

## REVISED QUALITY AND CHARITY CARE TRUST AGREEMENT

THIS REVISED QUALITY AND CHARITY CARE TRUST AGREEMENT is made and entered into this \_\_\_\_ day of April, 1996, by and among JEFFERSON COUNTY, KENTUCKY, acting by and through its County Judge/Executive; the CITY OF LOUISVILLE, KENTUCKY acting by and through its Mayor; the UNIVERSITY OF LOUISVILLE, acting by and through its Board of Trustees; THE COMMONWEALTH OF KENTUCKY, acting by and through its Governor; and UNIVERSITY MEDICAL CENTER, INC., a non-profit Kentucky corporation, with its principal place of business at 234 East Gray Street, Suite 225, P. O. Box 35070, Louisville, Kentucky 40232 (hereinafter "Corporation").

## WITNESSETH:

WHEREAS the University, the Commonwealth and the Local Governments have operated the original Quality and Charity Care Trust from May 1, 1983 on substantially the terms set forth hereinafter with Galen (formerly Humana) of Virginia, Inc. ("Galen") as the company operating the Hospital, but that original agreement will terminate at 11:59 p.m. on February 6, 1996 with termination at that time of Galen's leases and affiliation agreement for the Hospital; and

WHEREAS Corporation was duly selected by the University and Commonwealth and awarded a subsequent affiliation to operate the Hospital with the condition that the Trust continue on substantially the same terms as offered to Galen, concurrent with the new Affiliation Agreement to which this document is an Exhibit except as specifically agreed in Paragraph 5C hereof per the terms of the Affiliation Agreement;

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein and recognizing the benefits to be derived and the social purposes to be served by Corporation assuming and discharging the obligation to provide for the health care needs of economically disadvantaged persons who have historically been ministered to by University of Louisville as a public service in the course of its teaching programs, all as more fully set forth herein, the parties agree as follows:

1. TERM

The term of this Agreement shall be for a term equal to the term of the Affiliation Agreement between the University of Louisville and the Corporation dated February 6, 1996 ("Affiliation Agreement"). The Commencement Date of this Agreement shall be February 7, 1996.

2. DEFINITIONS

For all purposes of this Agreement, unless the context otherwise requires:

- A. "ANNUAL INCREASE" shall mean the amount by which government funding by the Commonwealth of Kentucky or either of the local Governments increases annually in the second, or any succeeding Trust Year.

- B. "BASE AMOUNT" shall mean, for the second full Trust Year and each succeeding Trust Year, the Total Government Funding for the prior Trust Year.
- C. "BILLED CHARGES" for Hospital Care furnished by Corporation shall mean fifty-eight percent (58%) of its usual and customary charges established by Corporation from time to time for Hospital Care, and for Hospital Care of a type not provided by the Corporation and furnished by any entity other than Corporation or its Affiliates (as defined in the Affiliation Agreement) shall mean one hundred percent (100%) of the charges made by such entity to Corporation. If, however, Corporation increases its usual and customary charges after July 1, 1996 by a percentage in excess of the percentage increase in the Consumer Price Index - Medical Care Component (hereinafter "Allowed Increase") from July 1, 1996, as published by the Bureau of Labor Statistics of the United States Department of Labor, Billed Charges shall be reduced to a percentage that equates to fifty-eight percent (58%) of usual and customary charges as of July 1, 1996, multiplied times one plus the Allowed Increase converted to a fraction.
- D. "CONSUMER PRICE INDEX" shall mean the Consumer Price Index for All Urban Consumers as established by the United States Department of Labor, Bureau of Labor Statistics or any entity which shall succeed to the right, duties and obligations of the federal agency.
- E. "CORPORATION" shall mean University Medical Center, Inc., a Kentucky non-profit corporation whose members are Jewish Hospital HealthCare Services, Inc. (JHHS), Alliant Health System, Inc. (AHS), and the University, with its principal place of business at 234 East Gray Street, Suite 225, P. O. Box 35070, Louisville, Kentucky, and its successors and assigns.
- F. "CORPORATION'S GUARANTEE" shall mean Corporation's commitment that, for each Trust Year for which the Trust receives Total Government Funding as herein provided, it will provide medically necessary Hospital Care, to the extent facilities are available, to all Indigents and Medically Needy who are residents of Jefferson County, for which it will be paid to the extent of ninety percent (90%) of Total Government Funding (see Section 6C) and thereafter will provide such Hospital Care at its own expense. An Indigent shall not be required to pay any deposit as a condition of receiving medically necessary Hospital Care at Hospital. However, nothing in this Agreement shall prohibit Corporation, after providing Hospital

Care, from billing and collecting any co-payment permitted to be billed and collected from an Indigent qualified as such under applicable Hill-Burton Guidelines then in effect. Corporation shall also have the right, after providing Hospital Care, to bill and collect from any Medically Needy the amount of the bill rendered in connection with his Hospital Care, to the extent of his income, resources, insurance benefits and other means of payment.

- G. "GUARANTY" shall mean the agreement entered into February 6, 1996 by JHHS and AHS. The Guaranty and this Agreement are both exhibits to the Affiliation Agreement.
- H. "HOSPITAL" shall mean University of Louisville Hospital which shall include the Concentrated Care Building, the Ambulatory Care Building, the Brown Cancer Center, the Institutional Services Building and the Lampton Building which are located in Louisville, Kentucky, as those terms are defined in the Affiliation Agreement between the University of Louisville and Corporation.
- I. "HOSPITAL CARE" shall mean those inpatient and outpatient services offered by Corporation at Hospital and, if requested by Corporation for a patient who has been discharged from Hospital, any other medically necessary services required to be rendered in another health care facility as defined in KRS 216B.015(10).
- J. "INDIGENT" shall mean for purposes of the Trust, an individual who:
- (1) Is not eligible for benefits under Titles V, XVIII or XIX of the Social Security Act;
  - (2) Is not eligible for any Government health insurance program, is not covered by a private insurance plan or whose coverage for Hospital Care from private insurance, Medicare or Medicaid is exhausted;
  - (3) Has income from all sources equal to or less than that required to qualify for free or reduced cost care under the Federal Hill-Burton Program using the current Office of Economic Opportunity Income Poverty Guidelines applicable to the Louisville, Kentucky-Indiana Standard Metropolitan Statistical Area. Current income levels which apply during the first twelve (12) months of this Agreement are listed in EXHIBIT "A" attached hereto and made a part hereof. Exhibit "A" be annually updated to reflect changes in the index cited herein.

Notwithstanding the foregoing "Indigent" shall not include an individual who is being transferred to Hospital from another health

care facility where he was admitted as an in-patient, except for an individual who is in need of medical services which are not available at the health care facility to which he was initially admitted but are only available at Hospital.

- K. "INITIAL TERM" shall mean that period of time beginning on the Commencement Date of this Agreement and ending on June 30, 1996.
- L. "MONTHLY FUNDING" for the first month of each full Trust Year of this Agreement shall mean one-sixth (1/6th) of the Total Government Funding which is provided during any Trust Year and for the second through the eleventh month of each full Trust Year shall mean one-twelfth (1/12th) of the Total Government Funding which is provided during the Trust Year; for the short first Trust Year shall mean one month's share of Total Government Funding.
- M. "PRIOR FISCAL YEAR" shall mean for the second full Trust Year and each succeeding Trust Year, the twelve month period ending on the thirtieth (30th) day of June of the preceding calendar year.
- N. "THE LOCAL GOVERNMENTS" shall mean the government of Jefferson County, Kentucky and the government of the City of Louisville, Kentucky, or any governmental entity which shall succeed to the rights, duties and obligations of either of the governments.
- O. "THE TRUST" shall mean the Quality and Charity Trust, Inc., a Kentucky non-profit corporation qualified as a public charity under Section 501(c)(3) of the United States Internal Revenue Code and established by the University of Louisville as an affiliated Corporation pursuant to KRS 164A.610 and KRS 273.060 et seq., for the purpose of funding Hospital care for Indigents and Medically Needy and enhancing the quality of University's health care programs.
- P. "THE UNIVERSITY" shall mean the University of Louisville or any entity which shall succeed to the rights, duties and obligations of such institution.
- Q. "TOTAL GOVERNMENT FUNDING" shall mean, for the first short Trust Year \$10,536,699 as calculated in accordance with Paragraph 3(B)(1), for the first full Trust Year \$27,193,812, and for each succeeding Trust Year the current Trust Year's Base Amount plus the current Trust Year's Annual Increase.
- R. "TRUST YEAR" for the first year shall mean that period beginning on the Commencement Date of this Agreement and ending on June 30, 1996, and thereafter shall mean any consecutive twelve-month period

beginning on the first day of July and ending on the last day of June.

S. "OMBUDSMAN" shall mean a person from time-to-time selected by the Commonwealth and the Local Governments, with the approval of Corporation, who shall assist in the resolution of any disputes concerning an individual's classification as Indigent or Medically Needy at the time he presents himself for admission to Hospital. He shall, if requested by the individual asserting to be Indigent or Medically Needy, review Corporation's determination that such an individual will not be admitted to Hospital as Indigent or Medically Needy. In conducting such a review, he shall consider and adhere to the relevant provisions of this Agreement and the Corporation's application of the criteria set forth in EXHIBIT "B" attached hereto. The Ombudsman, following such review shall have the authority to require Corporation to admit and furnish Hospital Care to any individual determined by him to be Indigent or Medically Needy. The Ombudsman shall not act in an unreasonable, arbitrary and/or capricious manner in resolving disputes. The reasonable salary and related fringe benefits of such Ombudsman as agreed by Corporation and his employer shall be paid to his employer by Corporation.

T. "MEDICALLY NEEDEY" means an individual who, at the time of presentation for admission (unless one of the criteria set forth in Exhibit "B" hereof, is determined by Corporation to apply to such individual, and such determination is not reversed by the Ombudsman), at the time of discharge, or thereafter, does not have sufficient income, resources, insurance benefits or other means of paying for all of the charges rendered or to be rendered in connection with his Hospital Care.

3. OPERATION OF QUALITY AND CHARITY CARE TRUST

A. The Board of Trustees of the University of Louisville has created an affiliated corporation pursuant to KRS 164A.610 and KRS 273.060 et seq., which is known as "Quality and Charity Care Trust, Inc.," to receive funding as set forth herein. The Trust shall be administered by nine (9) directors. All directors shall be appointed by the Board of Trustees of the University of Louisville; provided, however that one (1) director shall be appointed from a list of three (3) nominees submitted by the Chairman of the Louisville and Jefferson County Board of Health; one (1) director shall be appointed from a list of three (3) nominees submitted by

the County Judge/Executive of Jefferson County; one (1) director shall be appointed from a list of three (3) nominees submitted by the Mayor of the City of Louisville; and one director from the nomination of the Governor of the Commonwealth of Kentucky.

- B. In furtherance of the continuing commitment to provide Hospital Care to Indigents and Medically Needy residing in Kentucky and Jefferson County and in consideration of Corporation's undertakings, The Commonwealth of Kentucky and the Local Governments agree to provide funding to the Trust as follows:

(1) First Short Trust Year:

During the first short Trust Year beginning on the Commencement Date of this Agreement and ending on June 30, 1996, the Total Government Funding shall be provided as follows:

- (a) Jefferson County's share shall be one million five hundred and fifty-eight thousand nine hundred thirty-three dollars (\$1,558,933).
- (b) The City of Louisville's share shall be one million two hundred and eighteen thousand four hundred forty-seven dollars (\$1,218,447).
- (c) The Commonwealth of Kentucky's share shall be seven million seven hundred fifty-nine thousand three hundred nineteen dollars (\$7,759,319).

(2) First Full Trust Year:

During the first full Trust Year, beginning July 1, 1996 and ending on June 30, 1997, the Total Government Funding shall be a total of \$27,193,812 to be provided as follows:

- (a) Jefferson County shall provide a total of four million forty-three thousand eight hundred seventy-four dollars (\$4,043,874).
- (b) The City of Louisville shall provide a total of three million one hundred sixty thousand six hundred fifty-four dollars (\$3,160,654).
- (c) The Commonwealth of Kentucky shall provide a total of nineteen million nine hundred eighty-nine thousand two hundred eighty-four dollars (\$19,989,284).

(3) Second Full Trust Year and Each Succeeding Trust Year:

During the second full Trust Year and each succeeding Trust Year, the Total Government Funding shall be ^ the Annual

Increase as determined in accordance with the formula set forth in Paragraph 3(C) plus the Base Amount.

C. Annual Increases

During the second full Trust Year and each succeeding Trust Year, each party's Annual Increase shall be determined as follows:

- (1) The City of Louisville's funding shall be increased by an amount which is equal to the product of (A) the lesser of (i) the Prior Fiscal year's percentage increase in the Consumer Price Index or (ii) the Prior Fiscal Year's percentage increase in the City of Louisville's general fund tax revenues multiplied by (B) the City of Louisville's prior year's funding required under this Agreement.
- (2) Jefferson County's funding shall be increased by an amount which is equal to the product of (A) the lesser of (i) the Prior Fiscal Year's percentage increase in the Consumer Price Index or (ii) the Prior Fiscal Year's percentage increase in the Jefferson County general fund tax revenues from all sources multiplied by (B) Jefferson County's prior year's funding required under this Agreement.
- (3) The Commonwealth's funding shall be increased by an amount which is equal to the product of (A) the lesser of (i) the Prior Fiscal Year's percentage increase in the Consumer Price Index or (ii) the Prior Fiscal Year's percentage increase in the Commonwealth of Kentucky's tax revenues from all sources multiplied by (B) a fraction whose numerator is (x) the prior Trust Year's Funding by the Commonwealth required under this Agreement minus Five Million Dollars (\$5,000,000), and whose denominator is (y) the prior Trust Year's Funding by the Commonwealth required under this Agreement multiplied by (C) the Commonwealth's prior year's funding required under this Agreement.

D. Funding of the Trust

The Commonwealth, on behalf of itself and Jefferson County and the City of Louisville, shall pay Monthly Funding to the Trust on or before the first day of the first month of this Agreement, and thereafter on or before the first day of each succeeding month.

E. University's Obligations

University as its only obligations under this Agreement shall maintain and operate the Trust referred to in Paragraph 3A above, shall appoint the directors for the Trust, and shall expend any

monies disbursed to it from the Trust in accordance with the terms of this Agreement.

F. Renegotiation Between Governments

Nothing in this Agreement is intended to prevent the Commonwealth and the Local Governments from renegotiating among themselves the amounts of their respective annual contributions to the Trust; provided however that no such agreement shall result in an amount of Total Government Funding which is less than that which is provided by this Agreement according to the formula set out in Paragraph (3)(C). Pursuant to this section the Local Governments have entered into an agreement dated June 24, 1986 which establishes their respective annual contributions to the Trust irrespective of what is written above.

4. CORPORATION'S OBLIGATION

In consideration of Total Government Funding by the Commonwealth and the Local Governments, Corporation shall provide Hospital Care to Indigents in accordance with Corporation's Guarantee but nevertheless shall have the rights of billing and collection described in Paragraph 2(F) hereof. Corporation shall also furnish all necessary emergency Hospital Care required by any individual without regard to his ability to pay, but shall nevertheless have the right of billing and collections described in Paragraph 2(F) hereof.

Corporation and the Commonwealth and the Local Governments realize that many individuals who are not Indigent nevertheless need financial assistance in obtaining or paying for Hospital Care. The Corporation intends to treat any Medically Needy who requires medically necessary Hospital Care, unless one of the exceptions listed in Exhibit "B" attached hereto applies. If Corporation declines to treat any individual who claims to be Medically Needy, such individual may request the assistance of the Ombudsman. If the Ombudsman determines the individual to be Medically Needy and finds that none of the exceptions listed on Exhibit "B" apply, Corporation shall be required to furnish Hospital Care to such individual, in accordance with Corporation's Guarantee, but shall nevertheless have the right of billing and collections described in Paragraph 2(F) hereof.

5. TRUST'S OBLIGATIONS

A. Receipt, Investment and Disbursement

For each Trust Year, the Trust will receive, invest and disburse Total Government Funding as set forth herein, and such funding and the interest earned thereon after covering administration shall be disbursed exclusively to pay Corporation for the Hospital Care provided to Indigents and Medically Needy.



- (1) Except as provided in subparagraph (2) below, if there is a cash balance in the Trust at the end of any Trust Year, such balance shall remain in the Trust for use in the next succeeding Trust Year to pay for Hospital Care provided to Indigents and Medically Needy in accordance with the terms of this Agreement. Any cash balance remaining in the Trust at the end of any Trust Year shall not reduce Total Government Funding in any succeeding Trust Year.
- (2) Any balance remaining in the Trust (net of all adjustments per Paragraph 6B) at the end of the Initial Term or at the end of each subsequent four (4) year period and the end of the term of the Affiliation Agreement shall be returned to the Local Governments in the same proportion that the funding by each local government bore to the Total Government Funding for such prior four-year period or portion thereof, and the pro-rata share of the funding by the Commonwealth shall be disbursed to the University to enhance the quality and support of its hospital-based programs. At the same time as the parties determine whether there is a balance in the Trust, the parties agree to review the method of determining an Allowed Increase to determine if an equitable adjustment in the formula should be made. This review is totally independent from the determination of Trust balance.

**B. Payments by the Trust**

On the Commencement Date of this Agreement Trust shall pay to Corporation one million six hundred seventy-one thousand three hundred thirty-nine dollars (\$1,671,339). On the first day of each month during the remainder of the short trust year, which begins on the Commencement Date of this Agreement and ends on June 30, 1996, the Trust shall pay to Corporation two million two hundred sixteen thousand three hundred forty dollars (\$2,216,340).

On the first day of each month after the Initial Term of this Agreement, the Trust shall pay to Corporation an amount equal to one twelfth (1/12) of the Total Government Funding for the Trust Year.

**C. Subsidy of Ambulatory Care Building Clinic Operations**

Notwithstanding any other provision of this Agreement to the contrary, the Corporation shall make at least one million dollars (\$1,000,000) during the first Trust Year following the Initial Term from Corporation's receipts from the Trust available to subsidize Ambulatory Care Building clinic operations directly or via the

University. The Corporation in its sole discretion may decide upon additional subsidies of this type from the Trust, in any amount Corporation determines, in any subsequent Trust Year. The initial year of such subsidy under this Paragraph 5C and any subsequent such subsidies by Corporation shall not impose any obligation on the Corporation or University to document charges or provide further accountability under this Agreement, but such subsidies shall not reduce Corporation's Guarantee or other obligation in any year the Trust receives Total Government Funding.

6. ADMINISTRATION OF THE TRUST AND CORPORATION'S OBLIGATIONS IN CONNECTION THEREWITH

A. Reports to the Trust

Within fifteen (15) days after the discharge of each Indigent or Medically Needy individuals receiving Hospital Care, Corporation shall generate a bill setting forth Billed Charges for such Hospital Care provided, and shall retain such bill in the files of the Hospital. Within thirty (30) days following the end of the Trust Year, Corporation shall deliver to the Trust, the Local Governments and the Commonwealth a summary statement identifying each Indigent and Medically Needy by patient number, his county of residence and Billed Charges for such Indigent and Medically Needy.

B. Annual Adjustments

Within forty-five (45) days of the end of each Trust Year, the Trust and Corporation shall determine the difference between (i) the total monthly payments made to Corporation for the Trust Year and (ii) the total amount of Billed Charges for the Trust Year [net of cash collections made by Corporation from Indigents and Medically Needy pursuant to Paragraph 2(F)]. To the extent that net Billed Charges [net of cash collections made by Corporation from Indigents and Medically Needy pursuant to Paragraph 2(F)] exceed total monthly payments and to the extent that the Trust has funds remaining, the Trust will pay the amount of such difference to Corporation. If the Trust does not have funds available, the Trust shall pay such amount to Corporation as soon as the Trust receives Total Government Funding in the next Trust Year; provided, however that the obligation of the Trust to pay such amount shall not increase the Total Government Funding to be provided during any Trust Year nor obligate the Commonwealth of Kentucky and the Local Governments to provide any funding when Corporation has ceased providing Hospital Care in accordance with Corporation's Guarantee. To the extent that

total monthly payments made to Corporation exceed Billed Charges [net of cash collections made by Corporation from Indigents and Medically Needy pursuant to Paragraph 2(F) for the Trust Year, Corporation shall repay the overpayments to the Trust within forty-five (45) days of the end of the Trust Year.

C. Provision of Hospital Care

Corporation will provide Hospital Care to Indigents and Medically Needy who are not residents of Jefferson County. When up to ten percent (10%) of Total Government Funding and the interest earned thereon, has been used for such care, Corporation shall, unless the amount of the Trust has been increased, have no further obligation to provide Hospital Care to such Indigents and Medically Needy. During each Trust Year for which Total Government Funding is appropriated and paid to the Trust and such funding and interest thereon are available for payment to Corporation, Corporation shall provide Hospital Care to all residents of Jefferson County who are determined pursuant to the terms hereof, to be either an Indigent or Medically Needy consistent with the provisions of this Agreement. Corporation warrants and represents that no portion of funding provided by the Local Governments or the interest earned thereon shall be used to provide Hospital Care for Indigents and Medically Needy who are not residents of Jefferson County, Kentucky.

D. Emergency Care

In compliance with the provisions of KRS 216B.400, Corporation shall not deny admission to any individual determined to be in need of emergency care by any person with admitting authority, by reason only of his inability to pay for services to be rendered.

7. FAILURE TO PROVIDE TOTAL GOVERNMENT FUNDING

If the Monthly Funding is not made for any month or if Total Government Funding is not appropriated and paid to the Trust during any Trust Year, but nevertheless some lesser amount of government funding is appropriated and paid to the Trust for Hospital Care, Corporation's Guarantee shall be of no further effect, but Corporation shall furnish Hospital Care to Indigents and the Medically Needy under this Agreement and shall be paid its Billed Charges therefor until such funding has been expended. When such funding is expended, Corporation shall have no further obligations to furnish Hospital Care under this Agreement, any other provisions of this Agreement to the contrary notwithstanding.

**8. DEFAULT BY CORPORATION**

- A. If Corporation shall fail to provide Hospital Care to Indigents and the Medically Needy as required under the terms of this Agreement, the Commonwealth shall provide written notice to Corporation of the alleged failure to provide such care.
- B. If, within sixty (60) days following Corporation's receipt of the written notice of the alleged failure of Corporation to provide Hospital Care, the matter cannot be settled to the mutual satisfaction of the parties, it shall be submitted to and settled by binding arbitration in accordance with rules then obtaining of The American Arbitration Association, and judgment upon the award rendered by the Arbitrators may be entered in any court having jurisdiction thereof.

**9. COMMONWEALTH'S REMEDIES**

- A. If it is determined by the Arbitrators that Corporation has failed to provide Hospital Care, the remedies available to Commonwealth shall be limited to the following:
- (1) Monetary damages against the Corporation in an amount sufficient to make the Commonwealth whole; or
  - (2) Specific performance by Corporation of the action(s) required by the terms of this Agreement.
- B. If Corporation fails to abide by the judgment entered on the Arbitrator's award in a court having jurisdiction thereof upon thirty (30) days written notice provided by Commonwealth to Corporation, this Agreement and those certain Agreements of even date herewith, pertaining to the operation of Hospital, between the parties hereto shall terminate.

**10. INCORPORATION OF PRIOR AGREEMENT: AMENDMENTS**

This Agreement, the Affiliation Agreement, Amendment of Funding Responsibilities Between the City of Louisville and Jefferson County, Kentucky for the Quality and Charity Care Trust dated June 24, 1986, and the Guaranty contain all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Agreement, and no prior agreement or understanding entered into by all parties to this Agreement pertaining to any such matter shall be effective for any purpose. This Agreement may not be amended or added to except by a writing executed by Corporation, the University, and the Governments and any Guarantor of Corporation. This Agreement is not intended to preclude the Local Governments or the Commonwealth from entering into other agreements and arrangements pertaining to Hospital Care for Indigents and the Medically Needy; provided, however except as provided in Paragraph 3(F) no such agreements shall

amend or alter the terms of this Agreement without the written consent and agreement of Corporation and any Guarantor of the Corporation.

11. INDEPENDENT RELATIONSHIP

The Commonwealth of Kentucky, Jefferson County, the City of Louisville, the University of Louisville and Corporation are at all times acting and performing as independent contractors. Except as provided by statute, regulation or ordinance, the University of Louisville, the Commonwealth of Kentucky, and Local Governments, shall neither have nor exercise any control or direction over the methods by which Corporation shall provide Hospital Care to Indigents and the Medically Needy.

12. NOTICES

All notices which either party is required or permitted to give to the other under or in connection with this Agreement shall be in writing, and shall be given by addressing the same to such other parties at the address set forth on the signature page hereof, and by depositing the same so addressed, postage prepaid, in the United States mail by certified mail, return receipt requested, or by delivering the same personally to such other parties. Any notice mailed or telegraphed shall be deemed to have been given three (3) United States Post Office delivery days following the date of mailing or on the date of delivery to the telegraph company. Any party may change the address for the service of notice upon it by written notice given to the other parties in the manner herein provided for the giving of notice.

13. KENTUCKY LAW

This Agreement shall be construed and governed by the laws of the Commonwealth of Kentucky.

14. GENDER AND NUMBER

As used throughout this Agreement, the masculine includes the feminine and neuter and the singular includes the plural.

15. MEDICARE AND MEDICAID

Nothing in this Agreement shall be construed to permit Corporation to refuse to admit any individual covered by Medicare and Medicaid programs.

16. EQUAL EMPLOYMENT OPPORTUNITY

- A. The Corporation will not discriminate against any employee or applicant for employment because of race, color, religion, sex, age, or national origin.
- B. The Corporation will take affirmative action in regard to employment, upgrading, demotion, transfer, recruitment, recruitment advertising, layoff, termination, rates of pay or other forms of compensation, and selection for training, so as to ensure that applicants are employed and that employees during employment are

treated without regard to their race, color, religion, sex, age or national origin; however, when layoffs occur, employees shall be laid off according to seniority with the youngest employee being laid off first. When employees are recalled, this shall be done in the reverse of the way the employees were laid off;

- C. The Corporation will state in all solicitations or advertisements for employees placed by or on behalf of the Corporation that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, age or national origin.
- D. The Corporation will post notices in conspicuous places, available to employees and applicants for employment, setting forth the provisions of the nondiscrimination clauses required by this section; and
- E. The Corporation will send a notice to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding advising the labor union or workers' representative of the Corporation's commitments under the above nondiscrimination clauses.
- F. The Corporation shall comply with all applicable provisions of KRS 45.560-640 in the operation of University of Louisville Hospital.

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

WITNESS:

JEFFERSON COUNTY, KENTUCKY  
Jefferson County Court House  
Louisville, KY 40202  
Attn: Jefferson County Judge/Executive

BY: *Mary D. McEvers*

BY: *David R. Armstrong*  
County Judge/Executive

WITNESS:

CITY OF LOUISVILLE, KENTUCKY  
City Hall  
Louisville, KY 40202  
Attn: Mayor

BY: *Quinn Buckley*

BY: *[Signature]*  
Mayor

WITNESS:

RECOMMENDED BY:

CABINET FOR FINANCE AND ADMINISTRATION  
Capitol Annex  
Frankfort, KY 40601  
Attn: Secretary of Finance & Administration

BY: Loren Powell

BY: John P. McCarty  
Secretary of Finance & Administration

APPROVED BY:

WITNESS:

THE COMMONWEALTH OF KENTUCKY  
Capitol Building  
Frankfort, KY 40601  
Attn: Governor

BY: Amy Carter Flynn

BY: Paul E. Patton  
Governor

WITNESS:

UNIVERSITY OF LOUISVILLE  
Grawemeyer Hall  
Belknap Campus  
Louisville, KY 40292  
Attn: President

BY: Thomas H. Lyon

BY: [Signature]  
President

WITNESS:

UNIVERSITY MEDICAL CENTER, INC.  
234 East Gray Street, Suite 225  
P. O. Box 35070  
Louisville, KY 40232  
Attn:

BY: Thomas H. Lyon

BY: [Signature]

RECEIVED AND ACKNOWLEDGED FOR THE QUALITY AND CHARITY CARE TRUST, INC.

BY: Larry L. Owsley  
Larry L. Owsley, Its Chairman

RQCCTF

**This Exhibit does not apply to Emergency Patients****EXHIBIT "B"**

An individual is not Medically Needy if Corporation has determined that:

1. He has concealed any assets, and does not disclose the existence of or his interest in, such assets to Corporation in response to its inquiries concerning his financial status;
2. He has falsely given or refuses to give his name, family status, or any relevant information about his financial status;
3. He has the reasonable, demonstrated ability but has refused, and continues to refuse to pay any legally binding obligation owed Hospital as a result of prior Hospital Care;
4. He has conveyed any material asset for less than its fair market value to any person, and but for such conveyance he would not meet the definition of Medically Needy;
5. His parents, children or some other responsible party has all or part of the financial resources necessary to pay for his Hospital Care; provided, however, if the parents, children or other responsible party commits such resources to pay for Hospital Care, such individual shall then be Medically Needy;
6. He is a minor, unless his parents are Medically Needy;
7. He has established residency in Louisville or Jefferson County for the primary purpose of obtaining Hospital Care;
8. He has an alternative source of care available to him, but refuses to avail himself of it;
9. He is eligible for insurance or public assistance benefits which might pay for all or some of his Hospital Care but refuses to apply for it;
10. He has declined to obtain, or has canceled, any health insurance policy with the intention of becoming Medically Needy;
11. A reasonably prudent man would determine there is any other valid reason why such individual should not be accorded the benefits available to the Medically Needy under this Agreement;
12. He is being transferred to Hospital from another health care facility where he was admitted as an in-patient, except for an individual who is in need of medical services which are not available at the health care facility to which he was initially admitted but are only available at Hospital.