READING HOSPITAL
CMS BUNDLED PAYMENTS FOR CARE IMPROVEMENT - ADVANCED

HOSPITAL — PHYSICIAN GAINSHARING AGREEMENT

THIS PHYSICIAN GAINSHARING AGREEMENT ("Agreement") is made and entered into by and between __________________________ ("Physician") and READING HOSPITAL, a Pennsylvania nonprofit corporation ("Hospital"), as of January 1, 2019 ("Effective Date"). (Physician and Hospital are referred to herein individually as a “Party” and collectively as the “Parties”).

RECITALS

WHEREAS, Hospital is a Pennsylvania nonprofit corporation that owns and operates a licensed hospital that provides health care services to, among others, persons entitled to such services under the federal Medicare program pursuant to an agreement between Hospital and the Centers for Medicare and Medicaid Services ("CMS").

WHEREAS, Physician is a Pennsylvania licensed physician who provides professional health care services to, among others, Covered Persons (defined below) pursuant to agreements between Physician and CMS.

WHEREAS, Hospital has applied to participate in the CMS Bundled Payments for Care Improvement – Advanced program ("BPCI ADVANCED Program"), whereby Hospital will assume risk for selected clinical episodes (see Exhibit A).

WHEREAS, pursuant to the terms of this Agreement, Physician desires to provide the professional services related to such BPCI ADVANCED Program in conjunction with Hospital.

WHEREAS, each of Hospital and Physician will continue to provide services to Covered Persons as a Medicare participating provider, except as modified by the BPCI ADVANCED Program Description and the terms as set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and promises recited herein, the receipt and sufficiency of which are acknowledged hereby, the Parties, intending to be legally bound, agree as follows:

1. DEFINITIONS

For the purpose of this Agreement and the BPCI ADVANCED Program Description attached hereto as Exhibit B, the following terms shall have the meanings specified unless defined otherwise in the BPCI ADVANCED Program Description.

1.1 Provider refers to hospital or physician participating under BPCI ADVANCED.

1.2 Gainsharing Physician means a physician who meets all of the criteria for Gainsharing as set forth in this Agreement.
1.3 **Confidential Information** means the information made available to or developed by Hospital or Physician, including, but not limited to, compensation schedules, utilization management procedures, quality assurance policies and programs, internal risk management programs and policies, programmatical information and structure and related information and documents concerning the planning, structure, and operation of either Hospital or Physician or the BPCI ADVANCED Program.

1.4 **Covered Person** means any person who has entered into, or on whose behalf there has been entered into, an agreement with Traditional Medicare for the provision to such person of Covered Services.

1.5 **Covered Services** means those health care services that a Covered Person is entitled to receive as set forth in the BPCI ADVANCED Program Description.

1.6 **Medically Necessary or Medical Necessity** refers to or means:

1.6.1 A determination by Hospital, Physician, Hospital or Physician’s designee, and/or Medicare that the services and supplies provided or to be provided to a Covered Person are:

1.6.1.1 Appropriate and necessary for the symptoms, diagnosis, or treatment of the Covered Person’s medical condition, illness, disease or injury; and

1.6.1.2 Required for the diagnosis or direct care and treatment of the Covered Person’s medical condition, illness, disease or injury; and

1.6.1.3 Within standards of good medical practice as recognized and accepted by the medical community in which Hospital and Physician operate; and

1.6.1.4 Not primarily for the convenience of the Covered Person, the Covered Person’s physician, or another provider of health services; and

1.6.1.5 The most efficient, economic and appropriate service or supply which can be safely provided; and

1.6.2 In the case of a hospital stay, a determination by Hospital, Physician, Hospital or Physician’s designee, or Medicare that the Covered Person has a condition in which acute care as an inpatient is timely and appropriate, and that safe and adequate care cannot be received as an outpatient or in a less intensive treatment setting.

1.7 **Traditional Medicare** means the Medicare program offered by CMS.

1.8 **Non-Routine Coverage** means the assumption of a Gainsharing Physician’s responsibility for providing care to Covered Persons pursuant to this Agreement in instances where the physician is ill, on vacation, or temporarily absent for professional or personal purposes.

1.9 **BPCI ADVANCED Program** means the CMS Bundled Payments for Care Improvement – Advanced program.
1.10 BPCI ADVANCED Program Description means a written description of the BPCI ADVANCED Program entered into between Hospital and Medicare. The BPCI ADVANCED Program Description includes terms and conditions under which Physician and Hospital shall provide Covered Services to Covered Persons enrolled in that BPCI ADVANCED Program. The BPCI ADVANCED Program Description is included in Exhibit B of this Agreement.

1.11 BPCI ADVANCED Program Provider Manual means the compilation of policies and procedures to be jointly developed by Hospital and Physician and applicable to both Hospital and Physician with respect to their provision of Covered Services to Covered Persons under the BPCI ADVANCED Program.

1.12 Quality Assurance means an ongoing program designed to objectively and systematically monitor and evaluate the quality and appropriateness of health care services delivered to Covered Persons and to resolve identified problems based on the prevailing professional and hospital standards of care. Such a program identifies quality issues and recommends corrective actions to be taken by Physician and/or Hospital.

1.13 Regulatory Guidelines means the requirements included in the CMS Participation Agreement governing the BPCI ADVANCED Program and as outlined on Exhibit B of this Agreement.

2. PHYSICIAN PARTICIPATION

2.1 Gainsharing Generally. To qualify as a Gainsharing Physician throughout the term of this Agreement, each physician must:

2.1.1 Possess a valid and unrestricted license to practice medicine in the Commonwealth of Pennsylvania;

2.1.2 Remain in strict compliance with all applicable state and federal laws;

2.1.3 Be licensed or certified to prescribe medications and controlled substances and have and maintain in good standing a controlled substance certificate from the Drug Enforcement Administration ("DEA");

2.1.4 Participate in the Medicare program;

2.1.5 Have and maintain in good standing clinical privileges at Hospital and membership on the Active Staff or Courtesy Staff of Hospital;

2.1.6 Be insured against professional liability at a level not less than the level of coverage required by the Medical Staff Bylaws of Hospital;

2.1.7 Maintain a clinical practice location in or around Reading, Pennsylvania;

2.1.8 Comply with any additional criteria mutually established by Hospital and Physician.

2.1.9 Maintain membership in Tower Health Partners.
2.2 Non-Physician Providers. Physician acknowledges that he/she may, in the course of providing Covered Services hereunder, utilize employed or contracted nurse practitioners, physician assistants, allied health professionals, technologists and/or other non-physician health care professionals. Physician will ensure at all times that such individuals are appropriately licensed and credentialed, are covered by adequate professional liability insurance, and are otherwise qualified to perform all services as requested by Physician on behalf of Covered Persons hereunder. Physician shall be responsible for all care provided by such individuals pursuant to this Agreement.

3. RELATIONSHIP AMONG HOSPITAL, PHYSICIAN AND COVERED PERSONS

3.1 Independent Contractors. Except as otherwise expressly set forth in this Agreement, nothing in this Agreement shall be construed or be deemed to create between Hospital and Physician any relationship of principal and agent, partnership, or joint venture relationship other than that of independent parties. The Parties acknowledge that Physician and Hospital do not have an employee-employer relationship and Physician shall be responsible for complying with all tax, social security, and other local, state and federal requirements applicable to funds received by Physician pursuant to this Agreement. No Party, nor the respective agents or employees of either Party, shall be required to assume or bear any responsibility for the acts or omissions, or any consequences thereof of the other Party under this Agreement. No Party hereto, nor the respective agents or employees of either Party, shall be liable to other persons for any act or omission of the other Party in performance of his, her or its respective responsibilities under this Agreement.

3.2 Physician/Patient Relationship. It shall be the sole right and responsibility of Physician to create and maintain a physician/patient relationship with each Covered Person whom Physician treats, and Physician shall be solely responsible to each such Covered Person for all aspects of medical care and treatment within the scope of Physician’s professional competence and license, including the quality and levels of such care and treatment.

4. COVENANTS RELATING TO GAINSHARING

4.1 Provision of Services. Physician agrees to comply with the terms of the BPCI ADVANCED Program Description, and to provide to Covered Persons those Medically Necessary Covered Services as set forth in the BPCI ADVANCED Program Description that Hospital and Physician are licensed and credentialed to provide. Hospital and Physician each further agree to provide such services to all Covered Persons in a nondiscriminatory manner consistent with the care and services that each of Hospital and Physician provides to its patients who are not covered under this Agreement.

4.2 Standard of Practice. For the BPCI ADVANCED Program, each of Hospital and Physician agrees that they shall conduct their practice in accordance with recognized standards in the health care community in which Hospital and Physician operate and ensure that health care services are provided in accordance with Hospital’s and Physician’s objectives of comprehensive quality care, cost containment, and effective utilization of inpatient, ambulatory, and emergency services. Physician agrees to follow applicable care pathways developed by the Hospital for use under the BPCI ADVANCED Program.
4.3 **Network Roster and Marketing.** Each Party authorizes the other and/or Medicare to include such Party’s contact information as well as Gainsharing Physician’s name, business address, business telephone number, medical specialty, medical education information, hospital affiliations, and other similar information in its provider directory or other similar material, which may be included in various marketing materials. Other than the above, each Party agrees not to use the name of the other in any form of advertisement or publication without prior written permission of the other.

4.4 **Quality, Access, and Utilization Requirements.** Physician shall ensure that Covered Persons receive medically necessary Covered Services in a timely and appropriate manner and that meet requirements for quality of care as reasonably established by Hospital based on industry standards. Physician must meet or exceed the BPCI ADVANCED Program Quality Metrics set forth in Exhibit C attached hereto in order to participate as a BPCI ADVANCED Program Network Physician. Hospital, with approval of Physician, reserves the right to revise the BPCI ADVANCED Program Quality Metrics set forth in Exhibit C annually as a prerequisite for continued participation in the BPCI ADVANCED Program. Physician shall not discriminate in the acceptance or care of any Covered Persons based on health needs or status. Physician may not seek to transfer a Covered Person to a different Physician based on the degree of utilization of medical services needed by such Covered Person or based on the Covered Person’s medical condition, except where required for the benefit of the Covered Person; nor may Physician limit, delay, restrict or withhold access to medically necessary services by Covered Persons. Physician shall comply with Hospital quality assurance programs and shall cooperate with Hospital’s efforts to review the appropriateness of care rendered to Covered Persons by Physician. In the event that Hospital reasonably believes that Covered Persons are not receiving appropriate quality or access to care by Physician, or that Physician is causing the inappropriate transfer of Covered Persons due to their health status, Hospital shall have the right to terminate Physician’s participation in the BPCI ADVANCED Program.

4.5 **Underutilization and Quality Monitoring.** Hospital will monitor the rate of utilization of medical services by Covered Persons for potential underutilization of Covered Services along with the quality of services provided. A set of Physician’s utilization measures will be compiled on a periodic basis and analyzed by Hospital. Hospital will conduct an internal review of any suspected underutilization or quality issues. If Hospital determines that there are indications of underutilization or quality issues, upon Hospital’s request, Physician will meet with Hospital to review the data. If there is sufficient indication of an underutilization issue or a quality issue, Physician must submit a corrective action plan (“CAP”) within 30 days of the in-person meeting. Failure to attend the required meeting or submit a timely CAP may result in the immediate removal of Physician from participation in the BPCI ADVANCED Program. The CAP shall set forth goals and/or targets for improvement and the time frame within which such goals and/or targets must be achieved. If Hospital does not approve the CAP, Physician will be given one opportunity to revise the CAP. The revised CAP must be resubmitted within 15 days of notice of disapproval from Hospital. Physician must implement the CAP immediately upon receipt of approval from Hospital. Hospital may monitor the CAP on a quarterly basis, as well as future utilization of medical services by the Covered Persons assigned to Physician and the quality of the services provided. If, at any time, Hospital determines that Physician
has not complied with the CAP, or if the resubmitted CAP is deemed deficient by Hospital, Hospital shall terminate Physician’s participation in the BPCI ADVANCED Program.

4.6 Non-Excluded Party. At all times during the term of this Agreement, Provider shall not be a sanctioned provider, defined as a person or entity listed on the List of Excluded Individuals/Entities maintained by the Department of Health and Human Services Office of Inspector General as a party excluded from participation in the Medicare (Title XVIII), Medicaid (Title XIX) and all other Federal health care programs pursuant to 42 U.S.C. § 1320a-7, and its implementing regulations, as in effect and amended from time to time. Provider agrees to promptly inform Hospital of the imposition of any such sanctions or exclusion and of the initiation of any investigation or proceeding the result of which may include such sanctions or exclusion. This Agreement shall be subject to immediate termination in the event Provider is subject to sanctions or exclusion.

4.7 Compliance Program. At all times during the term of this Agreement, Provider shall have in place a compliance program that includes oversight of this Agreement and compliance with the requirements of the BPCI ADVANCED Program. CMS has established regulatory guidelines for the BPCI ADVANCED program. Those guidelines are specified in Exhibit B of this Agreement.

5. PHYSICIAN COMPENSATION

5.1 Compensation Generally. Physician agrees to accept as payment in full for Covered Services the compensation set forth in the BPCI ADVANCED Program Description. Physician understands and agrees that he/she will invoice and receive payment directly from the Traditional Medicare carrier.

5.2 Covered Person Hold Harmless. Physician hereby agrees that in no event, including, but not limited to, nonpayment by Medicare or breach of this Agreement, shall Physician bill, charge, collect a deposit from, seek compensation, remuneration, or reimbursement for Covered Services from, or have any recourse against, a Covered Person or any person who may be acting on a Covered Person’s behalf other than Medicare. This provision shall not prohibit Physician’s collection of deductibles, supplemental charges, or co-payments made in accordance with the terms of the Covered Person’s benefit plan.

6. RECORDS

6.1 Records Generally. The Parties hereto shall maintain medical records in a current, detailed, organized, comprehensive manner and in accordance with applicable state and federal laws, customary medical practice in the community where the Parties operate, and policies mutually determined by Hospital and Physician. Medical records shall be legible, reflect all aspects of care, and contain a current and complete medical history and listing of allergies, medications, and diagnoses. For each patient encounter, there shall be completed, dated, and signed progress notes which, at a minimum, contain the chief complaint or purpose of the visit, diagnosis or findings, and therapeutic plan. Where appropriate, there shall be evidence of follow-up or previous encounters. The Parties agree that each of Hospital, Physician and Medicare respectively, shall have the right, upon request and, with respect to medical records, upon presentation of a valid patient authorization that complies with all applicable laws and regulations, to inspect at all reasonable times
and have copied, any accounting, administrative, and medical records maintained by a Party pertaining to the Covered Person’s enrollment or to a Party’s Gainsharing under this Agreement. Hospital and Physician shall provide the other with copies of all medical records and other records relating to claims for provision of Covered Services to a Covered Person reasonably requested pursuant to this Section at no charge.

6.2 Transfer and Confidentiality. The Parties hereto agree to cooperate in the transfer of Covered Persons’ medical records to other providers, as necessary or reasonably requested, subject to all applicable federal and state laws and regulations. The Parties further agree to cooperate with each other and any state agency or federal agency in making available, and in arranging or allowing inspection of, such records as may be required under state or federal laws and regulations. The Parties each agree that each Covered Person’s medical records and identifiable health information shall be treated as confidential so as to comply with all state and federal laws and regulations regarding the confidentiality, privacy and security of patient records and health information. Notwithstanding termination of this Agreement, the access to records granted hereunder shall survive the termination of this Agreement.

7. TERM AND TERMINATION

7.1 Term and Renewal. This Agreement will be effective on the Effective Date and its initial term shall continue in effect thereafter for one (1) year and shall automatically be renewed thereafter from year to year until December 31, 2023, unless either party provides not less than ninety (90) days’ prior written notice of its intent not to renew, subject to the termination provisions of this Agreement.

7.2 Termination by Physician. Physician may terminate this Agreement for any or no reason, without penalty, upon providing to Hospital not less than ninety (90) days’ prior written notice of such termination.

7.3 Termination by Hospital. Hospital may terminate this Agreement for any or no reason, without penalty, upon providing to Physician not less than ninety (90) days’ prior written notice of such termination.

7.4 Termination for Cause. Either Party may terminate this Agreement for the material breach of any provision of this Agreement or any policy or procedure adopted by Hospital and by Physician upon not less than 30 days’ prior written notice. Such notice must specify the exact nature of the breach. Termination shall not take effect if the cause specified in the notice is rectified within the thirty (30) day notice period as determined by the hospital, unless a longer time period is mutually agreed to by both Parties.

7.5 Immediate Suspension of Gainsharing. Notwithstanding anything to the contrary herein, Hospital may suspend upon notice, either written or oral, to Physician if Hospital has a reasonable basis for concluding that any of the following has occurred: (i) a suspension or revocation of Physician’s license, certificate, or other legal credential authorizing physician to practice medicine; (ii) a suspension or revocation of Physician’s controlled substance certificate from the DEA or other right to prescribe medications or controlled substances; (iii) Physician’s failure to maintain in good standing clinical privileges at Hospital; (iv) an indictment, arrest, or conviction for any felony or for any criminal
charge related to the practice of medicine or to the abuse or neglect of a patient; (v) the cancellation or termination of professional liability insurance as required by this Agreement, without replacement coverage having been obtained; (vi) the exclusion or suspension of Physician from participation in the Medicare program; (vii) Physician is unable to perform his/her obligations pursuant to this Agreement; or (viii) Hospital has determined that immediate suspension of Physician is in the best medical interest of the Covered Persons.

7.6 Effect of Termination. Any termination of this Agreement will not affect either Party’s obligations (including, without limitation any financial obligations) that arose prior to such termination.

8. PROVIDER MANUAL, AMENDMENTS AND NEW PRODUCTS

8.1 BPCI ADVANCED Program Provider Manual. The Parties hereto may collaborate on the preparation and approval of a BPCI ADVANCED Program Provider Manual and/or policies, procedures and guidelines to implement the terms of this Agreement and the terms of any BPCI ADVANCED Program Description(s). Subject to the provisions of Section 8.2, upon approval of the BPCI ADVANCED Program Provider Manual, or any amendments thereto, the Parties agree to comply with all provisions and procedures set forth therein.

8.2 Amendments. This Agreement or the BPCI ADVANCED Program Provider Manual may be amended at any time during the term of this Agreement by Hospital giving not less than sixty (60) days’ prior written notice of such amendment. In the event an amendment is not acceptable to Physician, then, notwithstanding any other provisions of this Agreement, Physician may terminate this Agreement as of the date the amendment becomes effective by submitting written notice of termination to Hospital at least thirty (30) days before the amendment’s effective date. However, during the sixty (60) day prior notice period, Physician shall remain obligated under the terms of this Agreement and the BPCI ADVANCED Program Description and the BPCI ADVANCED Program Provider Manual as those terms were in effect prior to the effective date of the amendment, unless Hospital consents to such termination taking effect immediately. In the absence of written notice of termination by Physician, Physician shall be deemed to have accepted such amendment(s) as of the effective date thereof. Except as provided in this Article 8, no amendment shall be effective unless in writing and signed by Physician and Hospital.

9. GENERAL PROVISIONS

9.1 Assignment. This Agreement shall not be, in any manner, assigned, delegated, or transferred by Physician or Hospital. Any such assignment, delegation, or transfer shall be null and void without the consent of the other Party.

9.2 Waiver of Breach. The waiver by either Party of a breach or violation of any provision of this Agreement shall not be deemed a waiver of any other breach of the same or different provision.

9.3 Notices. Any notice required to be given pursuant to the terms and provisions hereof shall be in writing and shall be sent by certified mail, return receipt requested, to the Parties at
the addresses set forth on the Execution Page of this Agreement. Such notice shall be effective upon mailing.

9.4 **Severability.** In the event any provision of this Agreement is rendered invalid or unenforceable by any Act of Congress or of the state legislature or by any regulation promulgated by officials of the United States or the applicable state agency or declared null and void by any court of competent jurisdiction, the remainder of the provisions of this Agreement shall, subject to this Section, remain in full force and effect. In the event that a provision of this Agreement is rendered invalid or unenforceable or declared null and void as provided in this Section and its removal has the effect of materially altering the obligations of any Party in such manner as, in the judgment of the Party affected, (i) will cause serious financial hardship to such Party or (ii) will substantially disrupt and hamper the mutual efforts of the Parties to maintain a cost-efficient means of delivery of health care services, the Party so affected shall have the right to terminate this Agreement upon sixty (60) days’ prior written notice to the other Party.

9.5 **Headings.** The headings of the sections contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

9.6 **Governing Law.** This Agreement shall be construed and enforced in accordance with the laws of the Commonwealth of Pennsylvania, without regard to such State’s statutes and cases concerning choice of laws.

9.7 **Construction.** The BPCI ADVANCED Program Description approved by Physician is enforceable under the terms and conditions therein and in the event of conflict between the language of this Agreement and the BPCI ADVANCED Program Description, the language of the BPCI ADVANCED Program Description shall prevail with respect to the terms applicable to, and Covered Persons under, the BPCI ADVANCED Program.

9.8 **Confidential Information.** The Parties agree that all Confidential Information, except medical records of Covered Persons, is the exclusive property of the disclosing Party and that the other Party has no right, title, or interest in the same.

9.9 **Counterparts.** This Agreement may be executed in counterparts, all of which together shall constitute a single Agreement.

9.10 **Entire Agreement.** This Agreement and amendments thereto, including the BPCI ADVANCED Program Description and attachments as are now incorporated or as added from time-to-time pursuant to the terms of this Agreement, constitutes the entire understanding and agreement of the Parties and supersedes any prior written or oral agreement, negotiations, and understandings pertaining to the subject matter hereof.

9.11 **Compliance with Law.** Hospital and Physician shall comply with all federal and state laws, whether or not such laws are specifically stated in this Agreement, which pertain to their respective rights, responsibilities and actions under this Agreement.
In consideration of mutual covenants and promises stated herein and other good and valuable consideration, the undersigned have agreed to be bound by the Reading Hospital Physician Gainsharing Agreement, as of the Effective Date stated below.

READING HOSPITAL

By __________________________
Title __________________________
Date __________________________

Office Address:  
420 S. Fifth Avenue  
West Reading, PA 19611

PHYSICIAN

____________________________________

Date __________________________

Office Address: __________________________

TAX ID: __________________________
## EXHIBIT A

### Physician Gainsharing Agreement

**BPCI ADVANCED Selected Clinical Episodes**

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EXHIBIT B

Physician Gainsharing Agreement
BPCI ADVANCED Program Description

A. Introduction

The negotiated bundled episode payment includes all Covered Services provided to a Covered Person during the Episode Period for the BPCI ADVANCED Bundle.

B. BPCI ADVANCED Bundle. The BPCI ADVANCED bundle includes:

1. Each clinical episode will include the following items and services, unless excluded.
2. A 90-day post-acute time period.
3. All Medicare Part A and Part B services.
   » Physician’s services
   » Inpatient hospitalization
   » Inpatient psychiatric unit
   » Long-term care hospital
   » Inpatient rehabilitation facility
   » Skilled nursing facility
   » Home health agency
   » Hospital outpatient services
   » Independent outpatient therapy
   » Clinical laboratory
   » Durable medical equipment
   » Part B drugs
   » Hospice

The BPCI ADVANCED bundle excludes:

1. Patients who are not:
   » Eligible for Medicare on the basis of end-stage renal disease.
   » Enrolled in a managed care plan (e.g., Medicare Advantage).
   » Covered under a United Mine Workers of America health plan.
   » Being cared for under an existing CMS initiative (Next Generation Accountable Care Organization, Medicare Shared Savings Program ACO Track 3, and Comprehensive Care for Joint Replacement).

2. The following will be excluded from each clinical episode:
» All Medicare Part A and Part B services furnished to a BPCI Advanced Beneficiary during certain specified ACH admissions and readmissions (i.e., ACH admissions assigned at discharge to an MS-DRG for an organ transplant, trauma, cancer-related care, or ventricular shunts);
» Contralateral procedures with the same MS-DRG (e.g., Major Joint Replacement of the Lower Extremity Clinical Episode that has a joint replaced in the opposite leg within 90 Days);
» New technology add-on payments
» Payments for items and services with transitional pass-through payment status
» Payment for blood clotting factors

C. Billing and Payment.

Physician will bill the Traditional Medicare carrier and will be paid regular Medicare fee-for-service rates for the items and services provided to patients during the clinical episodes of care.

D. Shared Savings.

1. Shared savings payments to physicians under the BPCI ADVANCED Program will initially consist only of funds from net payment reconciliation amounts (NPRAs) and not internal cost savings (ICS).
   » NPRA funds will be shared with the BPCI ADVANCED physicians at an agreed-upon percentage.
   » Shared savings distribution to individual physicians is capped at 50% of total Medicare-approved amounts billed under the Physician Fee Schedule (hereafter referred to as “Shared Savings Cap”).
2. The shared savings amount is determined by comparing actual episode spending with pre-set episode target prices. Hospital target prices will be based on 4 years of historical data and consist of a blend of standardized baseline spending, patient case mix, and peer-adjusted trend factor.
3. The savings under the program will be monitored on a quarterly basis and reported to the physicians at least as frequently. Reporting is contingent upon receiving timely information from CMS.
4. Shared savings will be reconciled on a semi-annual basis to correspond with the CMS reconciliation schedule.
5. Downside risk is the sole responsibility of Hospital. There is no downside risk for the physician or non-physicians in the BPCI ADVANCED Program.
   » If aggregate target prices are greater than actual spending, Hospital may receive and distribute reconciliation payments to physicians. Reconciliation
payments are capped by CMS at 20% throughout the entirety of the program:

6. Physicians must have a gainsharing agreement to receive shared savings.

7. Physicians must meet quality criteria as established by Hospital and directly related to the BPCI ADVANCED episodes of payment. If quality metrics are not fully met, then physician could receive no NPRA or a percentage of the NPRA.

8. Physician must contribute to Hospital’s care redesign strategies.

9. Physician must actively perform a role in implementing such strategies that are designed to improve the quality of care and reduce the clinical episode spend.

10. Methodology for determining gainsharing payments must not directly account for the volume or value of referrals.

E. Miscellaneous Provisions

1. Meeting Participation
   
a. The participants agree to meet no less than quarterly to discuss quality and care management issues related to the bundled payment program.

b. No additional compensation will be paid for meeting attendance beyond the risk payments associated with the program.
EXHIBIT C

GAINSHARING PHYSICIAN QUALITY METRICS

NOTE: This section will be completed and added to the final agreement. A new Exhibit C will replace this Exhibit C.
EXHIBIT D
Physician Gainsharing Agreement
Physician NPRA Formula for Payment and Examples

1. Introduction

Once Reading Hospital receives an NPRA payment, a contractual formula will be applied to allocate the NPRA payment between Reading Hospital and the Gainsharing Physicians. The NPRA payment to the Gainsharing Physicians will be placed in the Physician Incentive Pool (PIP). Once the pool is funded, a shared savings incentive formula will be applied for each individual Gainsharing Physician.

This shared savings formula will determine the funds that will be drawn from the PIP to pay the individual Gainsharing Physicians. Gainsharing Physicians will either be paid directly or through a group agreement, the methodology is the same for both applications. If Reading Hospital does not receive an NPRA payment, then there will be no dollars available to fund the PIP and no payments will be made to Gainsharing Physicians.

2. Two Separate Gainsharing Components

There are two separate calculations i.e. opportunities for gainsharing which are 1) Financial Performance and 2) Quality Performance. These metrics initially stand alone in terms of calculating the Gainsharing Physician financial opportunity. As part of the final payment reconciliation, the financial incentive total will be added and applied against a gainsharing cap.

3. Step 1 — Shared Savings Split Arrangement

When Reading Hospital receives an NPRA payment from CMS, the total dollar amount received will be split between Reading Hospital, Tower Health Partners and the Gainsharing Physicians. The split of dollars received from CMS will be allocated 35%/15%/50%, respectively between Reading Hospital, Tower Health Partners and the Gainsharing Physicians.

Example: Shared Savings Split

Reading Hospital receives an NPRA payment of $500,000 (100%) from CMS. Reading Hospital would receive $175,000 (35%), Tower Health Partners would receive $75,000 (15%) and the PIP would be funded by Reading Hospital at $250,000 (50%).

4. Step 2 — Physician Financial Performance – Surplus or Deficit (Metric Stands Alone)
If the Gainsharing Physicians’ financial performance results in a net shared savings surplus, the Gainsharing Physician financial performance results will be applied to 50% of the net surplus amount.

The Gainsharing Physician’s shared savings opportunity will be based upon the average episode spend (Medicare payment) for the selected clinical episodes. The episode spend will be compared to the target price as established by CMS which results in a shared savings surplus or deficit. A surplus is defined as the episode spend being lower than the target spend, while a deficit is defined as the episode spend being higher than the target spend.

The surplus or deficit will be split equally amongst all physicians involved in the episode as outlined in Table 1 below.

Table 1: Reading Hospital Attribution Model

<table>
<thead>
<tr>
<th>Sepsis</th>
<th>Stroke</th>
<th>Spinal fusion (non-Cervical)</th>
<th>AMI</th>
<th>PCI (IP)</th>
<th>PCI (OP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>» ED</td>
<td>» ED</td>
<td>» Orthopedic Surgery</td>
<td>» ED</td>
<td>» ED</td>
<td>» Internist</td>
</tr>
<tr>
<td>» Hospitalist</td>
<td>» Hospitalist</td>
<td>» Anesthesiology</td>
<td>» Hospitalist</td>
<td>» Hospitalist</td>
<td>» Family Medicine</td>
</tr>
<tr>
<td>» Intensivist</td>
<td>» Intensivist</td>
<td>» Internal Medicine</td>
<td>» Intensivist</td>
<td>» Intensivist</td>
<td>» Cardiologist</td>
</tr>
<tr>
<td>» Infectious Disease</td>
<td>» Neonlogist</td>
<td>» Neurology</td>
<td>» Cardiologist</td>
<td>» Cardiologist</td>
<td></td>
</tr>
<tr>
<td>» Post-Acute Hospitalists</td>
<td>» Neuro Intensivist</td>
<td>» Neurosurgery</td>
<td>» Anesthesiology</td>
<td></td>
<td></td>
</tr>
<tr>
<td>» Interventional Radiology</td>
<td>» Family Medicine</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>» Post-Acute Hospitalists</td>
<td>» PMNR</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>» PMNR</td>
<td>» Hospitalists</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>» Vascular Neurosurgery</td>
<td>» Pain</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
In determining the shared savings surplus or deficit, clinical episodes will be calculated separately, since CMS has established separate target prices by clinical episode. Once each individual clinical episode has been calculated to determine the shared savings surplus or deficit, the total net shared savings dollar amount will be determined by adding all the individual cases (all cases are rolled up into one calculation for all cases). This calculation will determine the Gainsharing Physician’s highest potential shared savings amount, prior to the physician cap being applied. **If this calculation results in a deficit, the Gainsharing Physician is not responsible for paying the deficit, and the money will not be deducted from the PIP. Reading Hospital has assumed all financial risk for the BPCI ADVANCED Program.**

**Examples: Physician Financial Performance (Metric Stands Alone)**

**Example 1 – Individual Cases with a Surplus**

For one clinical episode (i.e. Sepsis), there is an episode spend of $24,000, as compared to the CMS target episode spend of $26,000 resulting in a surplus of $2,000 per case. This net shared savings would be split equally amongst the physicians attributed to the cases based upon Table 1 – Reading Hospital Attribution Model – BPCI Advanced.

**Example 2 – Individual Case with a Deficit**

For one clinical episode (i.e. UTI), there is an episode cost of $52,000, as compared to the CMS target episode spend of $49,000, resulting in a deficit of $3,000 per case. This net shared savings deficit for an individual case would be split equally amongst the physicians attributed to the cases based upon Table 1 – Reading Hospital Attribution Model – BPCI Advanced.

**Physician Financial Performance Only Metrics – Final Calculations**

Based upon the financial performance of each episode of care, and the specialist attributed to each episode of care, the Gainsharing Physician will have either a surplus or deficit per case. All the cases for that attributed Gainsharing Physician will then be added to determine their net financial performance.

5. **Step 3 — Physician Quality Performance (Metric Stands Alone)**

If the Gainsharing Physicians’ performance results in a net shared savings surplus, the Gainsharing Physician Quality performance results will be applied to 50% of the net surplus amount.

The Gainsharing Physician quality metrics for Model Years 1 and 2 (October 1, 2018 to December 31, 2019) are specified in Exhibit C Gainsharing Physician Quality Metrics. The subsequent Gainsharing Physician quality metrics for Years 3–5 will need to be agreed upon by both parties. New agreed-upon metrics will require a signed contractual amendment to this Agreement.
The agreed-upon metrics (new metrics in Exhibit C will replace metrics in Table 2) for Years 1 - 2 are:

**Table 2: Episode Specific Quality Metrics**

<table>
<thead>
<tr>
<th>Episode</th>
<th>Metric #1</th>
<th>Metric #2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sepsis</td>
<td>All-Cause 30 Day Hospital Readmission</td>
<td>Mortality</td>
</tr>
<tr>
<td>Stroke</td>
<td>All-Cause 30 Day Hospital Readmission</td>
<td>TBD</td>
</tr>
<tr>
<td>Spinal fusion (non-Cervical)</td>
<td>All-Cause 30 Day Hospital Readmission</td>
<td>Smoking Cessation</td>
</tr>
<tr>
<td>AMI</td>
<td>All-Cause 30 Day Hospital Readmission</td>
<td>Excess Days in Acute Care</td>
</tr>
<tr>
<td></td>
<td></td>
<td>after Hospitalization for AMI</td>
</tr>
<tr>
<td>PCI (IP)</td>
<td>All-Cause 30 Day Hospital Readmission</td>
<td>Dual Antiplatelet Therapy</td>
</tr>
<tr>
<td>PCI (OP)</td>
<td>All-Cause 30 Day Hospital Readmission</td>
<td>Dual Antiplatelet Therapy</td>
</tr>
</tbody>
</table>

Each of the two metrics represents 50 points, for a total of 100 points. A performance related percentage score will be applied to each metric, ranging from 0% to 100% compliance dependent on the performance tier. As an example, for 0% compliance the Gainsharing Physician would receive a point total of 0 for that individual metric. For a 100% compliance the Gainsharing Physician would receive a point total of 50 points for that individual metric. Each metric will be scored and summed based upon the 100 total available points. A total percentage score will then be calculated to determine the actual number of points out of 100 that the Gainsharing Physician achieved.

**Example: Quality Metrics Scoring and Calculation**

If a Gainsharing Physician scored 75 out of 100 points, the quality score would be 75%. If a physician scored 50 out of 100 points, the quality score would be 50%. The table below illustrates the scoring and calculations.

**Table 3 – Application of Quality Metrics and Scoring Example**

<table>
<thead>
<tr>
<th>Metric</th>
<th>Points Available</th>
<th>Compliance (%) or Score</th>
<th>Net Points</th>
</tr>
</thead>
</table>

1678.004\358051 (docx)-E2
<table>
<thead>
<tr>
<th>Metric</th>
<th>Points</th>
<th>Target</th>
<th>Partial Credit Potential</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metric 1</td>
<td>50</td>
<td>50%</td>
<td>97 to 98% = 50%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>98 to 99% = 75%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>99 to 100% = 100%</td>
</tr>
<tr>
<td>Metric 2</td>
<td>50</td>
<td>100%</td>
<td>80 to 85% = 50%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>85.01 to 89.99% = 75%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>90%+ = 100%</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td></td>
<td>100%</td>
</tr>
</tbody>
</table>

The final quality score will then be applied to 50% of the individual Gainsharing Physician’s shared savings surplus.

Using Table 3 above as an example, a Gainsharing Physician generated a surplus of $155,000 and scored 75% on the quality metrics. The net shared savings surplus for the physician for the quality metrics only would be $58,125 ($155,000 x 0.50 x 0.75).

6. **Step 4 — PIP Reconciliation**

The individual Gainsharing Physician shared savings surplus payments after the application of the quality metrics percentage score, when totaled for all contracted Physician Gainsharing, cannot exceed the total dollars in the PIP.

**Examples: PIP Reconciliation**

**Example 1 — All Physicians Proration, Funding is Less Than the Gain Sharing Dollars Earned**

Gainsharing Physician payments for Physicians A, B, C, D, and E are all positive and total $400,000 after the application of the quality metrics. There are no other Gainsharing Physicians. The PIP totals $300,000. The payment to the individual physicians will need to be prorated so as not to exceed the $300,000 total. Therefore, payment to each physician would be multiplied by 0.75 ($300,000 divided by $400,000) to determine the physician’s net payment. If Physician A’s results
were $40,000 positive, his/her actual payment would be reduced to $30,000 ($40,000 x 0.75).

Table 5 – NPRA Exceeds the Available Funding in the PIP – Resulting in Proration

<table>
<thead>
<tr>
<th>Total NPRA</th>
<th>Total PIP</th>
<th>PIP Shortfall and Proration Calculation</th>
<th>Proration</th>
</tr>
</thead>
<tbody>
<tr>
<td>$400,000</td>
<td>$300,000</td>
<td>$300,000/400,000</td>
<td>0.75</td>
</tr>
</tbody>
</table>

Example 2 — Individual Physician Deficit Does Not Impact Other Physicians with Proration Example

Gainsharing Physician payments for Physicians A, B, D, and E are all positive and total $400,000. Physician C had a deficit of $60,000. There are no other Gainsharing Physicians. The $60,000 deficit would not be subtracted from the $400,000 positive total because Gainsharing Physician deficits are counted as having a zero-dollar ($0) impact on the shared saving results.

Example 3 — Individual Physician Surplus is Not Maximized Due to Quality Metric Performance

In the event the Gainsharing Physician did not earn their maximum net shared savings amount, those funds are placed in the Leftover Gainsharing Funds Pool. For example, if a Gainsharing Physician had a net shared savings amount of $80,000, which netted to $60,000 after the quality metrics were applied, the $20,000 difference is placed in Leftover Gainsharing Funds Pool which is split between the hospital and THP.

7. Step 5 — Physician Payment Not to Exceed 50% of Professional Fees

The shared savings distribution to individual Physician Gainsharing is capped at 50% of the Medicare approved amounts paid under the Physician Fee Schedule; this is referred to as the Shared Savings Cap. The Shared Savings Cap calculation is applied after all the calculations described in steps 1, 2, 3, and 4 above are completed. The total shared savings distribution opportunity is based upon the total of the two individual stand-alone metrics which are 1) Financial Performance and 2) Quality Performance.

Example: Individual Shared Savings Physician Cap

An individual Gainsharing Physician has a net shared savings amount of $60,000 (after adding the financial and quality metrics performance and reconciliation against the PIP). The amount paid by Medicare for the individual physician services is $100,000. The Shared Savings Cap is then calculated, resulting in a total of $50,000 ($100,000 x 0.5). The Shared Savings Cap of $50,000 is less than the net shared savings amount of $60,000. Since the physician payment cannot
exceed the Shared Savings Cap, payment to the physician would be capped at $50,000.

Table 6 – NPRA Compared to Part B Cap at 50% of Professional Fees

<table>
<thead>
<tr>
<th>Total NPRA</th>
<th>Medicare FFS Part B Total</th>
<th>Medicare FFS Part B Cap</th>
<th>Payment Maximum</th>
<th>Total Physician Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>$60,000</td>
<td>$100,000</td>
<td>50%</td>
<td>$50,000</td>
<td>$50,000</td>
</tr>
<tr>
<td>$40,000</td>
<td>$100,000</td>
<td>50%</td>
<td>$50,000</td>
<td>$40,000</td>
</tr>
</tbody>
</table>

Administration of Gain Sharing Agreements

Tower Health has established a Funds Flow Clinical Effectiveness Team (CET) with responsibility for the oversite and administration of the funds flow and payments under the BPCI Advanced Program. The Funds Flow CET will be responsible for monitoring the funds that are received by the individual Tower Health Hospitals and applying the financial and quality metrics to determine the gain sharing final payments to the individual physicians or physician groups. The Funds Flow CET will work collaboratively with the individual Tower Health Hospitals in reviewing, administering and finalizing the gain sharing payments. The Funds Flow CET membership consist of both administrative and physician leaders at Tower Health.