

**Amendment to Molina Healthcare of Washington, Inc.
(Formerly Qualmed Washington Healthplan, Inc.)
Hospital Agreement**

Molina Healthcare of Washington, Inc. (MHW) (formerly QualMed Washington Health Plan, Inc. (QM)), and University of Washington Medical Center (Hospital), entered into a Hospital Agreement (Agreement) under which Hospital provides Healthcare Services to MHW Members.

Whereas, MHW and Hospital desire to continue their relationship and wish to amend the reimbursement rates set forth in the Agreement and be bound by the terms and conditions hereof.

Now therefore, MHW and Hospital agree as follows:

1. MHW and Hospital agree to amend the reimbursement rates contained in Attachment A of the Amendment, effective May 1, 2011, through July 31, 2011. Further, both parties agree to continue discussion on reimbursement rates and will amend the Agreement to reflect agreed upon rates and term period.
2. Both parties agree to continue work on the new contract template, with the goal of reaching agreement by August 1, 2011.

This amendment is in addition to, and does not replace or supersede, the Agreement between MHW and Hospital filed with MHW. All conditions and provisions of the Agreement, except as specifically modified herein, shall remain binding. If there is any ambiguity or inconsistency between the documents not specifically addressed in this amendment, the original Agreement shall be operative and enforced.

In Witness whereof, the parties hereto have executed this Amendment by their officer's thereunto duly authorized.

University of Washington Medical Center

Signed:



Print Name

Paul Ishizuka

Title

CFO

TIN

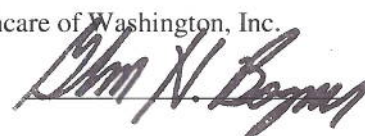
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Date

6/25/11

Molina Healthcare of Washington, Inc.

Signed:



Print Name

Glen H. Bogner

Title

President

Date

6/30/11

Attachment A

Contracted Rates: Healthy Options, Basic Health, Basic Health Plus, State Children's Health Insurance Program and Washington Medicaid Integration Partnership

Inpatient Services

For Healthy Options, Basic Health Plus, State Children's Health Insurance Programs and Washington Medicaid Integration Partnership Members, reimbursement shall be the lesser of billed charges or the following, less any deductibles, co-payments or payments due from third parties. Unless specifically stated otherwise in the Agreement or Provider Manual, billing and reimbursement policies will adhere to Washington State Department of Social and Health Services (DSHS) rules.

MHW will reimburse Hospital for Inpatient Services provided under this Agreement under the APDRG methodology by applying Version 14.1 MAA PPS-6 weights, to a base rate of seven thousand two hundred fifty dollars (\$7,250.00) per inpatient discharge. For those APDRG's with a relative weight of zero (0), MHW will reimburse Hospital at its Medicaid Inpatient Ratio of Costs-to-Charges (RCC) of fifty two and eight tenths percent (52.8%). Health Plan shall pay acute physical medicine and rehabilitation services at a per diem of one thousand eight hundred and twenty-eight dollars (\$1,828.00) and psychiatric services at a per diem of one thousand one hundred and sixty-six dollars (\$1,166.00).

High Cost/Low Cost Outlier: MHW will apply MAA high cost/low cost outlier criteria as follows:

Low Cost Outlier - to qualify as a low cost outlier, (a) the allowed charges must be less than or equal to ten percent (10%) of the applicable APDRG payment **or** (b) four hundred fifty dollars (\$450.00), whichever is greater. These cases are exempt from the APDRG reimbursement methodology and are reimbursed under the RCC methodology.

High Cost Outlier - to qualify as a high-cost outlier: (a) the allowed charges must exceed a threshold of three (3) times the applicable APDRG payment **or** (b) thirty- three thousand dollars (\$33,000), whichever is greater.

MAA determines reimbursement for high cost outlier cases using the applicable APDRG payment plus seventy-five percent (75%) of the hospital's RCC rate applied to the allowed charges that exceed the high outlier threshold. (% of RCC x amount exceeding outlier threshold) + APDRG payment

For Basic Health Members:

Eighty-five percent (85%) of the Hospital's billed charges in place at time of service less any deductibles, co-payments or payments due from third parties.

Outpatient Services

For Healthy Options, Basic Health Plus, State Children's Health Insurance Programs and Washington Medicaid Integration Partnership Members:

One hundred percent (100%) of the Hospital's DSHS Outpatient payment rate in place at the time of delivery of services. Rates shall be updated and made retroactively effective to the 1st of the month in which Health Plan learns of Provider's revised rate be that through its own research or notification from Provider or State.

No provision of the Hospital Service Agreement or its Amendments and Attachments shall interfere with or prevent Hospital from receiving any funds or additional reimbursement authorized by RCW 74.60.

For Basic Health Members:

Eighty-five percent (85%) of Hospital's billed charges in place at the time of service less any deductibles, co-payments or payments due from third parties.

Outpatient Professional Services

For Healthy Options, Basic Health Plus, State Children's Health Insurance Members and Washington Medicaid Integration Partnership:

For such services billed on a CMS form 1500 or its successors under the Hospital's tax identification numbers, reimbursement shall be the lesser of billed charges or one hundred percent (100%) of the amount that would be received by accepting Washington DSHS professional providers payment rates, including place of service guidelines in place at the time services are rendered.

For Basic Health Members:

For such services billed on a CMS form 1500 or its successors under the Hospital's tax identification numbers, reimbursement shall be eighty-five percent (85%) of billed charges in place at the time of service less any deductibles co-payments or payments due from third parties.