

June 11, 2009

Re: Letter Agreement Between Williamson County Commissioners Court and TexHealth Central Texas, Inc.

This Letter Agreement ("Agreement") is between Williamson County ("County") and TexHealth Central Texas, Inc. ("TexHealth Central Texas") (collectively, the "Parties").

The Central Texas Regional Health Coverage Project was initiated by a group of regional stakeholders, including the County, to develop a basic health plan at an affordable price for small employers and their employees to improve access to healthcare on a regional basis ("Program"). The County and other entities formed TexHealth Central Texas to make available health care coverage for uninsured small employers and their employees who have not offered group health insurance in the immediate past.

On January 27, 2009, the Williamson County Commissioners Court approved participation in the initial capitalization of a small employer health coverage program in an amount up to \$80,000 for the first year to cover the projected Williamson County portion of the capitalization costs for the project, including reserves, start-up, and reinsurance expenses.

Other counties, specifically Travis County Healthcare District and Hays Counties, have committed funding for their projected portion of the initial capitalization costs.

The County anticipates this pilot program will help retain existing small businesses as access to affordable health care will allow them to remain competitive, attract new small businesses, and provide access to affordable health care to individuals who are currently utilizing subsidized County partner services.

The Parties agree to the following terms, for which the Parties acknowledge that there is good and sufficient consideration:

1. Use of Funds. The County shall pay a total of Eighty Thousand Dollars (\$80,000) ("Funds") to TexHealth Central Texas for reserves, start-up, and reinsurance expenses for the first year of TexHealth Central Texas' operation. These Funds shall not be used for subsidizing premiums or any other purpose other than the purposes stated herein. Further, the Parties agree and acknowledge that County shall not be obligated to pay more than \$215,000 in total to TexHealth Central Texas over three years. Following the third year of this Agreement, County will not be obligated to provide any additional funding to TexHealth Central Texas for the continuation of the Program in Williamson County.

2. Timing of Disbursement. The County will disburse the Funds within fifteen (15) business days of the later of the signing of this Agreement by both Parties or the County's receipt of an invoice from TexHealth Central Texas for the Funds. For all future disbursements of amounts over and above the initial Eighty Thousand Dollars (\$80,000) disbursement, if any, TexHealth Central Texas shall send a written request for disbursement which sets forth the amount requested and which describes the need and/or services for which the additional disbursement shall be applied. County shall have thirty (30) days in which to consider approving or denying each request for disbursement.

3. Effect of National Healthcare Program. Should a national healthcare program remove the capability of the TexHealth Program to provide healthcare to the target individuals and in the manner described in this Agreement, the unspent portion of County's contribution shall be refunded, on a pro rata basis, to the County.

4. Obligations of TexHealth Central Texas. TexHealth shall, at minimum, provide the following:

- Physician, hospital, medication, and mental health services;
- Reasonable payment rates and a regional provider network;
- One plan, average of \$245/mo/employee, depending on age/gender ;
- Coverage limitations, annual maximums, deductibles, co-pays and coinsurance;
- Governance by locally-based and locally run non-profit corporation with a regional Board of Directors with at least 2 representatives from Williamson County, which shall be appointed by the Williamson County Commissioners Court;
- Offerings to small employers who have not offered health insurance to employees in the prior 12 months;
- Minimum of 2500 enrollees within the region by 3rd year; and
- Self-sustained funding by the beginning of year 4.

5. Reporting Obligations and Right to Audit. TexHealth Central Texas agrees to provide to the County information that the County requests concerning the Program, including a report accounting for both the expenditure of the Funds disbursed pursuant to this Agreement and the services provided by or through TexHealth. The report should also include services provided broken out by county. TexHealth Central Texas agrees that County or its duly authorized representatives shall, until the expiration of three (3) years after final payment under this Agreement, have access to and the right to examine and photocopy any and all books, documents, papers and records of TexHealth Central Texas which are directly pertinent to the services to be performed under this Agreement for the purposes of making audits, examinations, excerpts, and transcriptions. TexHealth Central Texas agrees that County shall have access during normal working hours to all necessary TexHealth Central Texas facilities and shall be provided adequate and appropriate work space in order to conduct audits in compliance with the provisions of this section. County shall give TexHealth Central Texas reasonable advance notice of intended audits.

6. Scope of Program. The Parties agree that the payment made by the County under this Agreement should expand access to health benefits and services for County residents who do not currently have such access, lessen the burden on the County to provide such services, and potentially improve health outcomes for County residents who receive these services.

7. Amendments. Any change to the terms or conditions of this Agreement after its execution or any attachments to it shall not be effective unless it is made in writing and signed by both Parties.

8. Reduction to Writing. All oral and written agreements between the Parties to this Agreement relating to the subject matter of this Agreement that were made prior to the execution of this Agreement have been reduced to writing and are contained in this Agreement.

9. Notice. Any notice required or permitted to be given under this Agreement by one party to the other shall be in writing and shall be given and deemed to have been given immediately if delivered in person to the address set forth in this section for the party to whom the notice is given, or on the third day following mailing if placed in the United States Mail, postage prepaid, by registered or certified mail with return receipt requested, addressed to the party at the following addresses:

County:
Williamson County Judge
Dan A. Gattis (or successor)
710 Main Street, Ste. 101
Georgetown, Texas 78626

TexHealth Central Texas:
James I. Rodriguez, FACHE
President and CEO
TexHealth Central Texas, Inc. c/o ICC
2028 E. Ben White Blvd., Suite 115
Austin, TX 78741

10. Law and Venue. This Agreement is governed by the laws of the United States of America and the State of Texas and all obligations under this Agreement shall be performable in Travis County, Hays County, Williamson County (or other participating county), Texas. Venue for any dispute arising out of this Agreement is in Williamson County, Texas.

11. Severability. If any portion or portions of this Agreement are ruled invalid, illegal, or unenforceable in any respect by a court of competent jurisdiction the remainder of the Agreement shall remain valid and binding.

12. Headings. Headings and titles at the beginning of the various provisions of this Agreement have been included only to make it easier to locate the subject matter covered by that section or subsection and are not to be used in construing this Agreement.

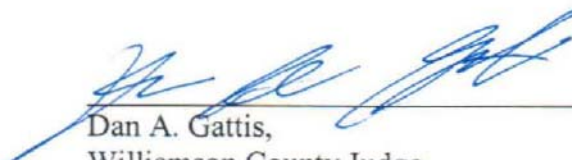
13. Gender and Number. Words of any gender in this Agreement shall be construed to include any other gender and words in either number shall be construed to include the other unless the context in the Agreement clearly requires otherwise.

14. Termination for Convenience. The County may terminate this Agreement for convenience and without cause or further liability upon thirty (30) days written notice to TexHealth Central Texas. No penalty will be assessed for County's termination of this Agreement for convenience.

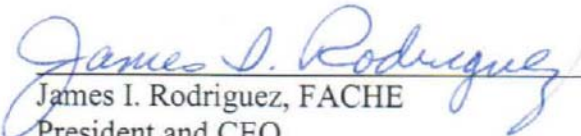
15. Appropriation of Funds by County. County believes it has sufficient funds currently available and authorized for expenditure of the funds under this Agreement. TexHealth Central Texas understands and agrees that the County's payment of funds under this Agreement is contingent on the County receiving appropriations or other expenditure authority sufficient to allow the County, in the exercise of reasonable administrative discretion, to continue to make disbursements under this Agreement.

16. Successors and Assigns/Assignment. This Agreement shall be binding upon and inure to the benefit of Parties hereto and their respective successors and assigns. No party to this Agreement may assign or transfer its interest in or obligations under this Agreement without the prior written consent of all Parties to this Agreement.

By the signatures affixed below, the Parties agree to the terms of this Agreement effective on the latest signature date.



Dan A. Gattis,
Williamson County Judge



James I. Rodriguez, FACHE
President and CEO
TexHealth Central Texas, Inc.

Date: 7-7-09

Date: 6/30/09