

DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF DIRECTOR

ACTION REFERRAL

TO <i>Singleton/Myers</i>		DATE <i>10-8-10</i>
DIRECTOR'S USE ONLY		ACTION REQUESTED
1. LOG NUMBER <i>100173</i>	<input type="checkbox"/> Prepare reply for the Director's signature DATE DUE _____ <input type="checkbox"/> Prepare reply for appropriate signature DATE DUE _____ <input type="checkbox"/> FOIA DATE DUE _____ <input checked="" type="checkbox"/> Necessary Action	
2. DATE SIGNED BY DIRECTOR <i>C. Forlener</i> <i>Wells, Jacobs</i> <i>Stansland, Kest, Quinter</i>		

APPROVALS (Only when prepared for director's signature)	APPROVE	* DISAPPROVE (Note reason for disapproval and return to preparer.)	COMMENT
1.			<i>led rec'd as well</i>
2.			<i>provided to DS</i>
3.			
4.			

LADDAGA - GARRETT, P.A.
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October 6, 2010

Carl Gattuso
VCU Health Systems
1001 East Broad Street
Suite 205A
Richmond, Va. 23219

RE:	Carolina Crescent
Provider:	Greenville Hospital System
Total Charges:	Balance Due: \$997,734.60
Provider:	University Medial Group
Total Charges:	Balance Due: \$82,729.51

Department of Health & Human Services
OFFICE OF THE DIRECTOR

OCT 08 2010

RECEIVED

Dear Mr. Gattuso:

Please be advised that I represent Greenville Hospital System ("GHS") regarding the above referenced accounts and have been asked to correspond directly with you regarding what GHS views as a serious and material breach of their contract.

Enclosed is a CD with two spreadsheets: one is a spreadsheet from the Hospital containing four hundred forty three (443) accounts, all of which are over 30 days past due, and which total \$4,215,742.29 in gross charges due and owing to the hospital; the second is a spreadsheet from University Medical Group containing three hundred twenty four (324) accounts, all of which are over 30 days past due, and which total \$114,746.16 in gross charges due and owing to UMG.

We provide you of notice of breach of the following provisions of the contract:

4.2 COMPENSATION. Plan agrees to reimburse Hospital within thirty (30) days after receipt of a Clean Claim for Covered Services rendered to Members in accordance with Attachment 1 - Compensation Schedule. Hospital shall use reasonable efforts to submit Clean Claims to Plan in accordance with South Carolina Medicaid Guidelines or when Plan is Secondary within three hundred sixty five (365) days from the date of the Hospital's receipt of explanation of benefits or denial from the Member's primary payer. However, in no event shall Hospital submit a Clean Claim to Plan in excess of three hundred sixty five (365) days from the date of service or when Plan is

secondary within three hundred sixty five (365) days from the date of Hospital's receipt of explanation of benefits or denial from the Member's primary payer. Plan may deny Clean Claims that are not submitted within three hundred sixty five (365) days from the date of service. Plan shall advise Hospital of any objection to a Clean Claim or if a request for additional information is warranted within thirty (30) days of Plan's receipt of the Claim. If the Hospital submits a Clean Claim for compensation pursuant to this Agreement, but the Plan fails to reimburse said claim in accordance with the thirty (30) day deadline specified in this Section 4.2, then the claim shall be subject to a penalty equal to 8% of the contracted rate for that claim.

7.4 REPAYMENT UPON TERMINATION. Within one hundred and eighty (180) days following termination of this Agreement, an accounting shall be completed of monies due and owing either party and payment shall be forthcoming to settle such balance within thirty (30) days following such accounting.

7.5.2 Continuation of Care Upon Cessation of Operations or Insolvency. If this Agreement terminates as the result of insolvency or the cessation of operations of Plan or Hospital, Hospital shall continue to provide inpatient Hospital Services to Members through the period for which premium has been paid, until Plan's orderly transition of the Member's care to another Participating Hospital, and, to Members confined at the Hospital on the date of insolvency or other cessation of operations until medically appropriate discharge from the Hospital.

11. DISPUTE RESOLUTION - The parties will work together in good faith to resolve any and all disputes between them (hereinafter referred to as "Disputes") including but not limited to all questions of arbitrability, the existence, validity, or scope of the Agreement or any term hereof. No dispute shall disrupt or interfere with the provision of covered services to the Member.

11.1 MEDIATION. Notwithstanding the foregoing, in the event either party is aggrieved by the act, or the failure to act, of the other (or of any employee, agent, or officer of the other) in relation to the performance of the duties and responsibilities imposed on such party or person under this Agreement, the aggrieved party shall notify the other in writing of the nature of the complaint and shall submit therewith a proposed solution. The parties shall then meet and diligently and conscientiously attempt to resolve the complaint. If the parties are unable to resolve the dispute within sixty (60) days of the written notice, either party, by written request to the other ("Mediation Request"), may submit the dispute to mediation held at Greenville, South Carolina, and conducted by a mutually acceptable mediator. Any request for mediation will be submitted within five (5) business days of the end of such sixty (60) day period (unless otherwise agreed). Each party shall share equally the cost of any mediation hereunder, with each party bearing its own costs associated with such mediation.

11.2 ARBITRATION. In the event that mediation is unsuccessful or is not concluded within sixty (60) days following the date of the Mediation Notice, either party may submit the dispute to binding arbitration by providing written notification to the other party ("Arbitration Notice"). The Arbitration Notice shall contain a brief statement of the issue(s) and state that the parties have failed to reach amicable agreement. Each party shall share equally the cost of any

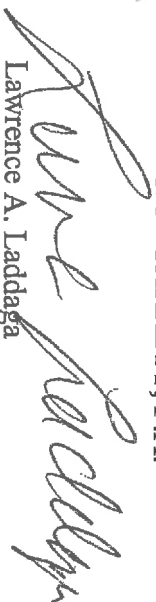
arbitration hereunder, with each party bearing its own costs associated with such arbitration. The following process will be followed unless otherwise agreed in writing:

11.2.1 One arbitrator will be selected by written agreement of the parties within ten (10) days of the Arbitration Notice. Arbitration will be held in Greenville, South Carolina, or other mutually agreeable site.

Our proposed solution pursuant to paragraph 11.1 of the agreement is that payment be made to the hospital by electronic or certified funds within five business days from the date of this letter. Otherwise, please contact me regarding available dates your companies designees of availability for a meeting with GHS Management in Greenville, South Carolina pursuant to the next stage of dispute resolution in paragraph 11.1. I look forward to hearing from you,

Sincerely,

LADDAGA - GARRETT, P.A.

A handwritten signature in dark ink, appearing to read "Lawrence A. Laddaga", written over a horizontal line.

Lawrence A. Laddaga

LAL/

Enclosure

cc: Lynn Waters

Valerie Shaw

Emma Forkner, SC Department of HHS