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Post-Acute Strategic Planning and Implementation Summary of Services

Following is the full scope of services included in our Consulting Agreement. We can also implement portions of these services in modified phases of the engagement, at the discretion of a client.

A. Phase I

i) Quarterly Medicare Transfer Discharge Analysis - The Consultant will review, analyze and sort Medicare Transfer Discharges, to the fullest extent that information is available for the Client's patients within the last full quarter, grouped by DRG and Length of Stay ("LOS") that is within three distinct ranges of LOS, the first, LOS that is one (1) day or more less than the targeted Medicare LOS for the DRG established by CMS, the second, patients with an LOS that is between one (1) day less and Twenty Percent (20%) more than the targeted Medicare LOS for the DRG, and the third, grouping of patients with an LOS that exceeds Twenty Percent (20%) more than the targeted DRG established by CMS. At the option of the Client, based on additional fees paid to the Consultant as enumerated in Section 3 hereinafter, the Quarterly Medicare Transfer Discharge Analysis can be expanded to an Annual Analysis.

ii) RUG-III Assessment for Acute owned Skilled Nursing Beds(if applicable) - The Consultant will review, analyze and sort for the last full quarter prior to execution of this Agreement the Medicare RUG-IIIs for the Client's patients in the Hospital's Skilled Nursing Beds, "SN Beds", to the fullest extent that the information is available. The Income and Expenses Assessment will group patients by RUG-III categories that have a) Marginal Positive Contribution Margins (up to 10% of gross costs), b) Considerable Positive Contribution Margins, c) Marginal Negative Contribution Margins, and d) Considerable Negative Contribution Margins.

iii) Post-Acute Strategic Planning – The Consultant will review Medicare Transfer Discharge Data as referenced in Subsection 1(A)(i) above and data provided by the Hospital for all post-acute discharges, by payer type and by post-acute discharge destination, for the last full quarter. The Consultant will review policies and procedures relevant to Case Management and Discharge Planning.

iv) Preliminary Facilities Due Diligence - The Consultant will conduct a preliminary assessment of opportunities with each of Long Term Care Facilities in the Hospital's Service Area and financial data provided by the Client to determine specific areas of opportunity by diagnosis and by payer type, which will not include site visits. Long Term Care Facilities are defined as Skilled Nursing Facilities ("Facilities"). The Consultant will review the Client's historical relationship with Facilities in the Service Area. The consultant will analyze each of these Facilities' compliance history with State and Federal Regulations. The Consultant will meet with the Client's discharge planners and case managers to conduct a brief interview as to opinions of each of the post-acute discharge options currently available to the Client. Said meeting can be individually or collectively, attended by members of management at the sole discretion of the Client.

v) Initial Report – After completion of the aforementioned services, within Forty Five (45) days of the Consultant's receipt of documentation on the types of discharges from the Hospital by diagnosis, the Consultant will provide the Client with an Initial Report on the analysis of items referenced herein. Thereafter, the Consultant will meet with the Client's management to discuss the findings, recommendations and conclusions contained in said Initial Report.

B. Phase II

At the option of the Client, the Consultant can provide the following services in Phase II of this engagement for the Client:

i) The Consultant will meet with the Client to review the findings and recommendations contained in the Initial Report to obtain the Client's input and direction prior to continuation of services to follow in Phase II.

ii) The Consultant will endeavor to meet with each of the Administrator, Manager and/or Owner(s) of Eight (8) Facilities in the Service Area that admit the highest number of the Client's patients, or all Facilities if less than Eight (8), to conduct an assessment of the Facilities, including the Consultant's proprietary Physical Plant/Curb Appeal Analysis, provided the Client concurs on various options for accepting more of the Hospital's discharged patients. During these meetings and site visits of the Facilities, the Consultant will endeavor to assess or further assess the admissions criteria of each Facility, the physical plant of each facility, issues relative to quality of care including staffing and compliance with regulations and other data available or provided by the Facility. These discussions with Facility Management will include efforts that can be completed by the Facilities that would improve the Facilities' ability to receive the Hospital's discharged patients. Discussions with Facilities in the Service Area will also include determination of the interest in establishing or expanding relationships with individual Facilities for difficult to place types of patients, including, but not limited to patients requiring Dialysis, Psychiatric Care, TPN, most IV patients requiring respiratory therapy, patients with complex wounds, patients requiring high pharmacy costs, patients requiring tracheostomy care and those needing a ventilator and/or other care under a variety of potential scenarios where the Client may be comfortable.

iii) The Consultant will provide further compliance, census, financial and physical plant information on these Facilities in a Second Report to be completed on behalf of the Client.

iv) Second Report – After completion of the aforementioned services, within Four (4) months after the Client elects to engage the Consultant for Phase II, the Consultant will provide the Client with a Second Report with further recommendations based on the services contained herein. Thereafter, the Consultant will meet with the Client's management to discuss the findings, recommendations and conclusions contained in said Second Report.

C. Phase III

After review of the Initial and Second Reports by the Client, at the option of the Client, the Consultant can provide in Phase III of this engagement the following additional services for the Client:

i) Assist in the Development and Implementation of Modified or New Discharge Planning Policies and Procedures as a Result of the Client's Review and Acceptance of Findings and Recommendations in the Aforementioned two Reports – The Consultant will review and make recommendations on any revised or new Policies and Procedures developed by the Client with or without the Consultant's assistance to improve the Client's ability to discharge patients.

ii) The Consultant will assist the Client in forming a Post-Acute Discharge Committee, if not already established, suggested to be composed of a representative from the Hospital's Nursing Department, a representative from the Finance Department, and the Director or Manager of Case Management. The Post-Acute Discharge Committee should meet briefly on a daily basis or be available as needed regarding the recommendations on discharges by Case Management, as well as meet monthly to discuss and monitor the discharges from the previous month. The Consultant shall attend the Post-Acute Discharge Committee's monthly meeting and provide advice to the Client, as needed.

iii) The Consultant will conduct ongoing interviews and negotiations on behalf of the Hospital with the Facilities in the Service Area to enable the Facilities to improve admissions of the Hospital's patients, where

deemed appropriate by the Client. Continuing discussions with Facilities in the Service Area will include establishing or expanding relationships with individual Facilities for difficult to place types of patients, including those requiring Dialysis, Psychiatric Care, and/or other care under a variety of potential scenarios where the Client may be comfortable. Ongoing discussions with the Facilities will include review of the efforts of the Facilities to improve the Facilities' ability to receive the Hospital's discharged patients.

iv) The Consultant shall have an ongoing role in monitoring the Hospital's patient discharges that will include a monthly review of discharges and denials to each of the Facilities by payer type and diagnosis, as well as attend a monthly case management meeting and have follow-up meetings with Skilled Care Facilities within the Service Area of the Client.

v) Quarterly Status Reports – Within Fifteen (15) days of the Consultant receiving discharge data specific to the Facilities from the Client, the Consultant will provide the Client with an ongoing Quarterly Reports including the status of ongoing discussions with the Facilities on behalf of the Client. Thereafter, the Consultant will be available to meet with the Client's management to discuss the findings, recommendations and conclusions contained in said Quarterly Reports.

D. Optional Services

After review of the Initial and Second Reports by the Client, at the option of the Client, the Consultant can provide the following additional services for the Client:

i) Establish revised or new systems to track Patient Discharges to The Facilities – The Consultant will work with the Client to establish an internal system to manage and track patient discharges that would be applicable for placement at the Facilities, by payer type and diagnosis.

ii) Establish new and/or modified Discharge Planning Policies and Procedures on an as-needed basis that will be developed by the Client with the assistance of the Consultant.

iii) At the option of the Client, the Consultant will also complete financial analyses for consideration of the Client that could be utilized in negotiations with Facilities for the establishment of specialty units in the Facilities based on an agreement and/or affiliation with the Client.

iv) Prepare a Request For Proposal for the selection and implementation of a computerized patient discharge program at the Hospital that can be connected to selected Facilities in the Service Area. The Consultant shall oversee the Request For Proposal process. Once a vendor is chosen, the Consultant will coordinate the installation of the software program at the Hospital and selected Facilities and the training of the Hospital's staff.