

SCHEDULE C
HEALTHCARE FACILITY AGREEMENT
WASHINGTON STATE LAW AND REGULATION PROVISIONS

With respect to any Payor that is a health carrier or carrier as defined in RCW 48.43.005, as it may be revised, renumbered, or replaced, the provisions set forth in this Schedule C are fully operative and applicable to FCHN, Facility, and the respective Payors under the Agreement to which this Schedule C is attached. For Payors meeting the definition described above, in the event of any conflict between the provisions set forth in this Schedule C and the other terms of the Agreement, the provisions of this Schedule C shall have priority. Except as modified by this Schedule C, all terms and conditions of the Agreement to which this Schedule C is attached remain in full force and effect.

With respect to any Payor that is a health carrier or carrier as defined in RCW 48.43.005, as it may be revised, renumbered or replaced:

- 1. Duties of Facility.** Section 2.9 of the Agreement is deleted in its entirety and the following is substituted therefor:

2.9 Compliance. Facility agrees to comply with all of the terms of the Agreement, all applicable federal and state laws and regulations, all applicable rules and standards of accrediting agencies having jurisdiction over and designated by FCHN, and the ethical standards of accrediting agencies and professional organizations applicable to Facility, all of the above as they may be adopted, amended, revised, or renumbered. As required by Washington State law, Facility further agrees to comply with the following hold harmless requirements:

2.9.1 Facility hereby agrees that in no event, including, but not limited to, non-payment by Payor, a Payor's insolvency, or breach of this Agreement, shall Facility bill, charge, collect a deposit from, seek compensation, remuneration, or reimbursement from, or have any recourse against a Participant or person acting on Participant's behalf, other than Payor, for services provided pursuant to this Agreement. This provision shall not prohibit collection of Deductibles, Co-payments, Coinsurance, and/or charges for non-covered services, which have not otherwise been paid by a primary or secondary payor in accordance with applicable standards for coordination of benefits, from Participants in accordance with the terms of the Participant's Benefit Plan.

2.9.2 Facility agrees, in the event of a Payor's insolvency, to continue to provide the services promised in this Agreement to Participants for the duration of the period for which premiums on behalf of the Participant were paid to Payor or until the Participant's discharge from in-patient facilities, whichever time is greater.

2.9.3 Notwithstanding any other provision of this Agreement, nothing in this Agreement shall be construed to modify the rights and benefits contained in the Participant's Benefit Plan.

2.9.4 Facility may not bill the Participant for Covered Services (except for Deductibles, Co-payments, or Coinsurance) where a Payor denies payments because a provider or Facility has failed to comply with the terms or conditions of this Agreement.

2.9.5 Facility further agrees that (i) the provisions of paragraphs 2.9.1, 2.9.2, 2.9.3, and 2.9.4 of this Section 2.9 shall survive termination of this Agreement regardless of the cause giving rise to termination and shall be construed to be for the benefit of the Participants, and that this provision supersedes any oral or written contrary agreement now existing or hereafter entered into between Facility and Participants or persons acting on their behalf.

2.9.6 If Facility contracts with other providers or facilities who agree to provide Covered Services to Participants with the expectation of receiving payment directly or indirectly from

a Payor, such providers or facilities must agree to abide by the provisions of paragraphs 2.9.1, 2.9.2, 2.9.3, 2.9.4, and 2.9.5 of this subsection 2.9.

2.9.7 Facility acknowledges that willfully collecting or attempting to collect an amount from a Participant knowing that collection to be in violation of this Agreement constitutes a Class C felony under RCW 48.80.030(5).

2. **Claims Submission and Payment.** Section 4.1.4 is deleted in its entirety and the following is substituted therefor, and the following additional paragraph is added to Section 4.2, immediately following the end of subsection 4.2.4:

4.1.4 Overpayment and Underpayment Recoveries

Adjustments to claims that have been paid or denied, where the claim submittal failed to include a particular item or service, or was otherwise in error, must be requested and accomplished as follows, and refunds of incorrect claims payments must be requested and accomplished as follows:

- a. Except as provided in paragraphs 4.1.4 b and 4.1.4 c, a Payor may request a refund from Facility for overpayment of a previously paid claim provided the request is received by the Facility within 24 months after the initial payment was made. Such a request must be in writing and specify why Facility owes the refund. Where a request for refund is contested by Facility, Payor may not request that the refund be paid any sooner than six (6) months from the date of Facility's receipt of the request.
- b. A Payor's request for refund related to coordination of benefits with another entity responsible for payment of a claim must be received in writing by the Facility within thirty (30) months after the date that payment was made. The request must specify why Facility owes the refund and include the name and mailing address of the entity that has primary responsibility for payment of the claim. Where a request for refund is contested by Facility, Payor may not request that the refund be paid any sooner than six (6) months from the date of Facility's receipt of the request.
- c. A Payor may at any time request a refund from a Facility of payment previously made to satisfy a claim if a third party, including a government entity, is found responsible for satisfaction of the claim as a consequence of liability imposed by law and the Payor is unable to recover directly from the third party because the third party has or will pay Facility for the services covered by the claim.
- d. Facility may contest a refund request described in paragraphs 4.1.4 a or 4.1.4 b in writing to the Payor within thirty (30) days after receipt in accordance with Section 9, Dispute Resolution, of this Agreement. If Facility fails to contest a request within this thirty (30) day period, the request shall be deemed accepted by Facility as due and owing, and Facility shall pay the refund. If Facility has not paid the refund within thirty (30) days after the request is deemed accepted, the Payor may recover the amount through an offset to a future claim.
- e. Facility may request an additional payment from a Payor to satisfy a claim provided the request is received by the Payor within twenty four (24) months from the date the claim was denied or payment intended to satisfy the claim was made. Such a request must be in writing, specify why Facility believes Payor owes the additional payment, and may not require that the additional payment be made any sooner than six (6) months from the date of Payor's receipt of the request. Any dispute arising out of such a request shall be handled in accordance with Section 9, Dispute Resolution, of this Agreement.
- f. A Facility's request for additional payment related to coordination of benefits with another entity responsible for payment of a claim must be received in writing by the

Payor within thirty (30) months after the date the claim was denied or payment intended to satisfy the claim was made. The request must specify why the Payor owes the refund and include the name and mailing address of the entity that has disclaimed responsibility for payment of the claim. The request for additional payment may not request that the additional payment be made any sooner than six (6) months after receipt of the request.

- g. As used in this Section, “refund” means the return, either directly or through offset to a future claim, of some or all of a payment already received by Facility.
- h. This Section does not apply to claims for services provided through dental-only Payors or to claims for services rendered pursuant to the Medicare or Medicaid programs.

4.2.4. FCHN shall require that any Payor failing to pay claims within the above stated standards and any other standard established by applicable state law or regulation shall pay interest on undenied and unpaid clean claims more than sixty-one days old until the Payor meets these defined standards. Interest shall be assessed at the rate of one percent per month, and shall be calculated monthly as simple interest prorated for any portion of a month. The Payor shall add the interest payable to the amount of the unpaid claim without the necessity of the Facility submitting an additional claim. Any interest paid under this section shall not be applied by the Payor to a Participant’s Deductible, Co-payment, Coinsurance, or any similar obligation of the Participant.