

ADVENTIST
HEALTH SYSTEM
Florida Division

August 26, 2005
CERTIFIED MAIL

Sharon Wall
Director employee Services
Lake County
315 West Main Street, Rm 30
Tavares, FL 32778

Re: Agreement between Florida Hospital Waterman Healthcare System, Inc. ("FHWHS")
and Lake County Board of County Commissioners

Dear Sharon,

Attached please find for your review, the October 1, 2005 renewal Amendment for the Agreement between Florida Hospital Waterman Healthcare System, Inc. and Lake County Board of County Commissions.

Per the Agreement, annual rate adjustments are base on July CPI-U publications. July 2005 numbers indicate an increase of 3.2% for all services and a 4.2% increase in the cost of medical care. These two numbers averaged together equate to a 3.7% rounded to a 4% increase in the fixed rate reimbursements.

Once approved, I will facilitate signature of the Agreements from FHWHS

As always, FHWHS and Florida Hospital Waterman are pleased to be a partner with Lake County in providing the highest quality medical care and service to the County employees and their families.

If you have any questions or concerns, please do not hesitate to contact me at 407-303-9444 or Ron Benfield at 352-253-3300.

Sincerely,



Lisa Wright
Senior Contract Specialist
Adventist Health System

EXHIBIT 3.4A

Physician and Ancillary Reimbursement Schedule

Physician Reimbursement

FHWHS agrees to provide the Network Primary Care and Specialist Physicians (with the following exceptions) at a reimbursement rate equal to 120% of prevailing Medicare RBRVS allowable. These rates are predicated on Medicare continuing to use the RBRVS system with small increases and decreases from year to year. If there is a major change in methodology or significant decrease for physician reimbursement, the parties will renegotiate physician rates at that time.

Lab Including Clinical Pathology

80% of total billed charges for those codes that do not have a Medicare fee schedule

Ancillary Reimbursements

Ancillary

Florida Hospital Waterman Home Care Services
Florida Hospital Home Infusion - Waterman
Florida Hospital Waterman Medical Equipment & Supplies
Hospice of Lake & Sumter Counties
FHW Outpatient Rehab Service – David Walker Road
FHW Cancer Center

Reimbursement

75% of billed charges
80% of billed charges
75% of billed charges
70% of billed charges
80% of billed charges
80% of billed charges

Ancillaries Not Owned by Florida Hospital Waterman

Hospice of Lake & Sumter Counties
Hanger Prosthetics & Orthotics

70% of billed charges
70% of billed charges

Exhibit 3.4 B

Hospital Reimbursement Rates

Inpatient services DRG base conversion rate	\$5701.92
Prevailing Medicare weights will be used to determine reimbursement.	
Inpatient Stop Loss	\$25,000
Inpatient hospital claims exceeding \$25,000 in total billed charges shall revert to a reimbursement of 50% of total billed charges retroactive back to the first dollar.	
Obstetrical Case Rates	
Normal vaginal delivery	\$3144.85
2-day stay, includes mother and baby	
C-section delivery	\$4717.27
3-day stay, includes mother and baby	
Additional Days	\$1088.18
Additional payment for sterilization	\$695.61
Boarder baby per diem (baby stays after mother's discharge)	\$484.23
Outpatient Services	64% of total charges

Annual CPI Adjustment

Effective October 1, 2004 and every October 1st thereafter, the DRG base conversion rate and obstetrical case rates shall be increased by determining the average of the Unadjusted percent change from the previous year's CPI-U for All Items and for Medical Care as published by the US Department of Labor for the month of July. This percentage will be rounded to the nearest tenth.

Example:

July 2003 Published numbers

CPI-U 12 month % change for All Items = 2.1

CPI-U 12 month % change for Medical Care = 3.8

$2.1 + 3.8 = 5.9 / 2 = 2.95 = 3.0\%$ increase for October 2003

Other Terms

If hospital should negotiate rates with a Lake County public sector employer lower than the rates contained herein, the County may elect those rates in place of the rates contained herein amended Exhibit 3.4.

**FIFTH AMENDMENT
TO THE
AGREEMENT BETWEEN
FLORIDA HOSPITAL WATERMAN HEALTHCARE SYSTEM, INC.
AND
LAKE COUNTY BOARD OF COUNTY COMMISSIONERS**

The Agreement between Florida Hospital Waterman Healthcare System, Inc. ("FHWHS") and Lake County Board of County Commissioners ("LCBCC") originally effective October 1, 1999 is hereby amended effective October 1, 2005 as follows:

Exhibit 3.4A and 3.4B are hereby deleted in their entirety and replaced with this new Exhibit 3.4A and 3.4B.

All other terms and conditions within the Agreement shall remain unchanged.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment by their duly authorized officers, on the dates(s) below.

FLORIDA HOSPITAL WATERMAN
HEALTHCARE SYSTEM, INC.

WITNESS:

Ronald K. Benfield
Signature

Tina Massey
Signature

Ronald K. Benfield, Secretary and Treasurer
Name and Title

9.26.05
Date

E.T. Nikolaidis
Signature

Margaret E. Savasna
Signature

E.T. Nikolaidis, M. D., President
Name and Title

9.27.05
Date

LAKE COUNTY, through its BOARD OF
COUNTY COMMISSIONERS

ATTEST:

SEE SIGNATURE PAGE
Signature

Signature

Name and Title

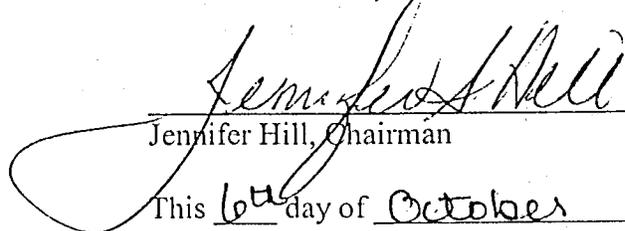
This ____ day of _____, 2003

Approved as to form and legality

Signature

**Fifth Amendment to the Agreement Between Florida Hospital Waterman Healthcare System, Inc.
and Lake County**

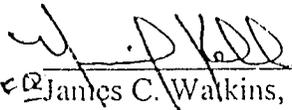
BOARD OF COUNTY COMMISSIONERS
LAKE COUNTY, FLORIDA



Jennifer Hill, Chairman

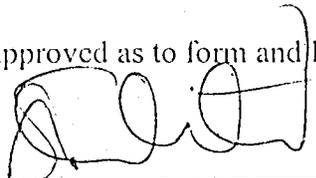
This 6th day of October, 2005.

ATTEST:



James C. Watkins, Clerk of the
Board of County Commissioners
of Lake County, Florida

Approved as to form and legality:



Sanford A. Minkoff
County Attorney