

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 Harborview Medical Center (Hospital), entered into a Hospital Agreement (Agreement) under which Hospital provides Healthcare Services to MHW Members.

Whereas, during the course of the Agreement there have been additions of new lines of business and company changes in ownership, and

Whereas, Effective July 1, 2005, Health and Recovery Services Administration (HRSA) implemented the Certified Public Expenditures (CPE) program for selected public Hospitals and due to the complexity of such program, MHW will not reimburse Hospital using the program methodology; and

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

Now therefore, MHW and Hospital agree as follows:

1. The following definitions are added to the agreement in their entirety:
 - a. "Basic Health (BH)" means the program established by the Washington State Health Care Authority (WSHCA) pursuant to Chapter 70.47 of the Revised Code of Washington (RCW).
 - b. "Basic Health Plus (BH+)" means the program established by the Washington State Health Care Authority (WSHCA) pursuant to Chapter 70.49 of RCW.
 - c. "State Children's Health Insurance Programs (SCHIP)" means the health insurance program authorized by the Title XXI of the Social Security Act and Administered by HRSA.
2. Attachment A, Contracted Rates: Healthy Options, Basic Health, Basic Health Plus, State Children's Health Insurance Program and Washington Medicaid Integration Partnership, of the Agreement is deleted and replaced in its entirety with the new Attachment A attached hereto and incorporated herein by this reference.
3. The inpatient rates for Healthy Options, SCHIP, Basic Health Plus, and WMIP set forth in this Amendment are based upon the HRSA PPS-8 payment methodology effective July 1, 2009. The inpatient rates set forth in this Amendment shall be subject to change during the term of the Amendment if DSHS, in its sole judgment, determines that it is necessary to modify the HRSA PPS-8 payment rates and/or methodology. Should DSHS make changes in the HRSA PPS-8 payment rates and/or methodology, Health Plan shall modify Attachment A, Contracted Rates: Healthy Options, Basic Health, Basic Health Plus, State Children's Health Insurance Program and Washington Medicaid Integration Partnership including Acute Stable DRG Conversion Factor, per diems, weights, outlier methodology, transfer payment methodology, or other factors of the PPS-8 payment methodology to be effective on the same effective date as the HRSA PPS-8 payment methodology change. These rates will be adjusted to ensure Acute Stable DRG Conversion Factor and per diems are one hundred and two percent (102%) of any revised HRSA PPS-8 Acute Stable DRG Conversion Factor and per diems. The parties will execute an Amendment reflecting the changes, with the same effective date as the changes to the HRSA PPS-8 payment methodology.
4. The inpatient rates for Basic Health set forth in this Amendment are based upon the HRSA PPS-8 payment methodology effective July 1, 2009. The inpatient rates set forth in this Amendment shall be subject to change during the term of the Amendment if DSHS, in its sole judgment, determines that it

is necessary to modify the HRSA PPS-8 payment rates and/or methodology. Should DSHS make changes in the HRSA PPS-8 payment rates and/or methodology, Health Plan shall modify Attachment A, Contracted Rates: Healthy Options, Basic Health, Basic Health Plus, State Children's Health Insurance Program and Washington Medicaid Integration Partnership, including Acute Stable DRG Conversion Factor, per diems, weights, outlier methodology, transfer payment methodology, or other factors of the PPS-8 payment methodology to be effective on the same effective date as the HRSA PPS-8 payment methodology change. These rates will be adjusted to ensure Acute Stable DRG Conversion Factor and per diems are one hundred and sixteen percent (116%) of any revised HRSA PPS-8 Acute Stable DRG Conversion Factor and per diems. The parties will execute an Amendment reflecting the changes, with the same effective date as the changes to the HRSA PPS-8 payment methodology.

5. Hospital is subject to Washington State public disclosure laws. Hospital agrees that, unless required by law or by a court or administrative agency having jurisdiction or for purposes of administration of the Agreement, it shall make reasonable efforts to not disclose the reimbursement rates set forth in this Amendment outside UW Medicine. Hospital further agrees that it will make best efforts and take reasonable precautions to limit internal disclosure to individuals involved in business and administrative functions within UW Medicine. MHW agrees that, unless required by law or by a court or administrative agency having jurisdiction or for purposes of administration of the Agreement, it shall make reasonable efforts to not disclose the reimbursement rates set forth in this Amendment outside of Molina Healthcare, Inc.
6. Both parties agree to continue working together to sign MHW's new contract template, with the goal of reaching agreement by January 1, 2010.

The 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.

Harborview Medical Center
325 9th Ave
Seattle, WA 98104

Signed:



Print Name: Eileen Whalen

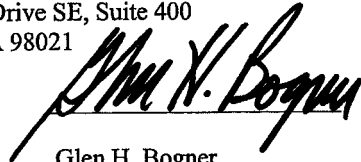
Title: Executive Director

TIN: 91-1631806

Date: 10-11-09

Molina Healthcare of Washington, Inc.
21540 30th Drive SE, Suite 400
Bothell, WA 98021

Signed:



Print Name: Glen H. Bogner

Title: President

Date: 11/16/09

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

The effective date for this Attachment A is November 1, 2009 through June 30, 2010.

For those Members enrolled in MHW's Healthy Options program, Basic Health Program, Basic Health Plus Program, State Children's Health Insurance Program and Washington Medicaid Integration Partnership, reimbursement shall be the lesser of billed charges or the following, less any deductibles, co-payments or payments due from third parties.

Inpatient Services for the period November 1, 2009-June 30, 2010

For Basic Health Members:

MHW will reimburse Hospital for inpatient services provided under this Agreement under the Department of Social and Health Services (DSHS) PPS-8 payment methodology by applying APDRG Version 23; HRSA PPS-8 All Patient Grouper - Final Relative Weights - Version 23, effective July 1, 2009; HRSA PPS-8 High Outlier Methodology as published in WAC 388-550-3700; HRSA PPS-8 transfer payment methodology as published in WAC 388-550-3600, and the below listed DRG conversion factor and per diems. The Acute Stable DRG conversion factor and the various per diems are one hundred sixteen percent (116%) of Hospital's DSHS PPS-8 DRG conversion factor and per diems effective July 1, 2009.

Acute Stable DRG Conversion Factor = \$8,672
Psychiatric Per Diem = \$1,352
Detoxification Per Diem = \$1,771
Rehabilitation Per Diem = \$1,979
Medical Unstable Per Diem = \$2,743
Surgical Unstable Per Diem = \$3,291
Neonatal Unstable Per Diem = \$3,227
Burn Unstable Per Diem = \$2,123

For Healthy Options, Basic Health Plus, State Children's Health Insurance Programs and Washington Medicaid Integration Partnership Members: MHW will reimburse Hospital for inpatient services provided under this Agreement under the Department of Social and Health Services (DSHS) PPS-8 payment methodology by applying APDRG Version 23; HRSA PPS-8 All Patient Grouper - Final Relative Weights, effective July 1, 2009; HRSA PPS-8 High Outlier Methodology as published in WAC 388-550-3700; HRSA PPS-8 transfer payment methodology as published in WAC 388-550-3600, and the below listed DRG conversion factor and per diems. The Acute Stable DRG conversion factor and the various per diems are one hundred two percent (102%) of Hospital's DSHS PPS-8 DRG conversion factor and per diems effective July 1, 2009.

Acute Stable DRG Conversion Factor = \$7,626
Psychiatric Per Diem = \$1,189
Detoxification Per Diem = \$1,558
Rehabilitation Per Diem = \$1,740
Medical Unstable Per Diem = \$2,412
Surgical Unstable Per Diem = \$2,894
Neonatal Unstable Per Diem = \$2,838
Burn Unstable Per Diem = \$1,868

Outpatient Services for the period November 1, 2009-June 30, 2010

For Basic Health Members:

Seventy-five percent (75%) of billed charges.

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 Prospective Payment System (OPPS) rate in place at the time of delivery of services, including one hundred percent (100%) of any fee schedule amount. When DSHS makes a change to its reimbursement rates, fee schedules, and/or guidelines for outpatient services, MHW will change its reimbursement rates, fee schedules, and/or guidelines for outpatient services to be in accordance with DSHS on the same effective date as the DSHS change.

Professional Services for the period November 1, 2009 through June 30, 2010:

For Basic Health Members:

For such services billed on a CMS form 1500 or its successors under the Hospital's tax identification number, reimbursement shall be seventy five percent (75%) of billed charges.

For Healthy Options, Basic Health Plus and State Children's Health Insurance Program Members:

For such services billed on a CMS form 1500 or its successors under the Hospital's tax identification number, reimbursement shall be 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. When DSHS makes a change to its reimbursement rates and/or guidelines for professional services, MHW will changes its reimbursement to be in accordance with DSHS on the same effective date as the DSHS change.

For Washington Medicaid Integration Partnership Members:

For such services billed on a CMS form 1500 or its successors under the Hospital's tax identification number, reimbursement shall be one hundred five percent (105%) 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. When DSHS makes a change to its reimbursement rates and/or guidelines for professional services, MHW will changes its reimbursement to be in accordance with DSHS on the same effective date as the DSHS change. The following CPT codes shall be reimbursable at the listed rates:

99358	\$72.32
99359	\$20.52

Reimbursement procedures for Healthy Options, Basic Health, Basic Health Plus, State Children's Health Insurance Program Members, and Washington Medicaid Integration Partnership are fully contained within this section.