

UNITED STATES BANKRUPTCY COURT  
MIDDLE DISTRICT OF NORTH CAROLINA  
GREENSBORO DIVISION

IN RE:	)	
	)	Case No. 17-10775
MOREHEAD MEMORIAL HOSPITAL,	)	
	)	Chapter 11
Debtor.	)	
_____	)	

**EMERGENCY MOTION FOR AUTHORITY TO USE CASH COLLATERAL**

NOW COMES Morehead Memorial Hospital, the above-captioned debtor and debtor-in-possession (the “Debtor”), by and through its undersigned counsel, and pursuant to Sections 105(a) and 363 of Title 11 of the United States Code, 11 U.S.C. § 101, *et seq.* (the “Bankruptcy Code”) and Rules 4001(c) and 9014 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), hereby moves the Court for entry of an Order authorizing the Debtor to use cash collateral as requested herein (the “Motion”). In support of the Motion, the Debtor refers to and relies upon the *Affidavit of Dana M. Weston in Support of First Day Motions and Applications* (the “Weston Affidavit”) [Dkt. No. 12], and respectfully represents as follows:

**JURISDICTION AND VENUE**

1. The Court has jurisdiction over this Motion pursuant to 28 U.S.C. §§ 157 and 1334. Consideration of the Motion is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).
2. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.
3. The statutory predicate for the relief requested in the Motion is found in 11 U.S.C. § 363.

## **FACTUAL BACKGROUND**

### **I. Bankruptcy Filing**

4. On July 10, 2017 (the “Petition Date”), the Debtor filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code. A detailed description of the Debtor’s business and the facts precipitating the filing of the Debtor’s Chapter 11 case are set forth in the Weston Affidavit. Those facts are incorporated herein by reference.

5. No trustee or examiner has been appointed in this case. The Debtor continues in possession of its unsold assets as debtor-in-possession.

6. On July 24, 2017, the Office of the United States Bankruptcy Administrator for the Middle District of North Carolina (the “BA”) appointed the Office Committee of Unsecured Creditors of Morehead Memorial Hospital (the “Committee”).

### **II. Description of Pre-Petition Secured Debt**

7. Before the Petition Date, Berkadia Commercial Mortgage, LLC (“Berkadia”) loaned the Debtor \$40,566,294 (the “Berkadia Loan”). To secure the Berkadia Loan, the Debtor granted Berkadia a first-priority security interest in certain of the Debtor’s real property pursuant to a Deed of Trust and Assignment of Rents, Profits, and Income filed on December 12, 2012 at Book 1447, Page 31, in the Registry of Deeds of Rockingham County, North Carolina (the “Berkadia Deed of Trust”).

8. The Federal Housing Administration, an organizational unit of the Department of Housing and Urban Development (“HUD”), insured the advancement of the Berkadia Loan pursuant to Section 242/223(a)(7) of Title II of the National Housing Act, as amended.

9. Berkadia and HUD also assert, together, a perfected first priority security interest in, among other things, the Debtor’s accounts receivable, general intangibles, and health

care insurance receivables (collectively, the “Berkadia and HUD Personal Property”) by virtue of that certain Security Agreement dated December 14, 2012 and a UCC Financing Statement filed with the North Carolina Secretary of State, File No. 20120114847A, on December 13, 2012.

10. Berkadia has asserted a claim against the Debtor in the amount of no less than \$34,215,632.90. See Claims Register No. 183.

11. Also prior to the Petition Date, First Citizens Bank & Trust Company (“First-Citizens”) loaned the Debtor \$2,170,000.00 (the “First Citizens Loan”). To secure the First Citizens Loan, the Debtor granted First Citizens a first priority security interest in two medical office buildings located at 250 West Kings Highway, Eden, North Carolina (the “Dayspring Building”) and 515 Thomson Street, Eden, North Carolina (the “Thomson Building”) pursuant to a Deed of Trust filed on November 1, 2007 at Book 1335, Page 2139, in the Registry of Deeds of Rockingham County (the “First Citizens Deed of Trust”).

12. First Citizens has asserted a claim against the Debtor in the amount of \$1,328,452.44. See Claims Register No. 14.

13. The Debtor is not aware of any other asserted liens or security interests against its real property, accounts receivable, general intangibles, health care insurance receivables, or rents, the proceeds of which would constitute “cash collateral” as that term is defined in the Bankruptcy Code (“Cash Collateral”).

### **III. The Sale to UNCHCS**

14. In accordance with the *Order (A) Establishing Bid Procedures Related to the Sale of the Debtor’s Assets, (B) Scheduling a Hearing to Consider the Proposed Sale and Approving the Form and Manner of the Notice Thereof, (C) Establishing Procedures Related to the*

*Assumption and Assignment of Certain Executory Contracts, Including Notice of Proposed Cure Amounts, and (D) Granting Related Relief*, entered by the Court on September 19, 2017 [Dkt. No. 220], an auction of substantially all the Debtor's assets, excluding receivables (the "Transferred Assets"), was conducted on October 30, 2017.

15. On November 30, 2017, the Court entered the *Order (A) Authorizing and Approving the Sale of Assets Free and Clear of all Liens, Claims, Encumbrances, and Other Interests, (B) Approving the Asset Purchase Agreement, and (C) Granting Related Relief* (the "Sale Order") [Dkt. No. 445] whereby the Court approved the sale of the Transferred Assets, to the University of North Carolina Healthcare System ("UNCHCS") for cash consideration of \$11.5 million and certain other consideration (the "Sale").

16. The Sale Order provided that the Debtor was authorized to transfer the Transferred Assets to UNCHCS on the closing date upon satisfaction and fulfillment or waiver of the conditions to closing contained in the parties' Asset Purchase Agreement. Sale Order at ¶ 49.

17. The Sale Order also provided that, subject to the entry of an order confirming a plan of liquidation in the Debtor's case or other further order of the Court, there shall be no distribution of cash proceeds of the Sale to any party. Id. at ¶ 89.

18. The Sale closed on January 1, 2018 (the "Closing").

### **RELIEF REQUESTED**

19. The Debtor has sold all its operating assets and is in the process of, among other things, obtaining returns of deposits, obtaining insurance policy refunds and proceeds, determining payment of administrative priority claims, and negotiating and drafting a plan of liquidation

20. The Debtor requests authority to use Cash Collateral to pay certain ongoing expenses to preserve and obtain value for the estate as the case winds up, specifically: (1) payment of administrative priority healthcare claims of the Debtor's former employees that accrued post-petition but pre-Closing; (2) payment of \$24,000 to Arthur J. Gallagher Risk Management Services, Inc. ("Gallagher"), the Debtor's insurance broker, to terminate certain insurance policies covering the Debtor and obtain refunds on behalf of the Debtor; (3) payment of \$35,460 to Travelers Insurance Company ("Travelers") to extend the claims reporting period under the Debtor's Directors & Officers insurance policy for one year; (4) payment of \$197,451 to the North Carolina Medicaid Gap Assessment Program; (5) payment of \$830 to purchase a printer for the estate executive of the Debtor so that he has the ability to print checks; and (6) payment of \$20,000.00 in quarterly fees pursuant to 28 USC § 1930(a)(6).

21. The Debtor has requested that Berkadia and HUD consent to the Debtor's use of Cash Collateral. Berkadia has not approved the Debtor's request and HUD has neither approved nor disapproved the Debtor's request.

**BASIS FOR RELIEF REQUESTED**

22. Section 363(c)(2) of the Bankruptcy Code, which governs the ability of a debtor-in-possession to use cash collateral, provides, in pertinent part:

The [debtor-in-possession] may not use, sell or lease cash collateral . . . unless –

- (A) each entity that has an interest in such cash collateral consents; or
- (B) the court, after notice and a hearing, authorizes such use, sale or lease in accordance with the provisions of this section.

11 U.S.C. § 363(c)(2).

23. The Debtor requests that this Court grant it the authority to use Cash Collateral in the ordinary course of its business pursuant to Section 363 of the Bankruptcy Code.

The reasons supporting the Debtor's need to use Cash Collateral are compelling. If not permitted to use Cash Collateral to pay the aforementioned expenses, the value that still exists in the estate—in the form of insurance policy refunds and insurance coverage for Directors & Officers liability—will be lost, resulting in financial loss to all parties in interest. Further, payment of administrative priority healthcare claims of the Debtor's former employees that accrued post-petition but pre-Closing will significantly ease the administrative burden on the estate of dealing with Section 503(b) claims, thereby also preserving valuable estate assets.

24. Section 363(e) of the Bankruptcy Code provides, in essence, that on request of an entity that has an interest in property used or proposed to be used by the debtor-in-possession, the court shall prohibit or condition such use as is necessary to provide adequate protection of such interest. Examples of adequate protection are provided in Section 361 of the Bankruptcy Code and include, but are not limited to, (a) lump sum or periodic cash payments to the entity holding the interest in property to be used to the extent that such use will result in a decrease in value of such entity's interest in the property, (b) provisions for an additional or replacement lien to the extent that the use of the property will cause a decrease in the value of such entity's interest in the property, and (c) such other relief as will result in the realization by such entity of the "indubitable equivalent" of such entity's interest in the property.

25. In order to provide Berkadia and HUD adequate protection, the Debtor proposes that it be permitted to use the Cash Collateral upon the following terms and conditions:

- (a) The Debtor will use the Cash Collateral only in the ordinary course of its business and subject to the agreed-upon Budget, subject to further order of the Court;
- (b) The Debtor shall provide Berkadia and HUD with a continuing post-petition lien and security interest (the "Post-Petition Liens") in all property and categories of property of the Debtor in which, and of the same priority as, said creditor held a similar, unavoidable lien as of the Petition Date, and the

proceeds thereof, whether acquired pre-petition or post-petition (the “Post-Petition Collateral”), equivalent to a lien granted under Sections 364(c)(2) and (3) of the Bankruptcy Code, but only to the extent of Cash Collateral used. The validity, enforceability, and perfection of the aforesaid post-petition liens on the Post-Petition Collateral shall not depend upon filing, recordation, or any other act required under applicable state or federal law, rule, or regulation; and

- (c) The Debtor agrees that such Post-Petition Liens shall be senior, first-priority, validly perfected liens, subordinate only to (i) payment of fees to the United States Bankruptcy Administrator pursuant to 28 U.S.C. § 1930 and (ii) the fees and expenses of the professionals retained by the Debtor and the Committee that are allowed by the Bankruptcy Court prior to any termination of the use of Cash Collateral.

26. The Debtor requests authority to use Cash Collateral to pay the following amounts for the following reasons.

27. **Administrative Priority Healthcare Claims of Former Debtor Employees.**

While it operated the hospital, the Debtor’s health care plan for employees was self-funded. The health plan was administered by a third-party administrator named Healthgram. When a Debtor employee had a health issue, a healthcare provider provided services to the employee and subsequently filed a claim with Healthgram. Healthgram reviewed the claim and recommended payment to the Debtor. If the Debtor approved the claim and funded it, then Healthgram paid the claim to the healthcare provider.

28. The Debtor’s employees had many covered health claims that arose after the Petition Date and prior to the Closing. Such claims are administrative claims pursuant to Section 503(b)(1)(A) of the Bankruptcy Code (the “Healthcare Administrative Claims”). See, e.g., Former Employees of Builders Square Retail Stores v. Hechinger Invest. Co. of Del, (In re Hechinger Invest. Co. of Del.), 298 F.3d 219, 225 (2013) (claims for benefits owed to former employees of Chapter 11 debtor that were attributable to employees' post-petition services were entitled to administrative expense priority); In re Chicago Lutheran Hosp. Ass'n, 75 B.R. 854, 856

(Bankr. N.D. Ill. 1987) (“This Court has no difficulty in determining that all postpetition benefits accrued by the employees were actual and necessary expenses of preserving the estate.”).

29. Most of the Healthcare Administrative Claims were paid by the Debtor, but some of them had not been paid by the time of the Closing. Over ninety percent of the known unpaid Healthcare Administrative Claims arose in December of 2017. In the first two weeks after the Closing, \$224,286 in claims were presented to the Debtor and paid. Since then, an additional \$158,979 has been presented to the Debtor for payment, for a total of \$383,265. A complete list of the known Healthcare Administrative Claims is contained on Exhibit A attached hereto.

30. If the Debtor does not fund Healthgram to pay these claims, then healthcare providers will seek payment from the employees. The Debtor requests the authority to pay these Healthcare Administrative Claims so that the former employees of the hospital are not forced to pay for claims for which the Debtor is ultimately responsible.

31. **Payment to Insurance Broker for Assistance in Terminating Policies.** The Debtor has several insurance policies that need to be terminated effective January 1, 2018. The termination of those policies will result in substantial refunds back to the Debtor. The Debtor has negotiated a reduced fee from its long-time insurance broker, Arthur J. Gallagher Risk Management Services, Inc. (“Gallagher”). The estate executive of the Debtor has agreed to pay a broker fee of \$14,322 in February of 2018, and \$1,208.50 per month thereafter until the services of Gallagher are no longer needed. The services of Gallagher will result in expected refunds of over \$115,000.<sup>1</sup> The proposed contract with Gallagher is attached contained on Exhibit B attached hereto.

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<sup>1</sup> The Debtor also expects a refund from NCHE Workers Compensation Fund, Inc. in the approximate amount of \$122,000.



32. **Payment to Extend the Claims Reporting Period for the Debtor's D&O Insurance Policy.** The Debtor's insurance policy on its officers and directors (the "D&O Policy") provided \$5,000,000 in coverage. It expired on December 31, 2017, and it was not renewed. The D&O Policy was with Travelers. The D&O Policy was a "claims made" policy, meaning that it only covered claims that were reported or "made" before it terminated. However, the D&O Policy provides that, for a payment of \$35,460 to Travelers before March 1, 2018, the Debtor can extend the period in which claims can be reported (and therefore covered) for a period of one year. Such a payment will provide for the defense and settlement of any claims against the Debtor's officers and directors if a claim is made against them in the next year. Otherwise no D&O insurance will be available to pay such claims. The invoice for the Travelers payment and the policy endorsement are contained in Exhibit C attached hereto.

33. **GAP Payment.** The North Carolina Medicaid Gap Assessment Program ("GAP") was enacted in 2012 as part of the State's Medicaid expansion. The intent of the program was to reduce Medicaid-related losses incurred by hospitals serving a Medicaid-intensive patient base. Under GAP, participating hospitals make payments into a fund managed by the State and receive reimbursements from that fund based on their Medicaid costs.

34. The Debtor was, until the Closing, a participating hospital in the GAP. As a participating hospital with a large amount of Medicaid patients, the Debtor was typically entitled to a net-return substantially larger than its assessed payments during each fiscal year. For example, the Debtor made two GAP payments in Fiscal Year 2017 ("FY17"): an initial payment of approximately \$1,500,000 in June and a final payment of approximately \$400,000 in September. The total GAP payment for FY17 was approximately \$1,900,000. The Debtor received reimbursements in the amount of approximately \$2,300,000 in June and approximately \$800,000 in September for a total of approximately \$3,100,000.

Thus, the GAP benefitted the Debtor by net-positive reimbursements about \$1,200,000 in excess of the Debtor's payments.

35. The Debtor continued to operate the hospital and receive Medicaid patients from the start of Fiscal Year 18 ("FY18") on October 1, 2017 until the Closing. UNCHCS does not participate in the GAP.

36. The Debtor has received notification from the GAP that it must pay \$197,451 into the program by February 14, 2018. If so, then the Debtor will receive \$240,651 in return, probably in the following two weeks. Making the requested payment will result in a substantial benefit to the Debtor. The calculation of the GAP payment is contained on Exhibit D attached hereto.

37. **Printer.** The estate executive of the Debtor needs to be able to print checks to fulfill his duties. He has selected the TROY MICR M402n printer, which costs \$830. The purchase of this printer will benefit the Debtor because it will allow the estate executive to accomplish an essential function of his office. The description and price of the printer are contained in Exhibit E attached hereto.

38. **Quarterly Fee.** The Debtor owes \$20,000.00 in quarterly fees for the further quarter of 2018. She fees are owed pursuant to 28 USC § 1930(a)(6).

39. The use of Cash Collateral to make the requested payments will benefit the Debtor and the estate. The Healthcare Administrative Claims are priority claims that will eventually be paid by the Debtor, and prompt payment will prevent health providers from seeking payment from former Debtor employees. The payments to Gallagher and the GAP will result in substantial benefits to the estate. The payment to Travelers will provide insurance coverage for the Debtor's officer and directors. The purchase of the printer will allow the estate executive to issue checks. The Debtor is required to pay the quarterly fees.

40. For these reasons, the Debtor respectfully requests that the Court authorize the Debtor to use Cash Collateral for the purposes requested herein and for such other and further relief as the Court deems necessary and just.

Respectfully submitted, this the 12th day of February, 2018.

**WALDREP LLP**

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*Attorneys for the Debtor*

# EXHIBIT A

**Morehead Memorial Hospital**

## Third-Party Administrator Claims Detail

\$ actuals

<b>Claim Number</b>	<b>Service Date</b>	<b>Amount</b>
XX-XXXXXX-601-51	3/10/2017	32
XX-XXXXXX-100-94	4/11/2017	166
XX-XXXXXX-617-68	4/20/2017	82
XX-XXXXXX-607-05	6/9/2017	368
XX-XXXXXX-200-28	6/13/2017	380
XX-XXXXXX-605-17	7/5/2017	211
XX-XXXXXX-700-65	8/15/2017	137
XX-XXXXXX-604-79	8/24/2017	115
XX-XXXXXX-100-34	8/28/2017	15
XX-XXXXXX-100-68	8/28/2017	102
XX-XXXXXX-607-40	9/22/2017	131
XX-XXXXXX-608-50	9/27/2017	32
XX-XXXXXX-616-88	10/3/2017	320
XX-XXXXXX-608-58	10/10/2017	218
XX-XXXXXX-610-07	10/16/2017	30
XX-XXXXXX-616-59	10/16/2017	124
XX-XXXXXX-501-27	10/16/2017	2,400
XX-XXXXXX-616-42	10/16/2017	3,416
XX-XXXXXX-608-41	10/17/2017	27
XX-XXXXXX-608-23	10/20/2017	155
XX-XXXXXX-607-46	10/20/2017	86
XX-XXXXXX-500-33	10/20/2017	421
XX-XXXXXX-502-14	10/27/2017	4,695
XX-XXXXXX-612-29	10/30/2017	165
XX-XXXXXX-601-54	10/31/2017	226
XX-XXXXXX-502-19	11/1/2017	1,502
XX-XXXXXX-600-64	11/1/2017	41
XX-XXXXXX-602-40	11/7/2017	127
XX-XXXXXX-100-07	11/7/2017	1
XX-XXXXXX-100-12	11/8/2017	380
XX-XXXXXX-606-19	11/9/2017	10
XX-XXXXXX-501-24	11/9/2017	12,030
XX-XXXXXX-608-81	11/10/2017	307
XX-XXXXXX-604-04	11/13/2017	60
XX-XXXXXX-609-89	11/15/2017	137
XX-XXXXXX-611-23	11/16/2017	146
XX-XXXXXX-610-21	11/16/2017	516
XX-XXXXXX-609-66	11/16/2017	678
XX-XXXXXX-500-84	11/17/2017	3,788
XX-XXXXXX-100-03	11/17/2017	768
XX-XXXXXX-609-63	11/20/2017	361
XX-XXXXXX-612-07	11/21/2017	70

**Morehead Memorial Hospital**

## Third-Party Administrator Claims Detail

\$ actuals

<b>Claim Number</b>	<b>Service Date</b>	<b>Amount</b>
XX-XXXXXX-500-37	11/21/2017	29,425
XX-XXXXXX-612-31	11/22/2017	78
XX-XXXXXX-601-77	11/24/2017	398
XX-XXXXXX-604-15	11/27/2017	72
XX-XXXXXX-607-38	11/27/2017	192
XX-XXXXXX-500-30	11/27/2017	267
XX-XXXXXX-613-74	11/28/2017	55
XX-XXXXXX-608-74	11/28/2017	127
XX-XXXXXX-611-84	11/29/2017	24
XX-XXXXXX-608-68	11/29/2017	128
XX-XXXXXX-500-36	11/29/2017	19,713
XX-XXXXXX-501-19	11/30/2017	2,450
XX-XXXXXX-612-28	11/30/2017	41
XX-XXXXXX-500-57	11/30/2017	16,896
XX-XXXXXX-608-58	12/1/2017	26
XX-XXXXXX-606-60	12/2/2017	28
XX-XXXXXX-616-71	12/4/2017	32
XX-XXXXXX-100-08	12/4/2017	71
XX-XXXXXX-608-84	12/4/2017	78
XX-XXXXXX-603-83	12/5/2017	158
XX-XXXXXX-609-72	12/5/2017	413
XX-XXXXXX-501-54	12/5/2017	216
XX-XXXXXX-606-68	12/5/2017	211
XX-XXXXXX-606-31	12/5/2017	115
XX-XXXXXX-627-08	12/5/2017	364
XX-XXXXXX-605-48	12/5/2017	1,705
XX-XXXXXX-626-53	12/5/2017	1,819
XX-XXXXXX-611-28	12/5/2017	361
XX-XXXXXX-014-69	12/6/2017	30
XX-XXXXXX-609-82	12/6/2017	13
XX-XXXXXX-609-41	12/6/2017	15
XX-XXXXXX-603-38	12/6/2017	127
XX-XXXXXX-603-87	12/6/2017	41
XX-XXXXXX-607-43	12/6/2017	15
XX-XXXXXX-610-02	12/6/2017	516
XX-XXXXXX-608-52	12/7/2017	115
XX-XXXXXX-501-81	12/7/2017	4,613
XX-XXXXXX-100-37	12/7/2017	42
XX-XXXXXX-606-43	12/7/2017	46
XX-XXXXXX-501-83	12/7/2017	697
XX-XXXXXX-620-16	12/7/2017	113
XX-XXXXXX-620-64	12/7/2017	246

**Morehead Memorial Hospital**

## Third-Party Administrator Claims Detail

\$ actuals

<b>Claim Number</b>	<b>Service Date</b>	<b>Amount</b>
XX-XXXXXX-606-15	12/7/2017	56
XX-XXXXXX-100-02	12/7/2017	108
XX-XXXXXX-610-49	12/8/2017	13
XX-XXXXXX-608-65	12/8/2017	158
XX-XXXXXX-700-28	12/8/2017	87
XX-XXXXXX-100-51	12/11/2017	81
XX-XXXXXX-614-68	12/11/2017	258
XX-XXXXXX-605-13	12/11/2017	497
XX-XXXXXX-606-84	12/11/2017	1,617
XX-XXXXXX-606-59	12/11/2017	210
XX-XXXXXX-606-47	12/11/2017	4,070
XX-XXXXXX-612-03	12/11/2017	112
XX-XXXXXX-500-51	12/11/2017	24,692
XX-XXXXXX-603-60	12/11/2017	31
XX-XXXXXX-605-70	12/12/2017	94
XX-XXXXXX-606-44	12/12/2017	892
XX-XXXXXX-005-42	12/12/2017	240
XX-XXXXXX-606-86	12/12/2017	106
XX-XXXXXX-609-48	12/12/2017	32
XX-XXXXXX-603-09	12/12/2017	211
XX-XXXXXX-605-68	12/12/2017	15
XX-XXXXXX-701-15	12/12/2017	432
XX-XXXXXX-615-64	12/12/2017	1,087
XX-XXXXXX-502-16	12/12/2017	1,329
XX-XXXXXX-501-40	12/13/2017	261
XX-XXXXXX-600-12	12/13/2017	30
XX-XXXXXX-600-73	12/13/2017	133
XX-XXXXXX-604-47	12/13/2017	97
XX-XXXXXX-607-44	12/13/2017	67
XX-XXXXXX-601-85	12/13/2017	12
XX-XXXXXX-601-50	12/13/2017	42
XX-XXXXXX-606-70	12/13/2017	27
XX-XXXXXX-602-84	12/13/2017	48
XX-XXXXXX-500-14	12/13/2017	195
XX-XXXXXX-603-25	12/14/2017	89
XX-XXXXXX-605-68	12/14/2017	325
XX-XXXXXX-611-54	12/14/2017	8
XX-XXXXXX-605-29	12/14/2017	77
XX-XXXXXX-611-32	12/14/2017	816
XX-XXXXXX-501-02	12/14/2017	5,171
XX-XXXXXX-601-03	12/14/2017	117
XX-XXXXXX-606-87	12/14/2017	62

**Morehead Memorial Hospital**

## Third-Party Administrator Claims Detail

\$ actuals

<b>Claim Number</b>	<b>Service Date</b>	<b>Amount</b>
XX-XXXXXX-608-49	12/14/2017	35
XX-XXXXXX-613-21	12/14/2017	146
XX-XXXXXX-500-27	12/14/2017	16,122
XX-XXXXXX-608-49	12/14/2017	158
XX-XXXXXX-604-51	12/14/2017	53
XX-XXXXXX-607-27	12/14/2017	316
XX-XXXXXX-005-45	12/14/2017	30
XX-XXXXXX-100-62	12/14/2017	13
XX-XXXXXX-609-63	12/14/2017	81
XX-XXXXXX-608-74	12/14/2017	153
XX-XXXXXX-501-50	12/14/2017	4,236
XX-XXXXXX-612-24	12/14/2017	88
XX-XXXXXX-601-46	12/15/2017	70
XX-XXXXXX-609-18	12/15/2017	1,004
XX-XXXXXX-610-71	12/15/2017	1,084
XX-XXXXXX-604-45	12/15/2017	42
XX-XXXXXX-609-35	12/15/2017	28
XX-XXXXXX-610-18	12/15/2017	37
XX-XXXXXX-600-30	12/15/2017	1
XX-XXXXXX-860-42	12/16/2017	496
XX-XXXXXX-860-19	12/16/2017	32,780
XX-XXXXXX-860-41	12/16/2017	890
XX-XXXXXX-860-18	12/16/2017	37,044
XX-XXXXXX-612-48	12/16/2017	30
XX-XXXXXX-609-68	12/16/2017	129
XX-XXXXXX-500-39	12/17/2017	16,699
XX-XXXXXX-500-06	12/17/2017	12,012
XX-XXXXXX-600-07	12/17/2017	13
XX-XXXXXX-500-17	12/17/2017	5,783
XX-XXXXXX-607-62	12/17/2017	107
XX-XXXXXX-605-90	12/18/2017	15
XX-XXXXXX-611-54	12/18/2017	45
XX-XXXXXX-610-11	12/18/2017	59
XX-XXXXXX-614-58	12/18/2017	12
XX-XXXXXX-607-86	12/18/2017	276
XX-XXXXXX-600-87	12/18/2017	299
XX-XXXXXX-608-88	12/18/2017	46
XX-XXXXXX-601-72	12/18/2017	120
XX-XXXXXX-605-43	12/18/2017	44
XX-XXXXXX-602-28	12/18/2017	80
XX-XXXXXX-613-82	12/18/2017	140
XX-XXXXXX-005-51	12/18/2017	300



**Morehead Memorial Hospital**

## Third-Party Administrator Claims Detail

\$ actuals

<b>Claim Number</b>	<b>Service Date</b>	<b>Amount</b>
XX-XXXXXX-700-76	12/18/2017	130
XX-XXXXXX-605-19	12/18/2017	32
XX-XXXXXX-603-23	12/18/2017	90
XX-XXXXXX-610-04	12/18/2017	71
XX-XXXXXX-600-04	12/18/2017	595
XX-XXXXXX-600-12	12/18/2017	1,048
XX-XXXXXX-606-13	12/19/2017	140
XX-XXXXXX-622-33	12/19/2017	24
XX-XXXXXX-624-17	12/19/2017	71
XX-XXXXXX-611-38	12/19/2017	142
XX-XXXXXX-604-60	12/19/2017	91
XX-XXXXXX-605-77	12/19/2017	78
XX-XXXXXX-611-79	12/19/2017	44
XX-XXXXXX-610-01	12/19/2017	10
XX-XXXXXX-608-87	12/19/2017	125
XX-XXXXXX-602-86	12/19/2017	91
XX-XXXXXX-605-63	12/19/2017	18
XX-XXXXXX-626-27	12/19/2017	80
XX-XXXXXX-610-05	12/20/2017	119
XX-XXXXXX-607-38	12/20/2017	157
XX-XXXXXX-613-68	12/20/2017	42
XX-XXXXXX-005-50	12/20/2017	330
XX-XXXXXX-609-56	12/20/2017	413
XX-XXXXXX-612-57	12/20/2017	72
XX-XXXXXX-603-31	12/20/2017	78
XX-XXXXXX-606-13	12/20/2017	80
XX-XXXXXX-603-85	12/20/2017	35
XX-XXXXXX-607-42	12/20/2017	305
XX-XXXXXX-603-32	12/20/2017	78
XX-XXXXXX-600-55	12/20/2017	45
XX-XXXXXX-601-88	12/20/2017	253
XX-XXXXXX-607-12	12/20/2017	200
XX-XXXXXX-606-54	12/20/2017	16
XX-XXXXXX-622-60	12/20/2017	32
XX-XXXXXX-601-32	12/20/2017	54
XX-XXXXXX-600-40	12/20/2017	114
XX-XXXXXX-605-38	12/20/2017	213
XX-XXXXXX-609-57	12/21/2017	107
XX-XXXXXX-005-48	12/21/2017	60
XX-XXXXXX-603-85	12/21/2017	78
XX-XXXXXX-605-81	12/21/2017	118
XX-XXXXXX-601-78	12/21/2017	44

**Morehead Memorial Hospital**

## Third-Party Administrator Claims Detail

\$ actuals

<b>Claim Number</b>	<b>Service Date</b>	<b>Amount</b>
XX-XXXXXX-604-06	12/21/2017	55
XX-XXXXXX-700-10	12/21/2017	222
XX-XXXXXX-608-27	12/21/2017	78
XX-XXXXXX-601-85	12/21/2017	91
XX-XXXXXX-700-37	12/21/2017	134
XX-XXXXXX-700-19	12/21/2017	266
XX-XXXXXX-612-20	12/21/2017	158
XX-XXXXXX-606-38	12/21/2017	63
XX-XXXXXX-610-40	12/21/2017	148
XX-XXXXXX-600-73	12/21/2017	32
XX-XXXXXX-609-26	12/21/2017	204
XX-XXXXXX-602-35	12/21/2017	155
XX-XXXXXX-606-19	12/21/2017	103
XX-XXXXXX-603-45	12/21/2017	32
XX-XXXXXX-608-72	12/21/2017	10
XX-XXXXXX-610-40	12/21/2017	152
XX-XXXXXX-605-26	12/21/2017	95
XX-XXXXXX-606-47	12/21/2017	54
XX-XXXXXX-700-45	12/21/2017	110
XX-XXXXXX-700-54	12/22/2017	125
XX-XXXXXX-614-64	12/22/2017	91
XX-XXXXXX-604-09	12/22/2017	127
XX-XXXXXX-603-85	12/22/2017	67
XX-XXXXXX-623-87	12/22/2017	23
XX-XXXXXX-603-43	12/22/2017	595
XX-XXXXXX-604-14	12/22/2017	741
XX-XXXXXX-005-43	12/22/2017	180
XX-XXXXXX-604-36	12/22/2017	233
XX-XXXXXX-603-08	12/22/2017	42
XX-XXXXXX-601-24	12/22/2017	186
XX-XXXXXX-603-65	12/22/2017	89
XX-XXXXXX-603-19	12/22/2017	118
XX-XXXXXX-605-32	12/22/2017	67
XX-XXXXXX-200-76	12/22/2017	156
XX-XXXXXX-603-87	12/22/2017	86
XX-XXXXXX-600-32	12/22/2017	1,147
XX-XXXXXX-603-02	12/22/2017	131
XX-XXXXXX-600-23	12/23/2017	12
XX-XXXXXX-609-38	12/23/2017	413
XX-XXXXXX-604-10	12/23/2017	69
XX-XXXXXX-602-70	12/23/2017	138
XX-XXXXXX-603-68	12/23/2017	87

**Morehead Memorial Hospital**

## Third-Party Administrator Claims Detail

\$ actuals

<b>Claim Number</b>	<b>Service Date</b>	<b>Amount</b>
XX-XXXXXX-604-52	12/24/2017	150
XX-XXXXXX-605-20	12/26/2017	91
XX-XXXXXX-610-68	12/26/2017	1,131
XX-XXXXXX-005-49	12/26/2017	30
XX-XXXXXX-601-01	12/26/2017	42
XX-XXXXXX-609-26	12/26/2017	72
XX-XXXXXX-500-02	12/26/2017	432
XX-XXXXXX-612-04	12/26/2017	35
XX-XXXXXX-500-08	12/26/2017	550
XX-XXXXXX-614-17	12/26/2017	108
XX-XXXXXX-607-43	12/26/2017	127
XX-XXXXXX-606-74	12/26/2017	334
XX-XXXXXX-609-50	12/26/2017	42
XX-XXXXXX-606-35	12/26/2017	223
XX-XXXXXX-603-01	12/26/2017	265
XX-XXXXXX-501-37	12/26/2017	1,196
XX-XXXXXX-609-53	12/26/2017	1,836
XX-XXXXXX-005-47	12/27/2017	390
XX-XXXXXX-601-01	12/27/2017	42
XX-XXXXXX-604-23	12/27/2017	105
XX-XXXXXX-610-07	12/27/2017	77
XX-XXXXXX-600-04	12/27/2017	108
XX-XXXXXX-611-31	12/27/2017	14
XX-XXXXXX-610-27	12/27/2017	156
XX-XXXXXX-602-74	12/27/2017	32
XX-XXXXXX-608-27	12/27/2017	47
XX-XXXXXX-600-18	12/27/2017	18
XX-XXXXXX-608-61	12/27/2017	19
XX-XXXXXX-610-50	12/27/2017	78
XX-XXXXXX-501-43	12/27/2017	3,751
XX-XXXXXX-600-29	12/27/2017	154
XX-XXXXXX-604-49	12/27/2017	284
XX-XXXXXX-501-55	12/27/2017	5,226
XX-XXXXXX-601-27	12/27/2017	113
XX-XXXXXX-600-14	12/27/2017	83
XX-XXXXXX-700-56	12/27/2017	98
XX-XXXXXX-608-55	12/27/2017	83
XX-XXXXXX-613-59	12/27/2017	148
XX-XXXXXX-601-76	12/27/2017	32
XX-XXXXXX-608-80	12/27/2017	67
XX-XXXXXX-609-41	12/27/2017	158
XX-XXXXXX-610-76	12/27/2017	46

**Morehead Memorial Hospital**

## Third-Party Administrator Claims Detail

\$ actuals

<b>Claim Number</b>	<b>Service Date</b>	<b>Amount</b>
XX-XXXXXX-612-47	12/27/2017	73
XX-XXXXXX-602-89	12/27/2017	205
XX-XXXXXX-611-35	12/27/2017	880
XX-XXXXXX-501-58	12/27/2017	1,196
XX-XXXXXX-600-01	12/27/2017	87
XX-XXXXXX-621-46	12/28/2017	109
XX-XXXXXX-613-08	12/28/2017	69
XX-XXXXXX-610-22	12/28/2017	331
XX-XXXXXX-612-53	12/28/2017	1,669
XX-XXXXXX-502-20	12/28/2017	6,075
XX-XXXXXX-601-05	12/28/2017	82
XX-XXXXXX-701-46	12/28/2017	144
XX-XXXXXX-605-36	12/28/2017	123
XX-XXXXXX-005-44	12/28/2017	480
XX-XXXXXX-500-30	12/28/2017	16,373
XX-XXXXXX-601-55	12/28/2017	21
XX-XXXXXX-607-53	12/28/2017	6
XX-XXXXXX-604-67	12/28/2017	42
XX-XXXXXX-606-74	12/28/2017	84
XX-XXXXXX-600-69	12/28/2017	131
XX-XXXXXX-700-11	12/28/2017	153
XX-XXXXXX-607-09	12/28/2017	1,109
XX-XXXXXX-600-07	12/28/2017	68
XX-XXXXXX-604-72	12/28/2017	146
XX-XXXXXX-609-47	12/28/2017	142
XX-XXXXXX-702-08	12/28/2017	130
XX-XXXXXX-702-09	12/28/2017	130
XX-XXXXXX-005-46	12/28/2017	60
XX-XXXXXX-608-07	12/28/2017	104
XX-XXXXXX-610-30	12/28/2017	382
XX-XXXXXX-601-79	12/28/2017	71
XX-XXXXXX-609-20	12/28/2017	146
XX-XXXXXX-502-13	12/28/2017	472
XX-XXXXXX-609-50	12/28/2017	691
XX-XXXXXX-600-35	12/29/2017	82
XX-XXXXXX-607-07	12/29/2017	55
XX-XXXXXX-606-33	12/29/2017	53
XX-XXXXXX-607-29	12/29/2017	32
XX-XXXXXX-608-17	12/29/2017	15
XX-XXXXXX-609-63	12/29/2017	23
XX-XXXXXX-609-59	12/29/2017	160
XX-XXXXXX-607-03	12/29/2017	3,404

**Morehead Memorial Hospital**

## Third-Party Administrator Claims Detail

\$ actuals

<b>Claim Number</b>	<b>Service Date</b>	<b>Amount</b>
XX-XXXXXX-600-67	12/29/2017	127
XX-XXXXXX-701-34	12/29/2017	97
XX-XXXXXX-701-87	12/29/2017	97
XX-XXXXXX-701-08	12/29/2017	97
XX-XXXXXX-611-20	12/29/2017	241
XX-XXXXXX-609-23	12/29/2017	725
XX-XXXXXX-606-73	12/29/2017	11
XX-XXXXXX-609-12	12/29/2017	186
XX-XXXXXX-608-54	12/29/2017	50
XX-XXXXXX-600-11	12/29/2017	16
XX-XXXXXX-600-63	12/29/2017	251
XX-XXXXXX-615-01	12/29/2017	679
XX-XXXXXX-610-17	12/30/2017	38
XX-XXXXXX-500-24	12/30/2017	16,651
XX-XXXXXX-608-53	12/30/2017	15
XX-XXXXXX-611-65	12/30/2017	59
XX-XXXXXX-600-11	12/30/2017	54
XX-XXXXXX-602-88	12/30/2017	42
XX-XXXXXX-600-42	12/30/2017	42
XX-XXXXXX-001-02	12/31/2017	2,846
XX-XXXXXX-608-43	12/31/2017	1,471
XX-XXXXXX-608-80	12/31/2017	15
XX-XXXXXX-605-06	12/31/2017	458
<b>Amount Owed by the Estate</b>		<b>383,265</b>

# EXHIBIT B

**Compensation Agreement**  
**Morehead Memorial Hospital Estate & Arthur J. Gallagher Risk Management Services, Inc.**

THIS COMPENSATION AGREEMENT is made and entered into and effective the first day of January, 2018 ("Effective Date") by and between MOREHEAD MEMORIAL HOSPITAL ESTATE, a North Carolina entity ("Client"), and ARTHUR J. GALLAGHER RISK MANAGEMENT SERVICES, INC., an Illinois corporation ("Gallagher").

**I. TERM AND TERMINATION**

This Agreement shall commence on the Effective Date for a term of one (1) year and shall automatically renew on the first anniversary of the Effective Date and annually thereafter for additional one- (1) year terms but may be terminated by either party at any time upon thirty (30) days prior written notice.

**II. OBLIGATIONS OF GALLAGHER**

Gallagher will provide the services set out on Exhibit A attached hereto (collectively, the "Services") to Client. If the Services include the placement of insurance coverages, Gallagher will use its commercial best efforts to secure such insurance coverages on Client's behalf. In the event an insurance company cancels or refuses to place such insurance coverages, Gallagher will use its commercial best efforts to obtain the coverage from another insurance company.

**III. OBLIGATIONS OF CLIENT**

Client shall remunerate Gallagher an annual fee of \$24,000, to be paid with a \$14,332 deposit, due upon invoicing, followed by 8 monthly installments of \$1,208.50. The monthly installments will be due by the 15<sup>th</sup> of each month, first due and payable on March 15th. Remuneration for the Services, which such fee may be revised at the time of renewal of this Agreement by the execution of an amendment to this Agreement signed by the parties hereto. If work is required to be performed in addition to the Services, Client agrees to compensate Gallagher for such additional work at its usual and customary rates.

**IV. DISCLOSURES**

A. In addition to such fees and commissions provided herein, Gallagher may also receive investment income on fiduciary funds temporarily held by it, such as premiums or return premiums. Other parties, such as excess and surplus lines brokers, wholesalers, reinsurance intermediaries, underwriting managers, captive managers and similar parties, some of which may be owned in whole or in part by Gallagher's corporate parent, may earn and retain usual and customary commissions and fees in the course of providing insurance products to clients. Gallagher may also participate in contingent and supplemental commission arrangements with insurance companies. Contingent commission arrangements provide for additional contingent compensation if underwriting, profitability, volume or retention goals are achieved. Such goals are typically based on the total amount of certain insurance coverages placed by Gallagher with the insurance company, not on an individual policy basis. Supplemental commissions, unlike contingents, are known at the effective date of the policy, but are typically paid later and apart from when usual and customary commission is paid. Any such fees or commission will not constitute compensation to Gallagher under Section III. above.

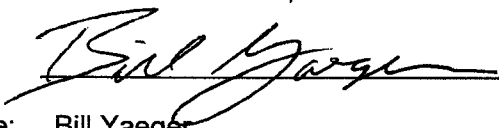
- B. Gallagher's fees under this Agreement shall be earned on the Effective Date (and any renewal thereof), and payable on invoicing. Client is responsible for payment of premiums for all insurance placed by Gallagher on its behalf. If any amount is not paid in full when due, including premium payments to insurance companies, that nonpayment will constitute a material breach of this Agreement that will allow Gallagher to immediately terminate this Agreement, at its option, without notice to Client. In addition, and not in lieu of the right to terminate, Gallagher reserves the right to apply return premiums or any other payment up to \$5,000 received by Gallagher on Client's behalf to any amounts owed by Client to Gallagher unless such return premiums or other payments are disputed by Client.
- C. Where applicable, insurance coverage placements which Gallagher makes on Client's behalf, may require the payment of federal excise taxes, surplus lines taxes, stamping or other fees, to the Internal Revenue Service (federal), various state(s) departments of revenue, state regulators, boards or associations. In such cases, Client is responsible for the payment of such taxes and/or fees, which will be identified separately by Gallagher on invoices covering these placements. Under no circumstances will these taxes or other related fees or charges be offset against the amount of Gallagher's brokerage fees or commissions referred to herein.
- D. Gallagher will not be operating in a fiduciary capacity, but only as Client's broker, obtaining a variety of coverage terms and conditions to protect the risks of Client's enterprise. Gallagher will seek to bind those coverages based upon Client's authorization, however, Gallagher can make no warranties in respect to policy limits or coverage considerations of the carrier. Actual coverage is determined by policy language, so read all policies carefully. Contact Gallagher with questions on these or any other issues of concern.

**V. LIMITATION OF LIABILITY**

Gallagher's liability to Client, arising from any negligent acts or omissions of Gallagher, whether related to the Services provided hereunder or not, shall not exceed \$20 million in the aggregate. Without limiting the foregoing, Gallagher shall only be liable for actual damages incurred by Client, and shall not be liable for any indirect, consequential or punitive damages.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on the date first written above.

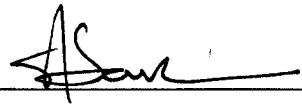
ARTHUR J. GALLAGHER RISK  
MANAGEMENT SERVICES, INC.

By: 

Name: Bill Yaeger

Title: Area President

MOREHEAD MEMORIAL HOSPITAL  
ESTATE

By: 

Name: Edward Sanz

Title: Estate Executive



1/31/18

## EXHIBIT A

The following outlines services provided by Gallagher over the term of this Agreement:

- Use its best efforts to service the following lines of insurance coverage on Client's behalf:
  - o Pollution Liability – POL# 001793601
  - o Cyber Liability – POL# 02-306-37-95
  - o Directors & Officers Insurance – POL#106599543
  - o Crime (Wrap)- POL# 105685779
  - o HPL/Excess- POL# HN006509/EN006509
  - o Resident Bond – BOND# 103119113
- Work with **Morehead Memorial Hospital Estate** to facilitate the cancellation of coverage and settling of accounts with applicable carriers.
- Consult with **Morehead Memorial Hospital Estate** to formulate a marketing strategy that focuses on delivering a cost-effective risk management strategy and structure based upon current market conditions.
- Work with **Morehead Memorial Hospital Estate** to produce comprehensive underwriting data and criteria for insurance carrier negotiations.
- Formally present coverage submissions to agreed upon insurance carrier(s) and negotiate terms on behalf of **Morehead Memorial Hospital Estate**
- Summarize the results of executing the marketing strategy developed with **Morehead Memorial Hospital Estate** and communicate program recommendations.
- Provide consultation to **Morehead Memorial Hospital Estate** on exposures, existing coverage, and the desirability and/or feasibility of potential program changes when recommended by Gallagher or when requested by the client.
- Request change endorsements, when requested by the client or when otherwise necessary, ensuring accuracy and delivery in a timely manner.
- Administration of insurance program, including policy review and issuance, invoicing, coordination and/or issuance of required documentation, i.e., automobile identification cards, certificates of insurance, and other program administration, as required by the client.
- Review accounting and billing data received from insurance markets on client's behalf to ensure accuracy.
- When applicable, provide assistance and guidance on the handling of claims

# EXHIBIT C



Joe Carlon  
 GJ Sullivan Co.  
 2400 E. Katella Ave, Ste. 500  
 Anaheim, CA 92806  
 (714) 221-9590  
 (714) 876-2740  
 JCARLON@Travelers.com

January 26, 2018

Angela Cave

GALLAGHER\A J\RMS  
 6525 MORRISON BLVD STE 200  
 CHARLOTTE, NC 28211-3532

**This is an Agency Billed Policy.**

This is a Extended Reporting for

**Morehead Memorial Hospital, Inc.**

**117 East Kings Highway  
 EDEN, NC 27288**

Brand Type: Wrap+ for Health Care Organizations  
 Policy Number: 106599543

Commission: 0.00 %

Policy Period: October 1, 2016 to January 1, 2018  
 Billing Period: January 1, 2018 to January 1, 2019

Transaction Effective Date: January 1, 2018

<u>Coverage</u>	<u>Limit</u>	<u>Retention</u>	<u>Previous Policy Number</u>
Health Care D&O	\$5,000,000	\$35,000	103073158
Health Care EPL	\$5,000,000	\$50,000	103073158

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
<b>Surcharge:</b>	\$0.00	\$0.00	\$0.00
<b>Tax:</b>	\$0.00	\$0.00	\$0.00
<b>Additional Premium:</b>	\$35,460.00	N/A	N/A

Thank you for placing your business with us.

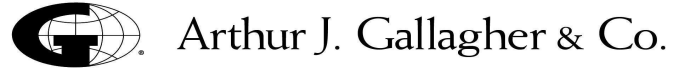
Arthur J. Gallagher Risk Management Services, Inc.  
 6525 Morrison Blvd # 200  
 Charlotte, NC 28211

CAVAN1

Phone: (704)365-4150 Fax: (704)365-4155

Invoice #	2453682	1 of 1
ACCOUNT NUMBER	DATE	
MOREMEM-01	1/29/2018	
BALANCE DUE ON	AMOUNT DUE	
1/29/2018	\$35,460.00	

Morehead Memorial Hosp. Inc.  
 Susan Netherland  
 117 East Kings Highway  
 Eden, NC 27288



Directors & Officers PolicyNumber: 106599543 Company: Travelers Casualty and Surety Co of America Effective: 1/1/2018 to 1/1/2019

Item #	Trans Eff Date	Due Date	Trans	Description	Amount
13749351	1/1/2018	1/29/2018	ENDT	D&O/EPL 1 Year Tail Coverage	\$35,460.00
Total Invoice Balance:					\$35,460.00



Please return this portion with your payment. Include your invoice number on your remittance to expedite processing.

CAVAN1

Morehead Memorial Hosp. Inc.  
 Susan Netherland  
 117 East Kings Highway  
 Eden, NC 27288

Invoice #	2453682
ACCOUNTNUMBER	DATE
MOREMEM-01	1/29/2018
BALANCE DUE ON	AMOUNT DUE
1/29/2018	\$35,460.00
AMOUNT PAID	

Please send your remittance to:

Arthur J. Gallagher Risk Management Services, Inc.  
 PO Box 532143  
 Atlanta, GA 30353



<b>THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.</b>
---

### ELECTION OF EXTENDED REPORTING PERIOD WITH LIMITS OF LIABILITY REINSTATEMENT OPTION ENDORSEMENT

This endorsement changes the following:

#### Liability Coverage Terms and Conditions

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#### It is agreed that:

In accordance with section **III. CONDITIONS, O. EXTENDED REPORTING PERIOD** of the Liability Coverage Terms and Conditions, the coverage granted by this **Liability Policy** to report any **Claim**, or **Potential Claim** in accordance with section **III. CONDITIONS, G. NOTICE OF POTENTIAL CLAIMS**, is extended for the applicable time period specified in the schedule below, but only for **Wrongful Acts** occurring wholly prior to 01/01/2018 and which otherwise would be covered by this **Liability Policy**.

It is also agreed that the applicable premium percentage charged and additional number of months provided for the Extended Reporting Period as provided for in ITEM 8. of the Declarations, **LIABILITY COVERAGE EXTENDED REPORTING PERIOD**, will be the applicable premium percentage and additional number of months as reflected in the schedule below.

Such purchased **Extended Reporting Period** will be with or without the reinstatement of limits as set forth below (as indicated by 

	<b>Extended Reporting Period Effective Date</b>	<b>Extended Reporting Period Expiration Date</b>	Additional Premium Percentage	Additional Months
Health Care Organization Directors, Officers and Trustees Liability	01/01/2018	01/01/2019	100 %	12
Health Care Organization Employment Practices Liability	01/01/2018	01/01/2019	100 %	12

with reinstatement of the limits of liability, the following is added to section **III. CONDITIONS, C. LIMITS OF LIABILITY**:

---

Issuing Company: Travelers Casualty and Surety Company of America  
Policy Number: 106599543

The limit of liability for the **Extended Reporting Period** under each applicable **Liability Coverage** will be an additional limit, equal to the applicable **Liability Coverage Limit of Liability** for the **Policy Period** stated in ITEM 5 of the Declarations. The limit of liability for the **Extended Reporting Period** will apply only to **Loss** for any **Claim** first made and reported during the **Extended Reporting Period**. The Company's maximum limit of liability for all **Loss**, including **Defense Expenses**, for all **Claims** first made and reported during the **Extended Reporting Period** under each applicable **Liability Coverage** will not exceed the applicable limit of liability for the **Extended Reporting Period**.

without reinstatement of the limits of liability, it is understood and agreed that:

- i. any **Claim** made during the **Extended Reporting Period** will be deemed to have been made during the **Policy Period**; and
- ii. the **Named Insured**, on behalf of the **Insureds**, hereby knowingly and willingly waives its right to purchase an **Extended Reporting Period** with a reinstatement of the limits of liability and hereby rejects the offer of such additional coverage.

This extension of the **Liability Policy** is subject to the Declarations and all terms, conditions, exclusions, and limitations of this **Liability Policy**.

---

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, exclusions or limitations of the above-mentioned policy, except as expressly stated herein. This endorsement is part of such policy and incorporated therein.

# EXHIBIT D



DEPARTMENT OF HEALTH AND HUMAN SERVICES  
DIVISION OF MEDICAL ASSISTANCE

ROY COOPER  
GOVERNOR

MANDY COHEN, MD, MPH  
SECRETARY

DAVE RICHARD  
DEPUTY SECRETARY FOR MEDICAL ASSISTANCE

February 8, 2018

DSH-16.045

Morehead Memorial Hospital  
Attention: Ray Owings  
117 E. Kings Highway  
Eden, NC 27288

Provider No: **3400060**  
NPI No.: 1326048810  
RE: **Q4 Amended Model Provider Assessment Invoice for Period July 1, 2015 - September 30, 2016**

The Division of Medical Assistance is requesting payment of the following provider healthcare assessments in accordance with G.S. 108A, Article 7. Please note that the payment is for the amount shown on the GAP Calculation Example (Exhibit A) for Amended Model (July 1, 2015 - September 30, 2016):

**Due Date: 12 Noon, Tuesday, February 20, 2018**

1. FFY2016 Amend Equity Assessment (Exhibit A, Line 123a)

Equity Assessment Due	<u>\$ 324</u>
-----------------------	---------------

2. FFY2016 Amend UPL Assessment (Exhibit A, Line 123b)

UPL Assessment Due	<u>\$ 197,127</u>
--------------------	-------------------

<b>Total Assessment Due</b> (Exhibit A, Line 116)	<u><u>\$ 197,451</u></u>
---	--------------------------

**EFT Instructions**

Bank: Wells Fargo, 150 Fayetteville Street, Raleigh, NC 27601  
Bank Acct Name: NC State Treasurer  
Bank Acct No.: 2020050826186  
Transit Routing: 121000248

Should you have any questions, contact Elizabeth Grady at (919) 855-4107 or at elizabeth.grady@dhhs.nc.gov.

cc: Joel Mercer, Finance and Accounting Manager  
Deborah Atkinson, Controller's Office  
Tina Pickett, Controller's Office

WWW.NCDHHS.GOV  
TEL 919-855-4100 • FAX 919-733-6608  
LOCATION: 1985 UMSTEAD DRIVE • DOROTHEA DIX HOSPITAL CAMPUS • RALEIGH, NC 27603  
MAILING ADDRESS: 2022 MAIL SERVICE CENTER • RALEIGH, NC 27699-2022  
AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER



27. GAP Calculation Example  
 Morehead Memorial Hospital  
 Provider Number 3400060

MRI CPE Plan Non-Public Facility Calculation

3

Exhibit A

MRI GAP Plan Hospital Type for Calculations

NQPH

NPI

1326048810

Line	Provider's Input Document Reference	Description	Calculation Reference	IP Plan Calculations	OP Plan Calculations	Payments Made to Facility	QPH Provides CPE to the State	QPH Pays IGT to the State
		B	C	D	E	F	G	H
<b>Hospital Not Eligible to CPE Estimated Public Hospital Uncompensated Care Costs as MRI Participant</b>								
1	FY 2014 Schedule A and Medicaid Cost Report Data	Gross Uninsured Charges		\$ 3,219,577	\$ 11,606,061			
2		Medicaid Cost-to-Charge Ratio	Line 35 Approximately	47.6292%	26.4625%			
3	Schedule A and Medicaid Cost Report Data	Uninsured Volume Adjustment		0.0000%	0.0000%			
4		Uninsured Charges Converted to Costs	Multiply Line 1 by Line 2 and by 1 + Line 3	\$ 1,533,460	\$ 3,071,249			
5		DMA's Inflation Factor for Hospital's Uninsured Unreimbursed Charges	CMS Published Inflation Factor	104.1818%	104.1818%			
6		Uninsured Charges Converted to Costs with Inflation Factor	Multiply Line 4 by Line 5	\$ 1,597,586	\$ 3,199,683			
7	FY 2014 Schedule A Data	Uninsured Payments		\$ 49,638	\$ 299,929			
8		DMA's Inflation Factor for Hospital's Uninsured Unreimbursed Charges	CMS Published Inflation Factor	104.1818%	104.1818%			
9		Uninsured Payments with Inflation Factor and Patient Volume Adjustment	Multiply Line 7 by Line 8 and by 1 + Line 3	\$ 51,714	\$ 312,471			
10		Uninsured Costs Less Uninsured Payments	Subtract Line 9 from Line 6	\$ 1,545,872	\$ 2,887,211			
11		HMO Medicaid Costs, net of payments and HMO DSH Payment	Subtract Line 83 from Line 78	8,148	22,902			
12		Inflated Uncompensated Care Costs less Patient and HMO Medicaid Third Party Payments	Line 10 Plus Line 11	1,554,020	2,910,113			
13	MRI GAP Plan Payments	Medicare UPL Gap Eligible for Payment for the MRI TAC GAP Hospital Type NQPH UPL Pool	Line 107	-				
14		HMO DSH Payment Amount	Line 84	157	\$ 891			
15		2011 Out-of-State Medicaid and Medicaid Crossover DSH Audit Results Manual Entry from DSH Survey, (treated as an offset payment for these calculation purposes)	Payments over UCC Limit	-				
16		Total MRI GAP Payments Paid	Line 13 Plus Line 14	\$ 157	\$ 891			
17		Net Inflated Uncompensated Care Costs less Patient and HMO Medicaid Third Party Payments and MRI GAP Payments	Line 12 Less Line 16	\$ -	\$ -			
<b>Application of DSH Limit Management Adjustment Factor</b>								
19		Uninsured Charges Converted to Costs with Inflation Factor	Line 6	\$ 4,797,269				
20		Medicaid IP and OP Costs Adjusted for Inflation	Line 55	6,841,793				
21		Medicaid HMO Charges Converted to Cost	Line 78	54,409				
22		Total	Sum Lines 19 Thru Line 21	\$ -				
23		Adjustment for Amount of DSH Allotment Available	Line 22 Times 7.215%	-				
24		Adjustment for Amount of DSH Allotment Available Apportioned between IP and OP	Line 23 Apportioned based on Line 17	-	-			
25		UCC CPE for Federal Fiscal Year End	Sum Line 17 and Line 24	\$ -	\$ -			
26		Overall IP and OP Ratio of UCC CPE to Total UCC Costs	Sum IP & OP, Line 25 Divided by Sum IP & OP Line 10	0.00%				
27		Less Teaching Payment	Line 26 * Line 44	\$ -	\$ -			
28		Not Eligible for DSH Payments	Not Eligible for DSH Payments	\$ -	\$ -			
29	UCC DSH Tab, Column G	Public Hospital DSH Dollar Distribution	Not Eligible for DSH Payments	Not UCC DSH Eligible	Not UCC DSH Eligible	\$ -		
30		Third Quarter Payment / CPE		\$ -	\$ -	\$ -		
31		Fourth Quarter Payment / CPE		\$ -	\$ -	\$ -		
32		Final Updated Payment - Not Paid Per Agreement/ CPE		\$ -	\$ -	\$ -		

27 GAP Calculation Example  
 Morehead Memorial Hospital  
 Provider Number 3400060

MRI CPE Plan Non-Public Facility Calculation

3

Exhibit A

MRI GAP Plan Hospital Type for Calculations

NQPH

NPI 1326048810

Line	Provider's Input Document Reference	Description	Calculation Reference	IP Plan Calculations	OP Plan Calculations	Payments Made to Facility	QPH Provides CPE to the State	QPH Pays IGT to the State
<b>Medicaid Cost-to-Charge Ratio Calculations</b>						Overall Medicaid Cost-to-Charge Ratio		
33	FY 2014 Schedule B, Cost Report Data	Medicaid Gross Charges		\$ 6,146,457	\$ 12,937,210	\$ 19,083,667		
34		Medicaid Gross Costs		\$ 2,927,510	\$ 3,423,504	\$ 6,351,014		
35		Medicaid Cost-to-Charge Ratio	Divide Line 34 by Line 33	47.6292%	26.4625%	33.2798%		
<b>Facility Cost-to-Charge Ratio Calculations</b>						Total Facility Cost-to-Charge Ratio		
36	FY 2014 Schedule B Cost Report Data	Facility Gross Charges		\$ 67,359,537	\$ 113,294,571	\$ 180,654,108		
37		FY 2014 Schedule B Cost Report Data	Facility Costs		\$ 26,706,291	\$ 29,383,104	\$ 56,089,395	
38		Facility Overall Cost-to-Charge Ratio	Divide Line 37 by Line 36			31.0479%		
<b>This Facility is Not Eligible for a Teaching Payment</b>								
39		Patient Total Facility Cost-to Charge Ratio	Line 38 Total Facility Cost-to-Charge Ratio	31.0479%	31.0479%			
40		Uninsured Charges Converted to Costs	Multiply Line 1 by Line 39					
41		Uninsured Payments from Schedule A	Line 7					
42		Unreimbursed Uninsured Costs net of Payments	Subtract Line 41 from Line 40			-		
43		NC DMA's Payment Percentage of Unreimbursed Uninsured Cost		14.4400%	14.4400%	14.4400%		
44	Teaching Hospitals Tab, Column H	This Facility is Not Eligible for a Teaching Payment	Multiply Line 42 by Line 43	Not Eligible	Not Eligible	\$ -		
45		Third Quarter Payment		\$ -	\$ -	\$ -		
46		Fourth Quarter Payment		\$ -	\$ -	\$ -		
47		Final Updated Payment		\$ -	\$ -	\$ -		

27 GAP Calculation Example  
 Morehead Memorial Hospital  
 Provider Number 3400060

MRI CPE Plan Non-Public Facility Calculation

3

Exhibit A

MRI GAP Plan Hospital Type for Calculations

NQPH

NPI 1326048810

Line	Provider's Input Document Reference	Description	Calculation Reference	IP Plan Calculations	OP Plan Calculations	Payments Made to Facility	QPH Provides CPE to the State	QPH Pays IGT to the State
<b>Medicaid Deficits for Enhanced Payments</b>								
48	DMA's MMIS Payment Data for Your Facility	NCDMA's MMIS Hospital's Charges Billed to DMA		\$ 6,399,749	\$ 13,003,138			
49	Schedule B Cost Report Data	IP and OP Respective Medicaid Cost-to-Charge Ratio	Line 35	47.6292%	26.4625%			
50	DMA's MMIS Payment Data for Your Facility	NCDMA's MMIS IP Hospital's Days Billed to DMA		\$ 1,650				
51	Schedule B Cost Report Data	Medicaid Volume Adjustment		0.00%	0.00%			
52		Medicaid Charges converted to Costs and adjusted for volume	Multiply Line 48 by Line 49 by 1 + Line 51	\$ 3,048,151	\$ 3,440,950			
53		Inflation Factor Applied to Medicaid Costs		104.1818%	104.1818%			
54	70% OP Assessment Cost	70% of OP Assessment Cost not settled through Cost Report, Inflated			\$ 81,330			
55		Medicaid IP and OP Costs Adjusted for Inflation	Multiply Line 52 by Line 53	\$ 3,175,619	\$ 3,666,174			
56		Medicaid DRG and Per Diem Payments		\$ 1,561,165				
57	DMA's EDS Payment Data for Your Facility	Psych Sub-Provider Medicaid Payments	Included in Line 56					
58		Rehab Sub-Provider Regular Medicaid Payments	Included in Line 56					
59		Medicaid Basic Disproportionate Share Hospital Payments		Not Included in Payments				
60		Total Medicaid Claims-Based Payments	Sum Lines 56 through 59	\$ 1,561,165				
61		Medicaid Rate Change Factor Applied to Medicaid Payments		97.1579%				
62		Inflation Adjusted Medicaid Claims-Based Payments, and Volume Adjustment	IP = Multiply Line 60 by Line 61 OP = Line 55 Times 1 - Line 63	\$ 1,516,796	\$ 2,566,322			
63		Outpatient Cost Deficit Percentage			30.0000%			
64		Annual Medicaid Cost Deficit	IP = Line 55 Less Line 62 OP = Line 55 Less Line 54 Times Line 63 Plus Line 54	\$ 1,658,823	\$ 1,156,783			
65	DMA's MRI Payment Percentage Rate	Percentage of Medicaid Cost Deficit to Reimburse as Enhanced Payment		4.6805%	4.6805%			
66	DMA Pays Hospital	Enhanced Payment	Multiply Line 64 by Line 65	\$ 77,641	\$ 54,143	\$ 131,784		
67		Third Quarter Enhanced Payment		\$ (54,493)	\$ (38,001)	\$ (92,494)		
68		Fourth Quarter Payment		\$ (23,610)	\$ (16,464)	\$ (40,074)		
69		Final Updated Payment		\$ (462)	\$ (322)	\$ (784)		
70	If QPH, Hospital IP Deficit IGT To NCDMA	QPH Intergovernmental Transfer of State Match		\$ -	\$ -	\$ -	\$ -	\$ -
71		Third Quarter IGT		\$ -	\$ -	\$ -		\$ -
72		Fourth Quarter Payment		\$ -	\$ -	\$ -		\$ -
73		Final Updated Payment		\$ -	\$ -	\$ -		\$ -
74	Net Enhanced Payment	Annual Enhanced Payment	Sum Lines 66 Line 70	\$ 77,640.81	\$ 54,142.96	\$ 131,784		

27\_GAP Calculation Example  
 Morehead Memorial Hospital  
 Provider Number 3400060

MRI CPE Plan Non-Public Facility Calculation

3

Exhibit A

MRI GAP Plan Hospital Type for Calculations

NQPH

NPI

1326048810

Line	Provider's Input Document Reference	Description	Calculation Reference	IP Plan Calculations	OP Plan Calculations	Payments Made to Facility	QPH Provides CPE to the State	QPH Pays IGT to the State
<b>HMO DSH Payment</b>								
75	FY 2014 Schedule C Data, NC Medicaid HMO	HMO Medicaid Charges		\$ 23,500	\$ 133,428			
76		Overall Medicaid Cost-to-Charge Ratio Medicaid Cost-to-Charge Ratio	Line 35	33.2798%	33.2798%			
77		Inflation Factor	CMS Published Inflation Factor	104.1818%	104.1818%			
78		Medicaid HMO Charges Converted to Cost	Multiply Line 75 by Line 76 and by Line 77	8,148	46,262			
79		Enhanced Payment	Line 66	\$ 77,641	\$ 54,143			
80		Medicaid IP and OP Costs Adjusted for Inflation	Line 55	\$ 3,175,619	\$ 3,666,174			
81		Ratio of Hospital IP and OP Enhanced Payments to IP Plus OP Medicaid Costs for this Period	Divide sum of IP an OP Line 79 by sum of IP and OP Line 80	1.9262%	1.9262%			
82	FY 2014 Schedule C Data, NC Medicaid HMO	HMO Medicaid Payments		-	22,422			
83		HMO Medicaid Third Party and Patient Payments inflated	Multiply Line 82 by Line 77	-	23,360			
84	HMO DSH Tab, Column F	HMO DSH Payment Amount	Multiply Line 78 by Line 81	\$ 157	\$ 891	\$ 1,048		
85		Third Quarter Payment		\$ (110)	\$ (626)	\$ (736)		
86		Fourth Quarter Payment		\$ (48)	\$ (270)	\$ (318)		
87		Final Updated Payment		\$ (1)	\$ (5)	\$ (6)		
<b>Medicaid Deficit Equity Payments Based on the Unpaid IP and OP Medicaid Deficits Calculated A NQPH Facility is Eligible for Deficit Equity Payments</b>								
88		Annual Hospital Medicaid Cost Deficit	Line 64	\$ 1,658,823	\$ 1,156,783			
89		Enhanced Supplemental Payments, Line	Line 66	77,641	54,143			
90		As applicable, Teaching Payments paid as Supplemental Payments	Line 44	-	-			
91		As applicable, Basic DSH Enhanced Payments paid as Supplemental Payments	Basic DSH Dollar Distribution	38,092				
92		Unpaid Deficits	Line 88 Less Lines 89 Through Line91	1,543,090	1,102,640			
93		Line 92 Times Unpaid Deficit 0% of Year Paid, zero if Line 92 is less than zero		1,543,090	1,102,640	2,645,731		
94		Third Quarter Payment		\$ (1,161,056)	\$ (829,587)	\$ (1,990,643)		
95		Fourth Quarter Payment		\$ (381,572)	\$ (272,731)	\$ (654,303)		
96		Final Updated Payment		\$ 462	\$ 322	\$ 785		

27. GAP Calculation Example  
 Morehead Memorial Hospital  
 Provider Number 3400060

MRI CPE Plan Non-Public Facility Calculation

3

Exhibit A

MRI GAP Plan Hospital Type for Calculations

NQPH

NPI

1326048810

Line	Provider's Input Document Reference	Description	Calculation Reference	IP Plan Calculations	OP Plan Calculations	Payments Made to Facility	QPH Provides CPE to the State	QPH Pays IGT to the State
<b>IP UPL: What Medicare would pay for Medicaid Services</b> (Summary of the Detail Calculation presented on the Individual Facility Medicare UPL Calculation Worksheet)								
<b>1. Calculate Medicare UPL Room Available</b>								
97	Medicare UPL Calculation Worksheets	Inflation adjusted per case Medicare rate with case mix removed		\$ 6,447.21				
98		Inflation adjusted per case Medicaid rate with case mix removed	See Facility's Medicare UPL Calculation worksheet for details of how these were calculated	\$ 5,636.66				
99		Per case Differential from Medicare Payments	Line 97 Less Line 98	\$ 810.55				
100		Medicaid Case Mix	NCDMA's Annual Medicaid Calculation for Recalibration of DRG Weights	0.745220				
101		Per Case Differential adjusted for Medicaid Index	Line 99 Times Line 100	\$ 604.04				
102		Acute Care Medicaid Discharges	NCDMA MMIS Data for Acute Care Discharges only	756				
103		Available room under UPL to include in Eligible UPL Pool	Line 101 Times Line 102	\$ 456,651				
104		<b>2. GAP UPL Payments are based on the total Medicare UPL Room grouped by QPH and Non-QPH divided by the respective Total of IP Medicaid Costs for that group.</b>						
105	UPL Payments Calculation Worksheet	Annual Inpatient Medicaid Costs Adjusted for Inflation	Line 55	3,175,619				
106		UPL Percentage calculated for the NQPH Hospital Group		25.792%				
107		Medicare UPL Gap Eligible for Payment for the MRI TAC GAP Hospital Type NQPH UPL Pool	If eligible, Line 105 Times Line 106	819,050		819,050		
108		Third Quarter Payment		\$ (435,512)		\$ (435,512)		
109		Fourth Quarter Payment		\$ (142,887)		\$ (142,887)		
110		Final Updated Payment		\$ 240,651		\$ 240,651		

27\_GAP Calculation Example  
 Morehead Memorial Hospital  
 Provider Number 3400060

MRI CPE Plan Non-Public Facility Calculation

3

Exhibit A

MRI GAP Plan Hospital Type for Calculations

NQPH

NPI

1326048810

Line	Provider's Input Document Reference	Description	Calculation Reference	IP Plan Calculations	OP Plan Calculations	Payments Made to Facility	QPH Provides CPE to the State	QPH Pays IGT to the State
<b>Funding (Assessments) for Deficit and/or UPL Payments</b>						Total for Assessments		
111	CMS HCRIS Data file of Filed Cost Reports	Hospital Only IP & OP Service Costs Extracted from CMS HCRIS File	See Facility Hospital Service Costs worksheet, Line 20 Through Line 21, for detail Calculation of these Hospital Costs	26,116,124	27,985,517	54,101,641		
112								
113	Deficit Funding Tab Final 2016 Paid Plan	Hospital Assessment Percentage: 2.21006212243977%		2.2100621%	2.2100621%			
114		Assessment	Line 111 Times Line 113	(577,183)	(618,497)	(1,195,680)		
113a	Deficit Funding Tab Amended 2016 Plan	Hospital Assessment Percentage: 0.0006%, IP Rate		0.00060%	0.00060%			
114a		Assessment	Line 111 Times Line 113a	(156.43)	(167.63)	(324)		
115	UPL Funding Tab Final 2016 Paid Plan	Assessment Rate for NQPH Providers	Line 111 Times Rate:	1.1826762%	1.1826762%			
116		Assessment	Line 111 Times Line 115	(308,869)	(330,978)	(639,847)		
115a	UPL Funding Tab Amended 2016 Plan	Assessment Rate for NQPH Providers	Line 111 Times Rate:	0.3643632%	0.3643632%			
116a		Assessment	Line 111 Times Line 115a	(95,158)	(101,969)	(197,126)		
117		Total Assessments	Lines 114 Plus Line 116	(981,366)	(1,051,612)	(2,032,978)		
118								
119		Third Quarter Assessment - Deficit Equity Funding		\$ 455,368	\$ 487,964	\$ 943,332		
120		Third Quarter Assessment - UPL Funding		\$ 237,536	\$ 254,539	\$ 492,075		
121		Fourth Quarter Assessment - Deficit Equity Funding		\$ 121,815	\$ 130,533	\$ 252,348		
122		Fourth Quarter Assessment - UPL Funding		\$ 71,333	\$ 76,439	\$ 147,772		
123a		Final Updated Assessment - Deficit Equity Funding		\$ (156)	\$ (168)	\$ (324)		
123b		Final Updated Assessment - UPL Funding		\$ (95,158)	\$ (101,969)	\$ (197,127)		
124		Final Updated Assessment Payment		\$ (95,314)	\$ (102,137)	\$ (197,451)		
<b>Hospital Specific DSH Limit - Based on Annual Values</b>						Total		
125	IP and OP Medicaid and Unreimbursed Uninsured Costs	Medicaid IP and OP Costs Adjusted for Inflation	Line 55	3,175,619	3,666,174	6,841,793		
126		Uninsured Charges Converted to Costs with Inflation Factor	Line 6	1,597,586	3,199,683	4,797,269		
127	HMO Charges	Medicaid HMO Charges Converted to Cost	Line 78	8,148	46,262	54,409		
128		Total Uninsured, Medicaid and Medicaid HMO Cost		4,781,352	6,912,118	11,693,471		
129								
130		NQPH IP & OP MMIS Claims Payment	Line 62	1,516,796	2,509,391	4,026,186		
131		NQPH IP & OP Supplemental Payment	Line 66	77,641	54,143	131,784		
132		NQPH IP & OP Deficit Equity Payment	Line 93	1,543,090	1,102,640	2,645,731		
133		HMO Medicaid Third Party and Patient Payments inflated	Line 83	-	23,360	23,360		
134		This Facility is Not Eligible for a Teaching Payment		Not Eligible	Not Eligible	-		
135		NQPH NQPH Uncompensated Care Cost Payments	NCDMA 39_Basic DSH-Rate Adj Worksheet			38,092		
136						-		
137		2011 Out-of-State Medicaid and Medicaid Crossover DSH Audit Results Manual Entry from DSH Survey, (treated as an offset payment for these calculation purposes)	Line 15	-	-	-		
138		HMO DSH Payment Amount	Line 84	157	891	1,048		
139		IP and OP NQPH Uninsured CPE Used		-	-	-		
140		IP and OP Uninsured Patient Payments	Line 9	51,714	312,471	364,185		
141		IP UPL Payment	Line 107	819,050		819,050		
142		<b>Total Paid for Medicaid</b>				\$ 8,049,436		
143	Summary by Hospital	(Over)/Under Hospital Specific DSH Limit				3,644,035		
144	Summary by Hospital	<b>Total MRI, Deficit Equity GAP, and Medicare UPL Hospital Receipts Less Total Deficit Equity GAP and Medicare UPL Hospital Assessment Payment to NCDMA</b>				\$ 1,564,635		

# EXHIBIT E

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### TROY MICR M402n – printer – monochrome – laser

Mfg. Part: 01-00820-101 | CDW Part: 3907296 | UNSPSC: 43212105

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**Availability: 2-4 days**  
Orders placed today will ship within 2-4 days

#### Warranties

Include: TROY Same-Day/On-Site Service – extended service agreement - 1 year - on-si - **\$293.99**

Include: TROY Next-Day Service – extended service agreement - 1 year - on-site - **\$263.99**

Include: TROY Next-Day/On-Site Service – extended service agreement - 1 year - on-si - **\$171.99**

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**\$782.99** Advertised Price

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#### Product Details

- Printer
- monochrome
- laser
- A4/Legal
- up to 40 ppm
- capacity: 350 sheets
- Gigabit LAN

## Product Overview

### Main Features

- Printer
- monochrome
- laser
- A4/Legal
- up to 40 ppm
- capacity: 350 sheets
- Gigabit LAN

Laser check printing made easy

Reliable printing

## Technical Specifications

### Printer

Media Sizes :	A4 (8.25 in x 11.7 in), A5 (5.83 in x 8.25 in), A6 (4.13 in x 5.83 in), Executive (7.25 in x 10.5 in), JIS B5 (7.17 in x 10.12 in), Legal (8.5 in x 14 in), Letter A Size (8.5 in x 11 in)
Media Type :	Plain paper
Total Media Capacity :	350 sheets
Technology :	Laser
Type :	Workgroup printer
Max H-Document Size :	8.5 in
Duplex Printout :	Duplex
Connectivity Technology :	Wired
Max Media Size (Standard) :	Legal (8.5 in x 14 in)
Max Printing Speed (ppm) :	40 (ppm)



Max V-Document Size : 14 in  
 Monthly Duty Cycle Range (Printer Class) : 50,000 – 99,999 pages  
 Max Printing Speed Color (ppm) : N/A  
 Monthly Duty Cycle : 80000 pages  
 Max Media Capacity : 900 sheets  
 Interface : Gigabit Ethernet  
 Printer Features : MICR ready  
 Media Handling : 100-sheet multipurpose tray, 250-sheet input tray

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### Printer Output

Output Quality : B/W  
 Max Speed : 40 ppm

---

### Service

Support Details Type : Limited warranty  
 Support Details Location : Carry-in  
 Support Details Full Contract Period : 1 year

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### Interface Required

Total Qty : 1  
 Connector Type : RJ-45  
 Type : Gigabit LAN

---

### Networking

Type : Print server

---

### Document & Media Handling

Media Size Class : A4/Legal  
 Max Media Size : Legal (8.5 in x 14.02 in)/A4 (8.27 in x 11.69 in)  
 Media Type Class : Plain paper

---

### Header

Compatibility : PC  
 Manufacturer : TROY Group  
 Packaged Quantity : 1  
 Product Line : TROY MICR  
 Model : M402n  
 Brand : TROY

---

### Miscellaneous

Compliant Standards : ISO 9001:2009  
 Color Category : White

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### Modem

Type : None

---

### Office Machine

Printing Output Type : Monochrome  
 Printing Technology : Laser  
 Monthly Duty Cycle (max) : 80000 pages  
 Type : Printer  
 Functions : Printer  
 Recommended Monthly Volume : 750 – 4000 pages

---

### PC Connectivity

PC Connection : Gigabit LAN

---

### Power Device

Type : Power supply  
 Form Factor : Internal

---

**Printer Media**

Media Load Type : Automatic  
Media Feeder Capacity : 100 sheets  
Media Feeder Max Format : Legal (8.5 in x 14 in)  
Media Feeder Qty : 1  
Media Feeder Capacity : 250 sheets

---

**Printing**

Max Printing Speed B/W (ppm) : 40 ppm

---

**Scanner**

Type : None

---

**Copier**

Type : None

---

**Consumable**

Color : Black

---

**Service & Support**

Type : 1 year warranty

---

**Chassis**

Built-In Devices : Status LCD

---

**Dimensions & Weight (Shipping)**

Shipping Weight : 24.3 lbs  
Shipping Depth : 11 in  
Shipping Height : 18 in  
Shipping Width : 19 in

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**Printing System**

First Print Out Time B/W : 5.6 sec

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