

Certified Mail Return Receipt # 7004 1350 0000 4511 4087

July 23, 2008

Honorable Judge J. D. Salinas, III
c/o Human Resources Department
1304 South 25th Street
Edinburg, Texas 78539

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COUNTY JUDGE

RE: Indigent Health Care Services Agreement for 2008-2009

Dear Judge Salinas:

Enclosed please find two original copies of the above referenced Interlocal Agreement. There are a number of changes to the agreement for 2008-2009, the most significant of which are outlined briefly below.

- 1) Compensation to UTMB changes from a percent of billed charges to defined fee schedules based on UTMB's Medicaid rates. The impact of this change in compensation methodology on your cost for services received from UTMB is expected to be minimal, although your cost may increase or decrease slightly depending upon the mix of services utilized by eligible residents. Exhibit D of the agreement describes the new reimbursement methodology in detail.
- 2) The agreement includes as Exhibit C a list of those procedures that require preauthorization from the county or hospital district. This is a minor change to the way we coordinate health services with your county or hospital district, and will help clarify and standardize the process.
- 3) Attached to the agreement as Exhibit E is a Business Associate Agreement (BAA) to address HIPAA compliance. The old agreement addressed this matter in the body of the agreement. Use of a BAA is typical for health services agreements and is a more appropriate construct. *Please note that the BAA requires a separate signature.*
- 4) A new clause (2.1.17) requires the county or hospital district to notify UTMB when it disenrolls a resident from the county's or hospital district's indigent health plan. This information will allow UTMB to reduce no-shows and unreimbursable visits and better manage the impact of the disenrollment on the affected resident, other patients, and our providers.

- 5) A new clause (2.1.18) prohibits the county or hospital district from "carving out" specific services, such as lab or radiology, for patients referred to UTMB for care. Such arrangements are disruptive to our ability to provide the best possible care to your eligible residents.
- 6) The county or hospital district may receive invoices from UTMB on a monthly paper statement or via individual claims submitted electronically, but must identify which invoicing methodology it prefers. If the county or hospital district elects to receive paper invoices, the invoices will reflect the amounts due to UTMB as per the compensation schedule attached as Exhibit D to the agreement. *Please indicate on the agreement signature page which invoicing methodology is preferred.*
- 7) Other changes to the agreement include:
 - a. The deadline for payment by the county or hospital district has been extended from 45 to 60 days (2.1.1) and the clause regarding a penalty for late payment has been eliminated.
 - b. The clause describing the invoice dispute resolution process (2.1.2) has been modified to more clearly define the process and associated timelines.
 - c. Deadlines for invoice submission by UTMB have been modified and are 95 days from the date of the patient encounter for those submitted electronically and 125 days from the date of the patient encounter for those submitted via paper statements (2.2.2)
 - d. Termination clause has been modified to address coordination and continuation of care in the event the agreement is terminated (5.1).
 - e. A general dispute resolution clause (5.3) has been added.

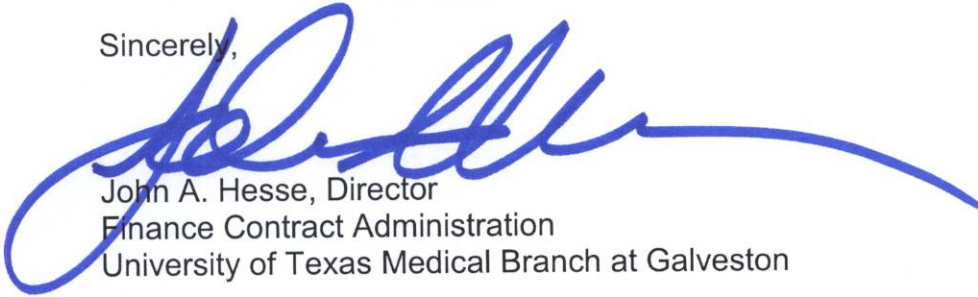
Please sign both copies of both the agreement and the BAA (Exhibit E), and identify your preferred method of invoicing (on the agreement signature page) and return both copies of the agreement to:

Matthew J. Furlong
Executive Director, Finance
301 University Blvd.
Galveston, Texas 77555-0153

Upon receipt of your half executed agreements, UTMB will sign and return to you one fully executed copy of the agreement.

If you have any questions or need additional information, please feel free to contact me at 409-747-6336 or johesse@utmb.edu.

Sincerely,



John A. Hesse, Director
Finance Contract Administration
University of Texas Medical Branch at Galveston

JAH/dlb

Enclosure