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**AFFILIATION AGREEMENT**  
**Between**  
**Morehouse School of Medicine, Inc.**  
**And**  
**The Fulton-DeKalb Hospital Authority**  
**January 1, 2001**

This Affiliation Agreement (Agreement) is made and entered into as of January 1, 2001, between THE FULTON- DEKALB HOSPITAL AUTHORITY (The Authority), a hospital authority created pursuant to the laws of Georgia which operates a modern medical center known as Grady Memorial Hospital and the Grady Health System (Grady) and the Morehouse School of Medicine, Inc. (MSM) an educational institution incorporated under the laws of Georgia.

## STATEMENT OF BACKGROUND

Pursuant to a contract with Fulton and DeKalb Counties (the Counties), The Authority was created for the following purposes: (1) to acquire and operate hospitals and other health care facilities in and for the Counties; (2) to minister to the sick residents of the Counties; (3) to assume the care and treatment of the indigent sick of the Counties; and (4) to care for those sick or injured in emergency cases where the accident or emergency occurred within either of the Counties.

Consistent with said purposes and with the contract among The Authority and the Counties, and to the extent determined by The Authority's Board of Trustees, The Authority was further created to operate a modern medical center known as Grady Memorial Hospital and the Grady Health System for the following purposes: (5) to conduct educational activities related to rendering care to the sick and injured; (6) to prevent disease; (7) to promote scientific research related to the care of the sick; (8) to participate in activities designed and carried on to promote the general health of the community; (9) to be an advocate for the Patients of its facilities and their families and to provide leadership in maintaining quality for the indigent residents of the Counties; and (10) to undertake managed health care activities to promote the wellbeing of the sick, alone or through the formation of healthcare networks in conjunction with medical school and community-based physicians.

The care of the indigent sick residents of the Counties is the primary purpose and obligation of The Authority and all other activity must contribute to such patient care program.

MSM is an historically Black institution established to recruit and train minority and other students as physicians and biomedical scientists committed to the primary health care needs of the underserved. MSM trains physicians, conducts medical research and otherwise engages in efforts to improve care for the sick and injured.

Pursuant to an agreement dated January 1, 1990, MSM has for the last ten years, in conjunction with Emory University School of Medicine (Emory), provided supervision and direction of professional care of Patients at The Authority's facilities, provided supervision of the residency programs and participated in teaching programs, research, and disease prevention/health promotion initiatives at such facilities.

The contractual arrangement between The Authority and MSM has contributed greatly to the ability of The Authority to provide high quality health care services for Patients at The Authority's facilities, and such arrangement likewise has benefited MSM. MSM is committed to the purpose and mission of The Authority and recognizes its obligation to ensure that the clinical services provided by its faculty, residents and students are of high quality, cost effective, and patient-focused and that services are delivered with compassion, respect and dignity. The Authority and MSM wish to continue the relationship which has been beneficial to both institutions in accordance with the terms of this Agreement.

Now; THEREFORE, for and in consideration of the mutual benefits hereunder and other good and valuable consideration, The Authority and MSM agree as follows:

1.  
DEFINITIONS

For purposes of this Agreement, the following terms shall have the meanings set forth in this Section 1, unless otherwise clearly required by the context in which such term is used.

- (a) Active Medical Staff - The term "Active Medical Staff" shall mean all physicians appointed to the Grady Health System Active Medical Staff in accordance with the procedures outlined in the Grady Medical Staff By-laws.
  
- (b) Community Physicians - The term "Community Physicians" shall mean physicians who meet the qualifications and requirements for membership, are appointed to membership on the Active Medical Staff and who do not hold faculty appointments at MSM or at Emory.
  
- (c) FTE - The term "FTE" or "full time equivalent" shall mean 2080 hours of service per year or 40 hours per week times 52 weeks.
  
- (d) Honorary Staff - The term "Honorary Staff" shall mean physicians who are not active at Grady and who are honored by emeritus positions as outlined in the Grady Medical Staff By-laws.
  
- (e) Hospital Policies - The term "Hospital Policies" shall mean and include The Fulton-DeKalb Hospital Authority By-laws and Rules and Regulations, Grady Medical Staff By-laws and Rules and Regulations, other written policies and procedures of the Grady Health System, all as adopted or approved from time to time by The Authority, or its duly authorized officers or administrators.
  
- (f) House Staff - The term "House Staff" shall mean the resident physicians and fellows who are enrolled in approved residency training programs established by MSM and Emory and who are assigned to the Grady Health System.

- (g) Medical Staff - The term "Medical Staff shall mean the Active Medical Staff, the Visiting Staff and the Honorary Staff.
- (h) MMA - The term MMA shall mean Morehouse Medical Associates, Inc., the faculty practice plan for MSM.
- (i) Patients - The term "Patients" shall mean the inpatients and outpatients of the Grady Health System.
- (j) Physician's Assistants - The term "Physician's Assistants" shall mean skilled persons qualified by academic and practical training to provide patients' services under the personal direction or supervision of a physician, as defined in Section 43-34-102(5) of the Official Code of Georgia Annotated.
- (k) Physician Services to Patients – The term "Physician Services to Patients" shall mean physician services furnished to Patients and supervision of interns and residents furnishing care to Patients in a teaching hospital, as set forth in 42 C.F.R. § 415.102.
- (l) Provider Services – The term "Provider Services" shall mean medical services furnished by Medical Staff physicians to Grady for the benefit of the general patient population, as defined in 42 C.F.R. § 415.55.
- (m) Scientific Staff - The term "Scientific Staff" shall mean health professionals such as clinical psychologists, radiation physicists, podiatrists and other technical and paramedical specialists assigned to the various Services and used commensurate with their skill and scope of their lawful practice.

- (n) Visiting Staff - The term "Visiting Staff" shall mean physicians who are on the clinical faculty of MSM or Emory and appointed to the Visiting Staff as outlined in the Grady Medical Staff By-laws.

2.  
**RESPONSIBILITY FOR HOSPITAL SERVICES,  
PROVIDER SERVICES AND PHYSICIAN SERVICES**

The Authority has the duty to provide medical care, treatment and hospitalization to the indigent sick of the Counties and to certain other persons. This duty will be performed, subject to the availability and means necessary to performance, by continuing to operate Grady and causing it to furnish the usual facilities for inpatients and outpatients and the services reasonably necessary to the practice of medicine and surgery.

Both parties are aware that the ultimate responsibility for adequate professional care of Patients at Grady is by law vested in The Authority, and The Authority shall discharge this responsibility (1) by having Grady provide all space, equipment, supplies and all personnel other than the Medical Staff, House Staff and Scientific Staff necessary for the operation of Grady; and (2) entering into separate Affiliation Agreements with MSM and with Emory for assignment to the House Staff of resident physicians needed for the proper delivery of hospital and other health care services.

The Authority also recognizes the need for professional supervision and direction of the House Staff. Accordingly, appropriate authority and responsibility for the supervision and direction of professional physician care of Patients by staff provided by MSM in accordance with this Agreement at Grady is delegated to MSM by The Authority, to the extent authorized by The Fulton-DeKalb Hospital Authority Bylaws, and this Agreement and by law. Grady understands and agrees that certain of the services to be provided by MSM hereunder may be provided through MSM's faculty practice plan.

Notwithstanding such delegation, however, the Board of Trustees of The Fulton-DeKalb Hospital Authority shall retain ultimate responsibility for all actions taken.

MSM accepts such authority and responsibility, along with the duties and obligations that are incident thereto.

Grady shall continue to be used as a major teaching affiliate by MSM upon the terms and conditions herein set forth. MSM shall organize, supervise and direct all professional services rendered to Patients at Grady by the MSM Medical Staff under these conditions.

MSM shall conduct undergraduate, graduate, continuing medical education and research programs at Grady in clinical disciplines and research areas mutually agreed upon by both parties from time to time. The clinical disciplines to support MSM medical education programs include, but are not limited to, Internal Medicine, Obstetrics and Gynecology, Pediatrics, Psychiatry, Public Health-Preventive Medicine, Family Practice and General Surgery (the Clinical Services).

MSM shall furnish to The Authority the House Staff and Medical Staff for each of the MSM Clinical Services to provide supervision and administrative and teaching services for the benefit of Patients treated at Grady through both the established MSM Clinical Services and other clinical services which may be established by written agreement in collaboration with Emory. MSM acknowledges that initiation of new MSM Clinical Services or new Emory clinical services requires consultation with and the written agreement of Grady, Emory and MSM. The supervision of all medical and surgical services rendered by the MSM Medical Staff and the MSM House Staff shall be under the direction of the MSM Chiefs of Service at Grady, subject to the retention of ultimate authority and responsibility by the Board of Trustees of The Fulton-DeKalb Hospital Authority.

### 3. COLLABORATIVE USE OF HOSPITAL FACILITIES

MSM shall collaborate with Emory and with Grady in the equitable use of clinical teaching facilities and to ensure high quality, cost effective and patient-focused care of

Patients at Grady. MSM and Emory shall delineate and administer the arrangements required for effective collaboration at Grady.

This Agreement acknowledges that all medical education programs at Grady exist pursuant to contracts between The Authority and MSM and The Authority and Emory. The implementation or adjustment of any Clinical Services or medical education programs that would impact the operations of any of these three parties, including use of Community Physicians in accordance with Article 4 hereof, shall require consultation and/or collaboration among the three parties. Important to this Agreement is the development and maintenance of a high quality medical education program by MSM at Grady.

#### 4.

#### **MAINTENANCE OF ACCREDITATION OF EDUCATIONAL PROGRAMS**

Accreditation standards for graduate medical education require the provision of an adequate clinical instructional setting including inpatient care, ambulatory care, data and clinical records, necessary to support services and programs and processes for the education of residents and medical students. The Authority agrees to provide such hospital space, outpatient facilities and equipment at Grady, related clinics and other facilities to support and foster a successful program of medical education, patient care, and research. MSM faculty will serve as active members of such committees and other forums to ensure access to these educational support functions and processes. MSM faculty physicians and residents shall participate in quality improvement, case management and other activities to monitor patient care activities at Grady.

To maintain accreditation of its medical education programs, MSM must have access to sufficient numbers of Patients. MSM shall be responsible for a negotiated share (no less than 25%, or such other share as the parties mutually agree to in writing) of the care of Patients at Grady to be determined and monitored from time to time, as part of this Agreement.



When Grady has a documented professional service need not currently met by its Medical Staff, The Authority shall give Emory and MSM written notice and documentation of such unmet need. Upon such notice, MSM and Emory will respond promptly, and at least within forty-five (45) business days, regarding their ability and willingness to meet the professional service need within the time frame requested by The Authority. If Emory and MSM both are able and willing to meet such professional service needs, the proper allocation between Emory and MSM will be determined by the Senior Vice President for Medical Affairs, after consultation with the MSM/Grady Committee and the Emory/Grady Committee and the Medical School Relations Committee. If neither MSM nor Emory is able and willing to provide the professional services after such written notification and consultation, then The Authority shall provide written notification to MSM and Emory of its intent to seek Community Physicians to meet the professional service needs after consultation with the Medical School Relations Committee. No Community Physicians will be recruited or engaged by Grady, directly or indirectly, who are on the faculty of MSM at the time an unmet need is identified. In the event an unmet need is filled by utilization of Community Physicians, and Community Physicians cease to meet such need, The Authority will again give notice and an opportunity to respond in accordance with the procedures set forth in this Article 4.

Community Physicians admitted to the Active Medical Staff shall be assigned to patient care programs at Grady as determined by the Chief Medical Officer and by the Chief(s) of the Clinical Service(s) to which such Community Physician is assigned. Community Physicians shall work directly under the Chiefs of the various Clinical Services as assigned and as directed by such Chiefs, subject to the authority of the Medical Executive Committee and of The Authority.

## 5.

### TERMS OF AGREEMENT AND PROVISION FOR TERMINATION

The term of this Agreement shall commence as of January 1, 2001, and shall continue through June 30, 2013, unless terminated sooner in accordance with the provisions of

this Agreement. If either party desires not to renew the Agreement at the expiration of the initial term or any successive term, such party shall give the other party twelve (12) months prior written notice of the intent not to renew. If neither party has notified the other party that the Agreement shall not be renewed, the parties shall commence review and negotiation of a renewal agreement at least ninety (90) days prior to the end of the then current term.

If either party defaults or fails in the performance of any material term or provision of this Agreement and such default or failure continues for a period of thirty (30) days after written notice from the other party, then the non-defaulting party may terminate this Agreement, effective on the 60<sup>th</sup> day following the date of written notice of default or failure from the non-defaulting party.

This Agreement may be terminated by either party upon not less than thirty (30) days prior written notice to the other party specifying the date on which termination will become effective, in the event of any action or threatened action by local, state, or federal government or accrediting bodies, or any opinion by legal counsel to the effect that any provision of State or federal law or regulation creates a serious and material risk of assessment, sanction, penalty or other significant consequence to the party giving such notice. In the event of termination of the Agreement, and at the request of MSM, residents then committed to a graduate medical education program at Grady shall be permitted and supported to complete their educational program at Grady, subject to satisfactory performance and meeting all academic and administrative requirements.

## 6. INDEPENDENT STATUS OF PARTIES MAINTAINED

Nothing in this Agreement should be construed to create the relationship of employer and employee, principal and agent, or any relationship other than that of independent parties contracting with each other solely for the purpose of carrying out the terms of this Agreement. In making this Agreement, neither party is delegating to the other the

responsibility for the exercise of any of its functions, duties or authority. The Authority shall continue to operate Grady and retains all authority in such operation. MSM shall continue to operate its medical school and graduate medical education programs at Grady, and MSM retains all authority in such operations. Since both parties will be conducting their functions at Grady, it is essential that each respects the separate independence of the other as set forth herein and cooperates fully to assure retention of the same by each party. Both parties do hereby agree to cooperate with each other and with Emory and to assist the other in the performance of their independent functions.

**7.  
CHIEF ADMINISTRATIVE OFFICERS  
REPRESENTING THE PARTIES NAMED**

In the operation of Grady under this Agreement, the chief executive officer of The Authority is the President/Chief Executive Officer of Grady (Grady CEO), and the chief executive officer representing MSM is the MSM President. In the absence or disability of said Grady CEO, the Grady CEO's designee will act, and in the absence or disability of said President, the MSM Senior Vice President for Academic Affairs will act. Each party hereto reserves the right to change the designation of its respective chief executive officer, but agrees in the event of such change to notify the other party thereof in writing.

**8.  
EXECUTIVE COMMITTEE; FUNCTIONS  
AND PROCEDURES PROVIDED**

There shall exist an Executive Committee of the Grady Medical Staff (Executive Committee). It shall be the function of the Executive Committee to facilitate the proper operation of Grady in a manner consistent with this Agreement and with the Agreement between The Authority and Emory.

The Executive Committee shall consist of the Grady CEO, Grady Senior Vice President for Medical Affairs, Grady Deputy Vice President for Medical Affairs, Grady Nursing Vice

President, the Dean of Emory, the Dean of MSM, the Chiefs of Service, named in a manner hereafter provided in this Agreement and other individuals as agreed upon from time to time by the Executive Committee. The Emory Vice President for Health Affairs and the MSM President shall be non-voting members.

The Grady Senior Vice President for Medical Affairs shall serve as chair of the Executive Committee. Upon the absence of the Grady Senior Vice President for Medical Affairs, the Grady Deputy Vice President for Medical Affairs shall serve as chair. In the absence of both the Senior Vice President for Medical Affairs and the Deputy Vice President for Medical Affairs, the Senior Vice President for Medical Affairs shall appoint an acting chair from the membership of the Executive Committee. Upon the absence of the MSM Dean or the Emory Dean, the Dean's designee may serve and vote in the place of the Dean. Upon the absence of a Chief of Service, the Chair of the Department of the Chief's affiliated medical school may serve and vote. If the Chief and the Chair are both present, there shall only be one vote cast between them.

The Executive Committee shall have the duty and responsibility of coordinating the activities of the Emory and MSM Clinical Services at Grady and to facilitate the rendering of quality patient care at Grady through peer review. It shall be authorized to act for the Medical Staff as a whole, and to receive and act upon reports of all committees as may be appointed pursuant to the authority of the Grady Medical Staff By-laws. The Medical Executive Committee is empowered to represent the Medical Staff in meetings with the Grady CEO and The Authority and shall carry out such other functions as may be assigned to it from time to time by The Authority.

The Medical Executive Committee shall advise The Authority on the qualifications necessary for a member of the Active Medical Staff to perform as Chief of Service, and shall review performance of each Chief of Service annually. In August of each year, the Medical Executive Committee shall provide The Authority with a report evaluating the performance of the Chiefs of Service in order that The Authority may properly execute its obligation to appoint a Chief for each Service each year.

Except for those committees whose membership or composition or duties are specifically set forth in the Grady Medical Staff Bylaws, the membership, composition and duties of each committee shall be determined by the Executive Committee.

The Executive Committee shall meet at least monthly upon such date or dates as may be fixed and determined by the Chair. In addition to its other duties, the Executive Committee shall provide professional direction to Grady, develop excellence of patient care, maintain the proper atmosphere for teaching, and encourage research. It shall also have duties as outlined in the Grady Medical Staff By-laws to conduct hearings to provide for the procedural rights of members of the Medical Staff in appropriate circumstances.

The Executive Committee may refer appropriate matters to The Authority's Medical School Relations Committee for consideration.

## 9. MEDICAL SCHOOLS RELATIONS COMMITTEE

A Medical Schools Relations Committee is established within The Authority, and shall consist of at least three (3) members of its Board of Trustees. It shall have the function and duty of reporting to and representing The Authority in all matters relating to The Authority's relationship with MSM, Emory and any other medical school with which The Authority develops a relationship. The Committee shall meet annually and as otherwise required, on a combined basis with the MSM/Grady Committee and the Emory/Grady Committee. The Committee shall represent The Authority in resolving issues and questions of policy, allocating space for use by the medical schools, and evaluating the performance of all parties under any agreements.

10.  
**MSM/GRADY COMMITTEE**

The MSM/Grady Committee shall consist of an equal number of members of The Authority's Board of Trustees and of the MSM Board of Trustees. Said members shall be selected and named by their respective governing bodies. The Chair of the Committee shall be the Chair of The Authority's Medical Schools Relations Committee.

The MSM/Grady Committee shall have authority, subject to the jurisdiction of the respective governing bodies of The Authority and MSM, to settle and resolve all issues and questions of policy arising under this Agreement and with respect to performance of this Agreement. The MSM/Grady Committee shall recommend steps deemed by it appropriate to improve Grady and to further the interests of the public in efforts of the parties toward the achievement of their respective objectives. It shall be the duty of the members of the MSM/Grady Committee to familiarize themselves with all matters pertaining to this relationship.

The MSM/Grady Committee and its invitees shall hold an annual meeting upon such date as is fixed and determined by the members of the MSM/Grady Committee. During such meeting, MSM shall report on the distribution of Patients between MSM and Emory. Also, the MSM Department Chairs and MSM Chiefs of Service shall report, with respect to the services of each, on activities conducted during the year and on planned activities for the coming year. The MSM/Grady Committee shall also consider the appropriate level of space at Grady to be provided to MSM from time to time hereunder.

MSM shall give notice to The Authority, through the MSM/Grady Committee, of any intent to enter into new affiliation agreements with other hospitals to enhance its medical education programs. The Authority may not enter into any new affiliation agreement to establish any medical education programs with institutions other than MSM or to materially change its existing affiliation agreements until it gives notice and discussion is held through the MSM/Grady Committee regarding such new agreements or changes.

11.  
**MEDICAL AND HOUSE STAFF CLASSIFICATION  
AND APPOINTMENT; ASSIGNMENT OF SCIENTIFIC  
STAFF AND PHYSICIAN'S ASSISTANTS**

- (a) House Staff – The House Staff shall consist of resident physicians and fellows who are enrolled in approved residency training programs established by MSM and Emory and assigned to Grady. House Staff assigned to each clinical service at Grady shall be selected for the residency training programs by the appropriate medical school and subject to approval by The Authority.
- (b) Active Medical Staff - The Active Medical Staff shall consist of physicians who meet the qualifications and requirements for active medical staff membership outlined in the Grady Medical Staff Bylaws. The Chief of the appropriate Clinical Service shall nominate qualified applicants for membership on the Active Medical Staff (Active Medical Staff-Faculty and Active Medical Staff-Crestview) subject to approval by the Executive Committee and confirmation of the appointment by The Authority. Members of the Active Medical Staff shall work directly under the Chiefs of the various Clinical Services as assigned and as directed by such Chiefs, subject to the authority of the Medical Executive Committee and The Authority.

All Active Medical Staff members assigned to Grady by an affiliated medical school must hold a faculty appointment at such affiliated medical school. The Active Medical Staff shall attend all unassigned Patients at Grady and may admit and attend their Patients.

- (c) Visiting Staff – The Visiting Staff appointed during the term of this Agreement shall consist of physicians who are on the clinical faculty of MSM and Emory. The Visiting Staff shall have responsibilities for Patients and for teaching as may be directed by the Chief of the Service to which they are assigned.

The Chief of the appropriate clinical service shall nominate qualified applicants for membership on the Visiting Staff, subject to approval by the Executive Committee, and confirmation of appointment by The Authority.

- (d) Honorary Staff - The Honorary Staff shall consist of physicians who are not active at Grady and who are honored by emeritus positions. Members of the Honorary Staff may engage only in those activities at Grady that have been approved by the Chief of the appropriate clinical service.

The Chief of the appropriate clinical service shall nominate qualified applicants for membership on the Honorary Staff, subject to approval by the Executive Committee, and confirmation of the appointment by The Authority.

- (e) Scientific Staff – The Scientific Staff shall consist of certain other health professionals, such as clinical psychologists, radiation physicists, podiatrists and other technical and paramedical specialists assigned to the various clinical services and used commensurate with their skills and lawful scope of their practice. Persons on the Scientific Staff shall be assigned to the appropriate Service by action of the Executive Committee upon recommendation by the Chief of the Service to whom such Scientific Staff member will be assigned. It is the duty of all such Scientific Staff to carry out their activities subject to policies set by the Executive Committee and Grady Medical Staff Bylaws and pursuant to procedures recommended by the Chiefs of Service to which they are assigned and duly approved by the Executive Committee.

- (f) Community Physician Medical Staff – The Community Physician Medical Staff shall consist of physicians who meet the qualification and requirement for active medical staff membership outlined in the Grady Medical Staff Bylaws and are appointed to the Medical Staff in accordance with the provisions set forth in this Agreement. The Senior Vice President for Medical Affairs and the Chief of the appropriate Clinical Service shall nominate qualified applicants for membership in



the Community Physician Medical Staff, subject to approval by the Executive Committee and confirmation of the appointment by The Authority. Members of the Community Physician Medical Staff shall work directly under the Chiefs of the various Clinical Services as assigned and as directed by such Chiefs, subject to the authority of the Medical Executive Committee and The Authority.

- (g) Physician's Assistants – Physician's Assistants shall be assigned to a sponsoring physician on the Active Medical Staff in the manner established in Grady Medical Staff Bylaws, as revised from time to time.

## 12. CHIEFS OF SERVICE

- (a) Selection and Appointment - The Chiefs of Service, with respect to any MSM Clinical Service established hereunder, shall be selected from among those members of the Active Medical Staff who hold faculty appointments on the full-time faculty of MSM. MSM, through its Dean, shall nominate members of the Active Medical Staff to serve as Chiefs of Service, subject to appointment by The Authority. The appointment of the Chiefs of Service shall be for a 12-month term, beginning September 1 of each year.
- (b) Authority and Responsibility - Each Chief of Service shall have appropriate authority over the administration and supervision of all medical or other services rendered by the Active Medical Staff, House Staff, Scientific Staff and Physician's Assistants within the Clinical Service area, subject to applicable Hospital Policies. Each Chief of Service shall, subject to approval of the Executive Committee, have full responsibility for establishing all medical protocols related to the Clinical Service. Each Chief of Service shall be responsible for recommending to the Medical Executive Committee the specific criteria for clinical privileges in the Clinical Service and for recommending to the Medical Executive Committee the specific clinical privileges for each Medical Staff member of the Clinical Service. Each Chief of Service shall be skilled in the area covered by the Clinical Service.

In cases where MSM and Emory provide clinical services within the same clinical discipline, the MSM Chief shall work with the Emory Chief to assure a distribution of Patients as set forth in Section 4 herein, and effective collaboration in the care of Patients. Any conflicts between or among MSM, Emory and the Community Physician Medical Staff with respect to their services shall be presented to the Grady Senior Vice President for Medical Affairs who will attempt to resolve such matters. If such matters remain unresolved, the Grady Senior Vice President for Medical Affairs shall submit such matters for resolution to The Authority through its Medical Schools Relations Committee.

**13.  
SENIOR VICE PRESIDENT FOR MEDICAL  
AFFAIRS/MEDICAL DIRECTOR**

A special committee appointed by the Chair of The Authority's Board of Trustees shall nominate and recommend to the Board, who shall confirm and approve, after consultation with MSM and Emory, a Senior Vice President for Medical Affairs. The Senior Vice President for Medical Affairs shall be a physician licensed in the State of Georgia and shall direct The Authority's medical programs pursuant to the authority given from time to time, by the Board of Trustees, and act as the duly authorized medical representative to the Board of Trustees.

**14.  
UNDERGRADUATE MEDICAL STUDENTS:  
HOSPITAL ACCESS**

Grady will approve reasonable requests for access to all facilities and equipment at Grady by the undergraduate medical students of MSM. MSM shall have full control and responsibility for the administration of its undergraduate medical education programs at Grady. All assignments given to undergraduate medical students of MSM at Grady shall conform to professional and ethical medical standards and requirements. Both parties acknowledge that both MSM and Emory will conduct medical education

programs at Grady and will coordinate and cooperate with each other with respect to their use of facilities at Grady in connection with those programs. Grady may require the removal of any MSM undergraduate medical student whose conduct or performance is incompatible with the best interests of Grady or its patients.

**15.  
MEDICAL LIBRARY**

MSM shall have access to library facilities for its Medical Staff, House Staff, medical students and other staff. The Authority shall provide facilities and equipment to provide for the optimal environment for professional and educational inquiry. The sixteenth floor of the Grady Hospital houses a resource center for use by those listed above. MSM maintains a separate agreement with Emory for the full use of its library branch at Grady.

**16.  
SPACE TO BE MADE AVAILABLE TO  
MOREHOUSE SCHOOL OF MEDICINE**

The Authority shall make available to MSM, within Grady itself and /or other buildings owned or leased by The Authority, such space as is agreed upon by the parties from time to time.

**17.  
EXPENSES**

The Authority shall provide, subject to its legal limitations and financial means and availability, and subject to the policies fixed by it, facilities and support personnel at Grady necessary for the care of Patients, including space, equipment, supplies, nursing and support personnel. These shall be adequate in quantity and quality to provide the standards of services and care of Patients that are acceptable in a recognized major teaching affiliate.

MSM shall provide, subject to its legal limitations and financial means and availability, personnel, equipment, materials and other requirements used for its undergraduate teaching program unless the contrary is expressly agreed to in writing. Expenses with respect to any research and experiments conducted by MSM shall be borne by MSM unless otherwise expressly agreed to in writing.

## 18. COVENANTS OF MSM

(a) Retention of Medical Staff

MSM shall employ or otherwise retain a sufficient number of Medical Staff members as are deemed necessary by The Authority and MSM to discharge the responsibilities and duties to be performed by MSM under this Agreement.

(b) Retention of House Staff

MSM shall appoint to its residency training programs and make available for assignment to the House Staff a sufficient number of resident physicians as deemed necessary by The Authority and MSM to discharge the responsibilities and duties to be performed by MSM under this Agreement.

(c) Selection, Supervision, Training and Scheduling of Non-Physician Personnel

MSM shall cause its Medical Staff physicians to cooperate with respect to the selection, retention and termination of non-physician personnel who may be required for the proper operation of the Clinical Services. When reasonably requested by The Authority, MSM shall also cause its Medical Staff physicians to provide professional training, supervision, and direction to such personnel.

(d) Selection, Maintenance, and Utilization of Medical Equipment

When requested by The Authority, MSM shall cause its Medical Staff physicians to advise The Authority with respect to the selection of additional and replacement medical equipment for the Clinical Services and shall inspect and evaluate certain medical equipment.

(e) Supplies and Support Services

MSM shall cause its Medical Staff physicians to prepare, at regular intervals designated by The Authority, information concerning supplies and support services required for the operation of the Clinical Services.

(f) Quality Assurance/Compliance

MSM shall cause its Medical Staff physicians and residents to participate in the Continuous Quality Improvement Program in accordance with the Medical Staff Bylaws, Grady Policies and policies of accrediting organizations. MSM and its personnel shall participate in MSM's corporate compliance program and shall support the efforts of Grady's corporate compliance program.

(g) Medical Records

MSM shall cause its Medical Staff and House Staff promptly to prepare, complete and file medical reports of all examinations, procedures, and other medical services performed under the supervision or direction of the respective Chiefs of Services. Also, MSM shall cause its Medical Staff physicians and residents to comply with all Grady Medical Staff Rules and Regulations related to medical records.

(h) Access to Books and Records

Both parties agree that, until expiration of four years following completion of this Agreement, both parties shall make available, upon request by the Secretary of the Department of Health and Human Services (DHHS), the Comptroller General or any of their representatives pursuant to federal law, this Agreement and any books, documents or records of either party that are necessary to certify the nature and extent of the costs under this Agreement. Both parties also agree that, in the event that a subcontract of any portion of this Agreement is made, such subcontracts shall contain a clause requiring the subcontractor likewise to make available to the above officials the subcontract and any books, documents

or records of the subcontractor that are necessary to verify the nature and extent of the costs under the subcontract.

(i) Ownership of Records

The ownership and right of control of all reports, records, and supporting documents prepared in connection with the operation of Grady shall vest in The Authority; provided however, that MSM shall have the right of access to records and documents relevant to this Agreement in accordance with applicable law and Grady policies.

(j) Budget

MSM shall exercise diligence in assisting The Authority in keeping controllable costs at Grady to a minimum. As and when requested by The Authority, MSM shall cause Medical Staff physicians to participate in the preparation of operating and capital budgets for Grady (including projections of both revenue and expenditures) and to use their best efforts to perform all MSM obligations under this Agreement in accordance with the budget at Grady as established by The Authority.

MSM shall submit an annual MSM budget for services hereunder for review and approval by The Authority in a timely manner. The budget for graduate medical education and professional services at Grady shall consist of funds paid to MSM by The Authority as provided for in this Agreement. Such funds shall be used by MSM for faculty, staff and resident salaries, fringe benefits, and other agreed upon expenses related to the Clinical Services and graduate medical education programs at Grady.

The Authority and MSM will jointly determine the number of graduate medical education programs and the number of residents trained at Grady at any one time. Increases or reductions in the number of graduate medical education programs, services and/or resident positions funded by The Authority, will require

timely review and a timely decision by the MSM Graduate Medical Education Committee (GMEC) and The Authority. Increases or decreases in the number of graduate medical education (GME) programs and the number of resident positions at each level will be considered in determining an annual graduate medical education budget, along with the faculty and ancillary support required. If GME programs are deleted or resident positions reduced in number, they will be phased out proportionately as between Emory and MSM and in accordance with established accreditation standards and HCFA rules governing program closures, and any contractual commitments that may exist with residents, and other criteria mutually acceptable to The Authority and MSM. If Grady participates in any voluntary residency reduction plan and is subject to any repayment of amounts paid to it for such participation, MSM will not be charged any portion of such repayment.

(k) Teaching

MSM shall have the exclusive authority and responsibility for the supervision and administration of all medical education programs established by it at Grady. MSM shall cause its Medical Staff physicians to participate in the education programs conducted by The Authority or the Medical Staff necessary to assure Grady complies with accrediting requirements. MSM shall perform such other reasonable teaching functions at Grady as The Authority may reasonably request including, without limitation, participation in the residency training program, all undergraduate medical education programs and all other medical education programs established by MSM and conducted at Grady.

(l) Applicable Standards

MSM shall cause its Medical Staff physicians to administer and to provide services at Grady in such manner that such duties are performed and services are provided in a manner consistent with standards of care and all medical protocols and standards established by the MSM and Emory Chiefs of Service and all standards, rulings, or regulations of the JCAHO, DHHS, or any other

federal, state, or local government agency, corporate entity, or individual exercising authority with respect to, or affecting Grady. MSM shall conform to all requirements of the federal and Georgia constitutions and all applicable federal and Georgia statutes and regulations.

**19.**  
**COVENANTS OF THE AUTHORITY**

(a) Operational Requirements

In consultation with MSM and Emory, The Authority shall provide the facilities, equipment, supplies, utilities and other support services deemed appropriate for the proper functioning of the hospital and other health care facilities within the Grady Healthcare System.

(b) Personnel

The Authority shall retain such non-physician personnel as necessary for the proper and lawful operation of Grady.

(c) Liability and Insurance

Except for liability arising out of MSM's violation of federal, state or local laws or regulations, acts of gross negligence, willful, reckless or wanton misconduct, willful dishonesty or moral turpitude, The Authority hereby expressly assumes all liability for all damages, losses, expenses or costs incurred in connection with or incident to the provision of Physician Services to Patients of The Authority at facilities owned or operated by The Authority, and the provision to The Authority of Provider Services or other hospital or medical services by MSM, the Medical Staff, the House Staff or the allied health professionals and their employees and agents, or MSM students, or MMA. The Authority shall, at its sole expense and in consultation with MSM, carry and maintain malpractice insurance and comprehensive general liability insurance through an insurer or insurers authorized to do business in Georgia, insuring MSM, MMA and their employees and agents providing services to patients of The Authority at facilities owned or



operated by The Authority in accordance with this Agreement. In lieu thereof, or in addition thereto, The Authority may, at its sole expense, enter into contracts or establish a contingency reserve fund, self-insurance fund, or other arrangements, to insure The Authority, Grady, MSM, MMA, and their agents and employees, against such losses in such amounts and under such contracts, contingency reserve fund or self-insurance trust arrangements, or other arrangements, as are approved from time to time by The Authority. MSM agrees to promptly notify The Authority of any claim asserted against it arising from any injury or damage arising out of this Agreement and to cooperate fully with The Authority in the defense of any lawsuit. The Authority agrees to notify MSM promptly of any claim asserted against it or any faculty member, resident, staff member or medical student of MSM on account of any injury or damage arising out of this Agreement, and to cooperate fully with MSM in the defense of any lawsuit.

(d) Claims and Reimbursement of Provider Services

If any claim of The Authority for reimbursement relating to compensation to physicians for rendering Provider Services to Grady is denied, reduced, subjected to offset or otherwise treated in a manner adverse to the financial interests of The Authority by the Medicare or Medicaid programs or any other third party insurance or payment program, The Authority shall have the responsibility and privilege of vigorously pursuing administrative and judicial review of such adverse determination and MSM, at its own expense, shall cooperate and assist The Authority in pursuing such review. If The Authority for any reason determines at any time it is unable or unwilling to pursue any or all of its available remedies, The Authority will notify MSM promptly in writing of its decision and will refer such matters to the Medical Schools Relations Committee of The Authority for consideration.

**20.**  
**HOSPITAL AND PHYSICIAN CHARGES**

(a) Grady Charges

The Authority shall from time to time establish and amend a schedule of charges for services other than Physician Services to Patients rendered at Grady. Such charges shall be separate and distinct from the charges made on behalf of the Medical Staff for Physician Services to Patients. The Authority shall perform appropriate billing and collection functions for all charges or claims for hospital and other services furnished by The Authority under this Agreement.

(b) Physician Charges

MSM shall be solely responsible for establishing professional service fee schedules and billing and collecting for all professional services for any medical services rendered by its faculty physicians at Grady during the term of this Agreement. The Authority shall review these fees prior to implementation at Grady. MSM's professional services shall be attributable to the services rendered by MSM faculty under this Agreement. MSM physicians may receive third-party reimbursement related to professional services provided at Grady when they have direct responsibility for the patient.

The Authority shall provide information systems and non-physician staff to provide accurate data supporting patient demographic, financial and clinical information.

**21.**  
**COMPENSATION OF MSM**

(a) Compensation For General Supervisory, Administrative Teaching Services

Compensation arising from the activities of the parties under this Agreement shall be made in accordance with the rules, regulations and limitations of federal and state health care reimbursement guidelines applicable from time to time, including, but not limited to, any Medicare, Medicaid or other third-party payer

reimbursement rules, regulations or policies for graduate medical education expenses, including Section 1886(h) of the Social Security Act and 42 C.F.R. § 413.86.

After the annual notification and request for the annual medical school GME budget has occurred, MSM shall submit its projections of costs for, services in applicable categories of academic and professional service activity as predetermined and outlined by The Authority.

MSM and The Authority shall work together to ensure that any reimbursement for professional services or graduate medical education expenses is properly allocated to the appropriate party in accord with applicable third party reimbursement rules and payments during the term of the Agreement. The Authority shall make payments to MSM in twelve equal monthly payments during the term of this Agreement. MSM shall submit an invoice for service by the 5<sup>th</sup> working day of each month and in turn will be paid by the 15<sup>th</sup> working day of the same month.

The Authority rate per teaching faculty and professional services full time equivalent (FTE) shall be based upon a pre-negotiated rate of payment, plus the fringe benefit payment established at MSM. The FTE rate of reimbursement for faculty teaching and professional services shall be based upon 2080 hours per year or forty hours per week for 52 weeks for one FTE. Consideration for reimbursement for vacation, maternity, disability and similar approved leave shall also be included in the annual rate computation. The number of FTEs for teaching faculty and professional services required to support direct patient care services and programs at Grady shall be submitted during the annual budget process.

(b) Compensation for House Staff

The Authority shall pay MSM amounts equal to the stipend and related fringe expenses for all resident physicians assigned to the House Staff and paid or incurred by MSM. The rate of reimbursement for resident stipends shall be evaluated and determined annually by reviewing the "Council of Teaching Hospitals and Health Systems Survey of House Staff Stipends, Benefits and Funding". The recommended stipend rate shall be presented to The Authority for review and concurrence.

MSM shall provide projections of the number of residents assigned to Grady in the annual medical school GME budget. The stipend and fringe benefit expenses for MSM residents shall be determined annually by mutual agreement between The Authority and MSM. The rates of payment, number of residents, method of calculation and timing of the payments to be made by The Authority to MSM will be prescribed in the approved budget.

(c) Compensation for Scientific Staff and Physician's Assistants

The amount and manner of compensation to be paid by The Authority to MSM for the services rendered at Grady by the Scientific Staff and Physician's Assistants shall be determined on an annual basis by mutual written agreement of the parties and included in the annual medical school GME budget.

(d) Documentation of Provider Services

MSM shall maintain accurate documents to support the services provided by MSM at Grady. MSM will ensure the accuracy of all schedules and records and will assist The Authority by providing information as required to clear inaccuracies that may be later discovered in the documentation process which may result in liability or harm to The Authority. In the event that any law, regulation or rule materially affecting reimbursement for graduate medical education expenses is amended, the parties further acknowledge and agree that

they shall work together in good faith to reform this Agreement to bring it into conformance with such change in laws, regulations or rules.

**22.  
METHOD OF GIVING NOTICE REQUIRED  
UNDER THIS AGREEMENT**

Whenever notice is required here under a party may give such notice in writing directed, addressed and set by certified or registered U.S. Mail as follows:

As to The Authority:

Chairman  
The Fulton- DeKalb Hospital Authority  
80 Butler Street, S.E.  
Atlanta, Georgia 30335

As to Morehouse School of Medicine

President  
The Morehouse School of Medicine, Inc.  
720 Westview Drive, S. W.  
Atlanta, Georgia 30310-1495

Notice shall be deemed given upon receipt. Notice given in such manner shall be adequate compliance with this Agreement. A party may change the above address by giving notice in writing to the other party.

**23.**  
**MISCELLANEOUS**

(a) Patient Care

The parties further agree that the first and prime responsibility of The Authority is to render care to the sick and injured and that such responsibility shall likewise be the first purpose of the parties in performance of this Agreement.

(b) Salary Supplements

MSM agrees that it shall not supplement the salary of any person on the Grady payroll and Grady agrees that it shall not supplement the salary of any person on the MSM payroll without the prior written consent of the other party to this Agreement.

(c) Spokespersons

The Chair of The Authority and the Grady CEO shall be the spokespersons for The Authority, and the President, or Senior Vice President for Academic Affairs of MSM shall be designated as spokespersons for MSM. All public statements relative to the operation of Grady and MSM under this Agreement should be channeled through these designated individuals. Joint statements, rather than individual or separate statements, should be made when possible. Either MSM or The Authority may designate an alternate spokesperson at any time, provided that notice of such designation of such alternate is given to the other party prior to the effective date of the appointment of such alternate.

(d) Status of MSM Faculty and Employees

It is expressly acknowledged by the parties hereto that the MSM members of the House Staff, the Scientific Staff and Physician's Assistants, support staff and the Active Medical Staff are assigned to Grady by MSM to furnish services to The Authority in accordance with the terms of the Agreement. MSM understands and agrees that pursuant to this Agreement, (1) The Authority will not withhold on

behalf of MSM, the House Staff, the Scientific Staff, Physician's Assistants or the Active Medical Staff and is not liable for any withholding or for any sums for income tax, unemployment insurance, Social Security, or any other withholding pursuant to any law or requirement of any governmental body relating to employees, (2) The Authority will not, and is not obligated to make available to MSM House Staff, the Scientific Staff, Physician's Assistants or Active Medical Staff any of the benefits afforded to employees of The Authority, and (3) all such payments, withholdings and benefits, if any, are the sole responsibility of MSM or its designees. In the event the IRS, the Department of Labor, the Equal Employment Opportunity Commission, the National Labor Relations Board, or any other federal or state regulatory agency should question or challenge the independent contractor status of MSM, the House Staff, the Scientific Staff and Physician's Assistants or the Active Medical Staff with respect to The Authority, the parties hereto mutually agree that both MSM or its designees and The Authority shall have the right to participate in any discussion or negotiation occurring with such agency or agencies, regardless of by whom such discussion or negotiation is initiated.

(e) Equal Employment Opportunity

The applicable provisions of Executive Order 11246, Section 503 of the Rehabilitation Act of 1973, and the Vietnam Era Veterans Readjustment Assistance Act, and applicable regulations issued thereunder are hereby incorporated herein by reference. In performing the duties required under this Agreement, neither The Authority, Grady, MSM nor their agents or employees will discriminate on the basis of race, color, creed, national origin, age, sex, handicap or veterans status.

(f) Governing law

This Agreement has been executed and delivered, and shall be interpreted, construed, and enforced pursuant to and in accordance with the laws of Georgia.

(g) Assignment

The parties to this Agreement will have continuing responsibility for the obligations herein provided and will not be able to avoid these obligations by assignment or delegation of the rights or obligations here under, without the specific prior written consent of both parties hereto.

(h) Waiver of breach

The waiver by either party of a breach or violation of any provision of this Agreement shall not operate as, or be construed to be, a waiver of any subsequent breach of the same or other provision here of.

(i) Article and headings

The article and other headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

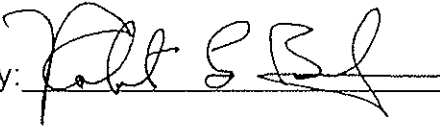
(j) Severability

If any provision is declared unenforceable by a court for any reason, that party's inability to comply with such provision shall not affect the remainder of the Agreement, in which all remain in full force and effect, and enforceable in accordance with its terms and provisions.

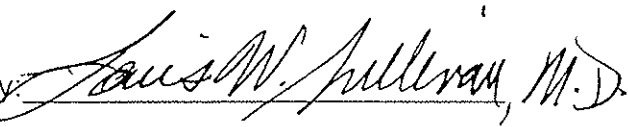


IN WITNESS WHEREOF, the parties have caused this instrument to be executed in duplicate in their names and on their behalf and have caused their seals to be affixed hereto by their duly authorized officers as of the day and year first above written.

**The Fulton-DeKalb Hospital Authority**

By:  \_\_\_\_\_

**Morehouse School of Medicine, Inc.**

By:  \_\_\_\_\_