

HARBORVIEW MEDICAL CENTER

HOSPITAL SERVICE AGREEMENT

QUALMED WASHINGTON HEALTH PLAN, INC

interpretation:

The following terms as used in this Agreement shall be construed and interpreted as follows unless the context otherwise expressly requires a different construction and be construed and interpreted as follows unless the context otherwise expressly requires a different construction and

ARTICLE I DEFINITIONS

set forth, the parties hereto agree as follows:
of the mutual covenants, promises and understandings hereinafter set forth,
NOW, THEREFORE, in consideration of the foregoing and

WHEREAS, the parties desire to enter into a long-term
relationship in order to facilitate financial planning and
appropriately utilize facilities;

WHEREAS, OM has entered into contracts with one or
more physician corporations or physicians to arrange for the
delivery by participating physicians of certain Health Care
services to members, and such contractual services will
interfere with the delivery of hospital services by Hospital
hereunder; and

WHEREAS, hospital operates one or more hospitals and
may in the future operate other hospitals in conjunction with Health Care
plans, as defined herein, under the terms and conditions
hospital services in such facilities in conjunction with Health Care
hereinafter set forth; and

WHEREAS, OM is principally engaged in the business of
providing, arranging, managing and administering Health Care
services; and

THIS AGREEMENT is made and entered into by and
between Qual-Med Washington Health Plan, Inc. (hereinafter
called "QM"), a corporation organized under the laws of the
State of Washington and a licensed health maintenance
organization, and Harborview Medical Center, a licensed
hospital under the laws of the State of Washington (hereinafter
called "Hospital").

HOSPITAL SERVICE AGREEMENT

1.5 "Health Care Services" means all of those services to which a Member is entitled pursuant to the terms of the Member's current Health Plan. These services may include, but its reasonable judgment.

1.4 "Emergency Medical Care" means services rendered in circumstances which a reasonably prudent person would render to the care of a pregnant woman, the delivery of a baby, resuscitating immediate medical care such that the Member would have been delivered or sudden illness or injury, or, in the case of a sudden or acute condition would regard as the treatment of a Member's emergency" means circumstances which a reasonably prudent member diagnosed and treated in a Member's emergency. "Medical diagnosis and treatment of a Member's emergency" means circumstances which a Member must be accompanied by sufficient documentation to establish the medical necessity and duration of a service provided had the care been delayed. All claims for medical emergency shall be determined solely by OM, in nature of the services. The existence and duration of a medical emergency shall be attended by physician consultation with the attending physician, in the exercise of its reasonable judgment.

1.3 "Copayments" means the payments (not covered by any amendment thereto, are incorporated herein). By this reference, all of such Copayments and Plan. Upon delivery, pursuant to the terms of the Member's Health Plan, members directly to providers for certain specific services by accepting Washington DSH hospital reimbursement under Schedule", "Deductibles" or similar provisions, which are made plus capital and teaching pass through components; for a Member by accepting Medical assistance, which for impatient is DRG enroled in Health Options, the amount that would be received by a member enroled in Medical care, the amount that would be received by accepting Medical assistance, which for attachment A and incorporated herein by this reference; for a attachment A and incorporated herein by this reference on the amount billed by Hospital; the amounts set forth on charges" or "Billed Charges" means the lesser of:

1.2 "Charges" or "Billed Charges" means the lesser of the previous day authorized impatient days for that admission. Authorization by the Medical Director prior to the expiration of additonal number of impatient day(s) for such admission when impatient day(s) authorized by a written referral or an attachment A and incorporated herein by this reference on the amount billed by Hospital; the amounts set forth on charges" or "Billed Charges" means the lesser of:

1.1 "Certified Length of Stay" means the number of days previously authorized impatient days for that admission. Authorization by the Medical Director prior to the expiration of additonal number of impatient day(s) for such admission when impatient day(s) authorized by a written referral or an attachment A and incorporated herein by this reference on the amount billed by Hospital; the amounts set forth on charges" or "Billed Charges" means the lesser of:

established pursuant to Title XVIII of the Social Security Act.

1.11 "Medicare" means the program of health insurance

determined by the Medical Director.

accordance with acceptable standards of medical practice as required to preserve and maintain the Member's health in

1.10 "Medically Necessary" means any Health Care Services

Medical Director on behalf of QM or his or her designee(s).

1.9 "Medical Director" means the person serving as

one impatient day.

discharge or death occurring on the same day will be counted as

room, board and continuous nursing service. An admission and

admitted by Hospital, stays past midnight, and is provided with

1.8 "Impatient day" means each day a Member is formally

amendments are incorporated herein by this reference.

from time and such aggregate and such

limitations in such Health Plan. Health Plans may be amended

as limited by any exclusions, or scope, time and dollar amount

are included as benefits in a paid-up Member's Health Plan and

Hospital Services are limited to those services that

Hospital's subcontractors.

outpatient departments of Hospital and all services of

services and all services rendered in the emergency room or

authorized by a physician. Hospital Services include impatient

provided by Hospital, which are prescribed, directed or

Health Care Services which are generally and customarily

1.7 "Hospital Services" means those medical necessary

admission Health Care Services for any person(s).

by which QM agrees to provide, arrange for, manage or

plans, admissionstrative services aggregate similar aggregate

agreements, group health plans, membership aggregate benefit

1.6 "Health Plan" means medical and hospital service

ancillary services.

pharmaceutical, dental, extended care, and other medical

and preventive services, hospital services, optometric,

are not limited to, medical, surgical, diagnostic, therapeutic

1.17 "Written Referral" or "Referral" means the form to authorize Health Care Services to be rendered, including appropriate authorizations, as may be revised from time to time by OM, identified as "Referral Authorization for Medical Care Services" or other form designated for such purpose. Except in the event of a Medical Emergency or for routine Laboratory or x-ray tests performed outside of a hospital setting, all referrals require the prior written authorization of OM.

1.16 "Subscriber Group" means the employer or other person identified in a Health Plan.

1.15 "Peer Review Committee" means the panel of participants in a system of review to assure the quality and appropriateness of Health Care Services provided to members.

1.14 "Participating Provider" means any person or entity who has contracted to provide Health Care Services to members with OM. It is in effect at the time that such services are contracted with an expectation of receiving payment, other than copayments, directly or indirectly from or through OM and such contractors, is in effect at the time that such services are rendered.

1.13 "Nonparticipating Provider" is a health care provider who does not have an effective Participating Provider contract with OM.

1.12 "Member" means a paid-up and otherwise fully eligible member, it is contractually entitled to Health Care Services or compensation for such services under the terms of such membership, is contractual obligation so designated Health Plan, or any other individual so designated and specifies by OM. A Member shall include such persons and dependents.

"Health Options" means the program established pursuant to Title XIX.

2.2 Before providing hospital services to a Member, except when unable to do so in event of a Medical Emergency, hospital will determine the following:

2.1.3 Hospital agreements to accept for admission all Members who are admitted, in accordance with the authorization provisions of 2.1.1 and 2.1.2, by physicians with privileges at hospital. Except as otherwise provided in this agreement, such admission shall be in accordance with the general admission policies of hospitals of the Hospital Association of Massachusetts in a manner similar to those provided to all other patients.

2.1.2 Hospital shall provide emergency hospital services on an inpatient or outpatient basis without prior authorization provided that hospital notify the Medical Director immediately within two (2) business days or on the first working day following such admission. Hospital shall obtain subsequent consent through a written referral. The obtaining physician shall be subject to review and final determination by the Medical Director.

2.1.1 Hospital shall provide non-emergency hospital services in accordance with written or outpatient hospital services in accordance with written or emergency hospital patient and outpatient services.

2.1 Hospital agrees to provide Medical Necessity Covered Hospital Services to eligible Members as follows:

ARTICLE 2
HOSPITAL SERVICES

Emergency needs but which do not qualify as Medical Emergencies, prior approval by QM shall be obtained by telephone, with subsequent consent through a Referral. Emergency needs but which do not qualify as Medical Emergencies, prior approval by QM shall be obtained by telephone, with subsequent consent through a Referral.

2.6 Hospital shall maintain a general and professional liability program as necessary to cover Hospital and its employees and agents against any claim or claims arising by

2.5 Hospital shall be duly licensed within its jurisdiction. Support staff shall be licensed and participate in continuing professional education as required by law.

Evidence of such licensing shall be submitted to QM upon request. QM has relied upon state licensing and regulatory authorities and accrediting organizations or termination of such license.

2.4 Hospital agrees to conform with applicable law and regulations regarding informed consent forms as developed by hospital, prior to any procedure or treatment. Hospital acknowledges that adherence to the then prevailing standards of medical ethics is paramount.

2.3 To the extent permitted by law and by the standards promulgated by the Joint Committee on Accreditation of Healthcare Organizations, Hospital will accept the written results of laboratory and radiological tests or procedures performed on a Member, in a facility certified pursuant to Medicare requirements, within two (2) weeks prior to admission and will not require that duplicate tests or procedures be excepted that (a) determine type and cross-match is excluded from this provision and (b) surgical cases will be excluded from this provision and (c) tests necessary to reflect changes in the patient's condition are not considered duplicate tests. The patient's records indicate that the attending physician may order additional tests or procedures if necessary to verify current patient condition.

2.2.2 That the Member is in good standing as determined by a written List provided by QM or by telephone inquiry to QM. Such written List shall be provided to Hospital upon Hospital's request.

2.2.1 That the Member possesses a valid membership identification card and supporting identification information, and membership is verified by QM; and

ARTICLE 3 MEMBER IDENTIFICATION AND ELIGIBILITY

2.10 Hospital staff agrees that it shall not discriminate against any member on the basis of age, race, creed, color, religion, sex, national origin, sexual orientation, marital status, physical, sensory or mental handicap, place of residence, socioeconomic status or status as a recipient.

Medicare under Title XVIII of the Social Security Act.

2.9 In accordance with Article 10 hereof, OM shall not intervene in any undue manner with nor be vicariously responsible for the rendition of Hospital Services hereunder, it being agreed that Hospital is responsible for the provision of such services under this Agreement.

2.8 Hospital has in the past and will, throughout the term of this Agreement, deliver Hospital Services to and will not discriminate against OM Members and will provide care which is consistent with the community standard.

2.7 Hospital shall cooperate with all QM administrators relative to the delivery of hospital policies and procedures relating to the delivery of hospital services, namely as such policies and procedures do not conflict with Harbordview Medical Center's policies and procedures or acceptably medical care standards, and with all procedures or acceptable medical care standards, and with all applicable state and federal laws, rules and regulations relating to HMOs. A copy of such policies has been provided to hospital. QM agrees to notify hospital of any new or revised standards or policies which may materially affect this agreement.

Reason of personal injury or death occasioned directly or indirectly in connection with the performance of any service by hospital or its employees or agents. All relevant information regarding the amounts and extent of general and professional liability coverage will be disclosed to QualMed. Hospital liability coverage will be disclosed to QualMed. Hospital agrees to notify QualMed of pending cancellation, termination or substantial modification of its liability program a minimum of thirty (30) days prior to such action.

reasonable locations within Hospital as Hospital may designate, hours advance notice during regular business hours and at such Medical Director, shall have the right, upon twenty-four (24) records under Paragraph 4.1 of this Article, OM, through its records notwithstanding the confidentiality accorded medical patients, medical records.

4.1 Hospital and OM agree that the medical records of all members shall be treated as confidential, in compliance with state and federal Laws governing the confidentiality of Members shall be available to all patients, medical records.

ARTICLE 4

RECORDS AND INFORMATION

3.6 OM shall prepare and make available to Members a list or lists, updated from time to time, of participating providers.

3.5 OM shall collect all dues, premiums and other items of income to which OM shall be entitled except for all copayments which OM shall be agreed shall be more convenient collectively collected by Hospital.

3.4 OM shall perform those administrative, accounting, marketing, enrollment and other functions necessary, convenient or appropriate for the administration of Health Plan(s).

3.3 At the time of signing, and thereafter upon request, OM will provide timely rosters of all administrative personnel to whom any inquiries should be directed.

3.2 OM shall maintain adequate personnel and facilities to provide telephone and written response to inquiries within two (2) business days.

3.1 In most instances, OM shall furnish Member an identity card which is to be presented upon admission to hospital upon each instance of provision of Hospital services. With respect to Members who have not received identical information regarding eligibility, covered services, and prior authorization under Paragraph 3.2 hereof.

4.7 Hospital agrees to permit GM to audit business records relating to Members, for the purpose of verifying list of billing information, provided that GM submits a written list of those Members, names, account numbers, dates of service and service codes, at least seven working days prior to such time.

4.6 Upon the specific request of the Medical Director, hospital agrees to provide to GM information and copies of the results of any utilization review studies conducted at hospital. Hospital's utilization review section shall be released in accordance with hospital policies and procedures and shall retain to GM Members only.

4.5 GM agrees to obtain the authorization of a Member for release of medical records in the event authorization is not otherwise obtained.

4.4 Hospital agrees to make available copies of the medical records of Members for the performance of GM quality assurance, peer review and utilization review programs. GM agrees to pay hospital for copying records at the rate of fifteen dollars (\$15) per request and fifteen cents (\$.15) per page for such requests. There shall be no charge for copies requested by GM for prior purposes of prior authorization.

4.3 Hospital shall, at the time of the admission of any Member, have said Member execute a standard admission form containing an authorization that permits hospital to release medical records to GM.

4.2.3 Any medical records or charts of a Member.

4.2.2 Utilization of Hospital Services by Members and their attending physicians; and

4.2.1 Complete information relating to the hospital services rendered to a Member whether or not such services are included as benefits in a Member's Health Plan;

to review in person the following records and information, both concurrent with treatment and after discharge. Such reviews shall be conducted in accordance with hospital's policies and procedures and shall permit GM to review hospital services only.

5.2 Hospital agrees to provide the Medical Director telephone inquiries. Any such telephone inquiry by the Medical Member's status and conducting a medical consultation for the purpose of assessing the length of stay. Any such telephone inquiry by the Medical Member's status as it relates to the certification of the Director and the information requested shall be limited to the length of stay. Hospital shall not charge for response to such length of stay.

Information from a Member's medical charts concerning the telephone inquiry from the Medical Director regarding mutual agreement fee. Hospital agrees to respond promptly to Members, the QM will pay Hospital for such activity based on a quality assurance study or utilization review program for programs. In the event that QM requests Hospital to conduct a purpose of conducting quality assurance and utilization review with Hospital policies and state and federal laws for the access to medical and other records of Members in accordance with Hospital policies and state and federal laws for the telephone inquiry by the Medical Director shall be limited to the length of stay. Any such telephone inquiry by the Medical Member's status and conducting a medical consultation for the purpose of assessing the length of stay. Any such telephone inquiry by the Medical Member's status as it relates to the certification of the Director and the information requested shall be limited to the length of stay.

5.1 The parties recognize the necessity for quality assurance and cooperate to achieve effective programs. Such cooperation will include, without limitation, permitting QM nurses to review and permitting qualified nurses to attend discharge planning conferences. QM shall give Hospital twenty-four (24) hour notice and will coordinate with Hospital to attend discharge planning and permits, charts concerning treatment with treatment after discharge, with Hospital policies and state and federal discharge laws. Such cooperation will include, without limitation, permitting QM nurses to review and permitting qualified nurses to attend discharge planning conferences. QM shall give Hospital twenty-four (24) hour notice and will coordinate with Hospital to attend discharge planning and permits, charts concerning treatment with treatment after discharge, with Hospital policies and state and federal discharge laws.

QUALITY ASSURANCE AND UTILIZATION REVIEW ARTICLE 5

4.9 Upon request, QM will provide Hospital with current copies of documents incorporated herein by reference.

4.8 The parties agree to cooperate and comply with audits and inspections of records or facilities required under state or federal laws.

expenses resulting from such audit.

6.3 Hospital agrees that in the event it renders any services to a Member, if Hospital has been able to determine after reasonable efforts that patient is a GM Member, without obtaining any prior authorization required by GM, or provides many services to a Member beyond the certified length of stay, it will not charge, bill or attempt to collect from GM, a Member, a subscriber, or Subscriber Group for charges incurred in connection with such admission or such uncertified length of stay unless Hospital has obtained the explicit agreement of such Member, subscriber, or Subscriber Group for such services.

6.4 Standard hospital admission forms will not satisfy this requirement. The Agreement of a Member, subscriber, or subscriber group shall not bind GM.

6.2 Hospital agrees to accept amounts paid in accordance with Attachment A and Section 1.2 as payment in full for services or supplies covered under a Member's Health Plan, whether that amount is paid in whole or in part by the Member, QM, or by any combination of insurers or health plans that pay before QM in the order of benefit determination.

6.1 QM will pay Hospital Billied Charges for covered Hospital Services rendered to eligible Members in accordance with the terms and conditions of this Agreement. Rates to be used in determining Billied Charges are set forth on Attachment A.

**ARTICLE 6
COMPENSATION AND PAYMENT**

5.3 OEM agrees that Hospital may conduct its customary and usual programs for quality assurance and utilization review.

5.4 The parties agree to cooperate in a program of discharge planning which may be conducted by either party.

5.5 Hospital will make a reasonable effort to make available to the Medical Director a telephone and an appropriate workplace for the purpose of carrying out the utilization review and quality assurance programs.

hereunder will be made to Hospital if the delivered Hospital
6.9 No payments for Hospital Services rendered to Members

the date of discharge.

statements will be submitted within ninety (90) days following
standardized format, such as UB-92. Such claims and itemized
of Hospital Service for Members in a mutually agreeable
and customary charges for Hospital Services, for each episode
6.8 Hospital will submit itemized statements with usual

Hospital.

collection of Copayments or deductibles owed by Members to
6.7 QM agrees to make a good faith effort to aid in the

application of Copayments.

except when proper coordination of benefits procedures prohibit
deducted from any amount due from QM under this Agreement,
such Copayments, whether or not collected by Hospital, shall be
reasonable time after services are rendered. The amount of
to collect Copayments at the time of admission or within a
or deductibles. Hospital agrees to exercise its best efforts
6.6 Each Member is personally responsible for Copayments

Members.

third party payor for payment for services provided to such
other QM Health Plan, Hospital agrees to look solely to the
third party administrator and who are not covered under any
who are covered under a Health Plan for which QM acts as a
in Attachment B. Provided however, that with regard to Members
6.5 The parties agree to abide by the provisions set out

such services.

time they were rendered, QM shall not be liable for payment for
services rendered were in fact ineligible for coverage at the
QM should later determine that the individual or the
admitting institution provided by Hospital is inaccurate, and
verify an individual's eligibility for service, or if the
enrollment. If Hospital fails to make a reasonable attempt to
determined based on the effective date of termination of
promptly notify Hospital and payment (if any) will be
verification that a patient was in fact not enrolled, QM will
records at hand. If QM discourses subsequent to such
6.4 QM verification of eligibility is based upon

8.1 The initial term of this Agreement shall be one (1) year, commencing and effective upon signature of both parties. This Agreement shall continue for additonal terms of one (1) year each thereafter, unless terminated by notice less than ninety (90) days prior to the expiration of the initial term or any additional term. The parties agree to meet annually no later than December 31st of each year.

ARTICLE 8
TERM AND TERMINATION

QM is a secondary payer in any situation where there is another payer as primary carrier. Hospital will make reasonable inquiry of each member to whom it provides services to learn whether that member has health insurance or health benefits other than Member's Health Plan or is entitled to any type. If so, hospital will promptly inform QM. QM payment by a third party under any other insurance or plan of services to the right to coordinate benefits with other health plans, insurance carriers and HMOs. Hospital consent to QM's release of medical information to such other parties as necessary to accompany the coordination of benefits. In the event that coordination of benefits occurs, QM agrees to reimburse Hospital in an amount equal to the allowable expense.

COORDINATION OF BENEFITS

6.10 The applicable charges will compensate hospital for all hospital services provided to members except for services and items which are not covered benefits including telephone and telephonic. The excluded items are or may be the responsibilities of the member, and hospital may bill and collect separately for those which are the responsibility of the member.

Services do not comply with the quality of care or utilization standards adopted in the QM Health Services Quality Management Program. Management Program will be provided to the Hospital. A copy of the QM Quality Improvement/Utilization Services. A copy of the QM Quality Improvement/Utilization Services.

Agreement will terminate immediately upon written notice of its non-renewal of this Agreement, this notwithstanding any other section of this Agreement, unless terminated by either party and

8.5 At the sole option of the other party and in a timely manner, all affected Members and appropriate regulatory agencies.

8.4 In the event of any substantial changes, the certificate or qualification required by law to be maintained in order for such party to discharge its obligations under this Agreement.

8.3.3 The loss, by either party, of any license, performance of substantive and nonmonetary terms, conditions, covenants or obligations contained in this Agreement.

8.3.2 The default of either party in the substantive under this Agreement after it is past due.

8.3 Upon the happening of any of the following events of default, this Agreement may be terminated by the non-defaulting party if the default is not corrected within thirty (30) days following delivery of written notice to the defaulting party of the specific description of the default. Such events are the following:

8.2 When this Agreement is terminated, either at the end of any term or in accordance with this Article, eligible members who are incapable for remuneration as employees until the hospital shall be eligible for remuneration by OM under the terms of this Agreement. Hospital agrees to accept the rates inpatient units until the Members, normal discharge dates, and hospital shall be eligible prior to termination as full effect immediate for such Members, care.

8.1 Less than ninety (90) days prior to the end of each successive term to discuss billed charges for successive term(s). In the absence of such notice, this Agreement shall be automatically renewed. Any Party may terminate this Agreement without cause by giving ninety (90) days prior written notice of its renewal.

independent contractor relationship and none of the provisions to create an agency, partnership, employer/employee, of this Agreement are intended to create nor shall be construed to create an agency, partnership, employer/employee.

10.1 The relationship between QM and Hospital is an

ARTICLE 10 RELATIONSHIP OF THE PARTIES

its own cost of arbitration.

members designated by Hospital and QM. Each party shall pay designated by QM; and the third member shall be selected by the panel shall be designated by Hospital; one member shall be panel shall be selected as follows: One member of the arbitrators shall be selected as follows:

Arbitration Association then in effect. The panel of American Arbitrators Association with the rules and regulations of the American Arbitrators Association. The arbitration shall proceed in King County, Washington. Said arbitration shall be conducted in to bind any arbitration jurisdiction, shall submit the dispute any court of competent jurisdiction, to the commencement of any civil action in condition precedent to the commencement of any civil action in controversies, terms or conditions thereon, the parties, as a event of any dispute under this Agreement concerning any of the even if it is agreed between Hospital and QM that in the

then it may be submitted to formal arbitration.

to satisfyably resolve a dispute within ninety (90) days, attempt to resolve them. In the event the committee is unable level management or medical staff to review such disputes and each party shall designate three representatives from upper-submitting such disputes to formal arbitration. As needed, to resolve disputes arising under this Agreement prior to to announce by either party of plans to terminate its business another party, by a court of competent jurisdiction; or an either party for either party; the declaration of insolvency of a receiver for either party; the appointment of an administrator by a creditor of either party; the bankruptcy code, whether voluntary by either party or in the event of the filing of a petition under the U.S.

ARTICLE 9 ARBITRATION

operations in King County, Washington.

announcement by either party of plans to terminate its business another party, by a court of competent jurisdiction; or an either party for either party; the declaration of insolvency of a receiver for either party; the appointment of an administrator by a creditor of either party; the bankruptcy code, whether voluntary by either party or in the event of the filing of a petition under the U.S.

10.5 No party hereto shall be liable for injuries or damages to a Member or third party in the absence of direct or substantial control.

Other services included in a Benefit Schedule, in the absence of acts or omissions of other independent contractors performing the acts or omissions of a party. Consequently, neither party shall be liable for injuries or damages arising from the acts or omissions of a party.

10.4 Hospital shall be liable for any and all losses, damages, costs, expenses and attorney fees arising from any claim or demand of any kind or character of any Member or party, to the extent that the alleged injury to any such Member or third party was caused directly or substantially by the negligent acts or omissions of Hospital or its officers, agents, representatives or employees.

or third party was caused directly or substantially by the negligent acts or omissions of Hospital or its officers, agents, representatives or employees.

10.3 OM shall be liable for any and all losses, damages, costs, expenses and attorney fees arising from any claim or demand of any kind or character of any Member or party, to the extent that the alleged injury to any such Member or third party was caused directly or substantially by the negligent acts or omissions of OM or any of its officers, agents, representatives or employees.

or third party was caused directly or substantially by the negligent acts or omissions of OM or any of its officers, agents, representatives or employees.

10.2 Neither OM nor Hospital nor any of their respective officers, directors, agents, representatives or employees shall be deemed to be an officer, director, agent, representative or employee of the other party and neither this Agreement nor the manner of its implementation shall be deemed to create a direct and the other party.

any such officer, director, agent, representative or employee or substantial relationship between the acts or omissions of the other party and either this Agreement nor the

wifth, the other party.

of, a partner, employee or servant of, or a joint venture of, the other party as being an actual, apparent or ostensible agent shall hold himself, herself, or itself out to a Member or any party. Master/servant or joint venture relationship between the parties. Neither party hereto is and neither party hereto shall hold himself, herself, or itself out to a Member or any party.

Agreement in a manner designed to preserve human dignity.

12.3 The parties agree to execute the provisions of this

paragraph 6.5 hereof, as a defense.

However, if appropriate, a Member may assert the provisions of Members are derived solely from their Health Plans.

duties of the parties hereto, each to the other, and the rights of this Agreement is to establish the respective rights and requirements established by this Agreement. The sole purpose the duties or responsibilities of the parties hereto beyond the provide any rights hereunder directly to Members or to increase

12.2 This Agreement shall in no way be construed to

Commission prior to use.

Agreement must be approved by the Washington Insurance and procedures of OM and Hospital. Any amendment to this written contract executed and pursuant to all policies hereto shall have any force or effect unless embodied in a subsequent novation, addition, deletion or other amendment No subsequent novation, addition, deletion or amendment force or effect whatsoever, unless embodied herein in writing. addition, deletion, or other amendment hereto shall have any hereof between the parties hereto. No prior or contemporaneous integration of all understandings regarding the subject matter hereto during the term of this Agreement.

12.1 This Agreement is intended as the complete

MISCELLANEOUS

ARTICLE 12

reference to its status as a OM participating Hospital.

Hospital shall have the right to designate and make public prior to use the term of this Agreement,

Hospital's name in participating provider directories.

Hospital hereby grants permission for OM to use of Hospital name be preapproved by Hospital administration to use reference to Hospital as a OM participating Hospital. All uses Agreement, OM shall have the right to designate and make public during the term of this

USE OF NAME

ARTICLE 11

This Agreement may not be assinged by either party without the prior written consent of the other party and such without the prior written consent of the other party and such merger, consolidation, or acquisition of either party, this Agreement shall be binding upon the parties and any successor

ASSIGNABILITY

If any provision of this Agreement shall be rendered invalid or unenforceable by a court of competent jurisdiction, for any reason, the remainder of this Agreement shall not be affected thereby, but shall be enforced to the greatest extent permitted by law. Any state action at law or in equity filed by either party hereto with respect to this Agreement shall be filed in King County, Washington and the parties hereby stipulate to such venue and to the jurisdiction of such court.

ARTICLE 14
ENFORCEABILITY

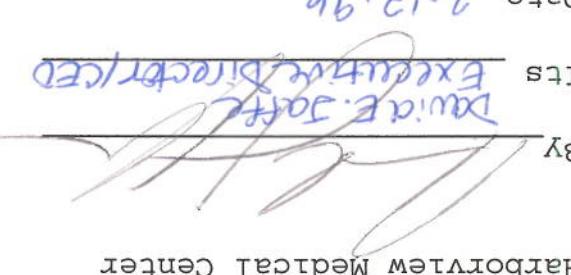
Except for notices required by Articles 2 and 4, any notice required to be given pursuant to the terms and provisions hereof shall be in writing and shall be sent by certified mail, return receipt requested, to Hospital at: Harboorview Medical Centre 325 Ninth Avenue Seattle, WA 98104; and to QM at: 2331 130th Avenue, N.E., Suite 200, Bellevue, WA 98009-3387; or elsewhere as either party may designate in writing.

NOTICES

12.4 The parties agree to cooperate in the identification and resolution of complaints or grievances by Members arising in connection with this Agreement. In the event any complaint or grievance by Members arises as a result of any complaint or grievance by Hospital, OM agrees to assist the Hospital's treatment by Hospital, OM according to the established procedure for such matters at Hospital.

Date 2-12-96

ITS Executive Director/CEO

By 

Harborview Medical Center

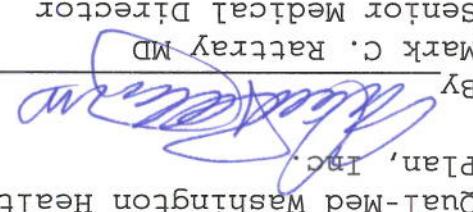
Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this

This Agreement shall be governed by the Laws of the

State of Washington.

Qual-Med Washington Health Plan, Inc.

By 

Mark C. Rattray MD

Senior Medical Director

Date 2-12-96

ARTICLE 16

APPLICABLE LAW

of the parties. A corporate name change shall not constitute an assignment.

ARTICLE 16

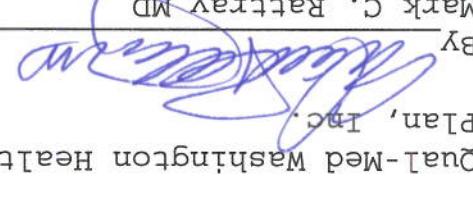
APPLICABLE LAW

IN WITNESS WHEREOF, the parties hereto have executed this

This Agreement shall be governed by the Laws of the

State of Washington.

Qual-Med Washington Health Plan, Inc.

By 

Mark C. Rattray MD

Senior Medical Director

Date 2-12-96

For Psychiatry and Rehabilitation Services, this low charge Outlier methodology will not apply. On a case by case basis, QM may reimburse Hospital the lesser charges.

LOW CHARGE OUTLIER

For Psychiatry and Rehabilitation Services, this high charge Outlier methodology will not apply. (85%) of charges and added to the APDRG payment. Then the difference between billable charges and the Outlier threshold will be reimbursed at eighty-five percent times 1.75. If the Outlier threshold is less than billable charges, then the Outlier threshold is calculated at the APDRG payment.

HIGH CHARGE OUTLIER

On January 1 of each successive renewal year, QM will add the new APDRG numbers added by the Health Care Authority, or upgrade the version of weights, if applicable. For those APDRG's with a relative weight of zero (0), QM will reimburse Hospital eighty-five percent (85%) of billable charges.

QM will reimburse Hospital for patient services provided under this agreement under the APDRG methodology, by applying a rate of \$4,578 per patient discount.

(APDRG)
INPATIENT SERVICES: ALL PATIENT DIAGNOSTIC RELATED GROUPS

Agreement, are as follows:
billable charges, as defined in Paragraph 1.2 of the

ATTACHMENT A

HOSPITAL SERVICE AGREEMENT

850.2-850.4

839-839.9

828

800-806.9, 819

must include one of the following ICD-9 codes:
 730-732, 755-756, 789-793. For payment these APDRGs
 217, 221-222, 225, 263-266, 439-443, 482-483, 491, 530,
 001-002, 004, 075, 538, 113, 148-149, 191-192, 213,

Trauma: (APDRG)

With Surgery 458, 459, 472
 Without Surgery 456, 457, 460
 Severe Burns: (APDRG)

HCA APDRG version 11) are defined as follows:
 Reimbursed at 95% of billed charges (severe burns and trauma

SEVERE BURNS AND TRAUMA

DRG CF \$3733	For Inpatient rates	Outlier rate	Outpatient Rate
		58.2%	68.2%

under Title XIX is increased or decreased)
 Services (10/1/95-9/30/96) or unit's provider's reimbursement

HEALTHY OPTIONS

OM will reimburse hospital eighty-five percent (85%) of billed charges for outpatient services.

OUTPATIENT SERVICES

Psychiatric Services: (APDRG 424-432)	Inpatient Acute	Med Psych	Partial Hospitalization Program
\$ 650 per day		\$ 850 per day	\$ 350 per day

PER DIEM RATES

Professional services billed under the Harbortview tax ID number (using HCFA 1500 forms) will be paid at the University of Washington Physician's contracted fee schedule rates with QualMed, less any applicable member deductible, copayment, or coinsurance amounts for outpatient professional services.

PROFESSIONAL SERVICES

958-958-8

952-953-9

947-949-5

946-2-946-5

945-2-945-5

944-2-944-4

943-2-943-5

942-2-942-5

941-2-942

940-940-9

925-929-9

900-902-9

897-897-7

896-896-3

887-887-7

874-879-9

872-6-872-9

851-871