or his designee or successor.

(f) The Purchasers and their representatives shall be given access by the Sellers during normal business hours to the extent reasonably needed by the Purchasers for business purposes to all documents, records, correspondence, work papers and other documents retained by the Sellers pertaining to any of the Acquired Assets or with respect to the operation of the Facilities prior to the Effective Date, all in such manner as to not interfere unreasonably with the Sellers' business. Such documents and other materials shall be, at the Sellers' option, either (i) copied in hard copy or electronic form by the Sellers for the Purchasers, or (ii) removed by the Purchasers from the premises, copied by the Purchasers and promptly returned to the Sellers.

(g) To the maximum extent permitted by law, if any Person requests or demands, by subpoena or otherwise, any documents relating to the Excluded Liabilities, including without limitation, documents relating to the operations of the Facilities or any of the Facilities' committees prior to the Effective Date, prior to any disclosure of such documents, the Purchasers shall notify the Sellers and shall provide the Sellers with the opportunity to object to, and otherwise coordinate with respect to, such request or demand.

(h) No Party shall be entitled to compensation for any cooperation described in Section 11.2(b) through Section 11.2(g) other than reimbursement for its reasonable out-of-pocket expenses.

11.3 Provision of Benefits of Certain Contracts. If, as of the Effective Date, the Sellers are unable to obtain any consent to the assignment of the Sellers' interest in a Material Contract, or if after reasonable effort the Purchasers are unable to enter into a new contract or partial assignment of a contract with respect to an Excluded Multi-Facility Contract that but for being excluded would have been a Material Contract, with respect to one or more of the Facilities, until such consent, partial assignment or new contract is obtained, the Sellers shall use reasonable commercial efforts to provide the Purchasers the benefits of any such Material Contract and, in the case of an Excluded Multi-Facility Contract, the Facilities' portion of any Excluded Multi-Facility Contract not to exceed twelve (12) months in length, by cooperating in any reasonable and lawful arrangement designed to provide such benefits to the Purchasers, and allow the Purchasers to directly enforce such Assumed Contract against the applicable third parties thereto. The Purchasers shall use reasonable commercial efforts to perform, on behalf of the Sellers, the obligations of the Sellers thereunder or in connection therewith arising on and after the Effective Date, with respect to the Acquired Assets, but only to the extent that such action would not result in a material default thereunder or in connection therewith and such obligation would have been, in the case of a Material Contract, an obligation of the Purchasers had it entered into a new contract on substantially similar terms.

11.4 Use of Business Names. Except for the names included as part of the Acquired Assets, the Purchasers covenant that they and their affiliates shall not use directly, indirectly or in any way that implies that the Facilities continue to be affiliated with Resurrection in their respective trades or businesses including any of the Excluded Assets, names, tradenames, trademarks, symbols or world-wide web addresses associated with the Sellers or the Sellers' affiliates, and with respect to any of the foregoing, all abbreviations and variations thereof, and trademarks, trade names, service marks, copyrights and any applications therefor, symbols and logos related thereto, together with any promotional material, stationery, supplies or other items of inventory bearing such names or symbols or abbreviations or variations thereof.

11.5 Removal of Excluded Assets. After the Closing Date, the Purchasers shall provide to the Sellers reasonable access to the Facilities to remove any Excluded Assets at the Facilities on and after the Effective Date, without imposing any charge on the Sellers for the Purchasers' storage or holding of same on and after the Effective Date. Any Excluded Assets not so removed by the Sellers within one hundred twenty (120) days after the Effective Date shall be deemed abandoned by the Sellers and may be retained or disposed of by the Purchasers as they see fit in their sole discretion. The Purchasers shall have no responsibility for such Excluded Assets and the Sellers shall repair any damage to the premises caused by their removal of the Excluded Assets. Notwithstanding the foregoing, any Excluded Assets that are required to remain at the Facilities to enable the Sellers to provide services under the Transition Services Agreement (or pursuant to any other agreement between the Sellers and the Purchasers) shall not be deemed abandoned and shall be permitted to remain at the Facilities during the term of the Transition Services Agreement (or such other agreement between the Sellers and the Purchasers).

ARTICLE 12

SURVIVAL AND INDEMNIFICATION

12.1 Survival. Except as expressly set forth in this Agreement to the contrary, all representations and warranties of the Purchasers and the Sellers, respectively, contained in this Agreement or in any certificate delivered pursuant hereto shall continue to be fully effective and enforceable following the Closing Date for eighteen (18) months and shall thereafter be of no further force and effect, except that the representations and warranties contained in Sections 4.1 and 5.1 shall continue to be fully effective and enforceable following the Closing Date without any time limitation; provided, however, that if there is an outstanding notice of a claim at the end of any such applicable period in compliance with the terms of Section 12.4, such applicable period shall not end in respect of such claim until such claim is resolved. All other covenants, agreements and indemnifications contained in this Agreement or any documents to be delivered hereunder shall survive in accordance with the terms set forth herein or therein.

12.2 Indemnification of the Purchasers by the Sellers.

12.2.1 Indemnification. The Sellers shall keep and save the Purchasers, their affiliates, and their respective directors, officers, employees, agents and other representatives, forever harmless from and shall indemnify and defend the Purchasers and such other Persons against any and all obligations, judgments, liabilities, penalties, violations, fees, fines, claims, losses, costs, demands, damages, liens, encumbrances and expenses including reasonable attorneys' fees (collectively, "**Damages**"), to the extent connected with or arising or resulting from (a) any breach of any representation or warranty of the Sellers under this Agreement (subject to the survival period set forth in Section 12.1), (b) any breach or default by the Sellers of any covenant or agreement of the Sellers under this Agreement, (c) the Excluded Liabilities, (d) the Excluded Assets, (e) all Taxes relating to the Sellers (the "**Seller Tax Claims**"), (f) any professional liability claim arising out of the business operations of the Facilities prior to the Effective Date and (g) any act, conduct or omission of the Sellers that has accrued, arisen, occurred or come into existence at any time prior to the Effective Date. The Sellers' obligations under this Section 12.2.1 shall remain subject to, and shall be limited by, the provisions contained in Section 1.5. No provision in this Agreement shall prevent the Sellers from pursuing any of their legal rights or remedies that may be granted to the Sellers by law against any Person other than the Purchasers.

12.2.2 Indemnification Limitations. (a) Notwithstanding any provision to the contrary contained in this Agreement, the Sellers shall be under no liability to indemnify the Purchasers under Section 12.2.1 and no claim under Section 12.2.1 of this Agreement shall:

(i) be made unless notice thereof shall have been given by or on behalf of the Purchasers to the Sellers in the manner provided in Section 12.4, unless failure to provide such notice in a timely manner does not materially impair the Sellers' ability to defend their rights, mitigate damages, seek indemnification from a third party or otherwise protect their interests;

(ii) be made to the extent that any loss may be recovered under a policy of insurance in force on the date of loss; provided, however, that this Section 12.2.2(a)(ii) shall not apply to deductibles or copayments, any self-insurance program or insurance provided by captive affiliates, or to the extent that coverage under the applicable policy of insurance is denied by the applicable insurance carrier;

(iii) be made to the extent that such claim relates to a liability arising out of or relating to any act, omission, event or occurrence connected with:

(A) the use, ownership or operation of the Facilities, or

(B) the use, ownership or operation of any of the Acquired Assets,

on and after the Effective Date (without regard to whether such use, ownership or operation is consistent with the Sellers' policies, procedures and/or practices prior to the Effective Date); other than as specifically included in the Excluded Liabilities;

(iv) be made under Section 12.2.1(a) to the extent that such claim (or the basis therefor) is set forth in the Disclosure Schedules or any Schedule to this Agreement;

(v) be made if and to the extent that proper provision or reserve was made for the matter giving rise to the claim in, or noted in, or taken account of in Net Working Capital;

(vi) be made to the extent such claim relates to an obligation or liability for which the Purchasers have agreed to indemnify the Sellers pursuant to Section 12.3;

(vii) be made to the extent such claim seeks Damages which are consequential in nature (as opposed to direct), including, without limitation, loss of future revenue or income or loss of business reputation or opportunity (collectively, "**Consequential Damages**"); provided, however, the limitation contained in this Section 12.2.2(a)(vii) shall not apply to the extent (A) of any payments which the Purchasers or other indemnified Person is required to make to a third party (other than any third party which is an affiliate of either of the Purchasers) which are in the nature of Consequential Damages;

(viii) be made under Section 12.2.1(a) to the extent that such claim relates to the Purchasers' ability to collect the Accounts Receivable; provided, however, the limitation contained in this Section 12.2.2(a)(viii) shall not apply to any breach by any of the Sellers of its representation and warranty contained in Section 4.15; and

(ix) accrue under Section 12.2.1(a) to the benefit of the Purchasers unless and only to the extent that (A) the actual liability of the Sellers to the Purchasers in respect of any single claim under Section 12.2.1(a) exceeds Ten Thousand Dollars ($10,000) (the "**Relevant Claim Amount**") and (B) the total actual liability of the Sellers to the Purchasers in respect of all Relevant Claims in the aggregate exceeds Fifty

Thousand Dollars ($50,000) (the "**Aggregate Amount**"), in which event the Purchasers or other indemnified Person shall be entitled to seek indemnification under Section 12.2.1(a) for all claims for Damages which exceed the Aggregate Amount.

(b) Notwithstanding any provision to the contrary contained in this Agreement, the maximum aggregate liability of the Sellers to the Purchasers and other indemnified Persons for claims brought under Section 12.2.1(a) shall not exceed an amount equal to fifty percent (50%) of the Cash Purchase Price.

(c) If the Purchasers are entitled to recover any sum (whether by payment, discount, credit or otherwise) from any third party (other than an insurance provider or another Person entitled to indemnification by the Sellers hereunder) in respect of any matter for which a claim of indemnity could be made against the Sellers hereunder, the Purchasers shall use their reasonable endeavors to recover such sum from such third party and any sum recovered will reduce the amount of the claim. If the Sellers pays to the Purchasers an amount in respect of a claim, and the Purchasers subsequently recover from a third party (other than an insurance provider or another Person entitled to indemnification by the Sellers hereunder) a sum which is referable to that claim, the Purchasers shall forthwith repay to the Sellers so much of the amount paid by it as does not exceed the sum recovered from the third party less all reasonable costs, charges and expenses incurred by the Purchasers in obtaining payment in respect of that claim and in recovering that sum from the third party.

12.3 Indemnification of the Sellers by the Purchasers.

12.3.1 Indemnification. The Purchasers shall keep and save the Sellers, and the Sellers' respective directors, officers, employees, agents and other representatives, forever harmless from and shall indemnify and defend the Sellers and such other Persons against any and all Damages, to the extent connected with or arising or resulting from (a) any breach of any representation or warranty of the Purchasers under this Agreement, (b) any breach or default by the Purchasers under any covenant or agreement of the Purchasers under this Agreement, (c) the Assumed Obligations, (d) any professional liability claim arising out of the business operations of the Facilities on or after the Effective Date; and (e) any act, conduct or omission of the Purchasers related to the Acquired Assets, Assumed Obligations or operations of the Facilities that has accrued, arisen, occurred or come into existence at any time on or after the Effective Date. No provision in this Agreement shall prevent the Purchasers from pursuing any of its legal rights or remedies that may be granted to the Purchasers by law against any Person other than the Sellers or any affiliate of the Sellers.

12.3.2 Indemnification Limitations. (a) Notwithstanding any provision to the contrary contained in this Agreement, the Purchasers shall be under no liability to indemnify the Sellers under Section 12.3.1 and no claim under Section 12.3.1 of this Agreement shall:

(i) be made unless notice thereof shall have been given by or on behalf of the Sellers to the Purchasers in the manner provided in Section 12.4, unless failure to provide such notice in a timely manner does not materially impair the Purchasers' ability to defend its rights, mitigate damages, seek indemnification from a third party or otherwise protect its interests;

(ii) be made to the extent that any loss may be recovered under a policy of insurance in force on the date of loss; provided, however, that this Section 12.3.2(a)(ii) shall not apply to deductibles or copayments, any self-insurance program or insurance provided by captive affiliates, or to the extent that coverage under the applicable policy of insurance is denied by the applicable insurance carrier;

(iii) be made to the extent that such claim relates to a liability of the Sellers arising out of or relating to any act, omission, event or occurrence connected with:

(A) the use, ownership or operation of the Facilities, or

(B) the use, operation or ownership of any of the Acquired Assets,

prior to the Effective Date, other than as specifically included in the Assumed Obligations;

(iv) be made to the extent such claim relates to an obligation or liability for which the Sellers have agreed to indemnify the Purchasers pursuant to Section 12.2;

(v) be made to the extent such claim seeks Consequential Damages; provided, however, the limitation contained in this Section 12.3.2(a)(v) shall not apply to the extent of any payments which the Sellers or any affiliate of the Sellers is required to make to a third party which are in the nature of Consequential Damages; and

(vi) accrue under Section 12.3.1(a) to the benefit of the Sellers unless and only to the extent that (A) the actual liability of the Purchasers to the Sellers in respect of any claim under Section 12.3.1(a) exceeds the Relevant Claim Amount and (B) the total actual liability of the Purchasers in respect of all Relevant Claims exceeds the Aggregate Amount, in which event Sellers and other indemnified Persons shall be entitled to seek indemnification under Section 12.3.1(a) for all claims for Damages which exceed the Aggregate Amount.

(b) Notwithstanding any provision to the contrary contained in this Agreement, the maximum aggregate liability of the Purchasers to Sellers and other indemnified Persons for claims brought under Section 12.3.1(a) shall not exceed an amount equal to fifty percent (50%) of the Cash Purchase Price.

(c) If the Sellers are entitled to recover any sum (whether by payment, discount, credit or otherwise) from any third party in respect of any matter for which a claim of indemnity could be made against the Purchasers hereunder, the Sellers shall use reasonable endeavors to recover such sum from such third party and any sum recovered will reduce the amount of the claim. If the Purchasers pays to the Sellers an amount in respect of a claim, and the Sellers subsequently recovers from a third party a sum which is referable to that claim, the Sellers shall forthwith repay to the Purchasers so much of the amount paid by it as does not exceed the sum recovered from the third party less all reasonable costs, charges and expenses incurred by the Sellers in obtaining payment in respect of that claim and in recovering that sum from the third party.

12.4 Method of Asserting Claims. All claims for indemnification by any person entitled to indemnification (the "**Indemnified Party**") under this Article 12 will be asserted and resolved as follows:

(a) In the event any claim or demand, for which a party hereto (an "**Indemnifying Party**") would be liable for the Damages to an Indemnified Party, is asserted against or sought to be collected from such Indemnified Party by a person other than the Sellers, the Purchasers or their affiliates (a "**Third Party Claim**"), the Indemnified Party shall deliver a notice of its claim (a "**Claim Notice**") to the Indemnifying Party within thirty (30) calendar days after the Indemnified Party receives written notice of such Third Party Claim; provided, however, that notice shall be provided to the Indemnifying Party within fifteen (15) calendar days after receipt of a complaint, petition or institution of other formal legal action by the Indemnified Party. If the Indemnified Party fails to provide the Claim Notice within such applicable time period after the Indemnified Party receives written notice of such Third Party Claim and thereby materially impairs the Indemnifying Party's ability to protect its interests, the Indemnifying Party will not be obligated to indemnify the Indemnified Party with respect to such Third Party Claim. The Indemnifying Party will notify the Indemnified Party within thirty (30) calendar days after receipt of the Claim Notice (the "**Notice Period**") whether the Indemnifying Party desires, at the sole cost and expense of the Indemnifying Party, to defend the Indemnified Party against such Third Party Claim.

(i) If the Indemnifying Party notifies the Indemnified Party within the Notice Period that the Indemnifying Party desires to defend the Indemnified Party with respect to the Third Party Claim pursuant to this Section 12.4(a), then subject to the immediately succeeding sentence the Indemnifying Party will have the right to defend, at its sole cost and expense, such Third Party Claim by all appropriate proceedings, which proceedings will be prosecuted by the Indemnifying Party to a final conclusion or will be settled at the discretion of the Indemnifying Party. To the extent the Third Party Claim is solely for money damages, the Indemnifying Party will have full control of such defense and proceedings, including any compromise or settlement thereof. Notwithstanding the foregoing, the Indemnified Party may, at its sole cost and expense, file during the Notice Period any motion, answer or other pleadings that the Indemnified Party may deem necessary or appropriate to protect its interests or those of the Indemnifying Party and which is not prejudicial, in the reasonable judgment of the Indemnifying Party, to the Indemnifying Party. Except as provided in Section 12.4(a)(ii) hereof, if an Indemnificd Party takes any such action that is prejudicial and causes a final adjudication that is adverse to the Indemnifying Party, the Indemnifying Party will be relieved of its obligations hereunder with respect to the portion of such Third Party Claim prcjudiced by the Indemnified Party's action. If requested by the Indemnifying Party, the Indemnified Party agrees, at the sole cost and expense of the Indemnifying Party, to cooperate with the Indemnifying Party and its counsel in contesting any Third Party Claim that the Indemnifying Party elects to contest, or, if appropriate and related to the Third Party Claim in question, in making any counterclaim against the person asserting the Third Party Claim, or any cross-complaint against any person (other than the Indemnified Party or any of its affiliates). The Indemnified Party may participate in, but not control, any defense or settlement of any Third Party Claim controlled by the Indemnifying Party pursuant to this Section 12.4(a)(i), and except as specifically provided in this

Section 12.4(a)(i), the Indemnified Party will bear its own costs and expenses with respect to such participation.

(ii) If the Indemnifying Party fails to notify the Indemnified Party within the Notice Period that the Indemnifying Party desires to defend the Indemnified Party pursuant to this Section 12.4(a), or if the Indemnifying Party gives such notice but fails to prosecute diligently or settle the Third Party Claim, or if the Indemnifying Party fails to give any notice whatsoever within the Notice Period, then the Indemnified Party will have the right to defend, at the sole cost and expense of the Indemnifying Party, the Third Party Claim by all appropriate proceedings, which proceedings will be promptly and reasonably prosecuted by the Indemnified Party to a final conclusion or will be settled at the discretion of the Indemnified Party. The Indemnified Party will have full control of such defense and proceedings, including any compromise or settlement thereof; provided, however, that if requested by the Indemnified Party, the Indemnifying Party agrees, at the sole cost and expense of the Indemnifying Party, to cooperate with the Indemnified Party and its counsel in contesting any Third Party Claim which the Indemnified Party is contesting, or, if appropriate and related to the Third Party Claim in question, in making any counterclaim against the person asserting the Third Party Claim, or any cross-complaint against any person (other than the Indemnifying Party or any of its affiliates). Notwithstanding the foregoing provisions of this Section 12.4(a)(ii), if the Indemnifying Party has notified the Indemnified Party with reasonable promptness that the Indemnifying Party disputes its liability to the Indemnified Party with respect to such Third Party Claim and if such dispute is resolved in favor of the Indemnifying Party, the Indemnifying Party will not be required to bear the costs and expenses of the Indemnified Party's defense pursuant to this Section 12.4(a)(ii) or of the Indemnifying Party's participation therein at the Indemnified Party's request, and the Indemnified Party will reimburse the Indemnifying Party in full for all reasonable costs and expenses incurred by the Indemnifying Party in connection with such litigation. Subject to the above terms of this Section 12.4(a)(ii), the Indemnifying Party may participate in, but not control, any defense or settlement controlled by the Indemnified Party pursuant to this Section 12.4(a)(ii), and the Indemnifying Party will bear its own costs and expenses with respect to such participation. The Indemnified Party shall give sufficient prior notice to the Indemnifying Party of the initiation of any discussions relating to the settlement of a Third Party Claim to allow the Indemnifying Party to participate therein.

(b) In the event any Indemnified Party should have a claim against any Indemnifying Party hereunder that either (i) does not involve a Third Party Claim being asserted against or sought to be collected from the Indemnified Party or (ii) is a the Seller Tax Claim, the Indemnified Party shall deliver an Indemnity Notice (as hereinafter defined) to the Indemnifying Party. (The term "**Indemnity Notice**" shall mean written notification of a claim for indemnity under Article 12 hereof (which claim does not involve a Third Party Claim or is a the Seller Tax Claim) by an Indemnified Party to an Indemnifying Party pursuant to this Section 12.4, specifying the nature of and specific basis for such claim and the amount or the estimated amount of such claim.) The failure by any Indemnified Party to give the Indemnity Notice shall not impair such party's rights hereunder except to the extent that an Indemnifying Party demonstrates that it has been prejudiced thereby.

(c) If the Indemnifying Party does not notify the Indemnified Party within thirty (30) calendar days following its receipt of a Claim Notice or an Indemnity Notice that the Indemnifying Party disputes its liability to the Indemnified Party hereunder, such claim specified by the Indemnified Party will be conclusively deemed a liability of the Indemnifying Party hereunder and the Indemnifying Party shall pay the amount of such liability to the Indemnified Party on demand, or on such later date (i) in the case of a Third Party Claim, as the Indemnified Party suffers the Damages in respect of such Third Party Claim, (ii) in the case of an Indemnity Notice in which the amount of the claim is estimated, when the amount of such claim becomes finally determined or (iii) in the case of a the Seller Tax Claim, within fifteen (15) calendar days following final determination of the item giving rise to the claim for indemnity. If the Indemnifying Party has timely disputed its liability with respect to such claim, as provided above, the Indemnifying Party and the Indemnified Party agree to proceed in good faith to negotiate a resolution of such dispute, and if not resolved through negotiations, such dispute will be resolved by adjudication by a court or similar tribunal.

(d) The Indemnified Party agrees to give the Indemnifying Party reasonable access to the books and records and employees of the Indemnified Party in connection with the matters for which indemnification is sought hereunder, to the extent the Indemnifying Party reasonably deems necessary in connection with its rights and obligations hereunder.

(e) The Indemnified Party shall assist and cooperate with the Indemnifying Party in the conduct of litigation, the making of settlements and the enforcement of any right of contribution to which the Indemnified Party may be entitled from any person or entity in connection with the subject matter of any litigation subject to indemnification hereunder. In addition, the Indemnified Party shall, upon request by the Indemnifying Party or counsel selected by the Indemnifying Party (without payment of any fees or expenses to the Indemnified Party or an employee thereof), attend hearings and trials, assist in the securing and giving of evidence, assist in obtaining the presence or cooperation of witnesses, and make available its own personnel; and shall do whatever else is necessary and appropriate in connection with such litigation. The Indemnified Party shall not make any demand upon the Indemnifying Party or counsel for the Indemnifying Party in connection with any litigation subject to indemnification hereunder, except a general demand for indemnification as provided hereunder. If the Indemnified Party shall fail to perform such obligations as Indemnified Party hereunder or to cooperate fully with the Indemnifying Party in Indemnifying Party's defense of any suit or proceeding, such cooperation to include, without limitation, attendance at all depositions and the provision of all documents (subject to appropriate privilege) relevant to the defense of any claim, then, except where such failure does not have materially impair the Indemnifying Party's defense after notice to the Indemnified Party and ten (10) days to cure, the Indemnifying Party shall be released from all of its obligations under this Agreement with respect to that suit or proceeding and any other claims which had been raised in such suit or proceeding.

(f) Following indemnification as provided for hereunder, the Indemnifying Party shall be subrogated to all rights of the Indemnified Party with respect to all persons or entities relating to the matter for which indemnification has been made; provided, however, that the Indemnifying Party shall have no subrogation rights to seek reimbursement through or from the Indemnified Party's insurance policies, program, coverage, carriers or beneficiaries.

12.5 Exclusive. Other than claims for fraud or equitable relief (which equitable relief claims are nevertheless subject to Section 12.1), any claim arising under this Agreement or in connection with or as a result of the transactions contemplated by this Agreement or any Damages or injury alleged to be suffered by any party as a result of the actions or failure to act by any other party shall, unless otherwise specifically stated in this Agreement, be governed solely and exclusively by the provisions of this Article 12. If the Sellers and the Purchasers cannot resolve such claim by mutual agreement, such claim shall be determined by adjudication by a court or other tribunal subject to the provisions of this Article 12.

ARTICLE 13

TAX AND COST REPORT MATTERS

13.1 Tax Matters; Allocation of Purchase Price.

(a) After the Closing Date, the Parties shall cooperate fully with each other and shall make available to each other, as reasonably requested, all information, records or documents relating to tax liabilities or potential tax liabilities attributable to the Sellers with respect to the operation of the Facilities for all periods prior to the Effective Date and shall preserve all such information, records and documents at least until the expiration of any applicable statute of limitations or extensions thereof. The Parties shall also make available to each other as reasonably required, and at the reasonable cost of the requesting party (for out-of-pocket costs and expenses only), personnel responsible for preparing or maintaining information, records and documents in connection with tax matters.

(b) The Purchase Price shall be allocated among each category of the Acquired Assets in accordance with Schedule 13.1(b). The Sellers and the Purchasers hereby agree to allocate the Purchase Price in accordance with Schedule 13.1(b), to be bound by such allocations, to account for and report the purchase and sale of the Acquired Assets contemplated hereby for federal and state tax purposes in accordance with such allocations, and not to take any position (whether in tax returns, tax audits, or other tax proceedings), which is inconsistent with such allocations without the prior written consent of the other Parties.

13.2 Cost Report Matters.

(a) After the Effective Date, the Sellers shall timely file all Medicare, Medicaid, TRICARE, Blue Cross and any other termination cost reports required to be filed as a result of the consummation of (a) the transfer of the Acquired Assets to the Purchasers and (b) the transactions contemplated by this Agreement (the "**Seller Cost Reports**"). All such termination cost reports shall be filed by the Sellers in a manner that is consistent with the then current laws, rules and regulations. The Sellers will be solely responsible, financially and otherwise, for the contents of all such termination cost reports (and related claims and documentation) and shall retain the right to control the appeal of any Medicare, Medicaid or Blue Cross determinations relating to any of the Seller Cost Reports. The Sellers recognize that the Blue Cross cost reports filed by the Sellers will affect Blue Cross reimbursement to the Purchasers in periods after Closing. Therefore, the Sellers will provide to the Purchasers a reasonable opportunity to review the Sellers' Blue Cross cost reports prior to the filing thereof

and will consider in good faith the Purchasers' comments that may affect their reimbursement in future periods.

(b) The Purchasers shall forward to the Sellers any and all correspondence relating to the Seller Cost Reports or rights to settlements and retroactive adjustments on the Seller Cost Reports ("**Agency Settlements**") within fifteen (15) business days after receipt by the Purchasers. The Purchasers will forward any demand for payments with respect to the Agency Settlements or the Seller Cost Reports within fifteen (15) business days after receipt by the Purchasers.

(c) Upon reasonable notice and during normal business office hours, the Purchasers will cooperate with the Sellers in regard to the preparation and filing of the Seller Cost Reports. Upon reasonable notice and during normal business office hours, the Purchasers will cooperate with the Sellers in connection with any cost report disputes and/or other claim adjudication matters relative to governmental program reimbursement. Such cooperation shall include, at Sellers' cost, obtaining files at the Facilities and the Purchasers' provision to the Sellers of data and statistics, and the coordination with the Sellers pursuant to reasonable notice of Medicare, Medicaid and Blue Cross exit conferences or meetings.

ARTICLE 14

MISCELLANEOUS PROVISIONS

14.1 Further Assurances and Cooperation. The Sellers shall execute, acknowledge and deliver to the Purchasers any and all other assignments, consents, approvals, conveyances, assurances, documents and instruments reasonably requested by the Purchasers at any time and shall take any and all other actions reasonably requested by the Purchasers at any time for the purpose of more effectively assigning, transferring, granting, conveying and confirming to the Purchasers, the Acquired Assets. After consummation of the transaction contemplated in this Agreement, the Parties agree to cooperate with each other and take such further actions as may be necessary or appropriate to effectuate, carry out and comply with all of the terms of this Agreement, the documents referred to in this Agreement and the transactions contemplated hereby.

14.2 Successors and Assigns. All of the terms and provisions of this Agreement shall be binding upon and shall inure to the benefit of and be enforceable by the respective successors and assigns of the Parties hereto; provided, however, that no party hereto may assign any of its rights or delegate any of its duties under this Agreement without the prior written consent of the other Parties, except that the Purchasers may assign any of their rights or delegate any of their duties under this Agreement to any wholly-owned subsidiary of the Purchasers upon the Sellers' receipt of the Purchasers' guaranty of such wholly-owned subsidiary's obligations, in a form reasonably acceptable to the Sellers. The Purchasers may designate one or more affiliates to take title to some of the Acquired Assets or to assume some of the Assumed Obligations upon the Sellers' receipt of evidence that such affiliates have agreed to assume all of the Purchasers' obligations hereunder related to such assets or obligations and the Purchasers and the affiliates have complied with applicable laws and regulations governing the transfer of such assets or obligations, in a form reasonably acceptable to the Sellers.

14.3 Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Illinois as applied to contracts made and performed within the State of Illinois. The Parties hereby waive their right to claim in any proceeding involving this Agreement that the law of any jurisdiction other than the State of Illinois shall apply to such dispute; and the Parties hereby covenant that they shall assert no such claim in any dispute arising under this Agreement.

14.4 Amendments. This Agreement may not be amended other than by written instrument signed by the Parties.

14.5 Schedules and Disclosure Schedules. The Disclosure Schedules and Schedules referred to in this Agreement shall be attached hereto and are incorporated by reference herein. From the Execution Date until the Closing, the Sellers shall update the Disclosure Schedules that are attached to this Agreement as of the Effective Date if and to the extent required by Section 6.13, and the Parties may mutually agree to update any other Schedules. With respect to any Disclosure Schedules or other Schedules that have been completed and attached to the Agreement, such Schedules will be prepared and attached to this Agreement at such time as the Parties agree. Until all such Schedules are final and acceptable to the Parties and attached to this Agreement, any Party may terminate this Agreement for any reason upon notice to the other Parties without penalty or liability for breach or default. Any matter disclosed in this Agreement or in the Disclosure Schedules with reference to any Section of this Agreement shall be deemed a disclosure in respect of all sections to which such disclosure may apply.

14.6 Notices. Any notice, demand or communication required, permitted, or desired to be given hereunder shall be deemed effectively given when personally delivered, when received by telegraphic or other electronic means (including facsimile) or overnight courier, or five (5) calendar days after being deposited in the United States mail, with postage prepaid thereon, certified or registered mail, return receipt requested, addressed as follows:

If to the Sellers:	Resurrection Health Care Corporation 7435 W. Talcott Avenue Chicago, IL 60631 Attention: Sandra Bruce, President and CEO Facsimile No.: Available upon request
With a copy to:	Resurrection Health Care Corporation 7435 W. Talcott Avenue Chicago, IL 60631 Attention: Jeannie C. Frey, Esq., Senior Vice President and General Counsel Facsimile No.: Available upon request
With a copy to:	McDermott Will & Emery LLP 227 W. Monroe Street Suite 4700

Chicago, IL 60606
Attention: Kerrin B. Slattery
Facsimile No.: 312.984.7700

If to the Purchasers: Vanguard Health Management, Inc.
20 Burton Hills Boulevard, Suite 100
Nashville, Tennessee 37215
Attention: Senior Vice President – Development
Facsimile No.: 615.665.6181

With a copy to: Vanguard Health Management, Inc.
20 Burton Hills Boulevard, Suite 100
Nashville, TN 37215
Attention: General Counsel
Facsimile No. 615.665.6197

or at such other address as one party may designate by notice hereunder to the other Parties.

14.7 Headings. The section and other headings contained in this Agreement and in the Disclosure Schedules and Schedules to this Agreement are included for the purpose of convenient reference only and shall not restrict, amplify, modify or otherwise affect in any way the meaning or interpretation of this Agreement or the Disclosure Schedules and Schedules hereto.

14.8 Confidentiality and Publicity. The Parties hereto shall hold in confidence the information contained in this Agreement, and all information related to this Agreement, which is not otherwise known to the public, shall be held by each party hereto as confidential and proprietary information and shall not be disclosed without the prior written consent of the other Parties. Accordingly, the Purchasers and the Sellers shall not discuss with, or provide nonpublic information to, any third party (except for such party's attorneys, accountants, directors, officers and employees, the directors, officers and employees of any affiliate of any party hereto, and other consultants and professional advisors) concerning this transaction prior to the Effective Date, except: (a) as required by law or in governmental filings or judicial, administrative or arbitration proceedings, including without limitation any filings to be made by the Parties with respect to the HSR Act, to the IHFSRB, the Attorney General of Illinois, or other governmental agencies or bodies, and the authorities or individuals associated with the Roman Catholic Church; provided, however, each party shall consult with the other party prior to making any such filings and the applicable party shall modify any portion thereof if the other party reasonably objects thereto, unless the same may be required by applicable law; (b) pursuant to public announcements made with the prior written approval of the Sellers and the Purchasers, or (c) to enforce its rights under this Agreement. The rights of the Sellers under this Section 14.8 shall be in addition and not in substitution for the rights of the Sellers and the Sellers' affiliates under the Confidentiality Agreement, which shall survive Closing.

14.9 Fair Meaning. This Agreement shall be construed according to its fair meaning and as if prepared by all Parties hereto.

14.10 Gender and Number; Construction. All references to the neuter gender shall include the feminine or masculine gender and vice versa, where applicable, and all references to the singular shall include the plural and vice versa, where applicable. Unless otherwise expressly provided, the word "including" followed by a listing does not limit the preceding words or terms and shall mean "including, without limitation."

14.11 Third Party Beneficiary. None of the provisions contained in this Agreement are intended by the Parties, nor shall they be deemed, to confer any benefit on any person not a party to this Agreement.

14.12 Expenses and Attorneys' Fees. Except as otherwise provided in this Agreement, each party shall bear and pay its own costs and expenses relating to the preparation of this Agreement and to the transactions contemplated by, or the performance of or compliance with any condition or covenant set forth in, this Agreement, including without limitation, the disbursements and fees of their respective attorneys, accountants, advisors, agents and other representatives, incidental to the preparation and carrying out of this Agreement, whether or not the transactions contemplated hereby are consummated. The Parties expressly agree further that all documentary transfer taxes, stamp taxes and recording charges in connection with the conveyance of the Acquired Assets to the Purchasers shall be shared equally by the Sellers, on the one hand, and by the Purchasers, on the other hand. The Parties expressly agree further that the following costs and expenses shall be borne by the Sellers: (a) all costs of the Title Commitment and the Title Policy (in an amount not to exceed the cost of a standard owners' policy of title insurance); and (b) all costs and expenses associated with obtaining any required consents, including, without limitation, any fees payable to the Attorney General of Illinois as required in connection with obtaining approval of the transactions contemplated by this Agreement. The Parties expressly agree further that the following costs and expenses shall be borne by the Purchasers: (w) all costs of the Title Commitment and the Title Policy in excess of the cost of a standard owners' policy of title insurance or in excess of the mutually agreed amount, and all endorsements thereto; (x) all costs of the Surveys and the Purchasers' environmental and engineering reports; (y) all reasonable costs incurred by Sellers in connection with transferring email records pursuant to Section 1.1(j), as further described on Schedule 14.12; and (z) auditor engagement fees, auditor fees and costs, and the hourly rate for hours worked by senior finance staff of the Sellers or its affiliates (as documented and supported by the auditing firm) incurred by the Sellers related to the audits required by the Purchasers under Section 6.5(b). If any action is brought by any party to enforce any provision of this Agreement, the prevailing party shall be entitled to recover its court costs and reasonable attorneys' fees.

14.13 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement, binding on all of the Parties hereto. The Parties agree that facsimile copies of signatures shall be deemed originals for all purposes hereof and that a Party may produce such copies, without the need to produce original signatures, to prove the existence of this Agreement in any proceeding brought hereunder.

14.14 Entire Agreement. This Agreement, the Disclosure Schedules and Schedules, and the documents referred to in this Agreement contain the entire understanding between the Parties with respect to the transactions contemplated hereby and supersede all prior or contemporaneous

agreements, understandings, representations and statements, oral or written, between the Parties on the subject matter hereof (the "**Superseded Agreements**"), which Superseded Agreements shall be of no further force or effect.

14.15 No Waiver. Any term, covenant or condition of this Agreement may be waived at any time by the party which is entitled to the benefit thereof but only by a written notice signed by the party expressly waiving such term or condition. The subsequent acceptance of performance hereunder by a party shall not be deemed to be a waiver of any preceding breach by any other party of any term, covenant or condition of this Agreement, other than the failure of such other party to perform the particular duties so accepted, regardless of the accepting party's knowledge of such preceding breach at the time of acceptance of such performance. The waiver of any term, covenant or condition shall not be construed as a waiver of any other term, covenant or condition of this Agreement.

14.16 Severability. If any term, provision, condition or covenant of this Agreement or the application thereof to any party or circumstance shall be held to be invalid or unenforceable to any extent in any jurisdiction, then the remainder of this Agreement and the application of such term, provision, condition or covenant in any other jurisdiction or to persons or circumstances other than those as to whom or which it is held to be invalid or unenforceable, shall not be affected thereby, and each term, provision, condition and covenant of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

14.17 Mediation. If the Parties are unable to resolve any dispute between them after using good faith efforts to do so for a period of at least thirty (30) days, either Party may request that the dispute be resolved by non-binding mediation upon terms and conditions to be agreed by the Parties at the time of submission. Compliance with this Section 14.17 is a condition precedent to instituting formal legal proceedings in any court of law. Nothing in this Section shall prevent a Party from seeking injunctive or other equitable relief against the other Party.

14.18 Time is of the Essence. Time is of the essence for all dates and time periods set forth in this Agreement and each performance called for in this Agreement.

14.19 Definitions. The terms listed below are defined elsewhere in this Agreement and, for ease of reference, the section containing the definition of each such term is set forth opposite such term.

Term	**Section**
2008 & 2009 Hospital Financials	§4.10(a)
2009 Non-Hospital Financials	§4.10(a)
Accounts Receivable	§1.1(p)
Accrued Paid Time Off	§1.3(c)
Acquired Assets	§1.1
affiliate	§6.6(b)
Agency Settlements	§13.2(b)
Aggregate Amount	§12.2.2(a)(ix)
Agreement	Preamble
Assumed Contracts	§1.1(f)

Term	Section
Assumed Net Working Capital	§2.1(a)
Assumed Obligations	§1.3
Audit Periods	§4.8(d)
Audited Financial Statements	§6.5(b)
Bills of Sale	§3.2(a)
Cash Purchase Price	§2.1(a)
Claim Notice	§12.4(a)
Closing	§3.1
Closing Date	§3.1
Confidential Information	§7.4
Confidentiality Agreement	§7.4
Consequential Damages	§12.2.2(a)(vii)
control	§6.6(b)
Damages	§12.2.1
Disclosure Schedules	§4
Document Retention Period	§11.2(a)
DOJ	§6.10
Effective Date	§3.1
Environmental Laws	§4.6(c)
Environmental Permits	§4.6(b)
Excluded Contracts	§1.1(f)
Exchange Act	§6.5(b)
Excluded Assets	§1.2
Excluded Liabilities	§1.4
Execution Date	Preamble
Facilities	Recitals
Final Combined Balance Sheet	§2.3(a)
Financial Statements	§4.10(a)
FTC	§6.10
Hazardous Substances	§4.6(c)
HFAP	§4.8(b)
Hired Employees	§7.3(a)
Hospitals	Recitals
Hospital Interim Period 2010 Financials	§4.10(a)
HSR Act	§6.10
IHFSRB	§7.2
Indemnified Party	§12.4
Indemnifying Party	§12.4(a)
Indemnity Notice	§12.4(b)
Independent Auditor	§2.3(a)
Interim Combined Balance Sheet	§2.1(c)
Inventory	§1.1(h)
knowledge of the Purchasers	§5.10
knowledge of the Sellers	§4.18
Leadership Team	§6.3(b)

Term	Section
Leased Real Property	§1.1(b)
Leases	§1.1(e)
Licenses	§1.1(d)
Long-Term Debt	§1.4(q)
Marked Commitment	§9.8
Material Adverse Change	§9.14
Material Consents	§9.7
Material Contracts	§4.4(a)(iv)
MOBs	Recitals
Multi-Facility Contracts	§1.1(f)
Net Working Capital	§2.1(b)
Non-Competition Agreement	§3.2(d)
Non-Hospital Interim Financials	§4.10(a)
Notice Period	§12.4(a)
Nurse Education Loans	§1.1(q)
Other Excluded Contracts	§1.1(f)
Owned Real Property	§1.1(a)
Parties	Preamble
Party	Preamble
Permitted Encumbrances	§4.7(b)
Person	§6.6(b)
Personal Property	§1.1(c)
Personal Property Leases	§1.1(e)
Post-Closing Adjustment Date	§2.3(b)
Post-Closing Adjustment Date Payment Amount	§2.3(b)
Power of Attorney	§3.2(j)
Prepaids	§1.1(g)
Prime Rate	§2.3(b)
Purchase Price	§2.1(a)
Purchaser Offset Amounts	§11.1(d)
Purchasers	Preamble
Purchasers' knowledge	§5.10
Purchasers Payment Due Date	§11.1(b)
RAS	Preamble
Real Estate Assignments	§3.2(b)
Real Property	§1.1(b)
Related Businesses	Recitals
Related Real Property	Recitals
Relevant Claim Amount	§12.2.2(a)(ix)
Resurrection	§1.1(n)
Resurrection Services	Preamble
Retained Employees	§7.3(a)
Required Financial Statements	§6.5(b)
River Forest Facilities	Recitals
Safety Net Payments	§11.1(c)

Term	Section
Seller Cost Reports	§13.2(a)
Seller Leases	§1.1(e)
Seller Offset Amounts	§11.1(d)
Seller Payment Due Date	§11.1(a)
Seller Plans	§4.12
Seller Tax Claims	§12.2.1(e)
Sellers	Preamble
Sellers' knowledge	§4.18
Solvency	§5.9
Superseded Agreements	§14.14
Surveys	§6.8
Tax	§4.17
Tax Return	§4.17
Taxes	§4.17
Third Party Claim	§12.4(a)
Title Commitment	§6.8
Title Company	§6.8
Title Instruments	§6.8
Title Policy	§6.8
Transition Period	§7.3(a)
Transition Service Agreements	§3.2(h)
VHS West Sub	Preamble
VHS Westlake	Preamble
WARN	§1.3(b)
West Suburban Corporation	Preamble
Westlake Corporation	Preamble
WSCN Lease	§3.2(i)

[Signatures on following page]

IN WITNESS WHEREOF, this Agreement has been entered into as of the day and year first above written.

SELLERS:

West Suburban Medical Center

Signature: Sandra Bruce
Printed Name: Sandra Bruce
Title: President

Westlake Community Hospital

Signature: Sandra Bruce
Printed Name: Sandra Bruce
Title: President

Resurrection Services

Signature: Sandra Bruce
Printed Name: Sandra Bruce
Title: President

Resurrection Ambulatory Services

Signature: Sandra Bruce
Printed Name: Sandra Bruce
Title: President

PURCHASERS:

VHS West Suburban Medical Center, Inc.

Signature: _____
Printed Name: _____
Title: _____

VHS Westlake Hospital, Inc.

Signature: _____
Printed Name: _____
Title: _____

IN WITNESS WHEREOF, this Agreement has been entered into as of the day and year first above written.

SELLERS:

West Suburban Medical Center

Signature:_____
Printed Name:_____
Title:_____

Westlake Community Hospital

Signature:_____
Printed Name:_____
Title:_____

Resurrection Services

Signature:_____
Printed Name:_____
Title:_____

Resurrection Ambulatory Services

Signature:_____
Printed Name:_____
Title:_____

PURCHASERS:

VHS West Suburban Medical Center, Inc.

Signature: [signature]
Printed Name: H. H. PILGRIM
Title: SR. VICE PRES

VHS Westlake Hospital, Inc.

Signature: [signature]
Printed Name: H. H. PILGRIM
Title: SR. VICE PRES

Project Costs and Sources of Funds

Complete the following table listing all costs (refer to Part 1120.110) associated with the project. When a project or any component of a project is to be accomplished by lease, donation, gift, or other means, the fair market or dollar value (refer to Part 1130.140) of the component must be included in the estimated project cost. If the project contains non-clinical components that are not related to the provision of health care, complete the second column of the table below. See 20 ILCS 3960 for definition of non-clinical. Note, the use and sources of funds must equal.

Project Costs and Sources of Funds			
USE OF FUNDS	**CLINICAL**	**NON-CLINICAL**	**TOTAL**
Preplanning Costs			
Site Survey and Soil Investigation			
Site Preparation			
Off Site Work			
New Construction Contracts			
Modernization Contracts			
Contingencies			
Architectural/Engineering Fees			
Consulting and Other Fees			$710,500
Movable or Other Equipment (not in construction contracts)			
Bond Issuance Expense (project related)			
Negotiated Purchase Price of Hospital Pursuant to Asset Sale Agreement			$19,600,000
Fair Market Value of Leased Space or Equipment			
Other Costs To Be Capitalized			
Acquisition of Building or Other Property (excluding land)			
TOTAL USES OF FUNDS			$20,310,500
SOURCE OF FUNDS	**CLINICAL**	**NON-CLINICAL**	**TOTAL**
Cash and Securities			$20,310,500
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS			$20,310,500

NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT-7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

IDENTIFICATION and ALLOCATION OF PROJECT COSTS

The changes of ownership of West Suburban Medical Center and Westlake Hospital are being addressed through a single transaction and Asset Sale Agreement. Consistent with the direction given to the co-applicant's representative by State Agency staff, for purposes of the required Certificate of Need applications, the project costs are allocated between the two applications consistent with the distribution of beds. Specifically, as of the December 17, 2009 update to the IDPH Bed Inventory, West Suburban Medical Center is approved for 234 beds and Westlake Hospital is approved for 225 beds, and as such, 459 approved beds are included in the changes of ownership. 51% (234/459) of the beds are located at West Suburban Medical Center, and 49% (225/459) are located at Westlake Hospital. Project costs, for purposes of the Certificate of Need applications have been apportioned, consistent with those percentages.

The purchase price for the two hospitals was identified through a negotiation process between the buyer and seller, with a price of $40,000,000 being agreed upon for all assets included in the acquisition and as identified in the attached Asset Sale Agreement. Individual acquisition prices were not assigned to the various components of the transaction (i.e. land, buildings, equipment, etc.).

The "Consulting and Other Fees" include an estimate of the costs associated with outside legal and accounting services, community relations-related consulting, CON development, CON-related review fees, and miscellaneous costs associated with the acquisition.

PURPOSE

The proposed change of ownership for Westlake Hospital will assure that the hospital remains a viable provider of inpatient and outpatient services to the residents of west suburban Cook County and the far western Chicago neighborhoods that the hospital has traditionally served, providing services that improve the health care and well being of the area's residents.

The table below identifies the 2008 patient origin for the hospital. No changes of any substance in patient origin were experienced during 2009, and no changes of substance are anticipated following the proposed change of ownership.

As can be noted from the table below, 22 ZIP Code areas account for approximately 75% of the hospital's admissions, with each of those ZIP Code areas being located either on the far west side of Chicago, or in west suburban Cook County. Also of note is the fact that three suburban communities—Melrose Park, Maywood and Bellwood—are the only suburban communities contributing in excess of 3.5% of the hospital's admissions, accounting for a combined 45.4%.

Westlake Hospital
2008 Patient Origin

ZIP Code Area	Location	% of Adm.	Cumulative %
60160	Melrose Park	15.7%	15.7%
60153	Maywood	15.2%	30.9%
60104	Bellwood	8.5%	39.4%
60164	Melrose Park	6.0%	45.4%
60644	Chicago	3.6%	49.1%
60162	Hillside	3.5%	52.5%
60131	Franklin Park	3.2%	55.8%
60707	Elmwood Park	2.9%	58.7%
60165	Stone Park	2.5%	61.2%
60651	Chicago	1.9%	63.1%
60302	Oak Park	1.5%	64.6%
60639	Chicago	1.5%	66.1%
60130	Forest Park	1.4%	67.6%
60155	Broadview	1.4%	69.0%
60402	Berwyn	1.3%	70.3%
60634	Chicago	1.1%	71.4%
60171	River Grove	1.1%	72.5%
60804	Cicero	1.0%	73.6%
60176	Schiller Park	1.0%	74.7%
60624	Chicago	1.0%	75.6%
	257 other ZIP Code areas < 1.0%	24.4%	100.0%

The primary issues that have led to this project, which addresses a change of ownership, exclusively, are the desire of Resurrection Health Care to ensure that the communities traditionally served by Westlake Hospital retain the access to health care services provided through Westlake, and Resurrection Health Care's need to divest itself of selected assets in order assure the continued viability of the system. This need to divest was identified both through an internal strategic planning process as well as through independent outside analyses commissioned by Resurrection.

The proposed change of ownership will, in addition to allowing Resurrection to divest itself of the hospitals and improve its financial viability by doing so, assure that services historically provided by the hospital will remain in the community, and that accessibility to those services will not be diminished as a result of the change of ownership. The acquiring co-applicants have certified that, consistent with IHFSRB requirements, they will neither eliminate programs nor reduce accessibility.

In addition to the improved financial viability of the divesting co-applicants, a goal for the acquiring co-applicants is the continued provision of services at or above Westlake's current level, as identified through the utilization of those services. As is the case with many changes of ownership, an initial drop in utilization may occur as the result of physicians modifying their admitting practices. In terms of a quantifiable objective for the acquiring co-applicants, the goal will be to return to 2009 market shares for all services within twelve months of the change of ownership.

ALTERNATIVES

Resurrection Health Care studied a number of alternatives to the proposed project over the past two plus years. A summary of these and the reasons for rejecting these alternatives are given below:

Alternative 1: Convert Westlake Hospital from an acute care hospital into a specialty center

Several alternatives for a specialty center were explored including conversion to an LTACH, a women's hospital, a behavioral health center and a rehabilitation hospital. These alternatives were each ultimately rejected due to a lack of clear patient need in light of the presence of other area providers, as well as due to cost concerns.

Alternative 2: Consolidate the hospitals into a single campus

A plan was considered to develop Westlake Hospital into a mixed outpatient and non-health care related community services facility, and relocate the College of Nursing from West Suburban Medical Center to the Westlake campus. This plan was ultimately rejected due to capital and other costs. Even with a significant investment of such capital funds, profitability for either facility as a result of these changes could not be assured.

Alternative 3: Lease Westlake Hospital for non-acute care hospital use:

A plan was explored to lease Westlake Hospital to community organizations as a community health center. This plan was rejected because of the high risk that lease income would not be sufficient to allow Westlake to break even. This plan would also do nothing to mitigate the financial losses at West Suburban Medical Center.

Alternative 4: Close the hospitals and sell the properties for non-hospital usage:

This alternative was rejected as highly undesirable if a sale was possible, since closure would significantly reduce access to health care services to residents of the hospitals' communities, and result in significant job losses in the communities.

SUMMARY COMPARISION OF ALTERNATIVES TO PROJECT

Alternative	Cost	Financial Benefits	Quality	Accessibility
Convert Westlake to a specialty center	Pro formas not completed because this alternative was not considered viable.	This alternative would likely result in continued financial losses at Westlake and do little to mitigate losses at West Suburban	This alternative was considered because it would promote needed quality health care in both communities.	An acute care hospital would be lost to the Melrose Park community.
Consolidate the two hospitals into a single campus.	Intital capital costs - $22-25 M	Losses might be reduced, but not eliminated.	This alternative would help sustain quality health care in both communities.	An acute care hospital would be lost to the Melrose Park community.
Lease Westlake Hospital for non-acute care hospital use	Capital costs of conversion estimated at $12.7 million	Plan would likely not break even and WSMC losses would continue.	This alternative would also sustain quality health care in both communities.	An acute care hospital would be lost to the Melrose Park community.
Close the hospitals and sell the properties for non-hospital usage	Maintenance costs of the properties would continue until a buyer could be found.	RHC's financial losses from the two hospitals would end	Existing health care services in the community would be lost.	Both communities would lose access to their current hospital provider.
Current scenario. Transfer ownership of Westlake and West Sububan to Vanguard.	estimated $750,000 (for both hospitals) in costs to RHC for legal fees, community relations, etc.	RHC will realize the benefit of the purchase price to sustain its core markets and repay RHC for a portion of the over $166M in operational subsidies provided to the hospitals over the past 5 years.	Vanguard has a good reputation for quality. Quality services to both communities will be maintained.	Accessibility of current services would be maintained.

IMPACT STATEMENT

The proposed change of ownership will have a significant positive community and health care delivery impact on Melrose Park and the surrounding communities historically served by Westlake Hospital. Consistent with IHFSRB rules, this impact statement covers the two-year period following the proposed change of ownership.

The current owner of Westlake Hospital, Resurrection Health Care, and as described elsewhere in this application, has identified the need to divest itself of the hospital, and without the acquisition as being proposed, the scope of services to be provided at Westlake Hospital under new ownership could be reduced, or potentially, as has been the case with a number of other Chicago area hospitals, the hospital could be discontinued altogether. As a result of the proposed acquisition, a hospital that has been a primary provider of health care services to its community for decades, will continue to do so.

Anticipated Changes to the Number of Beds or Services Currently Offered

No changes are anticipated either to the number of beds (225) or to the scope of services currently provided at Westlake Hospital.

The current and proposed bed complement, consistent with Westlake Hospital's 2008 IDPH Hospital Profile are:

- 111 medical/surgical beds
- 5 pediatrics beds
- 12 intensive care beds
- 24 obstetrics/gynecology beds
- 33 acute mental illness beds
- 40 comprehensive rehabilitation beds.

Among the other clinical services currently offered and proposed to be provided are: surgery (including cardiovascular surgery), nursery, clinical laboratory, pharmacy, diagnostic imaging, cardiac catheterization, GI lab, emergency department, outpatient clinics, and physical, occupational, and speech therapy.

Operating Entity

Upon the change of ownership, the operating entity/licensee will be VHS Westlake Hospital, Inc.

Reason for the Transaction

The proposed change of ownership is the result of the Resurrection Health Care systems' identified need and desire to divest itself of the hospital for a variety of operational and financial reasons.

Additions or Reductions in Staff

The acquiring co-applicants fully intend to offer all current hospital employees their current position at their current wage or salary and seniority level, and all accrued vacation time will be honored by Vanguard. No changes in staffing, aside from those

routine changes typical to hospitals are anticipated during the first two years following the proposed change of ownership.

Cost/Benefit Analysis of the Transaction

1. Cost

The costs associated with the transaction are limited to those identified in Section I and discussed in ATTACHMENT 7, those being the cash being paid to the seller, and ancillary costs identified in ATTACHMENT 7 as "Consulting and Other Fees", which include the legal fees, public relations consulting fees, CON-development related costs, CON review fees, and miscellaneous costs associated with the transaction. No major capital costs for construction, modernization or equipment acquisition are anticipated during the first two years following the change of ownership.

2. Benefit

The community will benefit greatly from the change of ownership, and primarily from the continued availability of Westlake Hospital and its current programmatic complement. Last year, the hospital admitted approximately 7,400 patients, provided approximately 65,000 outpatient visits, and treated over 19,000 patients in its emergency department. As noted above, the acquiring co-applicants are committed to, at minimum, retaining the current programmatic complement consistent with IHFSRB requirements, and assessments related to program expansion will commence shortly after the change of ownership occurs.

The continued ability to access Westlake Hospital is particularly important to the more disadvantaged communities and neighborhoods traditionally served by Westlake Hospital. In 2008, 33.2% of all patients admitted to the hospital were Medicaid recipients, and another 2.2% were full charity care write-offs.

The commitment to the provision of care to Medicaid recipients and the provision of charity care will continue following the acquisition, and Vanguard has a strong history of doing so through its current Chicago area hospitals. According to IDPH data, during 2008 21.4% and 20.5% of the patients admitted to Louis A. Weiss Memorial Hospital and MacNeal Memorial Hospital were Medicaid recipients, respectively. In addition, 2.4% and 3.4% of the patients admitted to the two hospitals, respectively, were cared for without charge as full charity write-offs. Both Weiss and MacNeal were noted in an October 19, 2009 article appearing in *Crain's Chicago Business*, comparing the amount of Medicaid and charity care services provided by Chicago area for-profit hospitals to the amount provided by the area's largest not-for-profit hospitals. *Crain's* reported that Weiss and MacNeal ranked eighth and tenth, respectively, of the 26 hospitals included in the analysis in terms of charity care and Medicaid revenue as a percentage of patient revenue. A copy of that article is attached.

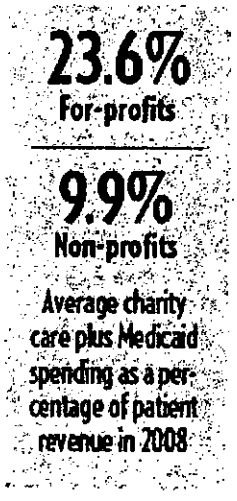
Finally, with 955 employees, Westlake Hospital is a major area employer, and, as noted above, the acquiring co-applicants have committed to retain all of the hospital's current employees, at their current positions and wages or salaries.

From this week's In Other News

Non-profits no better on charity care

By: Mike Collas October 19, 2009

With non-profit hospitals under pressure to justify their tax breaks by providing more charity care, a *Crain's* analysis shows that local for-profit hospitals provide as much — and often more — treatment to poor people as their non-profit, tax-exempt peers.



Six Chicago-area hospitals are for-profit and pay taxes. Yet all of them spent a bigger chunk of their revenue last year on a combination of charity care and treatment of public-aid patients compared to the majority of the area's 20 largest non-profit hospitals, according to a review of data from the Illinois Department of Public Health.

"There is some degree of an unlevel playing field in the relationship between charity and tax status," says Brian Lemon, CEO of MacNeal Hospital in Berwyn, which is owned by a for-profit, Tennessee-based hospital chain and provided $2.2 million in free care last year. "In terms of our mission, there's no difference."

Critics contend that non-profit hospitals aren't doing enough to earn their tax breaks, which shield them from property and income taxes and allow them to issue tax-free bonds and receive deductible donations. The blurred line between tax-exempt institutions and their for-profit competitors underscores the need for clearer criteria for determining tax exemptions, some experts say.

"I definitely think it argues for a finer point on what charity is, and I think we're grinding toward that," says Beaufort Longest, director of the Health Policy Institute at the University of Pittsburgh.

Illinois has been a flashpoint in a national debate over charity care ever since Champaign County officials stripped Provena Covenant Medical Center of its exemption in 2003,

determining its charity care of less than 1% of revenue wasn't enough. The case is now in the hands of the Illinois Supreme Court, which heard arguments last month and is expected to rule in coming months.

Federal law requires hospitals to provide a "community benefit" in exchange for tax exemptions. Among other things, hospitals point to the free or discounted care they provide to poor people, as well as the losses they absorb from treating patients on Medicaid, the health plan for the indigent that generally doesn't cover treatment costs.

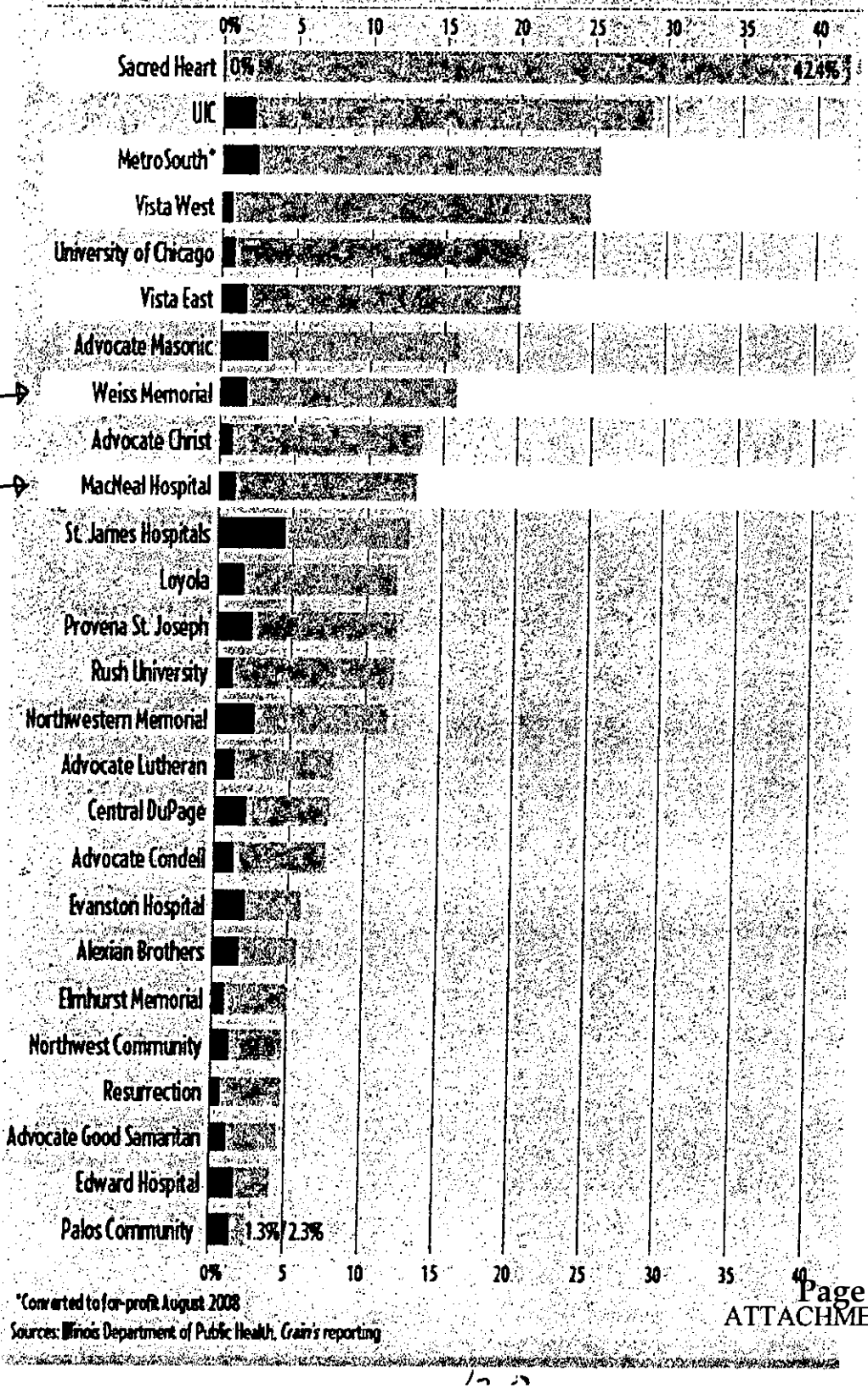
Experts say it's no surprise that for-profit hospitals offer free care. Like their non-profit brethren, they are required by law to treat patients who end up in their emergency rooms, regardless of ability to pay. And many Chicago-area non-profits have above-average Medicaid loads because they are in low-income areas.

Story continues below

CHARITY CHECK

Non-profit hospitals enjoy tax breaks in exchange for community benefits, including care for the poor. But local for-profit hospitals often do as much or more as their tax-exempt peers.

CHARITY AND MEDICAID REVENUE As a percent of patient revenue



*Converted to for-profit August 2008

Sources: Illinois Department of Public Health, *Crain's* reporting

MORE FREE CARE

In many cases, local for-profit hospitals dole out more free care and public aid than non-profits. Weiss Memorial Hospital in Uptown and Vista Medical Center East in Waukegan each spent 1.6% of patient revenue on charity last year. That's higher than half of the area's 20 largest hospitals, including Resurrection Medical Center (0.5%); Northwest Community Hospital (1.1%), and Palos Community Hospital (1.3%).

Yet Weiss paid about $2 million in property and sales taxes last year, while Northwest Community's tax exemption helped it avoid $11.2 million in taxes, according to the Chicago-based Center for Budget and Tax Accountability. Palos' exemption was worth $12.8 million, the group says.

Weiss also had a bigger Medicaid load relative to its size: 14% of its revenue came from the public-aid program, vs. 3.5% for Northwest Community's and less than 1% for Palos.

An April study from the Center for Budget and Tax Accountability said that 47 local hospitals earned $489.5 million in property and sales tax breaks while providing only $175.7 million in free or discounted care to the poor. The hospital industry calls the study flawed.

Howard Peters, senior vice-president of the Illinois Hospital Assn., says it's inappropriate to compare non-profit and for-profit hospitals, in part because they have different ownership structures. Investor-owned hospitals aim to return profits to shareholders, whereas at non-profits, "any excess revenues go back into the enterprise."

He calls charity care "the narrowest definition" of the benefits hospitals provide their communities. He says Medicaid as a percentage of revenue isn't a good benchmark of charity because hospitals' losses from the program vary depending on their cost structure. He says non-profit hospitals on average likely lose more money on Medicaid than for-profit institutions, although those figures aren't publicly available.

"Whether investor-owned or not-for-profit, hospitals across the board are doing a lot of good things in a tough environment to meet the needs of their communities," Mr. Peters says.

The only local hospital to report no charity care spending last year was Sacred Heart Hospital, a for-profit on the West Side with a heavy Medicaid load. CEO Edward Novak says the hospital provides plenty of free care, but it doesn't track or report it. He sees no difference between his hospital and tax-exempt competitors.

"If you look like a business and act like a business, how do you call yourself a charity?" he says.

ACCESS

Resurrection Health Care's acute care hospitals operate under common admissions and charity care policies, which are attached. Financial assistance and charity care provisions are made to patients having a household income equal to or less than 400% of the Federal Poverty Level, combined with a general lack of liquid assets. Full (100%) write-offs are provided to those having a household income of 100% or less of the Federal Poverty Level, with a sliding scale used for those with an income of more than 100% but less than 400% of the Federal Poverty Level.

Similarly, the two hospitals (MacNeal Memorial and Weiss Memorial) in the acquiring co-applicants' health care system operate under common admissions policies, and those policies (attached) will be adopted by Westlake Hospital following the change of ownership. The policies to be used provide for financial assistance and charity care provisions to be made to patients having a household income equal to or less than 500% of the Federal Poverty Level. Full (100%) write-offs are provided to those having a household income of 200% or less of the Federal Poverty Level, with a sliding scale used for those with an income of more than 200% but less than 500% of the Federal Poverty Level.

An excerpt from the policy is provided below, and the full policies pertaining to admissions are attached.

POLICY:

Charity Care or Financial Assistance. The Company's Hospitals shall provide charity care(free care) or financial assistance to uninsured patients for their emergency, non-elective care who qualify for classification as Financially Indigent or Medically Indigent in accordance with the Charity Care Financial Assistance Process set forth below. The Company's Hospitals shall adopt a written policy in conformity with the Company's Policy and Procedure set forth herein. Charity Care (100% discounts) under this Policy shall be available for uninsured patients with incomes below 200% of the Federal Poverty Level (the "Financially Indigent"). 40 to 80% discounts shall be available for uninsured patients either (1) with income below 500% FPL or (2) with balances due for hospital services in excess of 50% of their annual income (the "Medially Indigent").

Westlake Hospital will, as is the case now, operate without any restrictive admissions policies, related to race, ethnic background, religion, payment source, or any other factor. The hospital will continue to admit Medicare and Medicaid recipients, as well as patients in need of charity care. In addition, no agreements with private third party payors currently in place at Westlake Hospital are anticipated to be discontinued as a result of the proposed change of ownership.

Attached is a letter, consistent with the requirements of Section 1110.240(c), certifying that the admissions policies of Westlake Hospital will not become more restrictive than those now in place.

VANGUARD
HEALTH SYSTEMS

March 16, 2010

Illinois Health Facilities
and Services Review Board
Springfield, Illinois

RE: Acquisition of Westlake Hospital
Melrose Park, Illinois

To Whom It May Concern:

Please be advised that upon the proposed acquisition of Westlake Hospital, there will be no policies adopted that will result in restrictions to admissions to the hospital.

It is the intent of VHS Westlake Hospital, Inc., which will be the licensee following the change of ownership, to adopt the admissions-related policies currently in effect at Louis A. Weiss Memorial Hospital and MacNeal Memorial Hospital. Those policies and procedures are included in ATTACHMENT 18B of the *Application for Permit* addressing the change of ownership, and it is anticipated that those policies will be adopted within sixty days of the change of ownership. Until such time that the proposed policies and procedure are adopted, the hospital will operate under the policies and procedures currently in place.

As a result, upon acquisition, the admissions policies will not become more restrictive.

Sincerely,

Charles N. Martin, Jr.

Notarized:

JEAN P. LORTON
STATE OF TENNESSEE
NOTARY PUBLIC
DAVIDSON COUNTY
COMM. EXP.

State of Tennessee
County of Davidson
On this the 16th day of March, 2010 before me, Jean P. Lorton, the undersigned, personally appeared Charles N. Martin known to me to be the person whose name is subscribed to the within instrument and acknowledged the he/she executed the same for the purposes therein contained. In witness whereof, I hereunto set my hand and official seal.

Jean P. Lorton
My commission expires November 7, 2011

Westlake Hospital & West Suburban Medical Center

Proposed Admissions Policies

VANGUARD HEALTH SYSTEMS

ADMISSIONS

POLICIES & PROCEDURES
Program for Pre-Admission .....

Date October 2004	Approved By
Section **BUSINESS OFFICE**	
Subsection Admissions – Program for Pre-Admission	
Policy Procedure No. **11-0300**	
Effective Date October 2004	Previous Date April 15, 1998

PRE-ADMISSION

Purpose

To encourage the Medical Staff to utilize the pre-admission program which will benefit the patient, physician, physician staff and the facility.

To expedite the processing of patients by obtaining and verifying demographic and financial information in advance of the patient's arrival.

To minimize the facility's and patient's financial risk by satisfying insurance coverage requirements prior to the incurring of charges.

Program Benefits

Patient Benefits

1. Pre-registered patients will have priority over patients who have not been pre-registered at time of actual admission.

   Exception: In the case of a medical emergency.

   a. The ability to schedule pre-registered patients for admission at a specific time will reduce the waiting time for the patient upon arrival at the facility.

2. The length of time required for the actual admission process will be greatly reduced due to prior preparation of all materials.

3. The patient may be informed in advance of his/her insurance coverage and of their financial responsibility due at time of admission. This eliminates the possibility of the patient being embarrassed and/or unprepared for the required deposit at time of admission.

4. Through the verification process patients are notified in advance of any benefit limitations, prior to service, thus avoiding an unexpected patient hardship.

Physician and Physician Staff Benefits

1. Verification of insurance coverage:

   a. Physicians and their staff should realize that the hospital makes every effort to obtain accurate and complete information. This information is provided to the physician as a courtesy. The hospital will not be responsible for its accuracy.

b. The facility will alert the physician of potential bad debt patients.

2. Updates of patient demographic information, e.g., address corrections:

   a. Eliminates duplication of physician staff time in obtaining information.

   b. May result in reduction of bad debt accounts receivable.

3. When available, the facility will provide a copy of the insurance claim form.

4. Facilities will schedule workshops for physician staff to present updates for current regulations and new services being offered by the facility:

   a. A questionnaire will be sent to determine a convenient day and time, as well as topics of interest.

   b. Facilities will schedule guest speakers for meetings. An agenda will be sent to the physician's office a minimum of two weeks prior to a scheduled meeting.

5. Recognition of physician's staff utilizing pre-admission program:

   a. Birthday acknowledgement.
   b. Holiday acknowledgment.

Facility Benefits

1. Stabilization of admission staffing pattern.
2. Reduction of bad debts.
3. Reduction of patient and physician complaints.
4. Reduction of telephone time from physician's office requesting information.
5. Improve relations with physicians and their staffs.
6. Open communications when concerns arise.
7. Improve community relations through presentation of information.
8. Increased productivity and a more organized work flow.
9. Increased up-front cash collection.

Program Implementation

1. Patient Accounts Manager will form a committee to include, but not be limited to, the following:

   a. Chief Executive Officer or designee.
   b. Admission Supervisor.
   c. Marketing Representative.
   d. Obstetrical Nursing Supervisor.
   e. Director of Nursing, Surgical and Operating Room Supervisors.

2. The Committee will solicit input from physician office managers.

3. The Committee will organize a presentation to introduce the pre-admission program as follows:

a. Prepare all handouts and obtain administrative approval.
b. Place on agenda an area for the physician staff to R.S.V.P.

1) Review the R.S.V.P. responses. A telephone call, a week prior to a meeting, will be placed to the physician offices where no response has been received.

Related Policies

1. Insurance Verification.
2. Deposit Requirements.
3. Admission Policies.

Policies

1. Facilities will implement a complete pre-admission program for all types of elective patients. All elective patients should be pre-admitted/pre-registered whenever possible.

2. All ancillary departments will notify the admission office immediately upon making an appointment for service. When reservations are taken after admitting office hours, the scheduling department must inform the admission office in writing or upon opening of department the following day.

3. The Admission department will maintain a pre-admission scheduling log to include surgery, ancillary, and medical patients. A separate pre-admission log for obstetric patients, in expected date order, will be maintained.

4. Scheduling logs will be reviewed monthly by the Patient Accounts Manager to evaluate physician participation in the pre-admission program.

5. The Patient Accounts Manager will utilize pre-admission logs to evaluate the pre-admission program and report the results to the Chief Executive Officer on a monthly basis. This information will be utilized by the facility to develop a plan that will focus on those physicians not participating in the program.

6. Reservations for service will initiate the pre-admission procedure.

7. All patients seen and/or treated will have a patient financial folder prepared prior to or at the time of service. Patients determined to be a "no charges" service will still have a financial folder prepared documenting the reason for waiving fees. Charges are to be processed for these patients without exception. An administrative write-off must be authorized to adjust the balance to zero.

8. Patients will be contacted to obtain financial and demographic information:

   a. Patients will be contacted a minimum of forty-eight (48) hours prior to scheduled services. Obstetric patients will be pre-registered by the seventh month.

   b. Pre-registered accounts will be by process, working from the most current scheduled date of service to latest.

   c. Interviews will be conducted via telephone or in person, as necessary.

d. The facility will supply physician offices with a pre-registration form, which may be return mailed or faxed to the facility. Upon receipt of the mailed registration form the admission clerk will telephone the patient for confirmation of information.

e. Pre-registration information will be entered into the hospital information system. Each screen will have all fields completed. The appropriate financial class and/or plan code will be assigned on all registrations.

9. Patients will be scheduled for pre-admission testing prior to the date of the scheduled service (SEE: Facility By-Laws).

   a. Physician's orders for diagnostic testing will be in accordance with facility By-Laws.

   b. Testing will be performed within seventy-two (72) hours prior to scheduled surgeries (SEE: Medical Staff By-Laws).

   c. An outpatient number will be assigned to each patient scheduled for pre-admission testing:

      1) The account will be processed as an outpatient if the patient's admission is canceled or rescheduled.
      2) Obstetric patients receiving services prior to delivery will be processed as an outpatient and services billed.

10. Insurance coverage and employment will be verified in advance of providing scheduled services.

    a. Medicare benefits are to be verified for both parts A & B coverage:

       1) The patient is eligible for both A & B if the card indicates "Hospital", as well as "Medical" coverage.
       2) The patient is eligible for part B only if the card only indicates "Medical" coverage.

    b. If the card indicates "Medical" coverage only, the patient must be registered with a financial class designated for inpatient Part B only if this is an inpatient stay.

11. Series/Recurring patients will have insurance coverage verified prior to time of service.

12. The Patient Accounts Manager will be notified of any patient refusing to satisfy deposit requirements or insurance coverage has been denied.

13. Elective admissions will be postponed in cases of private pay if monies cannot be collected prior to service.

    a. The Chief Executive Officer and the Physician will be notified of the patient's financial status. The Physician will notify the patient of postponement.

14. The Admission department will notify the patient and/or guarantor of the disposition of their insurance coverage as well as their estimated balance to be paid by time of admission.

15. The Admission clerk will verify and update the pre-admission log and the surgical unit log, twice each day.

Procedures

1. Inpatient Medical Admission

   a. The call is reviewed from the physician's office.

   b. The Admissions staff will obtain required patient information and update the system.

   c. The Admissions staff will schedule a time for the patient to arrive at the facility.

      1) Utilization Review must review all scheduled Medicare and Medicaid admissions to ensure these patients satisfy acuity criteria.
      2) This will allow for a more orderly flow in the admission office and prevent the patient from waiting upon arrival.
      3) Advance scheduling of admissions can improve the facility staffing patterns.

   d. The Admissions staff will contact the patient to obtain all information required for admissions:

      1) The staff will complete all pre-admission screens as each serves a specific purpose. This process can be accomplished while on telephone or by utilizing a pre-admission form.
      2) The staff will inform the patient that insurance benefits will be verified and a return call will be made to advise the patient of any balance due at time of admission.
      3) Insurance coverage will be verified. Additionally, the hospital information system will be searched for other outstanding liabilities.

   e. The staff will make a final telephone call to the patient informing them of the following:

      1) The required deposit required in addition to balances from prior services are due at time of admission.
      2) Advise the patient of required claim forms to be completed and signed by the insured.
      3) Inform the patient to provide the facility with copies of insurance cards or other proof of insurance.
      4) Notify the patient of the expected time of arrival at facility for admission.

   f. All paperwork will be completed prior to patient's arrival.

   g. A patient financial folder will be prepared to include:

      1) All advance testing results
      2) Physician orders
      3) Special permits
      4) Consents
      5) Identification bracelet and identification plate will be added upon bed assignment

   h. Reservations/patient financial folders will be maintained by expected date order.

2. Inpatient Surgical Admission

   a. Surgical admissions are slightly different in that the physician's office calls the surgical unit to schedule the procedure.

b. The notification to the admission office will be handled in the following manner:

1) After scheduling with the surgical unit, the call will be transferred to the Admissions Office. In some cases a reservation slip may be used.
2) The afternoon and evening Nursing Supervisor will assist the Admissions Department by notifying the emergency room registration clerk of all additions to the surgical schedule. Private pay patients will require 24 hour verification period, and will not be added without CFO approval.

c. All remaining procedures will be followed as set forth in Section: Actual Admissions.

3. Obstetric Admissions

a. A separate obstetrical file will be established to contain all obstetrical financial folders of pre-admitted patients.

1) The obstetrical file will be filed by expected date of confinement.

2) The obstetrical file will be monitored continuously for verification of insurance, deposit requirements, and to determine if the date of confinement has lapsed as follows:

a) Call the physician's office and inquire about the status of the patient's expected date of confinement.
b) If the patient miscarried or has delivered elsewhere, pull the financial folder and check for any charges or deposits.
c) If no charges have been incurred, the financial folder may be purged, and the patient removed from the pre-admission system.

3) The Admissions staff will verify and update the obstetrical pre-registration log with the prenatal records in the delivery room weekly.

b. All remaining procedures will be followed as set forth in Section: Inpatient Medical Admission.

4. Outpatient Services Admissions

a. After the physician office staff schedules testing or treatments with the ancillary department, the call will be transferred to the Admissions Office:

1) Until the ancillary department's scheduling log is able to be formatted to meet the registration requirements, the department may utilize a form with the required information.
2) All ancillary department schedules will be printed daily and sent to the Admissions Department. If a patient is scheduled late for a procedure the following day, the ancillary department scheduler or manager will call admissions to enable pre-admission procedures to be performed.

b. All remaining procedures will be followed as set forth in Section: Actual Admissions.

VANGUARD HEALTH SYSTEMS

POLICIES & PROCEDURES

Actual Admissions .....

Date October 2004	Approved By
Section **BUSINESS OFFICE**	
Subsection Admissions – Actual Admissions	
Policy Procedure No. **11-0301**	
Effective Date October 2004	Previous Date April 15, 1998

Purpose

To establish and define the admission policy of the facility.

To expedite the processing of patients by gathering demographic and financial information in advance of the patient's arrival.

To minimize the financial risk of the patient and the hospital by establishing the requirements and coverage of the third-party payer prior to incurring charges.

Related Procedures

1. Insurance verification.
2. Deposit requirements.
3. Admission of pre-admitted patients.

Policies

1. Treatment of all patients will be based upon a signed order from a physician as specified in the Medical Staff By-Laws of the facility.

2. The Admitting Department is responsible for the monitoring of privilege suspension list provided by the Medical Records Department, to ensure that all physicians have active admitting privileges:

   a. Each request for services will be verified against the current Suspension of Privileges list.

   b. Physicians whose names appear on said list will be referred to the department supervisor if an order for service is received.

   c. The Department Supervisor will notify the CEO or designee for approval.

3. All patients will be treated without distinction as to race, creed, color, sex or financial status.

4. The Admitting Department is responsible for creating a positive first impression to the patient, the patient's family and physicians:

   a. All admitting personnel will address the patient and/or family members using their proper names, e.g., Mr./Mrs. _____. (never as dearie, sweetie, etc.)

5. The Admitting Department will collect, record and verify demographic and financial information on all patients receiving services in the facility.

6. Treatment of patients, visitors and staff is to be respectful, accommodating and supportive as related to their respective needs.

7. The patient's condition will dictate the speed and order in which registration functions are completed:

   a. No registration procedure should ever jeopardize the safety of the patient.

   b. When circumstances dictate that the patient be under treatment without delay, registration procedures will follow as soon as possible.

   c. Questioning of patients regarding valuables will be performed prior to the patient departing the Admission Department, including all emergency room admissions.

   d. Admitting personnel will notify the proper nursing station of patient arrival prior to the patient leaving the Admission Department.

   e. Transportation personnel will never leave a patient unattended.

   f. The registrar will complete all fields in the registration system. Special note of prior stay information is imperative. The assignment of the correct financial classification according to type of coverage is required.

8. All registered patients will have a financial folder prepared.

9. The facility will establish a system for identification and tracking of Medicare patients, to be utilized for "prior stay" information.

10. Champus/Champva is always considered the secondary payer when any other coverage is involved, including Medicaid:

    NOTE: Patients can no longer be enrolled in both the Federal Programs of Medicare and Champus

    a. Champus (active duty) patients will present a non-availability (1251) form prior to services, in a non-emergency situation, if required, due to the forty (40) mile radius requirement.

    b. If a non-emergency admission, verify patient eligibility through the D.E.E.R. system. Request family member go to the nearest base and place in the system, if the patient is not shown in the system prior to service.

11. Active Duty Military patients will provide the facility with the necessary information for the physician to obtain treatment authorization from the Officer-of-the-Day located at the patients' duty station.

12. The Admission areas will maintain a list of all H.M.O./P.P.O. contracts. It is necessary to pre-certify all non-emergent H.M.O./P.P.O. admissions. The Admission Department will monitor and control the pre-certification, pre-authorization and extension confirmation forms:

    a. A complete listing of all authorization telephone numbers must be maintained. The Utilization Review (UR) Coordinator may perform the precertification/authorization function as well.

    b. Non-emergency patients will pay their deductibles prior to service. Emergency patients should pay at discharge.

13. An internal control system will be maintained to insure all patient files are properly transferred from admission areas to the patient accounting office.

Patient Types

1. Inpatient

   a. The primary care physician must be a member of the medical staff with admission privileges, as set forth in the facility By-Laws.

   b. The patient's condition must be documented in the medical record in such a manner as to meet criteria for acute inpatient care.

   c. The patient's condition is such that acute care is expected to be required for more than twenty-four (24) hours.

      1) The UR Coordinator will maintain systems to evaluate and monitor individual patient acuity, as related to established criteria, prior to or at the time of admission.

   d. The patient's bill will reflect a standard room and board charge.

2. Observation Patient

   a. Patients who do not meet inpatient criteria may be held for up to 23 hours and 59 minutes:

      1) Special circumstances may result in patients being held longer who do not satisfy acuity criteria.
      2) Special billing procedures are given in the Billing Section.
      3) Outpatient registration policies and procedures will apply to this type of patient.

3. Outpatient

   a. The primary care physician must be a member of the medical staff with privileges.

   b. The patient's condition does not require inpatient acute care. (See Observation Procedure).

   c. The patient's bill will not reflect a standard room and board charge.

   d. Patients may be registered for outpatient surgery, outpatient testing or treatment:

      1) Patient receiving outpatient services who then require care for longer than 23 hours and 59 minutes will be reviewed by utilization review personnel for appropriateness of continued observation and/or admission.

4. Emergency Room Patient

   a. Emergency room patients are presented in the following fashion:

      1) Ambulatory (walking)
      2) Ambulance
      3) Mobile Intensive Care Units
      4) Helicopter
      5) Automobile
      6) Fire Department
      7) Law Enforcement Officers

   b. Patients may or may not be under the direction of their private physician.

   c. Some patients may be determined by the treating physician to require inpatient admission.

Procedures

1. Inpatient Admission

   a. The registrar will check the hospital information system to determine if the patient has been pre-registered:

      1) Verify the accuracy of all information to include the financial class designation.

      2) Upon review of the pre-registration, the registrar will obtain any missing information.

      3) Check the open accounts receivable and bad debt file for any outstanding balance due:

         a) Any outstanding balances will be collected prior to patient departing from the registration area.
         b) If the patient is unable to pay outstanding account balances, request a financial counselor meet with the patient prior to admission.

         Exception: Patients requiring immediate care will be seen by the counselor when the patient's condition is stable.

      4) Collect estimated deductible and co-insurance amount due. If the patient is unable to pay, see "b" above.

      5) Self Pay patients will meet the deposit requirements as set forth in the deposit requirements section:

         a) If the patient is unable to meet the deposit requirements, see "b" above.

      6) Copy all identification cards, including front and back of insurance cards.

      7) Obtain a copy of the patient's/guarantor's drivers license.

      8) Copy transfer sheets from nursing home patients.

      9) Copy all insurance forms.

10) Complete HIPPA patient required forms:

a) Review hospital notice of privacy process with patient and give a copy to patient and obtain the patient or patient's representative signature acknowledging a receipt of the notice. The privacy notice is valid for six years.
b) If the patient refuses to sign the acknowledgement, the registrar will select the correct reason as indicated on the privacy form indicating the patient has refused to sign.
c) Review the facility directory "Opt Out" form with the patient. This form must be completed on EVERY visit. All HIPAA forms are sent with the chart to the nursing unit and will remain part of the patient's permanent medical record.

b. Admission clerks will follow the procedures set forth in numbers one through ten above when admitting direct and/or emergency patients.

c. Admission clerks will complete the Medicare Secondary Payer Questionnaire form to include the patient's signature and date.

d. Obtain all necessary signatures from the patient and/or family member. If a family member is signing on behalf of the patient, the relationship must be stated and recorded.

1) Witnessing: The admission clerk will date and sign all documents.

e. Process as follows:

1) Prepare a patient identification card.
2) Prepare a patient identification bracelet and place on the patient.
3) Transport the patient and documents to the assigned nursing station.
4) Check for any prior documents, such as lab results, physicians orders, etc.:
   a) When the patient is transported to the nursing floor, personnel will meet the nurse at the patient's room.
   b) If a nurse is not at the patient's room upon arrival, the person transporting the patient may call the nursing station to inform the nurse of the patient's arrival.
   c) The patient will never be left alone.
5) When a patient is transported directly to the nursing unit by the Emergency Room or ambulance personnel, admitting personnel will perform the admission process bed side, unless a family member is available in the admission area.
6) Notify the telecommunication operator of the admission immediately after the admission process, unless patient has chosen to 'opt out', prior to distribution of the patient chart.
7) Proceed in breaking down the remainder of the patient admission chart for distribution.
8) Review and forward the patient financial folder for insurance verification.

f. Upon receipt of pre-certification, pre-authorization and extension confirmation forms, a copy will be placed in the financial folder, whether the account is a pre-admission, in-house or in accounts receivable:

1) Document on the hospital information system regarding the number of days authorized and the date and time the authorization expires.
2) Deliver a copy of the authorized form to the appropriate staff members, e.g., U.R./D.R.G. Coordinator, etc.
3) The admissions supervisor will be responsible for maintaining a continual system to monitor in-house admissions, which may exceed the authorized length of stay.

4) The admission supervisor will meet daily with the U.R./D.R.G. Coordinator to discuss the patient's anticipated discharge date. This review will focus on insuring the patient's stay does not exceed authorized dates.
5) All discussions and or decisions will be documented in the system and/or financial folder for future reference.

2. Outpatient Admission

   a. All outpatient services will be processed through the hospital medical necessity ABN software (see policy 11-304).

   b. Outpatient admission will follow the same procedures as set forth under Inpatient Admission, above.

   c. The admission clerk will proceed with breaking-down the patient admission chart for distribution.

   d. The admission clerk will review and forward the patient financial folder for insurance verification.

3. Day Surgery

   a. All outpatient surgical patients will be processed through the hospital medical necessity ABN software (see policy 11-304)

   b. Surgery patients will follow the same procedures as set forth under Inpatient Admission, above

   c. Admission clerks will proceed with breaking-down the patient admission chart for distribution.

   d. Admission clerks will review and forward the patient financial folder for insurance verification, as per facility protocol.

4. Emergency Room Admissions

   a. In accordance with COBRA regulations, a medical screening exam shall be provided to all patients presenting themselves for treatment. No inquiries regarding ability to pay shall be conducted prior to examination.

   b. Emergency room admissions will follow the same procedures as set forth under Inpatient Admission, above.

   c. Admission clerks will proceed with breaking-down the patient admission chart for distribution.

   d. Admission clerks will review and forward financial folders for insurance verification, as per facility protocol.

5. Internal Control System

   a. An internal system for controlling patient financial information and enhancing the accuracy of medical records statistical reporting will be maintained. Hospital information system generated discharge reports for inpatient, outpatient and emergency room patients will be used as follows:

1) Admission clerks will verify that all patients listed on the discharge report have a financial folder. If a patient does not have a folder/file, one will be made.
2) After review, the Admission clerk will sign the discharge report and place a check mark beside each patient name, indicating the folder is present.
3) Patient folders will be rubber banded together with the corresponding discharge report on top.
4) No folders or reports will be forwarded until complete.

6. Active Duty Military Patients

a. For Active Duty Military patients the following steps are required upon admission and/or stay:

1) The emergency room physician will obtain an authorization for treatment from the Officer-of-the-Day at the patients' military base. The patient will be transferred -- usually the following morning.

2) Required billing information:

a) Copy, front and back, of the military identification card.
b) Obtain the name of the Commanding Officer.
c) Obtain the name and address of military base.
d) If the military patient is in transit to a new duty station, a copy of the orders must be obtained.
e) The billing will be sent to the previous Commanding Officer.

7. Worker's Compensation Patients:

1) All Worker's Compensation services must be authorized.

2) Worker's Compensation will be listed as the primary payer.

3) The patients/guarantors demographic information (address, telephone number, spouse, next of kin, etc.) must be obtained. This information will be critical in the event the worker's compensation claim is denied.

4) Group insurance information will be obtained and listed as secondary payer.

a) Group insurance will be verified, certified/authorized and listed as secondary

5) All treatment reports must be filed timely as per specific state regulation.

8. Facility Employee/Dependent

a. Facility employee/dependent insured under Vanguard Health System, Inc. group benefits will be admitted as all other insurance patients:

1) Should the patient have two or more insurance carriers, the admitting clerk will determine primary, secondary, etc., as per standing protocols.

2) A completed claim form must be presented at time of admission.

3) Patients will be registered by using the Vanguard Health System, Inc. Employee Plan code.

9. Medicaid Pending

   a. To identify self pay patients who have applied and should quality for Medicaid. A Medicaid pending classification was established and will be utilized for those patients that have applied for Medicaid and may be approved for Medicaid, but are awaiting final determination from their home state.

      1) All self pay registrations will be screened for Medicaid eligibility.

      2) Medicaid applications should be processed on all hospital inpatients.

      3) Upon completion of the Medicaid application and the initial review of qualifications, the patient insurance plan will be changed from self pay to Medicaid pending (mapped to the Medicaid general ledger revenue account).

         a) The Medicaid pending insurance plan will reflect the expected Medicaid reimbursement at the time of billing.

         b) Upon determination of the patient's eligibility, the Business Office will update the insurance plan to reflect the designated Medicaid plan OR if denied for Medicaid, the insurance plan will be updated to self pay.

         c) At no time will the Medicaid contra be reversed for patients deemed ineligible for Medicaid.

10. Emergency Room Self Pay Patient Financial Application

   a. It is the policy that Vanguard facilities provide patients with quality patient care regardless of ability to pay for emergent treatment and in accordance with Hospital policies and procedures, and all applicable Federal, State and Local laws and regulations. Patient's not meeting emergent criteria, as determined by a medical screening examination, will be given the opportunity for treatment when financial obligations are met:

      1) Upon initial contact with an uninsured patient, review triage worksheet to determine medical assessment (non-emergent, urgent, or emergent).

      2) Emergent patients will be directed to the treatment area for immediate care. Registrars will conduct interviews in the treatment area after the patient has reviewed a medical screening exam and is stable.

      3) Urgent and non-emergent patients will be required to satisfy ER deposit requirements. Deposits may be made by check, cash or credit card.

      4) Patients not able to pay the full deposit amount will be asked to complete a Financial Disclosure Form (attachment I):

         a) All self pay patients will be given information regarding the hospital financial assistance program.

         b) Financial Disclosure Forms must be completed in its entirety and signed by the patient and/or their representative.

         c) The registrar will request a credit bureau report and review the report for pertinent information: current address, current employer, salary, available credit lines, etc.

d) The credit report will be attached to the Financial Disclosure Form and attached to the Business Office file.

e) The complete document will require the review of a Financial Counselor, Team Leader, or Supervisor for approval.

f) Once approved, the patient will be registered and made aware of their financial obligations.

* See attached applications.

EXHIBIT

ATTACHMENT 14

This facility provides Emergency Medical Care to all persons. The facility does have programs to assist you in satisfying your financial obligations if you are eligible.

I understand the questions on this application and that withholding or giving false information may result in prosecution for fraud. My answers are correct and complete to the best of my knowledge. I understand that I will have to provide documents to prove what I have said and I agree to do this. I authorize the facility to verify and obtain written copies of any of the information provided in the application and to make inquiry of my past employers to check my earnings or financial records.

ELIGIBILITY REQUIREMENTS FOR PAYMENT ARRANGEMENTS

PART 1

Guarantor Name _____
Address _____
City State Zip County Phone _____
How long at this address? _____

Method of Verification _____
_____
Example: Power bill, water bill, drivers license, etc.

Previous Address _____
Social Security Number _____
Date of Birth _____

Place of Employment _____
If not employed, what is your source of income? _____

Gross income per Month Number of Dependents _____

Spouse's name _____
Spouse's Place of Employment How Long? _____
Gross income per Month _____

What is your total gross income per month? _____

Total for 199____: _____
(Verified by tax return)

Do you have health insurance? If so, what type and with whom? _____
_____
Effective date: Is a copy of the card available? _____

EXHIBIT

ATTACHMENT 14

PART 2 - PERSONAL RESOURCE

REAL ESTATE

1. Do you or your spouse own (buying) any real estate (including a home, mobile home)?

   Yes_____ No_____

2. Give the following information about each property (real estate) that you own (buying).

   Owner (s) _____
   _____
   Address _____
   Tax Assessed Value $ _____
   Current Market Value $ _____
   Is there a mortgage or lien on any of the above property? _____
   If yes, give the balance owed: _____

VEHICLES

Do you own (buying) any of the following:

Automobile o Truck o Van o
Boat o Trailer o

	Make	Model	Year	Balance Owed
A.				
B.				

* Value of vehicle will be based on Vanguard guidelines.

LIFE INSURANCE

Do you and your spouse have any life insurance?_____

If yes, please complete the following:

Owner of Policy _____
Name of Insurance Company _____
Address of Insurance Company _____

Date of issue _____

Policy Type (whole life)_____

Face Value _____

Cash Value _____

EXHIBIT

ATTACHMENT 14

PART 2 - PERSONAL RESOURCE (cont.)

BANK ACCOUNTS

Do you and/or your spouse have any bank accounts? Yes _____ No _____
Name of Bank _____
Address _____

List accounts:

	ACCOUNT NUMBERS	BALANCE
CHECKING	_____	_____
SAVINGS	_____	_____
SAVINGS BONDS	_____	_____
IRA/401 K	_____	_____
CD'S	_____	_____

SUMMARY (to be completed by hospital)

REAL ESTATE	_____	_____
AUTOMOBILE	_____	_____
LIFE INSURANCE	_____	_____
CASH,SAVINGS,ETC.	_____	_____

Will applicant liquidate any assets to cover hospital cost? _____

_____

PART 3

Have you applied for Medicaid? If so, when? _____
Why were you denied assistance? _____

_____

EXHIBIT

ATTACHMENT 14

PART 4 – PERSONAL RESOURCE (cont.)

1. Has your doctor made financial arrangements with you regarding his fee? _____

   _____

   If so, what are they? _____

   _____

2. Do you feel that this hospitalization is absolutely necessary? _____

   _____

   Explain. _____

   _____

PART 5

SIGNATURES

APPLICANT'S SIGNATURE _____

DATE _____

SPOUSE'S SIGNATURE _____

DATE _____

ELIGIBILITY APPROVED BY _____

DENIED _____

REASON FOR DENIAL _____

CHIEF FINANCIAL OFFICER'S APPROVAL _____

CHIEF EXECUTIVE OFFICER'S APPROVAL _____

EXHIBIT

INCOME VERIFICATION

I, _____, certify that my family income for the past 12 months has been $_____ and there are _____ people in my family. The income information can be verified by calling the following employer(s).

Company	Phone #	Company	Phone #

I certify the above to be true:

Guarantor: _____

Date: _____

Witness: _____

Date: _____

EXHIBIT

PLEASE READ CAREFULLY

BANK STATEMENTS

Copies of your latest bank statement (include checking and savings) on bank letterhead and a copy of your savings account passbook showing all transactions over the past 60 days and showing an up to date interest amount. If a recent bank statement is not available, have a bank employee write a letter on bank letterhead stating the account number, current balance, and the names on the account. Have the employee sign, date and put his/her position title on the bottom of the letter.

SAVINGS BONDS

If U.S. Savings Bonds are owned, we need to see them and need a written statement from a bank telling us what the current value is on each bond.

STOCKS OR BONDS

If stocks or bonds are owned, we need to see them and need a written statement from the company or broker as to the current value, the amount of dividends most recently received and the frequency that dividends are received.

TRUSTS

If a trust has been set up, we need to see a copy of the trust agreement, which will be submitted for clearance by our attorneys.

INSURANCE

All life, burial and health insurance policies must be disclosed. If a life or burial policy is owned by the applicant and the face value of all policies combined are $1,500.00 we need a written statement from the insurance company telling us the face value, cash surrender value and the amount of interest/dividends paid on the last anniversary date of the policy. If dividend/interest are not payable directly to the individual upon request, this should be documented as well.

VERIFICATION OF INCOME

All income you receive is considered in our determination. You must provide us with copies of all pension checks or any income you receive. Copies of current award letters should also be provided. If the above is not available, a written statement from the pension company disclosing the frequency and amount of your pension payment is required.

PROPERTY

If property is owned, a copy of the latest tax notice and deed must be presented.

VEHICLE REGISTRATION

If a vehicle is owned, a copy of the current registration must be provided.

If a mobile home is owned, a copy of the current registration and a written estimate from a licensed dealer disclosing the current fair market value of the home must be provided.

MEDICARE AND SOCIAL SECURITY

A copy of your Medicare and/or Social Security card must be provided.

VANGUARD HEALTH SYSTEMS

POLICIES & PROCEDURES

Date April 15, 1998	Approved By
Section **BUSINESS OFFICE**	
Subsection Admissions - Medicare Questionnaire/Secondary Payer Screening Form	
Policy Procedure No. **11-0303**	
Effective Date April 15, 1998	Previous Date

Medicare Questionnaire/Second

Purpose

To establish Medicare as the primary or secondary payer.

Related Policy

Medicare policies. Section 1862(b) of the Social Security Act. Title A2 of the CFR, Section 411.

Policies

1. A Medicare questionnaire must be completed for every **potential** Medicare patient registered for service:
   a. Admitting/registration personnel are responsible for the completion of the form (not the patient). The registrar should explain the need for this information when interviewing the patient.
2. The patient or his representative is to sign the completed form.
3. The completed form is to be placed in the patient's financial folder.
4. The patient's financial designation is to be determined based upon the information gathered on the Medicare Questionnaire:
   a. Financial designation assignment should be based on the primary insurance carrier.
   b. Medicare, with or without supplemental insurance, is primary if all questions on the Medicare Questionnaire are answered no.
   c. Medicare, with or without supplemental insurance will be secondary payer if any question is answered yes. At this point obtain primary payer information.
   d. Note, financial designation assignments for MSP cases are dependent upon specific facility policies. Some facilities may use specific MSP financial designation.

VANGUARD HEALTH SYSTEMS

POLICIES & PROCEDURES

Date September 1, 2004	Approved By
Section **BUSINESS OFFICE**	
Subsection Admissions – Medicare Mandated Forms	
Policy Procedure No. **11-0304**	
Effective Date Sept. 1, 2004	Previous Date April 15, 1998

Medicare Mandated Forms .....

Purpose

To outline the use of the Medicare Advance Beneficiary Notice (ABN) for outpatient hospital services.

Policies

ABNs must be obtained in accordance with Medicare requirements. Hospitals must bill Medicare for all medically necessary services and obtain an ABN for outpatient services that are not medically necessary according to Local Coverage Determinations (LCD) and/or National Coverage Determinations (NCD), except as otherwise noted in this policy.

DEFINITIONS:

Ancillary Services: Hospital or other health care organization services other than room and board and professional services. Examples of ancillary services include diagnostic imaging, pharmacy, laboratory and rehabilitative therapy services.

Local Coverage Determination:: A decision made by Fiscal Intermediaries and Part B Carriers whether to cover a particular service on an intermediary-wide or carrier-wide basis in accordance with Section 1862(a)(1)(A) of the Social Security Act (*i.e.*, a determination whether the service is reasonable and necessary.) Hospitals are required to use only those LCD that have been issued by their specific Fiscal Intermediary.

Medical Necessity/Medically Necessary: For purposes of this policy, medical necessity or medically necessary refers to guidelines included in LCD and /or NCD in accordance with the Medical Necessity policy (GOS.GEN.002).
National Coverage Determination: A medical review policy as issued by CMS which identifies specific medical items, services, treatment procedures or technologies that may be covered and paid for by the Medicare program. NCD apply to services paid by both Fiscal Intermediaries and Part B Carriers.

Outpatient Services: Outpatient services are those services rendered to a person who has not been admitted by the hospital as an inpatient but is registered on the hospital records as an outpatient and who receives services (rather than supplies alone) from the hospital. Outpatient services include, but are not limited to, observation, emergency room, ambulatory surgery, laboratory, radiology and other ancillary department services.

Procedures

The statements listed below outline the Medicare requirements regarding outpatient ABNs.

ABN USE

1. Individuals involved in the ordering of services and/or registering of outpatients must review the patient's diagnosis, sign, symptom, disease or ICD-9-CM code for medical necessity to determine if an ABN is necessary.

2. An ABN **must** be obtained if one of the following conditions is met **and** the hospital intends to bill the beneficiary should Medicare deny payment. **If one of the conditions below is met and an ABN was not obtained prior to rendering the service, neither Medicare nor the beneficiary may be billed for the service.**
   - The test/service provided does not meet definitive medical necessity guidelines.
   - The test/service may only be paid for a limited number of times within a specified time period and this visit may exceed that limit.
   - The test/service is for investigative or research use only. For example, the service or drug/biological has not been approved by the Food and Drug Administration.

3. If the LCD and/or NCD is not definitive with regard to specific diagnoses, signs, symptoms or ICD-9-CM codes that will be covered or non-covered (*e.g.*, conditions that are generally not covered, but there are limited exceptions when additional documentation is submitted; or a policy that is not exclusive and claims not supported by the diagnoses listed may be reimbursable when supporting documentation is submitted; or when the Fiscal Intermediary considers factors other than those listed in the LCD) an ABN **should** be obtained. **However, if an ABN was not obtained, but additional documentation is present to support medical necessity, Medicare should be billed.**

4. A single ABN covering an extended course of treatment may be obtained provided the ABN identifies all items and services that may not be covered and does not extend more than one year. Examples of extended courses of treatment include physical therapy and repeat laboratory tests. If additional services are added to the extended course of treatment that is not medically necessary, an additional ABN must be obtained.

5. When a service has a technical component and a professional component, one ABN may be obtained provided the description of the service clearly indicates both components. For example, if a hospital bills on behalf of a radiologist for radiology interpretations performed at the hospital, one ABN may be obtained from the beneficiary that includes both the performance of the radiology procedure (technical component) and the radiologist's interpretation (professional component).

6. When a hospital laboratory receives a specimen only and the test to be performed does not meet medical necessity guidelines, the laboratory **must** obtain an ABN prior to performing the test **if the hospital intends to bill the beneficiary in the event Medicare denies payment.** If the integrity of the specimen is at risk and the test is not medically necessary, laboratory personnel may perform the test(s). **However, if an ABN is not obtained prior to performing the test(s), neither Medicare nor the beneficiary may be billed for the test(s).**

7. ABNs must be obtained **prior** to rendering non-medically necessary services. It is not appropriate to obtain an ABN after services have been rendered.

8. ABNs must not be obtained from a beneficiary nor the beneficiary held financially liable when payment for an item or service is bundled or packaged into another payment under the Medicare Outpatient Prospective Payment System (OPPS) even when those items or services do not meet medical necessity guidelines.

9. Routinely providing ABNs to beneficiaries is not an acceptable practice. Providing generic, blanket and blank ABNs is also not an acceptable practice. There must be a specific reason to believe Medicare may deny the test/service in order to request a beneficiary sign an ABN.

10. It is not appropriate to obtain an ABN when the beneficiary is unable to comprehend the ABN (*e.g.*, if the patient is comatose, confused or legally incompetent, he/she is unable to understand the implications of signing the ABN) and his/her authorized representative is not available.

11. An ABN must never be obtained from a beneficiary under great duress, in a medical emergency, or in any case where the Emergency Medical Treatment and Active Labor Act (EMTALA) applies, until a medical screening examination has been completed and the patient has been stabilized. This applies to treatment in any hospital outpatient department that is considered provider-based, located either on or off the campus of the hospital.

12. If the beneficiary refuses to sign the ABN and be financially responsible in the event Medicare denies payment, the ordering physician should be contacted to determine if non-performance of the services will compromise patient care.

13. If the beneficiary refuses to sign the ABN and be financially responsible in the event Medicare denies payment and demands that the services be performed, a second person should witness the provision of the ABN and the beneficiary's refusal to sign. The witness should sign an annotation on the ABN stating that he/she witnessed the provision of the ABN and the beneficiary's refusal to sign. The claim will be filed as if an ABN was obtained. In the case of a denial by Medicare, the beneficiary will be held liable per Section 1879(c) of the Social Security Act.

14. Once the ABN is signed it may not be altered in any way. If additional services will be provided for which an ABN will be needed, a new ABN must be obtained.

15. ABNs must not be used to notify a beneficiary of statutorily excluded services or items (*e.g.*, personal comfort items, routine physicals, outpatient prescription drugs).

ABN FORM

1. VHS facilities must use the CMS-approved form (CMS-R-131-G), which is available from either Standard Register or from Company-approved medical necessity vendors, and may not be altered (see Attachment A). All fields on the ABN form must be completed in sufficient detail to specify the potentially non-covered service. All entries must be in Arial or Arial Narrow font in the size range of 10 – 12 point font or legibly handwritten.

2. The signed ABN form should be distributed as follows: give one copy to the patient, retain one copy in the patient's hospital Business Office record.

BILLING

1. If the services are not medically necessary and an ABN was obtained prior to rendering the services, the services must be reported in FL 47 (Total Charges) on the UB-92. Occurrence code 32 must be entered in FL 32-35 indicating the date that the ABN was provided to the beneficiary. The GA modifier must be appended to the CPT/HCPCS code representing the service(s) for which an ABN was obtained.
   - The Fiscal Intermediary (FI) will make a determination whether or not the services will be paid by Medicare. If the FI determines that the services are non-covered, the facility must bill the beneficiary for the services for which an ABN was obtained.
   - If the FI pays for the services then the beneficiary must not be billed for the services for which an ABN was obtained.

2. If the services are supported by additional documentation indicating medical necessity and the LCD and/or NCD is not definitive with regard to specific diagnoses, signs, symptoms or ICD-9-CM codes which will be covered or non-covered, the services should be reported in FL 47 (Total Charges) on the UB-92. If an ABN was obtained, the GA modifier must be appended to the CPT/HCPCS code representing the service(s) for which the ABN was obtained. The additional documentation should be submitted with the claim to Medicare. The FI will make a determination whether or not the services will be paid by Medicare.
   - If the FI pays for the services, then the beneficiary must not be billed for the services.
   - If the FI determines that the services are non-covered and an ABN was obtained, the facility must bill the beneficiary for the services for which an ABN was obtained.
   - If the FI determines that the services are non-covered and an ABN was not obtained, the facility must not bill the beneficiary.
3. If multiple ABNs are obtained for services included on one claim, occurrence code 32 and the date the ABN was provided must be reported for each ABN, even if the date is the same for each ABN.

4. If the services are not medically necessary (according to definitive LCD and/or NCD) and an ABN was not obtained prior to rendering the non-covered services, the services must be removed from the UB-92. The charges should be written off as non-covered/non-allowable and must **not** be claimed as Medicare Bad Debt Expense.

OTHER

Ancillary Department and Business Office personnel must educate all staff associates and medical staff members responsible for ordering, referring, registering, performing, charging, coding and billing ancillary services regarding the contents of this policy.

REFERENCES:

Fiscal Intermediary Local Coverage Determinations s
CMS National Coverage Determinations
CMS Pub. 60AB, Transmittal No. AB-02-114, July 31, 2002 – ABNs and DMEPOS Refund Requirements
CMS Pub. 60AB, Transmittal No. A-02-117, November 1, 2002
Medicare Claims Processing Manual (Pub 100-4), Chapter 30 – Financial Liability Protections, Sections 40 – 50.7.8

Medicare Claims Processing Manual (Pub 100-4), Chapter 1, Section 60
Medicare Program Integrity Manual (Pub 100-8), Chapter 13, Sections 1.1 and 1.3

Patient's Name: Medicare # (HICN):

ADVANCE BENEFICIARY NOTICE (ABN)

NOTE: You need to make a choice about receiving these health care items or services. We expect that Medicare will not pay for the item(s) or service(s) that are described below. Medicare does not pay for all of your health care costs. Medicare only pays for covered items and services when Medicare rules are met. The fact that Medicare may not pay for a particular item or service does not mean that you should not receive it. There may be a good reason your doctor recommended it. Right now, in your case, **Medicare probably will not pay for –**

Items or Services:
Because: ☐ Medicare does not pay for the item(s) or service(s) for your condition. ☐ Medicare does not pay for the item(s) or service(s) more often than _____. ☐ Medicare does not pay for experimental or research use items or services.

The purpose of this form is to help you make an informed choice about whether or not you want to receive these items or services, knowing that you might have to pay for them yourself. Before you make a decision about your options, you should **read this entire notice carefully.**

- Ask us to explain, if you don't understand why Medicare probably won't pay.
- Ask us how much these items or services will cost you (**Estimated Cost: $**_____), in case you have to pay for them yourself or through other insurance.

PLEASE CHOOSE **ONE** OPTION. CHECK **ONE** BOX. **SIGN & DATE** YOUR CHOICE.

☐ **Option 1. YES. I want to receive these items or services.**

I understand that Medicare will not decide whether to pay unless I receive these items or services. Please submit my claim to Medicare. I understand that you may bill me for items or services and that I may have to pay the bill while Medicare is making its decision. If Medicare does pay, you will refund to me any payments I made to you that are due to me. If Medicare denies payment, I agree to be personally and fully responsible for payment. That is, I will pay personally, either out of pocket or through any other insurance that I have. I understand I can appeal Medicare's decision.

☐ **Option 2. NO. I have decided not to receive these items or services.**

I will not receive these items or services. I understand that you will not be able to submit a claim to Medicare and that I will not be able to appeal your opinion that Medicare won't pay.

_____ _____

Date **Signature of patient or person acting on patient's behalf**

NOTE: Your health information will be kept confidential. Any information that we collect about you on this form will be kept confidential in our offices. If a claim is submitted to Medicare, your health information on this form may be shared with Medicare. Your health information, which Medicare sees, will be kept confidential by Medicare.

OMB Approval No. 0938-0566 Form No. CMS-R-131-G (June 2002)

VANGUARD HEALTH SYSTEMS

POLICIES & PROCEDURES

Consents .....

Date October 2004	Approved By
Section **BUSINESS OFFICE**	
Subsection Admissions – Consents	
Policy Procedure No. **11-0305**	
Effective Date October 2004	Previous Date April 15, 1998

Purpose

To establish the policy and procedures for obtaining consents subject to federal, state and local laws, rules and regulations.

To establish responsibility for obtaining consents.

Related Policies

1. State consent manual.
2. Medical Staff By-Laws concerning the obtaining of consent for special procedures.

Policies

1. All patients, or the patient's legal representative, will sign a Conditions of Admissions/Treatment form prior to services being rendered:

2. Exceptions:

   a. If the patient is unable to sign the Conditions of Admissions/Treatment form and a family member is present and willing to sign, they may do so. The patient's signature must be obtained when the patient's medical condition improves and is legally able.

   b. Patients that are unaccompanied and unable to sign or "Minors" will require telephone consent in accordance with state laws.

   c. All exceptions must be documented and witnessed.

3. A copy of the Conditions of Admission and the Assignment of Benefits will go into the patient's financial folder:

   a. The Admitting Department is responsible for:

      1) Obtaining the signature of the correct person on the Conditions of Admission at the time of registration.

      2) Explaining the Conditions of Admissions/Treatment to the patients.

      3) Obtaining the subscribers signature for Assignment of Benefits unless payment in full for services is obtained.

      4) Delivery of any special consent forms (which may be sent to them for safekeeping) to the charge nurse for placement in the chart:

a) The original copy of the Conditions of Admissions/Treatment is sent to the nursing station to be retained in the patient's medical chart.

4. Signature:

   a. The patient's signature must be their complete legal name, (no nicknames).

   b. Signatures other than the patient's must be complete and accompanied with an explanation of the relationship to the patient.

   c. The witnessing representative will sign the form in the designated place.

   d. All signatures will be dated and timed by the hospital's representative.

   e. All signatures must be in ink.

   f. For facilities that have specialty units, the Admitting Department will obtain all specific signatures and forms as required.

VANGUARD
HEALTH SYSTEMS

POLICIES & PROCEDURES

Date April 15, 1998	Approved By
Section **BUSINESS OFFICE**	
Subsection Admissions – Chief Executive Officer's Admission Letter	
Policy Procedure No. **11-0306**	
Effective Date April 15, 1998	Previous Date

Chief Executive Officer's Admi

Purpose

To thank patients for selecting our facility when needing health care services.

To inform patients of the facility's policy and procedures regarding insurance payer's responsibilities and the contractual relationship with the facility.

Policies

1. All patients receiving services will receive the administrator's admission letter at time of registration:

   Exceptions: Patient's covered by Medicaid, Worker's Compensation, and Special State Programs.

   a. The administrator's admission letter must be produced on facility letter head.

Procedures

1. All admitting areas, including emergency room and outpatient registration are responsible for the distribution of the administrator's letter:

   a. The administrator's letter is to be given to all patients regardless of patient type with the exception of patients described above.

   b. The administrator's letter will be given to the patient or the patient's representative at the time of registration.

EXHIBIT

SAMPLE CHIEF EXECUTIVE OFFICER'S LETTER

Date

Name
Address

Dear Patient:

With complex new healthcare regulations, tightened reimbursements and cost-cutting measures, virtually all insurance carriers require pre-authorization or second opinions. Most carriers have additional restrictions and/or exclusions on some services within their plans. We want to provide you with information that will assist you in obtaining maximum insurance benefits for the services we are providing. Our admissions office can help you determine the requirements of your insurance policy and in some cases help you satisfy these requirements.

Another way we help you is to bill your insurance company directly. While we usually do this within 4 days of your discharge, we often do not receive payment from your insurance carrier within the expected 30 days. This is an area where you can be of help to us and preclude your receiving a hospital bill for services that the insurance company should pay.

If you have not received notification of payment from your insurance carrier within 30 days following discharge, please call your insurance representative or employer to determine why they have delayed payment to the hospital. You will be held responsible for the amount due if your insurance company fails to respond to the hospital.

While we understand that most people do not want to be in the hospital, we are pleased that you have chosen this hospital. We appreciate the opportunity to provide you with the best of care and to make your stay as comfortable as possible.

Sincerely,

Chief Executive Officer

VANGUARD HEALTH SYSTEMS

POLICIES & PROCEDURES

Date October 2004	Approved By
Section **BUSINESS OFFICE**	
Subsection Admissions – Insurance Verification	
Policy Procedure No. **11-0310**	
Effective Date October 2004	Previous Date April 15, 1998

Insurance Verification .....

Purpose

To establish an organized method for confirmation of third-party payer coverage and benefits.

To establish responsibility for the verification of third-party coverage and requirements.

Related Policies

1. Contract agreements with all insurance carriers and employer groups
2. Pre-Admission Certification System procedures
3. Deposit policy

Policies

1. All insurance coverage will be verified in a timely manner.

   a. Pre-registered patients will be verified prior to admission.

   b. Direct or emergency room admissions will be verified at time of service or admission, or within twenty-four (24) hours.

   c. Obstetrical admissions will have insurance verified at time of pre-registration and again in the eighth (8th) month of pregnancy.

   d. Week-end and holiday admissions will be verified the first working day:

      Exception: Payers that have twenty-four (24) hour access for verification and authorization.

   e. Series/recurring patients will be re-verified each month as services continue.

   f. The Admission Department will verify insurance benefits on all C.A.T. scan, M.R.I. and Nuclear Medicine patients prior to the procedure. Any exception requires approval of the Chief Financial Officer.

2. Employment status will be verified on all group insurance:

   a. Obtain date of hire from employer.
   b. Verify current employment.

3. Insurance benefits will be verified on the following:

   a. Inpatients (all types)
   b. Day Surgery (short stay)

c. Outpatient Services
d. Specific Outpatient Procedures
e. Emergency Room Services

4. Pre-Certification will be done immediately on all payers requiring authorization prior to services.

5. The hospital information system insurance master file will be updated on an ongoing basis.

Procedures

1. The verification clerk will obtain the following information and document the patient financial folder in the appropriate location.

   a. Is the group covered?

   b. Is the insured covered?

   c. Verify correctness of the insured group and subscriber numbers.

   d. If the patient is a dependent of the insured, is the patient covered?

   e. If the dependent is over the age of eighteen (18) and a full-time student, does insurance require a statement from the school attended?

      Note: A full time student status normally continues through the age of twenty-three (23) years.

   f. If the dependent is married, is he/she covered under the parent's insurance coverage?

      Note: Special care when verifying. A request for written verification of coverage should be made.

   g. Is the admitting diagnosis covered?

   h. Is the surgical procedure covered?

   i. Is there a waiting period?

   j. Is the coverage dependent on the level of care (inpatient versus outpatient)?

   k. Does the admitting diagnosis require pre-authorization?

      1) Has the pre-authorization been received?

      2) If yes, obtain authorization number.

   l. Does the admitting diagnosis require a second opinion?

      1) If yes, has the requirement been satisfied?

      2) If requirements have not been satisfied:

a) Call the patient for information needed.

b) Call the admitting physician to advise him of the missing requirements and probable re-scheduling.

m. Obtain effective date of coverage.

n. Does coverage contain a pre-existing clause?

o. Determine the amount of the deductible and if any portion has been satisfied?

p. Determine if benefits are restricted by length of stay or dollar amount limitations.

q. Is an individual claim form required for billing? Does the employer require the claim to be submitted through the place of employment?

r. Obtain correct billing address for claim submission. Does the claim need to be submitted to the employee first?

s. Obtain the correct telephone number for claim follow-up procedure.

t. Obtain the full name of the person confirming coverage.

u. Document the date verification was obtained.

v. Any high-priced procedures, such as CAT scan, MRI, and Nuclear Medicine procedures will require insurance verification prior to the procedure being performed.

Exception: The Patient Accounts Manager may approve a procedure without verification due to time of day, holiday, weekend, or any other reason deemed appropriate. Approval must be documented in the patient financial folder.

2. Review the insurance benefits and requirements.

a. Determine the necessity for authorization prior to treatment.

b. Take necessary actions to obtain required authorizations.

3. Determine the necessity for second opinions and required levels of care.

4. Advise the physician and patient of requirements.

5. Record appropriate documentation to ensure maximum reimbursement.

6. Determine patient liability amount:

a. Determination will be based on insurance verification and facility anticipated total charges.

See: Deposit Requirements.

b. Discuss insurance benefits with the patient.

c. Upon verification the patient will be informed of their liability and the facility collection policy. Any outstanding exhausted balances should be collected at this time.

VANGUARD
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Date April 15, 1998	Approved By
Section **BUSINESS OFFICE**	
Subsection Admissions – Verification of Medicare Health Insurance Claim Number (H.I.C.)	
Policy Procedure No. **11-0311**	
Effective Date April 15, 1998	Previous Date

Verification of Medicare Health

Purpose

To establish a procedure for verifying the Health Insurance Claim (HIC) number for Medicare patients requesting service.

Policies

1. Patients requesting service will be asked to provide their Medicare number:

   a. A copy of the Medicare identification card should be obtained whenever possible.

   b. A copy of a Medicaid card may also be used to obtain the Medicare number, in most cases.

   c. A Medicare explanation of benefits from a prior claim may be utilized to obtain the Medicare number, if available.

   d. A previous paid patient account record may be utilized to obtain a Medicare number.

2. When informed that the patient has Medicare, but is unable to provide a Medicare number, a telephone call will be placed to the local Social Security Administration (SSA) Office to obtain the Medicare number if possible:

   a. Facilities that are unable to verify Medicare benefits electronically will utilize the Social Security Administration Form 1600.

   b. The Admitting Department is responsible for submission of the Form 1600.

   c. The SSA Form 1600 will be completed and mailed at the time of registration.

   d. The completion and mailing of the SSA Form 1600 will be documented on the hospital information system by the employee completing the form.

   e. The patient's account number will be placed on the SSA Form 1600 following the hospital address to facilitate the matching of the returned SSA Form 1600 with the patient's account.

   f. A copy of the SSA Form 1600 will be placed in the patient's financial folder at the time of the completion.

   g. A duplicate form will be sent as a second request if the reply has not been received within ten (10) working days of the original request:

      1) The Admitting Department is responsible for the second request if the patient is still in-house.

2) The Medicare Biller is responsible for the second request if the patient has been discharged.

3) Close monitoring of responses is necessary due to time delays at Social Security offices.

h. Medicare cannot be billed without a correct Medicare number.

VANGUARD
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POLICIES & PROCEDURES

Admission Checklist .....

Date April 15, 1998	Approved By
Section **BUSINESS OFFICE**	
Subsection Admissions – Admission Checklist	
Policy Procedure No. **11-0314**	
Effective Date April 15, 1998	Previous Date

Purpose

To establish a quality assurance process which confirms completion of critical registration tasks.

Related Procedures

1. Admission and registration policies and procedures.

Policies

1. An admission checklist can be completed at the time of registration:
   a. The admission checklist can be printed on the inside front of the financial folder or a separate form.
   b. Documentation will be clear and concise.
   c. The admission checklist will be signed by the admitting representative processing the patient.
   d. The Admitting Supervisor will sign the patient financial folder after reviewing the registration for accuracy and completeness:
      1) Any missing information will be obtained by the admitting department within twenty-four (24) hours.
      2) The Admitting Supervisor will be responsible for insuring critical registration information is accurate and complete.

VANGUARD
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POLICIES & PROCEDURES

Physician Definitions .....

Date April 15, 1998	Approved By
Section **BUSINESS OFFICE**	
Subsection Admissions – Physician Definitions	
Policy Procedure No. **11-0317**	
Effective Date April 15, 1998	Previous Date

Purpose

To ensure each physician definition is interpreted in the same method within Vanguard Health System, Inc..

Policies

1. For the purpose of identifying physician types as a function of Admission, the following definitions will be used:

Description	Definition
Admitting Physician	Physician who actually admits the patient to the hospital.
Attending Physician	Physician who actually treats and visits the patient while the patient is in house and who overall monitors and manages the care of the patient during the inpatient stay.
Consulting Phys.	Physician specialist, called in by the attending physician to review, treat, monitor, and/or manage a certain portion of a patient care.
Family Physician	The Physician the patient and the patient's family normally sees for care on routine matters.
Referring Physician	Physician who refers the patient to the hospital.

VANGUARD HEALTH SYSTEMS

POLICIES & PROCEDURES

Date: September 14, 2009	Approved By: Neal Somaney
Section: **Business Office Policy and Procedure**	
Subsection: Admitting - Address and/ or Social Security Number Verification	
Policy Procedure No. **11-0320**	
Effective Date October 1, 2009	Previous Date

1. **Purpose**
   To provide guidelines for registrations requiring Address Verification.

2. **Scope**
   Registration process for patients that are known to have a bad address on file or are unable to provide consistent or complete information at the time of registration.

3. **Policy**

   3.1. Verification of the guarantor's address using Verification software should be completed in each of the following scenarios:

      3.1.1. Regardless of insurance, when the registrar is aware the patient's prior account has had mail returned to the facility.

      3.1.2. When the patient presents inconsistent information without any valid identification.

      3.1.3. If the patient is not a minor and has not provided their Social Security number.

      3.1.4. All Red Flag Event scenarios.

   3.2. If the information returned from the address verification system does not match the information provided by the patient, complete the following steps:

      3.2.1. Ask the patient to verify all current demographic information, i.e. their address

      3.2.2. If the patient then provides information that is consistent with the Address Verification transaction, update the demographic information in the patient registration and guarantor fields.

      3.2.3. If the patient does not provide information that is consistent with the Address Verification transaction, indicate the inconsistency in the hospital patient accounts system notes. Keep the address provided by the patient in the demographics, but list the address returned from the Address Verification in the patient account notes.

      3.2.4. Determine if the inconsistency leads to a potential Red Flag Event, if the registrar determines a Red Flag event has occurred, follow Red Flag reporting policy and procedure.

Westlake Hospital & West Suburban Medical Center

Proposed Charity Care Policy

POLICIES &
PROCEDURES

DEPARTMENT: Business Office	**POLICY DESCRIPTION:** Charity Care, Financial Assistance and Billing & Collection Policies for Uninsured Patients
PAGE: 1 of 10	**REVISED January 23, 2009**
APPROVED:	**RETIRED:**
EFFECTIVE DATE: January 23, 2009	**REFERENCE NUMBER:** 11-0801

SCOPE:
All Company-affiliated hospitals.

PURPOSE:
This Policy and Procedure is established to provide the operational guidelines for the Company's hospitals (each a "Hospital" and, collectively, the "Hospitals") to identify uninsured patients who are Financially Indigent or Medically Indigent that may qualify for charity care (free care) or financial assistance, to process patient applications for charity care or financial assistance and to bill and collect from uninsured patients, including those who qualify as Financially Indigent or Medically Indigent under this Policy.

POLICY:
1. Charity Care or Financial Assistance. The Company's Hospitals shall provide charity care (free care) or financial assistance to uninsured patients for their emergency, non-elective care who qualify for classification as Financially Indigent or Medically Indigent in accordance with the Charity Care Financial Assistance Process set forth below. The Company's Hospitals shall adopt a written policy in conformity with the Company's Policy and Procedure set forth herein. Charity Care (100% discounts) under this Policy shall be available for uninsured patients with incomes below 200% of the Federal Poverty Level (the "Financially Indigent"). 40 to 80% discounts shall be available for uninsured patients either (1) with income below 500% FPL or (2) with balances due for hospital services in excess of 50% of their annual income (the "Medially Indigent"). See attached Financial Assistance Eligibility Guidelines.

2. Billing and Collection Processes for Uninsured Patients. All uninsured patients receiving care at the Company's Hospitals will be treated with respect and in a professional manner before, during and after receiving care. Each of the Company's Hospitals should adopt a written policy in conformity with the Company's Policy and Procedure set forth herein for its billing and collection practices in respect of all uninsured patients, including those uninsured patients who qualify for classification as Financially Indigent or Medically Indigent under this Policy.

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DEPARTMENT: Business Office	**POLICY DESCRIPTION:** Charity Care, Financial Assistance and Billing & Collection Policies for Uninsured Patients
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APPROVED:	**RETIRED:**
EFFECTIVE DATE: January 23, 2009	**REFERENCE NUMBER:** 11-0801

PROCEDURE:

A. CHARITY CARE AND FINANCIAL ASSISTANCE PROCESS

1. **Application.** Each Company Hospital will request that each patient applying for charity care financial assistance complete a Financial Assistance Application Form (Assistance Application). An example Financial Assistance Application Form is attached hereto. The Assistance Application allows for the collection of needed information to determine eligibility for financial assistance.

A. Calculation of Immediate Family Members. Each Hospital will request that patients requesting charity care verify the number of people in the patient's household.

1. *Adults*. In calculating the number of people in an adult patient's household, Hospital will include the patient, the patient's spouse and any dependents of the patient or the patient's spouse.

2. *Minors*. For persons under the age of 18. In calculating the number of people in a minor patient's household, Hospital will include the patient, the patient's mother, dependents of the patient's mother, the patient's father, and dependents of the patient's father.

B. Calculation of Income.

1. *Adults*. For adults, determine the sum of the total yearly gross income of the patient and the patient's spouse (the "Income"). Hospital may consider other financial assets of the patient and the patient's family (members of family are as defined in section "Calculation of Immediate Family Members") and the patient's or the patient's family's ability to pay.

2. *Minors*. If the patient is a minor, determine the Income from the patient, the patient's mother and the patient's father. Hospital may consider other financial assets of the patient and the patient's family (members of family are as defined in section "Calculation of Immediate Family Members") and the patient's or the patient's family's ability to pay.

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2. **Income Verification.** Hospital shall request that the patient verify the Income and provide the documentation requested as set forth in the Assistance Application. NOTE: Tax Returns and W-2's should be collected for year prior to date of admission.

A. Documentation Verifying Income. Income may be verified through any of the following mechanisms:

- Tax Returns (Hospital preferred income verification document)
- IRS Form W-2
- Wage and Earnings Statement
- Pay Check Remittance
- Social Security
- Worker's Compensation or Unemployment Compensation Determination Letters
- Qualification within the preceding 6 months for governmental assistance program (including food stamps; CDIC, Medicaid and AFDC)
- Telephone verification by the patient's employer of the patient's Income
- Bank statements, which indicate payroll deposits.

B. Documentation Unavailable. In cases where the patient is unable to provide documentation verifying Income, the Hospital may at it's sole discretion verify the patient's Income in either of the following two ways:

1. By having the patient sign the Assistance Application attesting to the veracity of the Income information provided or

2. Through the written attestation of the Hospital personnel completing the Assistance Application that the patient verbally verified Hospital's calculation of Income.

Note: ***In all instances where the patient is unable to provide the requested documentation to verify Income, Hospital will require that a satisfactory explanation of the reason the patient is unable to provide the requested documentation be noted on the Financial Assistance Assessment Form.***

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C. Expired Patients. Expired patients may be deemed to have no Income for purposes of the Hospital's calculation of Income. Documentation of Income is not required for expired patients. Income verification is still required for any other family members (members of family are as defined in section "Calculation of Immediate Family Members").

D. Homeless Patients. Homeless patients may be deemed to have no Income for purposes of the Hospital's calculation of Income. Documentation of Income is not required for homeless patients. Income verification is still required for any other family members (members of family are as defined in section "Calculation of Immediate Family Members") only if other family information is available.

E. Incarcerated Patients. Incarcerated patients (incarceration verification should be attempted by Hospital personnel) may be deemed to have no Income for purposes of the Hospital's calculation of Income, *but only if their medical expenses are not covered by the governmental entity incarcerating them (ie the Federal Government, the State or a County is responsible for the care) since in such event they are not uninsured patients.* Income verification is still required for any other family members (members of family are as defined in section "Calculation of Immediate Family Members").

F. International Patients. International patients who are uninsured and whose visit to the Hospital was unscheduled will be deemed to have no Income for purposes of the Hospital's calculation of Income. Income verification is, moreover, still required for any other family members (members of family are as defined in section "Calculation of Immediate Family Members") only if other family are United States citizens.

G. Eligibility Cannot be Determined. If and when Hospital personnel cannot clearly determine eligibility, the Hospital personnel will use best judgment and submit a memorandum (such memorandum should be the first sheet in the documentation packet) listing reasons for judgment along with Financial Assistance documentation to appropriate supervisor. The Hospital Supervisor will then review the memorandum and documentation. If the Supervisor agrees to approve the eligibility, they will sign Eligibility Determination form and continue with normal Approval process. If the Supervisor does not approve eligibility of the patient under this Policy, the Supervisor should sign the submitted memorandum and return all documentation to Hospital personnel who will note account and

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send documentation to the Hospital's Business Office for filing. If Supervisor disagrees with hospital personnel's judgment, Supervisor should state reasons for new judgment and will return documentation to hospital personnel who will follow either denial process or approval process as determined by Supervisor.

H. Classification Pending Income Verification. During the Income Verification process, while Hospital is collecting the information necessary to determine a patient's Income, the patient may be treated as a self-pay patient in accordance with Hospital policies.

3. **Information Falsification.** Falsification of information may result in denial of the Assistance Application. If, after a patient is granted financial assistance as either Financially Indigent or Medically Indigent, and Hospital finds material provision(s) of the Assistance Application to be untrue, the financial assistance may be withdrawn.

4. **Request for Additional Information.** If adequate documents are not provided, Hospital will contact the patient and request additional information. If the patient does not comply with the request within 14 calendar days from the date of the request, such non-compliance will be considered an automatic denial for financial assistance. A note will be input into Hospital computer system and any and all paperwork that was completed will be filed according to the date of the denial note. No further actions will be taken by Hospital personnel. If requested documentation is later obtained, all filed documentation will be pulled and patient will be reconsidered for Financial Assistance.

5. **Automatic Classification as Financially Indigent.** The following is a listing of types of accounts where Financial Assistance is considered to be automatic and documentation of Income or a Financial Assistance application is not needed:

- Medicaid accounts-Exhausted Days/Benefits
- Medicaid spend down accounts
- Medicaid or Medicare Dental denials
- Medicare Replacement accounts with Medicaid as secondary-where Medicare Replacement plan left patient with responsibility

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6. **Classification as Financially Indigent.** Financially Indigent means an uninsured person who is accepted for care with no obligation (charity care) or with a discounted obligation to pay for the services rendered, based on the Hospital Eligibility Criteria.

A. Classification. The Hospital may classify as Financially Indigent all uninsured patients whose income, as determined in accordance with the Assistance Application, is less than or equal to 200% of the poverty guidelines updated annually in the Federal Register by the U.S. Department of Health and Human Services (Federal Poverty Guidelines).

B. Acceptance. If Hospital accepts the patient as Financially Indigent, the patient may be granted charity care or financial assistance discounts in accordance with the attached Financial Assistance Eligibility Guidelines.

7. **Classification as Medically Indigent.** Medically Indigent means *an uninsured patient* who does not qualify as Financially Indigent under this policy because the patient's Income exceeds 500% of Federal Poverty Guidelines, but whose medical or hospital bills exceed a specified percentage of the person's Income, and who is unable to pay the remaining bill.

A. Initial Assessment. To be considered for classification as a Medically Indigent patient, the amount owed by the patient on all outstanding accounts after all payments by the patient must exceed 10% of the patient's Income and the patient must be unable to pay the remaining bill. If the patient does not meet the Initial Assessment criteria, the patient may not be classified as Medically Indigent.

B. Acceptance. The Hospital may also accept a patient as Medically Indigent when they meet the acceptance criteria set forth below.

(1) The patient's bill is greater than 50% of the patient's Income, calculated in accordance with the Hospital's income verification procedures, and the patient's Income is greater than 500% of the Federal Poverty Guidelines. The Hospital will determine the amount of financial assistance granted to these patient's in accordance with the attached Financial Assistance Eligibility Guidelines.

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(2) NOTE: TO QUALIFY AS MEDICALLY INDIGENT, THE PATIENT MUST BE UNINSURED.

8. **Approval Procedures.** Hospital will complete a Financial Assistance Eligibility Determination Form for each patient granted status as Financially Indigent or Medically Indigent. The approval signature process is as following:

$1 - $2,000	Director
$2,001 - $10,000	Director and CFO
$10,001 and above	Director, CFO and CEO

A. The accounts will be filed according to the date the Financial Assistance adjustment was entered onto the account.

B. The Eligibility Determination Form allows for the documentation of the administrative review and approval process utilized by the Hospital to grant financial assistance. Any change in the Eligibility Determination Form must be approved by the Director of Patient Financial Services. **NOTE: If application is approved, approval is automatic for all admissions for calendar year on balances that can be considered for Financial Assistance.**

9. **Denial for Financial Assistance.** If the Hospital determines that the patient is not Financially Indigent or Medically Independent under this policy, it shall notify the patient of this denial in writing. A suggested denial of coverage letter is attached to this policy.

10. **Document Retention Procedures.** Hospital will maintain documentation sufficient to identify for each patient qualified as Financially Indigent or Medically Indigent, the patient's Income, the method used to verify the patient's Income, the amount owed by the patient, and the person who approved granting the patient status as Financially Indigent or Medically Indigent. All documentation will be forwarded and filed within the Hospital's Business Office for audit purposes. Financial Assistance applications and all documentation will be retained within the Hospital's Business Office for 1 calendar year. After which, the documents will be boxed and marked as: Charity Docs, JANUARY YYYY-DECEMBER YYYY and forwarded to the Hospital Warehouse,

where it will then be retained for an additional 6 years before shredding.

11. **Reservation of Rights.** It is the policy of the Company and its Hospitals to reserve the right to limit or deny financial assistance at the sole discretion of each of its Hospitals.

12. **Non-covered Services.** Elective and non-emergency services are not covered by this policy.

B. <u>BILLING AND COLLECTION PRACTICES FOR ALL UNINSURED PATIENTS, INCLUDING THOSE WHO QUALIFY AS FINANICALLY INDIGENT OR MEDICALLY INDIGENT UNDER THIS POLICY</u>

1. **Fair and Respectful Treatment.** Uninsured patients will be treated fairly and with respect during and after treatment, regardless of their ability to pay.

2. **Trained Financial Counselors.** All uninsured patients at the Company's hospitals will be provided with financial counseling, including assistance applying for state and federal health care programs such as Medicare and Medicaid. If not eligible for governmental assistance, uninsured patients will be informed of and assisted in applying for charity care and financial assistance under the hospital's charity care and financial assistance policy. Financial counselors will attempt to meet with all uninsured patients prior to discharge from the Company's hospital. Hospitals should ensure that appropriate staff members are knowledgeable about the existence of the hospital's financial assistance policies. Training should be provided to staff members (i.e., billing office, financial department, etc.) who directly interact with patients regarding their hospital bills.

3. **Additional Invoice Statements or Enclosures.** When sending a bill to uninsured patients, the Hospital should include (a) a statement on the bill or in an enclosure to the bill that indicates that if the patient meets certain income requirements, the patient may be eligible for a government-sponsored program or for financial assistance from the Hospital under its charity care or financial assistance policy; and (b) a statement on the bill or in an enclosure to the bill that provides the patient a telephone number of a hospital employee or office from whom or which the patient may obtain information about such financial assistance policy for patients and how to apply for such assistance. The following statement on the bill or in an enclosure to the bill complies with the above requirements of this Section B.3.:

"Please note, based on your household income, you may be eligible for Medicaid *[Note: please refer to MediCal for California patients and Arizona's AHCCCS program for Arizona patients]* or financial assistance from the Hospital. For further information, please contact our customer service department at (XXX) XXX-XXXX."

4. **Notices.** Each of the Company's hospitals should post notices regarding the availability of financial assistance to uninsured patients. These notices should be posted in visible locations throughout the hospital such as admitting/registration, billing office and emergency department. The notices also should include a contact telephone number that a patient or family member can call for more information. The following specific language complies the above notice requirements of this Section B.4.: "For help with your Hospital bill or Financial Assistance, please call or ask to see our Financial Counselor or call (XXX) XXX-XXXX (M-F 8:30 am to 4:30 pm)."

5. **Liens on Primary Residences.** The Company's hospitals shall not, in dealing with patients who quality as Financially Indigent or Medically Indigent under this Policy, place or foreclose liens on primary residences as a means of collecting unpaid hospital bills. However, as to those patients who qualify as Medically Indigent but have income in excess of 500% of the Federal Poverty Guidelines, the Company may place liens on primary residences as a means of collecting discounted hospital bills, but the Company's hospitals may not pursue foreclosure actions in respect of such liens.

6. **Garnishments.** The Company's hospitals shall only use garnishments on Medically Indigent Patients where clearly legal under state law and only where it has evidence that the Medically Indigent Patient has sufficient income or assets to pay his discounted bill.

7. **Collection Actions Against Uninsured Patients.** Each of the Company's hospitals should have written policies outlining when and under whose authority an unpaid balance of any uninsured patient is advanced to collection, and hospitals should use their best efforts to ensure that patient accounts for all uninsured patients are processed fairly and consistently.

8. **Interest Free, Extended Payment Plans**. All uninsured patients shall be offered extended payment plans by the Company's hospitals to assist the patients in settling

DEPARTMENT: Business Office	POLICY DESCRIPTION: Charity Care, Financial Assistance and Billing & Collection Policies for Uninsured Patients
PAGE: 10 of 10	REVISED January 23, 2009
APPROVED:	RETIRED:
EFFECTIVE DATE: January 23, 2009	REFERENCE NUMBER: 11-0801

past due outstanding hospital bills. The Company's hospitals will not charge uninsured patients any interest under such extended payment plans.

9. **Body Attachments.** The Company's hospitals shall not use body attachment to require that its uninsured patients or responsible party appear in court.

10. **Collection Agencies Follow Hospital Collection Policies.** The Company's hospitals should define the standards and scope of practices to be used by their outside (non-hospital) collection agencies, and should obtain written agreements from such agencies that they will adhere to such standards and scope of practices. These standards and practices should not be inconsistent with the Company's collection practices for its hospitals set forth in this Policy.

C. RESERVATION OF RIGHTS AGAINST THIRD PARTIES.

Nothing in this Policy shall preclude the Company's hospitals from pursuing reimbursement from third party payors, third party liability settlements or tortfeasors or other legally responsible third parties.

REFERENCES

HHS, Office of Inspector General, Guidance dated February 2, 2004, entitled " Hospital Discounts Offered to Patients Who Cannot Afford To Pay Their Hospital Bills".

Letter dated February 19, 2004, from Tommy G. Thompson, HHS Secretary, to Richard J. Davidson, President, American Hospital Association, including Questions and Answers attached thereto entitled "Questions On Charges For The Uninsured".

Federal Poverty Guidelines published by US Department of Health and Human Services from time to time. (Most recent publication at effective date of this Policy is *Federal Register*, (74 FR 4199-4201) January 23, 2009.

FINANCIAL ASSISTANCE ELIGIBILITY GUIDELINES

Based on Federal Poverty Guidelines Effective January 23, 2009

Schedule A (shaded)
Financially Indigent

Schedule B (unshaded)
Medically Indigent

Number In Household	100%	200%	300%	400%	500%
1	10,830	21,660	32,490	43,320	54,150
2	14,570	29,140	43,710	58,280	72,850
3	18,310	36,620	54,930	73,240	91,550
4	22,050	44,100	66,150	88,200	110,250
5	25,790	51,580	77,370	103,160	128,950
6	29,530	59,060	88,590	118,120	147,650
7	33,270	66,540	99,810	133,080	166,350
8	37,010	74,020	111,030	148,040	185,050
Discount	100%		80%	60%	40%
Financially Indigent Classification					

Schedule C
Catastrophic Eligibility as Medically Indigent

Only applicable if patients income exceeds 500% of Federal Poverty Guidelines

Balance Due	Discount
Balance Due is equal to or greater than 90% patients annual income	80%
Balance Due is equal to or greater than 70% and less than 90% patients annual income	60%
Balance Due is equal to or greater than 50% and less than 70% patients annual income	40%

[HOSPITAL LETTERHEAD]

«GUARANTOR»
«ADDRESS»
«CITY», «State» «zip»

[DATE]

Re: «PATIENT»
Admission: «ACCOUNT»
Balance Due: $«TOTAL_CHARGES»

Dear «GUARANTOR»,

Thank you for choosing _____ Hospital the [system] [Hospital] of choice in _____. We appreciate you taking the time to complete and return the Application for Assistance. _____ Hospital uses this information to determine your eligibility for a reduce fee under the _____ Hospital Financial Assistance program.

In reviewing your Application for Assistance, we are happy to inform you that you have been approved for a «DISCOUNT»% discount your new balance has been reduced to $«REMAINING_BAL»: Our determination was based upon your income, household size and Federal Poverty Guidelines.

If you have any questions about our decision, please call the Hospital's [Customer Service] at (___)-_____.

Sincerely,

[Customer Service Representative]

FINANCIAL ASSISTANCE ELIGIBILITY DETERMINATION
OFFICE USE ONLY

Patient Name: _____

Account Number(s): _____ Total Yearly Income: S_____ Total Charges:S_____

Balance Due: S_____ Income Verification Code: _____ Number in Household: _____ Financial Class: _____

1. **Is Total Yearly Income equal to or less than 200% of the Federal Poverty Guidelines?** (See Financial Assistance Eligibility Guidelines - Schedule A) **Circle One**

   YES Approved for 100% financial assistance as Financially Indigent.

   NO Does not qualify for assistance as Financially Indigent. Continue to Step 2.

2. **Is this balance due greater than 10% of Total Yearly Income? Circle One**

   YES Continue to Step 3.

   NO Patient does not qualify for Financial Assistance.

3. **Is Total Yearly Income equal to or less than 500% of the Federal Poverty Guidelines?** See Financial Assistance Eligibility Guidelines - Schedule B. **Circle One**

   YES Total Yearly Income is greater than _____% and less than _____ % of the Federal Poverty Guidelines. Patient qualifies for _____% discount as Medically Indigent pursuant to Financial Assistance Eligibility Guidelines - Schedule B .

   NO: Continue to Step 4.

4. **Is this balance due greater than 50% of Total Yearly Income? Circle One**

   YES Balance due is _____% of the total yearly income. Eligible for_____% discount as Medically Indigent pursuant to Financial Assistance Eligibility Guidelines - Schedule C. Continue to Step 5.

   NO: Patient does not qualify for Financial Assistance.

5. S_____ *Balance Due Before Discount* Multiply by _____% = S_____ *Discount Amount* S_____ *Remaining Balance Due After Discount*

Employee Name (Print)_____

Employee Signature_____ Approved By _____

Date_____ Approved By _____

Approved By_____

$1 - $2,000	Director
$2,001 - $10,000	Director and CFO
$10,001 & above	Director, CFO and CEO

Income Verification Codes

1	IRS Form W-2, Wage and Earnings Statement	7	Written attestation of patient
2	Pay Check Remittance	8	Verbal attestation of patient
3	Tax Returns	9	Patient deceased, no estate
4	Social Security, Work Comp or Unempl Comp letter	10	Government Program
5	Telephone verification by employer	11	Other
6	Bank Statements		

FINANCIAL ASSISTANCE APPLICATION INSTRUCTIONS

Instructions:
As part of its commitment to serve the community, _____ Hospital elects to provide financial assistance to individuals who are financially indigent or medically indigent and satisfy certain requirements.

To determine if a person qualifies for financial assistance, we need to obtain certain financial information. Your cooperation will allow us to give all due consideration to your request for financial assistance.

Please provide the information requested and mail to the following address:

_____ Hospital
_____
_____
_____

Income Verification:

IN ORDER TO CONSIDER YOUR REQUEST FOR FINANCIAL ASSISTANCE, VERIFICATION OF INCOME IS REQUIRED. PLEASE PROVIDE A COPY OF THE FOLLOWING DOCUMENTS:

- Governmental Assistance, Social Security, Workers Compensation, or Unemployment Compensation Determination Letter
- Income Tax Return for previous year

PLEASE ALSO INCLUDE ONE OR MORE OF THE FOLLOWING:

- IRS Form W-2, Wage and Earnings Statement for all household earnings
- Last 2 pay check stubs for all household earnings
- Bank Statement that contains income information

In the event income verification is unavailable, please contact our office for further instructions. Applications without verification are considered incomplete and **WILL NOT BE PROCESSED**. Please return the application and verification of income within 7 days to the above address.

Notification of Determination:
We will notify you of your eligibility following receipt and review of all necessary information. The notification will be mailed to the mailing address you have provided on the Financial Assistance Application.

Physician Services:
The physicians providing services at this Hospital are not employees of _____ Hospital. You will receive separate bills from your private physician and from other physicians whose services you required (pathologist, radiologist, surgeon, etc.). The Financial Assistance Application does not apply to any amounts due by you for physician services. For questions regarding their bills, or to make payment arrangements for physician services, please contact the individual physician's office.

For assistance in completing this application, please contact _____ Hospital [Customer Service] at (___) _____ or Toll Free: 1-_____, Monday through Friday between the hours of 8:00 a.m. and 5:00 p.m.

GRNTOR #: _____

HOSP CODE: _____

PATIENT INFORMATION/INFORMACION DEL PACIENTE

Patient Name/Nombre del Paciente	Account Balance/Balancia de Cuenta	Patient Number/Numero del Paciente	Date of Birth/Fetch del Nacimiento
Admission Date/Fecha De Entrada	Discharge Date/Fecha De Despedida	Social Security No/Num de Seguro Social	Marital Status/Estado Civil
Home Address/Direccion De Residencia			
City/Ciudad		State/Estado	Zip
Name of Medical Provider/Nombre Del Proveedor De Sercisios Medicos		Beginning Coverage Date/Fecha del Comienzo	
Name of Doctor/Nombre Del Medico			
Employer Name/Nombre		Occupation/Ocupacion	Telephone/Telefono

GUARANTOR INFORMATION/PERSONA RESPONSABLE

Name/Nombre		Social Security No/Num de Seguro Social	Age/Edad
Realationship to Applicant Relacion con el Paciente	Address/Direccion		Telephone/Telefono
City/Ciudad		State/Estado	Zip
Employer/Empleador		Employer Phone/Number De Empleador	Occupation/Ocupacion
Address/Direccion			
City/Ciudad		State/Estado	ZIP:

FINANCIAL INFORMATION/INFORMACION FINANCIAL

Total Monthly Income/Ingresos Mensuales	No. of Dependents Cuantos Dependientes	Residence(Own/Rent) Casa Propia o Renta	Car (Model/Year)/Carro (Modelo/Ano)

RESOURCES/RECURSOS

Name of Bank/Nombre del Banco	Checking Account/Cueta de Cheques	Savings Account/Cuentas de Ahorros
	$	$

MONTHLY EXPENSES/GASTOS MENSUALES

Rent/Mortgage/ Payment Payment/Renta o Pago Hipotecario	Water Bill/Pago de Agua	Gas Bill/Pago de Gas	Phone Bill/Cuenta De Telefono
$	$	$	$
Electric Bill/Pago de Electricidad	Car Payment/Pago de Carro	Insurance Premium/Pago de Prima	Other Bills/Otro Gastos
$	$	$	$

HOUSEHOLD COMPOSITION/INFORMACION DE LA CASA

Name/Nombre	Relationship/Relacion con el Paciente	Date of Birth/Fecha de Nacimiento	Social Security No. Num de Seguro Social

If unable to provide requested documents, please explain below/

Por favor de dar una explicacion si no es posible proveer los documentos.

COMMENTS/COMETARIOS:

AFFIDAVIT/DECLARACION JURADA

I declare under penalty of perjury that the answers I have given are true and correct to the best of my knowledge. I agree to tell the provider of service within ten (10) days if there are any changes in my (or the persons on whose behalf I am acting) income, property, expenses or in the persons household or any change of address. I understand that I may be asked to prove my statements and my eligibility statements will be subject to verification by contact with my employer, bank credit verification and property searches. I understand the county is required by law to keep any information I provide confidential. I further agree, that in consideration for receiving health care services as a result of an accident or injury, to reimburse the county from the proceeds of litigation or settlement resulting from such an act.	Declaro bajo pena de perjuria que las respuestas que he dado son verdaderas y correctas al mejor de mi conocimiento. Acuerdo decirle al abastecedor del servicio en el plazo de diez dias si hay algunos cambios en mi (o personas en el favor que yo este actuando) renta, propiedad, gastos o en la casa de las personas o cualquier cambio de direccion. Entiendo que puedo ser pedido probar mis declaraciones de la elegibilidad estaran conforme a la verificacion al lado de contacto con mi patron, verification del credito de banco y busquedas de propiedad. Entiendo que el condado es requerido por ley de protejer cualquier informacion que yo proporcione confidencial. Tambien convengo, en la consideracion de recibir servicios del cuidado medico como resultado de un accidente o lesion, de tener que reembolsarle al condado de los ingresos de la demanda o cualquier resultado de tal acto.

Signature/Firma

Date/Fecha

For Hospital Use Only/Uso Solamente Para el Hospital

Facility/Facilidad: _____ **Accepted/Aceptar:** _____ **Denied/Negacion:** _____

COMMENTS/COMETARIOS:

Signature Approval _____ **Date** _____

[Hospital Logo]

Date:

Re:
Admission #
Balance Due:

Dear ,

Thank you for choosing _____ Hospital. We appreciate you taking the time to complete and return the Application for Assistance. _____ Hospital uses this information to determine your eligibility for a reduced fee under the _____ Hospitals Charity Care Financial Assistance program.

In reviewing your Application for Financial Assistance, we have determined that you are not eligible for charity care or financial assistance under our policy. Our determination was based upon your income, household size and Federal Poverty Guidelines.

If you have any questions about our decision, please call Customer Service at (XXX)___-____.

Sincerely,

Customer Service Representative

VANGUARD
HEALTH SYSTEMS

POLICIES & PROCEDURES

Date: -April 1, 2009	Approved By: Neal Somaney
Section: Business Office	
Subsection: Uninsured Patients Discount Policy	
Policy Procedure No. – **11-0806**	
Effective Date: July 1, 2009	Previous Date: N/A
Chicago Hospitals April 1, 2009	

SCOPE:
All Company-affiliated hospitals.

PURPOSE:

This Policy and Procedure is established to provide the operational guidelines for Company's hospitals to apply a consistent approach to extending discounts to "Uninsured Patients".

This Policy is intended to work in tandem with applicable charity care policies that provide for discounts or full write-off of charges to qualified patients.

POLICY:

1. Uninsured Hospital Discount- The Company's Hospitals shall provide a discount to uninsured patients for all medically necessary inpatient or outpatient hospital service, including pharmaceuticals or supplies provided by the hospital to the patient who qualify for classification as Uninsured in accordance with the Uninsured Discount Process set forth below. The Company's Hospitals shall adopt a written policy in conformity with the Company's Policy and Procedure set forth herein. An Uninsured Discount up to 65% of charges will be provided under this Policy. This shall be available for all uninsured patients that are provided medically necessary services as defined as covered under Title XVIII of the federal Social Security Act (CMS) for beneficiaries with the same clinical presentation. A "medically necessary" service does not include any of the following:

- Non-medical services such as social or vocational services.
- Elective cosmetic surgery

2. Billing and Collection Processes for Uninsured Patients. All uninsured patients receiving care at the Company's Hospitals will be treated with respect and in a professional manner before, during and after receiving care. Each of the Company's Hospitals should adopt a written policy in conformity with the Company's Policy and Procedure set forth herein for its billing and collection practices in respect of all uninsured patients.

VANGUARD
HEALTH SYSTEMS

POLICIES & PROCEDURES

Date: -April 1, 2009	Approved By: Neal Somaney
Section: Business Office	
Subsection: Uninsured Patients Discount Policy	
Policy Procedure No. – **11-0806**	
Effective Date: July 1, 2009	Previous Date: N/A
Chicago Hospitals April 1, 2009	

PROCEDURE:

A. UNINSURED DISCOUNT PROCESS

1. **Eligibility:** Each Company Hospital will determine that each patient designated as uninsured is eligible for the discount.

   a. Determination of Eligibility for Uninsured Discount:
      i. Each Hospital will request that patients qualifying for the uninsured discount verify the following information:

         1. The patient is not currently a beneficiary under a public or private health insurance, health benefit, or other health coverage program, including high deductible health insurance plans.

         2. The patient is not covered under any policy of health insurance or entitled to COBRA benefits.

         3. The patient is not covered under workers' compensation, accident liability insurance, or any other third party liability

         4. The patient is not eligible for coverage under any public program such as Medicare, Medicaid, or any other State, County of Federal program

The hospital will determine if the patient is eligible for the uninsured discount and register the patient using the appropriate self- pay plan code.

1. **Information Falsification.** Falsification of information may result in denial of the Uninsured Discount. If, after a patient is granted an uninsured discount and Hospital finds material provision(s) of the uninsured discount policy to be untrue, the uninsured discount may be withdrawn and the patient will be billed for full charges..

2. **Medicaid Eligibility.** .If it is determined the patient will qualify for Medicaid as well as the uninsured discount the patient will be registered into a self pay plan indicating the patient has a Medicaid application pending. The account will remain in self-pay until such time the Medicaid application is either approved or denied. If the patient is approved for Medicaid the self-pay insurance plan will be updated to a Medicaid plan and the uninsured discount will be replaced with the Medicaid contractual.

VANGUARD
HEALTH SYSTEMS

POLICIES & PROCEDURES

Date: -April 1. 2009	Approved By: Neal Somaney
Section: Business Office	
Subsection: Uninsured Patients Discount Policy	
Policy Procedure No. – **11-0806**	
Effective Date: July 1, 2009	Previous Date: N/A
Chicago Hospitals April 1. 2009	

3. **Insurance Coverage cannot be determined.** If the hospital is unable to determine the patient has health insurance the account will be classified as self- pay until such time insurance coverage can be verified.

4. **Third Party Liability.** If is determined the patients injury or illness could be billed to a third party payer including auto liability the account will be classified as self pay – TPL. These accounts will be discounted but the TPL vendor will send and pursue the full charges.

5. **Insurance Cash received for Uninsured Patient.** If the hospital receives, a payment from a health insurance carrier or other third party while the patient account is in an uninsured discount financial class the account will be updated to reflect the correct insurance plan and the uninsured discount will be reversed.

6. **Non-Covered Services-** If a patient has health insurance and the service they are scheduled to receive has been determined to be a non-covered service, the patient would not be eligible for an uninsured discount (i.e Mammography, audiology).

7. **Package Pricing- For Illinois Hospitals** the package pricing for medically necessary services (i.e. Emergency Room services) will be offered to Uninsured patients provided the package pricing does not exceed 135% of the hospital costs. If the package price collected is higher than 135% of Hospitals costs the patient will be refunded the difference.

8. **Package Pricing – For All Other Hospitals** any existing package pricing for medically necessary services (i.e Emergency Room services) will be offered to all Uninsured patients. The discount will be set up to be up to the greater of 65% of charges or the package price. Collection of package prices will be expected at the time of service or within the agreed number of days from date of service. The difference will be manually adjusted using the appropriate Package plan adjustment code.

9. **System Netting of Uninsured Accounts** - Upon final bill drop from Hospitals legacy system, all uninsured patient bills will be netted down using the discount percentage or package price. The uninsured patient bill will show the discount amount and the patient will be responsible for the net balance after the discount.

10. **Reversal of Uninsured discount** – If a patient has applied for financial assistance and has been approved under the company's Charity care guidelines, the uninsured discount will be

reversed and the entire qualified balance will be written off to Charity Care using the appropriate transaction code.

11. **Invoice Statements or Enclosures.** When sending a bill to uninsured patients, the Hospital should include a statement on the bill or in an enclosure to the bill that indicates that if the patient meets certain income requirements, the patient may be eligible for a government-sponsored program or for financial assistance. The statement should also provide the patient a customer service telephone number or office where additional information about such financial assistance can be obtained. All Statements to uninsured patients should state that they have been provided a discount due to their uninsured status and the balance is reflective of the amount due after the discount.

12. **Notices.** Each of the Company's hospitals should post notices regarding the both a financial assistance and discounts available to uninsured patients. These notices should be posted in visible locations throughout the hospital such as admitting/registration, billing office and emergency department. The notices also should include a contact telephone number that a patient or family member can call for more information. The following specific language complies the above notice requirements of this Section B.4.: "For help with your Hospital bill or Financial Assistance, please call or ask to see our Financial Counselor or call (XXX) XXX-XXXX (M-F 8:30 am to 4:30 pm)."

C. RESERVATION OF RIGHTS AGAINST THIRD PARTIES.

Nothing in this Policy shall preclude the Company's hospitals from pursuing reimbursement from third party payors, third party liability settlements or tortfeasors or other legally responsible third parties.

REFERENCES

VANGUARD
HEALTH SYSTEMS

POLICIES & PROCEDURES

Deposit Requirements .....

Date October 2004	Approved By
Section **BUSINESS OFFICE**	
Subsection Admissions – Deposit Requirements	
Policy Procedure No. **11-0312**	
Effective Date October 2004	Previous Date April 15, 1998

Purpose

To provide guidelines for establishing financial arrangements for a patient who can not satisfy their obligations when services are received.

Related Policies

1. Cash Price for Flat Fee Programs and Services.
2. Most Common Diagnosis Average Charge List
3. Collection Policies
4. Financial Programs
5. Billing Policies

Policies

1. Payment is due and payable at time of service. Medical facilities are not lending institutions; however, as a courtesy to our patients we will bill all third-party payers on behalf of the patient:

   a. Third-party payers are defined as Medicare, Medicaid, H.M.O.s, P.P.O.s, group or private insurance policies.

   b. The facility will offer extended payment plans for patients who require assistance in meeting their obligation. The patient must meet established criteria to be eligible for these programs.

2. Self Pay patients will be required to pay at time of service:

   a. In emergency situations, patients will be treated without regard to financial status.

   b. Inpatient and outpatient non-emergency services should not be provided until payment is received for total estimated charges.

3. Verified third-party payers patients may utilize their covered benefit portion in lieu of deposit requirements but will be obligated to pay co-insurance and deductible balances.

4. Verified Worker's Compensation patients will have no patient liabilities due:

   Exception: Personal items received.

5. The facility will not accept personal injury liability coverage as the primary payer unless the patient has no group insurance coverage.

6. Private room differences will be collected, based on anticipated length of stay, at time of admission.

7. Medicare patients will be notified at time of admission, in writing, that personal items will be their liability and will be collected at time of discharge.

8. Every patient receiving treatment will be registered into the hospital information system.

9. Payment methods accepted are cash, check, money orders and credit cards.

10. With a verified 80% insurance coverage, Medicare or Medicaid, the patient may make arrangements on the patient portion of the bill without delay in service.

11. All cash patients, who will be indebted to the hospital for an amount greater than $500, must be approved by the Chief Executive Officer or his designee.

12. Emergency room patients will have payment requested if their condition is non-emergent:

    a. Upon receipt of a Medicaid spin-down and/or share of cost form, admission clerks will request payment from the patient for the amount due. Patients who can not satisfy their obligation will be referred to a financial counselor.

13. H.M.O./P.P.O. non-emergency patients will be expected to pay their deductible and co-pay amounts prior to service. Emergency patients will satisfy these requirements at time of discharge. The policy will include all patient types.

Procedure

1. For a self-pay patient (non-emergency) who is unable to pay prior to service being provided, the following procedures should be followed:

    a. Call physician to inform him of the patient's financial status:

        1) Inquire if the patient can be rescheduled should the admission be elective.

        2) If the physician states the patient must receive service now, call the Patient Accounts Manager for approval.

    b. Sufficient information must be provided to the Patient Accounts Manager or his designee at the time of the notification:

        1) Name of patient.
        2) Name of the patient's private physician.
        3) Diagnosis and/or procedures requested.
        4) Nature of the services (emergency room, inpatient with expected length of stay, outpatient surgery, etc.).
        5) Transferability of patient.
        6) Proposed methods of payment, including amounts available for deposits and date for final payment.

    c. Verbal authorization is to be documented:

1) Admitting/registration personnel are responsible for recording the date, time, and person who authorizes treatment.

2) The Admitting Supervisor will prepare a financial responsibility form for all cash patients receiving services for each twenty-four (24) hour period:

   a) The form will include the anticipated length of stay for inpatients.
   b) Payments and/or arrangements will be documented on the form for review by the Patient Accounts Manager and/or designee.

3) The Patient Accounts Manager/designee will comment and/or acknowledge his review of the form by his signature.

4) The forms will be maintained in chronological order by the Admitting Supervisor.

5) Forms must be reviewed daily for possible exhaustion of approval limits:

   a) When the patient exceeds the approved limit, approval must be obtained for additional anticipated charges.

6) One copy of the patient responsibility form will be placed in the patient financial folder.

7) One copy of the form will be maintained for a monthly report, by attending physician. This will enable the Chief Executive Officer to readily identify potential bad debt by physician.

8) All cash inpatients will be followed daily by the UR/DRG team:

   a) Treatments and charges will be discussed in the daily UR/DRG meeting.

9) The group or private insurance carrier will be utilized for potential third-party liability injury cases instead of the liability carrier.

10) The hospital will post its deposit requirements at each registration site.

Resurrection Health Care

Admissions Policies

Resurrection Health Care

POLICY PROTOCOL		
CATEGORY: Patient Care Services		NUMBER: 1359.75
TITLE: Admission of the Patient		TITLE NUMBER: 004.04
		PAGE: 1 OF 2
EFFECTIVE DATE: February 2001	REVISION DATE: March 2009	SUPERSEDES: January 2006
REFER TO:		LOCATION:

PHILOSOPHY

Patient Services Policies are intended to describe the Resurrection Health Care commitment to a wholistic, customer-centered approach to care provided throughout continuum of clinical services.

PURPOSE

To provide for efficient admission of patients into the hospital and to establish an initial plan of care through communication with patient/family/significant other and members of the health care team.

PROCESS

1. Patients are admitted through the Admitting Department, Same Day Ambulatory Surgery, Heart Failure Clinic, Outpatient Department, and the Emergency Room.
2. Upon admission to the unit, nursing personnel are responsible for:
   2.1 Orienting patient/family to the unit.
   2.2 Verification and proper disposition of valuables.
   2.3 Completion of nursing admission history and assessment by an RN within timeframe based on area of service.

   WH Addendum: Refer to Policy 011.05

   2.4 Verifying status of Advance Directive.
   2.5 Initiating the development of a Plan of Care for inpatients.
   2.6 Contacting the appropriate Resident/Attending Physicians.
   2.7 Completion of "Family Representative and Documentation Form".
   WH addendum: Family Representative and Documentation Form is being completed with Patient Registration.
   WH addendum: Nursing personnel are responsible for initiating the Multidisciplinary Patient Education Record.

Resurrection Health Care

POLICY PROTOCOL		
CATEGORY: Patient Care Services		NUMBER: 1359.75
TITLE: Admission of the Patient		TITLE NUMBER: 004.04
		PAGE: 2 OF 2
EFFECTIVE DATE: February 2001	REVISION DATE: March 2009	SUPERSEDES: January 2006
REFER TO:		LOCATION:

This standard of care/policy is a guideline only. Each patient has his or her own unique set of circumstances, which may require that these procedures/standards of care not be followed. The needs of the patient supercede these, or any standards of care. Changes from these guidelines should be addressed in the medical record.

This policy has been approved the Executive Nursing Council and may not be altered or removed from this manual without the approval of the System Nursing Policy and Procedure Committee. Organizational specific information may be added to the end of the policy and altered, as the organization deems appropriate.

Watson, J. (1988). *Nursing: Human science and human care. A theory of nursing.* New York: National League for Nursing.

Watson, J. (1985). *Nursing: The philosophy and science of caring.* Niwot, CO: University Press of Colorado.

Nightingale, F. (1969). *Notes on nursing.* Toronto, Ontario: General Publishing Company, Ltd.

Resurrection Health Care

POLICY PROTOCOL		
CATEGORY: Finance		NUMBER: 100.15
TITLE: Financial Assistance/Charity Care and Uninsured Patient Discount Programs (This policy applies to hospitals only)		TITLE NUMBER: 122.05
		PAGE: 1 OF 17
EFFECTIVE DATE: February 2002	REVISION DATE: January 2009	SUPERSEDES: September 2004
REFER TO:		LOCATION:

PHILOSOPHY

Finance Policies are intended to provide guidelines to promote responsible stewardship and allocation of resources.

PURPOSE

This policy establishes guidelines for the development and application of financial assistance and uninsured patient discount programs, by Resurrection Health Care system (RHC) hospitals. Such programs will be designed to assist individuals in financial need and other medically underserved individuals or groups to obtain appropriate medical care and advice, and thereby improve the health of those in the communities served by RHC hospitals.

PROCESS

1. Definitions

1.1 Federal Poverty Level means the level of household income at or below which individuals within a household are determined to be living in poverty, based on the Federal Poverty Guidelines as annually determined by the U.S. Department of Health and Human Services.

1.2 Financial Assistance/Charity Care means providing a discount of up to 100% of the charges associated with a patient's hospital care, or a discounted fee schedule, based on financial need.

Resurrection Health Care

POLICY PROTOCOL		
CATEGORY: Finance		NUMBER: 100.15
TITLE: Financial Assistance/Charity Care and Uninsured Patient Discount Programs (This policy applies to hospitals only)		TITLE NUMBER: 122.05 PAGE: 2 OF 17
EFFECTIVE DATE: February 2002	REVISION DATE: January 2009	SUPERSEDES: September 2004
REFER TO:		LOCATION:

1.3 Financial Assistance Programs means all programs set forth herein to provide assistance to those in financial need including financial assistance/charity care, uninsured patient discounts, and medical indigence discounts and payment caps.

1.4 Financial need means documented lack of sufficient financial resources to pay the applicable charge for medical care. Financial need may be evidenced by low household income and asset levels, or high levels of medical debt in relation to household income (medical indigence). Financial need determinations also take into consideration other relevant circumstances, such as employment status or health status of patient or other household members, which may affect a patient's ability to pay. The existence of financial need must be demonstrated by information provided by or on behalf of the patient, and/or other objective data available to the hospital. RHC hospitals may use asset or debt information to assist in making a determination regarding financial need, when income data is unavailable or inconclusive, or reported income is not supported by objective data.

1.5 Illinois Resident or Cook County Resident means a person who lives in Illinois (or Cook County as applicable) and intends to remain living in Illinois (or Cook County) indefinitely. Relocation to Illinois or Cook County for the sole purposes of receiving health care benefits does not satisfy the residency requirement.

1.6 Illinois Uninsured Patient Discount Act means the hospital uninsured patient discount act, as passed by the Illinois General Assembly in 2008, effective as of April 1, 2009, and as amended from time to time.

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1.7 Medically Necessary Hospital Services means:

1.7.1 Except to the extent necessary to determine services subject to the Illinois Underinsured Patient Discount, for purposes of this policy "Medically Necessary Hospital Services" means those hospital services required for the treatment or management of a medical injury, illness, disease or symptom that, if otherwise left untreated, as determined by an independent treating physician or other physician consulted by an RHC Hospital would pose a threat to the patient's ongoing health status, and that would be (a) covered by guidelines for Medicare coverage if the patient were a Medicare beneficiary with the same clinical presentation as the Uninsured Patient; or (b) a discretionary, limited resource program for which the potential for unlimited free care would threaten the hospital's ability to provide such program at all (such as substance and chemical abuse treatment, continuing care for certain chronic diseases, chemotherapy and HIV drugs, other than when provided in connection with other Medically Necessary Hospital Services).

1.7.2 Examples of services that are not Medically Necessary Hospital Services include, but are not limited to: (1) cosmetic health services; including elective cosmetic surgery (exclusive of plastic surgery designed to correct disfigurement caused by injury, illness, or congenital defect or deformity); (2) services that are experimental or part of a clinical research program; (3) elective goods or services that are not necessary to treat an illness or injury; (4) private and/or non-RHC medical or physician professional fees; and (5) services and/or treatments not provided at an RHC Hospital; (6) pharmaceuticals or medical equipment, except to the extent required in connection with other medically necessary inpatient or outpatient care being received by a hospital patient; and (7) procedures or services for which the hospital provides a discounted "flat rate" pricing package.

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1.8 Non-Retirement Household Liquid Assets includes cash, or non-cash assets that can readily be converted to cash, owned by a member of a household, including savings accounts, investment accounts, stocks, bonds, treasury bills, certificates of deposit and money market accounts, and cash value of life insurance policies. Non-retirement household liquid assets will not include a patient's equity in his or her primary residence or assets held in qualified retirement plan or other similar retirement savings account for which there would be a tax penalty for early withdrawal of savings.

1.9 RHC Hospital means a hospital that is part of the not-for-profit, Catholic-sponsored health care system known as "Resurrection Health Care".

1.10 RHC Hospital Service Area means, for all hospitals, Cook County and with respect to each individual RHC hospital those portions of any adjacent counties that are within such hospital's defined service area or core community, based on the zip code of a predominant portion of the hospital's patient population.

1.11 Uninsured Patient means an individual who is or was a patient of an RHC hospital and at the time of service is or was not (a) covered under a policy of health insurance or (b) not a beneficiary under a public or private health insurance, health benefit, or other health coverage program, including Medicare, Medicaid, TriCare, SCHIP and All-Kids, high deductible health insurance plans, workers' compensation, accident liability insurance, or other third party liability plan.

2. Patient Treatment Standards. All patients of RHC hospitals shall be treated with respect and dignity regardless of their ability to pay for medical care, or their need for charitable assistance.

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3. Financial Assistance/Charity Care and other Financial Assistance Programs

3.1 Discount for Low-Income Uninsured Patients. Financial Assistance/Charity Care discounts or discounted fee schedules will be available for Medically Necessary Hospital Services provided to Uninsured Patients who are unable to pay all or part of the otherwise applicable charge for their care due to financial need, as documented in accordance with this Policy. Patients demonstrating financial need based on household income at or below one hundred percent (100%) of the Federal Poverty Level, combined with a general lack of liquid assets, will receive a one hundred percent (100%) discount on Medically Necessary Hospital Services. Patients generally lacking liquid assets who have household income between one hundred percent (100%) and up to four hundred percent (400%) of the Federal Poverty Level will receive a sliding-scale discount for such hospital care, at levels approved by the RHC Executive Leadership Team.

3.2 Payment Caps Under Illinois Uninsured Patient Discount Act. To the extent required by the Illinois Uninsured Patient Discount Act, and subject to other eligibility standards and exclusions as set forth by such law including standards based on asset level, Uninsured Patients who are Illinois residents having household income of up to six hundred percent (600%) of the Federal Poverty Level shall not be required to pay to an RHC hospital more than twenty five percent (25%) of such patient's family gross income within a twelve (12) month period.

3.3 Other Payment Caps. An Uninsured Patient who is eligible for Financial Assistance/Charity Care at an RHC Hospital pursuant to the criteria set forth in Section 5.1 or 5.3 below shall be eligible for a payment cap based on RHC's

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charitable commitment to catastrophic medical expenses assistance based on medical indigence, as follows:

3.3.1 For an eligible Uninsured Patient who demonstrates that s/he has a household income of four hundred percent (400%) or less of the Federal Poverty Level, such patient's payment obligation within any 12-month period will be limited to the higher of: (a) ten percent (10%) of the patient's annual gross household income; or (b) ten percent (10%) of the patient's Non-Retirement Household Liquid Assets.

3.3.2 For an eligible Uninsured Patient who demonstrates that s/he has a household income over four hundred percent (400%) of the Federal Poverty Level, or less, such patient's payment obligation within any 12-month period will be limited to the higher of: (a) fifteen percent (15%) of annual gross household income; or (b) fifteen percent (15%) of the patient's Non-Retirement Household Liquid Assets.

3.4 Financial Assistance/Charity Care for Insured Patients. Subject to insurance and governmental program restrictions (which may limit the ability to grant a discount on co-pays or deductibles, versus discounts on co-insurance), insured individuals, federal program beneficiaries and other individuals who are not automatically eligible for Financial Assistance/Charity Care hereunder but who demonstrate medical indigence or other financial need, may receive a Financial Assistance/Charity Care discount in similar or different amounts as are available to Uninsured Patients under this policy, as determined appropriate under the circumstances by RHC Patient Financial Services.

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4. Discounts for Uninsured, Medically Indigent Patients. Uninsured Patients whose household income is greater than four hundred percent (400%) of the Federal Poverty Level or who do not meet the automatic eligibility criteria set forth in Section 5 below, will nevertheless be eligible to receive a financial assistance/charity care discount based on a determination of medical indigence, by virtue of having medical bills from an RHC hospital in an amount equal to or greater than fifteen percent (15%) of their household income and available assets. Such Financial Assistance/Charity Care discount for uninsured higher income but medically indigent patients shall be one that is reasonable in relation to the individual patient's household financial circumstances and the health status of the patient and other family members.

5. Eligibility for Financial Assistance Programs

5.1 Automatic Eligibility: Cook County and Adjacent County Residents and Patients Needing Emergency Medical Care. In order to best serve the needs of the low-income and medically underserved members of their respective communities, RHC hospitals' Financial Assistance/Charity Care and other Financial Assistance Programs (other than the RHC uninsured discount, which will be available to all patients irrespective of residence) will be automatically available to all residents (regardless of citizenship or immigration status) of Cook County and those portions of any adjacent counties that are within a hospital's service area, subject to a determination of financial need or other eligibility requirements. In addition, all RHC hospitals will provide financial assistance/charity care discounts to eligible patients in connection with hospital emergency department and other medical services necessary to diagnose, treat or stabilize an emergency medical condition.

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5.2 Patient Responsibilities. RHC hospitals may condition receipt of charitable assistance under any Financial Assistance Program on a patient acting reasonably and in good faith, by providing the hospital, within 30 days after the hospital's request, with all reasonably-requested financial and other relevant information and documentation needed to determine the patient's eligibility for assistance, including cooperating with the hospital's financial counselors in applying for coverage under governmental programs, such as Medicaid, accident coverage, crime victims funds, and other public programs that may be available to pay for health care services provided to the patient. In addition, an RHC hospital may, in its discretion, choose not to provide Financial Assistance/Charity Care discounts to voluntarily uninsured individuals who with other household members are at least 50% owners of the business in which they work, if such business had gross receipts in the prior tax year of an amount that is greater than $200,000.

5.3 Discretionary Extension of Financial Assistance. Each RHC hospital is authorized to extend the availability of its Financial Assistance Programs to residents of other Illinois counties, other U.S. states or foreign countries, including travelers or out-of-town visitors, based on reasonable, standardized criteria applicable to all patients of such hospital.

5.4 Conditions of Discretionary Financial Assistance Program Participation. For individuals other than those who are automatically eligible to participate in an RHC Financial Assistance Program as set forth in Section 5.1 above, RHC hospitals may, as they determine appropriate, condition the receipt of such financial assistance on disclosure by the patient's immediate relatives, host family or sponsoring organization of their financial information, sufficient to demonstrate ability or inability to pay or contribute to the costs of care for their relative or hosted guest. The hospital may further condition any discretionary grant of financial assistance on a contribution toward the costs of the patient's

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care and/or a guarantee of payment by such relatives, hosts or others (as applicable), in the event the patient fails to qualify for coverage through governmental or private insurance and the patient fails to pay the amounts for which s/he is responsible. The hospital may also take into consideration the availability of other options for the proposed patient to receive medical care.

6. Uninsured Patient Discounts

6.1 Charitable Need for Uninsured Patient Discount. RHC believes that a substantial portion of uninsured individuals who seek hospital care are uninsured involuntarily, due to financial need, and further, that because of their uninsured status and inability to pay, many uninsured individuals delay or refrain from seeking needed medical care. RHC also believes, based on the experience of its hospitals in asking patients to apply for Financial Assistance/Charity Care discounts, that due to privacy and other concerns many uninsured individuals with financial need will not provide sufficient information to enable RHC hospitals to verify the existence of financial need.

6.2 RHC Charitable Uninsured Patient Discount. Therefore, as part of their charitable commitment to the poor and underserved, RHC hospitals will provide a discount on hospital charges to all Uninsured Patients, irrespective of residency, location or any other criteria, equal to 25% of the hospital charge for which the Uninsured Patient is responsible. If an Uninsured Patient also qualifies for a discount under the hospital's Financial Assistance/Charity Care standards, the amount of such discount will be applied to the patient's charge after application of the uninsured discount. Such RHC uninsured patient discount will not apply to any patient who qualifies for a discount under the Illinois Uninsured Patient Discount Act.

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6.3 Discount Under Illinois Uninsured Patient Discount Act. To the extent required by law, RHC hospitals shall provide an alternative form of discount to uninsured Illinois residents with gross family income of up to 600% of the Federal Poverty Level, and the 25% uninsured discount methodology set forth above shall not apply to any portion of such patients' bill.

6.4 Eligibility for Additional Financial Assistance. Patients receiving a discount based on uninsured status, whether under the RHC Charitable Uninsured Discount or pursuant to the Illinois Uninsured Patient Act, shall be eligible for an additional financial assistance described in this policy, pursuant to the eligibility standards set forth herein.

7. Hospital Responsibilities for Communicating Availability of Financial Assistance/Charity Care and Other Charitable Assistance Programs

7.1 Communicating Availability of Financial Assistance/Charity Care Discounts. Each RHC hospital will maintain effective methods of communicating the availability of Financial Assistance/Charity Care discounts to all patients, in multiple appropriate media and in multiple appropriate languages. The mechanisms that the Hospital will use to communicate the availability of Financial Assistance/Charity Care will include, but are not limited to the following:

7.1.1 Signage. Signs shall be conspicuously posted in the admission, registration and other appropriate areas of the hospital stating that patients may be eligible for Financial Assistance/Charity Care discounts, and describing how to obtain more information, including identification of appropriate hospital representatives by title. Such signs shall be prepared

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in English, Spanish, and any other language that is the primary language of at least 5% of the patients served by the hospital annually.

7.1.2 Provision of Financial Assistance Materials to Uninsured Patients. RHC hospitals will provide a summary of its Financial Assistance Programs and a Financial Assistance application to all persons receiving hospital care that it identifies as Uninsured Patients at the time of in-person registration, admission, or such later time at which the patient is first identified as an Uninsured Patient. For patients presenting in the Emergency Department, all RHC hospitals will provide such Financial Assistance materials at such time and in such manner as is consistent with their obligations under EMTALA to assess and stabilize the patient before making inquiry of the patient's ability to pay.

7.1.3 Brochures. Brochures, information sheets and/or similar forms of written communication regarding the hospital's Financial Assistance/Charity Care policy shall be maintained in appropriate areas of the hospital (e.g., the Emergency Department, organized registration areas, and the Business Office) stating in at least English, Spanish and Polish, that the hospital offers Financial Assistance/Charity Care discounts, and describing how to obtain more information.

7.1.4 Website. Each RHC's section of the Resurrection Heath Care website must include: a notice in a prominent place that financial assistance is available at the hospital; a description of the financial assistance application process; and a copy of the RHC hospital financial assistance application form.

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7.1.5 Billing Notices. Each RHC hospital shall include a note on or with the Hospital bill and/or statement regarding the hospital's Financial Assistance/Charity Care program, and how the patient may apply for consideration under this program.

7.1.6 Financial Counselors. Each RHC hospital shall have one or more financial counselors whose contact information is listed or provided with other information concerning the hospital's Financial Assistance/Charity Care discount program, who are available to discuss eligibility and other questions concerning the program, and to provide assistance with applications.

8. Communication with Patients Regarding Eligibility Determination for Financial Assistance/Charity Care.

8.1 Notification of Determination. When an RHC hospital has made a determination that a patient's bill will be discounted or adjusted in whole or in part based on a determination of financial need, the hospital will notify the patient of such eligibility determination, and that there will be no further collection action taken on the discounted portion of the patient's bill.

8.2 Changes in Patient Financials Circumstances. Adverse changes on the patient's financial circumstances may result in an increase in any Financial Assistance/Charity Care discount provided by the hospital. Under no condition, however, would adverse or other changes in a patient's financial circumstances affect the hospital's continuation of any ongoing treatment during an episode of care.

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9. Application of Financial Assistance/Charity Care Determination to Past-Due Bills. When a patient has been granted a discount on his or her bill under the hospital's Financial Assistance/Charity Care program, the hospital will automatically apply a similar discount or adjustment to all other outstanding patient bills. The hospital will advise the patient of such adjustment of prior accounts, and that the hospital will forego any further attempted to collect the amounts written off on such accounts.

10. Updating Prior Financial Need Determinations

10.1 Effective Time of Financial Assistance Qualification Determination. A determination of a patient's household income in connection with the patient's qualification for any form of Financial Assistance under this Policy will remain in effect the patient's entire episode of care, provided that if an episode of care continues for more than thirty (30) days, the hospital may request the patient to re-verify or supplement household income information or other eligibility information as the hospital reasonably deems appropriate, including cooperating with the hospital financial counselor to re-evaluate the patient's potential eligibility for coverage under Medicaid or other governmental programs and for the hospital's Financial Assistance/Charity Care program.

10.2 Re-Verification Within Six Months. When a patient (or the member of the household of a patient) who has received a determination of financial need under an RHC hospital's Financial Assistance/Charity Care program subsequently receives or applies for care from the same or any other RHC hospital more than 30 days but less than 6 months later, the hospital shall request appropriate information necessary to update the patient's or prospective patient's Financial Assistance/Charity Care application and re-verify the prior financial need determination. Hospital Financial Counselors will work with the patient to make the updating process as convenient as possible while assuring accuracy of

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information. The hospital shall consider the patient's (or prospective patient's) eligibility for Financial Assistance/Charity Care based on current income and assets, and other objective information obtained by the hospital relating to financial need, such as credit reports, new W-2s, tax returns or other data.

10.3 New Application Requirements. If more than six (6) months has expired since a patient's Financial Assistance eligibility determination, the patient must submit a new Financial Assistance application.

11. Financial Assistance/Charity Care Determinations Required Prior to Non-Emergency Services. RHC hospitals will make all reasonable efforts to expedite the evaluation of patients for eligibility for coverage under governmental programs and otherwise for Financial Assistance/Charity Care. Such evaluations must generally be made by an RHC hospital prior to provision of non-emergency hospital services. Persons who have come to a RHC hospital emergency department seeking care for a potential emergency medical condition will first receive a medical screening exam conducted in compliance with the Emergency Medical Treatment and Active Labor Act, as amended (EMTALA) and all care needed to stabilize any emergency medical condition, prior to an evaluation for coverage eligibility under governmental programs or Financial Assistance/Charity Care.

12. Staff Training and Understanding of Hospital Financial Assistance/Charity Care Program

12.1 General Program Knowledge. Employed staff of each RHC hospitals shall be trained, at the levels appropriate to their job function, with respect to the availability of the Financial Assistance/Charity Care discount program offered by such hospital for the benefit of poor and underserved members of such hospital's community.

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12.2 Specific Program Knowledge. Hospital staff who regularly interact with patients, including all staff in each hospital's Patient Financial Services, Patient Access and Registration departments will understand the hospital's Financial Assistance/Charity Care discount program, and be able to either accurately answer questions or direct questions regarding such programs to financial counselors or other contact persons.

12.3 Annual Training. All Patient Financial Services and Access department staff, and other applicable staff shall attend an annual in-service on the RHC hospital Financial Assistance/Charity Care discount program for RHC hospitals, which will be prepared and supervised by the RHC Finance Division, in consultation with the RHC Office of Legal Affairs, the System Compliance Officer and hospital senior management.

13. Collection Activity

13.1 General. All RHC hospitals shall engage in reasonable collection activities for collection of the portions of bills for which patients are responsible after application of any Financial Assistance/Charity Care discount, uninsured patient discount, insurance allowances and payment and other applicable adjustments.

13.2 Cessation of Collection Efforts on Discounted Amounts. No RHC hospital will engage in or direct collections activity with respect to any discounts on health care charges provided as a result of a determination of eligibility under the hospital's Financial Assistance/Charity Care program, unless it is later determined that the patient omitted relevant information relating to actual income or available assets, or provided false information regarding financial need or other eligibility

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criteria. Balances remaining after financial assistance discounts are applied will be subject to reasonable collection activity, consistent with this Policy.

13.3 Use of Reasonable Legal Processes to Enforce Patient Debt. Reasonable legal process, including the garnishment of wages, may be taken by any RHC Hospital to collect any patient debt remaining after any adjustment or discount for Financial Assistance/Charity Care, uninsured status or other reason, under the following circumstances:

13.3.1 For Uninsured Patients:

- The hospital has given the patient the opportunity to assess the accuracy of the hospital's bill;
- The hospital has given the Uninsured Patient the opportunity to apply for Financial Assistance/Charity Care and/or (a) a reasonable payment plan, or (b) a discount for which the patient is eligible pursuant to the Illinois Patient Uninsured Discount Act;
- The hospital has given the Uninsured Patient at least 60 days after discharge or receipt of services to apply for Financial Assistance/Charity Care;
- If the patient has indicated, and the hospital is able to verify, that the patient is unable to pay the full amount due in one payment, the hospital has offered the patient a reasonable payment plan;
- If the hospital and patient have entered into a reasonable payment plan, the patient has failed to make payments when due; and
- There is objective evidence that the patient's household income and/or assets are sufficient to meet his or her financial obligation to the hospital.

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13.3.2 For Insured Patients:

- The hospital has provided the patient the opportunity, for at least 30 days after the date of the initial bill, to request a reasonable payment plan for the portion of the bill for which the patient is responsible;
- If the patient requests a reasonable payment plan, and fails to agree to a plan within 30 days after such request; and
- If the hospital and patient have entered into a reasonable payment plan, the patient has failed to make payments when due.

13.4 Residential Liens. No RHC hospital will place a lien on the primary residence of a patient who has been determined to be eligible for Financial Assistance/Charity Care, for payment of the patient's undiscounted balance due. Further, consistent with long-standing RHC policy, in no case will any RHC provider execute a lien by forcing the sale or foreclosure of the primary residence of any patient to pay for any outstanding medical bill.

13.5 No Use of Body Attachments. In accordance with long-standing practice, no RHC hospital will use body attachment to require any person, whether receiving Financial Assistance/Charity Care discounts or not, to appear in court.

13.6 Collection Agency Referrals. RHC hospitals will ensure that all collection agencies used to collect patient bills promptly refer any patient who indicates financial need, or otherwise appears to qualify for Financial Assistance/Charity Care discounts, to a financial counselor to determine if the patient is eligible for such a charitable discount.

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PHILOSOPHY

Finance Policies are intended to provide guidelines to promote responsible stewardship and allocation of resources.

PURPOSE

This policy establishes guidelines for the development and application of financial assistance and uninsured patient discount programs, by Resurrection Health Care system (RHC) hospitals. Such programs will be designed to assist individuals in financial need and other medically underserved individuals or groups to obtain appropriate medical care and advice, and thereby improve the health of those in the communities served by RHC hospitals.

PROCESS

1. Definitions

1.1 Federal Poverty Level means the level of household income at or below which individuals within a household are determined to be living in poverty, based on the Federal Poverty Guidelines as annually determined by the U.S. Department of Health and Human Services.

1.2 Financial Assistance/Charity Care means providing a discount of up to 100% of the charges associated with a patient's hospital care, or a discounted fee schedule, based on financial need.

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1.3 Financial Assistance Programs means all programs set forth herein to provide assistance to those in financial need including financial assistance/charity care, uninsured patient discounts, and medical indigence discounts and payment caps.

1.4 Financial need means documented lack of sufficient financial resources to pay the applicable charge for medical care. Financial need may be evidenced by low household income and asset levels, or high levels of medical debt in relation to household income (medical indigence). Financial need determinations also take into consideration other relevant circumstances, such as employment status or health status of patient or other household members, which may affect a patient's ability to pay. The existence of financial need must be demonstrated by information provided by or on behalf of the patient, and/or other objective data available to the hospital. RHC hospitals may use asset or debt information to assist in making a determination regarding financial need, when income data is unavailable or inconclusive, or reported income is not supported by objective data.

1.5 Illinois Resident or Cook County Resident means a person who lives in Illinois (or Cook County as applicable) and intends to remain living in Illinois (or Cook County) indefinitely. Relocation to Illinois or Cook County for the sole purposes of receiving health care benefits does not satisfy the residency requirement.

1.6 Illinois Uninsured Patient Discount Act means the hospital uninsured patient discount act, as passed by the Illinois General Assembly in 2008, effective as of April 1, 2009, and as amended from time to time.

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1.7 Medically Necessary Hospital Services means:

1.7.1 Except to the extent necessary to determine services subject to the Illinois Underinsured Patient Discount, for purposes of this policy "Medically Necessary Hospital Services" means those hospital services required for the treatment or management of a medical injury, illness, disease or symptom that, if otherwise left untreated, as determined by an independent treating physician or other physician consulted by an RHC Hospital would pose a threat to the patient's ongoing health status, and that would be (a) covered by guidelines for Medicare coverage if the patient were a Medicare beneficiary with the same clinical presentation as the Uninsured Patient; or (b) a discretionary, limited resource program for which the potential for unlimited free care would threaten the hospital's ability to provide such program at all (such as substance and chemical abuse treatment, continuing care for certain chronic diseases, chemotherapy and HIV drugs, other than when provided in connection with other Medically Necessary Hospital Services).

1.7.2 Examples of services that are not Medically Necessary Hospital Services include, but are not limited to: (1) cosmetic health services; including elective cosmetic surgery (exclusive of plastic surgery designed to correct disfigurement caused by injury, illness, or congenital defect or deformity); (2) services that are experimental or part of a clinical research program; (3) elective goods or services that are not necessary to treat an illness or injury; (4) private and/or non-RHC medical or physician professional fees; and (5) services and/or treatments not provided at an RHC Hospital; (6) pharmaceuticals or medical equipment, except to the extent required in connection with other medically necessary inpatient or outpatient care being received by a hospital patient; and (7) procedures or services for which the hospital provides a discounted "flat rate" pricing package.

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1.8 Non-Retirement Household Liquid Assets includes cash, or non-cash assets that can readily be converted to cash, owned by a member of a household, including savings accounts, investment accounts, stocks, bonds, treasury bills, certificates of deposit and money market accounts, and cash value of life insurance policies. Non-retirement household liquid assets will not include a patient's equity in his or her primary residence or assets held in qualified retirement plan or other similar retirement savings account for which there would be a tax penalty for early withdrawal of savings.

1.9 RHC Hospital means a hospital that is part of the not-for-profit, Catholic-sponsored health care system known as "Resurrection Health Care".

1.10 RHC Hospital Service Area means, for all hospitals, Cook County and with respect to each individual RHC hospital those portions of any adjacent counties that are within such hospital's defined service area or core community, based on the zip code of a predominant portion of the hospital's patient population.

1.11 Uninsured Patient means an individual who is or was a patient of an RHC hospital and at the time of service is or was not (a) covered under a policy of health insurance or (b) not a beneficiary under a public or private health insurance, health benefit, or other health coverage program, including Medicare, Medicaid, TriCare, SCHIP and All-Kids, high deductible health insurance plans, workers' compensation, accident liability insurance, or other third party liability plan.

2. Patient Treatment Standards. All patients of RHC hospitals shall be treated with respect and dignity regardless of their ability to pay for medical care, or their need for charitable assistance.

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3. Financial Assistance/Charity Care and other Financial Assistance Programs

3.1 Discount for Low-Income Uninsured Patients. Financial Assistance/Charity Care discounts or discounted fee schedules will be available for Medically Necessary Hospital Services provided to Uninsured Patients who are unable to pay all or part of the otherwise applicable charge for their care due to financial need, as documented in accordance with this Policy. Patients demonstrating financial need based on household income at or below one hundred percent (100%) of the Federal Poverty Level, combined with a general lack of liquid assets, will receive a one hundred percent (100%) discount on Medically Necessary Hospital Services. Patients generally lacking liquid assets who have household income between one hundred percent (100%) and up to four hundred percent (400%) of the Federal Poverty Level will receive a sliding-scale discount for such hospital care, at levels approved by the RHC Executive Leadership Team.

3.2 Payment Caps Under Illinois Uninsured Patient Discount Act. To the extent required by the Illinois Uninsured Patient Discount Act, and subject to other eligibility standards and exclusions as set forth by such law including standards based on asset level, Uninsured Patients who are Illinois residents having household income of up to six hundred percent (600%) of the Federal Poverty Level shall not be required to pay to an RHC hospital more than twenty five percent (25%) of such patient's family gross income within a twelve (12) month period.

3.3 Other Payment Caps. An Uninsured Patient who is eligible for Financial Assistance/Charity Care at an RHC Hospital pursuant to the criteria set forth in Section 5.1 or 5.3 below shall be eligible for a payment cap based on RHC's

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charitable commitment to catastrophic medical expenses assistance based on medical indigence, as follows:

3.3.1 For an eligible Uninsured Patient who demonstrates that s/he has a household income of four hundred percent (400%) or less of the Federal Poverty Level, such patient's payment obligation within any 12-month period will be limited to the higher of: (a) ten percent (10%) of the patient's annual gross household income; or (b) ten percent (10%) of the patient's Non-Retirement Household Liquid Assets.

3.3.2 For an eligible Uninsured Patient who demonstrates that s/he has a household income over four hundred percent (400%) of the Federal Poverty Level, or less, such patient's payment obligation within any 12-month period will be limited to the higher of: (a) fifteen percent (15%) of annual gross household income; or (b) fifteen percent (15%) of the patient's Non-Retirement Household Liquid Assets.

3.4 Financial Assistance/Charity Care for Insured Patients. Subject to insurance and governmental program restrictions (which may limit the ability to grant a discount on co-pays or deductibles, versus discounts on co-insurance), insured individuals, federal program beneficiaries and other individuals who are not automatically eligible for Financial Assistance/Charity Care hereunder but who demonstrate medical indigence or other financial need, may receive a Financial Assistance/Charity Care discount in similar or different amounts as are available to Uninsured Patients under this policy, as determined appropriate under the circumstances by RHC Patient Financial Services.

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4. Discounts for Uninsured, Medically Indigent Patients. Uninsured Patients whose household income is greater than four hundred percent (400%) of the Federal Poverty Level or who do not meet the automatic eligibility criteria set forth in Section 5 below, will nevertheless be eligible to receive a financial assistance/charity care discount based on a determination of medical indigence, by virtue of having medical bills from an RHC hospital in an amount equal to or greater than fifteen percent (15%) of their household income and available assets. Such Financial Assistance/Charity Care discount for uninsured higher income but medically indigent patients shall be one that is reasonable in relation to the individual patient's household financial circumstances and the health status of the patient and other family members.

5. Eligibility for Financial Assistance Programs

5.1 Automatic Eligibility: Cook County and Adjacent County Residents and Patients Needing Emergency Medical Care. In order to best serve the needs of the low-income and medically underserved members of their respective communities, RHC hospitals' Financial Assistance/Charity Care and other Financial Assistance Programs (other than the RHC uninsured discount, which will be available to all patients irrespective of residence) will be automatically available to all residents (regardless of citizenship or immigration status) of Cook County and those portions of any adjacent counties that are within a hospital's service area, subject to a determination of financial need or other eligibility requirements. In addition, all RHC hospitals will provide financial assistance/charity care discounts to eligible patients in connection with hospital emergency department and other medical services necessary to diagnose, treat or stabilize an emergency medical condition.

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5.2 Patient Responsibilities. RHC hospitals may condition receipt of charitable assistance under any Financial Assistance Program on a patient acting reasonably and in good faith, by providing the hospital, within 30 days after the hospital's request, with all reasonably-requested financial and other relevant information and documentation needed to determine the patient's eligibility for assistance, including cooperating with the hospital's financial counselors in applying for coverage under governmental programs, such as Medicaid, accident coverage, crime victims funds, and other public programs that may be available to pay for health care services provided to the patient. In addition, an RHC hospital may, in its discretion, choose not to provide Financial Assistance/Charity Care discounts to voluntarily uninsured individuals who with other household members are at least 50% owners of the business in which they work, if such business had gross receipts in the prior tax year of an amount that is greater than $200,000.

5.3 Discretionary Extension of Financial Assistance. Each RHC hospital is authorized to extend the availability of its Financial Assistance Programs to residents of other Illinois counties, other U.S. states or foreign countries, including travelers or out-of-town visitors, based on reasonable, standardized criteria applicable to all patients of such hospital.

5.4 Conditions of Discretionary Financial Assistance Program Participation. For individuals other than those who are automatically eligible to participate in an RHC Financial Assistance Program as set forth in Section 5.1 above, RHC hospitals may, as they determine appropriate, condition the receipt of such financial assistance on disclosure by the patient's immediate relatives, host family or sponsoring organization of their financial information, sufficient to demonstrate ability or inability to pay or contribute to the costs of care for their relative or hosted guest. The hospital may further condition any discretionary grant of financial assistance on a contribution toward the costs of the patient's

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care and/or a guarantee of payment by such relatives, hosts or others (as applicable), in the event the patient fails to qualify for coverage through governmental or private insurance and the patient fails to pay the amounts for which s/he is responsible. The hospital may also take into consideration the availability of other options for the proposed patient to receive medical care.

6. Uninsured Patient Discounts

6.1 Charitable Need for Uninsured Patient Discount. RHC believes that a substantial portion of uninsured individuals who seek hospital care are uninsured involuntarily, due to financial need, and further, that because of their uninsured status and inability to pay, many uninsured individuals delay or refrain from seeking needed medical care. RHC also believes, based on the experience of its hospitals in asking patients to apply for Financial Assistance/Charity Care discounts, that due to privacy and other concerns many uninsured individuals with financial need will not provide sufficient information to enable RHC hospitals to verify the existence of financial need.

6.2 RHC Charitable Uninsured Patient Discount. Therefore, as part of their charitable commitment to the poor and underserved, RHC hospitals will provide a discount on hospital charges to all Uninsured Patients, irrespective of residency, location or any other criteria, equal to 25% of the hospital charge for which the Uninsured Patient is responsible. If an Uninsured Patient also qualifies for a discount under the hospital's Financial Assistance/Charity Care standards, the amount of such discount will be applied to the patient's charge after application of the uninsured discount. Such RHC uninsured patient discount will not apply to any patient who qualifies for a discount under the Illinois Uninsured Patient Discount Act.

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6.3 Discount Under Illinois Uninsured Patient Discount Act. To the extent required by law, RHC hospitals shall provide an alternative form of discount to uninsured Illinois residents with gross family income of up to 600% of the Federal Poverty Level, and the 25% uninsured discount methodology set forth above shall not apply to any portion of such patients' bill.

6.4 Eligibility for Additional Financial Assistance. Patients receiving a discount based on uninsured status, whether under the RHC Charitable Uninsured Discount or pursuant to the Illinois Uninsured Patient Act, shall be eligible for an additional financial assistance described in this policy, pursuant to the eligibility standards set forth herein.

7. Hospital Responsibilities for Communicating Availability of Financial Assistance/Charity Care and Other Charitable Assistance Programs

7.1 Communicating Availability of Financial Assistance/Charity Care Discounts. Each RHC hospital will maintain effective methods of communicating the availability of Financial Assistance/Charity Care discounts to all patients, in multiple appropriate media and in multiple appropriate languages. The mechanisms that the Hospital will use to communicate the availability of Financial Assistance/Charity Care will include, but are not limited to the following:

7.1.1 Signage. Signs shall be conspicuously posted in the admission, registration and other appropriate areas of the hospital stating that patients may be eligible for Financial Assistance/Charity Care discounts, and describing how to obtain more information, including identification of appropriate hospital representatives by title. Such signs shall be prepared

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in English, Spanish, and any other language that is the primary language of at least 5% of the patients served by the hospital annually.

7.1.2 Provision of Financial Assistance Materials to Uninsured Patients. RHC hospitals will provide a summary of its Financial Assistance Programs and a Financial Assistance application to all persons receiving hospital care that it identifies as Uninsured Patients at the time of in-person registration, admission, or such later time at which the patient is first identified as an Uninsured Patient. For patients presenting in the Emergency Department, all RHC hospitals will provide such Financial Assistance materials at such time and in such manner as is consistent with their obligations under EMTALA to assess and stabilize the patient before making inquiry of the patient's ability to pay.

7.1.3 Brochures. Brochures, information sheets and/or similar forms of written communication regarding the hospital's Financial Assistance/Charity Care policy shall be maintained in appropriate areas of the hospital (e.g., the Emergency Department, organized registration areas, and the Business Office) stating in at least English, Spanish and Polish, that the hospital offers Financial Assistance/Charity Care discounts, and describing how to obtain more information.

7.1.4 Website. Each RHC's section of the Resurrection Heath Care website must include: a notice in a prominent place that financial assistance is available at the hospital; a description of the financial assistance application process; and a copy of the RHC hospital financial assistance application form.

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7.1.5 Billing Notices. Each RHC hospital shall include a note on or with the Hospital bill and/or statement regarding the hospital's Financial Assistance/Charity Care program, and how the patient may apply for consideration under this program.

7.1.6 Financial Counselors. Each RHC hospital shall have one or more financial counselors whose contact information is listed or provided with other information concerning the hospital's Financial Assistance/Charity Care discount program, who are available to discuss eligibility and other questions concerning the program, and to provide assistance with applications.

8. Communication with Patients Regarding Eligibility Determination for Financial Assistance/Charity Care.

8.1 Notification of Determination. When an RHC hospital has made a determination that a patient's bill will be discounted or adjusted in whole or in part based on a determination of financial need, the hospital will notify the patient of such eligibility determination, and that there will be no further collection action taken on the discounted portion of the patient's bill.

8.2 Changes in Patient Financials Circumstances. Adverse changes on the patient's financial circumstances may result in an increase in any Financial Assistance/Charity Care discount provided by the hospital. Under no condition, however, would adverse or other changes in a patient's financial circumstances affect the hospital's continuation of any ongoing treatment during an episode of care.

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9. Application of Financial Assistance/Charity Care Determination to Past-Due Bills. When a patient has been granted a discount on his or her bill under the hospital's Financial Assistance/Charity Care program, the hospital will automatically apply a similar discount or adjustment to all other outstanding patient bills. The hospital will advise the patient of such adjustment of prior accounts, and that the hospital will forego any further attempted to collect the amounts written off on such accounts.

10. Updating Prior Financial Need Determinations

10.1 Effective Time of Financial Assistance Qualification Determination. A determination of a patient's household income in connection with the patient's qualification for any form of Financial Assistance under this Policy will remain in effect the patient's entire episode of care, provided that if an episode of care continues for more than thirty (30) days, the hospital may request the patient to re-verify or supplement household income information or other eligibility information as the hospital reasonably deems appropriate, including cooperating with the hospital financial counselor to re-evaluate the patient's potential eligibility for coverage under Medicaid or other governmental programs and for the hospital's Financial Assistance/Charity Care program.

10.2 Re-Verification Within Six Months. When a patient (or the member of the household of a patient) who has received a determination of financial need under an RHC hospital's Financial Assistance/Charity Care program subsequently receives or applies for care from the same or any other RHC hospital more than 30 days but less than 6 months later, the hospital shall request appropriate information necessary to update the patient's or prospective patient's Financial Assistance/Charity Care application and re-verify the prior financial need determination. Hospital Financial Counselors will work with the patient to make the updating process as convenient as possible while assuring accuracy of

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information. The hospital shall consider the patient's (or prospective patient's) eligibility for Financial Assistance/Charity Care based on current income and assets, and other objective information obtained by the hospital relating to financial need, such as credit reports, new W-2s, tax returns or other data.

10.3 New Application Requirements. If more than six (6) months has expired since a patient's Financial Assistance eligibility determination, the patient must submit a new Financial Assistance application.

11. Financial Assistance/Charity Care Determinations Required Prior to Non-Emergency Services. RHC hospitals will make all reasonable efforts to expedite the evaluation of patients for eligibility for coverage under governmental programs and otherwise for Financial Assistance/Charity Care. Such evaluations must generally be made by an RHC hospital prior to provision of non-emergency hospital services. Persons who have come to a RHC hospital emergency department seeking care for a potential emergency medical condition will first receive a medical screening exam conducted in compliance with the Emergency Medical Treatment and Active Labor Act, as amended (EMTALA) and all care needed to stabilize any emergency medical condition, prior to an evaluation for coverage eligibility under governmental programs or Financial Assistance/Charity Care.

12. Staff Training and Understanding of Hospital Financial Assistance/Charity Care Program

12.1 General Program Knowledge. Employed staff of each RHC hospitals shall be trained, at the levels appropriate to their job function, with respect to the availability of the Financial Assistance/Charity Care discount program offered by such hospital for the benefit of poor and underserved members of such hospital's community.

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12.2 Specific Program Knowledge. Hospital staff who regularly interact with patients, including all staff in each hospital's Patient Financial Services, Patient Access and Registration departments will understand the hospital's Financial Assistance/Charity Care discount program, and be able to either accurately answer questions or direct questions regarding such programs to financial counselors or other contact persons.

12.3 Annual Training. All Patient Financial Services and Access department staff, and other applicable staff shall attend an annual in-service on the RHC hospital Financial Assistance/Charity Care discount program for RHC hospitals, which will be prepared and supervised by the RHC Finance Division, in consultation with the RHC Office of Legal Affairs, the System Compliance Officer and hospital senior management.

13. Collection Activity

13.1 General. All RHC hospitals shall engage in reasonable collection activities for collection of the portions of bills for which patients are responsible after application of any Financial Assistance/Charity Care discount, uninsured patient discount, insurance allowances and payment and other applicable adjustments.

13.2 Cessation of Collection Efforts on Discounted Amounts. No RHC hospital will engage in or direct collections activity with respect to any discounts on health care charges provided as a result of a determination of eligibility under the hospital's Financial Assistance/Charity Care program, unless it is later determined that the patient omitted relevant information relating to actual income or available assets, or provided false information regarding financial need or other eligibility

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criteria. Balances remaining after financial assistance discounts are applied will be subject to reasonable collection activity, consistent with this Policy.

13.3 Use of Reasonable Legal Processes to Enforce Patient Debt. Reasonable legal process, including the garnishment of wages, may be taken by any RHC Hospital to collect any patient debt remaining after any adjustment or discount for Financial Assistance/Charity Care, uninsured status or other reason, under the following circumstances:

13.3.1 For Uninsured Patients:

- The hospital has given the patient the opportunity to assess the accuracy of the hospital's bill;
- The hospital has given the Uninsured Patient the opportunity to apply for Financial Assistance/Charity Care and/or (a) a reasonable payment plan, or (b) a discount for which the patient is eligible pursuant to the Illinois Patient Uninsured Discount Act;
- The hospital has given the Uninsured Patient at least 60 days after discharge or receipt of services to apply for Financial Assistance/Charity Care;
- If the patient has indicated, and the hospital is able to verify, that the patient is unable to pay the full amount due in one payment, the hospital has offered the patient a reasonable payment plan;
- If the hospital and patient have entered into a reasonable payment plan, the patient has failed to make payments when due; and
- There is objective evidence that the patient's household income and/or assets are sufficient to meet his or her financial obligation to the hospital.

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13.3.2 For Insured Patients:

- The hospital has provided the patient the opportunity, for at least 30 days after the date of the initial bill, to request a reasonable payment plan for the portion of the bill for which the patient is responsible;
- If the patient requests a reasonable payment plan, and fails to agree to a plan within 30 days after such request; and
- If the hospital and patient have entered into a reasonable payment plan, the patient has failed to make payments when due.

13.4 Residential Liens. No RHC hospital will place a lien on the primary residence of a patient who has been determined to be eligible for Financial Assistance/Charity Care, for payment of the patient's undiscounted balance due. Further, consistent with long-standing RHC policy, in no case will any RHC provider execute a lien by forcing the sale or foreclosure of the primary residence of any patient to pay for any outstanding medical bill.

13.5 No Use of Body Attachments. In accordance with long-standing practice, no RHC hospital will use body attachment to require any person, whether receiving Financial Assistance/Charity Care discounts or not, to appear in court.

13.6 Collection Agency Referrals. RHC hospitals will ensure that all collection agencies used to collect patient bills promptly refer any patient who indicates financial need, or otherwise appears to qualify for Financial Assistance/Charity Care discounts, to a financial counselor to determine if the patient is eligible for such a charitable discount.

HEALTH CARE SYSTEM

The proposed change of ownership will not restrict the use of other area facilities, nor will it have an impact on other area providers.

Impact of the Proposed Transaction on Other Area Providers

Following the change of ownership, Westlake Hospital will continue to operate with an "open" Medical Staff model, meaning that qualified physicians both can apply for admitting privileges at the hospital, and admit patients to the hospital on a voluntary basis—the physicians will not be required to admit only to Westlake Hospital. In addition, the hospital's Emergency Department will maintain its current designated level, that being "comprehensive". As a result, ambulance and paramedic transport patterns will not be altered because of the change of ownership. Last, because the current admissions policies of the hospital will not be changed, patients will not be "deflected" from Westlake Hospital to other area facilities as a result of the change of ownership.

Other Facilities Within the Acquiring Co-Applicants' Health Care System

Vanguard Health Systems, the parent of the acquiring co-applicants owns two other general acute care hospitals in the Chicago area: Louis A. Weiss Memorial Hospital, located at 4646 North Marine Drive in Chicago and MacNeal Memorial Hospital, located at 3249 South Oak Park Avenue, in Berwyn. Weiss Memorial is

located 20 miles (35 minutes) from Westlake Hospital and MacNeal Memorial is located 6.9 miles (17 minutes) from Westlake Hospital.

MacNeal Memorial is designated as a disproportionate share hospital, and both hospitals provide a high percentage of their care to Medicaid recipients. During 2008, 21.4% and 20.5% of the patients admitted to Weiss and MacNeal, respectively, were Medicaid recipients.

The table below presents the 2008 utilization, bed complements and services provided by each of the two above-identified hospitals.

	Weiss Memorial		MacNeal Memorial	
	Number	Utilization	Number	Utilization
Beds				
Med/Surg	184	43.8%	272	62.9%
Pediatrics	0		10	38.7%
ICU	16	89.9%	26	53.4%
OB/Gyn	0		25	51.6%
Acute Mentall Illness	10	80.5%	64	60.1%
Rehabilitation	26	48.2%	0	
	236	48.9%	397	60.5%
Other Services				
Surgery (ORs/hrs)	10	7,634	12	12,953
Cardiac Cath (rms/proc)	1	760	3	1,753
Emergency Dept (vistits)		22,674		54,884
Outpatients (visits)		81,943		177,849
Imaging (rms/proc)				
General R & F	11	36,271	7	63,336
Nuclear Medicine	3	3,847	3	7,375
Mammography	2	3,543	3	20,603
Ultrasound	2	3,836	7	23,636
Diag. Angiography	1	608	2	2,100
Interventional Angiog.	1	880	0	
CT	1	10,829	3	27,518
MRI	1	2,526	3	7,928
Lithotripsy (proc)				45
Linear Accelerator (proc)	1	121		

Referral Agreements

Copies of Westlake Hospital's current referral agreements are attached. It is the intent of the prospective licensee, VHS Westlake Hospital, Inc., to retain all of Westlake Hospital's referral agreements, and each provider with which a referral agreement exists will be notified of the change of ownership. Each of the existing referral agreements will continue in their current form until those agreements are revised and/or supplemented by VHS Westlake Hospital, Inc. That revision process is anticipated to take 6-12 months from the date of the change of ownership.

Below are listed the facilities with which Westlake Hospital currently maintains transfer agreements, along with the facility's distance from Westlake Hospital:

- Loyola University Medical Center (2.4 miles/6 minutes)
- Aspire of Illinois (2.1 miles/6 minutes)
- Children's Memorial Hospital (17.0 miles/29 minutes)

Referrals from Westlake Hospital will typically be made at the discretion of the patient's physician, in consultation with the patient and family. There will not be a policy in place regarding any preference of referrals to health care system members over other facilities.

Duplication of Services

As certified in this application, the acquiring co-applicants fully intend to retain Westlake Hospital's clinical programmatic complement for a minimum of two years. An initial evaluation of the clinical services provided by Westlake Hospital would suggest that the hospital provides few, if any, clinical services not typically provided by general acute care hospitals.

Availability of Community Services

Westlake Hospital is a primary provider of both hospital- and community-based health care programs in its community, and it is the intent of the acquiring co-applicants to provide a very similar community-based program complement, understanding that in the case of all hospitals, the complement of community programs is not static, and that from time-to-time programs are added or eliminated. Due in major part to the broad scope of community programs and services currently provided, the acquiring co-applicants have not at this time identified additional programs to be offered, though it is fully anticipated that additional programs will be identified following the change of ownership.

The community will continue to be made aware of programs offered by the hospital through a variety of avenues, including hospital publications, local newspapers, public service announcements, information provided in physicians' offices, and information provided to patients by staff.

Below is a list of community programs currently offered by Westlake Hospital, and as of the writing of this document, it is not the intent of the acquiring co-applicants to eliminate any of these programs.

- animal assisted therapy
- breastfeeding classes
- infant and child CPR classes
- infant car seat program
- pre-natal classes
- post-partum follow-up clinic (Projecto Casa)
- school career days
- school group tours
- sibling harmony class
- back flexibility screenings
- blood pressure and body fat screenings
- participation in health fairs
- free mammograms
- men's health night
- simple steps to fitness program
- strength screening
- taxicab and bus pass services
- blood drive
- language assistance services
- nursing, pharmacy, PT, OT and radiology practicums and mentoring
- spiritual services
- participation in Illinois Breast and Cervical Cancer Program
- hosting of numerous community groups' meetings
- health scholarship grant program

Westlake Hospital Patient Transfer Agreements

(to be retained)

PEDIATRIC PATIENT TRANSFER AGREEMENT

THIS AGREEMENT is made and is effective as of this 1st day of May, 2008 by and between Loyola University Medical Center, an Illinois not-for-profit corporation located in Maywood, Illinois ("Receiving Hospital") and Westlake Hospital, an Illinois not-for-profit corporation located in Melrose Park, Illinois ("Transferring Facility").

WHEREAS, both parties hereto desire to assure continuity of care and treatment appropriate to the needs of pediatric patients requiring emergent care and/or care for unstable medical conditions; and

WHEREAS, both parties will cooperate to achieve this purpose; and

NOW THEREFORE, Receiving Hospital and Transferring Facility hereby covenant and agree as follows:

When Transferring Facility has determined that a pediatric patient is emergent, medically unstable, and requires medically specialized care and treatment unavailable at Transferring Facility, and when a physician of Receiving Hospital accepts the transfer of such Transferring Facility's patient requiring such care and treatment, then Receiving Hospital agrees to admit such a patient as promptly as possible provided transfer and admission requirements are met and adequate staff, equipment, bed space and capacity to provide medically specialized care and treatment for such a patient are available at Receiving Hospital.

The parties hereto agree that the referring physician of Transferring Facility, in consultation with the receiving physician at Receiving Hospital, should determine the method of transport and the appropriate personnel, if any, to accompany a patient during any transfer to Receiving Hospital. Transferring Facility agrees that it will send with each patient at the time of transfer, any transfer form(s) and medical records necessary to ensure continuity of care following transfer.

Transferring Facility understands and agrees, upon Receiving Hospital's request, to accept for return transfer and prompt admission to Transferring Facility, any patient that has been medically stabilized and that has been transferred to Receiving Hospital pursuant to this agreement.

The parties hereto acknowledge that they are each "Covered Entities," as that term is defined by the Health Insurance Portability and Accountability Act ("HIPAA"), and each party agrees to comply with all applicable requirements of the HIPAA Privacy and Security Rules and the Standards for Privacy and Security of Individually Identifiable Health Information, 45 C.F.R. Part 160, 162 and 164, Subparts A and E.

The parties hereto agree to comply with applicable federal and state laws and regulations, and the standards of the Joint Commission on the Accreditation of Healthcare Organizations and Health Facilities Accreditation Program. OJ

All notices which either party is required to give to the other under or in conjunction with this Agreement shall be in writing, and shall be given by addressing the same to such other party at the address indicated below, and by depositing the same so addressed, certified mail, postage prepaid, in the United States mail, or by delivering the same personally to such other party. Any notice mailed or telegraphed shall be deemed to have been given two (2) United States Post Office delivery days following the date of mailing or on the date of delivery to the telegraph company.

Any notice provided to Receiving Hospital shall be directed to:

Patricia Cassidy
Senior Vice President
Loyola University Medical Center
2160 South First Avenue
Maywood, Illinois 60153

With copies to:

Vice President and General Counsel
Office of the General Counsel
Loyola University Medical Center
2160 South First Avenue
Maywood, Illinois 60153

Any notice provided to Transferring Facility shall be directed to:

Patricia Shehorn
Chief Executive Officer
Westlake Hospital
1225 West Lake Street
Melrose Park, IL 60160

Neither party to this Agreement may assign any of the rights or obligation under this Agreement without the express written consent of the other party. Any attempt to assign this Agreement without consent shall be void. Transferring Facility acknowledges that the physicians at Loyola University Medical Center are organized as a separate legal entity (Loyola University Physician Foundation). Notwithstanding the foregoing, Transferring Facility acknowledges and agrees that this Agreement or any portion hereof, may, at Loyola University Medical Center's election, be assigned to or subcontracted to the Loyola University Physician Foundation without Transferring Facility's consent. Notwithstanding any other provision contained in this Agreement to the contrary, the parties agree that such an assignment or subcontracting shall be permissible under this Agreement, and that any assignment shall be without recourse against Loyola University of Chicago or Loyola University Medical Center.

Neither Party is under any obligation to refer or transfer patients to the other Party and neither Party will receive any payment for any patient referred or transferred to the other Party. A Party may refer or transfer patients to any facility based on the professional judgment of the treating physician and the individual needs and wishes of the patient.

The Parties acknowledge and agree that, in performing their respective obligations under this Agreement, each is acting as an independent contractor. Transferring Facility and Receiving Hospital are not and shall not be considered joint venturers or partners, and nothing herein shall be construed to authorize either Party to act as general agent for the other. Neither Party, by virtue of this Agreement, assumes any liability for any debts or obligations of either a financial or legal nature incurred by the other Party.

This Agreement shall be interpreted and governed by the substantive and procedural laws of the State of Illinois. The parties hereto both consent to the jurisdiction of Illinois courts to resolve any dispute arising from this Agreement.

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all such counterparts together shall constitute one and the same instrument.

IN WITNESS WHEREOF, we the undersigned, duly authorized representatives have executed and delivered this Agreement without reservation and having read the Terms contained herein.

FOR LOYOLA UNIVERSITY MEDICAL CENTER:

Signature: Patricia Cassidy 4/15/08

Patricia Cassidy

Title: Sr. Vice President

FOR WESTLAKE HOSPITAL:

Signature: Patricia Shehorn 4/24/08

Patricia Shehorn

Title: Chief Executive Officer

Aspire of Illinois

Medical Service Agreement

Whereas Aspire of Illinois, 105 Eastern Avenue, Bellwood, Illinois 60104, (hereafter referred to as Aspire on Eastern), is desirous of obtaining the services of Westlake Hospital for its residents and for consultation to its staff, and

Whereas the Westlake Community Hospital is composed of duly qualified and licensed physicians in the State of Illinois, and is desirous of providing said hospital services and consultation.

Now, therefore, it is mutually agreed that:

I. Westlake Community Hospital, 1225 Lake Street, Melrose Park, Illinois 60160, shall provide hospital services to the men and women who reside at Aspire on Eastern, under the following provisions:

1. The hospital services provided shall be without discrimination to any client who is a resident of Aspire on Eastern.

2. The hospital services shall, with support from the Aspire on Eastern Health Care Administrator, comply in full with the Illinois Department of Public Health Minimum Standards, Rules and Regulations for Intermediate Care Facilities for the Developmentally Disabled, Division 5, Section 1, 2, and 3, and any further revisions of these during the tenure of this agreement.

3. The hospital services shall comply in full with applicable and current professional standards in the health field and shall comply with the policies of the Westlake Hospital. Not withstanding anything to the contrary contained herein, the hospital shall be obligated to comply with its medical staff rules, regulations, and by-laws—especially as they are applicable to admitting privileges for its medical staff only and the availability and provision of inpatient beds.

4. The services provided shall include but not limited to:

   A. Emergency medical services on a 24 hour 7 day per week basis.

   B. Inpatient hospital care of residents when deemed necessary by Aspire on Eastern's Attending Physician.

   C. Laboratory and X-ray services.

   D. Inpatient and Outpatient Physical Therapy services to Aspire on Eastern residents, per the order of Aspire's Attending Physician.

   E. Provision of all such diagnostic and medical care reports to Aspire on Eastern for record documentation and follow-up medical management.

F. Additional medical related procedures as may be mutually agreed upon.

5. Not withstanding to the contrary herein, it is understood by both parties that the hospital will not be involved in the direct performance, delivery or practice of medicine. In addition, the hospital assumes no legal responsibility nor liability for the condition or treatment of residents of Aspire on Eastern when they are residing at Aspire on Eastern

II. To support, compliment, and facilitate the hospital services provided by Westlake Community Hospital, Aspire on Eastern shall:

1. Provide any necessary information regarding special liability requiring modified care, necessary social history data and medical history, appropriate forms and fee billing information.

2 Provide transportation of residents to and from Westlake Community Hospital.

3. Provide completed release-of-information forms.

4. Provide a complete and up-to-date list of all residents' names, admission date, date of birth, social security and public aid number (or name and address of financially responsible third party).

III. If the performance of service stipulated in this agreement becomes unsatisfactory to Aspire on Eastern or Westlake Hospital, it is mutually agreed that this instrument shall become null and void after thirty (30) days written notice by the Chief Administrator Officer of either facility.

SIGNED AND AGREED:

[signature] CEO 4/10/01
Westlake Community Hospital Title Date

[signature] 3/29/01
Vicki Polick Date
Administrator, Aspire on Eastern

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TRANSFER AGREEMENT
BY AND BETWEEN
CHILDREN'S MEMORIAL HOSPITAL AND
Westlake Hospital

THIS TRANSFER AGREEMENT (this "Agreement") is entered into as of the first day of August, 2004, by and between Children's Memorial Hospital, an Illinois non-profit corporation ("Receiving Hospital") and Westlake Hospital, an Illinois not for profit corporation ("Transferring Facility") (each a "Party" and collectively "Parties").

WHEREAS, Transferring Facility owns and operates a general acute care hospital;

WHEREAS, Receiving Hospital owns and operates a general acute hospital and ancillary facilities specializing in pediatric care;

WHEREAS, Transferring Facility receives from time to time patients who are need of specialized services not available at Transferring Facility;

WHEREAS, the Parties are legally separate organizations and are not related in any way to one another through common ownership or control; and

WHEREAS, the Parties desire to establish a transfer arrangement in order to assure continuity of care for patients and to ensure accessibility of services to patients.

NOW, THEREFORE, for and in consideration of the terms, conditions, covenants, agreements and obligations contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, it is hereby mutually agreed by the Parties as follows:

ARTICLE I.

Patient Transfers

1.1. Acceptance of Patients. Upon recommendation of an attending physician and pursuant to the provisions of this Agreement, Receiving Hospital agrees to admit a patient as promptly as possible, provided customary admission requirements are met, State and Federal laws and regulations are met, and Receiving Hospital has the capacity to treat the patient. Notice of the transfer shall be given by Transferring Facility as far in advance as possible. Receiving Hospital shall give prompt confirmation of whether it can provide health care appropriate to the patient's medical needs. Receiving Hospital agrees to exercise its best efforts to provide for prompt admission of transferred patients and, to the extent reasonably possible under the circumstances, give preference to patients requiring transfer from Transferring Facility.

1.2. Appropriate Transfer. It shall be Transferring Facility's responsibility to arrange for appropriate and safe transportation and to arrange for the care of the patient during a transfer. The Transferring Facility shall ensure that the transfer is an "appropriate transfer" under the Emergency Medical Treatment and Active Labor Act, as may be amended ("EMTALA"), and is carried out in accordance with all applicable laws and regulations. The Transferring Facility

shall provide in advance sufficient information to permit a determination as to whether the Receiving Hospital can provide the necessary patient care. The patient's medical record shall contain a physician's order transferring the patient. When reasonably possible, a physician from the Transferring Facility shall communicate directly with a physician from the Receiving Hospital before the patient is transferred.

1.3. Transfer Log. The Transferring Facility shall keep an accurate and current log of all patients transferred to the Receiving Hospital and the disposition of such patient transfers.

1.4. Admission to the Receiving Hospital from Transferring Facility. When a patient's need for admission to a center specialized in pediatric care is determined by his/her attending physician, Receiving Hospital shall admit the patient in accordance with the provisions of this Agreement as follows:

(a) Patients determined to be emergent by the attending physician shall be admitted, subject to bed, space, qualified personnel and equipment availability, provided that all usual conditions of admission to Receiving Hospital are met.

(b) All other patients shall be admitted according to the established routine of Receiving Hospital.

1.5. Standard of Performance. Each Party shall, in performing its obligations under this Agreement, provide patient care services in accordance with the same standards as services provided under similar circumstances to all other patients of such Party, and as required by federal and state laws and Medicare/Medicaid certification standards. Each Party shall maintain all legally required certifications and licenses from all applicable governmental and accrediting bodies, and shall maintain full eligibility for participation in Medicare and Medicaid. Receiving Hospital shall maintain accreditation by the Joint Commission on Accreditation of Healthcare Organizations ("JCAHO").

1.6. Billing and Collections. Each Party shall be entitled to bill patients, payors, managed care plans and any other third party responsible for paying a patient's bill, for services rendered to patients by such Party and its employees, agents and representatives, and neither Party will have any liability to the other Party for such charges. Each Party shall be solely responsible for all matters pertaining to its billing and collection of such charges. The Parties shall reasonably cooperate with each other in the preparation and completion of all necessary forms and documentation and the determination of insurance coverage and managed care requirements for each transferred patient. Each Party shall have the sole final responsibility for all forms, documentation, and insurance verification.

1.7. Personal Effects. Personal effects of any transferred patient shall be delivered to the transfer team or admissions department of the Receiving Hospital. Personal effects include money, jewelry, personal papers and articles for personal hygiene.

ARTICLE II.

Medical Records

Subject to applicable confidentiality requirements, the Parties shall exchange all information which may be necessary or useful in the care and treatment of the transferred patient or which may be relevant in determining whether such patient can be adequately cared for by the other Party. All such information shall be provided by the Transferring Facility in advance, where possible, and in any event, at the time of the transfer. The Transferring Facility shall send a copy of all patient medical records that are available at the time of transfer to the Receiving Hospital. Other records shall be sent as soon as practicable after the transfer. The patient's medical record shall contain evidence that the patient was transferred promptly, safely and in accordance with all applicable laws and regulations. Each Party shall and shall cause its employees and agents to protect the confidentiality of all patient information (including, but not limited to, medical records, electronic data, radiology films, laboratory blocks, slides and billing information), and comply with all applicable state and federal laws and regulations protecting the confidentiality of patients' records, including the Health Insurance Portability and Accountability Act of 1996 and the corresponding Standards for Privacy of Individually Identifiable Health Information regulations.

ARTICLE III.

Term and Termination

3.1. Term. This Agreement shall be effective as of the day and year written above and shall remain in effect until terminated as provided herein.

3.2. Termination. This Agreement may be terminated as follows:

(a) Termination by Mutual Consent. The Parties may terminate this Agreement at any time by mutual written consent, and such termination shall be effective upon the date stated in the consent.

(b) Termination Without Cause. Either Party may terminate this Agreement, without cause, upon thirty (30) days prior written notice.

(c) Termination for Cause. A Party shall have the right to immediately terminate this Agreement for cause upon the happening of any of the following:

(i) If such Party determines that the continuation of this Agreement would endanger patient care.

(ii) Violation by the other Party of any material provision of this Agreement, provided such violation continues for a period of fifteen (15) days after receipt of written notice by the other Party specifying such violation with particularity.

(iii) A general assignment by the other Party for the benefit of creditors; the institution by or against the other Party, as debtor, of proceedings of any nature under any law of the United States or any state, whether now existing or currently enacted or amended, for the relief of debtors, provided that in the event such proceedings are instituted against the other Party remain unstayed or undismissed for thirty (30) days; the liquidation of the other Party for any reason; or the appointment of a receiver to take charge of the other Party's affairs, provided such appointment remains undischarged for thirty (30) days. Such termination of the provisions of this Agreement shall not affect obligations which accrued prior to the effective date of such termination.

(iv) Exclusion of either Party from participation in the Medicare or Medicaid programs or conviction of either Party of a felony.

(v) Either Party's loss or suspension of any certification, license, accreditation (including JCAHO or other accreditation as applicable), or other approval necessary to render patient care services.

ARTICLE IV.

Non-Exclusive Relationship

This Agreement shall be non-exclusive. Either Party shall be free to enter into any other similar arrangement at any time and nothing in this Agreement shall be construed as limiting the right of either Party to affiliate or contract with any other hospital, nursing home, home health agency, school or other entity on either a limited or general basis while this Agreement is in effect. Neither Party shall use the other Party's name or marks in any promotional or advertising material without first obtaining the written consent of the other Party.

ARTICLE V.

Certification and Insurance

5.1. Licenses, Permits, and Certification. Each Party represents to the other that it and all of its employees, agents and representatives possess and shall maintain in valid and current status during the term of this Agreement all required licenses, permits and certifications enabling such Party to provide the services set forth in this Agreement.

5.2. Insurance. Both Parties shall, at their own cost and expense, obtain and maintain in force during the term of this Agreement appropriate levels of general and professional liability insurance coverage, in accordance with good business practice for acute-care hospitals in the Chicagoland area. Such insurance shall be provided by insurance company(ies) acceptable to Parties and licensed to conduct business in the State of Illinois or by a self-insurance program. Verification of insurance shall be in the possession of both Parties at all times while this Agreement is in effect. Both Parties shall be notified at least thirty (30) days prior to cancellation, notice of cancellation, reduction, or material change in coverage to either policy. In

the event the form of insurance is claims made, both Parties warrant and represent that they will purchase appropriate tail coverage for claims, demands, or actions reported in future years for acts of omissions during the term of this Agreement. In the event of insufficient coverage as defined in this Section, or lapse of coverage, the non-breaching Party reserves the right to immediately and unilaterally terminate this Agreement.

5.3. Notification of Claims. Each Party shall notify the other in writing, by certified mail, of any action or suit filed and shall give prompt notice of any claim made against either by any person or entity which may result in litigation related in any way to this Agreement.

ARTICLE VI.

Indemnification

Each Party shall indemnify and hold harmless the other Party from and against any and all manner of claims, demands, causes of action, liabilities, damages, costs, and expenses (including costs and reasonable attorney's fees) arising from or incident to the performance of such indemnifying Party's duties hereunder, except for negligent or willful acts or omissions of the other Party. Notwithstanding anything to the contrary, a Party's obligations with respect to indemnification for acts described in this article shall not apply to the extent that such application would nullify any existing insurance coverage of such Party or as to that portion of any claim of loss in which insurer is obligated to defend or satisfy.

ARTICLE VII.

Compliance With Laws

At all times, both Parties shall comply with all federal, state and local laws, rules and regulations now in effect or later adopted relating to the services to be provided hereunder and that may be applicable to the Parties including, but not limited to, laws, rules and regulations regarding confidentiality, disclosure and retention of patient records, such as the regulations promulgated under the Health Insurance Portability and Accountability Act of 1996. A Party shall promptly notify the other Party if it receives notice of any actual or alleged infraction, violation, default or breach of the same. Neither Transferring Facility or Receiving Hospital, nor any employee, officer, director or agent thereof, is an "excluded person" under the Medicare rules and regulations.

As of the date hereof and throughout the term of this Agreement: (a) Transferring Facility represents, warrants and covenants to Receiving Hospital that Transferring Hospital is licensed to operate a general acute care hospital in Illinois and is a participating facility in Medicare and Medicaid; and (b) Receiving Hospital represents, warrants and covenants to Transferring Facility that Receiving Hospital is licensed to operate a general acute hospital and ancillary facilities specializing in pediatric care and to participate in Medicare and Medicaid.

ARTICLE VIII.

Miscellaneous

8.1. Non-Referral of Patients. Neither Party is under any obligation to refer or transfer patients to the other Party and neither Party will receive any payment for any patient referred or transferred to the other Party. A Party may refer or transfer patients to any facility based on the professional judgment of the treating physician and the individual needs and wishes of the patients.

8.2. Relationship of the Parties. The Parties expressly acknowledge that in performing their respective obligations under this Agreement, they are each acting as independent contractors. Transferring Facility and Hospital are not and shall not be considered joint venturers or partners, and nothing herein shall be construed to authorize either Party to act as general agent for the other. Neither Party, by virtue of this Agreement, assumes any liability for any debts or obligations of either a financial or legal nature incurred by the other Party. Each Party shall disclose in its respective dealings that they are separate entities.

8.3. Notices. All notices and other communications under this Agreement shall be in writing and shall be deemed received when delivered personally or when deposited in the U.S. mail, postage prepaid, sent registered or certified mail, return receipt requested or sent via a nationally recognized and receipted overnight courier service, to the Parties at their respective principal office of record as set forth below or designated in writing from time to time. No notice of a change of address shall be effective until received by the other Party:

To Receiving Hospital:

Children's Memorial Hospital
2300 Children's Plaza
Chicago, IL 60614
Attention: Gordon Bass, COO
Fax No.: (773) 880-4126

To Transferring Facility:

Westlake Hospital
Chief Executive Officer
1225 Lake Street
Melrose Park, IL 60160

With a copy to:

Jeannie Carmedelle Frey, Esq.
Senior Vice President
Legal Affairs/General Counsel
Resurrection Health Care
7435 West Talcott Avenue

Chicago, IL 60631
(773) 792-5875 (fax)

8.4. Assignment. Neither Party may assign its rights or delegate its obligations under this Agreement without the prior written consent of the other, except that either Party may assign all or part of its rights and delegate all or part of its obligations under this Agreement to any entity controlled by or under common control with such Party.

8.5. Entire Agreement; Amendment. This Agreement contains the entire agreement of the Parties with respect to the subject matter hereof and may not be amended or modified except in a writing signed by both Parties. All continuing covenants, duties, and obligations contained herein shall survive the expiration or termination of this Agreement.

8.6. Governing Law. This Agreement shall be construed and all of the rights, powers and liabilities of the Parties hereunder shall be determined in accordance with the laws of the State of Illinois; provided, however, that the conflicts of law principles of the State of Illinois shall not apply to the extent that they would operate to apply the laws of another state.

8.7. Headings. The headings of articles and sections contained in this Agreement are for reference purposes only and will not affect in any way the meaning or interpretation of this Agreement.

8.8. Non-discrimination. Neither Party shall discriminate against any individuals on the basis of race, color, sex, age, religion, national origin, or disability in providing services under this Agreement.

8.9. Severability. If any provision of this Agreement, or the application thereof to any person or circumstance, shall be held to be invalid, illegal or unenforceable in any respect by any court or other entity having the authority to do so, the remainder of this Agreement, or the application of such affected provision to persons or circumstances other than those to which it is held invalid or unenforceable, shall be in no way affected, prejudiced or disturbed, and each provision of this Agreement shall be valid and shall be enforced to the fullest extent permitted by law.

8.10. Successors and Assigns. This Agreement shall be binding upon, and shall inure to the benefit of the Parties hereto, their respective successors and permitted assigns.

8.11. Waiver. No failure by a Party to insist upon the strict performance of any covenant, agreement, term or condition of this Agreement, shall constitute a waiver of any such breach of such covenant, agreement, term or condition. Any Party may waive compliance by the other Party with any of the provisions of this Agreement if done so in writing. No waiver of any provision shall be construed as a waiver of any other provision or any subsequent waiver of the same provision.

8.12 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all such counterparts together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed and delivered as of the day and year written above.

Westlake Hospital,
an Illinois not for profit corporation

By: Pat Shehorn 9/28/04

Name: Pat Shehorn

Title: Chief Executive Officer

CHILDREN'S MEMORIAL HOSPITAL

By: Tom Schubnell MS MSA

Name: Tom Schubnell

Title: Administrator of Surgical & ER Services