

FAMILY MEDICINE RESIDENT EMPLOYMENT AGREEMENT

THIS FAMILY MEDICINE RESIDENT EMPLOYMENT AGREEMENT (the "Agreement") is made and entered into effective the ___ day of June 2016 (the "Effective Date"), between **McLEOD REGIONAL MEDICAL CENTER OF THE PEE DEE, INC.**, a nonprofit corporation organized and governed under the laws of the State of South Carolina and exempt from taxation pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986, as amended ("MRMC"), and _____ ("Resident"). MRMC and Resident may be referred to hereinafter individually as the "Party" or together as the "Parties."

RECITALS

WHEREAS, MRMC is an acute care hospital in Florence County, South Carolina known as McLeod Regional Medical Center and is affiliated with a community hospital in Darlington County, South Carolina known as McLeod Medical Center – Darlington; a community hospital in Dillon County, South Carolina known as McLeod Medical Center – Dillon; two (2) hospitals in Horry County, South Carolina known as McLeod Loris Seacoast Hospital; and a community hospital in Chesterfield County, South Carolina known as McLeod Health Cheraw d/b/a Chesterfield General Hospital (hereinafter referred to individually as the "Hospital" and together as the "Hospitals");

WHEREAS, MRMC currently conducts a family medicine residency training program (the "Program"), which provides a total of thirty-six (36) months of residency training to qualified physicians in the specialty of Family Medicine; and

WHEREAS, MRMC desires for Resident to enroll in the Program and Resident desires to do so pursuant to the terms of this Agreement.

NOW THEREFORE, in consideration of the mutual promises contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows.

AGREEMENT

II. RESPONSIBILITIES AND OBLIGATIONS OF RESIDENT

11.11 **PARTICIPATION.** Resident agrees to enroll and participate in the Program, and to adhere to the policies (specifically including, but not limited to, the "Resident Promotion and Graduation" policy), as Exhibit A attached hereto and made a part hereof, and procedures and fulfill the necessary requirements of the Program, as set forth in those policies, procedures, and requirements contained in MRMC's Resident's Handbook (the "Handbook") and the Policy and Procedures Manual for the Family Medicine Program (the "Manual"), as such may be amended from time to time by MRMC in its sole discretion, which are incorporated herein as if set forth herein verbatim. Resident also agrees to adhere to those requirements promulgated by the Accreditation Council for Graduate Medical Education ("ACGME") - Residency Review Committee in Family Medicine, as such may be amended from time to time and which are hereby fully incorporated into this Agreement by reference as if fully stated herein.

Resident shall work and train under the direction of the director of the Program (the "Program Director"), and agrees to adhere to and abide by the directives given by the Program Director, the Program faculty ("Faculty"), and/or any supervising resident. Resident shall perform his or her duties as a full-time employee of MRMC on such days and during such hours as MRMC determines are customary and reasonable, including such hours as are necessary to provide on-call services. Resident shall not accept any outside employment without the prior written consent of MRMC.

1.2 **ADDITIONAL DUTIES REQUIRED UNDER OTHER MRMC OR MRMC AFFILIATE CONTRACTUAL AGREEMENTS.** Commencing at the expiration of the initial twelve (12) month period of the Term (as defined below) of this Agreement, Resident and MRMC agree that, at MRMC's request and upon the mutual consent of the Parties, Resident shall render additional services beyond the Program requirements as an employee of MRMC at such locations as may be designated by MRMC ("Additional Duties"). These Additional Duties, if any, will be performed on those dates and times as may be requested by MRMC and agreed upon by Resident. These Additional Duties, if designated and requested by MRMC, will be provided by Resident so long as Resident has met all necessary qualifications of the designated location(s). MRMC agrees to compensate Resident at a fair market value hourly rate for his

or her rendering of the Additional Duties. The Parties agree that the hourly compensation rate shall be determined by MRMC, and agreed to by Resident, in advance of Resident performing any such services.

11.3 **LICENSURE.** Resident has, or agrees to immediately acquire, a license to practice medicine in the State of South Carolina. Resident agrees to maintain such license throughout the Term of this Agreement, and agrees that any limitation, withdrawal, suspension, probation, or revocation of such license gives MRMC the unilateral right to immediately terminate this Agreement pursuant to **Section 3.3** below and to expel Resident from the Program.

1.4 **UNITED STATES MEDICAL LICENSING EXAMINATION™ STEP III.** Resident is required to attempt to pass and complete the United States Medical Licensing Examination Step III ("USMLE") by the end of their first (1st) Program year (PGYI). Should Resident not pass and complete USMLE on their first (1st) attempt, Resident must pass and complete USMLE Step III by the seventh (7th) month of their second (2nd) Program year. If Resident does not pass and complete USMLE Step III following this second (2nd) attempt, Resident will not be promoted to their third (3rd) Program year (PGYIII). Resident will be provided with a third (3rd) opportunity to pass and complete the USMLE Step III. Should Resident be successful and pass and complete USMLE Step III, he/she will, at that time, be promoted to their third (3rd) program year (PGYIII). In the event Resident fails to pass and complete the USMLE Step III on this third (3rd) attempt, such result shall be considered an event that gives MRMC the unilateral right to immediately terminate this Agreement pursuant to **Section 3.3** below and to expel Resident from the Program.

11.5 **QUALIFICATIONS.** Resident certifies that he or she has, and shall maintain throughout the Term of this Agreement, authority to prescribe medications without restriction. Resident further certifies to MRMC that Resident has fully disclosed all information requested in any applications submitted to the Program and that all information disclosed in these applications is true and correct as of the Effective Date of this Agreement. Resident acknowledges that these applications fully disclose, among other facts, any suspension or revocation of a medical license, professional sanctions, disciplinary actions and malpractice lawsuits affecting Resident. Resident's applications are hereby incorporated into this Agreement by reference as if fully stated herein.

11.6 **PERFORMANCE STANDARDS.** In performing services under this Agreement, Resident agrees to the following: (i) to use diligent efforts and professional skills and independent professional judgment; (ii) to perform all services in accordance with recognized standards of the profession; (iii) to abide by the directives of the Program Director, Faculty, and/or any supervising resident; (iv) to act in a manner consistent with all principles of ethics set forth by the American Medical Association; (v) to comply with the bylaws, rules, regulations, and policies of MRMC, including MRMC's policy on sexual harassment and all such rules, regulations and policies applicable to Resident as required under Hospitals' medical staff bylaws and regulations; and (vi) to comply with all applicable federal, state, and local laws and regulations, MRMC and Hospital compliance requirements, and the standards of The Joint Commission.

11.7 **HEALTH STATUS.** The Parties acknowledge that, during the Term of this Agreement, Resident must be able to appropriately and safely perform his or her duties hereunder. Resident is responsible for notifying MRMC in a timely manner of any health factors that may affect the Resident's performance of his or her professional and/or administrative duties required hereunder, including health factors potentially affecting the health, safety or welfare of Resident or patients to whom Resident renders services. Resident agrees to submit to a screening for substance abuse prior to any performance of the duties and obligations set forth under this Agreement, and further agrees that this Agreement is contingent upon the successful completion of this screening.

MRMC, in accordance with applicable laws, shall from time to time be entitled to make reasonable inquiries and require appropriate health screenings, both mental and physical, and testing concerning Resident's ability to perform his or her duties. Such screenings and testing include, but are not limited to, the following: (i) testing for substance abuse; (ii) testing for communicable or infectious diseases, including sexually transmitted diseases; and (iii) requesting and receiving such other information necessary to assure MRMC that Resident is capable of performing his or her duties and does not pose a health or safety risk to others.

The results of any testing, screening or examination, as required herein, will be maintained as confidential and will be disclosed within the sole discretion of MRMC to its officers and directors only on a need to know basis and in accordance with applicable laws. Provided however, any positive test result will be reported to appropriate authorities as required or allowed by law. Furthermore, if Resident is or becomes infected with Human Immunodeficiency Virus (HIV) or Hepatitis B Virus (HBV), then the Resident has the sole discretion to report Resident's condition to an expert review panel, established pursuant to the "S.C. Health Care Professional Compliance Act," which is codified at S.C. Code Ann. Section 44-30-10, et. seq. (Law. Co-op. Supp. 2003) (or any corresponding

section of any future law) and any subsequent amendments as may occur, to determine Resident's appropriate scope of practice and resolve any other relevant issues.

11.8 **DISQUALIFIED PERSONS.** Resident represents and warrants that he or she: (i) has not been convicted of a criminal offense related to healthcare (unless such individual has been officially reinstated into the Federal healthcare programs by the Department of Health and Human Services, Office of Inspector General ("OIG") and provided proof of such reinstatement to MRMC); (ii) is not under sanction, exclusion or investigation (civil or criminal) related to healthcare by any Federal or state enforcement, regulatory, administrative or licensing agency or is ineligible for Federal or state program participation; or (iii) is not listed on the General Services Administration's List of Parties Excluded from the Federal Procurement and Non-Procurement Programs or the OIG's List of Excluded Individuals/Entities. Resident shall immediately notify the Program Director and MRMC's Administrator/Senior Vice President in writing of any such conviction, sanction, exclusion, investigation, or listing of Resident.

1.9 **MEDICAL RECORDS.** Resident shall make and maintain timely, accurate and complete records of patient evaluation and treatment in accordance with the policies of MRMC and will perform such record keeping as is necessary: (i) for MRMC to bill patients and/or third-party payors; and (ii) to comply with the requirements of The Joint Commission. Resident's documentation for each patient encounter shall meet the requirements set forth by payors of these services and shall follow the documentation guidelines provided by MRMC. Moreover, Resident agrees to enter charges into the billing system that is utilized by MRMC and agrees to do so on a weekly basis, or as otherwise reasonably requested by MRMC after the completion of said record. For purposes of this provision, "timely" shall mean within fourteen (14) days after the date on which Resident provides the professional services.

In the event Resident fails to complete a record or document as required pursuant to the paragraph above within the time period established for such completion, then MRMC shall give Resident notice of such failure. Resident shall have five (5) days in which to cure such failure. If, within any calendar year, MRMC gives such notice of default to Resident three (3) or more times, or if Resident fails to cure any such failure within the five (5) day period for cure, then such actions shall be considered an event that gives MRMC the unilateral right to immediately terminate this Agreement pursuant to **Section 3.3** below and to expel Resident from the Program.

1.10 **MEETING ATTENDANCE.** Resident acknowledges and agrees that he/she shall be required to be present at all mandatory meetings and/or events as determined by MRMC. These meetings and/or events shall include, but not limited to, trainings, medical staff meetings, and other specified functions.

II.2. OBLIGATIONS OF MRMC

22.11 **LIABILITY INSURANCE.** During the Term of this Agreement, MRMC shall procure and maintain professional liability insurance on behalf of Resident for the Term of this Agreement in such amounts and subject to such deductible limits as MRMC deems appropriate in its sole discretion covering services rendered by Resident pursuant to the terms of this Agreement. Resident agrees to cooperate with MRMC in any way necessary in order to procure and maintain such insurance policies and coverage.

22.22 **COMPENSATION.** MRMC shall compensate Resident for services rendered pursuant to the terms of this Agreement as provided for in **Attachment A**, which is attached hereto and incorporated herein. MRMC shall compensate Resident for any Additional Duties rendered, if any, in accordance with **Section 1.2** above as provided for in **Attachment A**.

22.33 **BENEFITS.** Commencing on the Effective Date and continuing throughout the Term of this Agreement, MRMC shall provide or make available to Resident those employment benefits described in **Attachment A**, or as otherwise required by law.

22.44 **PROVISION OF PROGRAM.** MRMC agrees to provide and maintain the Program, and to make good faith efforts so that the Program continues to fulfill the accreditation requirements of the ACGME. MRMC agrees to provide the Faculty, facilities, supplies, instruction, clinical supervision and support, and personnel that MRMC deems necessary to conduct the Program, and to assist Resident in finding appropriate housing, meals, and laundry services throughout the Term of this Agreement.

III.3. TERM AND TERMINATION

33.11 **TERM.** This Agreement shall commence on the Effective Date and continue for approximately three (3) years, as detailed below, unless terminated earlier in accordance with the terms of this Agreement.

- First (1st) year shall commence June __, 2015 and end June __, 2016;
- Second (2nd) year shall commence July 1, 2016 and end June 30, 2017; and
- Third (3rd) year shall commence July 1, 2017 and end at 11:59 PM (EST) on June 30, 2018 (the "Term").

33.22 **TERMINATION BY RESIDENT.** This Agreement may be terminated by Resident upon forty-five (45) days prior written notice to the Program Director. Such written notice must state the basis for requesting termination of this Agreement. MRMC may waive or shorten the forty-five (45) day notice requirement in its sole discretion.

33.33 **IMMEDIATE TERMINATION BY MRMC FOR CAUSE.** MRMC shall have the unilateral right in its sole discretion to immediately terminate this Agreement upon the occurrence of any of the following events: (i) Resident dies or MRMC determines Resident is disabled to the extent that Resident is incapable of performing the services required by this Agreement; (ii) Resident's license to practice medicine or the prescribing of medications in South Carolina is placed on probation, suspended or terminated; (iii) Resident is charged with or indicted for a felony, or is convicted of any misdemeanor offense involving moral turpitude; (iv) Resident fails to comply with any state, federal, or local law or regulation, or with the personnel and administrative policies and procedures, bylaws, orders, rules and regulations of MRMC and/or the Hospitals' medical staff; (v) Resident acts in an unethical or fraudulent manner, or engages in any act in violation of MRMC's policies and procedures (including, without limitation, harassment); (vi) Resident is not recommended for reappointment pursuant to the procedural steps outlined in the Resident Promotion and Graduation policy, attached hereto as **Attachment B** and incorporated herein; or (vii) Resident fails to comply with any provision of this Agreement.

33.4 **TERMINATION BY MRMC WITHOUT CAUSE.** MRMC may terminate this Agreement without cause or reason upon giving the Resident one hundred twenty (120) days advance written notice.

IV. MISCELLANEOUS

44.11 **COMPLIANCE WITH LAWS.** Resident and MRMC shall each comply with all applicable laws and regulations in performing its obligations under this Agreement. If any provision of this Agreement shall reasonably be determined by either Party to violate any applicable law or regulation, then the Parties shall promptly and in good faith amend this Agreement as may be necessary or advisable to comply with such law or regulation. Any such amendment of this Agreement shall, to the extent practical, preserve to each Party the economic and other benefits accorded such Party in the original Agreement. If Resident does not agree to make those changes that MRMC determines are necessary, then MRMC shall have the right to terminate the Agreement after thirty (30) days written notice to Resident.

44.22 **CONFIDENTIALITY OF MRMC INFORMATION.** Resident understands and agrees that in connection with Resident's enrollment in the Program, Resident may acquire competitively sensitive information that may cause MRMC to suffer competitively or economically if such information became known to persons outside of MRMC. Consequently, except as provided in this **Section 4.2** or otherwise required by law, Resident agrees to maintain the confidentiality of any confidential information or trade secrets Resident acquires during the Term of this Agreement, and for as long as such information remains confidential.

44.33 **CONFIDENTIALITY OF PATIENT INFORMATION.** Resident agrees to protect, to the fullest extent required by law, the confidentiality of any patient information generated or received by Resident in connection with the performance of services hereunder, including, without limitation, the privacy requirements of the Health Insurance Portability and Accountability Act of 1996. Resident specifically acknowledges that in receiving, storing, processing, or otherwise handling records of MRMC patients, Resident may be bound by federal laws governing addictive disease patients, including the requirements set forth in 42 C.F.R. Part 2. Resident agrees to promptly notify MRMC if Resident receives any improper request for any patient information protected hereunder. Resident agrees, if necessary, to resist in judicial proceedings any efforts to obtain access to patient records except as permitted by law. This **Section 4.3** and Resident's obligation to maintain the confidentiality of MRMC patient information shall survive the termination or expiration of this Agreement.

44.44 **CASE RECORDS, HISTORIES, AND WORKS MADE FOR HIRE.** All documents, case records, case histories and medical records concerning MRMC patients shall become and remain the exclusive property of MRMC. Additionally, all inventions,

discoveries, materials, and improvements created by, or attributed to Resident, that relate to MRMC's business shall become and remain the exclusive property of MRMC as "works made for hire."

44.55 **GRIEVANCE PROCEDURES.** Resident shall utilize those grievance procedures outlined in the Handbook and/or Manual, as applicable, (specifically including the Educational Standards/Evaluation/Due Process policy), as such procedures represent the Resident's primary recourse for disputes with MRMC that may arise under this Agreement; provided, however, that Resident may also exercise those grievance procedures available to him or her in applicable MRMC policies, as such may be amended from time to time.

If Resident is not recommended for reappointment pursuant to the procedural steps outlined in the Resident Promotion and Graduation policy, then Resident shall have those appellate rights provided for under MRMC policies for MRMC employees, as such may be amended from time to time. In accordance with ACGME requirements, MRMC shall make reasonable efforts to provide Resident with notice that he or she is not being recommended for reappointment: (i) at least four (4) months prior to the end of Resident's then current year in the Program; or (ii) as the circumstances reasonably allow.

44.66 **SEVERABILITY.** If any one (1) or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such invalidity, illegality or unenforceability shall not effect any other provision of this Agreement.

44.77 **NOTICES.** All notices required under this Agreement are deemed effective on the date delivered personally or mailed by registered or certified mail, postage prepaid, or one day after deposit with a recognized, reliable overnight delivery service, addressed as set forth below or to such other address as the Parties may from time to time designate in writing to the corresponding Party:

As to Resident:

555 East Cheves Street
Florence, SC 29506

As to MRMC:

McLeod Regional Medical Center of the Pee Dee, Inc.
555 East Cheves Street
Florence, SC 29506
Attention: Administrator/ Senior Vice President

With a copy to: (which shall not constitute Notice)

McLeod Health
PO Box 100551
Florence, South Carolina 29506
Attention: Legal Counsel

44.88 **GENERAL MISCELLANEOUS.** This Agreement or any obligations thereunder shall not be subcontracted or assigned without the prior written consent of the other Party except to an affiliate or purchaser of MRMC. This Agreement shall be governed by and construed under the laws of the State of South Carolina and venue shall lie in Florence County. This Agreement may be amended only in writing signed by both Parties. This Agreement may be executed in counterparts, each of which will be deemed an original, but all of which together shall constitute one and the same agreement. This Agreement constitutes the entire agreement of the Parties. All prior agreements between the Parties, whether written or oral, are merged herein and shall be of no force or effect. The paragraph headings used herein are for convenience only and shall not be used in the construction or interpretation of this Agreement. Any reference to the masculine, feminine or neuter gender shall be deemed to include the other.

44.99 **MCLEOD HEALTH COMPLIANCE PROGRAM.** Resident acknowledges that MRMC participates in McLeod Health's Compliance Program ("Compliance Program") and that MRMC is bound by a number of compliance-related policies, including a conflict of interest policy ("Conflict of Interest Policy") for certain purposes, including, but not limited to, the purpose of ensuring that the provision of, and billing for, all healthcare services at MRMC is in full compliance with applicable Federal and state laws. Resident acknowledges that he or she has received information relating to such, including the Conflict of Interest Policy, as well as other compliance policies, and Resident shall fully adhere to and support the policies set forth therein. Resident shall participate in

training and education sessions relating to the Compliance Program, to include training and education sessions related to the Anti-Kickback Statute and the Stark Law as requested by MRMC. Resident agrees to, and at all times shall, comply with all laws, rules and regulations impacting the Resident and MRMC, and attend training sessions related to the Anti-Kickback Statute (42 U.S.C. Section 1320a-7b(b)), the Stark Law (42 U.S.C. Section 1395nn), and other relevant compliance requirements. Resident certifies that he or she has received, and shall fully comply with, McLeod Health's Policy on Business Practices (commonly known as the "McLeod Health Code of Conduct") and the Policy and Procedures Regarding Compliance With the Anti-Kickback Statute and the Stark Law, which are attached hereto and incorporated herein as **Attachment C**.

44.1010 **NO OBLIGATION TO REFER.** Nothing in this Agreement is to be construed to restrict the Resident's professional judgment while performing clinical and professional services under this Agreement to refer any patient to any health care facility which he or she believes is necessary or desirable in order for a patient to obtain proper and appropriate treatment or to comply with the wishes of the patient or patient's family. By signing this Agreement, the Parties hereby certify that this Agreement is not entered into because of any agreement between MRMC and the Resident for the referral of patients, either implied or otherwise, or that either Party is in any way being compensated based upon the number of referrals of patients that they may make to each other. The Parties specifically do not intend to violate the Federal Anti-Fraud and Abuse provisions, which are codified at 42 U.S.C. Section 1320a-7b(b) et seq., the Ethics in Patient Referrals Act, which is codified at 42 U.S.C. Section 1395nn (commonly known as the "Stark Law"), or the South Carolina Provider Self-Referral Act, which is codified at S.C. Code Ann. Section 44-113-10 et seq. The Parties, by signing this Agreement, hereby certify that they intend to fully comply with the "Employees" Safe Harbor contained at 42 CFR Section 1001.952(i), and the "Bona Fide Employment Relationships" exception to the Stark Law, as set forth in 42 CFR § 411.357(c) and such other applicable laws that may be enacted from time to time.

44.1111 **SURVIVABILITY.** The following provisions of this Agreement shall survive any termination or expiration of this Agreement: **Section 4.2; Section 4.3; and Section 4.4.**

IN WITNESS WHEREOF, as evidenced by their respective signatures the parties execute this Family Medicine Resident Employment Agreement as of the date set forth below.

RESIDENT

MCLEOD REGIONAL MEDICAL CENTER OF THE PEE DEE, INC.

Printed Name: _____

Marie G. Segars
Senior Vice President/Administrator

Date: _____

Date: _____

ATTACHMENT A

COMPENSATION AND BENEFITS

11. **COMPENSATION.**

In consideration of Resident's participation in the Program and performance of the duties set forth herein, MRMC agrees to compensate Resident through the payment of an annual stipend in an amount equal to:

- (1) Fifty Five Thousand One Hundred Fifty and No/100 Dollars (\$55,150.00) during the first (1st) twelve (12) month period of the Term of this Agreement (the "First Year Stipend");
- (2) Fifty Six Thousand Two Hundred Fifty and No/100 Dollars (\$56,250.00) during the second (2nd) twelve (12) month period of the Term of this Agreement (the "Second Year Stipend"); and
- (3) Fifty Seven Thousand Seven Hundred and No/100 Dollars (\$57,700.00) during the third (3rd) twelve (12) month period of the Term of this Agreement (the "Third Year Stipend").

Such Stipend(s) will be paid by MRMC to Resident by way of approximately twenty-six (26) bi-weekly payment installments (the "Installments") each twelve (12) month period hereunder, subject to the withholding of all Federal and state taxes and reasonable deductions as required by law.

B. **Compensation for Additional Duties.** After the expiration of the first (1st) year period of this Agreement, MRMC shall compensate Resident for rendering the Additional Duties pursuant to **Section 1.2** of the Agreement that shall be determined in advance, and set forth in a signed writing, prior to Resident's rendering of such services. Resident acknowledges and agrees that MRMC shall only make payment for such Additional Duties rendered upon MRMC's timely receipt and approval of documentation evidencing the dates, times and description of the services provided by Resident at the designated location(s) in the form of **Attachment D**, which is attached hereto and incorporated herein.

C. **One-Time Supplementary Payment.** In addition to the payment of the Stipend to Resident by MRMC during the first twelve (12) month period, within two (2) weeks after the Effective Date of this Agreement and Resident's commencement of the Program, Resident shall receive a one-time supplementary payment of One Thousand Five Hundred and No/100 Dollars (\$1,500.00), subject to the withholding of all deductions and taxes required by law.

22. **BENEFITS.** MRMC shall provide Resident with the following benefits during the Term of this Agreement as outlined below:

A1. **Group Health, Life, Short, and Long Term Disability Plans.** To the extent Resident is eligible to participate in the Group Health, Group Life, Short-Term and Long-Term Disability Plans, Resident will receive the benefits provided according to the plan document. These benefits are provided in accordance with current MRMC policies and plan documents, which shall be made available to Resident. MRMC reserves the right to amend or terminate these plans, policies and their future benefits at any time and in its sole discretion.

MRMC also agrees to provide up to Two Thousand Four Hundred and No/100 Dollars (\$2,400.00) as reimbursement to Resident for expenses incurred by Resident during the first three (3) months of Resident's participation in the Program for actual expenses incurred by Resident to maintain the existing health insurance coverage for himself or herself and/or Resident's dependents, as applicable, until the health insurance coverage provided by MRMC to Resident and/or Resident's dependents, as applicable, becomes effective. MRMC agrees to provide such reimbursement upon Resident's presentation of documentation, satisfactory to MRMC, evidencing such expenses; but in no event shall such documentation be presented to MRMC later than ninety (90) days from the Effective Date of this Agreement and following commencement of the Program by Resident.

B. **Lab Coats.** MRMC shall provide Resident with three (3) lab coats during each twelve (12) month period of this Agreement.

C. **Meals.** MRMC shall provide Resident with adequate meals during working hours and while Resident is on restricted call.

D. **Educational/Materials Fees and Licensure Fees.** MRMC shall reimburse Resident during each twelve (12) month period of this Agreement for the following three (3) expense categories:

(1) **Educational Expenses.** MRMC agrees to reimburse Resident for expenses Resident actually incurs in attending a continuing medical education seminar, certification exams or procuring education materials (the "Educational Expenses") in the following amounts: (a) up to Seven Hundred Fifty and No/100 Dollars (\$750.00) during Resident's first twelve (12) months in the Program; (b) up to One Thousand and No/100 Dollars (\$1,000.00) during Resident's second twelve (12) month period of the Program (if applicable); and (c) up to One Thousand Two Hundred Fifty and No/100 Dollars (\$1,250.00) during Resident's third twelve (12) month period of the Program (if applicable). Educational Expenses include, but are not limited to, expenses associated with Resident's travel, lodging and procurement of educational materials; provided, however, a precondition of the payment or reimbursement by MRMC is pre-approval by the Program Director of the Educational Expenses. If Resident does not use the amount set forth above during any twelve (12) month period for which such was allocated, any unused amount may be carried forward into the next twelve (12) month period (if applicable). Any such amount that remains unused following Resident's completion of the Program, as a result of the termination or expiration of this Agreement, shall be retained by MRMC.

(2) **Licensing Expenses.** MRMC agrees to reimburse Resident for reasonable expenses and fees actually incurred by Resident and associated with: (a) Resident's application for a limited medical license issued by the State of South Carolina during his or her first (1st) twelve (12) months of the Program; (b) Resident's application for a permanent medical license issued by the State of South Carolina during his or her second (2nd) twelve (12) months of the Program (if applicable); and (c) reasonable expenses associated with any renewal of such license required during the Resident's third (3rd) twelve (12) months of the Program (if applicable). Notwithstanding the above, MRMC shall reimburse Resident the applicable expenses and fees for only one (1) United States Medical Licensing Examination™ ("USMLE"/"COMLEX") or other equivalent examination, and Resident agrees to be solely responsible for the expenses and fees associated with a second or subsequent USMLE or other equivalent examination.

(3) **DEA License.** MRMC agrees to reimburse Resident for reasonable expenses and fees actually incurred by Resident associated with Resident's application each year during the Program, as applicable, for Drug Enforcement Agency licenses from the Federal government and from the State of South Carolina. MRMC shall prorate any payment for said licenses/fees which span timeframes outside the Term of this Agreement. Resident shall be responsible for promptly paying any difference for such licenses/fees to Program after being given notice of said amounts.

E. **Vacation, Sick, Holiday, and Personal Leave.** Resident will be entitled to take up to twenty-eight (28) days off for personal leave per year, without a reduction of the annual Stipend ("Leave"). This Leave shall include any days that Resident is performing Additional Duties and holidays and personal days (and such personal days are inclusive of vacation and sick leave). Days on which Resident is absent due to attendance at a meeting, conference or other event that Resident is required to attend and complete (as required by the Program Director or his or her designee) shall not count toward this twenty-eight (28) days of Leave. Any accrued but unused Leave remaining (if any) at the expiration or termination of this Agreement shall be paid to Resident, subject to MRMC's then applicable policies and procedures in regard thereto.

F. **Membership Fees.** MRMC shall pay the fees associated with Resident's membership each year in only the following professional organizations SCAFP, SCMA, AAFP, FCMS and the AMA or AOA upon presentation of documentation evidencing amounts due to such professional organization.

G. **Relocation Allowance.** MRMC will reimburse Resident up to One Thousand Five Hundred and No/100 Dollars (\$1,500.00) for approved moving expenses Resident incurs in relocating to the Florence, South Carolina area for Resident's first (1st) twelve (12) months of participation in the Program. MRMC agrees to provide such reimbursement upon Resident's presentation of documentation, satisfactory to MRMC, evidencing such expenses. Resident shall present such relocation expenses no later than ninety (90) days following the Effective Date of this Agreement and Resident's commencement of the Program.

ATTACHMENT B

McLeod Family Medicine Resident Handbook



RESIDENT PROMOTION AND GRADUATION POLICY

Purpose: To provide criteria for promotion of residents from PGY I to PGY II and PGY II to PGY III and for graduation.
Policy:

Residents are promoted and graduated based on explicit criteria in accordance with the Accreditation Council for Graduate Medical Education (ACGME) General Competencies and the Residency Review Committee-Family Practice (RRC-FP) Program Requirements. Notification of completion is provided to Human Resources for notation in the resident's employee personnel file. The residency program requires its residents to obtain competencies in the six areas below to the level expected of a new practitioner.

- a. **Patient Care** that is compassionate, appropriate, and effective for the treatment of health problems and the promotion of health
- b. **Medical Knowledge** about established and evolving biomedical, clinical, and cognate (e.g. epidemiological and social-behavioral) sciences and the application of this knowledge to patient care
- c. **Practice-Based Learning and Improvement** that involves investigation and evaluation of their own patient care, appraisal and assimilation of scientific evidence, and improvements in patient care
- d. **Interpersonal and Communication Skills** that result in effective information exchange and teaming with patients, their families, and other health professionals
- e. **Professionalism**, as manifested through a commitment to carrying out professional responsibilities, adherence to ethical principles, and sensitivity to a diverse patient population
- f. **Systems-Based Practice**, as manifested by actions that demonstrate an awareness of and responsiveness to the larger context and system of health care and the ability to effectively call on system resources to provide care that is of optimal value

PROCEDURE:

The following describes the roles and responsibilities of the Resident Evaluation Committee, the Faculty Advisor, and the Attending Physician.

Resident Evaluation Committee

The Resident Evaluation Committee is chaired by a senior faculty member with at least two years service on the committee. It is composed of members of the full-time faculty and clinical faculty as appointed by the Director. It meets monthly and reviews the clinical and academic performance and progress of each resident at least bimonthly. (See: Educational Standards/Evaluation/Due Process Document, Attachment 1).

Faculty Advisor

The faculty advisor meets with the resident at least monthly to discuss performance evaluation. If serious deficits are identified in the resident's performance, meetings with the faculty advisor will be more frequent.

Attending Physician

The resident should receive timely feedback and be advised of deficits in performance by each attending with whom he/she works to allow an opportunity for remediation. It is recommended that the attending physician apprise the resident(s) whom he/she is supervising of his/her performance at the midpoint of the rotation. (See Attending Notification of Resident Rotation, Attachment 2).

Standards that apply to all residents

1. Patient Care
 - a. Participation in patient care and management on each rotation as documented by the faculty evaluation forms. Major performance deficits may result in disciplinary action up to and including probation, suspension and termination. Attendance and behavior are also considered in evaluating performance. Service, performance, conduct or behavior issues may also be addressed in the Performance Expectation Process.
 - b. Residents will enter all patient procedural experience, home visits, etc., using the Sequel Database found in their pocket PC's or in the EMR.
2. Medical Knowledge
 - a. Annual testing by the American Board of Family Practice. Failure to obtain a composite score above the 10th-percentile for national peer group on the In-Training Exam will be grounds for probation. Resident must meet with the Associate Director to determine a plan of action. Failure to score above the 20th-percentile for national peer group will identify the resident as at-risk. An at-risk resident is not on probation, but is required to meet with his/her faculty advisor to develop and implement a plan to remediate deficits. The frequency of these meetings will vary by resident and will be determined by the faculty advisor in consultation with the Residency Program Director. Failure to score above the 10th percentile for national peer group in a subsection (e.g., pediatrics or internal medicine) will be reviewed in the context of rotational performance and precepting in the Family Medicine Center.
 - b. Attendance at departmental academic conferences. Failure to attend at least 70% of these conferences will be grounds for the Performance Expectation Process.
 - c. Contribution to the academic and scholarly mission of the department. Student and resident teaching, conference presentations and participation, as well as overall faculty assessment of resident performance will evaluate this. Major performance deficits may result in disciplinary action up to and including probation, suspension and termination. Service, performance, conduct or behavior issues may also be addressed in the Performance Expectation Process.
 - d. Practice-Based Learning and Improvement.
 - e. Assistance in chart audits and recommendations for improving patient care.
 - f. Resident must demonstrate their understanding of how to identify and correct deficiency.
3. Interpersonal and Communication Skills
 - a. Participation in videotape review of patient encounters with behavioral scientist and/or faculty advisor.
4. Professionalism
 - a. Personal integrity, which includes strict avoidance of substance abuse, theft, lying, cheating, and unexplained absences. Unauthorized use of MRMC equipment and personnel for other than educational, professional, and patient care use is prohibited. Failure to follow this standard will be grounds for probation.
5. Systems-Based Practice
 - a. Compliance with all hospital and departmental record keeping and documentation requirements. A pattern of lateness and noncompliance will be grounds for probation.
 - b. The Program is notified by Hospital Medical Records Department of delinquencies and will route information to the Evaluation Committee.

Promotion from PGY I to PGY II

The Residency Program Director with the advice of the Committee decides whether to promote a resident to the next postgraduate year. Criteria include, but are not limited to:

1. Patient Care
 - a. Identify the purpose(s) for the visit.
 - b. Develop appropriate biopsychosocial hypotheses that apply to the presenting problem.
 - c. Conduct a focused evaluation of the presenting problem (including history, physical examination, and laboratory/radiological procedures).
 - d. Appropriately prioritize the probable and potential diagnoses to ensure that attention is given to the most likely,

- most serious, and most readily treatable options.
- e. Present a provisional and working diagnosis to the patient.
 - f. Arrange for follow-up of the current problem that fits the guidelines of current standard of care and/or attends to the special needs of the patient.
 - g. Completely document the patient care encounter in the medical record in a concise and legible manner following a problem-oriented format and using the SOAP notation.
 - h. Update the biopsychosocial problem list and medication list at each visit.
 - i. Obtain and demonstrate sufficient knowledge and experience to supervise patients in labor and get the Obstetrical Faculty Member's approval to do so.
2. Medical Knowledge
- a. USMLE Step 3 must first be taken in PGY I after becoming eligible. Passage of Step 3 is required for promotion to PGY III. They must pass USMLE Step 3 within three attempts after becoming eligible to take the exam and before starting the seventh month of their PGY II year. Three failures on USMLE Step 3 are grounds for dismissal.
 - b. Successful completion of 13 rotations of American Board of Family Practice (ABFP) approved family medicine residency training. The resident must receive a passing evaluation in all rotations and in the Family Medicine Center.
3. Interpersonal and Communication Skills
- a. Conduct an interview that fosters an adequate and helpful doctor-patient relationship, as witnessed by the preceptor as documented using the Mini-Clinical Evaluation Exercise (CEX) tool.
4. Professionalism
- a. Develop a plan of action that attends to salient medical, psychosocial, family, cultural and socioeconomic issues.
5. Systems-Based Practice
- a. Resident will refer those who need financial assistance to appropriate business office personnel.
 - b. Resident must demonstrate efforts to recruit additional patients from the household.
6. Practice Based Learning Improvement
- a. Obtain and use information about their own population of patients and the larger population from which their patients are drawn;
 - (1) Based on office/billing records obtain the demographics of their patient panel to compare with the demographics of the population in the community surrounding the Family Medicine Center.
 - (2) Identify the major health issues of the community and their patient population.

Promotion from PGY II to PGY III

The Residency Program Director with the advice of the Committee decides whether to promote a resident to the next postgraduate year. Criteria include, but are not limited to:

1. Patient Care
 - a. Implement the negotiated plan.
 - b. Inquire into and discuss sensitive issues that may impact on the execution of the negotiated management plan.
 - c. Incorporate the principles and practice of health maintenance into each patient care encounter, where appropriate.
 - d. Review the biopsychosocial problem list at each visit and attend to appropriate longitudinal issues.
2. Medical Knowledge
 - a. Successful completion of USMLE Step 3. Failure to pass this test after three attempts will be grounds for dismissal. Step 3 must be first taken by the completion of PGY I.
 - b. Successful completion of 26 rotations of ABFP-approved family medicine residency training. The resident must receive a passing evaluation in all rotations and in the Family Medicine Center.

3. Interpersonal and Communication Skills
 - a. Conduct an encounter that recognizes the primacy of patient needs and treats the patient as an appropriately equal health care partner.
4. Professionalism
 - a. Conduct an interview in a manner consistent with the values of family medicine using appropriate verbal and nonverbal skills.
5. Systems-Based Practice
 - a. Conduct the visit in a time-efficient and professional manner.
 - b. If indicated, assist the patient in arranging for appropriate medical and ancillary referrals that seek to resolve specific issues in the diagnostic or management arenas.
6. Practice Based Learning Improvement
 - a. Obtain and use information about their own population of patients and the larger population from which their patients are drawn;
 - (1) Based on office/billing records obtain the demographics of their patient panel to compare with the demographics of the population in the community surrounding the Family Medicine Center.
 - (2) Identify the major health issues of the community and their patient population.

Graduation

It is the sole responsibility the Residency Program Director with the advice of the Committee to determine whether the resident has successfully completed the residency. Criteria include, but are not limited to:

1. Patient Care
 - a. Complete the tasks of the patient care session so that all necessary duties (including telephone messages, charting, administrative tasks, patient care) are accomplished in a timely, organized, and professional manner.
2. Medical Knowledge
 - a. Engage in activities that will foster personal and professional growth as a physician.
 - b. Successful completion of 39 rotations of ABFP-approved family practice residency training. The resident must receive a passing evaluation in all rotations and in the Family Practice Center.
3. Practice-Based Learning and Improvement
 - a. Engage in continuing medical education activities that are influenced by interest, deficiency, and need.
 - b. Anticipate and recognize new curriculum necessary for future practice and advocate for needed reform in medical education.
4. Interpersonal and Communication Skills
 - a. Participation in Oral Exams with review by the faculty advisor.
5. Systems-Based Practice
 - a. Work together with clerical staff and nursing staff in a manner that fosters mutual respect and facilitates an effectively run practice.
 - b. Work together with partners, fellow family physicians, and subspecialists in a manner that fosters mutual respect and facilitates the effective handling of patient care issues.
 - c. Work together with other professionals on the health care team in a manner that fosters mutual respect and facilitates the effective handling of patient care issues.
 - d. At each patient care encounter, present yourself and the practice in a manner that will encourage the patient to select you, the practice, and family medicine in the future.

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Approved by GMEC 4/12/05, 5/10, 6/11

ATTACHMENT C

McLEOD HEALTH'S POLICY ON BUSINESS PRACTICES
(commonly known as the "McLEOD HEALTH CODE OF CONDUCT")
AND THE POLICY AND PROCEDURES REGARDING COMPLIANCE WITH THE
ANTI-KICKBACK STATUTE AND THE STARK LAW

POLICY:

It is the policy of McLeod Health and its affiliated entities (collectively referred to sometimes herein as "McLeod") to adhere to the various requirements referenced within 42 U.S.C. Section 1320a-7b(b) et seq. (the "Anti-Kickback Statute") and in the Ethics in Referrals Act, which is codified at 42 U.S.C. Section 1395nn (the "Stark Law"), as well as any regulations or guidance promulgated pursuant to these laws.

With increasing governmental focus and attention on the relationships between hospitals, physicians, and other providers of healthcare services, McLeod Health believes that it is necessary to establish a set of rules and procedures that will ensure compliance with the Anti-Kickback Statute and/or the Stark Law, and will govern all applicable transactions and arrangements with affected third-parties, including referring physicians.

PURPOSE/BACKGROUND:

This policy and procedure is intended to establish a set of rules and guidelines that each McLeod entity must follow prior to entering into any transaction or arrangement with a third-party in which the Anti-Kickback Statute and/or the Stark Law might apply, and to educate and inform each "Covered Person" (as defined below) or other individual who is employed by or acting on behalf of a McLeod entity of the importance of fully complying with these laws and the potential consequences of failing to do so.

For purposes of this **Attachment B**, the term "Covered Person" shall mean:

- a) McLeod's officers and employees, excluding child care employees, food service employees, housekeeping, and laundry staff, maintenance employees, grounds keepers, and mailroom staff;
- b) Members of McLeod's Board of Trustees; and
- c) McLeod's contractors, agents, and third parties engaged to:
 - i. prepare or submit claims, reports, or other requests for reimbursement for items or services reimbursable by Federal health care programs; or
 - ii. provide, market, or document items or services reimbursable by Federal health care programs (as defined in 42 U.S.C. Section 1320a7b(f)), but excluding vendors whose sole connection with McLeod is selling medical supplies and equipment to McLeod.

Applicability of the Anti-Kickback Statute

The Anti-Kickback Statute establishes criminal penalties with respect to any person who knowingly and willfully offers, pays, solicits, or receives any remuneration to induce or in return for:

- (i1) referring an individual to a person for the furnishing, or arranging for the furnishing of, any item or service payable in whole or in part under a Federal health care program; or
- (ii2) purchasing, leasing, ordering, or arranging for, or recommending purchasing, leasing, or ordering any good, facility, service, or item payable under a Federal health care program.

"Remuneration" is defined broadly to include the transfer of anything of value, in cash or in kind, directly or indirectly, overtly or covertly. Violation of the Anti-Kickback Statute constitutes a felony punishable by a maximum fine of Twenty-Five Thousand and No/100 Dollars (\$25,000.00), the imprisonment of up to five (5) years, or both. Conviction will also lead to automatic exclusion from Medicare and Medicaid programs.

Because the Anti-Kickback Statute is quite expansive and can be implicated in a variety of legitimate investment or business relationships between two (2) or more individuals or organizations, a number of regulatory "safe harbors" have been established to protect certain business arrangements. Each condition of the applicable safe harbor must be met in order to gain complete protection from possible prosecution. However, failure to meet all such requirements of a safe harbor does not mean the parties to an arrangement or transaction have necessarily committed a *per se* violation of the Anti-Kickback Statute. Rather, the "intent" of the parties will be assessed to determine if the Anti-Kickback Statute has been violated.

Consequently, it is essential that, prior to entering into any transaction or arrangement that involves a physician or other healthcare provider and that might potentially trigger the applicability of the Anti-Kickback Statute, a McLeod entity, or such "Covered Person" or other individual acting on behalf of a McLeod entity must follow the procedures outlined below to assure the Anti-Kickback Statute is not violated.

Applicability of the Stark Law

The Stark Law provides that, unless certain exceptions are met, a physician (or an immediate family member of such physician) who has a "financial relationship" with a healthcare entity cannot:

(i1) make a referral to that entity for the furnishing of "designated health services" ("DHS") for which payment otherwise may be made under the Medicare and Medicaid programs;

and

(ii2) the entity receiving the referral may not present or cause to be presented a claim to Medicare or Medicaid, or to any individual, third-party payor, or other entity for the DHS furnished pursuant to a referral prohibited under the Stark Law.

A "physician" is defined under the Stark Law to include a doctor of medicine or osteopathy, a doctor of dental surgery or dental medicine, a doctor of podiatric medicine, a doctor of optometry, or a chiropractor. A "financial relationship" is defined under the Stark Law to include both an ownership or investment interest a physician may have in a healthcare entity, as well as any compensation arrangement the physician may have with the organization. DHS is a statutorily defined term that covers a wide variety of health care services, equipment and supplies. The term "referral" is broadly defined under applicable regulations and can be "direct or indirect," meaning that a physician will be deemed to have made a referral if he or she caused, directed, or controlled referrals made by others. A "referral" does not include services personally performed by the referring physician.

There are a number of exceptions to the ownership/investment and compensation arrangement prohibitions under the Stark Law. If the Stark Law applies to a physician's financial relationship with a healthcare entity, the arrangement must qualify for a specific exception in order for the physician to be allowed to refer Medicare and Medicaid patients for DHS to the entity.

A violation of the Stark Law can lead to denial of payment for any DHS provided by the entity and a refund of all prior Medicare and Medicaid revenues collected by the entity through referrals from a physician with which the entity has a non-conforming financial relationship. Violators may also be excluded from Medicare and Medicaid, and subject to civil penalties of up to Fifteen Thousand and No/100 Dollars (\$15,000.00) for each bill or claim presented or caused to be presented for a DHS that a person "knows or should have known" was not eligible for payment.

Consequently, it is imperative that the procedures outlined below be strictly adhered to if the Stark Law may be applicable to a proposed transaction or arrangement.

PROCEDURES:

11. Any McLeod entity, or any "Covered Person" or other person who is employed by or acting on behalf of a McLeod entity, shall immediately notify McLeod Health's Corporate Compliance Officer ("CCO") and its Legal Counsel in writing of any transaction or arrangement that is not in compliance with the Anti-Kickback Statute and/or the Stark Law.

22. For all transactions or arrangements that are covered by the Anti-Kickback Statute and/or the Stark law, the McLeod entity, or any "Covered Person" or other person who is employed by or acting on behalf of a McLeod entity, shall set forth in writing the proposed transaction or arrangement in the form of a written agreement or contract. This agreement or contract shall include a provision that all contracting parties shall be required to comply with McLeod Health's Compliance Program and with the Anti-Kickback Statute and the Stark Law. This agreement or contract shall also comply with all applicable provisions of the Anti-Kickback Statute and the Stark Law, and if possible, fall within an Anti-Kickback Statute safe harbor and/or Stark Law exception.

33. The CCO and/or Legal Counsel shall review the written agreement or contract containing the material terms of the proposed transaction or arrangement to assess whether the arrangement triggers the applicability of the Anti-Kickback Statute and/or the Stark Law.

44. Following such review, the CCO and/or Legal Counsel shall forward the written agreement or contract to the President and Chief Executive Officer of McLeod Health ("CEO"), setting forth any aspect of the proposed transaction or arrangement that may trigger the applicability of the Anti-Kickback Statute and/or the Stark Law.

55. If, following review by the CEO and Legal Counsel, it is determined that the proposed transaction or arrangement could violate the Anti-Kickback Statute and/or the Stark Law, the CCO or Legal Counsel will communicate such in writing to the relevant parties to the proposed transaction or arrangement. The parties will be required to renegotiate the terms of the agreement or contract until it is determined that the proposed arrangement will not violate the Anti-Kickback Statute and/or the Stark Law.

66. If it is determined that the proposed transaction or arrangement does not violate or implicate the Anti-Kickback Statute and/or the Stark Law, the contracting parties shall certify in writing that, through the proposed transaction or arrangement, they do not intend to generate referrals for services or supplies for which payment may be made under a Federal health care program and that the parties shall continue to comply with the Anti-Kickback Statute and Stark Law.

77. Once such an agreement or contract is executed, the CCO and Legal Department will be provided with a copy of the agreement or contract. The CCO and Legal Department shall maintain a copy of the agreement or contract on file.

88. If a McLeod entity, or a "Covered Person" or other person who is employed by or acting on behalf of a McLeod entity, has any questions or concerns as to whether an actual or proposed contract or agreement is in compliance with the Anti-Kickback Statute and/or the Stark Law, the entity or person should immediately contact the Legal Department and/or the CCO with any such questions or concerns.

ATTACHMENT D

TIME SHEET FOR ADDITIONAL DUTIES RENDERED BY RESIDENT

Month _____ Year _____

Resident rendered Additional Duties this month and provided the following services on the days set forth below:

SERVICE

DATE(S)/TIME

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Resident's Signature

Date

Approved for MRMC

Date

SAMPLE DRAFT DO NOT EXECUTE