

**AGREEMENT
FOR TIER 1 SERVICE BETWEEN THE SOUTH DAKOTA STATE EMPLOYEE
HEALTH PLAN AND SIOUX FALLS SPECIALTY HOSPITAL**

The South Dakota State Employee Health Plan, herein after referred to as State, and Sioux Falls Specialty Hospital located at 910 E 20th Street, Sioux Falls, SD 57105 herein after referred to as Hospital, enter into this Agreement for the scope of work and reimbursement specific to **Tier I** disease categories as listed in **Exhibit I**.

The parties agree that the scope of work and associated compensation methodology is as stated below.

1. Term of Agreement:
 - A. Year 1 will be the period January 1, 2014 through December 31, 2014
Year 2 will be the period January 1, 2015 through December 31, 2015
Year 3 will be the period January 1, 2016 through December 31, 2016

2. The parties agree that the compensation methodology for the Hospital is as stated below:
 - A. [REDACTED]

 - B. All compensation is based on the applicable bundled DRG/CPT with no outlier provision.

 - C. Hospital agrees that all services not specifically addressed in Exhibit I will be reimbursed based on the State of South Dakota Employee Health Plan Hospital Reimbursement Schedule.

 - D. Hospital will collect appropriate co-payments, deductibles, or co-insurance amounts as applicable. Hospital will not balance bill members, or attempt to collect any amounts in excess of the fees outlined above.

 - E. For the services described on Exhibit I, Sioux Falls Specialty Hospital shall be the exclusive east river Tier I provider of such services to Client during the term of this Agreement.

3. Transfers and Readmissions
 - A. Transfer of a patient from the Hospital to another acute care Hospital for related services shall be reimbursed using the same rules as CMS reimburses for Medicare patients.

 - B. Patients transferred within the Hospital from acute care to a distinct part unit shall be considered within the bundled DRG/CPT and not reimbursed separately.

C. Transfers to another acute care hospital shall be to the nearest in state in network Hospital that is capable of providing those services. All transfers will be reviewed on a retrospective basis to determine if transfers were appropriately made. The Hospital will be responsible for reimbursing the State the difference between costs that would have been incurred at the nearest in state participating Hospital and the charges paid to the out-of-state Hospital.

D. The bundled DRG/CPT is intended to cover expenses necessary to treat the illness associated with the patient's Tier 1 acute care stay including outpatient or observation room services at the Hospital that occur within seventy-two (72) hours prior to the date of admission. The Hospital shall combine into one-claim situations in which the patient is readmitted to the Hospital for the same diagnosis on the same day of discharge.

E. Readmissions for the same or similar diagnosis within the global period will not be reimbursed.

4. Payment Controls

A. Hospital shall provide the billing for services associated with this contract to Dakotacare Administrative Services or its successors via standard billing practices so State is able to collect utilization data and other pertinent information. Dakotacare Administrative Services will return a zero pay remit code for the charges outside the Bundled DRG/CPT.

B. The Hospital will be responsible for collecting applicable member financial obligation, if any, and will not balance bill the member for any charges in excess of the contracted terms of this agreement.

C. Hospital will be reimbursed the Bundled DRG/CPT and is responsible to pay downstream providers for furnishing services that fall within the Bundled DRG/CPT. Neither the State of South Dakota Employee Health Plan nor the member will be responsible for payments to downstream providers.

D. Hospital will be responsible for payment to the member should Hospital fail to pay downstream providers and the downstream provider attempts to collect the said amount from the member.

5. Coding, DRG and CPT Assignment and Dispute Resolution

A. The Hospital shall code anticipated MS-DRG claims and must comply with the informational requirements established in the UB-04 National Uniform Billing Data Element Specifications dated March 1, 2007 and mandated for usage on May 23, 2007. The Grouper to be used will be the current CMS version as of the date of patient admission.

B. The Hospital shall code outpatient, observation room, and ER cases with applicable procedure codes from the Current Physicians' Current Procedural Terminology manual.

C. The State's third party contractor(s), have the right to review all documentation regarding proposed coding and MS-DRG/CPT assignments prior to payment if possible. If the documentation is not available prior to the required payment date, the State, through its third party contractor(s) has the right to review such documentation after payment is made and make changes to the MS-DRG/CPT assignment consistent with the provisions of the UB-04 National Uniform Billing Data Element Specifications within 90 days of receipt of the documentation. State or its third party contractor(s) shall have the right to inspect and audit the accuracy of payment for services up to one (1) year from the date in which payment was sent to the Hospital. Hospital shall have one (1) year from the receipt of payment to inspect and audit reimbursement for services. Both parties agree that after their specific one (1) year timeframe, payments shall be considered final.

D. The Hospital may dispute any changes to an MS-DRG/CPT assignment and appeal the decision of the State's third party contractor(s) to the State by written notice and by providing documentation supporting its appeal within 90 days of receipt of the third party contractor(s) decision. The State will review the dispute and make a decision on the Hospital's appeal within 90 days of receipt. If the Hospital disagrees with the State's decision it may further appeal within 180 days by providing written documentation outlining why the change in MS-DRG/CPT assignment is not proper to the South Dakota Quality Improvement Organization (QIO). Either the State or the Hospital may request an in-person hearing before the QIO. The decision of the QIO shall be final disposition of the appeal. The losing party shall pay QIO-billed charges. State of South Dakota or its third party contractor(s) shall not recoup payment for disputes regarding changes to an MS-DRG assignment until such time the appeal process or time frame, as stated within this section, has been exhausted.

6. Utilization Review

A. All Tier 1 service and procedures must be preauthorized by Health Management Partners (HMP) or if applicable, their successors. Failure to preauthorize the service or procedures will invalidate the South Dakota State Employee Health Plan benefit and member financial obligation and neither will be required to reimburse Hospital.

B. The Hospital will comply with the applicable Utilization Review requirements of the State as outlined in Attachment 1.

C. The State is entitled to conduct Utilization Review as it relates to the State's current Utilization Review Organization (URO).

D. When requested by the member or State, the Hospital will provide a copy of the scan or other clinical information to subsequent facilities or providers supplying additional medical services to the member.

7. Confidentiality

A. Neither party, nor their respective agents will, directly or indirectly, make any public or private disclosure or announcement, without the prior written consent from the other

party, of the fact or content of any discussions, negotiations, or written agreements adopted with respect to this Agreement or addenda attached thereto, to any third party, individual, or entity except for necessary disclosures to regulatory agencies of the State of South Dakota or the federal government, to comply with state open record laws, the parties' respective agents who shall be advised of the confidential nature of the discussions and negotiations, and disclosures necessary for employer, enrollee, and public promotional information as to participating provider status. This includes terms, rates, and payment methodology used in this Agreement.

8. Medical Records Access

A. The Hospital shall agree to provide access to the State or its third party contractor(s) all medical records and documentation for the purpose of utilization review, claims coding, or case management.

9. Compliance with Federal and State Law

A. The Hospital and the State will comply with HIPAA (Health Insurance Portability and Accountability Act), 45 CFR Parts 160 and 164, as modified from time to time during the terms of this Agreement, and all other applicable Federal and State laws and regulations.

B. Both parties shall report to each other, within 72 hours, any breach in confidentiality the party becomes aware of. Both parties also agree to mitigate in good faith, and to the extent practicable, any harmful effect resulting from the breach in confidentiality. Such a breach would allow either party to terminate the contract for cause and take any other actions deemed appropriate.

Both parties shall ensure that all appropriate safeguards are implemented to protect the confidentiality, integrity, and availability of the electronic protected health information (EPHI) created, received, maintained, or transmitted on behalf of State. 45 CFR §164.314 (a)(2)(i)(A) and to ensure that any agent, including a subcontractor, to whom it provides such information, agrees to implement reasonable and appropriate safeguards to protect any EPHI (State/Hospital) received.

C. Hospital assures the State that all medical professionals utilized in the provision of services herein are appropriately licensed under applicable state law and performing all services within the scope of their license to members of the State of South Dakota Employee Health Plan.

D. Hospital assures the State that all medical providers are board certified or board eligible specialists in the Tier 1 services covered within this Agreement.

E. Hospital agrees to demonstrate quality performance levels at or above the national norm for specified quality measures, that include but are not limited to, [REDACTED]

[REDACTED]

10. Funding Out
 - A. This Agreement depends upon the continued availability of appropriated funds and expenditure authority from the Legislature for this purpose. If for any reason the Legislature fails to appropriate funds or grant expenditure authority, or funds become unavailable by operation of law or federal funds reductions, this Agreement will be terminated by the State. Termination for any of these reasons is not a default by the State nor does it give rise to a claim against the State.

11. Severability
 - A. In the event that any court of competent jurisdiction shall hold any provision of this Agreement unenforceable or invalid, such holding shall not invalidate or render unenforceable any other provision hereof.

12. Hold harmless
 - A. Hospital agrees to indemnify and hold the State of South Dakota, its officers, agents, and employees, harmless from and against any and all actions, suits, damages, liability or other proceedings that may arise as the result of performing services hereunder. This section does not require Hospital to be responsible for or defend against claims or damages arising from errors or omissions of the State, its officers, agents or employees or from the errors or omissions of third parties that are not officers, employees or agents of Hospital, unless such errors or omissions resulted from the acts or omissions of Hospital. Nothing in this contract is intended to impair the insurance coverage of Hospital or any subrogation rights of Hospital insurers.

13. Independent Contractor
 - A. While performing services hereunder, Hospital is an independent contractor and not an officer, agent, or employee of the State of South Dakota.

14. Notice
 - A. Any notice or other communication required under this Agreement shall be in writing and sent to the address set forth above. Notices shall be given by and to Director of Employee Benefits on behalf of the State, and by and to Chief Financial Officer, on behalf of Hospital, or such authorized designees as either party may from time to time designate in writing. Notices or communications to or between the parties shall be deemed to have been delivered when mailed by first class mail, provided that notice of default or termination shall be sent by registered or certified mail, or, if personally delivered, when received by such party.

State:
Director of Employee Benefits
State of SD
Bureau of Human Resources
500 East Capitol
Pierre, SD 57501 50701

Hospital:
Scott Morstad,
Chief Financial Officer
Sioux Falls Specialty Hospital
910 E 20th Street
Sioux Falls, SD 57105

15. Modification
 - A. This Agreement may not be assigned without the express prior written consent of the both parties. This Agreement may not be amended except in writing, which writing shall be expressly identified as a part hereof, and be signed by an authorized representative of each of the parties hereto.

16. Agreement Not Assignable
 - A. State of South Dakota is the holder of said contract. Hospital is responsible for coordinating and providing services outlined in this contract and is also responsible for compensating all appropriate providers for services provided under this agreement. This contract is not assignable by Hospital in whole or in part, without the prior written consent of State.

17. Symbols and Trademarks
 - A. The Hospital agrees that during the term of this Agreement, State will have the right to designate and make public reference to the Hospital as a State Tier 1 contracted Hospital in any promotion provided that State does not use the name of the Hospital in any commercial promotion unless first approved in writing by Hospital.

 - B. Hospital agrees that during the term of this agreement, Hospital will not make reference to State in any promotional material unless first approved in writing by State,

18. Insurance
 - A. Hospital shall maintain insurance in full force and effect throughout the term of this Agreement at its own expense, in amounts consistent with applicable law and sufficient to ensure its ability to comply with the indemnification provisions contained in this Agreement. Failure to secure and maintain such insurance in sufficient amounts to cover any and all claims arising hereunder shall constitute a material breach of this Agreement. Hospital shall deliver satisfactory evidence of insurance coverage upon request.

19. Termination
 - A. Either party shall have the right to terminate this Agreement, with or without cause and at any time, upon ninety (90) calendar days' advance written notice to the other party.

20. Contract Renewal
 - A. Provided this Agreement has not been extended in writing or a new reimbursement schedule effective as of January 1, 2017 has not been executed by both parties prior to December 31, 2016, this Agreement will terminate on December 31, 2016 and there will be no reimbursement schedule in effect between the parties beginning January 1, 2017.

21. South Dakota Law Controlling

A. It is expressly understood and agreed by the parties hereto that the laws of the State of South Dakota shall govern this Agreement. Any lawsuit pertaining to or affecting this Agreement shall be venued in Circuit Court, Sixth Judicial Circuit, Hughes County, South Dakota.

SIOUX FALLS SPECIALTY HOSPITAL

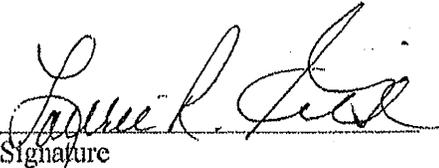
SOUTH DAKOTA STATE
EMPLOYEES HEALTH PLAN

Scott Morstad
Chief Financial Officer

Laurie Gill
Commissioner
State of South Dakota
Bureau of Human Resources



Signature



Signature

1-10-2014

Date

1-15-14

Date

Benefits of
Loyal - NM

**Sioux Falls Specialty Hospital
Exhibit I
Tier 1 Price List
Case Rate (Inpatient DRG, Outpatient CPT Code)**

Gastrointestinal Tier 1

Price

Laprosopic	
Inpatient DRG:	
Outpatient CPT:	43280
Outpatient CPT:	43281
Upper GI	
Inpatient DRG:	
Outpatient CPT:	43235 43239 43242 43245 43246 43247 43248 43249 43250 43251 43259
Colonoscopy	
Inpatient DRG:	
Outpatient CPT:	45378, 45380, 45381, 45382, 45383, 45384, 45385, 45386
Ulcer/Hernia	
Inpatient DRG:	
Outpatient CPT:	49495, 49500, 49505, 49507, 49520, 49553, 49560, 49561, 49565, 49568, 49570, 49572, 49580, 49585, 49587
Outpatient CPT:	49587, 49650, 49651, 49652, 49653, 49654
Gall Bladder/Cholecystectomy	
DRG:	
Outpatient CPT:	47562, 47563

Case Rate Stay

All information contained in this RFP is proprietary to Sioux Falls Surgical Hospital and must remain confidential to the State of South Dakota. No information should be shared with parties outside of the State Bureau of Human Resources unless confidentiality agreements are in place. The pricing contained in this RFP has been extended to the State of South Dakota in order to ensure the taxpayers of the state are given the best quality and value possible.

**AMENDMENT TO TIER I SERVICE BETWEEN THE
STATE OF SOUTH DAKOTA STATE EMPLOYEE HEALTH PLAN AND SIOUX
FALLS SPECIALTY HOSPITAL AGREEMENT EXECUTED ON 1/15/14.**

AGREEMENT made and entered into as of the 30 day of October, 2014 by and between **South Dakota State Employee Health Plan** under the purview of the **Bureau of Human Resources**, a state agency, of 500 E Capitol, Pierre, SD 57501-5070 (the "State") and **Sioux Falls Specialty Hospital** located at 910 E. 20th Street, Sioux Falls, SD 57105 (the "Facility").

The State hereby enters into this Agreement for services with the Facility in consideration of and pursuant to the terms and conditions set forth herein:

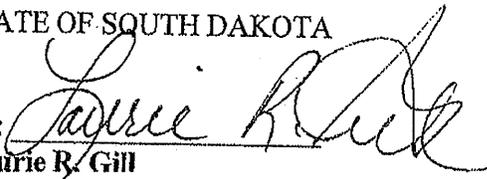
2. E. For the services described on Exhibit II, Sioux Falls Specialty Hospital shall be the exclusive east river Tier I provider, excluding Hughes and Stanley counties, of such services to the South Dakota health plan member during the term of this Agreement.

20. B. This Agreement is subject to all present and future state and federal laws and judicial decisions. Change in any law affecting this Agreement does not establish a new contractual default. In order to comply with any changes in the law that occur after execution, the parties will enter into good faith negotiations to modify the Agreement to comply with the new or amended law; and that the parties agree, in the event good faith negotiations do not result in such modification, the Agreement may be terminated without penalty by either party.

All provisions, covenants, and agreements made in the original Agreement and not explicitly modified by this amendment shall remain in full force and effect.

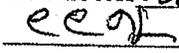
In Witness Whereof, the parties signify their agreement effective as of the date above first written by the signatures affixed.

STATE OF SOUTH DAKOTA

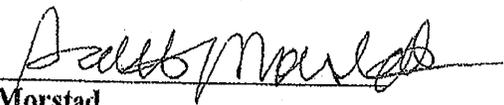
BY: 
Laurie R. Gill

Commissioner
Bureau of Human Resources

DATE 11-12-14

Division Director 
Legal 

SIOUX FALLS SPECIALTY HOSPITAL

BY: 
Scott Morstad

Chief Financial Officer
Sioux Falls Surgical Hospital

DATE 11-5-2014