

**INTERIM BILLING AGREEMENT**

This Interim Billing Agreement (the "**Agreement**") is made by and between MAUI HEALTH SYSTEM, A KAISER FOUNDATION HOSPITALS LLC, a Hawaii limited liability company ("**MHS**") and the HAWAII HEALTH SYSTEMS CORPORATION, a public body corporate and politic and instrumentality of the State of Hawaii ("**HHSC**"). MHS and HHSC are sometimes referred to individually as a "**Party**" or collectively as the "**Parties**."

**RECITALS**

**WHEREAS**, MHS and HHSC are parties to that certain Transfer Agreement, dated as of January 14, 2016, (the "**Transfer Agreement**"), to be effective as of the Transfer Completion Date (as defined in the Transfer Agreement), pursuant to which MHS will assume operation and control of certain hospitals and facilities located in Maui County (the "**Maui Facilities**") currently operated by HHSC through its Maui Regional Health System ("**MRHS**");

**WHEREAS**, the Parties intend for the transactions contemplated by the Transfer Agreement (the "**Transaction**") to constitute a change of ownership ("**CHOW**") for purposes of Government Programs under applicable laws and regulations, including 42 C.F.R. § 489.18(a)(4);

**WHEREAS**, accordingly and consistent with 42 C.F.R. § 489.18(c), and upon the terms and conditions that apply therein to assigned agreements, MHS will take automatic assignment of the Program Agreements of the Maui Facilities effective on the Transfer Completion Date;

**WHEREAS**, thus, pursuant to Section 2.2(e) of the Transfer Agreement, the Transferred Interests include all Government Program provider numbers, provider agreements, and CMS certification numbers used for the Maui Facilities to bill and collect from Government Programs prior to the Transfer Completion Date;

**WHEREAS**, in accordance with the terms of the Transfer Agreement, including, without limitation, Sections 6.4 and 8.14, the Parties are taking the steps necessary to ensure that Provider Numbers and Program Agreements for the Maui Facilities will be transferred to MHS;

**WHEREAS**, the Parties are entering this Agreement to address the possibility that the tie-in notices approving the CHOW for the Transaction ("**Tie-in Notices**") may not be issued by the applicable Government Entities until after the Transfer Completion Date, which Agreement is necessary to facilitate the continuing operation of the Maui Facilities after the Transfer Completion Date;

**WHEREAS**, this Agreement sets forth the specific terms and conditions upon which Transferors will authorize MHS to utilize its Provider Numbers, Program Agreements, and other identifications under such Government Programs until the Tie-In Notices are issued, the Provider Numbers are fully assigned to MHS, and CMS recognizes MHS as the holder of the Program Agreements;

**WHEREAS**, this Agreement is an integral part of the Transition Services Agreement entered contemporaneously herewith between MHS and HHSC ("**TSA**") and, unless otherwise expressly set forth herein, shall be governed by the terms and conditions of the TSA; and

**WHEREAS**, the execution and delivery of this Agreement at Closing may be in satisfaction of the condition to close set forth in Section 8.14 of the Transfer Agreement.

**NOW, THEREFORE**, for and in consideration of the foregoing recitals and premises (which by this reference are hereby made a part of this Agreement), the representations, covenants, and agreements contained herein and for other good and valuable consideration, the receipt, sufficiency and adequacy of which is hereby acknowledged and confessed, the Parties agree as follows:

## **ARTICLE I. INTERIM BILLING**

1.1 Definitions. Capitalized terms used but not otherwise defined in this Agreement shall have the meanings ascribed to them in the Transfer Agreement.

1.2 Hospital Cost Reports. Nothing contained herein shall be construed to modify any provisions of the Transfer Agreement relating to the Hospitals' Cost Reports, including, without limitation, Section 12.3 of the Transfer Agreement.

1.3 Straddle Period Services. Nothing contained herein shall be construed to modify any provisions of the Transfer Agreement relating to Straddle Period Services, including, without limitation, Section 12.6 of the Transfer Agreement. Provided, however, the Parties recognize that the entire payments received for Straddle Period Services initially shall be transferred to MHS bank accounts per this Agreement, which payments then shall be allocated between the Parties in accordance with Section 12.6 of the Transfer Agreement. HHSC and MRHS personnel shall not handle the billing or collection for Straddle Period Services, which shall be managed by MHS.

1.4 Billing Authorization. MHS and HHSC agree that until MHS receives Tie-in Notices approving the assignment of the Provider Numbers and Program Agreements and has, where applicable, executed provider agreements with any Government Programs, MHS shall be entitled to bill for and seek reimbursement from the Government Programs for all services MHS provides from and after the Transfer Completion Date under HHSC's Provider Numbers and



national provider identification numbers (“*NPIs*”) set forth on Schedule 1.4, as well as any other tax identification numbers or other identifications utilized in connection with billing Government Programs for services rendered by MHS in connection with the operation of the Maui Facilities (“*Provider Numbers and Identifiers*”). During the term of this Agreement, MHS also will be authorized to bill under the legal business name and “doing business name” utilized by HHSC for the Maui Facilities prior to the Transfer Completion Date. If requested to do so by any Governmental Entity, MHS shall be authorized to furnish a copy of this Agreement to the requesting Governmental Entity.

1.5 Billing and Collection. MHS shall be solely responsible for all billings and collections utilizing the Provider Numbers and Program Agreements for services provided by MHS in connection with the operation of the Maui Facilities on or after the Transfer Completion Date. MHS shall utilize billing and collection policies that comply with applicable Legal Requirements. In accordance with Section 2.3(c) of the Transfer Agreement, HHSC shall be solely responsible for all billings and collections associated with the Accounts Receivable. Likewise, in accordance with Section 2.3(l) of the Transfer Agreement, HHSC shall be solely responsible for pursuit of receipts relating to Agency Settlements or HHSC appeals pertaining to Government Programs related to Transferors’ rendering of services prior to the Transfer Completion Date.

1.6 Payments.

(a) Subject to Section 1.3 above, MHS shall be entitled to all payments received for claims submitted by MHS to Government Programs under the Provider Numbers and Program Agreements on or after the Transfer Completion Date.

(b) Without limiting the foregoing, MHS shall be entitled to receive and deposit into its own bank lockbox accounts any co-payments or co-insurance amounts received from patients or Government Programs for services rendered by MHS to patients of the Maui Facilities on or after the Transfer Completion Date. Cash or other direct payments collected at the time of service will be deposited in bank accounts maintained by MHS. In connection with this Agreement, HHSC appoints MHS as its attorney-in-fact for the limited purposes of: (i) receiving payments in the name of HHSC or MRHS made in connection with MHS’ operation of the Maui Facilities on or after the Transfer Completion Date, (ii) taking possession of and endorsing in the name of HHSC or MRHS any notes, checks, money orders, insurance payments and other instruments received in payment of accounts receivable generated in connection with MHS’ operation of the Maui Facilities on or after the Transfer Completion Date, and (iii) depositing all funds collected as described herein into a MHS bank account. HHSC shall not have signatory authority for any MHS bank accounts.

(c) The Parties recognize that, under Section 15.7.7.1.5 of the CMS Medicare Program Integrity Manual, all electronic funds transfer (“*EFT*”) payments under the Provider Numbers and Program Agreements will continue to be made to HHSC, to the HHSC EFT bank



accounts or special payment addresses specified (the “***Maui Bank Accounts***”), which Maui Bank Accounts are set forth on **Schedule 1.6(c)**, until the Tie-in Notices are issued, regardless of whether the date of service is before or after the Transfer Completion Date. During the term of this Agreement, HHSC shall continue to maintain the Maui Bank Accounts free and clear of any Encumbrances. HHSC shall not withdraw from the Maui Bank Accounts any amounts that belong to MHS under the terms of the Transfer Agreement or this Agreement.

(d) To facilitate MHS’ prompt receipt and the reconciliation of EFT payments due to MHS under the Transfer Agreement, during the term of this Agreement, HHSC and MHS shall: (i) use a mutually agreeable system to designate claims submitted by MHS and payments received for claims submitted by MHS to Government Programs under the Provider Numbers and Program Agreements on or after the Transfer Completion Date, and (ii) reconcile remittances to deposits to match payments within two (2) business days of receipt (“***Claim Reconciliation***”), which includes documenting in a manner acceptable to both parties the agreed payment amounts (“***Agreed Payments***”). To facilitate the Claim Reconciliation process, HHSC will notify MHS within twenty-four (24) hours of any discrepancy between a remittance and a payment. HHSC shall provide MHS with timely and sufficient access to HHSC’s records, including records of the Maui Bank Accounts, to enable the parties to comply with their obligations under this Section 1.6.

(e) HHSC shall transfer Agreed Payments into such MHS bank accounts as may be designated by MHS in writing within twenty-four (24) hours of any completed Claim Reconciliation.

(f) If either party receives any payments that, under the terms of the Transfer Agreement, belong to the other party, such payments shall be remitted to the other party in accordance with Section 12.5 of the Transfer Agreement.

1.7 **Periodic Reconciliations.** During the term of this Agreement, HHSC shall provide MHS monthly accountings of (a) transfers/withdrawals from the Maui Bank Accounts tied to MHS’ accounts receivable under the Program Agreements, and (b) withdrawals from the Maui Bank Accounts corresponding to HHSC’s Accounts Receivable. The parties will meet and confer in good faith no less frequently than on a monthly basis to resolve any disagreements regarding the amounts belonging to each party under this Agreement or the Transfer Agreement.

1.8 **Refunds.** MHS shall have sole authority to determine appropriate refund amounts for overpayment of services rendered by the Maui Facilities on or after the Transfer Completion Date, and to refund such overpayments to Government Programs and patients.

1.9 **Allocation of Liability.** The Parties recognize that MHS is bound by the conditions of assignment of the Provider Numbers and Program Agreements, including being subject to all applicable statutes and regulations and the terms and conditions under which such Provider Numbers and Program Agreements were initially issued, effective as of the Transfer



Completion Date and regardless of the timing of the issuance of the Tie-in Notices. In accordance with Act 103 and Sections 2.4(a), and 2.5(a) and (m) of the Transfer Agreement, as between the Parties: (1) MHS shall retain ultimate responsibility for all of the claims or liabilities and obligations of any kind or nature arising from MHS' operation of the Maui Facilities and use of the Provider Numbers and Program Agreements on or after the Transfer Completion Date and attributable to the period on or after the Transfer Completions Date; and (2) HHSC shall retain ultimate responsibility for all claims or liabilities or obligations of any kind arising from the operation of the Maui Facilities and use of the Provider Numbers and Program Agreements prior to the Transfer Completion Date. Accordingly, in the event MHS is obligated to reimburse or pay a Government Program for any accrued overpayments, settlements, fines, penalties or other liabilities associated with the Provider Numbers and arising from the operation of the Maui Facilities or use of the Provider Numbers or Program Agreements prior to the Transfer Completion Date, or overpayments associated with such pre-closing operations of the Maui Facilities are recouped by any Governmental Entity from payments relating to services provided by MHS to Government Program beneficiaries on or after the Transfer Completion Date, HHSC will promptly reimburse MHS for such costs incurred on behalf of HHSC. The provisions of this Section 1.9 shall survive the termination or expiration of this Agreement.

1.10 Indemnification. MHS shall indemnify and hold harmless HHSC for claims, damages, losses and reasonable attorneys' fees and expenses incurred by HHSC in connection with any claims made against HHSC by the Government Programs solely to the extent that such claims are based on MHS' use of the Provider Numbers and Identifiers under the terms and conditions of (and prior to the expiration of) this Agreement. The provisions of this Section 1.10 shall survive the termination or expiration of this Agreement.

1.11 Communications with Government Programs. During the Term of this Agreement, the Parties will promptly disclose to each other any material correspondence relating to (a) the Hospitals' Cost Reports, (b) the Maui Facilities' compliance with the terms, conditions, and provisions of the Program Agreements, and (c) whether any operations of the Maui Facilities are not in compliance with all Legal Requirements applicable to continued participation in Government Programs. Without limiting the foregoing, HHSC will promptly notify MHS of any notices received concerning the Maui Facilities regarding (i) audits, requests for patient medical records related to or as an indicator of a potential audit, or other contacts or inquiries from representatives of any Governmental Entity relating to billing practices, including Medicare, Medicaid, or OCR, or (ii) any proposed settlements, compromises, or other agreements under the Program Agreements.

1.12 Continued Participation in Government Programs. During the term of this Agreement, the Parties shall cooperate in taking such actions as may be required for the Maui Facilities to comply in all material respects with the conditions of participation in the Government Programs and with the terms, conditions, and provisions of the Program Agreements. During the term of this Agreement, HHSC shall not take any action or inaction that



would cause the Program Agreements to be suspended, terminated, restricted, withdrawn, subjected to an administrative hold or to otherwise not remain in full force and effect during the term of this Agreement; which, for purposes of clarification, shall not include any actions taken by HHSC under Section 6.9 of the Transfer Agreement.

1.13 Ownership of Records. In accordance with Section III.A.4, all records created or maintained by MHS or the Maui Facilities regarding the billing, coding, and reimbursement for services performed at the Maui Facilities on or after the Transfer Completion Date shall be deemed to belong to, and be owned by MHS, regardless of the name or Provider Number or Identifier used to submit any claims. The provisions of this Section 1.13 shall survive the termination or expiration of this Agreement.

## **ARTICLE II. MISCELLANEOUS PROVISIONS**

2.1 Termination. Unless sooner terminated in accordance with Section I.C.4 of the TSA, this Agreement shall expire upon the effective date of the issuance of all Tie-in Notices required for MHS to assume the Provider Numbers and Program Agreements.

2.2 Interim Billing Liaisons. Notwithstanding the provisions of Section I.C.2 of the TSA, HHSC hereby appoints and designates Gina Wyffels to act as its initial liaison for purposes of this Agreement (in lieu of the Services Coordinator, as defined in the TSA), who will be directly responsible for coordinating and managing HHSC's obligations under this Agreement and have authority to act on HHSC's behalf with respect to matters relating to this Agreement. Notwithstanding the provisions of Section I.C.2 of the TSA, MHS hereby appoints and designates Gina Wyffels, to act as its initial liaison (in lieu of the Transition Coordinators, as defined in the TSA), who will be directly responsible for coordinating and managing the MHS's obligations under this Agreement and have authority to act on the MHS's behalf with respect to matters relating to this Agreement.

2.3 Further Assurances. From time to time after the date of this Agreement, each of the Parties hereto shall execute such instruments and documents of conveyance and transfer and will take such other actions as may be reasonably requested by the other to carry out, evidence and confirm the terms and intended purposes of this Agreement.

2.4 Incorporation of Certain Provisions of the Transfer Agreement. Pursuant to Section III.E of the TSA, except as set forth in Section 2.5 below, certain delineated provisions of the Transfer Agreement are hereby incorporated by reference into, and will apply to, this Agreement.

2.5 Amendments. Notwithstanding the provisions of Section III.E of the TSA, this Agreement may be amended only by the written agreement of the Parties to this Agreement.

2.6 Headings. The captions set forth in this Agreement are for convenience only and shall not be considered as part of this Agreement or as in any way limiting or amplifying the terms and provisions hereof.

2.7 Entire Agreement. This Agreement, the Transfer Agreement, the TSA, and the schedules hereto embody the complete Agreement and understanding between the Parties with respect to the subject matter hereof and supersede and preempt any prior understandings, agreements, or representations by or between the Parties, written or oral, which may have related to the subject matter hereof in any way.

2.8 Counterparts. This Agreement may be executed in counterparts, all of which together shall constitute one and the same agreement and shall become effective when one counterpart has been signed by each Party and delivered to the other Party hereto. This Agreement may be executed and delivered by facsimile or portable document format (.pdf) transmission. Signatures of the Parties transmitted by facsimile and .pdf are deemed to be their original signatures for any purpose whatsoever.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK;  
SIGNATURES CONTAINED ON NEXT PAGE]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the date first written above.

**HHSC:**

HAWAII HEALTH SYSTEMS CORPORATION



Name: Linda Rosen, M.D., M.P.H.

Title: Chief Executive Officer

**MHS:**

MAUI HEALTH SYSTEM, A KAISER  
FOUNDATION HOSPITALS LLC

Name: Mary Ann Barnes

Title: Chairperson of the Board



IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the date first written above.

**HHSC:**

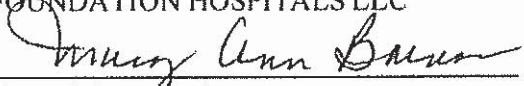
HAWAII HEALTH SYSTEMS CORPORATION

---

Name: Linda Rosen, M.D., M.P.H.  
Title: Chief Executive Officer

**MHS:**

MAUI HEALTH SYSTEM, A KAISER  
FOUNDATION HOSPITALS LLC



---

Name: Mary Ann Barnes  
Title: Chairperson of the Board

Schedule 1.4  
Provider Numbers and Identifiers

<b>Maui Memorial Medical Center ("MMMC")</b>	<b>Medicare Provider Number</b>	<b>Medicaid Provider Number</b>	<b>NPI</b>
Acute Hospital	120002	005796	1629167754
Outpatient Clinic <sup>1</sup>	BT583A	005796	1629167754

<b>Kula Hospital ("Kula")</b>			
CAH	121308	578271	1003905092
Swing-Bed	12Z308	592297	1639257793
LTC	125003	592289	1295813350
ICF-IID <sup>2</sup>	125003	592289	1295813350
Outpatient Clinic <sup>3</sup>	HKULAHOSP		1437227287

<b>Lanai Community Hospital</b>			
CAH	121305	25187701	1962583328
LTC	125023	25187701	1356423974

<b>Miscellaneous</b>		
<b>NPI</b>	<b>Description</b>	<b>Comments</b>
1619200532	MMMC Outpatient Clinic – Cardiovascular	Used for cardiology Medicaid professional fee claims.
1528391448	MMMC Outpatient Clinic – Behavioral Health	Used for behavioral health Medicaid professional fee claims.
1982972493	MMMC	Not Used
1609275262	MMMC	Not Used
1215143672	Kula	Not Used
1528132354	Kula	Not Used
1861823031	Kula	Not Used
1659501096	Lanai	Not Used

Notes:

<sup>1</sup> MMMC's Outpatient Clinic currently bills under MMMC Acute Hospital's Medicare and Medicaid provider numbers.

<sup>2</sup> Kula ICF-IID is reimbursed under Medicaid for inpatient (room and board) costs. If an ICF-IID resident has Medicare, Kula ICF-IID fills for ancillary services under the Kula LTC Medicare number.

<sup>3</sup> Kula Clinic does not have a Medicaid provider number. The independent physicians have their own separate Medicaid provider numbers.



Schedule 1.6(c)  
Maui Bank Accounts

The following three bank accounts are the only accounts utilized for EFT payments to the Maui Facilities:

- (1) Maui Memorial Medical Center Checking Account No. 20-078227 with First Hawaiian Bank.
- (2) Kula Hospital Checking Account No. 20-078294 with First Hawaiian Bank.
- (3) Lanai Community Hospital Checking Account No. 20-078308 with First Hawaiian Bank.