

**CITY OF SAN ANTONIO
INTERDEPARTMENTAL MEMORANDUM
SAN ANTONIO METROPOLITAN HEALTH DISTRICT**

TO: Mayor and City Council

FROM: Fernando A. Guerra, MD, MPH, Director of Health

THROUGH: Terry M. Brechtel, City Manager

COPIES: Frances A. Gonzalez, Assistant City Manager; City Attorney's Office; Human Resources Department; Finance Department; Project; File

SUBJECT: ORDINANCE AUTHORIZING PROFESSIONAL PROVIDER AGREEMENT WITH SUPERIOR HEALTHPLAN, INC.

DATE: June 3, 2004

SUMMARY AND RECOMMENDATIONS

This ordinance authorizes the City Manager to execute a one (1) year Ancillary Services Provider Agreement, with automatic successive one (1) year renewals, with Superior HealthPlan, Inc. (Superior) for the provision of selected health care services by the San Antonio Metropolitan Health District (SAMHD) to individuals covered under the Superior's Medicaid Health Benefit Program.

Staff recommends approval.

BACKGROUND INFORMATION

Superior is one of two qualified Health Maintenance Organizations (HMOs) authorized to enroll and provide health care to Medicaid recipients in Bexar County. This company was awarded a contract by the Texas Department of Health (TDH) following a termination of a similar contract with Humana. Superior has offered a services provider agreement to the SAMHD to provide selected health care services to Medicaid enrollees covered under Superior's Medicaid Health Benefit Program. The Program includes well child, maternity, and immunization services. This is a one (1) year agreement that is effective June 1, 2004 with automatic successive one (1) year period renewals. Superior will compensate the SAMHD for covered services at the Medicaid maximum allowable rate. Provider contracts are standardized by the TDH. Based on historical data with previous HMOs, it is estimated that this contract will generate approximately \$80,000.00 in revenues annually.

POLICY ANALYSIS

Acceptance of this proposed agreement will follow the City policy of utilizing Federal, State and other aid to reimburse and support local public health programs.

FISCAL IMPACT

Fee-for-service payments received under this agreement will be deposited into the Revenue Fund 29-107000. Acceptance of this agreement will place no demand on the City General Fund.

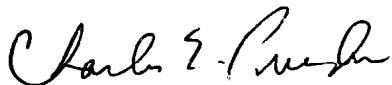
COORDINATION

The City Attorney's Office and the Human Resources Department, Risk Management Division, have reviewed and approved the agreement with Superior HealthPlan, Inc. The Finance Department has been apprised of this action.

SUPPLEMENTARY COMMENTS

Provisions of the Ethics Ordinance do not apply.

Attachments: Attachment I: Medical Group Provider Agreement



Fernando A. Guerra, MD, MPH
Director of Health



Frances A. Gonzalez
Assistant City Manager

APPROVED:



Terry M. Brechtel
City Manager

MEDICAL GROUP PROVIDER AGREEMENT

THIS MEDICAL GROUP PROVIDER AGREEMENT ("Agreement") is made and entered into this 1st day of June, 2004 ("Effective Date"), by and between the City of San Antonio a Texas Municipal Corporation, acting by and through the San Antonio Metropolitan Health District (SAMHD) ("MEDICAL GROUP"), comprised of duly licensed physicians under the laws of the State of Texas, and Superior HealthPlan, Inc. ("Superior"), a health maintenance organization operating pursuant to a certificate of authority issued by the Texas Department of Insurance.

WHEREAS, MEDICAL GROUP is a duly formed legal entity doing business in the State of Texas ("State") which is comprised of duly licensed physicians; and

WHEREAS, Superior, a health maintenance organization organized pursuant to the laws of the State, wishes to contract with MEDICAL GROUP to provide certain Covered Services to Covered Persons (as hereinafter defined); and

WHEREAS, MEDICAL GROUP desires to provide or arrange for the provision of, through MEDICAL GROUP Physicians, the Covered Services specified in this Agreement to Covered Persons for the consideration, and under the terms and conditions, set forth in this Agreement; and

NOW, THEREFORE, in consideration of the premises and mutual promises herein stated, the parties hereby agree as follows:

ARTICLE I DEFINITIONS

As used in this Agreement and each of its Attachments, each of the following terms (and the plural thereof, when appropriate) shall have the meaning set forth herein, except where the context makes it clear that such meaning is not intended.

A. **Attachment(s)** means the attachments to this Agreement, incorporated herein by reference, that describe the Products in which MEDICAL GROUP will participate.

B. **Covered Person** means a person entitled under the terms of a Superior Coverage Plan to have health care services provided through Participating Health Care Providers of Superior. A Covered Person who has enrolled, or been assigned, to receive care through a MEDICAL GROUP PCP shall be referred to in some Attachments as an "Assigned Covered Person."

C. **Covered Person Charges** means the amount (expressed as either a percentage of the cost of a specific service or a specific dollar amount) that a Covered Person is obligated to pay for a specific health care service pursuant to his or her Superior Coverage Plan.

D. **Covered Services** means those Medically Necessary health care services covered under the terms of the applicable Superior Coverage Plan, subject to the limitations and exclusions of such Superior Coverage Plan.

E. **Emergency Care** means health care services provided in a hospital emergency facility or comparable facility to evaluate and stabilize medical conditions of a recent onset and severity, including but not limited to severe pain, that would lead a prudent layperson, possessing an average knowledge of

medicine and health, to believe that his or her condition, sickness, or injury is of such a nature that failure to get immediate medical care could result in: (1) placing the patient's health in serious jeopardy; (2) serious impairment to bodily functions; (3) serious dysfunction of any bodily organ or part; (4) serious disfigurement; or (5) in the case of a pregnant woman, serious jeopardy to the health of the fetus.

F. **Maximum Allowable Fee** means that amount designated as the maximum amount payable by Superior for any particular Covered Service provided to any particular Covered Person.

G. **MEDICAL GROUP Covered Services** means those Covered Services to be provided by MEDICAL GROUP Physicians pursuant to this Agreement, as specifically set forth in the Attachments.

H. **MEDICAL GROUP Physician(s)** means those duly licensed physicians who: (i) are employed by, or under written contract with, MEDICAL GROUP; (ii) are required by such employment or written contract to provide Covered Services to Covered Persons pursuant to this Agreement and comply with all provisions hereof applicable to MEDICAL GROUP Physicians; and (iii) satisfy Superior credentialing criteria.

I. **MEDICAL GROUP Primary Care Physician(s) or PCP(s)** means MEDICAL GROUP Physicians practicing in the area of internal medicine, general or family practice, or pediatrics.

J. **Medically Necessary** means, unless otherwise defined in the applicable Superior Coverage Plan, any health care services required to preserve and maintain a Covered Person's health provided in the most appropriate setting and in a manner consistent with the most appropriate type, level, and length of service which can be effectively and safely provided to the Covered Person, as determined by acceptable standards of medical practice and not solely for the convenience of the Covered Person, his/her physician, PCP or other health care provider. A determination of Medical Necessity does not mean that a particular service is a Covered Service if the service is otherwise excluded under the Covered Person's Superior Coverage Plan.

K. **Participating Health Care Provider** means any physician, hospital, skilled nursing facility, home health agency, or other health care provider, including institutional providers and ancillary services providers, which has contracted with, or on whose behalf a contract has been entered into with, Superior to participate in one or more Products.

L. **Payor** means (i) Superior with respect to Products underwritten by Superior, and (ii) with respect to Products administered in whole or in part by Superior but not underwritten by Superior, the entity, organization, agency or persons authorized by Superior to access one or more of Superior's networks of Participating Health Care Providers and that has the financial responsibility for payment of Covered Services covered by an Superior Coverage Plan. A Payor's liability for funding Covered Services is governed by the terms of its Superior Coverage Plan.

M. **Prepaid Reimbursement** means a form of prepaid reimbursement made to the Participating Health Care Provider for providing certain Covered Services to Covered Persons pursuant to an Attachment to this Agreement. Negotiated Charges paid on a basis other than prepayment (i.e., fee for service, discount off charges, per diems, DRGs, etc.) shall be referred to as "FFS Reimbursement."

N. **Product** means a health benefits arrangement that encourages or requires Covered Persons to utilize Participating Health Care Providers to receive Covered Services.

O. **Provider Manual** means the Superior manual of rules, regulations, policies, procedures, requirements, utilization review plan, and Product-specific programs for Participating Health Care Providers, as well as all amendments, supplements, Superior or Payor communications, or bulletins thereto, as the same may be revised or replaced from time to time.

P. Superior **Coverage Plan** means the group or individual agreement, certificate of coverage or other documents, together with any rider, that describes the Covered Services that Superior has agreed to arrange to provide to Covered Persons pursuant to its agreements with Participating Employers, Payors (including governmental Payors) or individual Covered Persons, as may be amended, modified, replaced, or supplemented from time to time by Superior.

ARTICLE II

SERVICES OF MEDICAL GROUP

A. MEDICAL GROUP through MEDICAL GROUP Physicians shall provide, or arrange for the provision of, those Medically Necessary Covered Services listed in the Attachments to Covered Persons. In providing such services, MEDICAL GROUP shall ensure that there are no unreasonable waiting periods for appointments or waiting periods for services for Covered Persons once an appointment is made. MEDICAL GROUP shall also ensure that services provided or arranged for under this Agreement are available on a basis of twenty-four (24) hours a day, seven (7) days a week, as the nature of the Covered Person's medical necessity dictates. MEDICAL GROUP agrees to accommodate Covered Person emergencies on the same basis that MEDICAL GROUP would accommodate any other emergencies.

B. MEDICAL GROUP shall maintain and provide to Superior an updated list of all MEDICAL GROUP Physicians categorized by name, Texas license number, specialty, board status, facility status, and hospital affiliation. MEDICAL GROUP shall notify Superior within fifteen (15) working days of any additions or deletions to this list. Notwithstanding the forgoing, prior to providing services under this Agreement, each individual physician providing service under this Agreement must (i) be approved by Superior, and (ii) comply with, and satisfy, the credentialing policies of Superior in accordance with Superior's credentialing program. Superior expressly reserves the right to reject, suspend or terminate the participation of any physician in this Agreement if such physician does not meet Superior's credentialing criteria. MEDICAL GROUP Physicians shall supply such information to Superior as Superior reasonably requests in order to verify initial and continued compliance with this Section III. B.

C. MEDICAL GROUP and MEDICAL GROUP Physicians shall comply with the requirements of Superior's Provider Manual including the requirements of the medical management program described therein. Superior may modify or add to its Provider Manual from time to time provided that Superior shall provide MEDICAL GROUP with thirty (30) days prior written notice of any material changes thereto.

D. To the extent that any MEDICAL GROUP PCP is accepting new patients, such MEDICAL GROUP PCP must also accept new patients who are Covered Persons. In no event shall any established patient of a MEDICAL GROUP PCP who becomes a Covered Person be considered a new patient.

E. MEDICAL GROUP acknowledges that Superior may add new or present to MEDICAL GROUP additional or modified Product Attachments in the future.

F. MEDICAL GROUP Physicians shall abide by Superior's formulary when prescribing medications for Covered Persons in accordance with the Provider Manual.

G. MEDICAL GROUP shall maintain a complete and accurate permanent medical record for each Covered Person and shall include in that record all reports from Participating Health Care Providers, and all documentation required by applicable law. MEDICAL GROUP agrees that MEDICAL GROUP Physicians shall document in the Covered Person's medical record whether the Covered Person has executed an advance directive, and agrees to comply with all Federal and State laws regarding advance directives.

H. MEDICAL GROUP Physicians providing services upon referral shall, in accordance with the requirements of the Provider Manual, make a report to the Covered Person's Primary Care Physician.

I. MEDICAL GROUP MEDICAL GROUP agree that there shall be no discrimination between Covered Persons and any other patients of MEDICAL GROUP Physicians, and that they shall provide Covered Services without regard to race, color, religion, sex, national origin, ancestry, age, physical or mental handicap, type of Superior Coverage Plan or Payor, or source of payment.

J. MEDICAL GROUP shall submit to Superior all claims and encounter data relating to Covered Services provided to Covered Persons no later than ninety-five (95) days from the date of service in accordance with the Superior Provider Manual. Failure to submit such claims or data in accordance with such requirements may result in non-payment. Repeated failure of MEDICAL GROUP to provide such data in a timely manner, or to ensure the submission of such billing information, shall constitute a material breach of this Agreement.

K. MEDICAL GROUP Physicians shall maintain their medical office space in accordance with the requirements of the Provider Manual and all applicable Federal and State laws. MEDICAL GROUP Physicians shall cooperate in on-site inspections of its medical office space by Superior pursuant to Superior requirements or by authorized government officials. In connection with, or in preparation for, audits by such authorized governmental officials, MEDICAL GROUP Physicians shall compile in a timely manner any and all necessary information and data as may be requested by such agency(ies) or as otherwise necessary for the expeditious completion of such audit.

L. MEDICAL GROUP MEDICAL GROUP agrees that Superior may use each MEDICAL GROUP Physician's name and office address, as well as a description of the MEDICAL GROUP Physician's services, in Superior marketing, advertisement, and member information materials. MEDICAL GROUP Physicians shall also display signs provided by Superior within MEDICAL GROUP Physicians' medical office space.

M. During the term of this Agreement, or any renewal thereof, and for a period of six (6) months from the date of termination, neither MEDICAL GROUP nor any MEDICAL GROUP Physician shall advise, counsel or solicit any Covered Persons to end enrollment with Superior or switch between different Superior delivery systems, and will not solicit any Superior Covered Persons to become enrolled with any other health maintenance organization, or other hospitalization or medical payment plan or insurance policy, for any reason. Nothing in this provision, however, shall be construed as limiting any MEDICAL GROUP Physician's ability to communicate with Covered Persons with regard to quality of health care or medical treatment decisions or alternatives, inform patients that this Agreement

has been terminated or otherwise expired or to promote himself/herself to the general public, provided that no such promotion or advertisement is directed at any specific Covered Person or group of Covered Persons.

N. Quality Improvement. In addition to the Covered Services to be rendered, or arranged for, by MEDICAL GROUP Physicians as described above, the duties of MEDICAL GROUP and MEDICAL GROUP Physicians hereunder shall include participating in, and cooperating with, a quality improvement/peer review program relating to utilization and quality of care rendered to Covered Persons under this Agreement.

O. Grievance Procedure. MEDICAL GROUP and MEDICAL GROUP Physicians shall cooperate with Superior's grievance procedure, and MEDICAL GROUP agrees that all communications and documents relating to benefit determinations, complaints, and grievances and records relating to such problems shall be referred to Superior in accordance with the grievance procedure. MEDICAL GROUP Physicians shall post in their office a notice to Covered Persons regarding the process for resolving complaints with Superior. Such notice must include the Texas Department of Insurance's (DOI) toll-free number for filing complaints.

P. MEDICAL GROUP Physician Responsibilities. MEDICAL GROUP Physicians and Covered Persons shall jointly establish a physician/patient relationship. Each MEDICAL GROUP Physician shall at all times maintain control over the diagnosis and treatment of Covered Persons and responsibility for providing services under this Agreement in a manner which: (i) is compatible with prevailing community standards of medical care and medical ethics; (ii) emphasizes preventative care and health maintenance; and (iii) at all times is rendered to Covered Persons in a dignified, exemplary, and non-discriminatory manner. Superior shall not be liable for, nor will it exercise control over, the manner or method by which any MEDICAL GROUP Physician provides or arranges for MEDICAL GROUP Covered Services under this Agreement. MEDICAL GROUP understands that Superior's determinations (if any) to deny payments for services which Superior does not deem to constitute Covered Services or which were not provided in accordance with the requirements of this Agreement, the Attachments or the Provider Manual, are administrative decisions only. Notwithstanding any language in this Agreement, any Attachment or the Provider Manual to the contrary, such a denial does not absolve any MEDICAL GROUP Physician of his/her responsibility to exercise independent judgment in the provision of care and treatment to Covered Persons and in no way limits or restricts any MEDICAL GROUP Physician's ability to provide or recommend treatment which he/she believes is necessary for the appropriate care and treatment of any patient.

ARTICLE III **COVENANTS OF SUPERIOR**

A. Administration; Benefit Determinations. Superior shall be solely responsible for administrative activities necessary or required for the commercially reasonable operation of a health maintenance organization. Such activities shall include, but are not limited to, quality improvement processes, utilization management, marketing, customer service, claims processing, benefits and eligibility verification, accounts receivable collection, maintenance of provider directory and records, and development of contracts with providers of Covered Services. Superior shall issue Covered Persons an identification card, which shall bear the name of the Covered Person and a Covered Person number. Superior, or the applicable Payor, is responsible for all eligibility and benefit determinations regarding Covered Services. All communications to Covered Persons regarding final benefit determinations, eligibility, bills, and other matters relating to their status as Covered Persons in Superior shall be made

by Superior. Superior reserves the right to limit or suspend any Covered Person's selection of any MEDICAL GROUP PCP for regulatory or administrative reasons.

- B. Superior's Medical Director. Superior shall provide a medical director to be responsible for the professional and administrative medical affairs of Superior.
- C. No Retaliation. Superior shall not terminate, refuse to renew this Agreement, or take any retaliatory action against any MEDICAL GROUP Physician as a result of any complaints filed by such MEDICAL GROUP Physician, on behalf of a Covered Person or policy holder, against Superior or due to an appeal of a decision made by Superior.
- D. Retroactive Reimbursement. SUPERIOR and MEDICAL GROUP understand and agree that SUPERIOR shall retroactively reimburse MEDICAL GROUP for all claims that are covered by Medicaid, and applicable to Superior Members, and that are incurred during the 95 day period immediately preceding June 1, 2004, the Effective Date of this contract.

ARTICLE IV

FINANCIAL CONSIDERATIONS

A. Compensation and Billing. In consideration of the MEDICAL GROUP Covered Services provided to Covered Persons, the applicable Payor shall compensate MEDICAL GROUP or MEDICAL GROUP Physicians (as applicable) for Covered Services in accordance with the applicable Attachment hereto, depending on the type of SUPERIOR Coverage Plan under which the Covered Person to whom Covered Services are rendered is covered. All compensation (except any Prepaid Reimbursement) for Covered Services shall be less Covered Person Charges. Payor will make Prepaid Reimbursement payments to MEDICAL GROUP on or before the fifteenth (15th) working day of the month in which services are provided. Payor will make all other payments for Covered Service(s) provided by MEDICAL GROUP Physicians within thirty (30) days of its receipt of clean and complete bills submitted in accordance with the requirements of this Agreement, subject to coordination of benefits rules and eligibility verification.

B. Hold Harmless. Medical Group and Medical Group Physicians shall look only to the applicable Payor and agree to hold Covered Persons harmless for compensation for all services provided to Covered Persons during the term of this Agreement. Under no circumstances, including but not limited to, nonpayment by Payor, Payor insolvency, or breach of this Agreement or an Attachment, shall Medical Group or Medical Group Physicians bill, charge, collect a deposit from, or seek compensation, remuneration, or reimbursement from, or have any recourse against, Medicare, Medicaid, Covered Persons or persons (other than Payor) acting on the Covered Persons' behalf (including but not limited to the applicable participating employer group or Payor) for Covered Services provided pursuant to this Agreement. This provision shall not prohibit collection of Covered Person Charges on Payor's behalf. Such payment is considered part of Medical Group Physicians' payment hereunder. Nor does this provision affect the right of Medical Group or Medical Group Physicians to collect fees for services to Covered Persons which do not constitute Covered Services (unless Payor denied payment on the basis of lack of Medical Necessity or Medical Group Physicians' failure to comply with the terms and conditions of this Agreement or any Attachment) or for which Covered Person has specifically otherwise assumed financial responsibility, in writing, prior to the time that services were rendered. Medical Group and Medical Group Physicians further agrees that this Section IV. B shall: (i) survive the termination of this Agreement and any Attachment, regardless of the reason for termination, and shall be for the benefit of the Covered Person; (ii) supersedes any oral or written agreement now existing or hereafter entered into between Medical Group or Medical Group Physicians and a Covered Person, persons acting on the

Covered Person's behalf (other than SHP), and the participating employer, Payor, or group contract holder; and (iii) be construed to inure to the benefit of Covered Persons, persons acting on the Covered Person's behalf (other than SHP), and the participating employer, Payor, or group contract holder, all of whom shall be deemed third party beneficiaries of this Section IV. B. Any modifications, additions, or deletions to this provision shall be effective no earlier than fifteen (15) days after the Texas Commissioner of Insurance has received written notice of such changes.

C. Coordination of Benefits ("COB") and Third Party Liability (TPL) Recoveries; Subrogation or Right of Recovery and Workers' Compensation. MEDICAL GROUP Physicians shall comply with the COB and TPL recovery policies, and the subrogation or right of recovery and workers' compensation policies, as set forth in the Provider Manual.

D. Financial Incentives. Financial incentives will not be used in connection with this Agreement, which act directly or indirectly as an inducement to limit medically necessary services.

E. Disclosure of Claims Processing Information. Upon MEDICAL GROUP's request, SUPERIOR shall provide information to assist MEDICAL GROUP in determining that it is being compensated in accordance with this Agreement. The information shall provide a level of detail sufficient to enable a reasonable person with sufficient training, experience and competence in claims processing to determine the payment to be made to MEDICAL GROUP for Covered Services rendered pursuant to this Agreement. The information shall include a summary and explanation of the payment and reimbursement methodologies that SUPERIOR will use to pay Clean Claims submitted by MEDICAL GROUP, including but not limited to fee schedules, coding methodologies, bundling processes, downcoding policies, descriptions of any other applicable policy or procedure used by SUPERIOR that may affect payment to MEDICAL GROUP, and any addenda, schedules, exhibits or policies used by SUPERIOR in carrying out the payment of Clean Claims submitted by MEDICAL GROUP and/or MEDICAL GROUP Physicians. If source information outside the control of SUPERIOR, such as State Medicaid or federal Medicare fee schedules, is the basis for fee computation under this Agreement, SUPERIOR shall identify such source and explain the procedures by which MEDICAL GROUP may readily access the source electronically, telephonically, or as otherwise agreed to be the parties. In complying with this section, SUPERIOR shall not be required to provide specific information that would violate any applicable copyright law or licensing agreement. In such circumstances, SUPERIOR shall provide a summary of the information withheld, which will allow a reasonable and sufficiently trained and experienced person to determine the payments to be made under this Agreement. SUPERIOR may provide the information by any reasonable method, including by email, computer disks, paper copies, or access to an electronic database, and shall provide the information within thirty (30) days after SUPERIOR receives the MEDICAL GROUP's request. SUPERIOR shall provide MEDICAL GROUP with sixty (60) days prior written notice of any amendments, revisions, or substitutions of the information required to be provided by SUPERIOR under this section.

MEDICAL GROUP and MEDICAL GROUP Physicians are prohibited by law and by this Agreement from using the information provided by SUPERIOR pursuant to this section for any purpose other than MEDICAL GROUP's practice management and billing activities. Neither MEDICAL GROUP nor any MEDICAL GROUP Physician may use the information provided by SUPERIOR to knowingly submit a claim for payment that does not accurately represent the level, type or amount of services that were actually provided to a Covered Person or to misrepresent any aspect of the services. Neither MEDICAL GROUP nor any MEDICAL GROUP Physician may rely upon information provided by HMO pursuant to this section as a verification that a Covered Person is covered for a particular service under the terms of the applicable SUPERIOR Coverage Plan."

ARTICLE V

RECORDS

A. Maintenance. MEDICAL GROUP and MEDICAL GROUP Physicians shall maintain financial and accounting records in accordance with generally accepted accounting practices on all financial matters required for the proper administration of this Agreement. All records, books, and papers of MEDICAL GROUP and MEDICAL GROUP Physicians pertaining to Covered Persons' medical care or claims (including medical, accounting, and financial records) shall be open for copying and inspection by SUPERIOR and/or authorized Federal and State authorities during normal business hours at mutually agreed to times. MEDICAL GROUP Physicians shall endeavor, at the time of rendering service, to obtain any Covered Person authorizations relative to the release of medical information required by applicable law to provide SUPERIOR or such third parties with access to Covered Persons' records pursuant to this section. SUPERIOR and MEDICAL GROUP Physicians agree that the medical records of Covered Persons shall be treated as confidential so as to comply with all Federal and State laws including but not limited to, the Health Insurance Portability and Accountability Act (HIPAA). In all circumstances, records, including such documents, subcontracts, and other records as are necessary to verify the nature and extent of the charges of services, shall be maintained at least for a period as is required by applicable State and Federal laws, including but not limited to 42 U.S.C. § 1395x(v)(1)(i), 42 C.F.R. §§ 402.300-402.304, 42 C.F.R. Part 2, and 45 C.F.R. Part 74 (as applicable).

B. Access. MEDICAL GROUP MEDICAL GROUP shall, upon requests which comply with procedural prerequisites, provide the Comptroller General of the United States, the Secretary of the United States Department of Health and Human Services, Health Care Financing Administration, the Texas DOI, governmental Payor, and their designees or duly authorized agents, access to this Agreement, and those books, documents, subcontracts, and records as are deemed necessary by SUPERIOR or government agents to verify the nature and extent of the costs of Medicaid or Medicare services, as applicable, to Covered Persons. MEDICAL GROUP MEDICAL GROUP Physicians shall notify SUPERIOR of any requests for access to information relating to Covered Persons, pursuant to a Medicaid or Medicare audit by any government agency within twenty-four (24) hours of any government request, and shall make available upon written request by SUPERIOR any and all relevant books, documents, subcontracts, and records relating to such Medicaid/Medicare information regarding Covered Persons for inspection and use by SUPERIOR. MEDICAL GROUP Physicians' refusal to grant access to any government agent's request for books, documents, subcontracts, or records shall constitute a material breach of this Agreement, and may result in the immediate termination of this Agreement, or any Attachment, at SUPERIOR's discretion. In the event of such termination for cause, MEDICAL GROUP Physicians will not be entitled to any consequential, general, or specific costs, expenses, or damages of any kind. Medical records, subject to all applicable privacy and confidentiality requirements, shall be made available to each Participating Health Care Provider treating the Covered Person. In addition, upon the termination of this Agreement or any Attachment, regardless of the cause, or the transfer of the Covered Person to another Primary Care Physician, MEDICAL GROUP Physicians shall cooperate in the orderly transfer of a copy of Covered Persons' medical records to other SUPERIOR physicians. Such transfer of records shall not exceed ten (10) days of the Covered Person's request. The provisions of this Article V shall survive the termination of this Agreement.

ARTICLE VI

REPORTING REQUIREMENTS

A. MEDICAL GROUP Physicians shall give notice to SUPERIOR of: (1) any action involving MEDICAL GROUP Physician's hospital privileges or conditions relating to his/her ability to

admit patients to any hospital or inpatient facility; (2) any situation which develops regarding MEDICAL GROUP Physician, when notice of that situation has been given to the State agency that licenses MEDICAL GROUP Physician; (3) when a change in MEDICAL GROUP Physician's license to practice medicine or osteopathy is affected or any form of reportable discipline is taken against such license; or (4) any lawsuit or claim filed or asserted against MEDICAL GROUP Physician alleging professional malpractice, regardless of whether the lawsuit or claim involves a Covered Person. In any such instance described above, MEDICAL GROUP Physicians must notify SUPERIOR in writing within thirty (30) days from the date he/she first receives notice, whether written or oral.

B. MEDICAL GROUP MEDICAL GROUP shall report to SUPERIOR any transactions in connection with their respective obligation under this Agreement, with any provider or entity in which they or an immediate family member has a financial interest.

ARTICLE VII

INSURANCE

A. MEDICAL GROUP Insurance. MEDICAL GROUP shall obtain and maintain professional, general and such other liability insurance as is necessary to provide coverage for MEDICAL GROUP for losses and liabilities arising out of the performance of its obligations under this Agreement. In addition, MEDICAL GROUP shall require that MEDICAL GROUP Physicians at all times obtain and maintain professional, general, and such other liability insurance as is necessary to provide coverage for MEDICAL GROUP Physicians and their employees and/or agents who provide services under, or in connection with, this Agreement for losses and liabilities arising out of the acts and/or omissions of MEDICAL GROUP Physicians (or their respective employees and/or agents) or injuries sustained on or about their medical office space. The amounts and extent of such insurance, at a minimum, shall be sufficient to meet the requirements of State law, those hospitals at which MEDICAL GROUP Physicians admit Covered Persons hereunder, industry standards in the community and SUPERIOR's credentialing criteria. All of the above policies shall contain a clause requiring at least thirty (30) days notice of cancellation or lapse of coverage to MEDICAL GROUP or MEDICAL GROUP Physicians. MEDICAL GROUP or MEDICAL GROUP Physicians shall provide SUPERIOR with at least fifteen (15) days advance written notice of cancellation of such insurance. MEDICAL GROUP and MEDICAL GROUP Physicians shall issue to SUPERIOR, upon its request, copies of any applicable certificates of insurance, renewal, surcharge, cancellation notice, and/or verification of coverage.

B. SUPERIOR Insurance. SUPERIOR, at its sole cost and expense, shall procure and maintain such policies of general liability and professional liability insurance and other insurance as shall be necessary to insure SUPERIOR and its employees against any claim occasioned directly, or indirectly, in connection with the performance of any service by SUPERIOR, the use of any property, facilities or equipment provided by SUPERIOR, and the activities performed by SUPERIOR in connection with this Agreement. Such policy shall contain a clause requiring at least thirty (30) days notice of cancellation or lapse of coverage to SUPERIOR and its employed physicians, and SUPERIOR agrees to provide at least fifteen (15) days advance written notice of cancellation to MEDICAL GROUP. Upon request, SUPERIOR shall produce copies of any applicable certificates, cancellation notices, or verification of coverage.

ARTICLE VIII

TERM AND TERMINATION

A. Term and Voluntary Termination. Unless sooner terminated as provided in this Article VIII, the initial term ("Initial Term") of this Agreement and each Attachment shall commence on the

Effective Date and shall terminate one (1) year thereafter. After the Initial Term, this Agreement and each Attachment will be automatically renewed for successive one (1) year periods ("Renewal Term(s)"), unless either party gives written notice to the other of its intent not to renew this Agreement in whole, or an Attachment individually, at least ninety (90) days prior to the expiration of the Initial Term or any Renewal Term of this Agreement or such Attachment, as applicable, or unless sooner terminated in accordance with Sections VIII. B, VIII. C, or VIII. D below.

B. Termination for Cause by Either Party. Notwithstanding the provisions contained in Section VIII. A above, either party may terminate this Agreement in whole, or any separate Attachment individually, for cause:

1. Upon ten (10) days prior written notice in the event that the other party shall be in material breach in the performance of any provision of this Agreement, an Attachment, or any other agreements referred to herein, and such breach has not been cured on or before the expiration of a thirty (30) day written notice and cure period, such notice stating the specific nature of the breach;

2. Immediately, upon written notice, in the event that either party shall apply for, or consent, to the appointment of a receiver, trustee, or liquidator of all, or of a substantial part, of its assets, file involuntary petition and bankruptcy, or admit in writing its inability to pay its debts as they become due, make a general assignment for the benefit of creditors, file petition or answer seeking reorganization or arrangement with creditors, or take advantage of any insolvency law or, if in order, judgment or decree shall be entered by a court of competent jurisdiction adjudicating such party bankrupt or insolvent, or approving a petition seeking reorganization of the party or appointment of a receiver, trustee, or liquidator of all or a substantial part of its assets; or

3. Immediately, in the event of the failure of SUPERIOR to maintain its certificate of authority to operate as a health maintenance organization in the State.

C. Termination for Convenience. The Contract may be canceled by either party upon written notice, provided such notice specifies an effective date for cancellation of not less than forty-five (45) calendar days from the date such notice is received. All files are the property of MEDICAL GROUP and at the MEDICAL GROUP's request will be delivered at no cost to MEDICAL GROUP or its designated recipient at the effective date of cancellation. SUPERIOR may retain copies of such files which are in its judgment necessary to a complete and orderly preservation of work performed and services rendered. Any MEDICAL GROUP funds held in any escrow account (s) shall be returned to MEDICAL GROUP within 30 calendar days after the effective cancellation date.

D. Termination by SUPERIOR. Notwithstanding anything herein to the contrary, SUPERIOR may terminate this Agreement, or any separate Attachment, as follows:

1. Immediately upon notice if the quality of medical services delivered to Covered Persons assigned to MEDICAL GROUP PCPs declines significantly, as determined in good faith by SUPERIOR in its sole discretion, or if a substantial number of Covered Persons assigned to MEDICAL GROUP PCPs disenroll or transfer to non-MEDICAL GROUP PCPs;

2. Immediately upon notice if MEDICAL GROUP or any of its agents or managing employees is convicted of a criminal offense related to that person's involvement in any program under Titles XVIII, XIX, XX, or XXI of the Social Security Act or has been terminated, suspended, barred,

voluntarily withdrawn as part of a settlement agreement, or otherwise excluded in any program under Titles XVIII, XIX, XX or XXI of the Social Security Act; or

3. Upon sixty (60) days prior written notice if MEDICAL GROUP rejects: (i) any new, additional or modified Product Attachment presented to PCP pursuant to Section II. E of this Agreement; (ii) an amendment or modification pursuant to Section IX. F of this Agreement; or (iii) SUPERIOR's modification of the scope of services pursuant to an Attachment; or

4. Upon thirty (30) days prior written notice if a substantial number of MEDICAL GROUP Physicians have their participation under this Agreement terminated.

E. MEDICAL GROUP Right to Terminate. Notwithstanding any language to the contrary, MEDICAL GROUP may terminate this Agreement upon sixty (60) days prior written notice in the event that it rejects any material modification to SUPERIOR's policies, procedures or Products provided MEDICAL GROUP tenders notice hereunder no later than thirty (30) days from the date that it received notice of the modification from SUPERIOR. If MEDICAL GROUP exercises its right to terminate this Agreement hereunder, this Agreement will terminate upon the expiration of the sixty (60) day notice period and, in the interim, MEDICAL GROUP shall not be bound by the modified policy.

F. Review Prior to Termination of Agreement. Prior to termination of this Agreement by SUPERIOR, SUPERIOR shall provide a written explanation to MEDICAL GROUP Physicians of the reasons for termination. Prior to the effective date of the termination and to the extent required by the laws and regulations applicable to health maintenance organizations, MEDICAL GROUP Physicians may request a review of SUPERIOR's proposed termination. Such review shall be conducted by the physicians, including at least one primary care physician, if available, appointed to serve on the Quality Improvement Committee. The physician review panel must give SUPERIOR notice of its decision within fifteen (15) days of being notified by SUPERIOR of the impending termination. SUPERIOR shall consider, but shall not be bound by, the decision reached by the physician review panel. Upon MEDICAL GROUP Physician's request, SUPERIOR shall provide MEDICAL GROUP Physicians a copy of this decision and of SUPERIOR's determination with respect to termination of this Agreement. This review shall not be required for termination under circumstances involving "Imminent Harm" as follows: (i) imminent harm to a Covered Person's health; (ii) fraud or misfeasance; or (iii) action by a State medical or other physician licensing board or other government agency that effectively impairs the ability of an MEDICAL GROUP Physicians to practice medicine. SUPERIOR shall not notify Covered Persons of the termination until the earlier of the effective date of termination or the date that the physician review panel makes its recommendations except in situations involving Imminent Harm.

G. Continuation of Care. Upon termination, SUPERIOR and MEDICAL GROUP agree to use best efforts to facilitate the Covered Person's transfer of care or coverage, in such a manner as to minimize disruption to the Covered Person. SUPERIOR shall provide reasonable advance notice to Covered Persons being treated by MEDICAL GROUP of MEDICAL GROUP's impending termination. Unless this Agreement terminates for reasons of medical competence or professional behavior, termination shall not release Payor of its obligation to compensate MEDICAL GROUP for its continued care and treatment of any Covered Person who is under Special Circumstances (as defined below). As used in this section, "Special Circumstances" shall mean a Covered Person who has a disability, an acute condition, a life-threatening illness, who is past the twenty-fourth (24th) week of pregnancy, or who has a condition that the treating provider reasonably believes could cause harm to the Covered Person if such care or treatment is discontinued. To be reimbursed for providing continued care and treatment under this section, MEDICAL GROUP must identify the Covered Person's Special Circumstances to

SUPERIOR, request that the Covered Person be permitted to continue treatment under MEDICAL GROUP's care and agree not to seek payment from the Covered person of any amounts for which the Covered person would not be responsible if this Agreement were not terminated. Compensation to MEDICAL GROUP shall be in accordance with the fee schedule in effect as of the termination date. Treatment of Special Circumstances as described herein shall be governed by the dictates of medical prudence and Medical Necessity. The requirements of this Section shall not extend beyond ninety (90) days from the effective date of termination, or beyond nine (9) months in the case of a Covered Person who at the time of the termination has been diagnosed with a terminal illness; provided, however, the obligation of the Payor for reimbursement to a Covered Person shall, for a pregnant enrollee who at the time of termination is past the twenty-fourth (24th) week of pregnancy, extend through delivery of the child, immediate postpartum care, and the follow-up check-up within the first six (6) weeks of delivery. In addition to the foregoing, termination shall not release MEDICAL GROUP or SUPERIOR/ Payor from liability to the others with respect to services rendered to Covered Persons, monies paid, or other actions through the date of termination, nor shall it relieve MEDICAL GROUP of its obligation under Section IV. B not to bill Covered Persons for Covered Services. This Section X. F shall survive termination of this Agreement for any reason. SUPERIOR and MEDICAL GROUP agree that if one party fails to perform such obligations under this ~~Section~~ X. F, if the parties fail to agree on the necessity for the continued care of a Covered Person under Special Circumstances, then a court shall have the authority to issue an injunction to order such party to perform such obligations, in addition to any other remedy that the court may, in its discretion, award. The parties intend that the aforesaid Sections be enforceable by an injunction because the parties agree that relief in the form of damages, without an injunction, would not be adequate to compensate for a party's failure to perform his/her/its obligations under such Sections.

H. Rights and Obligations Upon Termination. If MEDICAL GROUP terminates this Agreement, or any Attachment, for reasons outlined in Article VIII.B.2 above, then MEDICAL GROUP must continue to provide or arrange for medical care to the affected Covered Persons for the duration of the period of time through which premiums have been paid, not to exceed three (3) months. In the event, however, that on the effective date of termination, a Covered Person is an inpatient in a hospital or skilled nursing facility, then regardless of the reason for termination, MEDICAL GROUP Physicians shall continue to provide Covered Services to any such Covered Person until discharge. MEDICAL GROUP MEDICAL GROUP further agrees that: (1) the provisions of this Section VIII. G survive the termination of this Agreement or any Attachment and shall be construed to be for the benefit of Covered Persons; and (2) this provision supersedes any prior oral or written agreement between the parties or between MEDICAL GROUP and MEDICAL GROUP Physicians and any Covered Person to the contrary. It is understood by both parties hereto that the intent of this Agreement is to ensure that MEDICAL GROUP continues to provide or arrange for those medical services, which SUPERIOR is obligated to provide under Federal and State law, notwithstanding the termination of this Agreement or any Attachment. Accordingly, MEDICAL GROUP may have continued responsibility for providing or arranging for Covered Services to Covered Persons in circumstances not specifically set forth above, and in such circumstances, requirements of State and/or Federal law will govern the provision or arrangement of such continuing care after this Agreement and/or any Attachment terminates.

I. Effect of Termination. If this Agreement expires pursuant to the provisions of Section VIII. A, or either party terminates this Agreement in whole in accordance with the provisions of Sections VIII. B, VIII. C, or VIII. D, then this Agreement, along with all Attachments, shall terminate on the expiration or termination date, as applicable, subject to any continuation of care requirements pursuant to Sections VIII. F and VIII. G above. If only individual Attachment(s) are terminated, then only the

applicable Attachment(s) shall terminate on the applicable date and the remainder of this Agreement, and Attachment(s), shall remain in effect.

J. Relationship to Other Clauses. Nothing herein shall in any way limit, abrogate, or interfere with SUPERIOR's right to selectively exclude, reject, suspend, and/or terminate any individual MEDICAL GROUP Physician from further participation in this Agreement in accordance with Section II. B above.

ARTICLE IX **MISCELLANEOUS**

A. Independent Contractors. The relationships among MEDICAL GROUP, Participating Health Care Providers, SUPERIOR, and Payors are those of independent contractors. None of the provisions of this Agreement are intended to create, or to be construed as creating, any agency, partnership, joint venture, or employee-employer relationship. Notice to, or consent from, any third party, including Covered Persons, shall not be required in order to make any termination or modification of this Agreement effective.

B. Conflicts Between Certain Documents. If there is any conflict between this Agreement hereto and the Provider Manual, this Agreement shall control. In the event of any conflict, however, between this Agreement and any Attachment hereto, the Attachment shall be controlling as to the Product described in that Attachment. Finally, in the event of any conflict between this Agreement, or any Attachment hereto, and the applicable SUPERIOR Coverage Plan with respect to what services constitute Covered Services, the SUPERIOR Coverage Plan shall control.

C. Assignment; Delegation of Duties. This Agreement shall be binding upon, and inure to the benefit of, the parties hereto, their respective heirs, successors, and assigns, but may not be assigned by MEDICAL GROUP without the prior written consent of SUPERIOR and any applicable governmental agencies. In addition, SUPERIOR shall not sell or assign this Agreement to any third party not affiliated with SUPERIOR or SUPERIOR's parent or sister corporation without the prior approval of MEDICAL GROUP, which shall not be unreasonably withheld. Neither MEDICAL GROUP nor SUPERIOR shall, in a manner inconsistent with this Agreement and/or an Attachment, subcontract or otherwise delegate its duties under this Agreement and/or an Attachment unless the other party shall so consent in writing.

D. Headings; Governing Law. The headings of the various sections of this Agreement and Attachments are inserted merely for the purpose of convenience and do not, expressly or by implication, limit, define, or extend the specific terms of the section so designated. All matters affecting the interpretation of this Agreement and the rights and obligations of the parties hereto shall be governed by and construed in accordance with applicable Federal and State laws. Without limitation, such laws include applicable State and Federal employment and disclosure regulations, or laws and regulations governing health maintenance organizations ("HMO Laws"), that are required to be incorporated into this Agreement by reference, based upon SUPERIOR's participation in government-sponsored Products such as Medicare, Medicaid and State or Federal employee benefit programs or by virtue of SUPERIOR's certificate of authority granted in the State ("Other Requirements"). Notwithstanding any language to the contrary contained in Section IX. F below, in the event that this Agreement or any Attachment does not contain a particular provision required by the HMO Laws or Other Requirements, or any provision of this Agreement or an Attachment is deemed to be in conflict with any HMO Laws or Other Requirements, then, upon written notice from SUPERIOR, this Agreement and any Attachments, as applicable, shall be

deemed amended to comply with the HMO Laws or Other Requirements, as applicable, and any conflicting provision deemed stricken.

E. Third Party Beneficiary. This is an Agreement between SUPERIOR and MEDICAL GROUP. Except as specifically provided in Articles IV and VIII above, SUPERIOR and MEDICAL GROUP do not intend to create in any third party any right to enforce this Agreement or to collect for losses or damages under this Agreement.

F. Amendment. This Agreement and any of its Attachments may be amended at any time by mutual agreement of the parties. This Agreement and any of its Attachments may also be amended as follows: SUPERIOR shall furnish MEDICAL GROUP with written notice of any such amendments or modifications. In the event any such amendment or modification is unacceptable to MEDICAL GROUP, MEDICAL GROUP must notify SUPERIOR regarding the same within thirty (30) days of said notice of amendment. If MEDICAL GROUP does not send notice within such thirty (30) day period, such amendment or modification shall be deemed mutually approved by MEDICAL GROUP and SUPERIOR, and shall automatically become a part of this Agreement or Attachment, as applicable.

G. Entire Contract. This Agreement, together with all Attachments, exhibits, amendments, appendices and/or addendums hereto and the Provider Manual, contains all the terms and conditions agreed upon by the parties hereto and supersedes all other agreements, oral or otherwise, of the parties hereto, regarding the subject matter of this Agreement.

H. Enforceability; No Waiver. The invalidity or unenforceability of any terms or provisions hereof shall in no way affect the validity or enforceability of any other terms or provisions. The failure of SUPERIOR or MEDICAL GROUP to object to or to take affirmative action with respect to any conduct of the other which is a breach of this Agreement shall not be construed as a waiver of that breach or of any prior or future breaches of this Agreement.

I. 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, postage prepaid:

To SUPERIOR MEDICAL GROUP at:
Superior HealthPlan, Inc.
Attn: Chief Operating Officer
2100 South IH 35, Suite 202
Austin, TX 78704

To MEDICAL GROUP at:

City Clerk	AND City of San Antonio
City of San Antonio	Director, San Antonio Metropolitan Health District
P.O. Box 839966	332 W. Commerce, Suite 307
San Antonio, Texas 78283-3966	San Antonio, Texas 78205

J. Contingency. This Agreement shall be contingent upon the approval of its terms by the Texas DOI and any other necessary governmental agency or Payor (as applicable). This Agreement shall be deemed to be a binding letter of intent if SUPERIOR has not received necessary regulatory approval as of the date of the execution of this Agreement. The Agreement shall become effective on and after the date that SUPERIOR receives such regulatory approval. If SUPERIOR notifies MEDICAL GROUP of

its inability to obtain such regulatory approval, after due diligence, the parties shall be released from any liability pursuant to this Agreement as of the date of SUPERIOR's notification.

K. Dispute Resolution. The parties agree first to try in good faith to settle through mediation any controversy or claim between the parties (which may or may not involve a Payor), arising out of, or relating to this Agreement and/or any Attachment between SUPERIOR and MEDICAL GROUP, upon which an amicable understanding cannot be reached, before resorting to litigation, or some other dispute resolution procedure. This provision shall survive any termination of this Agreement.

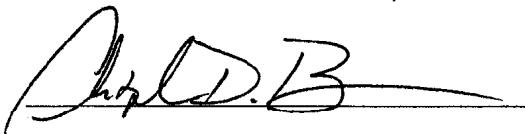
IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

SUPERIOR MEDICAL GROUP

MEDICAL GROUP:

SUPERIOR HEALTHPLAN, INC.

CITY OF SAN ANTONIO



By: _____

Frances A. Gonzalez
Assistant City Manager

Title: _____

Date

Date

ATTEST:

Yolanda L. Ledesma
Acting City Clerk

APPROVED AS TO FORM:

Andrew Martin
City Attorney

EXHIBIT A

STATEMENT OF UNDERSTANDING BY PARTICIPATING PHYSICIAN

WHEREAS, Superior HealthPlan, Inc. ("SUPERIOR"), has executed an agreement with [] ("MEDICAL GROUP") dated [] pursuant to which MEDICAL GROUP has agreed to provide Covered Services to SUPERIOR Covered Persons through MEDICAL GROUP Physicians (the "Agreement"); and

WHEREAS, MEDICAL GROUP has requested that the undersigned physician ("Physician") serve as a MEDICAL GROUP Physician under the Agreement and Physician so desires to participate; and

WHEREAS, as a condition of such participation and Physician's designation as a "MEDICAL GROUP Physician" under this Agreement, Physician must satisfy SUPERIOR's credentialing criteria.

NOW THEREFORE, Physician hereby understands as follows:

1. Physician understands that Physician may provide Covered Services to Covered Persons in accordance with the requirements of the Agreement so long as Physician qualifies as a MEDICAL GROUP Physician.
2. Physician understands that his/her initial and continued participation as a MEDICAL GROUP Physician under the Agreement is contingent upon meeting and complying with SUPERIOR's credentialing standards and otherwise complying with the terms and conditions of the Agreement.
3. Physician understands that SUPERIOR expressly reserves the right to reject, suspend, and/or terminate his/her participation under the Agreement for breaching or otherwise failing to: (i) comply with the term of the Agreement or any Attachment thereto; (ii) meet SUPERIOR's credentialing requirements; or (iii) comply with the Provider Manual.

Physician

/s/ _____

Name: _____

Specialty: _____

Date : _____

MEDICAID PRODUCT ATTACHMENT

This Attachment is incorporated into the MEDICAL GROUP Provider Agreement (the "Agreement") entered into by and between SUPERIOR and MEDICAL GROUP. This Attachment is effective on and after the Effective Date set forth below on the signature page.

I. **RECITALS.** MEDICAL GROUP has entered into the Agreement with SUPERIOR. This Attachment is intended to supplement the Agreement by setting forth the parties' rights and responsibilities related to the provision of Covered Services to Medicaid Covered Persons.

II. **DEFINITIONS APPLICABLE TO THIS PRODUCT.** The following terms, and any terms defined in the Agreement, shall have the specified meanings when capitalized in this Attachment:

A. **Medicaid Contract** means the agreement then in effect between SUPERIOR and the State, as revised or replaced from time to time (including, but not limited to, the Medicaid Contract awarded to SUPERIOR pursuant to the State Medicaid managed care program as implemented by the State from time to time) pertaining to the provision of services by SUPERIOR to its Covered Persons who are beneficiaries of the State Medicaid program and who enroll to receive care through SUPERIOR.

B. **Medicaid Covered Person** is an individual Medicaid beneficiary who is eligible and has enrolled to receive Covered Services from SUPERIOR pursuant to the terms of the Medicaid Contract. An "Assigned Medicaid Covered Person" is a Medicaid Covered Person who has chosen a MEDICAL GROUP Physician to serve as his or her Primary Care Physician.

C. **State Medicaid Agency** means the State agency, which administers the State Medicaid managed care program, as implemented from time to time.

D. **TDH** means the Texas Department of Health.

III. **REIMBURSEMENT.** SUPERIOR shall compensate MEDICAL GROUP for services provided to Medicaid Covered Persons under this Agreement in accordance with the provisions of this Medicaid Product Attachment and its exhibits (Exhibit 1).

Fee for Service. For all Covered Services provided by MEDICAL GROUP, which constitute Covered Services but do not constitute Capitated Services, SUPERIOR will pay MEDICAL GROUP in accordance with the lesser of SUPERIOR's Maximum Allowable Fee or MEDICAL GROUP's billed charges.

IV. **COMPLIANCE WITH STATE MEDICAID AGENCY REQUIREMENTS.**

A. MEDICAL GROUP understands and agrees that SUPERIOR has the sole responsibility for payment of services rendered by MEDICAL GROUP under this Agreement. In the event of SUPERIOR insolvency or cessation of operations, provider's sole recourse shall be against SUPERIOR through the bankruptcy or receivership estate of SUPERIOR. This does not prevent MEDICAL GROUP from seeking cost based reimbursement from the State of Texas in accordance with applicable federal law.

B. MEDICAL GROUP understands and agrees that neither the State nor the Medicaid managed care recipient is liable or responsible for payment for any services provided under this Agreement.

C. All provider clean claims must be paid within thirty (30) days. SUPERIOR must pay MEDICAL GROUP interest on all clean claims which are not paid within thirty (30) days at a rate of one and one-half percent (1.5%) per month (18% annually) for each month the claim remains unpaid.

D. This Agreement is subject to all State and Federal laws and regulations relating to fraud and abuse in health care and the Medicaid program. MEDICAL GROUP must cooperate and assist TDH and any State or Federal agency charged with the duty of identifying, investigating, sanctioning, or prosecuting suspected fraud and abuse. MEDICAL GROUP must provide originals and/or copies of any and all information, allow access to premises, and provide records to TDH or its authorized agent(s), THHSC, HCFA, the U.S. Department of Health and Human Services, FBI, the Texas DOI, and the Texas Attorney General's Medicaid Fraud Control Unit, upon request, and free of charge. MEDICAL GROUP must report any suspected fraud or abuse including any suspected fraud and abuse committed by SUPERIOR to TDH for referral to THHSC.

E. MEDICAL GROUP understands that services provided under this Agreement are funded by State and Federal funds under the Texas Medical Assistance Program (Medicaid). MEDICAL GROUP is subject to all State and Federal laws, rules and regulations that apply to persons or entities receiving State and Federal funds. MEDICAL GROUP understands that any violation by MEDICAL GROUP of a State or Federal law relating to the delivery of services under this contract, or any violation of the Medicaid Contract could result in liability for contract money damages, and/or civil and criminal penalties, and sanctions under State and Federal law.

F. This Agreement is subject to State and Federal fraud and abuse statutes. MEDICAL GROUP shall cooperate in the investigation and prosecution of any suspected fraud or abuse, and shall provide any and all requested originals and copies of records and information, free of charge on request, to any State or Federal agency with authority to investigate fraud and abuse in the Medicaid program.

G. The Texas Medicaid Fraud Control Unit will be allowed to conduct private interviews of SUPERIOR personnel, MEDICAL GROUP and its personnel, witnesses, contractors and patients. Requests for information are to be complied with in the form and the language requested. SUPERIOR employees and contractors and MEDICAL GROUP and its employees and contractors must cooperate fully in making themselves available in person for interviews, consultation, grand jury proceedings, pre-trial conference, hearings, trial and in any other process, including investigations, at SUPERIOR's and Provider's own expense, respectively.

H. MEDICAL GROUP shall comply with all State and Federal laws and regulations relating to the Texas Medicaid program and all rules relating to the Medicaid managed care program adopted by TDH, Texas DOI, THHSC, TDMHMR and any other State agency delegated authority to operate Medicaid or Medicaid managed care programs.

I. MEDICAL GROUP shall comply with the provisions of 42 C.F.R. 431, Subpart F, relating to Safeguarding Information on Applicants and Recipients, to ensure that confidential information is protected from disclosure except for authorized purposes.

J. MEDICAL GROUP shall have a mechanism in place to ensure Medicaid Covered Person's (including minor's) confidentiality for family planning services.

K. MEDICAL GROUP shall comply with Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, the Americans with Disabilities Act of 1990, and all requirements imposed by the regulations implementing these acts and all amendments to the laws and regulations. The regulations provide in part that no person in the United States shall on the grounds of race, color, national origin, sex, age, disability, political beliefs or religion be excluded from participation in, or denied, any aid, care, service or other benefits, or be subjected to any discrimination under any program or activity receiving federal funds.

L. MEDICAL GROUP shall comply with Texas Health and Safety Code Section 85.113 (relating to workplace and confidentiality guidelines regarding AIDS and HIV).

M. MEDICAL GROUP shall comply with the provisions of Executive Order 11246, as amended by 11375, relating to Equal Employment Opportunity.

N. MEDICAL GROUP must make a good faith effort to assist historically underutilized businesses (HUBs) in receiving a portion of the total contract value of this Agreement.

O. MEDICAL GROUP must provide counseling and education to Medicaid Covered Persons requesting contraceptive services or family planning services.

P. MEDICAL GROUP shall comply with the THSteps program requirements for submitting laboratory tests to the TDH Bureau of Laboratories or the Texas Center for Infectious Disease Cytopathology Laboratory Department.

Q. MEDICAL GROUP shall comply with the requirements of Chapter 161, Health and Safety Code, relating to the Texas Immunization Registry (ImmTrac).

R. MEDICAL GROUP acknowledges and agrees that Medicaid Covered Persons who require routine or regular laboratory and ancillary medical tests, or procedures to monitor disabilities, or chronic or complex conditions must be provided the services by the provider ordering the procedure or at a lab located at or near the provider's office.

S. MEDICAL GROUP shall report all confirmed cases of STDs, including HIV, to the local or regional health authority pursuant to 25 Texas Administrative Code, Sections 97.131-97.134, using the required forms and procedures for reporting STDs.

T. MEDICAL GROUP shall have procedures in place to protect the confidentiality of Medicaid Covered Persons provided STD/HIV services. These procedures must include, but are not limited to, the manner in which medical records are to be safeguarded; how employees are to protect medical information; and under what conditions information can be shared. If MEDICAL GROUP provides STD/HIV services, MEDICAL GROUP shall comply with all State laws relating to communicable disease reporting requirements.

U. MEDICAL GROUP agrees that any modification, addition, or deletion of the provisions of this Agreement will become effective no earlier than thirty (30) days after SUPERIOR notifies TDH of the change in writing. If TDH does not provide written approval within forty-five (45) days from

receipt of notification from SUPERIOR, changes can be considered provisionally approved, and will become effective. Modifications, additions, or deletions, which are required by TDH, or by changes in State or Federal law, are effective immediately.

V. MEDICAL GROUP shall submit proxy claims forms to SUPERIOR for services provided to all Medicaid Covered Persons that are capitated by SUPERIOR in accordance with the encounter data submissions requirements established by SUPERIOR and the State.

W. SUPERIOR shall not impose restrictions upon MEDICAL GROUP's free communication with Medicaid Covered Persons about Medicaid Covered Person's medical conditions, treatment options, SUPERIOR referral policies, and other SUPERIOR policies, including financial incentives or arrangements and the Medicaid managed care plans with whom MEDICAL GROUP contracts.

X. MEDICAL GROUP shall not interfere with or place liens upon the State's right or SUPERIOR's right, acting as the State's agent, to recovery from third party resources. MEDICAL GROUP shall not seek recovery in excess of the Medicaid payable amount or otherwise violate State and Federal laws.

Y. Provider Complaint And Appeal Procedures. To the extent required by law, SUPERIOR shall provide a complaint and appeal procedure for MEDICAL GROUP complaints. If MEDICAL GROUP wishes to complain to SUPERIOR about any aspect of SUPERIOR's operation, including plan administration, MEDICAL GROUP may file a complaint orally or in writing. SUPERIOR will acknowledge receipt of the complaint within five (5) business days. SUPERIOR will investigate the complaint and provide MEDICAL GROUP with a written response within thirty (30) days of receiving the complaint. If MEDICAL GROUP is unsatisfied with SUPERIOR's resolution of the complaint, MEDICAL GROUP may appeal the decision by presenting his/her appeal in writing or before a complaint appeal panel convened by SUPERIOR. SUPERIOR will provide MEDICAL GROUP with written notice of its appeal decision within thirty (30) days of receiving the appeal.

Z. MEDICAL GROUP shall develop and implement a policy for protecting the confidentiality of AIDS and HIV-related medical information and an anti-discrimination policy for employees and Medicaid Covered Persons with communicable diseases.

AA. MEDICAL GROUP PCPs must develop a plan of care to meet the needs of all Medicaid Covered Persons with disabilities or chronic or complex conditions. The plan of care must be based on health needs, specialist(s) recommendations, and periodic reassessment of the Medicaid Covered Person's functional status and service delivery needs. MEDICAL GROUP PCPs shall maintain record keeping systems to ensure that each Medicaid Covered Person who has been identified with a disability, chronic, or complex condition, has an initial plan of care in MEDICAL GROUP PCPs' medical records, and that the plan is updated as often as the Medicaid Covered Person's needs change, but at least annually.

BB. MEDICAL GROUP PCPs shall provide primary care services and continuity of care to Medicaid Covered Persons who are enrolled with or assigned to the MEDICAL GROUP. Primary care services are all services required by a Medicaid Covered Person for the prevention, detection, treatment and cure of illness, trauma, disease or disorder, which are covered and or required services under the Medicaid Contract. All services must be provided in compliance with generally accepted medical and behavioral health standards for the community in which services are rendered. MEDICAL GROUP shall

provide children under the age of 21 services in accordance with the American Academy of Pediatric recommendations and the THSteps periodicity schedule and provide adults services in accordance with the U.S. Prevention Task Force's publication "Put Prevention Into Practice."

CC. MEDICAL GROUP PCPs shall assess the medical needs of Medicaid Covered Persons for referral to specialty care providers and provide referrals as needed. MEDICAL GROUP shall coordinate care with specialty care providers after referral.

DD. MEDICAL GROUP PCPs shall make necessary arrangements with home and community support services to integrate the Medicaid Covered Person's needs. This integration may be delivered by coordinating the care of Medicaid Covered Persons with other programs, public health agencies and community resources, which provide medical, nutritional, behavioral, educational and outreach services available to Medicaid Covered Persons.

EE. MEDICAL GROUP PCPs or another Participating Health Care Provider, through whom MEDICAL GROUP has made arrangements, shall be the admitting or attending physician for inpatient hospital care, except for emergency medical or behavioral health conditions or when the admission is made by a specialist to whom the Medicaid Covered Person has been referred by the MEDICAL GROUP PCPs. MEDICAL GROUP PCPs shall assess the advisability and availability of outpatient treatment alternatives to inpatient admissions. MEDICAL GROUP PCPs shall provide or arrange for pre-admission planning for non-emergency inpatient admissions and discharge planning for Medicaid Covered Persons. MEDICAL GROUP PCPs must call the emergency room with relevant information about the Medicaid Covered Persons, and MEDICAL GROUP PCPs must provide or arrange for follow-up care after emergency or inpatient care.

FF. MEDICAL GROUP PCPs shall, for children under the age of twenty-one (21), provide or arrange to have provided all services required under the Medicaid Contract relating to Texas Health Steps, Perinatal Services, Early Childhood Intervention, WIC, persons with disabilities or chronic or complex conditions, and Health Education and Wellness to Medicaid Covered Persons who qualify for the services. MEDICAL GROUP PCPs must cooperate and coordinate with SUPERIOR to provide Medicaid Covered Persons and the Medicaid Covered Person's family with knowledge of and access to available services.

GG. In the event utilization management services are delegated by SUPERIOR to MEDICAL GROUP, MEDICAL GROUP agrees to use a utilization management protocol that produces substantially similar outcomes as the utilization management protocol used by SUPERIOR.

HH. MEDICAL GROUP shall comply with all applicable provisions of the Medicaid Contract, including the marketing restrictions and requirements imposed by the Medicaid Contract.

II. MEDICAL GROUP shall comply with the encounter, utilization, quality, and financial reporting requirements imposed by the Medicaid Contract, including the report filing times and report format requirements.

JJ. In the event TDH imposes a financial penalty or sanction on SUPERIOR for default under the Medicaid Contract that was caused by any action, error, or omission by MEDICAL GROUP and/or MEDICAL GROUP Physicians, MEDICAL GROUP shall be obligated, upon approval by TDH, to reimburse SUPERIOR for the full amount of the financial penalty or sanction within fifteen (15) days of receipt of written notice from SUPERIOR.

KK. For Medicaid Covered Persons only, the definition of "Medically Necessary" in Section I. J. of the Agreement shall be replaced with the following definition:

"Medically Necessary" means health care services, other than behavioral health services that are:

- (a) reasonable and necessary to prevent illnesses or medical conditions, or provide early screening, interventions, and/or treatments for conditions that cause suffering or pain, cause physical deformity or limitations in function, threaten to cause or worsen a handicap, cause illness or infirmity of a Medicaid Covered Person, or endanger life;
- (b) provided at appropriate facilities and at the appropriate levels of care for the treatment of a Medicaid covered Person's medical conditions;
- (c) consistent with health care practice guidelines and standards that are issued by professionally recognized health care organizations or governmental agencies;
- (d) consistent with the diagnoses of the conditions; and
- (e) no more intrusive or restrictive than necessary to provide a proper balance of safety, effectiveness, and efficiency."

LL. With respect to Medicaid Covered Persons with confirmed or suspected tuberculosis, MEDICAL GROUP shall report any Medicaid Covered Person who is noncompliant, drug resistant, or who is or may be posing a public health threat to TDH or the local tuberculosis control program.

MM. MEDICAL GROUP acknowledges and agrees that in-state and out-of-state laboratories shall report positive mycobacteriology results to the health department as required for in-state laboratories by Title 25 Texas Administrative Code §97.5(a). MEDICAL GROUP agrees that referrals to State-operated hospitals specializing in the treatment of tuberculosis will be made only for tuberculosis-related treatment.

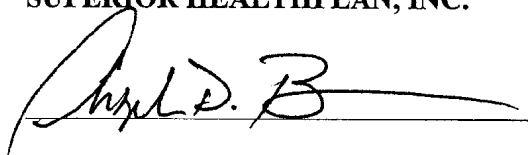
NN. MEDICAL GROUP shall refer Medicaid Covered Persons with HIV infection to public health agencies for in-depth prevention counseling, ongoing partner elicitation and notification services, and other prevention support services. MEDICAL GROUP shall provide direct counseling to or shall make a referral to an appropriate Participating Health Care Provider to counsel an HIV-infected Medicaid Covered Person about the need to inform and refer all sex and needle-sharing partners who might have been exposed to the infection for prevention counseling and antibody testing.

OO. MEDICAL GROUP shall ensure that its Specialty Physicians send a record of consultation and recommendations to a Medicaid Covered Person's PCP for inclusion in the Medicaid Covered Person's medical record and that the Specialty Physicians report encounters to the PCP and/or to SUPERIOR.

IN WITNESS WHEREOF, the parties have executed this Medicaid Product Attachment
intending to be bound on and after its Effective Date of _____, 2004.

SUPERIOR MEDICAL GROUP:

SUPERIOR HEALTHPLAN, INC.



By: _____

Title: _____

Date

MEDICAL GROUP:

CITY OF SAN ANTONIO

Frances A. Gonzalez
Assistant City Manager

Date

ATTEST:

Yolanda L. Ledesma
Acting City Clerk

APPROVED AS TO FORM:

Andrew Martin
City Attorney

EXHIBIT 1

MEDICAID PRODUCT ATTACHMENT

PCP REIMBURSEMENT

For properly authorized medically necessary Covered Services rendered to eligible Covered Persons provided by the Group, Superior will compensate Group at the lesser of providers billed charge or 100% of the State of Texas Medicaid Fee Schedule.

Covered Services:

EPSDT Texas Healthsteps Exams-Star Medicaid

Immunizations-Star Medicaid

Pre-Natal Visits-Star Medicaid