

ANCILLARY AND SUPPORT SERVICES AGREEMENT

THIS AGREEMENT ("Agreement") is entered into as of August 12, 2003 by and between Hospital Authority of the Metropolitan Government of Nashville and Davidson County, a public and governmental body acting as an agency and instrumentality of the Metropolitan Government of Nashville and Davidson County, hereinafter called "Hospital Authority" and Kindred Hospitals Limited Partnership, a Delaware limited partnership, hereinafter called "Kindred," in consideration of the following facts.

A. Hospital Authority, as landlord, and Kindred, as tenant, have entered into a Sublease bearing even date herewith, hereinafter called the "Sublease," whereby Kindred has leased space in Landlord's hospital located at 1414 County Hospital Road, Nashville, Tennessee 37218, commonly known as Nashville Metropolitan Bordeaux Hospital (the "Hospital"), for the operation of a long term acute care hospital. This Agreement is referred to in the Sublease as the "Ancillary and Support Services Agreement."

B. Kindred has need of certain support services in order to efficiently operate a long term acute care hospital on the Premises.

C. Inasmuch as Hospital Authority maintains staff, equipment and systems that provide the same support services in the operation of Metropolitan Nashville General Hospital, located at 1818 Albion Street, Nashville, Tennessee 37208, and Nashville Metropolitan Bordeaux Hospital, a skilled nursing and intermediate care facility located in the Hospital (collectively, the "Hospital Authority Facilities"), and is willing to provide such services to Kindred, Kindred has elected to enter into a contract with Hospital Authority for such support services on the terms and conditions set forth herein.

NOW, THEREFORE, it is mutually covenanted and agreed as follows:

1. DEFINITIONS:

1.1. As used in this Agreement, "Premises" shall have the meanings set forth in the Sublease.

1.2. As used in this Agreement, the "Support Services" shall mean those ancillary and support services identified in Exhibits A - O, which are attached hereto, and incorporated herein by this reference, as amended from time to time hereafter by the written agreement of the parties.

1.3. As used in this Agreement, the "Clinical Support Services" shall mean that subset of the Support Services identified in Exhibits H - O that involve direct patient care.

1.4. As used in this Agreement, the "LTAC" shall mean the long term acute care hospital that Kindred will operate on the Premises.

2. TERM OF AGREEMENT:

2.1. This Agreement shall commence as of the Occupancy Date set forth in the Sublease and shall continue in effect until the expiration or termination of the Sublease, unless terminated earlier pursuant to Section 11 hereof.

2.2. If the term of the Sublease is extended beyond the Initial Term, then this Agreement shall be automatically extended for the same length of time.

3. SERVICES TO BE PROVIDED:

3.1. Hospital Authority shall provide (or arrange to have provided through a subcontractor) the Support Services to Kindred and to Kindred's patients on the Premises, as are described in Exhibits A - O. Notwithstanding the foregoing, Kindred reserves the right to provide such services, in whole or in part, directly or by other means.

3.2. Except as provided in Section 11 or in Section 13.6 hereof, under no circumstances shall Hospital Authority have the right to limit the availability of, or Kindred's right to use, any of the Support Services.

4. PERFORMANCE STANDARDS:

4.1. All Support Services provided by Hospital Authority shall be provided in accordance with standards of quality (including, without limitation, training and experience of staff, types of equipment, and timeliness) generally available in the Hospital's metropolitan area, required to satisfy licensing and certification requirements, and in accordance with Exhibits A - O.

4.2. Upon Kindred's request, Hospital Authority shall meet with Kindred to discuss the operation of the LTAC and to resolve any differences or problems relative to the services being rendered by Hospital Authority hereunder.

5. PAYMENT FOR SERVICES:

5.1. All Support Services shall be charged to Kindred as provided in Exhibit A. At the end of each calendar month, Hospital Authority shall submit a single invoice to Kindred showing the charges to Kindred for Support Services provided in the previous calendar month. Kindred shall remit payment for the charges, other than any disputed charges, within thirty (30) days of the date of the invoice.

5.2. Hospital Authority shall be responsible for the payment of all expenses incurred in connection with the provision of the Support Services to Kindred

hereunder, including, but not limited to, salaries, utilities, maintenance, insurance and taxes.

5.3. All capital expenditures relating to the Support Services, including, but not limited to, capital expenditures for moveable equipment, shall be borne solely by Hospital Authority, and Kindred shall not be required to make any payment on account of such capital expenditures.

5.4. In determining the compensation to be paid to Hospital Authority for the Support Services, the parties agree that the amounts to be paid represent the fair market value of the services to be provided, without, in any way, taking into account or being predicated upon the volume or value of any referrals or business otherwise generated between the parties.

5.5. Nothing contained herein requires the referral of any patient between the parties and no compensation or consideration of any kind shall be paid or given for any such referrals. Notwithstanding any provision of the Sublease or anything contained herein to the contrary, each party retains the right, in its sole discretion, to refer patients to any person or entity deemed appropriate for their care and treatment.

6. PERSONNEL:

6.1. The personnel assigned by Hospital Authority to perform the Support Services will be qualified to perform the assigned duties.

6.2. Hospital Authority assumes responsibility for its personnel providing Support Services hereunder, and will be responsible for their salaries and all deductions required of employers by state, federal and local laws, including deductions for social security and withholding taxes, and contributions for unemployment compensation funds, and shall provide for employee benefits in accordance with the program offered by the Metropolitan Government of Nashville and Davidson County.

7. RELATIONSHIP OF PARTIES:

7.1. The parties hereto agree that Hospital Authority is an independent contractor and is not an agent or representative of Kindred. Nothing contained herein shall be construed or deemed to make Hospital Authority and Kindred partners or joint venturers. It is expressly understood and agreed that each party shall be responsible for its own agents and employees and that neither party shall make any claim against the other for contribution or payment of work or vacation pay, sick leave, retirement benefits, social security contributions, disability or unemployment insurance benefits or employee benefits of any kind or nature with respect to its own agents or employees.

8. RESPONSIBILITIES OF HOSPITAL:

8.1. Hospital Authority shall not grant preferences to its patients, physicians or personnel in providing the Support Services to Kindred. Without limiting the foregoing, and unless otherwise specifically agreed by both parties, scheduling for the provision of Support Services (including the use of facilities and personnel) shall be accomplished without reference to whether the patient who is to receive such Support Services or use such facility is a patient of Hospital Authority or a patient of Kindred. The timing and extent of the provision of Support Services shall be determined solely on the basis of the needs of the patient, the time of request, medical urgency, and other reasonable factors that (a) relate to effective utilization of Support Services, and (b) in no way impose distinctions between patients of Kindred and patients of Hospital Authority.

8.2. Hospital Authority shall not discriminate on the basis of sex, race, religion, age, creed, color or national origin with respect to the performance of services pursuant to this Agreement, or with respect to the hiring, placement, and management of its personnel.

8.3. Hospital Authority will provide services at all times in compliance with all applicable federal, state and local laws, statutes, rules and regulations.

8.4. Hospital Authority shall furnish, at its own expense, all supplies, foodstuffs, materials and equipment necessary to perform its obligations under this Agreement.

8.5. Hospital Authority will assure that all Hospital Authority personnel working on the Premises and providing Support Services will adhere to Kindred's policies, procedures, protocols and its Corporate Integrity Agreement ("CIA") and the LTAC's medical staff bylaws affecting the operation of the LTAC on the Premises.

8.6. Hospital Authority will implement all policies and procedures pertaining to the Support Services being rendered to Kindred hereunder that are necessary to satisfy all licensing and certification requirements for an LTAC that are or may hereafter be imposed by the Tennessee health care regulatory agencies, Medicare, Medicaid, the Joint Commission on Accreditation of Healthcare Organizations ("JCAHO"), and any and all currently accepted and approved methods, practices and professional standards, whether or not the requirements which may be hereafter adopted involve a change in policy, qualifications or procedures on the part of the body enacting or adopting such requirements.

8.7. It shall be Hospital Authority's sole responsibility to pay any and all fees, costs and other payments imposed in connection with or as a condition of any of its personnel obtaining and maintaining any and all licenses, whether professional or otherwise, and certifications necessary to perform the Support Services.

8.8. Hospital Authority hereby covenants and agrees that it will, at all times during the performance of the Clinical Support Services, act in good faith and with due diligence, in accordance with recognized standards of the medical and mental health profession, and in a manner consistent with the Principles of Medical Ethics of the American Medical Association.

8.9. Hospital Authority shall cooperate fully before, during and after any scheduled or unscheduled inspections, tours, surveys and accreditation visits at the LTAC by any regulatory body or agency or accreditation organization.

8.10. Hospital Authority will perform the Support Services in such manner and at such times as does not unreasonably interfere with the health, safety, or treatment of Kindred's patients.

8.11. Neither Hospital Authority nor any Hospital Authority employee shall willfully or deliberately interfere with the performance by Kindred employees of their duties.

8.12 Hospital Authority agrees to provide all ancillary and support services, including but not limited to the Support Services, to patients in the LTAC on or before the Commencement Date of the Sublease, at no charge to Kindred, if TennCare (the Tennessee Medicaid program) refuses to reimburse Kindred for their care and Kindred determines that treating such patients in the LTAC is still medically appropriate.

9. RESPONSIBILITIES OF KINDRED:

9.1. Kindred shall comply with all requirements imposed by the State of Tennessee in order to operate the LTAC, and shall comply with all rules and regulations from time to time imposed by the Centers for Medicare and Medicaid Services (f/k/a the Health Care Financing Administration) and other federal agencies or instrumentalities having jurisdiction over long term acute care hospitals under Medicare.

9.2. Kindred shall be solely responsible for the determination, planning and implementation of treatment for patients admitted to the LTAC.

9.3. Kindred shall provide all personnel required to develop and operate the LTAC, including, but not limited to, personnel required for medical-administration and implementation of comprehensive treatment.

9.4. Kindred shall not discriminate on the basis of sex, race, religion, age, creed, color or national origin with respect to the performance of services pursuant to this Agreement, or with respect to the hiring, placement, and management of its personnel.

9.5. Kindred shall, from time to time, as determined by mutual agreement with Hospital Authority, provide orientation to Hospital Authority staff who are providing

services hereunder as to the background and philosophy of the LTAC's operation, its policies and procedures.

9.6. Kindred shall use its best efforts to ensure that the patients admitted to the LTAC do not interfere with the operation of the Hospital or with the performance of Hospital Authority's duties hereunder.

9.7. Notwithstanding anything contained herein to the contrary, Kindred will neither have nor exercise such control over the manner in which Hospital Authority performs the Support Services as would jeopardize the status of Hospital Authority as an independent contractor with Kindred, or as would cause Kindred to be treated as violating any legal prohibition against the corporate practice of medicine.

9.8. Kindred shall cooperate fully before, during and after any scheduled or unscheduled inspections, tours, surveys and accreditation visits at the skilled nursing facility located in the Hospital by any regulatory body or agency or accreditation organization.

10. CONFIDENTIAL INFORMATION:

10.1. For purposes of this Agreement, the term "confidential information" shall include the following items relating to Kindred, the LTAC and Hospital Authority: (a) all documents and other materials, including, but not limited to, all agreements, memoranda, clinical manuals, handbooks, administrative, operations or procedural manuals, relating to the operation of the LTAC, Hospital Authority, and Kindred; (b) all methods, techniques and procedures utilized in providing services to patients in the LTAC not readily available through sources in the public domain; (c) all information concerning the identity, location and qualifications of staff members, professionals and employees, existing and prospective; (d) all information concerning referral sources; (e) information concerning reimbursement sources, insurers and other third-party payors such as, but not limited to, preferred provider organizations ("PPOs"), health maintenance organizations ("HMOs") and other contractual arrangements with health care providers; (f) all medical and personnel records; (g) all financial and statistical records, and other books, accounts, records and information provided under this Agreement; (h) all existing and prospective patient lists, names and addresses; and (i) all data, reports, records, agreements and other information (whether written, electronic, magnetic, digital or other form) furnished pursuant to this Agreement.

10.2. The parties hereto acknowledge and agree that the disclosure of confidential information will be in reliance upon the representations and covenants contained in this Section, and that they shall hold all confidential information in strictest confidence. As used herein, "strictest confidence" means that the parties shall not, under any circumstances without the other party's prior written consent, which such other party shall be under no obligation to grant, communicate, transmit, distribute, disseminate or disclose any of the confidential information, either in writing or orally,

directly or indirectly, individually or through an agent, employee, representative or other person, to any other person, firm or entity.

(a) Notwithstanding the foregoing, the following shall not be considered confidential information:

(i) information that is generally known to the public at the time of disclosure or becomes generally known through no wrongful act on the part of the recipient;

(ii) information that is in the recipient's possession at the time of disclosure other than as a result of the recipient's breach of any legal obligation to the disclosing party;

(iii) information that becomes known to the recipient through disclosure by sources other than the disclosing party having the legal right to disclose such information;

(iv) information that is independently developed by the recipient without reference to or reliance upon the confidential information.

(b) Notwithstanding the foregoing, the following disclosures of confidential information shall not be prohibited:

(i) information that is required to be disclosed by the recipient to comply with applicable laws or governmental regulations, including any information that Hospital Authority is required to make available to the public under the Tennessee Public Records Act (Tenn. Code Ann. §§ 10-7-503 to 10-7-505), provided that the recipient provides prior notice, whenever possible, of such disclosure to the disclosing party and takes reasonable and lawful actions, to the extent permitted by law, to avoid and/or minimize the extent of such disclosure; or

(ii) information that is disclosed to either party's attorney(s), accountant(s) or employee(s) who have a specific need to know such information and who are expressly obligated themselves to hold the confidential information in trust and confidence.

10.3. Upon termination of this Agreement by either party for any reason whatsoever, each party shall immediately return to the other party all materials, originals and all copies constituting or containing confidential information and shall thereafter continue to hold such confidential information in strictest confidence, as that term is defined in Section 10.2 hereof.

10.4. In the event of a breach by either party of the provisions of this Section 10, the non-breaching party shall be entitled to a non-exclusive equitable remedy prohibiting the breaching party from disclosing, in whole or in part, any

confidential information. Nothing contained herein shall be construed as prohibiting the non-breaching party from pursuing any other remedies available to it, including the recovery of damages for any such breach.

10.5. The provisions of this Section shall survive the termination of this Agreement.

11. TERMINATION:

11.1. The termination of the Sublease by either Hospital Authority or Kindred for any reason whatsoever, shall automatically terminate this Agreement as of the date of such termination. The assignment of the Sublease, if permitted thereunder, shall not result in termination of this Agreement.

11.2. Hospital Authority shall have the right to terminate this Agreement upon the following terms:

11.2.1. If Kindred, on two or more occasions during the term of this Agreement, has failed to make any payments to Hospital Authority within the time periods specified therefor in Section 5 hereof, then Hospital Authority may terminate this Agreement upon five (5) days' prior written notice to Kindred describing such default and setting forth Hospital Authority's election to terminate this Agreement if Kindred does not make such payments within that five (5) day period; provided, however, that this Section 11.2.1 shall not apply to any good faith dispute regarding such payments.

11.2.2. If Kindred fails to perform any of the material provisions of this Agreement, other than the payment of money by Kindred, and such failure is not cured within thirty (30) days after written notice has been given to Kindred describing the default and the applicable provisions of this Agreement, Hospital Authority may terminate this Agreement upon thirty (30) days' prior written notice to Kindred. Notwithstanding anything contained herein to the contrary, if the default cannot reasonably be cured within said thirty (30) day period, Kindred shall not be in default hereunder if Kindred commences to cure the default within the thirty (30) day period and diligently and in good faith pursues all steps necessary to cure the default.

11.3. Kindred shall have the right to terminate this Agreement upon the following terms:

11.3.1. If Hospital Authority fails to perform any of the material provisions of this Agreement and the failure to perform is not cured within thirty (30) days after written notice has been given to Hospital Authority describing the default and setting forth the applicable provisions of this Agreement, Kindred may terminate this Agreement upon thirty (30) days' prior written notice to Hospital Authority. Notwithstanding anything contained herein to the contrary, if the default cannot reasonably be cured within said thirty (30) day period, Hospital Authority shall not be in

default hereunder, if Hospital Authority commences to cure the default within the thirty (30) day period and diligently and in good faith pursues all steps necessary to cure the default.

11.4. Notices given with respect to defaults by a party shall specify the alleged default and the applicable provisions of this Agreement, and shall demand that the defaulting party perform its obligations under this Agreement or pay the sums that are due and in arrears, as the case may be, within the applicable period of time.

11.5. Upon the date specified in any Notice of Termination, this Agreement shall be of no further force or effect, provided, however, that (a) Kindred shall remain obligated to pay to Hospital Authority all monies owing to it for the provision of Support Services to the date of termination, and (b) the parties shall remain responsible for the performance of obligations and agreements that are expressly stated herein to be obligations that survive the termination of this Agreement.

11.6. In the event that there shall be a change in the Medicare or Medicaid laws, rules or regulations, or a change in any other third party payor reimbursement system after the date the parties execute this Agreement that materially affects the reimbursement that Kindred receives for any of the services being rendered by Hospital Authority, either party may, by written notice to the other party propose revisions to this Agreement. If such notice is given and the parties are unable, within twenty (20) days after receipt of such notice, to agree upon new terms or a modification of the compensation provided for herein, then either party may terminate this Agreement by giving ten (10) days' prior written notice to the other.

12. INDEMNITY; LIABILITY:

12.1. Indemnity. Kindred and Hospital Authority shall indemnify each other as provided in this Section 12.1.

12.1.1. Indemnity by Kindred. To the extent permitted by law, Kindred agrees to defend, protect, indemnify and hold Hospital Authority harmless from and against Claims which Hospital Authority may suffer, sustain or become subject to as a result of or arising out of (i) any material misrepresentation by Kindred in or in connection with this Agreement or in any exhibit hereto; (ii) any breach of any covenant or agreement of Kindred contained in this Agreement or in any certificate, instrument of transfer, or other document or agreement executed by Kindred in connection with this Agreement; and (iii) any liability or obligation of Kindred which accrues or arises out of the operation of the LTAC; except as to such portion of any such Claims that arise out of or are in any way connected with the negligence or willful misconduct of Hospital Authority or Hospital Authority's breach of its obligations under this Agreement. For purposes of this Section 12.1.1, the term "Hospital Authority" includes any parent, subsidiary or affiliate of Hospital Authority, Hospital Authority's insurance carrier, and the officers, directors, employees, agents and contractors of each of the foregoing. For purposes of this Agreement, the term "Claims" shall mean any and all claims, demands,

losses, damages, liabilities, obligations, costs, including, but not limited to reasonable attorneys' fees, expenses, fines and sanctions whatsoever.

12.1.2. Indemnity by Hospital Authority. Kindred understands that, as of the date first above written, Hospital Authority does not have the authority under current law to indemnify private parties, including Kindred. However, to the extent permitted by law after the date first above written, Hospital Authority agrees to defend, protect, indemnify and hold Kindred harmless from and against Claims which Kindred may suffer, sustain or become subject to as a result of or arising out of (i) any material misrepresentation by Hospital Authority in or in connection with this Agreement or in any exhibit hereto; (ii) any breach of any covenant or agreement of Hospital Authority contained in this Agreement or in any certificate, instrument of transfer, or other document or agreement executed by Hospital Authority in connection with this Agreement; (iii) any liability or obligation of Hospital Authority which accrues or arises out of providing Support Services to the LTAC, except as to such portion of any such Claims that arise out of or are in any way connected with the negligence or willful misconduct of Kindred or Kindred's breach of its obligations under this Agreement; and (iv) any liability or obligation of Hospital Authority which accrues or arises out of Hospital Authority's operation of the Hospital, except as to such portion of any such Claims that arise out of or are in any way connected with the negligence or willful misconduct of Kindred or Kindred's breach of its obligations under this Agreement. For purposes of this Section 12.1.2, the term "Kindred" includes its parent corporation, any subsidiary or affiliate of Kindred, Kindred's insurance carrier, and any provider under contract with Kindred, and the officers, directors, employees, agents and contractors of each of the foregoing.

12.1.3. Notice; Duty to Defend; Settlement. The following provisions shall govern Sections 12.1.1 and 12.1.2. As soon as is reasonably practicable after Kindred or Hospital Authority becomes aware of any Claims that it has which is covered under this Section 12.1, Kindred or Hospital Authority, as the case may be ("Indemnified Party") shall notify the other party ("Indemnifying Party") in writing, which notice shall describe the Claims in reasonable detail, and shall indicate the amount (estimated, if necessary to the extent feasible) of the Claims. The failure of any Indemnified Party to promptly give any Indemnifying Party such notice shall not preclude such Indemnified Party from obtaining indemnification under this Section 12.1, except to the extent that such Indemnified Party's failure has prejudiced the Indemnifying Party's rights or increased its liabilities and obligations hereunder. In the event of third party Claims which are subject to indemnification under this Section 12.1, the Indemnifying Party shall promptly defend such Claims by counsel of its own choosing, subject to the approval of the Indemnified Party, which approval shall not unreasonably be withheld, and the Indemnified Party shall cooperate with the Indemnifying Party in the defense of such Claims including the settlement of the matter on the basis stipulated by the Indemnifying Party (with the Indemnifying Party being responsible for all costs and expenses of such settlement). Any such settlement shall include a complete and unconditional release of the Indemnified Party from the Claims. If the Indemnifying Party within a reasonable time as after notice of Claims fails to

defend the Indemnified Party, the Indemnified Party shall be entitled to undertake the defense, compromise or settlement of such Claims at the expense of and for the account and risk of the Indemnifying Party, except the Indemnified Party may not enter into a settlement without the written consent of the Indemnifying Party, such consent not to be unreasonably withheld. The Indemnified Party has the right to participate in the defense of any Claims (at its own expense) and approve any settlement, such approval not to be unreasonably withheld.

12.1.4. Survival. The Indemnifying Party's obligation to indemnify the Indemnified Party shall survive the termination of this Agreement, and shall continue until termination of any pending lawsuit or Claims or proceedings, including any appeals therefrom; and if there shall then be pending any Claim for indemnification hereunder previously asserted by the Indemnified Party, such Claim for indemnification shall continue to be subject to indemnification in accordance with the provisions of this Section 12.1.

12.2. Liability.

12.2.1. Representation and Warranty by Hospital Authority. Hospital Authority represents to Kindred that, as of the date first above written, it is not aware of any Pre-Commencement Date Claims or any past activities at the Hospital that are not in compliance with applicable laws and regulations regarding billing, reimbursement and related matters, and to the best knowledge of Hospital Authority the Hospital is in compliance with all applicable laws and regulations regarding billing, reimbursement and related matters, and there is no existing government or private inquiry, audit, subpoena or investigation of, penalties imposed upon, or lawsuit against the Hospital, except for (1) the U.S. Department of Health and Human Services ("HHS"), Office of Inspector General ("OIG") audit of Medicaid payments to the Hospital as part of the OIG's multi-state review, and (2) the investigation by the U.S. Department of Justice ("DOJ") of resident care and treatment at the Hospital pursuant to DOJ's authority under the Civil Rights of Institutionalized Persons Act (42 U.S.C. § 1997). Hospital Authority warrants to Kindred that it shall be solely responsible for and take any and all necessary action after the Commencement Date of the Sublease to resolve any Pre-Commencement Date Claims. If any Pre-Commencement Date Claims are brought against Kindred, Kindred shall promptly notify Hospital Authority of such Pre-Commencement Date Claims in accordance with Section 12.2.3, and Hospital Authority shall resolve such Pre-Commencement Date Claims expeditiously and with as minimal cost to Kindred as possible. For purposes of this Agreement, "Pre-Commencement Date Claims" shall mean any and all Claims whatsoever arising out of or related to the operation of the LTAC, or participation of the LTAC in a government health care program (including Medicare and Medicaid) or other health insurance plan, for the period prior to the Commencement Date of the Sublease.

12.2.2. Tennessee Government Tort Liability Act. Hospital Authority is a governmental entity as defined in the Tennessee Governmental Tort Liability Act, Tennessee Code Annotated § 29-20-101 et seq. (the "GTLA"). Subject to

the terms and exceptions of the GTLA, Hospital Authority is immune from suit for any injury which may result from the activities of Hospital Authority wherein Hospital Authority is engaged in the exercise and discharge of any of its functions, governmental or proprietary. Notwithstanding any other provision of this Agreement to the contrary, in no event shall the provisions of this Agreement be construed in such a manner as to subject Hospital Authority to liability, directly or indirectly, in excess of the limitations provided in the GTLA. Any Claims of Kindred against Hospital Authority related to or arising out of this Agreement shall be governed by the provisions of this Agreement and applicable law, except for Claims that would be barred or limited by the GTLA.

12.2.3. Notice. Each party to this Agreement mutually agrees to provide timely notice to the other party of any knowledge of the existence of a third party claim against said party or the occurrence of an incident which is likely to lead to a third party claim against said party.

12.2.4. Survival. The parties obligations in this Section 12.2 shall survive the termination of this Agreement, and shall continue until any pending claims or liabilities have been resolved, including any appeals therefrom.

13. MISCELLANEOUS:

13.1. Books, Documents and Records Access: The parties agree that pursuant to 42 U.S.C. § 1395x(v)(1)(I) and 42 C.F.R. §§ 420.301 to 420.304, until the expiration of four years after the furnishing of services pursuant to this Agreement, Hospital Authority shall make available, upon written request from the United States Comptroller General or United States Department of Health and Human Services ("HHS") or any of their duly authorized representatives, this Agreement and all books, documents and records necessary to verify the nature and extent of the costs incurred or the value of the services rendered by Hospital Authority under this Agreement. If Hospital Authority carries out any of the duties required of it under this Agreement through a subcontract worth \$10,000.00 or more over a twelve month period with a related organization, the subcontract will also contain a clause permitting access, until the expiration of four years after the furnishing of services pursuant to the subcontract, upon written request from the United States Comptroller General or HHS or any of their duly authorized representatives, to the subcontract and the related organization's books, documents and records necessary to verify the nature and extent of the costs incurred or the value of the services rendered by the related organization under the subcontract.

13.2. Integration: This Agreement and the Sublease, including any exhibits, contain the whole of the understanding between the parties relative to the provision of services by either party to the other, and merges within it any and all prior and/or contemporaneous negotiations, understandings, agreements and representations, whether oral or written. No prior agreement or understanding pertaining to any such matter shall be effective. Kindred and Hospital Authority acknowledge that they have not been induced to enter into this Agreement by any

representations or statements, oral or written, not expressly contained herein or expressly incorporated by reference. Any modification of this Agreement must be in writing, signed by the parties at the time of the modification, and approved by the Metropolitan Council, except that the services to be provided pursuant to this agreement and the pricing of such services may be modified from time to time as agreed by the parties in writing without approval of the Metropolitan Government.

13.3. No Third Party Beneficiaries: Except as herein expressly provided to the contrary, the provisions of this Agreement are for the benefit of the parties hereto solely and not for the benefit of any other person or entity.

13.4. Partial Invalidity: Subject to Section 13.6, in the event that any provision of this Agreement shall be or become invalid by virtue of any law, rule or regulation, this Agreement shall be construed as if such provision had not been included herein, except when such construction (a) would have a material adverse effect on either party; or (b) would constitute a substantial deviation from the general intent and purposes of the parties as reflected herein. In the event of either (a) or (b) above, Kindred and Hospital Authority hereby agree to modify this Agreement so as to conform and comply with such laws, rules and regulations without altering the intent of the parties as reflected herein. The party seeking to modify this Agreement will send written notice to the other party with proposed revisions to this Agreement. If such notice is given and the parties are unable, within twenty (20) days after receipt of such notice, to agree upon new terms or a modification of the compensation provided for herein, then either party may terminate this Agreement by giving ten (10) days' prior written notice to the other.

13.5. Notice: Any notice, demand or communication required or permitted to be given under this Agreement or which any party may wish to send to the other party ("Notice" or "Notices") shall be in writing and shall be deemed to have been properly given if served by (i) personal delivery (including service by overnight courier service) or (ii) registered or certified U.S. mail, or by comparable private carrier, First Class, return receipt requested in a sealed envelope, postage or other charges prepaid, addressed to the party for whom the Notice is intended as specified below. All Notices shall be deemed given and effective when received if personally delivered or if mailed on the date shown on the return receipt, or if a receipt has not been received three (3) days following deposit in the mail. Any party to this Agreement may change its address for Notice from time to time by Notice given in accordance with the foregoing provisions.

Kindred at:

Kindred Hospitals Limited Partnership
c/o Kindred Healthcare, Inc.
680 S. Fourth Avenue
Louisville, Kentucky 40202
Attention: President-Hospital Division
Fax: (502) 596-4026

Phone: (502) 596-7701

And

Kindred Healthcare, Inc.
680 S. Fourth Avenue
Louisville, Kentucky 40202
Attention: Leased Property Manager
Phone: (502) 596-7234
Fax: (502) 596-4075

And

Kindred Healthcare, Inc.
680 S. Fourth Avenue
Louisville, Kentucky 40202
Attention: General Counsel
Phone: (502) 596-7234
Fax: (502) 596-4075

Hospital Authority at:

Nashville Metropolitan Bordeaux Hospital
1414 County Hospital Road
Nashville, TN 37218
Attention: May Bennett, COO
Fax: (615) 862-6950
Phone: (615) 862-7005

And

Metropolitan Department of Law
Metropolitan Courthouse
Nashville, TN 37201
Attention: Director of Law
Phone: (615) 862-6341
Fax: (615) 862-6352

13.6. Force Majeure: Neither Hospital Authority nor Kindred shall be deemed to be in default hereunder if Hospital Authority or Kindred is unable to fulfill any of its obligations hereunder or is delayed in doing so, if such inability or delay is caused by a Force Majeure. As used in this Section 13.6, a "Force Majeure" is defined as causes beyond the reasonable control of such party, including, without limitation, acts of God; civil commotion; strikes; destruction of Hospital facilities, the LTAC facilities, or books and records related to the Support Services by fire, earthquake or storm; and

imposition of new or revised acts, regulations, or laws of any government, or interpretations thereof by judicial or regulatory authority, that significantly diminish such party's ability to fulfill any of its obligations hereunder. Each party agrees to promptly provide written notice to the other party of any Force Majeure under this Section 13.6, and to employ all reasonable efforts towards prompt resumption of its performance hereunder when possible if such performance is delayed or interrupted by reason of such event. In the event of a Force Majeure that continues for more than sixty (60) days, the party receiving notice of a Force Majeure shall have the option to terminate this Agreement without penalty.

13.7. Counterparts: This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which shall constitute one instrument.

13.8. Captions: The captions of this Agreement are for convenience only and are not a part of this Agreement and do not in any way limit or amplify the provisions of this Agreement.

13.9. Applicable Law: This Agreement is made and entered into in the State of Tennessee and shall be interpreted and enforced under and pursuant to the laws of said jurisdiction.

13.10. Interpretation: Whenever the context of any provision shall require it, the singular number shall include the plural number, and vice-versa, and the use of any gender shall include any other or all genders as used in this instrument. This Agreement has been negotiated at arms length and between persons sophisticated and knowledgeable in the matters dealt with in this Agreement. In addition, each party has been represented by experienced and knowledgeable legal counsel. Accordingly, any rule of law or legal decision that would require interpretation of any ambiguities in this Agreement against the party that has drafted it, is not applicable and is hereby waived. The provisions of this Agreement shall be interpreted in a reasonable manner to effect the purpose of the parties to this Agreement.

13.11. Cost of Suit. If any proceeding is commenced under this Agreement, the parties agree to pay for their own costs and expenses associated with such proceeding (including, but not limited to, attorneys' fees).

13.12. Successors and Assigns: Each provision hereof shall extend to and shall, as the case may require, bind and inure to the benefit of Hospital Authority and Kindred and their respective heirs, legal representatives, successors and assigns, in the event this Agreement has been assigned by either party with the express written consent of the other party hereto, except that either party may assign its rights and responsibilities under this Agreement to a parent company, subsidiary or affiliate under common control without the consent of the other party hereto, provided that the assignor continues to remain ultimately responsible for its obligations under this Agreement.

14. **HIPAA Compliance:** Hospital Authority acknowledges that it meets the definition of a “business associate,” and Kindred acknowledges that it meets the definition of a “covered entity” set forth in the regulations adopted pursuant to the Health Insurance Portability and Accountability Act (hereinafter, the Health Insurance Portability and Accountability Act and its implementing regulations (including, without limitation, the privacy regulations adopted at 45 C.F.R. Parts 160 and 164 and the code set regulations adopted at 45 C.F.R. Parts 160 and 162), as they may be amended from time to time, collectively referred to as “HIPAA”), and that this Agreement is subject to the requirements for business associate contracts with covered entities which involve the use of individually identifiable health information (“Protected Health Information,” as that term is defined by HIPAA). Hospital Authority acknowledges that Kindred will be providing Protected Health Information to Hospital Authority in order for Hospital Authority to carry out its obligations under this Agreement. Hospital Authority may use the Protected Health Information only for the purpose of carrying out its obligations under this Agreement and may not utilize or disclose this information for any other purpose. Hospital Authority covenants and agrees not to use Protected Health Information in any manner that would constitute a violation of HIPAA. In addition, Hospital Authority agrees that it will:

- (i) Not use or further disclose Protected Health Information, other than as permitted or required by this Agreement or as required by law;
- (ii) Use appropriate safeguards to prevent the use or disclosure of Protected Health Information other than as provided for in this Agreement;
- (iii) Report to Kindred any use or disclosure of Protected Health Information not provided for by this Agreement of which Hospital Authority becomes aware;
- (iv) Ensure that any agents, including any subcontractors, to whom Hospital Authority provides Protected Health Information received from (or created or received by Hospital Authority on behalf of) Kindred, execute a written agreement in which they agree to the same restrictions and conditions that apply to Hospital Authority with respect to such information;
- (v) Ensure that if Hospital Authority conducts transactions (defined as the transmission of information between two parties to carry out financial or administrative activities related to health care) in whole or in part for on or behalf of Kindred, Hospital Authority will comply, and will require any of its subcontractors or agents involved with the conduct of such transactions to comply, with each applicable requirement of 45 C.F.R. Parts 160 and 162 for standard transactions;

- (vi) Make available Protected Health Information to individuals seeking access to information about themselves in accordance with 45 C.F.R. § 164.524;
- (vii) Make available Protected Health Information for amendment and incorporate any amendments to Protected Health Information in accordance with the requirements of 45 C.F.R. § 164.526;
- (viii) Make available the information required to provide an accounting of disclosures of Protected Health Information in accordance with 45 C.F.R. § 164.528;
- (ix) Make its internal practices, books and records relating to the use and disclosure of Protected Health Information received from, or created or received by Hospital Authority on behalf of, Kindred available to the Secretary of the United States Department of Health and Human Services for purposes of determining Kindred's compliance with 45 C.F.R. Parts 160 and 164; and
- (x) Upon termination of this Agreement, return or destroy all Protected Health Information received from, or created or received by Hospital Authority on behalf of, Kindred that Hospital Authority still maintains in any form, and retain no copies of such information, or, if such return or destruction is not feasible, extend the protections of this Agreement to the information and limit further uses and disclosures to those purposes that make return or destruction of the information infeasible.

Hospital Authority further agrees that Kindred shall have the right to terminate this Agreement in accordance with Section 11.3 herein if Hospital Authority has violated a material provision of HIPAA, as it relates to this Agreement. The parties agree that this Agreement shall be deemed to be automatically amended to incorporate any and all amendments to HIPAA by statute, by regulation (or HHS directive, rule, or policy) or by interpretation by any court of competent jurisdiction.

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date and year first above written.

Kindred Hospitals Limited Partnership

By: Kindred Healthcare Operating, Inc.,
its General Partner

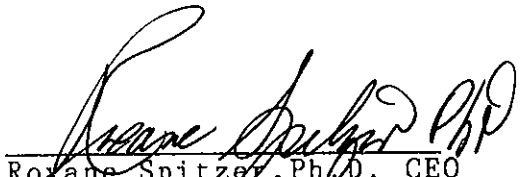


May Bennett, COO
Nashville Metropolitan Bordeaux Hospital

BY: 

U.P. Board of Directors

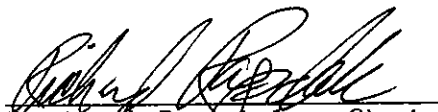
Hospital Authority of the Metropolitan
Government of Nashville and Davidson County



Roxane Spitzer, Ph.D., CEO
Hospital Authority and
Authorized Purchasing Agent

BY: _____

Title: _____



Richard Ragsdale, Chair
Metropolitan Hospital Authority
Board of Trustees

EXHIBIT A

Pricing

The pricing for the Support Services shall be as follows:

1. Unless otherwise stated in this Exhibit A, Kindred shall pay Hospital Authority for each usage of the Clinical Support Services in an amount equal to the Medicare ambulatory payment classification ("APC") groups, as published annually.
2. Kindred shall pay Hospital Authority for the following Support Services at Fifty percent (50%) of Hospital Authority's gross charges, as reported on Hospital Authority's most recently filed Medicare cost report:
 - a. Nuclear medicine services
 - b. Surgical services
 - c. MRIs and CT scans (all other radiology services paid under Section 1)
3. Kindred shall pay Hospital Authority for the following Support Services at a combined per diem rate of Seventeen dollars (\$17.00):
 - a. Housekeeping services
 - b. Linen services
 - c. Laundry services
 - d. Medical gases
 - e. Hazardous waste removal
4. For food services, Kindred shall pay Hospital Authority Five dollars (\$5.00) per patient meal ordered by Kindred. Meal price includes stock provided in nutritional storage areas as ordered by Kindred. Price does not include dietary supplements. Hospital Authority will provide dietician services, and Kindred shall pay Hospital Authority for such services at Thirty Six and 12/100 dollars (\$36.12) per hour.

5. For telephone services, Kindred shall pay Hospital Authority One Thousand Forty dollars (\$1,040.00) per month for all service lines requested by Kindred, local telephone service, PBX telephone services and use of Hospital Authority's TTY equipment and TTY lines.
6. For clinical laboratory specimens drawn by Hospital Authority phlebotomists, Kindred shall pay Hospital Authority Five dollars (\$5.00) per draw. For Reference Lab Services, Kindred shall pay Hospital Authority a handling fee of Ten dollars (\$10.00) per specimen.
7. For pharmaceutical supplies and drugs, Kindred shall pay Hospital Authority the average wholesale price ("AWP") minus ten percent (10%). Kindred shall pay Hospital Authority for the cost of a pharmacy technician according to the following pricing:
 - a. Fifty percent (50%) of the cost of one (1) pharmacy technician when the LTAC patient census (ADC) is five (5) or less;
 - b. One hundred percent (100%) of the cost of one (1) pharmacy technician when the LTAC patient census is six (6) to ten (10);
 - c. One hundred fifty percent (150%) of the cost of one (1) pharmacy technician when the LTAC patient census is eleven (11) to twenty (20); or
 - d. Two hundred percent (200%) of the cost of one (1) pharmacy technician when the LTAC patient census is twenty one (21) to thirty (30).

The parties agree to review the pricing in this Section again upon the earlier of: six (6) months after the Commencement Date of the Sublease or the first date that the LTAC patient census exceeds thirty (30). Upon such review, the parties shall determine whether to retain the pricing in this Section or adopt new pricing.

For pharmacist services for chart/drug regimen review, patient care conferences and quality committee participation, Kindred shall pay Hospital Authority Sixty Three dollars and 37/100 (\$63.37) per hour (which price includes the July 1, 2003 wage increase).

8. For medical equipment and supplies (other than pharmaceutical supplies), for emergency purposes only, Kindred shall pay Hospital Authority's actual

acquisition cost plus a ten (10) percent handling fee (related to purchasing, storage, wastage and the like).

9. For Code coverage, Kindred and Hospital Authority shall each cover the Codes of the other party at no charge, according to the terms of Exhibit K.
10. For morgue and autopsy services, Kindred shall pay Hospital Authority according to Section 1 of this Exhibit A, except for autopsies requested by a patient's family, for which Kindred shall obtain Seven Hundred Fifty dollars (\$750.00) from the patient's family prior to the autopsy procedure and immediately forward such payment to Hospital Authority.
11. For rehabilitation therapy services, Kindred shall pay Hospital Authority Forty and 36/100 dollars (\$40.36) per hour for occupational therapy services, and Forty and 36/100 dollars (\$40.36) per hour for physical therapy services.
12. For television cable service furnished in the Premises by Hospital Authority and requested by Kindred during the term of the Lease, Kindred shall pay Hospital Authority Four Hundred Thirty Two dollars (\$432.00) per month for all patient rooms in the LTAC. Hospital Authority may adjust the charge to Kindred for cable service whenever Hospital Authority's cable service provider increases cable service charges to Hospital Authority. Sections 14 and 15 of this Exhibit A are not applicable to cable service charges.
13. For emergency physician coverage, Kindred shall pay Hospital Authority One and 42/100 dollars (\$1.42) per hour, twenty-four hours a day, seven days a week. For temporary medical director services, Kindred shall pay Hospital Authority One Hundred dollars (\$100.00) per hour for each hour on the medical director's time sheet (log) provided to Kindred.
14. The charge to Kindred for any of the Clinical Support Services paid on the basis of the Medicare APC groups shall be adjusted whenever there has been a change in the APC group payment rate for a Clinical Support Service, provided that Hospital Authority gives Kindred thirty (30) days' prior notice of any increase in the charge for a particular Clinical Support Service and the total charge is not greater than the Medicare APC group payment rate for that Clinical Support Service at the time of the adjustment; provided, further, that if the actual cost (based on the Medicare direct costs) of providing a Clinical Support Service paid

on the basis of the Medicare APC groups exceeds the APC group payment rate for that Clinical Support Service, Kindred and Hospital Authority shall negotiate a fair market rate for such Clinical Support Service, which shall not increase the charge to Kindred by more than five (5) percent for any twelve (12) month period.

15. Nothing herein shall preclude Hospital Authority from prospectively adjusting the charge to Kindred for any of the Support Services other than any of the Clinical Support Services paid on the basis of the Medicare APC groups, provided that Hospital Authority gives Kindred thirty (30) days' prior notice of any increase in the charge for a particular Support Service and the total charge for a particular Support Service after the increase is not greater than the CPI Limit. As used in this paragraph, "CPI Limit" shall mean the maximum gross charge for a Support Service after an increase as determined according to the following formula: $\text{Gross Charge} \times (\text{Extension Index} / \text{Beginning Index})$, where the "Gross Charge" is the Hospital Authority's gross charge for the Support Service on the Commencement Date of the Sublease, the "Beginning Index" is the Consumer Price Index for all Urban Wage Earners and Clerical Workers (U.S. All Items), published by the United States Department of Labor, Bureau of Labor Statistics ("CPI") for the month that includes the Commencement Date of the Sublease, and the "Extension Index" is the CPI for the month prior to the month in which the adjustment is made; provided, however, that in no event shall the charges to Kindred for Support Services increase by more than five (5) percent for any twelve (12) month period. If the CPI is discontinued or revised during the term of this Agreement, such other government index or computation with which it is replaced shall be used in order to obtain substantially the same result as would be obtained if the CPI had not been discontinued or revised.

EXHIBIT B

Food and Dietician Services

Hospital Authority shall furnish food and dietician services through the food and dietary department at the Hospital Authority Facilities. This Agreement specifically excludes pharmaceutical-based nutritional supplements. Food and dietician services shall be provided in accordance with the following requirements:

1. Food and dietician services furnished by Hospital Authority shall meet all applicable standards, including those of the JCAHO for Environment of Care for acute care hospitals, Medicare and Medicaid conditions of participation, state licensing and public health requirements, and local restaurant, health and safety codes.
2. Hospital Authority shall provide a dietitian who will supervise the nutritional aspects of patient care, will report to Kindred's administration, and will coordinate all food and dietary services for Kindred's needs for the Premises utilizing the Hospital Authority's standard menu and menu processes. Hospital Authority dietitian will work closely with Kindred medical staff and Hospital Authority's food service staff with respect to such matters and to ensure proper food preparation and delivery techniques for LTAC patients.
3. Hospital Authority shall provide qualified food service personnel to prepare meals for all Kindred patients as ordered by Kindred's or Hospital Authority's dietitian. Hospital Authority's staff shall be knowledgeable and experienced in food service practices for acute care hospitals, including proper hand washing techniques, food handling, equipment cleaning procedures and techniques, and proper procedures for waste disposal. Hospital Authority shall provide training and orientation with respect to such matters for food service personnel assigned.
4. Hospital Authority's dieticians and food service staff shall cooperate fully before, during and after any scheduled or unscheduled inspections, tours, surveys and accreditation visits.
5. Hospital Authority shall use its best efforts to provide adequate food service staff so as to maintain quality and consistency of services.

6. Kindred shall provide an initial orientation to acquaint Hospital Authority's food service personnel with Kindred's operations and requirements and subsequent orientations will be conducted when Kindred determines they are necessary or upon Hospital Authority's reasonable request. These orientations shall be provided at no charge to Hospital Authority, provided that less than five (5) orientations are conducted during any twelve (12) month period. Additional orientation programs during any twelve (12) month period will be invoiced to Hospital Authority at reasonable rates.
7. Hospital Authority shall maintain a therapeutic diet manual mutually approved by the dietitian(s) and medical staff of the Hospital Authority and Kindred, and appropriate for the diets routinely ordered, and shall make such manual readily available to all medical, nursing, and food service personnel working in the LTAC. All menus will be planned in advance according to State regulations and will be reviewed and approved by Kindred's or Hospital Authority's dietitian.
8. All food storage and preparation shall take place outside of the Premises, provided that Hospital Authority shall stock Kindred's patient care nutritional storage areas with such snacks, condiments, and beverages as are customarily and routinely available in Hospital's own patient care areas. All patient meals will be delivered to Kindred by Hospital in a timely fashion for distribution by the Kindred staff and in accordance with the temperature requirements for food service and in accordance with standards for the sanitary movement of food as practiced in acute care hospitals.
9. Hospital Authority's dietician and food services director(s) shall provide reports to Kindred administration as are reasonably requested and mutually agreed upon and will be responsible for the nutritional aspects of patient care provided to Kindred.
10. Hospital Authority shall monitor quality control, and Kindred shall conduct periodic quality control checks in coordination with Hospital Authority that comply with standards set for its own operation.
11. The dietician services provided by and through Hospital Authority shall be subject to Kindred's review not less often than annually as to the quality of such services.

12. Kindred shall provide a tray delivery system that is consistent with the tray delivery system utilized by Nashville Metropolitan Bordeaux Hospital.

EXHIBIT C

Telephone, PBX and TTY

Hospital Authority shall provide Kindred with telephone, private branch exchange ("PBX") and text telephone ("TTY") as follows:

1. Hospital Authority shall provide Kindred with access to and use of telephone lines within the Premises as Kindred may request. Hospital Authority shall be responsible for all necessary installation and servicing with respect to such telephone lines. Hospital Authority shall allow Kindred to use existing telephone equipment at nurses' stations located in the Premises. Kindred shall be responsible for any upgrades to the phone system in order to meet Kindred's needs. Kindred shall be responsible for securing its own long distance telephone service carrier and for all services provided by such carrier.
2. Hospital Authority shall furnish PBX telephone services to Kindred.
3. Hospital Authority shall provide Kindred with access to and use of Hospital Authority's TTY equipment and TTY lines. Hospital Authority shall retain title and ownership of all equipment made available to Kindred under this provision.
4. Hospital Authority shall provide such reports to Kindred administration as are reasonably requested with respect to telephone, PBX and TTY provided pursuant to this Agreement.
5. Hospital Authority shall monitor quality control, and Kindred shall conduct periodic quality control checks in compliance with standards set for operation of the Hospital.
6. The telephone, PBX and TTY provided by and through Hospital Authority shall be subject to Kindred's review not less often than annually as to the quality of such services.

EXHIBIT D

Housekeeping, Linen and Hazardous Waste Removal Services

1. Hospital Authority shall be responsible for all equipment, staffing, supplies, and administrative support necessary to provide housekeeping, linen and hazardous waste removal services in accordance with all applicable standards, including JCAHO standards, Medicare and Medicaid conditions of participation, and state licensure and public health requirements.
2. Hospital Authority shall provide housekeeping and linen services to Kindred no less frequently than every day and when requested by Kindred, to include dusting, vacuuming and removal of general trash created by Kindred's activities in the Premises, and the cleaning of bathrooms and the restocking of the linen closet located on the Premises on a daily basis.
3. Hospital Authority will assist Kindred in the cleanup of spills and other minor accidents promptly upon request by Kindred and in accordance with policies and procedure of Hospital Authority applicable to the same.
4. Hospital Authority shall remove and dispose of hazardous, toxic and infectious waste customarily produced by an LTAC from the Premises on a daily basis and in accordance with all legal requirements applicable to the same. In addition, Hospital Authority shall disclose to Kindred the presence of any toxic, hazardous or contaminated substances, as defined in applicable federal or state law, on or about the Hospital that could adversely affect Kindred or the Premises promptly upon the presence of such substances becoming known by Hospital Authority to exist.
5. Hospital Authority's housekeeping, linen and hazardous waste removal staffs shall cooperate fully before, during and after any scheduled or unscheduled inspections, tours, surveys and accreditation visits.
6. Hospital Authority shall provide reports to Kindred administration as are reasonably requested and mutually agreed upon with respect to housekeeping, linen and hazardous waste removal services provided pursuant to this Agreement.

7. Hospital Authority shall monitor quality control and Kindred shall conduct periodic quality control checks in cooperation with Hospital Authority that comply with standards set for operation of the Hospital.
8. Housekeeping, linen and hazardous waste removal services provided by and through Hospital Authority shall be subject to Kindred's review not less often than annually as to the quality of such services.

EXHIBIT E

Medical Equipment and Supplies (for emergency purposes only)

1. Hospital Authority shall be responsible for all equipment, staffing, supplies, and administrative support necessary to provide medical equipment and supplies in accordance with all applicable standards, including JCAHO standards, Medicare and Medicaid conditions of participation, and state licensure and public health requirements.
2. Hospital Authority shall provide to Kindred medical equipment and supplies (other than pharmaceutical supplies) required by patients in the LTAC, for emergency purposes only, which may include medical equipment furnished to patients as part of surgical services that are not customarily furnished as part of routine surgical procedures (e.g., implantable defibrillators, intracoronary stents, and nonstandard orthopedic implants).
3. Hospital Authority's medical equipment and supplies staff shall cooperate fully before, during and after any scheduled or unscheduled inspections, tours, surveys and accreditation visits.
4. Hospital Authority shall provide reports to Kindred administration as are reasonably requested and mutually agreed upon with respect to medical equipment and supplies provided pursuant to this Agreement.
5. Hospital Authority shall monitor quality control and Kindred shall conduct periodic quality control checks in cooperation with Hospital Authority that comply with standards set for operation of the Hospital.
6. Medical equipment and supplies provided by and through Hospital Authority shall be subject to Kindred's review not less often than annually as to the quality of such services.

EXHIBIT F

Pharmaceutical Supplies and Drugs

1. Hospital Authority shall be responsible for all equipment, staffing, supplies, and administrative support necessary to provide pharmaceutical supplies and drugs in accordance with all applicable standards, including JCAHO standards, Medicare and Medicaid conditions of participation, and state licensure and public health requirements.
2. Hospital Authority shall provide to Kindred pharmaceutical supplies and drugs required by patients in the LTAC. Kindred shall provide an automated medication dispensing system.
3. Hospital Authority shall provide a pharmacy technician as well as a pharmacist for chart/drug regimen review, patient care conferences and quality committee participation.
4. Hospital Authority's pharmaceutical staff shall cooperate fully before, during and after any scheduled or unscheduled inspections, tours, surveys and accreditation visits.
5. Hospital Authority shall provide reports to Kindred administration as are reasonably requested and mutually agreed upon with respect to pharmaceutical supplies and drugs provided pursuant to this Agreement.
6. Hospital Authority shall monitor quality control and Kindred shall conduct periodic quality control checks in cooperation with Hospital Authority that comply with standards set for operation of the Hospital.
7. Pharmaceutical supplies and drugs provided by and through Hospital Authority shall be subject to Kindred's review not less often than annually as to the quality of such services.

EXHIBIT G

Medical Gases

1. Hospital Authority shall be responsible for all equipment, staffing, supplies, and administrative support necessary to provide medical gases in accordance with all applicable standards, including JCAHO standards, Medicare and Medicaid conditions of participation, and state licensure and public health requirements.
2. Hospital Authority maintains a medical gas piping system in the Hospital. Hospital Authority shall operate and maintain such system during the term of this Agreement. Hospital Authority shall permit Kindred to connect to and draw medical gases, including oxygen, from the medical gas piping system of the Hospital.
3. Hospital Authority's medical gases staff shall cooperate fully before, during and after any scheduled or unscheduled inspections, tours, surveys and accreditation visits.
4. Hospital Authority shall provide reports to Kindred administration as are reasonably requested and mutually agreed upon with respect to medical gases provided pursuant to this Agreement.
5. Hospital Authority shall monitor quality control and Kindred shall conduct periodic quality control checks in cooperation with Hospital Authority that comply with standards set for operation of the Hospital.
6. Medical gases provided by and through Hospital Authority shall be subject to Kindred's review not less often than annually as to the quality of such services.

EXHIBIT H

Rehabilitation Therapy Services

Hospital Authority shall provide rehabilitation therapy services (including physical therapy and occupational therapy) ordered for LTAC patients by appropriate medical personnel. Rehabilitation therapy services shall be provided in accordance with the following terms and conditions:

1. Hospital Authority shall be responsible for all facilities (including the rehabilitation gym), equipment, staffing, supplies, recordkeeping and administrative support as necessary to provide rehabilitation therapy services in compliance with all applicable standards, including JCAHO standards, Medicare and Medicaid conditions of participation, and state licensure and public health requirements.
2. Hospital Authority shall maintain such records and reports for LTAC patients separately from Hospital Authority's records and in accordance with Kindred policies and procedures.
3. Hospital Authority's rehabilitation therapist staff shall cooperate fully before, during and after any scheduled or unscheduled inspections, tours, surveys and accreditation visits.
4. Hospital Authority shall provide such reports to Kindred administration as are reasonably requested with respect to rehabilitation therapy services provided pursuant to this Agreement.
5. Hospital Authority shall monitor quality control, and Kindred shall conduct periodic quality control checks in compliance with standards set for operation of the Hospital.
6. The rehabilitation therapy services provided by and through Hospital Authority shall be subject to Kindred's review not less often than annually as to the quality of such services.
7. Hospital Authority shall make a reasonable effort to minimize turnover in rehabilitation therapy staff assigned to Kindred so as to maintain quality and consistency of service. This includes offering a competitive wage and benefits

package and a work environment at least equal to that of the rehabilitation therapy staff in the Hospital Authority Facilities.

EXHIBIT I

Radiology Services

Hospital Authority shall be responsible for providing off-site diagnostic radiology services. Radiology services shall include MRI and CT scans and similar procedures, and radiology procedures for chest PA and lateral, all extremities, abdominal/spine/pelvis, skull/sinus, and others as required. Radiology services shall be provided in accordance with the following terms and conditions:

1. Hospital Authority shall be responsible for all facilities, equipment, staffing, supplies, recordkeeping, and administrative support necessary to provide off-site radiology services in accordance with all applicable standards, including those of JCAHO, Medicare and Medicaid conditions of participation, and all applicable state licensing and public health requirements; provided, however, that Kindred understands Hospital Authority may not be able to provide radiology services to the LTAC at all times, and that Kindred shall arrange for a third party to provide radiology services to the LTAC in emergency situations.
2. Kindred shall arrange for radiology technologist on-site and otherwise on a call-back basis. Hospital Authority shall assure that each technologist providing radiology services to or on behalf of LTAC patients will participate in an orientation program regarding Kindred's operations and requirements if requested by Kindred (such program to be provided by Kindred).
3. Hospital Authority will provide Kindred with final medical record quality reports as reasonably requested, and Hospital Authority shall maintain such films and reports in accordance with JCAHO, Nuclear Regulatory Commission ("NRC"), and state licensure and public health requirements. All films and reports with respect to LTAC patients shall be the property of Hospital Authority.
4. Hospital Authority's radiology director shall provide other reports to Kindred administration as are reasonably requested and mutually agreed upon, and will be responsible for the quality of the radiology services provided to Kindred.

5. Hospital Authority shall monitor quality control, and Kindred shall conduct periodic quality control checks in coordination with Hospital Authority that comply with standards set for operation of the Hospital.
6. The radiology services provided by and through Hospital Authority shall be subject to Kindred's review not less often than annually as to the quality of such services.

EXHIBIT J

Clinical Laboratory Services

Hospital Authority shall provide clinical laboratory services by or through its laboratory department at the Hospital Authority. Clinical laboratory services shall be provided in accordance with the following terms and conditions:

1. Hospital Authority shall be responsible for all space, equipment, staffing, supplies, recordkeeping and administrative support as necessary to provide clinical laboratory services in compliance with all applicable standards, including JCAHO standards, Clinical Laboratory Improvement Act ("CLIA") standards, Medicare and Medicaid conditions of participation, and state licensure and public health requirements; provided, however, that Kindred shall be responsible for its own blood gases.
2. Hospital Authority's clinical laboratory director shall provide reports to Kindred administration on quality control, CAP survey results and other pertinent findings, and shall provide to Kindred administration such other reports concerning clinical laboratory services in the LTAC as are reasonably requested by Kindred.
3. Hospital Authority shall assure that all laboratory staff providing clinical laboratory services to or on behalf of LTAC patients will participate in an orientation program regarding Kindred's operations and requirements (such program to be provided by Kindred) and will have demonstrated competencies approved by both Hospital Authority and Kindred.
4. Specimens will be drawn by Hospital Authority phlebotomists during the hours that phlebotomy staff are present, otherwise, specimens will be drawn by Kindred personnel. Hospital Authority will process specimens in Hospital Authority's lab or elsewhere as arranged by Hospital Authority. Kindred will devise a routine schedule for draws in cooperation with Kindred clinical staff and Hospital Authority's laboratory staff.
5. The clinical laboratory services provided by and through Hospital Authority shall be subject to Kindred's review not less often than annually as to the quality of such services.

6. Hospital Authority's laboratory staff shall cooperate fully before, during and after any scheduled or unscheduled inspections, tours, surveys and accreditation visits.
7. The clinical laboratory will participate in Kindred's organization performance improvement, risk management, and clinical risk management programs. A member of the clinical laboratory staff may be asked to participate on a Performance Improvement Team as appropriate.
8. Hospital Authority shall maintain such records and reports for LTAC patients separately from Hospital Authority's records and in accordance with Kindred policies and procedures.
9. Hospital Authority shall forward specimens for clinical laboratory services not customarily provided by Hospital Authority on an in-house basis ("Reference Lab Services") to outside third party laboratories designated by Kindred and shall forward any communications received from such third party hospitals with respect to Reference Lab Services to Kindred.

EXHIBIT K

Code Coverage

Hospital Authority and Kindred agree to provide Code coverage to each other to manage Codes on the Premises on a temporary basis, until either party notifies the other party that such mutual Code coverage shall cease. Hospital Authority's appropriately trained nursing staff shall respond to Code situations in the LTAC, and Kindred's respiratory therapy staff shall respond to Code situations in the nursing facility at Nashville Metropolitan Bordeaux Hospital. This service shall be provided in accordance with the following terms and conditions:

1. Hospital Authority and Kindred shall be responsible for all equipment, staffing, supplies, record keeping and administrative support as necessary to respond to Code situations (i.e., Code Blue, etc.) in the LTAC and the nursing facility, respectively, in compliance with all applicable standards, including JCAHO standards, or its equivalent, Medicare and Medicaid conditions of participation, and state licensure and public health requirements.
2. Hospital Authority's Code staff and Kindred's Code staff shall include advanced cardiac life support ("ACLS") qualified staff.
3. Hospital Authority's Code staff shall respond to Code situations in the LTAC in the same manner and response time that they would respond to Code situations in any other area of the Hospital Authority Facilities. Kindred's Code staff shall respond to Code situations in the nursing facility at Nashville Metropolitan Bordeaux Hospital in the same manner and response time that they would respond to Code situations in the LTAC.
4. Hospital Authority's Code staff and Kindred's Code staff shall make best efforts to cooperate fully before, during and after any scheduled or unscheduled inspections, tours, surveys and accreditation visits related to JCAHO, or its equivalent, Medicare, Medicaid, or state licensure.
5. The Code coverage provided by and through Hospital Authority shall be subject to Kindred's review not less often than annually as to the quality of such services.

EXHIBIT L

Morgue and Autopsy Services

Hospital Authority shall provide morgue and autopsy services to the LTAC. Morgue and autopsy services shall be provided in accordance with the following terms and conditions:

1. Hospital Authority shall be responsible for all equipment, staffing, supplies, record keeping and administrative support as necessary to provide morgue and autopsy services to Kindred in compliance with all applicable standards, including JCAHO standards, or its equivalent, Medicare and Medicaid conditions of participation, and state licensure and public health requirements.
2. Hospital Authority shall provide morgue services to Kindred whenever necessary. Procedures for the transport of a deceased patient from the LTAC to the Hospital Authority morgue shall be established and maintained by Kindred.
3. Hospital Authority shall perform all autopsies of deceased patients from the LTAC as requested. Hospital Authority shall perform an autopsy requested after Kindred obtains proper consent and payment from the patient's family prior to the autopsy procedure.
4. Hospital Authority will provide Kindred with reports on an as needed basis, but no more frequently than monthly, with respect to morgue and autopsy services provided pursuant to this Agreement.
5. Hospital Authority's morgue and autopsy staff shall make best efforts to cooperate fully before, during and after any scheduled or unscheduled inspections, tours, surveys and accreditation visits related to JCAHO, or its equivalent, Medicare, Medicaid, or state licensure.
6. Hospital Authority shall monitor quality control, and Kindred shall conduct periodic quality control checks in coordination with Hospital Authority that comply with standards set for operation of the Hospital.
7. The morgue and autopsy services provided by Hospital Authority shall be subject to Kindred's review not less often than annually as to the quality of such services.

EXHIBIT M

Nuclear Medicine Services

Hospital Authority shall provide nuclear medicine services ordered for LTAC patients by appropriate medical personnel through its nuclear medicine department. Nuclear medicine services shall be provided in accordance with the following standards:

1. Hospital Authority shall be responsible for all facilities, equipment, staffing, supplies, recordkeeping and administrative support as necessary to provide nuclear medicine services in compliance with all applicable standards, including JCAHO standards, Medicare and Medicaid conditions of participation, Nuclear Regulatory Commission ("NRC") requirements, and state licensure and public health requirements.
2. Hospital Authority will provide Kindred with final medical record quality reports on an as needed basis, but no more frequently than monthly, and Hospital Authority shall maintain such records and reports in accordance with JCAHO, NRC, and state health department standards. All records and reports with respect to nuclear medicine services furnished to LTAC patients shall be the property of Hospital Authority.
3. Hospital Authority's nuclear medicine service director shall provide other reports to Kindred administration as are reasonably requested and mutually agreed upon with respect to nuclear medicine services provided pursuant to this Agreement.
4. Hospital Authority's nuclear medicine staff shall cooperate fully before, during and after any scheduled or unscheduled inspections, tours, surveys and accreditation visits.
5. Hospital Authority shall monitor quality control, and Kindred shall conduct periodic quality control checks in coordination with Hospital Authority that comply with standards set for operation of the Hospital.
6. The nuclear medicine services provided by and through Hospital Authority shall be subject to Kindred's review not less often than annually as to the quality of such services.

EXHIBIT N

Surgical Services

Hospital Authority shall furnish surgical services ordered for LTAC patients through its surgery department. Surgical services shall be provided in accordance with the following terms and conditions:

1. Hospital Authority shall be responsible for all operating and recovery rooms, equipment, staffing, supplies, recordkeeping and administrative support as necessary to provide surgical services in compliance with all applicable standards, including JCAHO standards, Medicare and Medicaid conditions of participation, and state licensure and public health requirements.
2. Hospital Authority will provide Kindred with final medical record quality reports on an as needed basis, but no more frequently than monthly, and Hospital Authority shall maintain such records and reports in accordance with JCAHO and state health department standards. All records and reports with respect to surgical services furnished to LTAC inpatients shall be the property of Hospital Authority.
3. Hospital Authority's chief of surgery shall provide other reports to Kindred administration as are reasonably requested and mutually agreed upon.
4. Hospital Authority's surgical staff shall cooperate fully before, during and after any scheduled or unscheduled inspections, tours, surveys and accreditation visits.
5. Hospital Authority shall monitor quality control, and Kindred shall conduct periodic quality control checks in coordination with Hospital Authority that comply with standards set for operation of the Hospital.
6. The surgical services provided by and through Hospital Authority shall be subject to Kindred's review not less often than annually as to the quality of such services.

EXHIBIT O

Emergency Physician Coverage and Temporary Medical Director Services

The Hospital Authority, pursuant to that certain Professional Services Agreement between the Hospital Authority and Meharry Medical College and its Department of Internal Medicine ("Meharry") dated July 1, 2001 and all addenda thereto (the "Meharry Agreement") shall provide emergency physician coverage and temporary medical director services to the LTAC. These services shall be provided in accordance with the terms of the Meharry Agreement and the following terms and conditions:

1. Hospital Authority shall be responsible for all equipment, staffing, supplies, record keeping and administrative support as necessary to provide emergency physician coverage and temporary medical director services to the LTAC in compliance with all applicable standards, including JCAHO standards, or its equivalent, Medicare and Medicaid conditions of participation, state licensure and public health requirements, and professional licensing and credentialing requirements.
2. Hospital Authority shall cease to provide emergency physician coverage and temporary medical director services to the LTAC when the LTAC census exceeds ten (10) patients.
3. Hospital Authority shall provide emergency physician coverage and temporary medical director services to the LTAC in the same manner and timeliness as any other area of the Hospital.
4. Hospital Authority shall provide Kindred with reports on an as needed basis, but no more frequently than monthly, with respect to emergency physician coverage and temporary medical director services provided pursuant to this Agreement.
5. Hospital Authority shall make best efforts to ensure that the Meharry Physicians and the Meharry medical director cooperate fully before, during and after any scheduled or unscheduled inspections, tours, surveys and accreditation visits related to JCAHO, or its equivalent, Medicare, Medicaid, or state licensure.

6. Kindred shall conduct periodic quality control checks in coordination with Hospital Authority that comply with standards set for operation of the Hospital.
7. The emergency physician coverage and temporary medical director services provided by and through Hospital Authority shall be subject to Kindred's review not less often than annually as to the quality of such services.