



COPLEY HOSPITAL, INC.
RESPONSES TO QUESTIONS ON THE FY24 BUDGET
FROM THE STAFF OF THE GREEN MOUNTAIN CARE BOARD
August 1, 2023

This document serves to provide the Staff of the Green Mountain Care Board (GMCB) with answers to specific questions regarding the submission of Copley Hospital's (Copley) Fiscal Year 2024 budget.

1. Do you have a plan in place to improve your DCOH?

Yes, Copley is focusing on three initiatives to help improve our Days Cash on Hand (DCOH). They include focusing on obtaining a positive operating margin, reducing our accounts receivable (AR) and working with the United States Department of Agriculture (USDA) to obtain better debt.

I) Positive Operating Margin

To obtain a positive operating margin, Copley is focusing on labor and retention efforts, reducing costs and enhancing revenue.

- A) Labor and Retention Efforts – To help reduce costs Copley is focusing on ways to reduce travelers. The unprecedented demand for contracted labor is straining already thin financial margins. Copley is working to create a long-term labor strategy to strengthen our workforce and employee retention.
- Copley is placing great effort into labor and retention in a difficult labor market. Our human resources department uses market surveys to be sure we are competitive in the market yet never the leader in the market. We have expanded our retention efforts to areas outside of Vermont in hopes of attracting new employees to this area. Unfortunately, our area is not always attractive to people who are from the south once winter hits. Copley also tries to convert travelers to staff as contracted labor agreements end. Management is working towards reducing contracted labor whenever possible.
 - Workforce development, including education and promotion is a crucial investment for improving retention at Copley Hospital. In 2021, Copley's Nursing Division started a Nursing Assistant Education Program (NAEP). The program consists of three cohorts per year with a maximum of eight participants accepted into each cohort. The NAEP is based on the American Red Cross model and prepares the participants to take the Vermont Nursing Assistant Examination which is required to become a Licensed Nursing Assistant (LNA) in the State of Vermont. The program is a paid-to-learn program funded by Copley. Upon successful completion of the program and licensure exam, the candidate becomes an LNA and receives a promotion. In 2022, a donor pledged \$100 thousand a year for ten years to fund a scholarship program at Copley, providing education and training for our employees. The scholarship program will impact the hospital for decades to come, not only

improving the lives of those who work at Copley, but the patients and community as well. This gift makes it possible for many employees to pursue certifications, designations, and advanced degrees as well as supporting individuals to take their first steps towards a career in healthcare.

- Copley also has a Position Review Committee that approves all FTEs and travelers. The committee is composed of three senior leaders: the Chief Administrative and Human Resources Officer, the Executive Director of Clinical Ancillary Services, and the Chief Financial Officer. They meet weekly to review any departmental Position Review Forms (PRF) for the week. Managers are required to fill out a PRF for any hires: full-time employees, per diem employees, and travelers. Every request to hire must submit a PRF to the committee, including new positions and filling open positions. PRFs must be submitted to the committee by the department's senior leader. The committee's review of this form includes departmental considerations such as: actual and budgeted volumes in relation to current and budgeted FTEs. If the request exceeds the department's FTE budget, a more detailed discussion occurs before approval which includes validating the FTE is truly needed, why it was unbudgeted and how this position will be funded, through revenue, grants or otherwise.
- B) Supply Chain Efforts – Copley continually examines costs looking to reduce expenses whenever possible without affecting the quality of patient care. We recently changed vendors for our medical supplier to obtain better pricing through our Group Purchasing Organization.
- C) Contract Review Process – For the purpose of optimizing operational and financial performance and minimizing risk, Copley follows standard procedures for initiating, executing, and monitoring contracts, including adherence to all applicable State and Federal laws, rules and regulations and conditions of participation in applicable government programs. Any agreement to which Copley will be a part requires the initiator to complete a Contract Review Form (CRF). The CRF requires approval from all impacted departmental managers and their senior leaders prior to the chief executive officer executing.
- D) Capital Review Process – The decision to invest in new capital assets requires careful analysis and a firm understanding of the factors that influence the future of Copley's operations. The strategic planning process is a way for Copley to balance the priority of future capital goals with our ability to fund them. Capital planning is crucial, as capital investments can be significant in terms of cost and resources; often it includes high-tech medical equipment and the modification or construction of a new building. Unfortunately, previous administrations made the decision to underspend capital if it could not be funded with cash, rather than allowing for debt. This resulted in over a decade of deferring capital that ended in 2020 when the current administration began to catch up on the large capital backlog.
- E) Revenue Enhancements – To promote a positive operating margin, organizations look to cut expenses and increase revenue. From 2013 through 2022 Copley has continued to have the lowest cost of care in Vermont as demonstrated in our narrative. In addition, Copley has had the lowest average rate increase of all Vermont hospitals over the last fifteen years. Our requested rate increase of fifteen percent will move our rates up toward the other Vermont hospitals' rates. Although this rate increase will move Copley in the right direction, several years in a row of rate reductions in our recent past has had

a compounding effect on our cash levels leaving us with the lowest DCOH we have seen in more than 20 years.

II. Reducing Our Accounts Receivable

Another way Copley is working to improve our DCOH is by collecting our AR. In the last two years our gross accounts receivable has increased by approximately 27.5% or \$6.1 million dollars. Since we recognize this is unfavorable to the organization and its cash flow, we are looking into ways to improve the billing and collections process despite the challenges in our Patient Financial Services department.

- A) Fully staffing our Patient Financial Services department has been very difficult to maintain. This department of 12 has been averaging at least one open position every year for the past few years. Over half of the current employees have been here less than two years and three of them have been here less than one year. Currently, the department has an open billing position. Significant differences in billing from payer to payer create informational silos and make cross training more time consuming. Copley has contracted with vendors to do some of our billing; however, our vendors are also having labor issues of their own.
- B) In addition to our AR being higher, we are also seeing that our commercial payers are paying us less. This is evident with Medicare Advantage plans. This unusual hybrid provides Copley with Medicare reimbursement rates but with a commercial carrier processing it like a commercial claim which includes things like out of network denials and denials for diagnosis. Additionally, the commercial carriers do not settle on allowable costs like Medicare does with the filing of the annual Medicare Cost Report.
- C) Copley is working with a consultant to perform a full review of the billing and collections process to identify areas of improvement. The revenue cycle project will be focused on staffing stabilization within the Patient Financial Services department, reducing the amount in AR, and managing AR at a reasonable level. In addition, it will focus on efficiency to include: clean claim rates and edit management, workflow throughput improvement, existing staff roles and productivity, system optimization potential and the management of outsourced vendors and their performance.

III. Funding from the United States Department of Agriculture

Copley Hospital has secured a USDA loan that provides the unique opportunity to refinance existing debt under more favorable terms while securing new debt for the construction of our replacement Waterbury medical office building. This will have positive financial results including increasing our DCOH.

Copley Hospital has secured a USDA direct loan to fund the long overdue replacement of our Waterbury orthopedic medical office building and to refinance some existing debt under better terms. Copley pursued USDA funding as it affords our rural healthcare facility the ability to fund our needs without being subject to the rigorous obligations required by a traditional commercial lender. The interest rate, terms and conditions required of a traditional commercial loan do not allow us to prudently operate and address the immediate needs of our hospital, especially the extended capital deferment. The USDA direct loan will free up collateral and increase liquidity allowing us to address more of the immediate needs of the hospital contributing to our overall financial health and long-term viability.

Copley needs to achieve a reasonable operating margin for at least the next several years to rebuild cash reserves necessary to weather unexpected downturns, take on risk in payment reform, invest in necessary equipment and infrastructure improvements, and provide financial stability for our employees and community. Our collaboration with the USDA to obtain affordable financing with flexible conditions gives us the financial breathing room to properly address the needs of our hospital while improving our liquidity and operating margin. Our mission is to help people live healthier lives by providing exceptional care and superior service to the residents of the community we serve. The collaboration between the USDA and Copley Hospital is a key step in ensuring that we can continue to fulfill our mission long into the future.

2. Specify the positions involved in your current vacancies (listed as 20% in your narrative).

Admin & Ops		Clinical		Nursing	
IT	2	DX Tech	10	LNA	2
HR	2	Lab Tech	2	RN	15
Admin	1	Surg Tech	3	Total	17
Nutritional	6	CRNA	1		
Enviromental	3	Provider	4		
Patient Access	5	Other Tech	6		
Finance	2	Rehab	3		
Total	21	Total	29		

Current Total Open Positions = 67

3. Vermont's FY24 budget indicates an increase in Vermont Medicaid's RBRVS fee schedule to 110% of Medicare for primary care providers and a 3.8% inflation increase to specialty care providers. Have these increases been factored into your budget? If not, indicate what effect that would have on the submitted commercial rate increase.

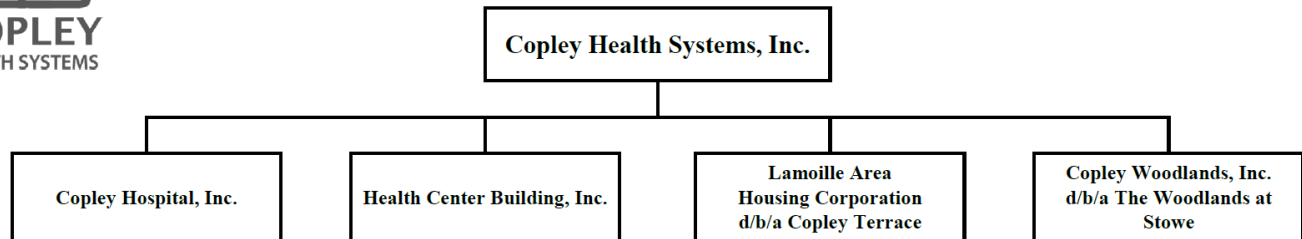
While we are aware of the announcement from the state that Medicaid has budgeted specialty care rates with an increase of 3.8% or a total of \$1.65 million, we did not include this increase in our FY24 budget. First, since this is only a budget it is possible Medicaid may not follow through with this plan. Of the additional \$1.65 million, it looks like Copley may only receive approximately \$25 thousand. Additionally, since approximately 85% of this is paid to Copley through OneCare through our monthly payments, OneCare must pass it on as well. So, considering all these unknown factors, we erred on the side of conservancy and left it out of our budgeted revenue.

4. What corporate relationships does Copley Hospital have to other organizations, if any? If possible, provide a graphic outlining the relationships.

The Copley Health Systems, Inc. entity level organizational chart follows.



Organizational Chart as of June 30, 2023



Note: All four subsidiaries are 100% fully owned by Copley Health Systems, Inc.

5. Where is Medicare Advantage business in exhibit 9? Update the exhibit to separate it. If necessary, provide an estimate and indicate what challenges your systems present for tracking Medicare Advantage revenue separately.

Please see exhibit 9 (attachment A) for updates. For FY21 Medicare Advantage plans were identified as commercial in our billing system and therefore reported as commercial, so an estimated amount has been moved to the Medicare Advantage line in the updated exhibit 9. In FY22 Copley converted its billing system and the Medicare Advantage plans are now being separately identified and reported under Medicare. Thus, in the updated exhibit 9 the FY22 Actual, FY23 YTD Actual and FY24 Budget amounts now show the Medicare Advantage separate from Traditional Medicare.

6. In exhibits 9 and 10, it appears that workers' compensation (WC) and/or self pay are included in the commercial revenue information provided. Which revenue was included and what assumptions were made related to rate changes for WC and/or self pay for net revenue?

When preparing our budgeted rate increases, we include health insurance carriers and workers' compensation insurance carriers together as the "Commercial" insurance carriers. We reported self-pay only in the "All other" lines of exhibits 9 and 10. We made the same assumptions for rate increases for self-pay and all the commercial insurers, including workers' compensation. The increase to net patient revenue related to the rate increase for these payers is approximately 12.4%. This is a result of contracted discounts which vary by carrier.

7. Provide a complete response to question k.ii. in the narrative, including any third party contracts that exist to collect payments from patients. Hospitals may reach out to the GMCB to request confidential treatment of materials that are exempt from public inspection and copying under Vermont's Public Records Act.

Copley Hospital formally requests our response to this question and attachment B, contract with EManagement Associates (EMA), to be treated as confidential material that is exempt from public inspection and copying under Vermont's Public Records Act.

While we do not understand GMCB's reason for asking for this level of detail, we do have concerns about the nature and scope of this request. It appears the board is getting into the fine details of what constitutes a minor expense in terms of relative dollars. We are concerned that this will lead to more requests in the future for copies of other contracts. If this is the direction the GMCB is headed, requiring hospitals to submit contracts upon request, we respectfully request this change be made with the Vermont Legislature so that we may include it as a statutory requirement clause in all future contracts.

We have included approximately \$74 thousand in our projected expenses for EMA services in FY23 and \$76 thousand in budgeted expenses in FY24. There is no additional revenue generated as this service collects on revenue which has already been recorded.

8. Explain the increase in bad debt relative to free care from 2024B to 2023 (Narrative, 2)

Our projected FY2023 total of bad debt and free care is just over \$6.7 million with bad debt at 78% and free care at 22% of this total. Our FY2024 budget for bad debt and free care is based on current year trends and totals \$8.1 million with bad debt at 77% and free care at 23%. This slight change is indicative of our continuous efforts to offer financial assistance to all that qualify for it, especially those which might end up in bad debt.

9. If Copley's 15% increase is approved, how will this impact where you land in terms of cost relative to other Vermont hospitals?

Using actual 2023 Act53 data, we applied the requested budget increases for ourselves and each of the other Vermont hospitals. The table below shows these amounts with Copley shown first in blue as the point of comparison. The columns to the right are the average of all the Vermont state hospitals first then each individual hospital follows. The amounts are shown in red if the cost is lower than Copley's or green if the cost is higher than Copley's, white indicates the data was unavailable. Even with our requested rate increase Copley is still below the state average for every item. In fact, of all the 293 items in the Act53 data, Copley was only higher than the state average on 45 items or 15%.

Demonstrative examples where Copley's price is extremely low as compared to another Vermont hospital include:

- CPT 87070 Culture Other Specimen Aerobic
 - Copley's price is \$44 compared to \$440 or 900% higher.
- CPT 87088 Urine Bacteria Culture
 - Copley's price is \$27 compared to \$222 or 722% higher.
- CPT 74176 CT Abd & Pelvis W/O Contrast
 - Copley's price is \$1,571 compared to \$5,871 or 274% higher.
- CPT 84443 Assay Thyroid Stim Hormone
 - Copley's price is \$104 compared to \$307 or 195% higher.

CPT	Description	Copley	Vermont Hospitals												
			VT Avg	*A	B	*C	D	E	F	G	H	I	J	K	L

Estimated FY 2024 Semi Private Rooms

Semi Private Medical Surgical Room & Bed Rate	★ \$ 1,300	\$ 2,067	\$ 1,964	\$ 1,770				\$ 2,738	\$ 2,866		\$ 1,526	\$ 2,629	\$ 1,453		\$ 2,360
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Estimated FY 2024 Emergency Room Levels of Care

99281	EMERGENCY VISIT LEVEL 1	\$ 271	\$ 345	\$ 350	\$ 269		\$ 277	\$ 341	\$ 648	\$ 449	\$ 235	\$ 190	\$ 405	\$ 253	\$ 358	\$ 437
99282	EMERGENCY VISIT LEVEL 2	\$ 392	\$ 502	\$ 613	\$ 474		\$ 428	\$ 381	\$ 1,020	\$ 449	\$ 403	\$ 243	\$ 599	\$ 316	\$ 400	\$ 814
99283	EMERGENCY VISIT LEVEL 3	\$ 648	\$ 828	\$ 1,049	\$ 705		\$ 792	\$ 564	\$ 1,883	\$ 804	\$ 608	\$ 407	\$ 707	\$ 674	\$ 747	\$ 1,178
99284	EMERGENCY VISIT LEVEL 4	\$ 985	\$ 1,258	\$ 1,748	\$ 1,220		\$ 1,216	\$ 901	\$ 2,233	\$ 1,208	\$ 1,082	\$ 841	\$ 1,224	\$ 944	\$ 902	\$ 1,854
99285	EMERGENCY VISIT LEVEL 5	\$ 1,423	\$ 1,764	\$ 2,623	\$ 1,577		\$ 1,701	\$ 1,146	\$ 2,977	\$ 1,208	\$ 1,741	\$ 1,271	\$ 1,834	\$ 1,158	\$ 932	\$ 3,340

Estimated FY 2024 Laboratory Services:

80053	COMPREHEN METABOLIC PANEL	\$ 109	\$ 137	\$ 136	\$ 129		\$ 178	\$ 195	\$ 225	\$ 202	\$ 62	\$ 174	\$ 50	\$ 123	\$ 95	\$ 108
80061	LIPID PANEL	\$ 87	\$ 126	\$ 185	\$ 117		\$ 149	\$ 184	\$ 125	\$ 208	\$ 62	\$ 131	\$ 63	\$ 123	\$ 116	\$ 90
84443	ASSAY THYROID STIM HORMONE	\$ 104	\$ 185	\$ 209	\$ 203		\$ 204	\$ 271	\$ 270	\$ 307	\$ 94	\$ 201	\$ 92	\$ 224	\$ 116	\$ 116
85025	COMPLETE CBC W/AUTO DIFF WBC	\$ 49	\$ 92	\$ 98	\$ 62		\$ 84	\$ 136	\$ 134	\$ 154	\$ 74	\$ 93	\$ 40	\$ 117	\$ 110	\$ 47
80048	METABOLIC PANEL TOTAL CA	\$ 71	\$ 108	\$ 107	\$ 85		\$ 156	\$ 166	\$ 136	\$ 164	\$ 62	\$ 114	\$ 46	\$ 96	\$ 114	\$ 92
87088	URINE BACTERIA CULTURE	\$ 27	\$ 89	\$ 48	\$ 84			\$ 74	\$ 222	\$ 80	\$ 26	\$ 68	\$ 180		\$ 63	\$ 110
85027	COMPLETE CBC AUTOMATED	\$ 46	\$ 72		\$ 56		\$ 84	\$ 111	\$ 95	\$ 127	\$ 43	\$ 65	\$ 37	\$ 66	\$ 90	\$ 44
87070	CULTURE OTHR SPECIMN AEROBIC	★ \$ 44	\$ 160	\$ 110	\$ 201		\$ 138	\$ 171	\$ 440	\$ 169	\$ 124	\$ 115	\$ 192	\$ 185	\$ 80	\$ 111

Estimated FY 2024 Diagnostic Imaging:

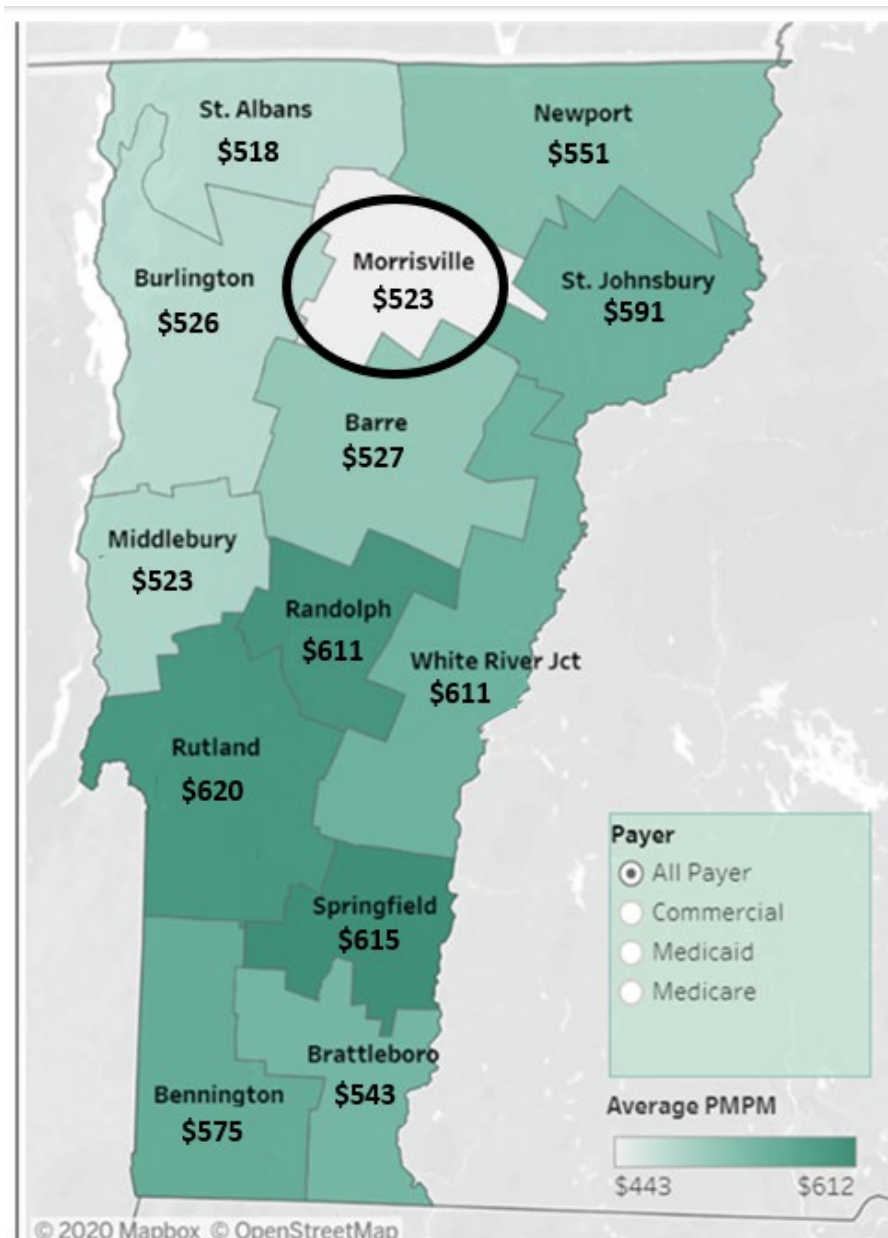
73030	X-RAY EXAM OF SHOULDER	\$ 359	\$ 630	\$ 510	\$ 546		\$ 378	\$ 570	\$ 1,857	\$ 487	\$ 627	\$ 414	\$ 309	\$ 743	\$ 646	\$ 745
73630	X-RAY EXAM OF FOOT	★ \$ 359	\$ 596	\$ 510	\$ 505		\$ 378	\$ 638	\$ 1,386	\$ 630	\$ 546	\$ 414	\$ 388	\$ 555	\$ 746	\$ 689
77067	SCR MAMMO BI INCL CAD	\$ 598	\$ 640	\$ 530	\$ 713			\$ 711	\$ 580	\$ 1,147	\$ 412	\$ 713	\$ 579	\$ 681	\$ 307	\$ 706
73610	X-RAY EXAM OF ANKLE	\$ 338	\$ 631	\$ 510	\$ 509		\$ 378	\$ 657	\$ 2,020	\$ 666	\$ 546	\$ 414	\$ 413	\$ 555	\$ 491	\$ 700
70450	CT HEAD/BRAIN W/O DYE	\$ 1,253	\$ 1,921	\$ 1,667	\$ 1,885		\$ 2,312	\$ 2,265	\$ 2,100	\$ 533	\$ 1,940	\$ 1,699	\$ 1,912	\$ 2,199	\$ 1,736	\$ 3,478
73110	X-RAY EXAM OF WRIST	★ \$ 343	\$ 686	\$ 510	\$ 546		\$ 353	\$ 759	\$ 2,282	\$ 630	\$ 520	\$ 414	\$ 493	\$ 647	\$ 717	\$ 708
73562	X-RAY EXAM OF KNEE 3	\$ 471	\$ 697	\$ 510	\$ 546		\$ 488	\$ 729	\$ 2,304	\$ 643	\$ 855	\$ 462	\$ 252	\$ 530	\$ 525	\$ 741
73560	X-RAY EXAM OF KNEE 1 OR 2	★ \$ 244	\$ 542	\$ 510	\$ 510		\$ 336	\$ 582	\$ 1,901	\$ 369	\$ 366	\$ 414	\$ 297	\$ 473	\$ 429	\$ 612
73130	X-RAY EXAM OF HAND	★ \$ 270	\$ 629	\$ 510	\$ 546		\$ 378	\$ 648	\$ 1,956	\$ 651	\$ 474	\$ 362	\$ 542	\$ 530	\$ 635	\$ 677
74176	CT ABD & PELVIS W/O CONTRAST	\$ 1,571	\$ 3,503	\$ 3,416	\$ 3,661		\$ 3,778	\$ 4,638	\$ 3,330	\$ 1,056	\$ 3,808	\$ 2,842	\$ 4,209	\$ 3,465	\$ 3,897	\$ 5,871
73721	MRI JNT OF LWR EXTRE W/O DYE	\$ 2,222	\$ 3,597	\$ 3,272	\$ 3,243			\$ 4,603	\$ 6,905	\$ 3,319	\$ 2,723	\$ 3,085	\$ 3,537	\$ 3,593	\$ 1,916	\$ 4,745

Copley Price is Lower
Copley Price is Higher

*Note: Hospitals A and C have not submitted Act53 data for FY22 or FY23. Hospital A's price information was acquired through the Centers for Medicare & Medicaid Services (CMS) annual requirement for a machine-readable price transparency file posted to their website. Hospital C's price transparency file has not been updated since 2021.

★ Indicates Copley's price for this service is the lowest compared to all Vermont Hospitals.

Additionally, we did the same exercise with the most current cost of care map and projected the estimated 2024 cost of care for each hospital based on the requested 2024 rate increases. From the map below Copley is still one of the lowest cost of care service areas.



ATTACHMENT A

Exhibit 9. Payer and Case Mix

	FY21	FY22	FY23	FY24
	Actual	Actual	YTD Actual (Oct to Mar)	Budget
Case Mix Index	1.228	1.280	1.199	1.234
Gross Patient Service Revenue	\$ 145,577,121	\$ 154,640,808	\$ 87,347,697	\$ 206,773,756
Traditional Medicare	\$ 52,288,111	\$ 49,534,544	\$ 29,578,564	\$ 70,019,829
Medicare Advantage	\$ 18,418,586	\$ 18,507,412	\$ 11,051,332	\$ 26,161,255
Medicaid	\$ 21,111,053	\$ 24,742,529	\$ 12,998,485	\$ 30,770,651
Commercial	\$ 50,187,172	\$ 58,763,507	\$ 32,119,417	\$ 76,034,660
All other	\$ 3,572,199	\$ 3,092,816	\$ 1,599,900	\$ 3,787,362
Net Patient Service Revenue and Fixed Prospective Payments	\$ 84,772,335	\$ 91,379,928	\$ 49,282,634	\$ 111,856,924
Traditional Medicare	\$ 24,964,800	\$ 31,456,570	\$ 18,170,773	\$ 41,085,837
Medicare Advantage	\$ 8,793,898	\$ 11,753,004	\$ 6,789,080	\$ 15,350,752
Medicaid	\$ 7,588,284	\$ 8,292,406	\$ 3,823,677	\$ 8,009,738
Commercial	\$ 44,695,911	\$ 44,206,718	\$ 23,192,229	\$ 54,123,339
Bad Debt	\$ (2,633,717)	\$ (4,412,309)	\$ (2,633,924)	\$ (6,244,567)
Free Care	\$ (862,902)	\$ (1,466,700)	\$ (735,385)	\$ (1,860,964)
Disproportionate Share Hospital	\$ 500,596	\$ 794,826	\$ 291,822	\$ 482,000
All other	\$ 1,725,465	\$ 755,412	\$ 384,362	\$ 910,790

ATTACHMENT 'B

Business Associate Agreement - HIPAA

This Agreement is effective on January 1st, 2009, by and between **Copley Hospital** ("COVERED ENTITY") and **E-Management Associates, LLC** ("BUSINESS ASSOCIATE") dated December 8, 2008. COVERED ENTITY and BUSINESS ASSOCIATE hereby agree to comply in all their business transactions with the Administrative Simplification requirements of the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), as set forth in Title 45, Parts 160 and 164 of the code of Federal Regulations (the "CFR"). In the event of conflicting terms or conditions in any other written or oral agreement entered by the parties, the terms of this Agreement shall govern.

NOW, THEREFORE, in consideration of the mutual representations, warranties, covenants and agreements hereinafter set forth, the Parties hereby agree as follows:

I. Services

1. The parties agree that BUSINESS ASSOCIATE is to provide Cash Acceleration Services under the terms and conditions of this Agreement and in accordance with all applicable requirements of HIPAA, federal, state or local laws, rules, and/or regulations. The BUSINESS ASSOCIATE will provide services in accordance with ethical practices during the entire period of this cash acceleration agreement.
 - a. Ethical Practices are defined as the contact with Guarantors and/or Patients for the purpose of resolving a patient receivable as set forth by the billing policy of COVERED ENTITY.
2. The Cash Acceleration Services performed by the BUSINESS ASSOCIATE will consist of self-pay billing services in accordance with a defined schedule. The COVERED ENTITY requires a defined schedule be followed for small balance accounts (balances less than or equal to \$5.00) and large balance accounts (balances that are greater than \$5.00) The scheduled service will cease on an account when the COVERED ENTITY notifies the BUSINESS ASSOCIATE the account is paid in full or stopped.
 - a. Upon receipt of the account file, the BUSINESS ASSOCIATE will send patient a Patient Statement for Hospital Services within two working days.
 - b. If the submitted balance exceeds \$5.00, on the 30th day, the BUSINESS ASSOCIATE will send a patient statement detailing the status of the account to the Guarantor furnished.
 - c. If the submitted balance is less than or equal to \$5.00, on the 45th day, the BUSINESS ASSOCIATE will send a patient statement detailing the status of the account to the Guarantor furnished.
 - d. If the submitted balance exceeds \$5.00, on the 45th day, the BUSINESS ASSOCIATE will include the account in evening telephone campaigns and attempt to contact the Guarantor at the telephone number provided by COVERED ENTITY to attempt to arrange payment for all accounts the Guarantor owes.
 - e. If the submitted balance exceeds \$5.00, on the 60th day, a second patient statement will be sent by the BUSINESS ASSOCIATE.
 - f. If the submitted balance exceeds \$5.00, on the 75th day, the BUSINESS ASSOCIATE will include the account in evening telephone campaigns and attempt to contact the Guarantor at the telephone number provided by COVERED ENTITY to attempt to arrange payment for all accounts the Guarantor owes.
 - g. On the 90th day, a final patient statement will be sent by the BUSINESS ASSOCIATE.
 - h. On the 120th day, the BUSINESS ASSOCIATE will advise COVERED ENTITY electronically of the unresolved status of the account.
 - i. Upon receipt of a contract account from COVERED ENTITY, BUSINESS ASSOCIATE will send monthly Time Payment Statements 15 days before the schedule payment is due, until account is paid in full or canceled by COVERED ENTITY.
 - j. On the 15th day after the Time Payment due date, if the amount promised for the Time Payment Arrangement has not been received, the BUSINESS ASSOCIATE will send a Past Due Time Payment Notice requesting two payments to bring the Account Current.

- k. On the 30th day after the Time Payment due date, if the amount promised for the Time Payment Arrangement has not been received, the BUSINESS ASSOCIATE will include the account in a telephone campaign and attempt to contact the Guarantor at the telephone number provided by COVERED ENTITY between the hours of 4:00pm and 8:30 pm to attempt to arrange payment.
 - l. On the 45th day after the Time Payment due date, if the amount promised for the Time Payment Arrangement has not been received, the BUSINESS ASSOCIATE will send a Past Due Time Payment Notice requesting three payments to bring the Account Current.
 - m. On the 60th day after the Time Payment due date, if the amount promised for the Time Payment Arrangement has not been received, the BUSINESS ASSOCIATE will advise COVERED ENTITY electronically of the unresolved status of the account.
- II. Certain Responsibilities and Obligations of COVERED ENTITY
- 1. COVERED ENTITY will transmit a daily file of accounts meeting the following selection criteria to the BUSINESS ASSOCIATE for Cash Acceleration service's:
 - a. Self-pay accounts that under the COVERED ENTITY billing policies are accounts are in good standing.
 - 2. COVERED ENTITY will transmit a daily file of payment and adjustment transactions on accounts previously submitted for cash acceleration service's that remain active.
 - 3. COVERED ENTITY understands and agrees that all efforts put forth by the BUSINESS ASSOCIATE, its agents and/or employees will be done in the name of COVERED ENTITY. This includes any forms of voice or mail contact.
 - 4. COVERED ENTITY agrees to reimburse the BUSINESS ASSOCIATE for service's rendered within fifteen (15) days of receipt of BUSINESS ASSOCIATE invoice. The pricing related to such invoices shall be determined according to Section V, compensation.
 - 5. COVERED ENTITY will provide a copy of the COVERED ENTITY Billing Policy 30 days prior to the implementation of this agreement.
 - 6. COVERED ENTITY will review and approve all letters and scripts used in Section I.2 prior to implementation of the agreement.
- III. Certain Responsibilities and Obligations of BUSINESS ASSOCIATE
- 1. The BUSINESS ASSOCIATE will provide a file containing all activities carried out on COVERED ENTITY accounts during the previous working day for the purpose of recording these activities within the COVERED ENTITY accounts receivable system.
 - 2. The BUSINESS ASSOCIATE will perform services in accordance with the Patient Billing Policy of COVERED ENTITY.
 - 3. The BUSINESS ASSOCIATE will cease activity on an account upon electronic notification from COVERED ENTITY.
 - 4. The BUSINESS ASSOCIATE will cease activity on an account upon receipt of a transaction paying the balance in full.
 - 5. The BUSINESS ASSOCIATE will make telephone calls between the hours of 4 PM to 8:30 PM on weekdays unless requested otherwise by the Guarantor.
 - 6. The BUSINESS ASSOCIATE will perform all service's using the name of COVERED ENTITY or a subsidiary.
 - 7. The BUSINESS ASSOCIATE will provide copies of the letters and scripts referred to in Section I.2 to COVERED ENTITY for review and approval prior to implementation.
 - 8. The BUSINESS ASSOCIATE agrees that any scripts or programs created by the BUSINESS ASSOCIATE for the COVERED ENTITY are being created exclusively for the COVERED ENTITY and become the property of the COVERED ENTITY.

IV. Term & Termination

1. Term
 - a. Commencement Date: January 1st, 2009
 - b. Expiration Date: January 1st, 2010
 - c. Term: 12 months
2. Termination. This contract may be terminated:
 - a. Immediately by either party, with cause, if one party fails to perform any of the service's or obligations under this agreement after notice of such failure has been given and a 30-day opportunity to cure has passed and such failure results in or is reasonably likely to result in material deterioration in the level of care or service being provided.
 - b. Without cause by the COVERED ENTITY upon at least (90) days prior written notice to the BUSINESS ASSOCIATE except that no such termination without cause shall take effect prior to the first year of the agreement.

V. Compensation

1. COVERED ENTITY will pay BUSINESS ASSOCIATE for Cash Acceleration Services under the following terms:
 - a. For all accounts transmitted with a balance greater than \$5.00, COVERED ENTITY will pay the BUSINESS ASSOCIATE \$.95 for each account.
 - b. For all active accounts with a transmitted balance greater than \$5.00 and a current balance due greater than the BUSINESS ASSOCIATES small balance write off in the Cash Acceleration System 30 days from the date of receipt, COVERED ENTITY will pay BUSINESS ASSOCIATE \$4.25 per account.
 - c. For accounts transmitted with balances equal to or less than \$5.00, COVERED ENTITY will pay BUSINESS ASSOCIATE \$2.95 per account.
 - d. Any increases in presorted postal prices will be added to the, per account price, based upon the number of letters scheduled to be mailed on an account. The price per account will change on the effective date of the USPS increase.
2. COVERED ENTITY will pay BUSINESS ASSOCIATE for Time Payment Services under the following terms:
 - a. For all accounts established as Contract Accounts by the COVERED ENTITY, COVERED ENTITY will pay the BUSINESS ASSOCIATE \$2.00 per account/per month for each Time Payment account managed more than 30 days
 - b. Any increases in presorted postal prices will be added to the, per account price, based upon the number of letters scheduled to be mailed on an account. The price per account will change on the effective date of the USPS increase.

VI. HIPAA

1. **Definitions.** Capitalized terms not otherwise defined in this Agreement shall have the meanings given to them in Title 45, Parts 160 and 164 of the CFR and are incorporated herein by reference.
2. **Use and Disclosure of Protected Health Information.** BUSINESS ASSOCIATE shall use and/or disclose Protected Health Information ("PHI") in accordance with the specifications set forth. For purposes of this Agreement, the term "Protected Health Information or PHI" shall refer to any information, whether oral recorded in any form or medium that: (i) the provision of health care to an individual; or the past, present or future payment of the provision of health care to an individual, and (ii) identifies the individual or with respect to whether there is a reasonable basis to believe the information can be used to identify the individual, and shall have the meaning given to such term under HIPAA.
3. **Prohibition on Unauthorized Use or Disclosure of PHI.** BUSINESS ASSOCIATE shall not use or disclose any PHI received from or on behalf of COVERED ENTITY, except as permitted or required by the Agreement or required by the Agreement or required by law.

4. **BUSINESS ASSOCIATE'S Operations.** BUSINESS ASSOCIATE may use PHI it creates or receives for or from COVERED ENTITY only to the extent necessary for BUSINESS ASSOCIATE'S proper management and administration or to carry out BUSINESS ASSOCIATE'S legal responsibilities. BUSINESS ASSOCIATE may disclose such PHI as necessary for BUSINESS ASSOCIATE'S proper management and administration or to carry out BUSINESS ASSOCIATE'S legal responsibilities only if:
 - a. The disclosure is required by law; or
 - b. BUSINESS ASSOCIATE obtains reasonable assurance, evidenced by written contract, from any person or organization to which BUSINESS ASSOCIATE shall disclose such PHI that such person or organization shall:
 - i. Hold such PHI in confidence and use or further disclose it only for the purpose for which BUSINESS ASSOCIATE disclosed it to the person or organization or as required by law; and
 - ii. Notify BUSINESS ASSOCIATE (who shall in turn promptly notify COVERED ENTITY) of any instance of which the person or organization becomes aware in which the confidentiality of such PHI was breached.
5. **PHI Safeguards.** Prior to the implementation date of this agreement BUSINESS ASSOCIATE shall develop, implement, maintain and use appropriate administrative technical and physical safeguards to prevent the improper use or disclosure of any PHI received from or on behalf of COVERED ENTITY. BUSINESS ASSOCIATE shall document and keep these security measures current.
6. **Electronic Health Information Security and Integrity.** Prior to the implementation date of this agreement BUSINESS ASSOCIATE shall develop, implement, maintain and use appropriate administrative technical and physical security measures in compliance with Section 1173(d) of the Social Security Act, Title 42, Section 1320d-2(d) or the United States Code and Title 45, Part 162 of the CFR to preserve the integrity and confidentiality of all electronically maintained or transmitted Health Information received from or on behalf of COVERED ENTITY pertaining to an Individual. BUSINESS ASSOCIATE shall document and keep these security measures current and available for inspection, upon request.
7. **Protection of Exchanged Information in Electronic Transactions.** If BUSINESS ASSOCIATE conducts any Standard Transaction for or on behalf of COVERED ENTITY, BUSINESS ASSOCIATE shall comply, and shall require any subcontractor or agent conducting such Standard Transaction to comply, with each applicable requirement of Title 45, Part 162 of the CFR. BUSINESS ASSOCIATE shall not enter into or permit its subcontractors or agents to enter into any Trading Partner Agreement in connection with the conduct of Standard Transactions for or on behalf of COVERED ENTITY that:
 - (a) changes the definition, Health Information condition or use of a Health Information element or segment in a Standard Transaction;
 - (b) adds any Health Information elements or segments to the maximum defined Health Information set;
 - (c) uses any code or Health Information elements that are either marked "not used" in the Standard's Transaction Implementation Specification or are not in the Standard's Implementation Specification(s); or
 - (d) changes the meaning or intent of the Standard's Transaction Implementation Specification(s).
8. **Subcontractors and Agents.** If BUSINESS ASSOCIATE is permitted to subcontract any of its responsibilities to another party pursuant to the terms of its agreements with the COVERED ENTITY, BUSINESS ASSOCIATE shall require each of its subcontractors or agents to whom BUSINESS ASSOCIATE may provide PHI or Health Information received from or on behalf of COVERED ENTITY to agree to written contractual provisions that impose at least the same obligations to protect such PHI as are imposed on BUSINESS ASSOCIATE by the Agreement.
9. **Access to PHI by Individuals.** BUSINESS ASSOCIATE agrees to provide access within normal business hours, and by appointment, at the request of the COVERED ENTITY, and in the time and manner designed by the COVERED ENTITY, to PHI in a Designated Record Set, to the COVERED ENTITY or, as directed by the COVERED ENTITY, to an individual in order to meet the requirements under CFR 164.524. For purposes of this Agreement, the term "Individual" shall have the same meaning as the term "individual" in 45 CFR 164.501 and shall include a person who qualifies as a personal representative in accordance with 45 CFR 164.502.
10. **Correction of Health Information.** At the direction of the COVERED ENTITY, BUSINESS ASSOCIATE shall promptly amend or correct PHI received from or on behalf of COVERED ENTITY.

- 11. Disclosure Accounting to Individual.** So that COVERED ENTITY may meet its HIPAA disclosure accounting obligations:
- a. Disclosure Tracking. Starting April 14, 2003, BUSINESS ASSOCIATE will record for each disclosure, not excepted from disclosure accounting under Section 11(b) below, that BUSINESS ASSOCIATE makes to COVERED ENTITY or a third party of PHI that BUSINESS ASSOCIATE creates or receives for or from COVERED ENTITY (i) the disclosure date, (ii) the name and (if known) address of the person or entity to whom BUSINESS ASSOCIATE made the disclosure, (iii) a brief description of the PHI disclosed and (iv) a brief statement of the purpose of the disclosure. For repetitive disclosures BUSINESS ASSOCIATE makes to the same person or entity (including the COVERED ENTITY) for a single purpose, BUSINESS ASSOCIATE may provide (i) the disclosure information for the first of these repetitive disclosures, (ii) the frequency, periodicity or number of these repetitive disclosures and (iii) the date of the last of these repetitive disclosures. BUSINESS ASSOCIATE will make this disclosure information available to the COVERED ENTITY promptly upon the COVERED ENTITY'S request.
 - b. Exceptions from Disclosure Tracking. BUSINESS ASSOCIATE need not record disclosure information or otherwise account for disclosures of PHI that this agreement or the COVERED ENTITY in writing permits or requires (i) for the purpose of COVERED ENTITY'S treatment activities, payment activities, or health care operations, (ii) to the individual who is the subject of the PHI disclosed or to that individual's personal representative, (iii) to the persons involved in that individual's health care or payment for health care, (iv) for notification for disaster relief purposes, (v) for national security or intelligence purposes or (vi) to law enforcement officials or correctional institutions regarding inmates.
 - c. Disclosure Tracking Time Periods. Business associate must have available for COVERED ENTITY the disclosure information required by this section for the 6 years preceding COVERED ENTITY'S request for the disclosure information (except BUSINESS ASSOCIATE need have no disclosure information for disclosures occurring before April 14, 2003).
- 12. Accounting to COVERED ENTITY and to Government Agencies.** BUSINESS ASSOCIATE shall make its internal practices, books and records relating to the use and disclosure of PHI received from or on behalf of COVERED ENTITY available to COVERED ENTITY and to HHS or its designee for the purpose of determining BUSINESS ASSOCIATE'S compliance with the provisions or Title 45, Parts 160 and 164 of the CFR. BUSINESS ASSOCIATE shall promptly notify COVERED ENTITY of communications with HHS regarding PHI provided by or created by COVERED ENTITY and shall provide covered Entity with copies of any information BUSINESS ASSOCIATE has made available to HHS under this provision.
- 13. Reporting.** BUSINESS ASSOCIATE shall report to COVERED ENTITY any use or disclosure of Individually Identified Health Information not authorized by the Agreement or in writing by COVERED ENTITY. BUSINESS ASSOCIATE shall make the report to COVERED ENTITY'S Privacy Officer no more than 24 hours after BUSINESS ASSOCIATE learns of such unauthorized use or disclosure. BUSINESS ASSOCIATE'S report shall at least: (a) identify the nature of the unauthorized use or disclosure; (b) identify the PHI used or disclosed; (c) identify who made the unauthorized use or received the unauthorized disclosure; (d) identify what BUSINESS ASSOCIATE has done or shall do to mitigate any deleterious effect of the unauthorized use or disclosure; (e) identify what corrective action business Associate has taken or shall take to prevent future similar unauthorized use or disclosure; and (f) provide such other information, including a written report as reasonably by COVERED ENTITY'S Privacy Official.
- 14. Right to Terminate for Breach.** Notwithstanding any other agreements between the parties, COVERED ENTITY shall have the right to terminate the Agreement if it determines, in its sole discretion, that BUSINESS ASSOCIATE has violated any provision of Title 45, Parts 160 and 164 of the CFR. COVERED ENTITY may exercise this right by providing written notice to BUSINESS ASSOCIATE of termination, with such notice stating the violation of the provisions of Title 45, Parts 160 and 164 of the CFR, that provides the basis for the termination. Any such termination shall be effective immediately or at such other date specified by COVERED ENTITY in such notice.

- 15. Return or Destruction of Health Information.** Upon termination, cancellation, expiration or other conclusion this Agreement, BUSINESS ASSOCIATE, if feasible, shall return to COVERED ENTITY or destroy all PHI and all Health Information, in whatever form or medium (including in any electronic media under BUSINESS ASSOCIATE'S custody or control), that BUSINESS ASSOCIATE received from or on behalf of COVERED ENTITY, including any copies of and any Health Information or compilations derived from and allowing identification of such PHI or such Health Information. BUSINESS ASSOCIATE shall complete such return or destruction as promptly as possible, but not later than thirty (30) days after the effective date of the termination, cancellation, expiration or other conclusion of this agreement. Within such thirty (30)-day period, BUSINESS ASSOCIATE shall certify on oath in writing to COVERED ENTITY that such return or destruction has been completed or, if return or destruction is not feasible written justification explaining why such PHI could not be returned or destroyed. Claims being processed for payment, resulting in fees earned by BUSINESS ASSOCIATE will be returned no later than ninety (90) days after the date of termination.
- 16. Continuing Obligations.** BUSINESS ASSOCIATE'S obligation to protect PHI and Health Information received from or on behalf of COVERED ENTITY shall be continuous and shall survive any termination, cancellation, expiration or other conclusion of the Agreement.
- 17. Automatic Amendment.** Upon the effective date of any amendment to the regulations promulgated by HHS with respect to PHI, the Agreement shall automatically amend such that the obligations imposed on BUSINESS ASSOCIATE as a BUSINESS ASSOCIATE remain in compliance with such regulations.
- 18. Indemnification.** BUSINESS ASSOCIATE will indemnify and hold harmless the COVERED ENTITY and any COVERED ENTITY affiliate, officer, director, employee or agent from and against any claim, cause of action, liability, damage, cost or expense, including attorney's fees and court or proceeding costs, arising out of or in connection with any non permitted use or disclosure of COVERED ENTITY'S PHI by BUSINESS ASSOCIATE or any subcontractor or agent under the BUSINESS ASSOCIATE'S control.
- 19. Response to Subpoenas.** In the event that BUSINESS ASSOCIATE receives a subpoena or similar notice or request from any judicial, administrative or other party arising out of or in connection with this Agreement, including, but not limited to, any unauthorized use or disclosure of PHI or any failure in BUSINESS ASSOCIATE'S security measures, BUSINESS ASSOCIATE shall promptly forward a copy of such subpoena, notice or request to COVERED ENTITY and afford COVERED ENTITY the opportunity to be a part of the decision making with regard to the subpoena, including, but not limited to, responding to the subpoena.


Signature Page

IN WITNESS WHEREOF, each of the undersigned has caused this Agreement to be duly executed in its name and on its behalf effective as of January 1st, 2009

COVERED ENTITY
Copley Hospital
528 Washington Hwy
Morrisville, VT 05661

BUSINESS ASSOCIATE
E-Management Associates, LLC
5 Northern Blvd, Unit 12
Amherst, NH 03031

By: Debralee Dorain

By: 

Print Name: Debralee A. Dorain, CPA

Print Name: Dana E. Walker

Title: Director, Revenue Cycle & Financial Analysis

Title: Vice President

Date: 1-9-09

Date: 12-8-08