

STATE OF LOUISIANA

COOPERATIVE ENDEAVOR AGREEMENT
by and between
DEPARTMENT OF HEALTH AND HOSPITALS
and
MBH of LOUISIANA, LLC

January 2, 2013 through January 1, 2016

COOPERATIVE ENDEAVOR AGREEMENT
by and between
Department of Health and Hospitals, Office of Behavioral Health of the State of Louisiana
and MBH of Louisiana, LLC

THIS COOPERATIVE ENDEAVOR AGREEMENT (“Agreement”) is entered into by and between The State of Louisiana, through its Department of Health and Hospitals, Office of Behavioral Health (“State”) and MBH of Louisiana, LLC (“MBH”), a Delaware limited liability company.

ARTICLE I

WITNESSETH:

1.1 WHEREAS, Article VII, Section 14(c) of the Constitution of the State of Louisiana provides that “for a public purpose, the state and its political subdivisions...may engage in cooperative endeavors with each other, with the United States or its agencies, or with any public or private association, corporation, or individual;” and

1.2 WHEREAS, the State has experienced economic downturn, decreased revenues and severe budget shortfalls during Fiscal Years 2010/2011, 2011/2012, and 2012/2013 and the Division of Administration has directed the Department of Health and Hospitals (“DHH”) to address its projected budget deficit; and

1.3 WHEREAS, the State owns certain property in the Parish of St. Tammany known as Southeast Louisiana Hospital (SELH), 23515 Hwy 190, Mandeville, Louisiana and more fully described in Schedule 1.3, attached hereto and made a part hereof (the “Property”), on which it operates a hospital and certain institutional services (the “State Services”) for the care of persons diagnosed with mental and behavioral disorders (the “Patients”); and

1.4 WHEREAS, behavioral health services that provide a safety net for the treatment of behavioral health disorders requiring hospital care, with equal access by all individuals throughout the state, can be provided more cost-effectively through a private entity licensed to operate and manage behavioral health services on the Property; and

1.5 WHEREAS, the State, in lieu of discontinuing the State Services, desires to enter into certain agreements with the Parish of St. Tammany (“Parish”) and MBH, pursuant to which services will continue to be provided to Patients on the Property; and

1.5 WHEREAS, in furtherance of this public purpose of providing safety net services, the Parish and the State desire to enter into a cooperative endeavor agreement (the “State-Parish CEA”) pursuant to which the Parish is granted the right to use the Property for a public purposes, including but not limited to arranging for the provision of needed services to the Patients; and

1.6 WHEREAS, State desires to contract with MBH to provide certain safety net services as

hereinafter described to Patients, MBH desires to provide said services, and the parties desire to enter into this Agreement for that public purpose; and

1.7 WHEREAS, in order to provide those services contemplated to be provided by MBH hereunder, MBH and Parish desire to enter into a cooperative endeavor agreement (the "Parish-MBH CEA"), pursuant to which the Parish grants to MBH the right to use that portion of the Property described in Schedule 1.7 (the "MBH Premises") according to the terms stated therein.

NOW THEREFORE, in consideration of the mutual covenants herein contained, the parties hereto agree as follows:

ARTICLE II – GENERAL

2.1 Agreement to Provide Current Services.

(a) MBH will, pursuant to the State-Parish CEA attached hereto as Exhibit 2.1(a)-I, take possession of and continue to operate those services currently provided by State on the Property ("Current MBH Services") and listed on Schedule 2.1(a)-II. To the extent not listed on Schedule 2.1, MBH shall have no obligation to continue to provide those State Services currently provided by State on the Property, including but not limited to outpatient services. In connection with the Current MBH Services, the parties agree that, during the term of the Agreement:

(i) MBH will accept placements at the request of the State, including adolescents who are court ordered for hospitalization. Any court referrals for services above and beyond the capacities listed in Schedule 2.1(a)-II, will be handled on an individually negotiated, case by case basis.

(ii) MBH operation of the Current MBH Services will be consistent with all applicable licensing and certification standards, including but not limited to the following:

(A) maintaining for the term of the Agreement an Emergency Preparedness and Evacuation Plan that conforms to applicable guidelines.

(B) maintaining policies and procedures that adhere to Federal and State statutory requirements and to applicable regulatory and licensure standards for reporting and investigating allegations of abuse, neglect, and exploitation, and incident management and where applicable, taking appropriate preventative and corrective action

(C) ensuring that patients have access to 10 days of medication upon discharge, provided that MBH is reimbursed for the cost of said medication.

- (D) maintaining a training program with qualified trainers for training direct support staff.
- (E) planning and monitoring programs that are consistent with all applicable licensing and accreditation standards.
- (iii) MBH shall adhere to all applicable federal and state regulations for psychiatric units, including maintaining The Joint Commission accreditation and shall consistently meet all health standards requirements to assure services, quality, safety, and stability for the term of the Agreement.
- (iv) MBH shall collect all client level and financial reporting data required by State and Federal regulations, including provision of client level data reporting as reasonably determined by OBH necessary to comply with State and federal reporting requirements.
- (v) MBH shall use commercially reasonable efforts to establish a relationship with one or more local medical schools that will incorporate teaching/training of psychiatry/psychology residents/interns within the MBH Current Services. The Medical School and the Contracting Party are encouraged to provide learning opportunities for other allied health professionals.
- (vi) State will provide oversight of the quality and outcomes for the term of the Agreement. State will assign an employee to act as liaison with MBH and act as the Contract Monitor, as hereinafter provided. MBH will provide work space and open access to programs and facilities.
- (vii) MBH will enroll with the Statewide Management Organization (SMO) (Magellan).
 - (A) Admission and discharges associated with this Agreement will be managed as applicable by Louisiana Behavioral Health Partnership requirements through Magellan Health Systems as the SMO in coordination with the Contract Monitor, provided, however, that inpatients of the Current MBH Services on the Closing Date (“Transition Patients”) shall be conclusively presumed to have been authorized for seven (7) days thereafter. Further, State shall reimburse MBH separately for a minimum of seven (7) day supply of discharge medications for each Transition Patient.
 - (B) Discharge plans must be coordinated with Magellan, the SMO, and local State regional offices or other specified community providers. Documentation of evidence that this has occurred must be apparent in the patient’s treatment record.

(C) For those patients not covered by Third Parties, final determination of medical necessity for continuing treatment will rest with the MBH designated medical director.

(viii) MBH will provide equal access to all potential patients referred as provided herein for the term of the CEA.

(ix) MBH will allow State competency restoration providers access to children who have been ordered by the court to have competency restoration services when necessary.

(x) MBH will give persons employed by State in providing State Services on the Effective Date the first consideration for employment at MBH.

(xi) State will, subject to the terms of the State-Parish CEA, maintain capital outlay designated for the Property and follow up on items and keep active capital outlay items that have previously been submitted.

(b) In consideration for providing the Current MBH Services within the capacity listed in Schedule 2.1(a)-II, State will pay to MBH, for all Current MBH Services provided by MBH which are not covered by Medicare, Medicaid or other payer (collectively, a "Third Party"), an interim payment of \$581.11 per day ("Interim Payments"). This amount is payable upon initial determination by MBH of non-coverage, regardless of the reason any or all of the services are not covered, including but not limited to failure or refusal of a Third Party to authorize or approve any or all of the services rendered.

(i) MBH shall make all commercially reasonable efforts to obtain such payment from Third Parties.

(ii) MBH shall certify in its invoice to State that the patient is uninsured (i.e., has no Third Party coverage or MBH has received a denial of coverage) or, if such coverage exists, that payment has been denied, in whole or in part, and shall note the amount of any partial payment received.

(iii) In the event that MBH is successful in obtaining Third Party payment for a claim on which State has previously paid hereunder, MBH shall, within thirty (30) days of receipt of said payment, refund the amount paid by State on that claim.

(iv) All parties recognize that the interim payment is applicable only to the fifty-eight (58) safety net beds.

(c) MBH shall comply with all Medicaid prior authorization requirements for Medicaid eligible patients. MBH must follow established reimbursement rules set by

Medicaid and will be paid at the current SMO-Magellan per diem for Medicaid patients. MBH will assist State as reasonably required to insure that Interim Payments for uninsured patients are funded, for the purpose of federal matching Medicaid funds, through the Disproportionate Share Hospital Payments according to LAC 50:V.Chapter 29 or upper payment limit methodology; however, MBH must seek direct payment from Medicaid based on their per diem. Any UPL or DSH payments are subject to federal reimbursement limits, provided however that should the Interim Payments exceed federal reimbursement limits, MBH shall not be required to refund the difference. MBH shall submit costs and patient specific data in a format specified by DHH. Interim Payments shall be made on a monthly basis. Uninsured patients shall not include patients pending Medicaid eligibility or covered by private insurance. Further, in cases of partial coverage or partial payment mentioned above, DHH is only responsible for Interim Payments under (b), above, in the amount of the difference between \$581.11 and the amount received by MBH for the service(s) in question.

2.2 Agreement to Provide Additional Services. In addition to the Current MBH Services, MBH will make commercially reasonable efforts to establish those new services on the MBH Premises described in Schedule 2.2 (the "New MBH Services"). In recognition of the desirability of the New MBH Services to the Patients and the community surrounding the Property, and MBH's need to establish such services to support its provision of the Current MBH Services, State will make every effort, consistent with applicable law and regulation, to assist MBH with obtaining all licenses and permits necessary to establish the said New MBH Services.

2.3 Agreement to Transfer Rights.

(a) Subject to the terms and conditions set forth herein, State hereby, relinquishes to MBH State's right, title and interest in and to the following (the "Rights"):

(i) To the extent allowable the State's authorizations, permits, licenses, accreditations and all operating rights derived therefrom, and provider numbers related to the Current MBH Services and listed on Schedule 2.3 ("Licenses");

(ii) All current patient lists, patient medical or operating records for current patients (subject to applicable law), and medical staff roster and files relating to the Current MBH Services;

(b) Notwithstanding the foregoing, the transfer of the Rights pursuant to this Agreement shall not include the assumption of any Liability related to the Rights.

(c) MBH shall be solely responsible for all costs associated with the transfer of the Rights.

d) MBH must provide to OBH prior to implementation, documentation of compliance with all local, state and federal regulatory requirements for operating the Units. MBH will be responsible for: paying fees and securing a license from DHH

Health Standards; obtaining all appropriate pre-requisite inspections and approvals (e.g. the Office of the State Fire Marshall) and arranging for DHH Health Standards surveys; documenting proof of compliance with all required Life Safety and Sanitation Codes prior to occupancy; obtaining certification for Medicaid funding; enrolling with the Medicaid Fiscal Intermediary to obtain a provider number for payment; and enrolling with the SMO (Magellan Health Services of Louisiana) for authorization and payment. MBH must provide evidence of ability to begin services on the designated date in order to ensure uninterrupted care for patients. To the extent practicable, MBH may assume the licenses and provider agreement(s) previously utilized by the State in providing services and relinquished to MBH.

2.4 Retained Assets. The parties expressly agree that all assets and rights not expressed transferred to MBH in this Agreement remain the property of the State, including specifically but not limited to:

- (a) State's bank account and records thereof;
- (b) all rights and assets of any employee benefit plan maintained by, or covering employees of, State;
- (c) all inventory and tangible personal property used or held for use in the operation of the State Services, including all furniture, machinery, office furnishings, equipment, supplies, fixtures, consumables and leasehold improvements existing at the Closing Date, and any rights relating thereto;
- (d) all leases, lease purchase arrangements and license agreements pursuant to which the State leases or licenses any real or personal property used in the State Services, including any and all security and other deposits, advance rents and any other payments made thereunder prior to the Closing Date for the benefit or to the account of the State;
- (e) all contracts and agreements relating to the State Services except as specifically transferred in this Agreement;
- (f) all telephone numbers relating to the State Services and the goodwill of the State in or arising from the operation of the State Services;
- (g) all prepaid items specifically related to the State Services including, without limitation, all equipment, utility and other deposits (including those held by third parties) existing at the Closing Date;
- (h) all accounts receivable and rebates of the State arising in connection with the operation of the State Services, including those accruing prior to the Closing Date;
- (i) those EFT bank accounts of the State, wherever located, relating to the State Services; and
- (j) all cash, cash equivalents and cash accounts of the State relating to the State Services.

2.5 Retained Liabilities. The State retains all Liabilities directly or indirectly arising out of or related to the operation of the Property or the State Services prior to the Closing Date, whether such Liabilities are known or unknown, disclosed or undisclosed, matured or unmatured, accrued, absolute or contingent on and as of the Closing Date (collectively, the "Retained Liabilities"). Without limiting the generality of the preceding sentence, MBH shall not assume or become liable for any obligations or Liabilities of the State not specifically described in Section 1.6, including, without limitation, the following:

- (a) Any Liability of the State with respect to any claim or cause of action, regardless of when made or asserted, which arises (i) out of or in connection with the business and

operations of the State (including, without limitation, the State Services) prior to the Closing Date, (ii) with respect to any goods or services provided by the State prior to the Closing Date, or (iii) out of or in connection with the business and operations of the State (including, without limitation, the State Services) prior to the Closing Date under any Law; and

(b) Any Liability for any overbillings made by the State or overpayments received by the State under any Medicare, Medicaid or any other government or private payor arrangement in respect of goods or services provided prior to the Closing Date.

(c) Any Liability arising from the presence or absence of any dangerous or hazardous material or substance, contaminant or pollutant, unless created by MBH.

2.6 Assumed Liabilities. MBH shall assume on and effective as of the Closing Date only the performance of obligations arising after the Closing Date under each of the State's authorizations, permits, licenses, accreditations and provider numbers necessary to operate the MBH Current Services, to the extent transferable to MBH and subject to applicable regulatory approvals. Other than the foregoing, no liability of the State is assumed or shall become the responsibility of MBH.

2.7 Prorations.

(a) Post closing state all utilities should be the responsibility of MBH or St. Tammany Parish as per different CEAs.

(b) The accounts receivable for patients undergoing care on the Closing Date shall be allocated between Seller and Purchaser based on the dates of service prior to and following the Closing Date. Each party agrees to promptly account to the other for all reimbursement for services provided by the other, and to forward same to the other within fifteen (15) days of receipt thereof.

2.8 Parish-MBH CEA. MBH will use its best efforts to enter into a cooperative endeavor agreement (the "Parish-MBH Agreement"), pursuant to which MBH agrees to continue to provide the "Current MBH Services") and to establish the New MBH Services on the MBH Premises, to patients, in exchange for which the Parish will allow MBH to use the MBH Premises, all as provided therein. Failure by MBH to enter into the Parish-MBH CEA, for any reason or no reason, shall not be a default under this Agreement, but shall be a cause for termination by either party of this Agreement prior to Closing.

ARTICLE III – REPRESENTATIONS AND WARRANTIES OF SELLER

The State represents and warrants the following to MBH:

3.1 Authority and Validity. The State has the full power and authority necessary to execute, deliver and perform its obligations under this Agreement. The execution, delivery and performance of this Agreement have been duly authorized by all necessary action of the State, have been or will be, as the case may be, duly executed and delivered by duly authorized officers of the State and constitute or will constitute the legal, valid and binding obligations of the State, enforceable in accordance with their respective terms.

3.2 Absence of Conflicting Agreements or Required Consents. The execution, delivery and performance by the State of this Agreement: (i) will not require the consent of or notice to any Regulatory Authority or any other third party, except as to the Licenses; (ii) will not conflict with or result in a violation of any Law, ruling, judgment, order or injunction of any court or Regulatory Authority to which the State is subject or by which the State or any of its rights, assets or properties are bound; (iii) will not conflict with, constitute grounds for termination of, result in a breach of, constitute a default under, require any notice under, or accelerate or permit the acceleration of any performance required by the terms of any contract, agreement, instrument, license or permit to which the State is a party or by which the State or any of its rights, assets or properties are bound; and (iv) will not create any Lien upon any of the Rights.

3.3 No Violation of Law.

(a) With respect to the operation of the State Services, the State has not been and is not currently in violation of any applicable Law, order, injunction or decree, or any other requirement of any Regulatory Authority or court binding on it, or relating to the State Services to the best of its knowledge.

(b) With respect to the operation of the State Services, the State is not currently subject to any fine, penalty, Liability or disability as the result of a failure to comply with any requirement of a Law, order, injunction or decree, or any other requirement of any Regulatory Authority or court, and the State has not received any notice of such noncompliance to the best of its knowledge.

3.4 Licenses, Authorizations and Provider Programs.

(a) The State, with respect to the Current MBH Services, is: (i) the holder of all valid licenses and other rights, permits and authorizations required by Law or any Regulatory Authority necessary to operate the Current MBH Services; and (ii) certified for participation and reimbursement under the Medicare and Medicaid Programs and such other similar federal, state or local reimbursement or governmental programs for which the State is eligible to receive payments on account of the Current MBH Services ("Government Programs").

(b) The State, with respect to the Current MBH Services, has not received any notice of any violation, deficiency, or any action pending or recommended by any Regulatory Authority having jurisdiction over the Licenses, either to revoke, limit, withdraw or suspend any license, right or authorization, or to terminate the participation of the State in

any Government Program. No event has occurred which, with the giving of notice, the passage of time, or both, would constitute grounds for a violation, order or deficiency with respect to any of the Licenses, or to revoke, limit, withdraw or suspend any such item, or to terminate or modify the participation of the State in any Government Program.

(c) The State, with respect to the Current MBH Services, has timely filed all cost reports and other reports required to be filed by it prior to the date hereof with respect to the Government Programs, all fiscal intermediaries. All such reports are complete and accurate and have been prepared in compliance with all applicable Laws, regulations and principles governing reimbursement and payment claims. There is no basis for any claim or request for recoupment or reimbursement by any Regulatory Authority or other provider reimbursement entity relating to the Medicare and Medicaid programs in connection with the Current MBH Services. There are no other reports required to be filed by the State in order to be paid under any Government for services rendered by the Current MBH Services, except for cost reports not yet due.

3.5 Medical Staff. The State has provided MBH with true, correct, and complete copies of the bylaws and rules and regulations of the medical staff of the Hospital. With regard to the medical staff of the Hospital, there are no pending or, to the best of the State's Knowledge, threatened disputes or peer review actions with applicants, staff members or health professional affiliates and all appeal periods in respect of any medical staff member or applicant against whom an adverse action has been taken or threatened have expired. The State has provided MBH with written disclosure containing a brief general description of all adverse actions taken and National Practitioner Data Bank reports filed in the twelve (12) months prior to the date hereof against medical staff members or applicants, along with a list of the members of the Hospital's medical staff.

ARTICLE IV - REPRESENTATIONS AND WARRANTIES OF MBH

MBH hereby represents and warrants to the State as follows:

4.1 Organization, Authority and Capacity. MBH is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware. MBH has the full power and authority necessary to (i) execute, deliver and perform its obligations under this Agreement to be executed and delivered by it, and (ii) carry on its business as it has been and is now being conducted and to own and lease the rights, properties and assets which it now owns or leases.

4.2 Authorization and Validity. The execution, delivery and performance of this Agreement to be executed and delivered by MBH have been duly authorized by all necessary action by MBH. This Agreement constitutes or will constitute the legal, valid and binding obligations of MBH, enforceable in accordance with their respective terms.

4.3 Absence of Conflicting Agreements or Required Consents. Except as regards the Licenses, the execution, delivery and performance by MBH of this Agreement: (i) do not require

the consent of or notice to any Regulatory Authority or any other third party; and (ii) will not conflict with any provision of MBH's organizational documents.

ARTICLE V - CERTAIN POST-CLOSING MATTERS

5.1 Preservation and Access to Records After the Closing.

(a) From the Closing Date until seven (7) years after the Closing Date or such longer period as required by law (the "Document Retention Period"), MBH shall keep and preserve all medical records, patient records, medical staff records and other books and records which are among the Rights transferred to MBH at the Closing, but excluding any records which are among the Retained Assets. MBH will afford to the representatives of the State, including its counsel and accountants, full and complete access to, and copies of, such records with respect to time periods prior to the Closing Date (including, without limitation, access to records of patients treated at the Hospital prior to the Closing Date) during normal business hours after the Closing Date, to the extent reasonably needed by the State or its affiliates to comply with legal requirements, prepare financial statements, or other reasonable business purposes, provided the expense of any copying or reproduction shall be solely at the State's expense.

(b) The State will afford to the representatives of MBH, including its counsel and accountants, full and complete access to, and copies of all documents, records, correspondence, work papers and other documents retained by the State pertaining to any of the Rights or with respect to the operation of the Current MBH Services prior to the Closing Date, during normal business hours after the Closing Date, to the extent reasonably needed by MBH or its affiliates for reasonable business purposes, provided the expense of any copying or reproduction shall be solely at MBH's expense.

(c) The State and its affiliates shall cooperate with MBH, on a timely basis and as reasonably requested by MBH, in connection with the provision of all data of the Current MBH Services and other information required by MBH for reporting to the Joint Commission following the Closing. MBH shall cooperate with the State, on a timely basis and as reasonably requested by the State, in connection with the provision of all data of the Current MBH Services and other information required by the State for reporting to the Joint Commission for the remainder of the quarterly period in which the Closing has occurred.

5.2 Cost Report Matters. MBH shall prepare and promptly file all cost reports relating to the fiscal year ending after the Closing Date or required as a result of the consummation of the transfer described in this Agreement, including, without limitation, those relating to Medicare and Medicaid (the "Pre-Closing Period Cost Reports"). The State shall provide to MBH, as soon as reasonably possible but in no event less than thirty days following the end of the cost report year, all information relating to the period prior to the Closing Date which is required by MBH to prepare said cost report. MBH shall forward to the State any and all correspondence relating to

the Pre-Closing Period Cost Reports from state or federal governmental agencies or rights to settlements and retroactive adjustments on such Pre-Closing Period Cost Reports within five (5) business days of receipt by MBH.

ARTICLE VI – EQUIPMENT

6.1 The State currently uses certain furniture, fixtures and equipment (collectively “Equipment”) in providing the Current MBH services, which Equipment is described in Schedule 6.1. For the public purpose described herein, State hereby grants to MBH the limited right to use the Equipment, without warranty of any kind, subject to the following:

a) MBH agrees to maintain the Equipment in a condition at least comparable to the condition on the date of Closing, ordinary wear and tear excepted. It is the intention of MBH to acquire equipment to replace the Equipment within one (1) year of the Closing Date, and MBH may return the Equipment, individually or in total, to State. In any event, all Equipment shall be returned within one (1) year and delivered at MBH’s expense.

b) Schedule 6.1 contains a list of certain computer equipment (“Computer Equipment”) which the parties acknowledge may contain certain protected health information subject to the HIPAA Privacy Standards (45 CFR Parts 160 and 164). Pursuant to such HIPAA Privacy Standards, the parties further acknowledge that MBH may, as a business associate of State, possess such PHI for the limited healthcare operations purpose of transitioning the operations of the Current MBH Services to MBH. The parties have therefore entered into the Business Associate Agreement attached as Exhibit 6.1(b), and State authorizes MBH to use the said Computer Equipment for thirty (30) days following the Closing Date, after which said Computer Equipment shall be returned to State as provided in Section 6.1(a), above.

ARTICLE VII - INSURANCE

7.1 MBH shall obtain and maintain during the term of this Agreement, all insurance coverages that adhere to Federal and State statutory requirements and to applicable regulatory and licensure standards.

ARTICLE VIII - CONTRACT MONITOR

8.1 The “Contract Monitor” for this Agreement is the person designated by the Assistant Secretary of the Office of Behavioral Health or his successor.

8.2 Monitoring Plan: During the term of this agreement, MBH shall discuss with the Contract Monitor the progress and results of the project, ongoing plans for the continuation of the project, any deficiencies noted, and other matters relating to the project. Contract Monitor shall review and analyze MBH’s plan to ensure compliance with Agreement requirements including provision of client level data reporting as determined by OBH necessary to comply with State

and federal reporting requirements. State and MBH will jointly develop a monitoring method to include quarterly reporting.

8.3 Between required performance reporting dates, MBH shall inform Contract Monitor of any problems, delays or adverse conditions which will materially affect the ability to attain program objectives, prevent the meeting of time schedules and goals, or preclude the attainment of project results by established time schedules and goals. The Contracting Party's disclosure shall be accompanied by a statement describing the action taken or contemplated by MBH and any assistance which may be needed to resolve the situation.

ARTICLE IX - TERMINATION FOR CAUSE

9.1 Either party may terminate this Agreement for cause based upon the failure of the other party to comply with the terms and/or conditions of the Agreement, provided that the non-defaulting party shall give the defaulting party written notice specifying the failure. As used in this Article, "cause" includes, but is not limited to, proven violations of the prohibition against discrimination provided in Article XV hereof. If within thirty (30) days after receipt of such notice, the defaulting party shall not have either corrected such failure or, in the case which cannot be corrected in thirty (30) days, begun in good faith to correct said failure and thereafter proceeded diligently to complete such correction, then the non-defaulting party may, at its option, place the other in default and the Agreement shall terminate on the date specified in such notice. However, in a case where MBH health is found to be in cyclical non-compliance DHH reserves the right to terminate this CEA with thirty (30) days notice. Cyclical non-compliance shall be defined as two or more substantiated cases of immediate jeopardy in a twelve (12) month period.

9.2 Notwithstanding the foregoing, State may immediately terminate this Agreement if MBH's license to provide the Current MBH Services, or any certification or accreditation relating thereto, are finally terminated.

9.3 In addition to the foregoing, if at any time MBH fails to comply with applicable licensing, certification or regulatory standards, and such failure poses an immediate threat to the health or safety of the patients placed by State with MBH pursuant to this Agreement, State may immediately remove said patients from MBH facilities.

ARTICLE X – RIGHTS UPON TERMINATION

10.1 10.1 Upon termination of this Agreement for any reasons, the Rights relinquished to MBH pursuant to Section 2.3 of this Agreement shall be and remain the sole and exclusive property of MBH.

ARTICLE XI - ASSIGNMENT

11.1 MBH shall not assign any interest in this Agreement and shall not transfer any interest in same (whether by assignment or novation), without prior written consent of State.

ARTICLE XII - AUDITOR'S CLAUSE

12.1 It is hereby agreed that the Legislative Auditor of the State of Louisiana, DHH Auditors, the Office of the Governor, Division of Administration auditors, and/or any other auditors as required or provided by law shall have the option of auditing all records and accounts of MBH which relate to this Agreement.

12.2 MBH and any subcontractors paid under this Agreement shall maintain all books and records pertaining to this Agreement for a period of three years after the date of termination of the prime Agreement and any subcontract entered into under this Agreement.

ARTICLE XIII - AMENDMENTS IN WRITING

13.1 Any alteration, variation, modification, or waiver of provisions of this Agreement shall be valid only when it has been reduced to writing, executed by all parties and approved by the Director of the Office of Contractual Review, Division of Administration.

ARTICLE XIV - TERM OF CONTRACT

14.1 This Agreement shall be effective on the date hereof (the "Effective Date"). Provided that each of the Closing Terms, as hereinafter defined, are satisfied, this Agreement shall close and become fully and finally effective and enforceable at 12:01 a.m., on the date twenty-nine (29) days following the satisfaction of the Closing Terms (the "Closing Date"). In the event that the Closing Terms are not satisfied prior to December 15, 2012, the parties hereto may mutually agree in writing to extend the Closing Date by one or more periods of fifteen (15) days or either party may terminate this Agreement by written notice to the other. In the event of termination prior to the Closing Date, neither party shall have any obligation to the other under this Agreement.

14.2 The closing of this Agreement is dependent on all of the following occurring on or before the Closing Date (the "Closing Terms"):

- (a) The execution of the State-Parish CEA, satisfactory to the parties hereto.
- (b) The execution of the Parish-MBH CEA, satisfactory to the parties hereto.
- (c) The execution of a group facility agreement between MBH and Magellan Health Services satisfactory to MBH.

- (d) Assurances satisfactory to MBH that the licenses and Medicare and Medicaid provider agreements associated with the Property will be assumable by MBH, to the extent such actions are not approved prior to the Closing Date.
- (e) The execution of agreements with all providers of contracted services, e.g., laundry, maintenance, pest control, etc.
- (f) Provision by MBH to State of such evidence reasonably requested by State of the following:
 - (i) Compliance with all local, state and federal regulatory requirements for operating the MBH Current Services.
 - (ii) MBH's ability to begin services on the Closing Date in order to ensure uninterrupted care for patients.
 - (iii) MBH's financial resources and financial stability adequate to manage and operate this psychiatric care units successfully for the term of the Agreement.
 - (iv) Adequate experience, training and resources necessary to serve the special needs of the identified population referred for service for the term of the agreement; including but not limited to the following areas: mental health and behavioral disorders including co-occurrence of addiction and mental illness or intellectual disability; complex medical needs and therapeutic services; adaptive equipment; and individuals who are non-ambulatory.

14.3 The term of this Agreement shall begin on the Closing Date and end on the third anniversary thereof (the "Term"). After the expiration of the initial term, or any renewal thereof, the parties may extend this Agreement upon mutual consent for one or more renewal terms of three (3) years each.

14.4 In the event that the State-Parish CEA is terminated and the Property reverts to the State for any reason prior to the end of the term described in Section 14.3, this Agreement shall nevertheless continue in full force and effect. State and MBH shall negotiate an amendment to this Agreement incorporating, to the extent legally possible, such terms and obligations as required to allow MBH to continue its operations as provided herein and which are materially equivalent to those under which Parish authorizes the MBH to use the Property. Further, in the event of reversion to the State, the term of the amended agreement which includes the use of the facility by MBH shall, for each increment of fifty thousand (\$50,000) dollars of improvements to the Property approved by State and actually made, be extended by an additional six (6) months.

14.5 In the event that ownership of the Property, or any portion thereof, is transferred to Parish during the term of this Agreement, this Agreement shall remain in full force and effect to the extent allowed by law.

ARTICLE XV - DISCRIMINATION CLAUSE

15.1 MBH agrees to abide by the requirements of the following as applicable: Title VI and VII of the Civil Rights Act of 1964, as amended by the Equal Opportunity Act of 1972, Federal Executive Order 11246, the Federal Rehabilitation Act of 1973, as amended, the Vietnam Era Veteran's Readjustment Assistance Act of 1974, Title IX of the Education Amendments of 1972, the Age Act of 1975; and MBH agrees to abide by the requirements of the Americans with Disabilities Act of 1990.

15.2 MBH agrees not to discriminate in its employment practices, and will render services under this Agreement without regard to race, color, religion, sex, national origin, veteran status, political affiliation, or disabilities.

15.3 Any act of discrimination committed by MBH, or failure to comply with these statutory obligations when applicable shall be cause for termination of this agreement as provided in Section 9.1 hereof. For the purpose of this Section, an "act of discrimination" must be recognized by a final non-appealable judgment rendered by a court or governmental administrative agency with jurisdiction over the persons and subject matter implicated by any such claim based upon any alleged act of discrimination.

[Signatures on following pages]

THUS DONE AND SIGNED AT Baton Rouge, Louisiana on the 3rd day of
December, 2012

WITNESSES:

Dawn Steinberg
DAWN STEINBERG

**Department of Health & Hospitals
Office of Behavioral Health**

Kathy Kliebert
Kathy Kliebert
Deputy Secretary
Department of Health and Hospitals

Kelly M. Prabalais
Kelly M. Prabalais

Ruth Kennedy
Ruth Kennedy
Medicaid Director
Department of Health and Hospitals

**THUS DONE AND SIGNED AT Baton Rouge, Louisiana on the 3rd day of
December, 2012**

WITNESSES:

Dawn Steinberg
DAWN STEINBERG

Kelly M. Rabalais
Kelly M. Rabalais

MBH OF LOUISIANA, LLC

Wesley Mason
BY: Wesley Mason
President
MBH of Louisiana, LLC

Schedule 1.3
The “Property”

Schedule 1.7
The “MBH Premises”

Exhibit 2.1(a)-I
The “State-Parish CEA”

Schedule 2.1(a)-II
The “Current MBH Services”¹

- 16 Acute Adult beds for ages 18-64
- 22 Acute Adolescent beds for ages 12-17
- 20 Adolescent DNP beds for ages 12-17

Schedule 2.2
The “New MBH Services”

Schedule 2.3
The “Licenses”