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HEALTH FACILITIES &
SERVICES REVIEW BOARD

December 18, 2014

Ms. Courtney R. Avery
Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street – 2nd Floor
Springfield, Illinois 62761

**RE: Requested Information
Pediatrics and NICU Expansion Project
Central DuPage Hospital
Project #14-051**

Dear Ms. Avery:

Enclosed please find the Pediatric Services Agreement between Central DuPage Hospital and Ann & Robert H. Lurie Children's Hospital of Chicago as requested at the December 16, 2014 HFSRB meeting. As suggested at the HFSRB meeting, all sensitive material in the agreement has been redacted.

If you have any questions/comments, please contact me at (312) 926-8650.

Sincerely,



Bridget S. Orth
Director, Regulatory Planning

enclosure

PEDIATRIC SERVICES AGREEMENT

This Pediatric Services Agreement ("Agreement") is made this 2nd day of May, 2006 (the "Effective Date"), by and between Central DuPage Hospital ("CDH"), an Illinois not-for-profit corporation, and The Children's Memorial Hospital ("CMH"), an Illinois not-for-profit corporation. (CMH and CDH are each referred to herein as a "party" and, collectively as the "parties".)

WHEREAS, CDH operates a general acute care hospital in Winfield, Illinois, that provides a broad range of inpatient and outpatient services to residents of the western Chicago suburbs, including obstetrical, perinatology, and pediatric services; and

WHEREAS, CMH operates a pediatric specialty hospital in Chicago, Illinois, that is a primary teaching facility of the Northwestern University Feinberg School of Medicine and provides a full range of inpatient and outpatient pediatric services, including many pediatric subspecialties that are not generally available in community hospitals; and

WHEREAS, CDH desires to develop a premier pediatric service for its service area, including the local availability of certain medical and surgical pediatric specialties which will improve the health of the communities it serves, and wishes to draw upon the clinical expertise and reputation of CMH for such purpose; and

WHEREAS, CMH desires to provide its expertise and experience to CDH and to extend its presence in the CDH service area; and

WHEREAS, CDH and CMH, cognizant of the prospects of a long-term cooperative relationship, wish to work together in a spirit of partnership to provide a full complement of high quality inpatient and outpatient neonatal and pediatric services, thereby to improve access to those services for residents of the western Chicago suburbs and the health of the children in those communities, based on the principle that children should be cared for in the most convenient and appropriate setting.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual and

respective promises, covenants and conditions set forth herein, CMH and CDH agree as follows:

Section 1. Statement of Objectives. It is the objective of this Agreement to create the premier inpatient and outpatient pediatric program serving DuPage, Kane, and Will Counties as a cooperative endeavor of CDH and CMH. In collaboration, CDH and CMH expect to provide a broad spectrum of pediatric programs and services with excellence, expertise, and quality. The parties intend that their commitment to excellence will extend to all facets of the program – people, services, facilities, diagnostics, and treatment. CDH and CMH seek to grow the interrelated services and programs of pediatrics (which will be provided collaboratively) obstetrics, and perinatology (which will continue to be provided by CDH) into a market-leader position for the service area.

Section 2. Legal Relationship of the Parties. In performing their respective duties and obligations under this Agreement, CMH and CDH are independent contractors. No partnership, joint venture, or agency relationship between CDH and CMH is intended hereby,

regardless of whether the activities of the parties hereunder are deemed to be a partnership for tax purposes and notwithstanding any public use by them of the term "partnership" to describe their intent to create and maintain a cooperative working relationship.

Section 3. Collaborative Program. In accordance with the terms, and subject to the conditions and limitations, of this Agreement, and except as otherwise specifically provided herein, all Pediatric Services at CDH shall be operated as a collaborative endeavor of CDH and CMH (and such endeavor shall be referred to herein as the "Program").

3.1 Defined Program Terms. In addition to any terms defined elsewhere in this Agreement, the following Program-related terms used herein have the meanings set forth below.

(a) "CMH-Affiliated Physician" means (i) a physician member of a faculty practice organization affiliated with CMH and (ii) a physician member of Children's Community Physicians Association. CMH-Affiliated Physicians may include, without limitation, (x) CMH faculty physicians; (y) CDH-based sub-specialist physicians who have successfully affiliated with CMH; and (z) community-based pediatric primary care and specialist physicians who are members of the CDH medical staff and who have successfully affiliated with CMH.

(b) "CMH-Furnished Physician" means a CMH-Affiliated Physician whose services are provided by CMH for the staffing of certain Pediatric Services, as more fully described in Section 5.1. A CMH-Furnished Physician, (including a CMH-Furnished Physician functioning as a Site Leader (as defined herein)) is a "Program Physician" as defined below.

(c) "Pediatric Services" means, generally and except as otherwise specified herein, inpatient and outpatient services provided to patients who are under 19 years of age on the date of admission (for inpatient services) or the date of service (for outpatient services), but subject in all respects to the more specific list of included and excluded services attached as Exhibit A hereto.

(d) "Pediatric Patient" means any patient who is receiving Pediatric Services, regardless of the specialty of the physician furnishing the services or the unit on which the patient receives services.

(e) "Program Pediatric Services" means Pediatric Services furnished as part of the Program.

(f) "Program Physician" means a CMH-Affiliated Physician who has been granted privileges by CDH for purposes of providing Program Pediatric Services.

3.2 Program Implementation. Program implementation, including any changes from time to time in the scope of services to be provided through the Program (whether additions or deletions), as well as the timetable for such implementation, shall occur pursuant to the Annual Program Plan described in Section 4.9. Exceptions and modifications to the Annual Program Plan may occur upon the approval of the Executive Committee. In this regard, the parties acknowledge and agree that the Program Plan and Program implementation will be based on respect for the following principles:

(a) Development and implementation of the Program Pediatric Services is dependent, in part, upon external market factors, including the availability of specialized physician and clinical resources; and

(b) Pediatric Services should be provided in the most appropriate setting consistent with clinical judgment and patient preferences, and in this regard, patients in the CDH service area should be treated at CDH if medically appropriate and consistent with Program resources.

(c) Decisions regarding changes in the scope of Program Pediatric Services shall take into account, at a minimum, the interests and needs of the communities served by CDH, the interests and needs of the Program, financial feasibility, the availability of necessary resources, including human and monetary capital, and the ability to offer the service in accordance with appropriate utilization criteria, credentialing standards developed pursuant to this Agreement, and prevailing standards of clinical quality. Changes in Program Pediatric Services shall be approved and recommended to the parties by the Executive Committee (as defined herein).

(i) Those tertiary pediatric services available at CDH prior to the Effective Date will continue to be offered at CDH, provided that such services continue to be furnished within any applicable quality and utilization criteria developed and adopted by the Program; provided, further, however, that any such service may be discontinued if the parties agree that such discontinuation is in the best interests of the Program and the community as described above.

(ii) The Program will not, as a general matter, seek to create new highly specialized tertiary and quaternary services at CDH that would duplicate those available at CMH; provided, however, that new tertiary Pediatric Services may be developed at CDH if the parties agree that such development is in the best interest of the Program and the community as described above.

Section 4. Coordination of Program Activities.

4.1 Functional and Reporting Relationships. The functional and reporting relationships for the Program contemplated by this Section 4 as of the date hereof are illustrated on Exhibit B.

4.2 Senior Administrative Representatives. Each party shall designate a senior member of its administrative staff ("Senior Administrative Representative") to serve as its representative and to act on behalf of such party with respect to all matters identified hereunder as requiring notice to, or the approval or assent of, a party. The initial Senior Administrative Representatives are identified on Exhibit C hereto. A party may replace its Senior Administrative Representative at any time in its discretion; provided, however, that, unless the other party waives such requirement in a particular case, any person designated for such role from time to time shall have and maintain a direct reporting relationship to such party's chief executive officer or chief operating officer during the period of his or her appointment.

4.3 Executive Committee. There shall be an "Executive Committee" charged with overseeing the strategic planning for, and general implementation of, the Program (including changes in Program Pediatric Services as described in Section 3). The Executive Committee shall consist of (i) four members appointed by CDH, (ii) four members appointed by CMH, (iii) the Program Director (as defined herein), and (iv) the Medical Director (as defined herein). The number of Executive Committee members appointed by CMH and CDH may be increased or decreased from time to time by their mutual agreement. The Executive Committee shall meet at least quarterly during the Term of this Agreement. The initial members of the Executive Committee are identified on Exhibit C.

4.4 Joint Clinical Practice Committee. There shall be a "Joint Clinical Practice Committee" (or "JCPC") charged with overseeing the clinical and operational performance of the Program in the delivery of Pediatric Services. The JCPC shall consist of (i) the Program Director, (ii) the Medical Director, (iii) the Site Leaders (as defined herein) of the NICU, PICU, and the Pediatric Emergency Department, (iv) the Vice President of Medical Affairs of CDH; (v) one or more representatives of pediatric nursing; (vi) the Administrator of Corporate Outreach of CMH, (vi) the Medical Director of Corporate Outreach at CMH; (vii) the Vice President of Strategy at CDH; and (viii) such other members as the parties may mutually designate from time to time, including, by way of example, administrative or clinical representatives of the CDH obstetrics department. The JCPC shall meet at least quarterly during the Term of this Agreement, such meetings to be held at CDH. The initial members of the JCPC are identified on Exhibit C.

4.5 Program Director. The Program shall have a Program Director, who shall be selected jointly by the parties and employed by CDH in accordance with Section 7.2(a). The Program Director shall function as the senior administrative officer of the Program and shall be responsible for the operation of the Program, including the duties described on Exhibit D. The Program Director shall report and be accountable to the

Senior Administrative Representatives and shall have an informational and consultative relationship to the Executive Committee and the Medical Director.

4.6 Medical Directorships.

(a) The Program shall have a Medical Director who shall be selected jointly by the parties and shall be employed by CMH in accordance with Section 5.2(f), and who shall be responsible for the clinical operations of the Program, including the duties described on Exhibit E. The Medical Director shall report and be accountable to the Senior Administrative Representatives, and also shall have an informational and consultative relationship to the Vice President of Medical Affairs of CDH, the Program Director and the Executive Committee.

(b) The Executive Committee from time to time may appoint such subordinate medical or surgical directors as it deems in the best interests of the Program and shall define the responsibilities, accountabilities and reporting relationships of those offices. Any individuals appointed to subordinate medical or surgical directors shall be mutually acceptable to the parties. Unless otherwise agreed by the parties, CDH shall have the responsibility for contracting and compensating such individuals, and any compensation paid by CDH shall be considered a Program Expense, as defined herein.

4.7 Program Co-Branding: CMH License.

(a) The Program will be branded and marketed as "Children's Memorial at Central DuPage Hospital" or such other or modified joint nomenclature to which the parties may agree from time to time.

(b) CMH hereby grants to CDH a non-exclusive and non-transferable license to use the name "Children's Memorial Hospital" and to use the CMH logo and handprint service mark, in each case solely with respect to the Program (the "CMH License"). As an explicit condition of such license, CDH shall not use the Program's identity in association with the name of any physician who is not a Program Physician (as defined herein).—This condition encompasses all marketing and branding programs concerning the Program, whether in the form of electronic or print media, or other public statements.

(c) During the period that the CMH License is in effect, consistent with the understandings set forth in Section 8.2, CMH shall have the right to approve all Program marketing and promotional materials prior to any public use of such materials. CMH may object to any use or proposed use of the CMH name, logo, or service mark that (i) exceeds the scope of the Program; (ii) in the reasonable judgment of CMH, is in bad taste, (iii) that states or implies any non-factual relationship between CMH and/or the Program and any third party; (iv) that states or implies an endorsement by CMH and/or the Program of any person or cause unless CMH has in fact assented to the endorsement; or (v) that otherwise includes any false, fraudulent, or misleading statement. In the event of

an objection by CMH, CDH shall immediately discontinue the objectionable use and shall take all reasonable steps to withdraw the objectionable use from the market and to prevent its further dissemination. Any disagreement between the parties regarding an objection by CMH shall be resolved in accordance with Section 15 hereof.

(d) CMH may terminate the CMH License upon sixty (60) days written notice in the event that (i) CDH breaches the explicit condition of the license set forth in preceding subsection (b) and fails to cure such breach within the 60 day notice period; or (ii) in the event CDH materially and repeatedly engages in uses proscribed by subsection (c). Further, the CMH License shall terminate immediately for all purposes and in all respects upon the termination of this Agreement for any reason. Upon termination of the CMH License, CDH and the Program shall immediately cease all new instances of use in any form and for any purpose of the CMH name, logo, and service marks, and shall within a reasonable period of time not to exceed thirty (30) days discontinue all other uses.

(e) During any period in which the CMH License is in effect, CMH shall have the right to use the name "Central DuPage Hospital" and the CDH logo solely for purposes of describing and promoting CMH's relationship with CDH and the Program. With respect to any use for CMH's public advertising, promotional, or informational purposes, CDH shall have the same rights of approval and objection given to CMH in the preceding subsection (c), and shall have the same rights of termination as set forth in preceding subsection (d). For the purposes of the preceding sentence, the sections (c) and (d) shall interpreted and be deemed modified in a manner that gives effect to the rights of CDH hereunder (e.g., the terms "CDH" and "CMH" shall be interchanged).

4.8 CDH Policies and Procedures. CDH shall furnish or otherwise make available to CMH those written policies and procedures of CDH that pertain to or affect the Program and CMH's obligations under this Agreement (including, without limitation, those CDH Policies applicable to or affecting the duties and responsibilities of CMH-Furnished Physicians) (the "CDH Policies"), as well as changes to CDH Policies, on a timely basis. With respect to all changes in CDH Policies that specifically relate to the delivery of Pediatric Services, (i) the Program Director and the Medical Director shall be charged with responsibility for monitoring any such changes and advising the parties as to the effect of such changes on the Program, and (ii) to the extent practicable, CDH shall present all such changes to the Executive Committee for review and comment, and shall consider any such comments, prior to the final CDH approval of such changes. In all such cases, CMH shall be afforded a reasonable opportunity to effectuate compliance with changes to CDH Policies that affect CMH's duties and obligations hereunder.

4.9 Annual Program Plan. The Executive Committee, with the advice of the JCPC, the Program Director, and the Medical Director, shall annually prepare and approve a plan and budget for the Program (the "Annual Program Plan"). The parties shall develop a schedule for development and approval of the Annual Program Plan that enables each party to obtain, if necessary, the input and approval of parties' respective

management and board or board committees prior to its implementation. An example format for the Annual Program Plan is set forth as Exhibit F to this Agreement.

(a) The Annual Program Plan shall define, for each fiscal year (hereinafter defined) this Agreement is in effect: (i) the objectives and milestones for Program implementation and operation, including specifically the services and functions addressed in Sections 5 through 7 of this Agreement; (ii) the financial and other resource commitments required for such purposes; and (iii) a statement of financial performance objectives consistent with Section 9 hereof.

(b) Consistent with the implementation progress of the Program and the availability of resources, the Annual Program Plan shall address expectations regarding information services integration between CDH and CMH. Specific areas to be addressed may include telemedicine technology and picture archival (PACS) systems, and unified or coordinated patient record and information systems. The parties recognize, however, that Program investment in such systems at CDH and CMH must occur in coordination with the parties' respective existing investments in such systems, and the potential additional expenditures that would be required of either or both parties.

(c) The parties acknowledge and agree that the first Annual Program Plan shall be developed, approved and implemented for fiscal year 2007.

Section 5. Obligations and Authority of CMH.

5.1 Physician Staffing of Certain CDH Pediatric Services.

(a) During the Term of this Agreement, CMH, either directly or through its affiliates and/or contractors (as CMH may determine in its discretion), shall furnish (or cause to be furnished) the CMH-Furnished Physicians to provide certain specialized professional medical services, which shall include:

(i) Neonatologist services as required to provide physician coverage of the CDH neonatal intensive care unit ("NICU"), nurseries, neonatal follow-up clinics, and appropriate (e.g., high-risk) deliveries. Such staffing shall minimally assure on-site coverage of the NICU by at least one such physician twenty-four (24) hours a day, seven (7) days a week. The parties agree that such NICU coverage, as of the date hereof, ordinarily will require not less than full time equivalent (FTE) neonatologists; however, CMH shall not be in breach of the aforesaid obligation if the assigned physicians fall below such FTE level on a temporary or intermittent basis due to, for example, the illness, resignation, or other non-availability of an assigned physician, provided that the required 24 hour/7 day coverage is maintained.

(ii) Pediatric intensivist and hospitalist services as required to provide physician coverage of the CDH pediatric intensive care unit ("PICU") and, as appropriate, general pediatric units. Such staffing shall

minimally assure on-site coverage of the PICU by at least twenty-four (24) hours a day, seven (7) days a week; provided, however, that at any time when a pediatric hospitalist is providing on-site coverage of the PICU, a pediatric intensivist will be on call.

(iii) Such other services as the parties may agree, the furnishing of which shall be consistent with the terms and conditions of this Section 5 except as the parties may otherwise and specifically agree in any instance.

(b) CMH shall provide the medical professional direction for the day-to-day clinical operation of each unit or service staffed on a full-time basis by CMH-Furnished Physicians. Such direction shall be provided through a physician appointed to be the chief of such service or unit at CDH (the "Site Leader"). Except as the parties may determine in a particular case (and, as of the date hereof, the Pediatric ED Site Leader is such an exception) each Site Leader shall be selected by the Medical Director of Outreach at CMH, subject to the approval of the Medical Director in consultation with the Chair of the Department of Pediatrics at CDH, such approval not to be unreasonably withheld or delayed.

(i) The general duties and responsibilities of the NICU and PICU Site Leaders shall be as set forth on Exhibits G-1 and G-2 hereto. Exhibits G-1 and G-2 may be modified from time to time without amending this Agreement, provided that such modifications are recommended by the Joint Clinical Practice Committee and approved by both Senior Administrative Representatives.

(ii) A Site Leader may be removed by CMH as provided in Section 5.1(e) hereof, and shall be removed as provided in Section 5.1(f) hereof.

(c) The services provided by CMH-Furnished Physicians shall be supplementary to the physician services performed by other members of the medical staff of CDH. ~~In each case, the delivery of care shall be made in accordance with the responsible physician's clinical assessments and in accordance with such physician's determination of appropriate medical care for the patient.~~

(d) Each CMH-Furnished Physician shall be qualified in accordance with this subsection and shall be approved by the Executive Committee, which approval shall not be unreasonably withheld or delayed.

(i) The CMH-Furnished Physicians shall have significant, broad-based experience in the applicable subspecialty, so as to ensure that patients, whenever possible consistent with the standards of clinical appropriateness and the availability of facilities and other resources at CDH, are cared for at CDH without requiring transfer to another facility. The CMH-Furnished Physicians shall be subject to and comply with all

applicable rules and regulations, including the bylaws, rules, regulations, policies and procedures of the CDH and CMH medical staffs.

(ii) Each CMH-Furnished Physician shall hold an unrestricted medical license in Illinois, shall be a member in good standing of the medical staff with appropriate clinical privileges at both CDH and CMH.

(iii) Except as otherwise provided by this Agreement or the agreement of the parties, the CDH medical staff privileges of each CMH-Furnished Physician providing NICU, PICU and similar hospital-based services shall be conditional upon such individual serving as a CMH-Furnished Physician hereunder. Accordingly, upon the involuntary removal of a CMH-Furnished Physician from the Program, the physician will forfeit his/her membership on the medical staff of CDH and waive any rights to appeal or to otherwise retain such privileges under CDH's medical staff bylaws, policies, procedures, or regulations or any applicable state law.

(e) CMH may, at any time during the Term of this Agreement, remove and replace any individual CMH-Furnished Physician assigned to the Program; provided, however, that (i) to the extent feasible under the circumstances, CMH shall provide CDH and the Executive Committee with 90 days prior written notice of any such change and (ii) if such removal or replacement is due to factors within CMH's control, the Executive Committee either shall have reasonably approved the replacement physician or shall have reasonably approved a plan for such replacement prior to such removal taking effect. In any event, all replacement physicians assigned to the Program shall be subject to the reasonable approval of the Executive Committee as provided generally herein.

(f) If CDH, in its reasonable discretion, determines that the continued presence of a CMH-Furnished Physician is or will become detrimental to the achievement of the objectives of this Agreement, or otherwise gives CDH reasonable cause to seek removal, CDH shall so notify CMH in writing of the documented performance problems. CMH thereupon shall require the physician to take reasonable steps to address the issue and cure the problem within a reasonable time (not to exceed sixty (60) days). If at the end of such sixty (60) day cure period, CDH is not reasonably satisfied that the issue has been resolved, CDH may request the removal of the physician by CMH in writing. CMH thereupon shall remove the physician from the performance of services under this Agreement as soon as possible, and within no more than thirty-one (31) days from the date of such notice.

(g) Nothing in this Section 5.1, including specifically the preceding subsection (f), shall be understood to limit or prohibit any disciplinary action against a CMH-Furnished Physician pursuant to bylaws, rules, and regulations of the CDH medical staff or the CMH medical staff. CMH shall take immediate action to replace (on a temporary or permanent basis, as applicable) any CMH-

Furnished Physician whose privileges have been suspended or terminated by either organization.

(h) In the event of a material delay or material deficiency by CMH in fulfilling its obligations under this Section 5.1, CDH shall have the option to act in accordance with Section 5.2(e) with respect to the staffing of services within the scope of this Section 5.1. This option shall not be exclusive of any other remedy that CDH may have under this Agreement.

5.2 Other Physician Services and Clinical Resources.

(a) *Physician Services.* In addition to provision of the CMH-Furnished Physicians, CMH will work cooperatively with CDH to recruit and fill the pediatric specialist requirements of the Program through consultative and other staffing options appropriate to each specialty area, as and in accordance with the timetable defined in the Annual Program Plan. Without limiting the generality of the preceding sentence, CMH will furnish or arrange for the services of pediatric sub-specialists physicians for inpatient and outpatient consultations and for inpatient and outpatient surgery. Consistent with Sections 6.2 and 6.3, on a specialty-specific basis, such recruitment will take into account the availability and qualifications of Program Physicians. The physicians described in this subsection shall meet, at a minimum, the qualifications of Section 5.1(d)(i) and (j). Further, additional qualifications for such physicians may be established by the Executive Committee; provided, however, that the Executive Committee shall seek the advice of the relevant clinical leadership at CMH and CDH in such process.

(b) *Outpatient Center Services.*

(i) CMH shall manage and arrange for physician sub-specialist coverage of a pediatric outpatient clinic (the "Outpatient Center") to be located on the CDH campus. The manager of the Outpatient Center shall be selected jointly by the parties, shall be employed and supervised by CDH, and shall be accountable to the Program Director (and, on an informational basis, the Joint Clinical Practice Committee and the CMH Administrator of Ambulatory Patient Care Services) for coordination of Outpatient Center services, schedules, and operation with the Program, and for issue resolution.

(ii) CMH will arrange for the required sub-specialist physician services to be provided at the Outpatient Center by Program Physicians. The specific sub-specialist physicians' services to be provided at the Outpatient Center, and the timetable for implementation, shall be specified in the Annual Program Plan. The scheduling of sub-specialist physician services at the Outpatient Center shall be as determined by CMH, in consultation with the Program Director and the Medical Director, but shall be generally consistent with the Annual Program Plan. Additions,

deletion, or material reduction in the, scheduled availability of any particular subspecialty at the Outpatient Center shall be subject to the approval of the Joint Clinical Practice Committee.

(iii) Physician sub-specialists (or their applicable practice entity) shall lease space at the Outpatient Center from CDH on a turn-key, time-sharing basis, at a fair market rent to be determined and agreed upon by the parties that incorporates the allocable costs of staffing, services, supplies and space actually furnished.

(iv) Outpatient Center patients will be registered and scheduled as Program Physician patients. The parties agree to use diligent, commercially reasonable efforts to coordinate and/or integrate their respective scheduling systems (including physician referral systems) such that CDH and CMH personnel can have timely access to the schedules of Outpatient Center sub-specialist physicians at all locations at which those physicians see patients.

(v) Pending such time as a fully integrated scheduling system is achieved (and without precluding other decisions in this regard) the parties agree to coordinate scheduling of Pediatric Patients in accordance with a scheduling plan to be developed and adopted by the Executive Committee; provided, however, that such plan shall at a minimum include the following concepts:

(A) The parties agree to use 1-800-KIDSDOC exclusively as the public telephone number in consumer advertising related to the Program.

(B) The parties agree to develop and implement such manual systems as necessary between KIDSDOC and the CDH registration/scheduling personnel to create a seamless (i.e., undifferentiated as between CMH and CDH) scheduling system for consumers and referring physicians. As of the Effective Date, the parties agree:

(I) CMH schedulers (through 1-800-KIDSDOC) will identify patients originating in the CDH service area for referral, if consistent with the patient's medical needs, patient preferences, and third party payment requirements, to the Outpatient Center and other Program Pediatric Services;

(II) The CDH physician referral service shall notify each caller who inquires regarding Pediatric Services

of the existence of the Program and the availability of referrals to Program Physicians.

(vi) In accordance with, and subject to the limitations described in, Section 4.9(b), the parties further agree to work in good faith over the Term of this Agreement to create an integrated patient management system (including patient records) that will promote the identity of the Outpatient Center as part of the Program and promote effective care coordination across treatment settings.

(c) *Pediatric Emergency Medicine Services.* As of the date hereof, Pediatric Emergency Department ("Pediatric ED") physicians (including a Pediatric ED Site Leader) will be employed through Central DuPage Emergency Physicians, P.C. ("CDEP"). Pediatric ED physicians shall be Program Physicians.

(i) CDH agrees that, on or before October 1, 2007, it will negotiate and enter into a contractual agreement with CDEP (or amend its existing agreement with CDEP) to provide for coverage of Pediatric ED services. CDH shall consult on an ongoing and timely basis with CMH in the negotiation of such agreement (or amendment). The terms of the agreement (or amendment) as so negotiated, pertaining to (A) the delivery of Pediatric ED services and (B) the confidentiality obligations of CDH (insofar as such obligations would apply to CMH by reason of this Agreement) shall be materially consistent with this Agreement and reasonably acceptable to CMH. CDH shall provide CMH reasonable access to the executed agreement with CDEP as reasonably necessary for the performance of CMH's obligations hereunder and for the purpose of confirming CDH's compliance with this Section 5.2(c)(i); provided, however, that CDH (or CDEP) may redact information unrelated to such purposes prior to providing such access. Any information disclosed to CMH pursuant to the preceding sentence shall be considered Confidential Information for purposes of this Agreement and subject to the requirements of Section 10. Further, with regard to such disclosed information, CMH agrees to comply with any additional confidentiality terms and conditions applicable to CDH under the contractual agreement between CDH and CDEP. CMH agrees that CDH may disclose the confidentiality provisions and other relevant terms of this Agreement to CDEP, as CDH deems reasonably necessary; provided, however, that none of the financial terms or exhibits shall be disclosed to CDEP without CMH's consent.

(ii) CDH and CMH shall (and CDH shall require CDEP to) work cooperatively and share responsibility for recruitment of the Pediatric ED Site Leader and physicians to staff the Pediatric ED unit. The duties and responsibilities of the Pediatric ED Site Leader shall be defined by the parties within 30 days of the Effective Date and appended

hereto as Exhibit G-3. The Pediatric ED Site Leader may be removed from such responsibilities at the request of either CDH or CMH in the same general manner as specified in Section 5.1(f).

(iii) As shown on Exhibit B, the Pediatric ED Site Leader shall report to the Medical Director with respect to his or her programmatic responsibilities as Site Leader, and shall also report to ED Medical Director at CDH and the CMH ED Division Head with respect to his or her clinical responsibilities.

(iv) As shown on Exhibit B, the Pediatric ED Nursing Site Leader shall report to the respective ED Nursing Directors at CDH and CMH with respect to his or her clinical responsibilities, and shall also have an informational reporting and consultative relationship to the Program Director.

(v) As of the date hereof, CDH shall bill and collect for Pediatric ED Services

(vi) The parties further agree that they will assess the desired manner and means of future collaboration with respect to pediatric emergency services and, in that regard, (i) the Medical Director and Program Director shall be assigned to assess clinical, volume, space, transport team, and billing requirements in this area, including the convening of a working group of clinical and administrative representatives of both parties, and shall report his findings to the Executive Committee on or before October 1, 2006 and (ii) the parties, taking into account such report, shall work in good faith and use best efforts to reach an initial agreement on such arrangements prior to January 1, 2007, and such agreement shall be documented as an exhibit to this Agreement.

(d) *Medical Imaging Services.* CMH shall provide pediatric radiologists for on-site and on-call coverage of the pediatric medical imaging service at CDH in conjunction with CDH adult radiologists, in accordance with the staffing plan set forth as Exhibit H. Such staffing plan will be in effect July 1, 2006 through June 30, 2007 as the "Transition Year". During the Transition Year, CMH and CDH shall (and shall respectively require the CMH pediatric radiologists and the CDH adult radiologists to) work in good faith to increase the on-site and on-call coverage provided to CDH by CMH's pediatric radiologists. As of the date hereof, the billing and collection arrangements for pediatric

medical imaging are under discussion, and the parties agree to work in good faith and use commercially reasonable efforts to reach agreement on such arrangements prior to September 1, 2006, and such agreement shall be documented as an exhibit to this Agreement.

(e) *Laboratory/Pathology Services.* As of the date hereof, the parties have not determined the desired manner and means of collaboration with respect to pediatric laboratory and pathology services. The parties agree that, in regard to making such a determination, (i) that the Medical Director shall be assigned to assess clinical requirements in this area, including the convening of a working group of clinical and administrative representatives of both parties, and shall report his findings to the Executive Committee on or before October 1, 2006 and (ii) the parties, taking into account such report, shall work in good faith and use best efforts to reach an initial agreement on such arrangements prior to January 1, 2007, and such agreement shall be documented as an exhibit to this Agreement.

(f) *Medical Director Services.* CMH shall employ (or contract with), and shall be responsible for compensating, the Medical Director, and such compensation shall be considered a Program Expense (as defined herein).

(g) *Non-Physician Clinical Staffing.* As requested by CDH or recommended by the Joint Clinical Practice Committee, CMH will employ, and furnish to CDH on a rotational basis for deployment to inpatient and/or outpatient services, as the case may be, certain hard-to-recruit clinical staff specialists such as pediatric advanced practice nurses, pediatric echo technicians, pediatric respiratory therapists, nurse educators and specialists, case managers, and clinical technicians.

(h) *Standard of Performance.* The parties recognize and agree that CMH's obligation to furnish physician specialists and other clinical personnel pursuant to this Section 5 may be constrained in any particular case by market conditions, recruiting cycles, and other external factors.

(i) Accordingly, CMH's obligations shall be understood as that of making diligent and commercially reasonable efforts to meet the requirements of the Program i

(ii)

(A)

5.3 Clinical and Quality Oversight and Educational Responsibilities of CMH. In connection with the Program, the following activities shall be the primary responsibility of CMH:

(a) In cooperation with the Medical Director and the Site Leaders, development, and recommendation for approval by the Joint Clinical Practice

Committee and the Program Director, of pediatric quality assurance and utilization management programs for Program Pediatric Services at CDH.

(b) In cooperation with the Medical Director and the Site Leaders, development, and recommendation for approval by the Joint Clinical Practice Committee and the Program Director, of clinical pathways and protocols for both medical and nursing aspects of the Program.

(c) Development and implementation of Program-related educational programs and services, including the following:

(i) In cooperation with the Medical Director and the Site Leaders, pediatric grand rounds at CDH.

(ii) Morbidity and mortality conferences at CDH.

(iii) Continuing medical education programs for CDH medical staff physicians and other clinical personnel.

(iv) Pediatric staff clinical training (up to a mutually-agreed upon level of competency) pursuant to that certain Clinical Training Agreement between the parties dated October 15, 2005 ("Clinical Training Agreement").

(v) Pediatric-focused community education programs to be conducted under the aegis of the Program.

(d) With respect to the services to be staffed by CMH through CMH-Furnished Physicians, CMH shall be responsible for:

(i) The development and implementation of clinical policies and procedures for the delivery of neonatal and pediatric services, subject to the approval (as applicable) of the CDH Department Chairs of Obstetrics and Gynecology and Pediatrics. CMH shall also consult, as reasonably requested by CDH, with other representatives of the CDH medical staff who may be impacted by such policies,

(ii) The medical supervision of CMH-Furnished Physicians and paramedical, technical and nursing staff at CDH who assist in or otherwise support the delivery of CMH-Furnished Physician Services under the Program, including the preparation of performance reviews annually on each such CMH-Furnished Physician.

(iii) Development of on-site educational programs to enhance and expand such services at CDH.

(iv) The active participation of Program Physicians (including Site Leaders) in morbidity and mortality conferences, department

meetings, medical care evaluation committees as they relate to quality assurance/improvement of pediatric care.

(c) The performance of those sub-specialist physicians providing services at the Outpatient Center who (i) are CMH faculty or (ii) have a contractual agreement with CMH for call coverage or medical directorships will be reviewed annually by the applicable CMH clinical division head. CMH will solicit input from CDH, the Medical Director and Program Director in this process. Further, CMH will establish a channel of communication through the Outpatient Center manager to receive and respond to identified performance and/or patient satisfaction concerns on an ongoing basis.

5.4 Children's Community Physicians Association. CMH shall use its best efforts to cause Children's Community Physicians Association ("CCPA") to invite pediatricians and pediatric sub-specialists on staff at CDH to join CCPA

5.5 Relation to Annual Program Plan. The implementation and performance of the activities described in this Section 5 shall occur in conformance with the Annual Program Plan.

5.6 Related Obligations. Recognizing the interdependencies inherent in the operation of a successful hospital-based pediatric program, CMH shall, and shall cause CMH-Affiliated Physicians to, use best efforts to maintain effective and cordial relationships with (i) physicians, including obstetricians and general pediatricians, on CDH medical staff; (ii) nurses and other CDH-supplied staff. In the event of any material deterioration of those relationships, CMH shall present an improvement plan to the Executive Committee, shall in good faith consider the comments and recommendations of the Committee, and shall promptly act upon such plan.

Section 6. Medical Staff Relations.

6.1 Community-Based Primary Care Pediatricians and Family Practitioners. This Agreement is not intended, and shall not be deemed, to require any change in the medical staff membership or clinical privileges of current or future members of the CDH medical staff who are community-based primary-care pediatricians or family practitioners.

6.2 Pediatric Specialists and Subspecialists.

(a) CDH and CMH will work jointly to evaluate and develop a common credentialing and privileging process for physicians requesting to provide Pediatric Services. This process shall include an evaluation of opportunities to align the criteria for delineation of pediatric clinical privileges at CDH and CMH, taking into account relevant differences between the academic medical setting and a community hospital. Recommendations resulting from the collaborative effort shall be submitted to CDH's Medical Staff Executive Committee for consideration and possible implementation. The parties shall use

best efforts to develop and implement such recommendations during the first twelve (12) months of this Agreement.

(b) Specialist and sub-specialists physicians

holding privileges to perform Pediatric Services at CDH as of the Effective Date, will be permitted to continue exercising such privileges without being required to affiliate with CMH.

At each recertification of any such physician subsequent to the Effective Date, or upon request for new privileges to provide any Pediatric Services, such physicians shall be required to meet all applicable medical staff privileging and credentialing requirements related to Pediatric Services,

(c) Specialists and sub-specialists physicians who primarily service adult patients who apply for privileges to provide Pediatric Services at CDH will be permitted to exercise such privileges (if successfully obtained) without being required to affiliate with CMH.

6.3 Relation to Annual Program Plan. The implementation and performance of the activities described in this Section 6 shall occur in conformance with the Annual Program Plan.

6.4 No Restriction Upon Post-Termination Services by Certain Physicians. Physicians on the CDH medical staff as of the Effective Date who ~~subsequently affiliate with CMH shall not be required, as a condition of such affiliation,~~ to accept any restriction on the provision of professional services at CDH or in CDH's service area upon termination or expiration of the Agreement.

Section 7. Obligations and Authority of CDH.

7.1 Facilities.

(a) As of the Effective Date of this Agreement, CDH shall make available to, and for the use of, the Program the physical space, fixtures, furnishings, and equipment (collectively, "facilities") currently used by CDH in providing Pediatric Services. CDH also shall make available space within its Emergency Department for the delivery of emergency Pediatric Services contemplated by the Program. CDH shall maintain all such facilities in good

repair and in accordance with accreditation requirements and with fire code, life safety, and other applicable laws.

(b) It is understood and agreed (i) that the use of CDH facilities, by the Program shall be non-exclusive and (ii) that, taking into account necessary and desirable changes in, and replacement of, CDH facilities, the intent is to assure that the facilities provided for the use of the Program in future years will at least be functionally comparable in amount and duration to those used by CDH for Pediatric Patients as of the Effective Date. CMH shall have the right to terminate this Agreement in the event that a change in facilities made available by CDH for the use of the Program results in a material limitation of Program Pediatric Services.

(c) Exhibit I sets forth certain planned renovations (both temporary and permanent) and expansion of physical facilities and equipment acquisitions related to the Program, including the build-out of the Outpatient Center, along with the expected timetable for the completion of such projects. Additional capital projects (*i.e.*, beyond those shown on Exhibit I) will be developed and implemented in accordance with the Annual Program Plans or as otherwise agreed by the parties.

(d) Nothing in this Agreement shall be deemed to confer upon CMH an ownership interest in any assets of CDH.

7.2 Program Personnel.

(a) In accordance with Section 4.5, CDH shall employ the Program Director pursuant to its standard employment and compensation policies as in effect from time to time.

CDH may remove the Program Director for cause (including causes identified in CDH employment policies) upon notice to the Designated Administrative Representative of CMH; provided, however, that the Program Director shall be removed for other performance-related reasons only upon the recommendation or concurrence, as the case may be, of the Executive Committee.

(b) Except as otherwise specified in this Agreement or as the parties may otherwise agree in any particular case, CDH shall be responsible for the employment and compensation of all nursing and other clinical and administrative personnel assigned to the inpatient and outpatient services of the Program, including Outpatient Center practice support personnel. CDH agrees at all times to furnish such staff in sufficient numbers and with adequate qualifications (i) to

comply with all applicable accreditation and legal requirements and (ii) to meet any internal standards established by the Joint Clinical Practice Committee. Also in this regard:

(i) CMH shall provide nursing/clinical staff training in accordance with the Clinical Training Agreement.

(ii) CDH agrees that its nursing/clinical staff will meet defined competency requirements (such requirements to be proposed by CMH and approved by the Executive Committee) within six (6) months after such requirements are approved (the "Implementation Period"). CDH agrees to replace any nursing/clinical staff who are unable to meet the approved requirements within the Implementation Period. CDH shall have up to six (6) months following the conclusion of the Implementation Period to remove or reassign existing nursing/clinical staff and to identify, recruit and hire each necessary replacement.

7.3 Other Services and Supplies. CDH shall be responsible for furnishing on its campus outpatient diagnostic and ancillary services for Pediatric Patients. Other supplies and services, including pharmaceuticals, incident to the furnishing of certain of the Pediatric Services may be supplied by CDH or CMH as agreed by the parties.

7.4 Financial and Operational Reporting.

(a) In accordance with the parties' mutual obligations to provide complete and accurate financial information under Section 8.3, CDH shall be responsible for compiling and preparing regular financial and operational reports for the Program. Subject to subsections (b) and (c), such reporting generally shall be consistent with CDH's hospital-wide systems and practices in effect from time to time.

(b) At all times during the Term of this Agreement, CDH shall maintain a financial accounting and reporting system capable of providing timely and accurate determinations of Program financial performance in accordance with Section 9 of this Agreement.

(c) The parties shall confer, through the Executive Committee and their respective financial staffs, and shall agree upon, on such regular financial, accounting, and operations reports that are required to best serve the interests of the Program and the parties.

7.5 Related Obligations. Recognizing the interdependencies inherent in the operation of a successful hospital-based pediatric program, CDH agrees that its obligations to the Program also shall include the following:

(a) CDH will use commercially reasonable efforts (including marketing) to retain and grow its obstetrical services, including services for high risk mothers and infants. In this regard, CDH on an annual basis shall present its program plan for obstetrical and maternal/fetal medicine (including perinatal) services to the Executive Committee, and shall periodically report on the status of such programs, and shall in good faith consider the comments and recommendations of the Committee in refining and implementing such plan.

(b) CDH will use its best efforts to maintain effective and cordial relationships with obstetricians and general pediatricians on its medical staff. In the event of any material deterioration of those relationships, CDH shall present an improvement plan to the Executive Committee, shall in good faith consider the comments and recommendations of the Committee, and shall promptly act upon such plan.

7.6 Relation to Annual Program Plan. The implementation and performance of the activities described in this Section 7 shall occur in conformance with the Annual Program Plan.

Section 8. Mutual Obligations and Responsibilities.

8.1 Managed Care Contracting/Charity Care.

(a) CMH shall use commercially reasonable efforts to cause or require each CMH Furnished Physician to be a participant in those managed care plans identified by CDH and in which CDH participates.

(b) If reasonably necessary to treat patients originating in its service area, CDH shall use commercially reasonable efforts to participate in those managed care plans in which CMH and the Program Physicians participate.

(c)

(d) The parties acknowledge and agree as part of their respective missions, it is important for each party to provide and/or make available a reasonable amount of charity care for the uninsured or underinsured residing in the service area of CDH. As a result, the parties agree to adopt reasonable charity care policies for the Program, or otherwise align existing charitable

practices of the parties to ensure that patients are treated consistently regardless of the party seeking payment for services.

8.2 Program Advertising and Marketing. The design and conduct of Program advertising and marketing shall occur as a collaborative effort of CMH and CDH. CMH shall make available the services of its Director of Marketing and marketing staff to consult with the Program Director and the Director of Marketing at CDH in regard to marketing strategies for the Program. Each party shall use commercially reasonable efforts to implement identified marketing initiatives on a timely basis. Incremental investment and expenses incurred for such purpose shall be considered a Program Expense (as defined in Section 9).

8.3 Financial Accountability. Each party shall (and, as applicable, shall cause its affiliated physician practices to) maintain complete and accurate records of the Program Revenues collected, and the Program Expenses incurred, in accordance with the procedures and conventions set forth in Section 9, and in accordance with generally accepted accounting principles consistently applied. Each party shall report its Program Revenues and Program Expenses to the other party on a quarterly basis, or as otherwise agreed by the parties. Each party shall act in good faith as the custodian of any Program funds in its possession.

8.4 Contracts with Program Physicians. To the extent CMH or GDH enters into a employment or independent contractor agreement with a physician to provide any of the professional, educational or administrative services contemplated by this Agreement, CMH or CDH, as applicable, shall ensure that each such contract:

(a) Requires the physician to provide services in a manner consistent with the applicable terms and conditions of this Agreement;

(b) Complies with applicable law, including, without limitation, the federal Anti-Kickback Law, the Ethics in Patient Referral Act, and provisions of the Internal Revenue Code applicable to relationships between tax-exempt charities and private persons.

(c) Prohibits any non-employed physician from representing that he or she is an agent of CDH, CMH or the Program; and

(d) Requires the physician to participate in and reasonably cooperate with Program quality initiatives, patient satisfaction initiatives, physician satisfaction initiatives and risk management initiatives sponsored by the Program, CDH or CMH.

Section 9. Financial Relationships.

9.1 Definitions and Program Conventions.

9.2 Billing and Collection of Accounts for Services.

9.3 Payment to CMH.

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9.4 Disposition of Program Surplus.

9.5 Program Capital Investment.

9.6 Right to Audit and Inspect Records.

Section 10. Confidential Information and Publicity.

10.1 The contents of this Agreement and the nature and status of the transactions and related matters described in this Agreement are confidential.

10.2 To the extent a party discloses any of its Confidential Information (as defined herein) to the other in order to effectuate the purposes of this Agreement, the receiving party shall retain such information in strict confidence and shall afford such Confidential Information the same degree of protection from unauthorized disclosure that it affords its own Confidential Information, shall not disclose any such Confidential Information to any third party (other than its affiliated physicians as necessary for the

purposes of this Agreement) except as required by law, and shall require its employees, consultants, professional representatives, agents, and affiliated physicians to do the same. In the event this Agreement is terminated for any reason, each shall deliver to the other (without retaining copies thereof) any and all Confidential Information obtained from the other party.

10.3 For purposes of this Agreement, the term "Confidential Information" includes financial statements, price, cost and expense data, trade secrets, strategic planning documents and information, patient data, agreements with physicians or third party payers, and such other information that is not generally available or ascertainable from public or published information or trade sources, as well as the matters described in Section 10.1.

10.4 Nothing in this Section 10 shall prohibit the exchange of information between the parties in the ordinary course of their existing business relationships, nor prohibit either party from making any public disclosure regarding this Agreement and the nature and status of the relationships contemplated herein if in the opinion of such party or of counsel to such party, such disclosure is required by law.

10.5 Except as otherwise provided in Section 10.4, the timing and content of any announcements, press releases, or other public statements concerning the Program and related matters will occur upon and be determined by mutual agreement and consent of the parties. The chief marketing officers of CDH and CMH, or their respective designees, shall serve as sole spokespersons responsible for communicating with the press and other external constituents regarding the Program.

Section 11. Insurance.

11.1 During the Term of the Agreement, each party (A) shall maintain for itself (including all of its employees providing clinical services hereunder) professional liability coverage in the minimum amount of three million dollars (\$3,000,000) per occurrence and five million dollars (\$5,000,000) annual aggregate and (B) shall cause or require each of such party's affiliated physicians to maintain professional liability coverage in the minimum amount of one million dollars (\$1,000,000) per occurrence and three million dollars (\$3,000,000) annual aggregate. To the extent any of such coverage is maintained through a commercial "claims-made" policy, such coverage shall be maintained, or an extended reporting endorsement obtained, for a period of not less than the applicable statute of limitations for the assertion of claims relating to service performed under this Agreement.

11.2 During the Term of this Agreement, each party also shall maintain general liability coverage in amounts that are commercially reasonable for its business.

11.3 The coverage required by this Section 11 shall be placed with insurance carriers approved to write coverage in the State of Illinois. Alternatively, such coverage may be provided through an audited and actuarially-verified program of self-insurance (including an off-shore captive insurance program) or through a state-approved risk

retention arrangement. Upon request, each party shall furnish to the other party evidence of continuing compliance with this Section 11, but in the absence of any dispute concerning the existence or sufficiency of coverage, neither party shall be required to furnish such evidence more frequently than annually.

Section 12. Mutual Representations and Warranties. By its execution of this Agreement, each party represents and warrants to the other as follows:

12.1 That it is duly organized and validly existing under the laws of the State of Illinois and that it has full power and authority to execute, deliver and perform this Agreement.

12.2 That the execution, delivery and performance by it of this Agreement has been duly authorized and approved by all requisite corporate action.

12.3 That the execution, delivery and performance by it of this Agreement does not contravene any law, regulation, rule or order by which it is bound and does not contravene the provisions of or constitute a default under any indenture, mortgage, grant, assignment, or other agreement or instrument to which it is a party.

12.4 That there is no judicial or administrative action pending or, to the best of its knowledge, threatened that challenges or may have a material adverse affect on this Agreement or the transactions contemplated by this Agreement.

12.5 That it is, and shall remain during the Term hereof, in compliance with all laws applicable to the conduct of its business insofar as such compliance may relate to the performance of its obligations hereunder.

12.6 That there is no broker, finder, or similar third party involved in this transaction that is entitled to any fees as a consequence of the execution of this Agreement.

12.7 That all financial and performance information presented to the other party ~~relating to this Agreement and its Exhibits, is, to the delivering party's knowledge,~~ accurate, true and correct in all material respects.

Section 13. Additional Covenants of the Parties.

13.1 Covenants of CMH. During the Term of this Agreement, CMH covenants to CDH that it will:

(a) Without the prior consent of CDH, not (i) directly or indirectly, enter into any arrangement to provide Pediatric Services

(b)

(c) Without the prior written consent of CDH, neither solicit the employment of nor hire CDH's pediatric services employees. This covenant shall not preclude the solicitation or hiring of any former CDH pediatric service employee who has not been employed by CDH for a continuous period of six (6) months.

13.2 Covenants of CDH. During the Term of this Agreement, CDH covenants to CMH that it will:

(a) Continue to operate its obstetrics and perinatology services,

(b)

(c) Except for those arrangements existing as of the Effective Date as shown on Exhibit O (subject to the condition stated in the following sentence), without the prior written consent of CMH, not, own, manage or provide, either directly or indirectly, Pediatric Services except through the Program defined by this Agreement. Exhibit O will be prepared by CDH within sixty (60) days of the Effective Date and appended hereto; provided, however, that if CDH prepares Exhibit O in good faith, CDH shall not be in breach of this covenant by reason of the inadvertent omission of a particular arrangement.

(d) Without the prior written consent of CMH, neither solicit the employment of nor hire CMH's pediatric services employees. This covenant shall not apply to the solicitation or hiring of any former CMH pediatric service employee who has not been employed by CMH for a continuous period of six (6) months.

Section 14. Term and Termination.

14.1 Term. This Agreement shall be and remain in effect from the Effective Date written above until June 30, 2016 (the "Term"), unless earlier terminated in

accordance with this Section 14. The Term of this Agreement may be extended or shortened at any time by the written agreement of the parties.

14.2 Termination. This Agreement may be terminated as follows:

(a) At any time by the mutual consent of the parties.

(b) By either party at any time upon the occurrence of a material and adverse event relating to the Program (an "Adverse Event"). For purposes hereof, an Adverse Event shall have occurred only in one of the following circumstances:

(i)

(ii)

(iii)

(iv) CMH terminates the CMH License.

(c) By either party at any time upon the occurrence of a material breach of this Agreement by the other party, which breach has not been cured within sixty (60) days (or, with respect to breaches not capable of cure within such period, for which the breaching party has not commenced diligent efforts to cure such breach within sixty (60) days) following written notice of the breach; provided that any continuing dispute regarding the existence of a breach or the adequacy of a cure shall be resolved by the process set forth in Section 15, and such process shall be concluded in favor of the terminating party before any such termination may be effective. For purposes of this subsection, a material breach shall consist of:

(i) Failure by a party to perform any material obligation hereunder.

(ii) Malfeasance by a party in the performance of financial obligations hereunder, including malfeasance in the reporting of Program Revenues and Program Expenses or in the custody of Program monies.

(iii) Willful failure to make expenditures on behalf of the Program which such party has agreed, pursuant to the terms of this Agreement or otherwise in writing, to undertake.

(iv) A material and adverse change in CDH facilities made available to the Program, as described in Section 7.1(b).

(d) Upon ten (10) days written notice in any of the following circumstances (and, the provisions of Section 15 may not be invoked prior to termination in any such case):

(i) By either party in the event that the other party becomes subject to legal sanctions (other than civil monetary penalties) relating to its health care operations, including but not limited to loss or material limitation of licensure, criminal penalties under federal health care program laws, or exclusion from participation in federal health care programs.

(ii) By either party in the event that the other party no longer maintains hospital accreditation by the Joint Commission on Accreditation of Healthcare Organizations.

(iii) By either party in the event that a change in law renders its continued performance of this Agreement unlawful or impractical, provided, however, that, the terminating party, if so requested by the other party, shall meet and confer in good faith for a period of not less than thirty (30) days to determine whether this Agreement can be reformed in a manner that permits its continuation without undue additional cost or impracticality to the parties.

(iv) By either party upon the occurrence of an event causing serious reputational harm to the other party in connection with the delivery of pediatric services.

(v) By either party in the event the other party becomes the subject of any voluntary or involuntary bankruptcy or other insolvency proceeding that remains undismissed for a period of thirty (30) days, or makes a general assignment for the benefit of its creditors.

(e) By either party upon sixty (60) days written notice in the event the other party undergoes of a change of control.

14.3 Employment of Certain Physicians Upon Termination. The parties agree that, in the event this Agreement is terminated or expires, notwithstanding Section 13.2(d) or any other provision hereof, CDH shall be permitted to solicit and enter into an employment or independent contractor relationship with any of ; provided, however, that CDH shall, immediately upon entering into any such relationship,

14.4 Effect of Termination/Reasonable Transition.

(a) **Final Reconciliation.** Subject to the condition stated in subsection (b) of this Section, upon the expiration or earlier termination of this

Agreement, the parties shall implement the settlement process outlined in Section 9 to resolve any outstanding payment issues between the parties.

by this Agreement on the date this Agreement terminates or expires (the "Termination Date"). Each party hereby acknowledges and agrees that in the manner required herein, all current and carry forward amounts unsatisfied by the allocation shall be extinguished in their entirety, and neither party shall have the right to assert a claim for such unsatisfied amounts against the other party, the Program, or any other party affiliated with the Program.

(b) Reconciliation Upon Termination for Breach. In the event that (i) this Agreement is terminated by reason of breach by either party and (ii) the non-breaching party is due under the provisions of Section 9, determined under the preceding subsection (a) shall first be applied to the carried-forward obligations due the non-breaching party before any further distribution is made to the parties pursuant to subsection (a). Such application shall extinguish the carried-forward obligations to the non-breaching party, regardless of whether paid in whole or in part, or not at all.

(c) Physician Service/Patient Care Transition. Upon the expiration or earlier termination of this Agreement, the parties agree to reasonably cooperate in the orderly transition of physician and patient care services at CDH. At a minimum, this shall require: (i) developing a plan for winding up of the Program's activities; (ii) reasonable cooperation in jointly communicating to impacted constituencies the termination of the Agreement and its impact on patient care at CDH; and (iii) an option for CDH to continue NICU and PICU staffing for a period of ninety (90) days (or such other period as the parties may agree) on the same terms as the NICU/PICU Agreement.

Section 15. Dispute Resolution.

15.1 Informal Dispute Resolution. The parties agree to work together in good faith to resolve any dispute or controversy ("Dispute") arising under or out of this Agreement, and shall endeavor to resolve any such Dispute through informal means pursuant to this Section 15.1 prior to invoking any formal proceedings under Section 15.2.

(a) Within thirty (30) days following the date upon which one party notifies the other in writing of the existence of a Dispute, the Executive Committee shall meet and endeavor to reach a resolution.

(b) If the Executive Committee is unsuccessful in doing so within such period, the matter shall be submitted to the Chief Executive Officers of the parties, who shall meet and confer in good faith to resolve the Dispute.

(c) If the Chief Executive Officers have not concurred in a resolution of the Dispute within thirty (30) days (or within such longer period to which both of them assent), either party may invoke the procedures of Section 15.2.

15.2 Arbitration.

(a) Upon the exhaustion of the procedures set forth in Section 15.1, the Dispute may be submitted to binding arbitration in accordance with the rules and procedures of American Health Lawyers Association Alternative Dispute Resolution Service ("AHLA"). Such arbitration shall be commenced by sending notice to the other party along with a copy of the ADR Service Form submitted concurrently to AHLA. In no event may arbitration be initiated more than one (1) year from the initial date upon which one party notified the other of the existence of the Dispute. Unless the parties otherwise agree, any arbitration proceeding hereunder shall be conducted in Chicago, Illinois. The arbitrator(s) may construe or interpret, but shall not vary or ignore, the terms of this Agreement, shall have no authority to award any punitive or exemplary damages, and shall be bound by controlling law. If the dispute pertains to a matter which is generally administered by certain formal policies and procedures, such as a credentialing or quality improvement plan, such procedures must be fully exhausted by the complaining party before any right to arbitration under this Section 15.2 may be invoked. Notwithstanding any of the foregoing, the following shall in no event be subject to arbitration under this Agreement: (i) claims in, or arising out of, a bankruptcy proceeding, or any right to terminate the agreement on account of bankruptcy or insolvency or (ii) any cross-claim or other dispute arising against a party in third party litigation.

(b) Upon the commencement of an arbitration proceeding, the parties ~~and the arbitrator(s) shall meet within fifteen (15) days of the selection of the~~ arbitrator(s) to establish the schedule and procedures for the arbitration. The arbitrator(s) shall have the authority to establish any such schedule or procedures to the extent the parties are unable to agree upon them in a timely manner.

(c) In any arbitration proceeding hereunder, each party shall bear its own costs, including legal costs, and the parties shall share equally all costs of conducting the proceeding, including the fees of AHLA and of the arbitrator(s).

15.3 Public Comment. The parties will work in good faith to resolve any disagreements about the terms of their business relationship and will each refrain from making public statements regarding such disagreements or discussing such disagreements with third parties.

15.4 Other Remedies. Each party shall retain the right to invoke the equitable jurisdiction of a court (i) to prevent or enjoin a violation of this Agreement to the extent such actual or threatened violation would cause irreparable harm to the affected party pending exhaustion of the procedures specified in this Section 15 and (ii) to enforce an arbitration award.

Section 16. Additional Terms and Conditions.

16.1 Governing Law. All questions concerning the validity, operation, interpretation and construction of this Agreement will be governed by and determined in accordance with the laws of the State of Illinois, without regard to any choice of law rule or convention that would require the application of the law of another jurisdiction. Any action brought by any party under this Agreement shall be brought only in the courts located in DuPage County, Illinois and shall be proper only in such courts, and each party hereto consents to the jurisdiction of the courts located in DuPage County.

16.2 Notices. All notices or other communication which are required or permitted hereunder shall be in writing and sufficient if addressed to, and delivered by hand or by a national overnight courier, to the attention of the Designated Administrative Representative of a party at the addresses set forth below (or at such other address as may be provided hereunder), and shall be deemed to have been delivered as of the date so delivered.

The Children's Memorial Hospital
2300 Children's Plaza
Chicago, IL 60614

Central DuPage Hospital
25 N. Winfield Road
Winfield, IL 60150

With copy to:
General Counsel.
(Same address)

With copy to:
Vice President of Legal Affairs
(Same address)

16.3 Amendment. Except as specifically provided to the contrary herein with respect to certain Exhibits, this Agreement may be amended only by a written instrument duly executed by both parties.

16.4 Assignment. Neither this Agreement nor any interest hereunder shall be assignable by any party (whether by operation of law or otherwise) without the written consent of the other party; provided, however, that any party may assign all or part of this Agreement to another corporation or entity that is owned or controlled by, owns or controls, or is under common ownership and control with, the assigning entity; provided, further, however, that such assignment shall not be valid unless (i) the assignee assumes the assigned obligations in writing and (ii) the assignor shall remain jointly and severally liable for the performance of the duties and obligations assigned. Any purported assignment in contravention of any of the foregoing shall be void and of no effect.

Subject to the foregoing, this Agreement will be binding upon, inure to the benefit of, and be enforceable by the parties and their respective successors and assigns.

16.5 Waiver. No forbearance in the exercise of any right or remedy hereunder or waiver of any breach of any provision hereof by any party shall constitute a waiver of such right or remedy at any other time or waiver of any other breach of the same or a different provision hereof.

16.6 Severability. If a court or other tribunal of competent jurisdiction holds any term or provision, or portion thereof, of this Agreement to be invalid, void or unenforceable, such term, provision, or portion shall be deemed modified to the minimum extent necessary to restore the validity and enforceability of all provisions hereof, and, to the extent such term, provision or portion cannot be so modified, it shall be deemed excised and the remaining provisions of this Agreement shall remain in full force and effect.

16.7 Third-Party Beneficiaries. Nothing in this Agreement shall confer upon any person other than the parties, their respective successors and permitted assigns, any rights, remedies, obligations, or liabilities whatsoever.

16.8 Survival. Sections 10, 11.1, 14.4, 15, 16.1, 16.4, 16.5, and 16.7 shall survive the expiration or termination of this Agreement regardless of the cause giving rise to any such termination.

16.9 Integration. This Agreement, including its Exhibits, and together with the Clinical Training Agreement constitutes the entire understanding between and among the parties with respect to the subject matter hereof, and supersedes any and all prior agreements with respect to the same. No other terms and conditions, oral or written, be they consistent, inconsistent, or additional to those contained herein, shall be binding upon the parties, unless and until such terms and conditions shall have been specifically accepted in writing by all parties. Without limiting the foregoing, this Agreement supersedes and replaces in all respects the MOU and, subject to Section 9.3(b) hereof, the NICU/PICU Agreement.

16.10 Counterparts. This Agreement may be executed in two counterparts, each of which shall be considered an original document, but which collectively shall constitute one and the same agreement.

The remainder of this page is blank. The next page is the signature page.

INTENDING TO BE LEGALLY BOUND, the parties have caused this Agreement to be executed by their respective duly authorized representatives, effective as provided herein.

Central DuPage Hospital

The Children's Memorial Hospital

By: 
Luke McGuinness
President and CEO

By: 
Patrick Magoon
President and CEO

Date: 5/2/06

Date: May 2, 06

Signature page of Pediatric Services Agreement