

AMENDMENT TO THE MOLINA HEALTHCARE OF WASHINGTON, INC. HOSPITAL SERVICES AGREEMENT

THIS AMENDMENT TO THE Hospital Services Agreement ("Amendment") is made and entered by and between Molina Healthcare of Washington, Inc. ("Health Plan") and Kadlec Regional Medical Center ("Provider"), collectively the "Parties".

Whereas, Health Plan and Provider entered into a Hospital Services Agreement, effective November 1, 2009 ("Agreement");

Whereas, Health Plan currently pays Provider for Healthy Options, Basic Health, Basic Health Plus, State Children's Health Insurance Program and Aged, Blind, Disabled and Presumptive SSI (Includes Washington Medicaid Integration Partnership) Members based upon a percent of the Washington Department of Social and Health Services ("DSHS") payment rates in place at the time services are rendered; and

Whereas, Health Plan and Provider now desire to amend the Agreement to clarify the reimbursement rates for Healthy Options, Basic Health, Basic Health Plus, State Children's Health Insurance Program and Aged, Blind, Disabled and Presumptive SSI (Includes Washington Medicaid Integration Partnership) services.

Now therefore, in consideration of the rights and obligations contained herein, the Parties to this Amendment, intending to be legally bound, do hereby agree as follows:

1. Attachment D to the Agreement shall be deleted in its entirety and replaced with the Attachment D included with this Amendment.
2. Terms in this Amendment shall have the same meaning as terms utilized in the Agreement, unless otherwise defined herein.
3. Health Plan will clarify the reimbursement rates for the following products impacted by the Hospital Safety Net Assessment legislation: Healthy Options, Basic Health, Basic Health Plus, State Children's Health Insurance Program and Aged, Blind, Disabled and Presumptive SSI (Includes Washington Medicaid Integration Partnership)
 - a. The inpatient rates for Basic Health set forth in this Amendment are based upon the DSHS payment methodology, without the application of Hospital Safety Net Assessment (HSNA) restoration or increases.
 - b. The outpatient rates for Basic Health set forth in this Amendment are based upon the DSHS Outpatient Fee Schedule as it applies to OPPS in effect on February 1, 2011, without the application of HSNA restoration or increases, referred to by DSHS as the Reduced Fee Schedule.
 - c. For all other products noted in this section, Health Plan will apply the rates as published by DSHS, in place at the time services are rendered, or as modified thereafter as the result of the Hospital Safety Net Assessment legislation approved by CMS [Bill E2SHB 2956/SB6758 (2009-2010) or as otherwise enacted] (the "Hospital Safety Net Legislation"). Health Plan shall apply such rate modifications in accordance with Health Plan's contract with the State, the Hospital Safety Net Legislation, and any applicable DSHS operational guidelines.
4. This Amendment shall become effective on May 1, 2011, and renew with and under the terms of the Agreement.

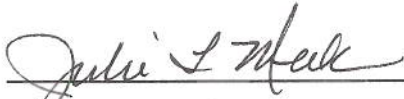
This Amendment is in addition to the Agreement between Health Plan and Provider filed with Health Plan. All conditions and provisions of the Agreement, except as specifically modified herein, shall remain binding. If there is any conflict between the Agreement and this Amendment, the terms of this Amendment shall govern.

IN WITNESS WHEREOF, the Parties hereto have executed this Amendment by their officers thereunto duly authorized.

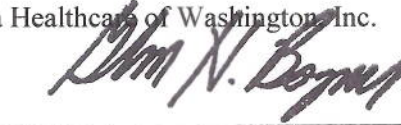
Kadlec Regional Medical Center

Molina Healthcare of Washington, Inc.

By:


Julie L. Meek

By:



Glen H. Bogner

Its:

VP Finance / CFO

Its:

President

Date:

April 5, 2011

Date:

4-11-11

ATTACHMENT D
Compensation Schedule

All Covered Services provided by Provider shall be reimbursed by Health Plan according to the lesser of billed charges or the following:

I. HOSPITAL FACILITY SERVICES:

For those Members enrolled in Health Plan's Healthy Options, Basic Health Plus, State Children's Health Insurance Program and Aged, Blind, Disabled and Presumptive SSI (Includes Washington Medicaid Integration Partnership) reimbursement shall be as follows less applicable Member co-payments and amounts paid or to be paid by other liable third parties. Unless specifically stated otherwise in the Agreement or Provider Manual, billing and reimbursement policies will adhere to DSHS rules:

Inpatient Services

One hundred percent (100%) of the Provider's DSHS Inpatient payment rate in place at the time of delivery of services, until such time as any HSNA adjustments are applied. 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.

The application of any HSNA restorations or increases shall occur upon direction by DSHS to Health Plan.

Outpatient Services

One hundred percent (100%) of the Provider's DSHS Outpatient payment rate in place at the time of delivery of services, until such time as any HSNA adjustments are applied. 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.

The application of any HSNA restorations or increases shall occur upon direction by DSHS to Health Plan.

For those Members enrolled in Health Plan's Basic Health: reimbursement shall be as follows less applicable Member co-payments and amounts paid or to be paid by other liable third parties. Unless specifically stated otherwise in the Agreement or Provider Manual, billing and reimbursement policies will adhere to DSHS rules:

Inpatient Services

One hundred seven percent (107%) of conversion factor and per diem rates in place as of February 1, 2011 without the application of HSNA restoration or increases, referred to by DSHS as the "Reduced" fee schedule. The Inpatient RCC rate and relative DRG weight will not be fixed.

Outpatient Services

One hundred seven percent (107%) of the amount that would be received by accepting the DSHS outpatient rates on February 1, 2011 without the application of hospital safety net assessment restoration or increases, referred to by DSHS as the "Reduced" fee schedule. The DSHS OPSS Conversion Factor (Hospital OPSS Rate) and DSHS Budget Target Adjustor will be fixed. The Outpatient RCC rate and OPSS Outpatient Fee Schedule will not be fixed.

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. Changes in State policies on the program related to Emergency Services may allow for an amendment to modify reimbursement procedures for such services rendered to these Members.

For Members enrolled in Health Plan's Medicare Advantage, Medicare Advantage Special Needs Program ("Medicare Programs"): reimbursement shall be the amount that would be received by accepting one hundred percent (100%) of Medicare payment rates at the time services are rendered less applicable Member co-payments and amounts paid or to be paid by other liable third parties.

II. PROFESSIONAL SERVICES:

For those Members enrolled in Health Plan's Healthy Options, Basic Health, Basic Health Plus, State Children's Health Insurance Program, and Aged, Blind, Disabled and Presumptive SSI (Includes Washington Medicaid Integration Partnership): reimbursement shall be as follows less applicable Member co-payments and amounts paid or to be paid by other liable third parties. Unless specifically stated otherwise in the Agreement or Provider Manual, billing and reimbursement policies will adhere to DSHS rules:

Hospital & Clinic Based

For such services billed under one of Provider's tax identification numbers, reimbursement shall be at one hundred percent (100%) of the amount that would be received by accepting DSHS payment rates in place at the time services are rendered for professional providers.

For those Members enrolled in Health Plan's Basic Health: reimbursement shall be as follows less applicable Member co-payments and amounts paid or to be paid by other liable third parties. Unless specifically stated otherwise in the Agreement or Provider Manual, billing and reimbursement policies will adhere to DSHS rules:

Hospital & Clinic Based

For such services billed under one of Provider's tax identification numbers, reimbursement shall be at one hundred seven percent (107%) of the amount that would be received by accepting DSHS payment rates in place at the time services are rendered, except for CPT codes 99201-99215, 99381-99395, and 99431-99435 when rendered to a child under age 21, which shall be reimbursed at one hundred percent (100%) of the amount that would be received by accepting Washington DSHS payment rates in place at the time services are rendered for professional providers.

For those Members enrolled in Health Plan's Medicare Advantage, Medicare Advantage Special Needs Program ("Medicare Programs"): reimbursement shall be the amount that would be received by accepting one hundred percent (100%) of Medicare payment rates at the time services are rendered less applicable Member co-payments and amounts paid or to be paid by other liable third parties.

III. LABORATORY SERVICES:

For those Members enrolled in Health Plan's Healthy Options, Basic Health, Basic Health Plus, State Children's Health Insurance Program, and Aged, Blind, Disabled and Presumptive SSI (Includes Washington Medicaid Integration Partnership): reimbursement shall be as follows less applicable Member co-payments and amounts paid or to be paid by other liable third parties. Unless specifically stated otherwise in the Agreement or Provider Manual, billing and reimbursement policies will adhere to DSHS rules:

For such services billed under one of Provider's tax identification numbers, reimbursement shall be at one hundred percent (100%) of the amount that would be received by accepting DSHS payment rates in place at the time services are rendered for professional providers.

For those Members enrolled in Health Plan's Medicare Advantage, Medicare Advantage Special Needs Program ("Medicare Programs"): reimbursement shall be the amount that would be received by accepting one hundred percent (100%) of Medicare payment rates at the time services are rendered less applicable Member co-payments and amounts paid or to be paid by other liable third parties.