



**MCS HEALTH MANAGEMENT OPTIONS, INC.
CLINICAL- PATHOLOGICAL LABORATORY PROVIDER AGREEMENT**

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THIS AGREEMENT, made and entered into on the date set forth on the signature page hereto, by and between MCS Health Management Options, Inc. (hereinafter referred to as MCS-HMO), a corporation duly organized under the laws of the Commonwealth of Puerto Rico and the Clinical-Pathological Laboratory that signs this agreement, a facility duly licensed under the laws of the Commonwealth of Puerto Rico (hereinafter referred to as the Laboratory).

WHEREAS, MCS-HMO provides a plan of health care benefits to individuals who qualify under Law 72 of September 7, 1993 of the Commonwealth of Puerto Rico, and are registered to receive these health benefits; and

WHEREAS, the Laboratory desires to provide clinical laboratory services to the Insured in accordance with the terms and conditions of this agreement as hereinafter set forth; and

WHEREAS, MCS-HMO desires to arrange for the services the Laboratory has to offer for the benefit of the Insured of the plan.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants and promises herein contained, the parties hereto agree and covenant as follows:

**ARTICLE I
DEFINITIONS**

The following terms shall have the meaning given below:

- 1. **ASES**: Puerto Rico Health Insurance Administration, known in Spanish as "Administración de Seguros de Salud de Puerto Rico", a public corporation of the Commonwealth of Puerto Rico.

6/2
AR. [Signature]

- 31 2. Benefit Plan: A contract, certificate, plan or other evidence of health coverage,
32 which describes the obligations of MCS-HMO to arrange for the delivery of the
33 health care services described therein to certain beneficiaries. The parties may
34 amend said contract, certificate or document from time to time.
- 35 3. Capacity: The ability of the laboratory to provide the services included in the
36 benefit plan and contracted with MCS-HMO.
- 37 4. Clinical Laboratory: A facility for the biological, microbiological, serological,
38 chemical, immuno-hematological, hematological, biophysical, cytological,
39 pathological, or other examinations of materials derived from the human body for
40 the purpose of providing information for the diagnosis, prevention, or treatment of
41 any disease or impairment of, or the assessment of the health of, human beings.
- 42 5. Coinsurance: Coinsurance shall mean the percentage of the rates established
43 under this Agreement, which an Insured is required to pay for Covered Services
44 under a Plan.
- 45 6. Coordination of Benefits: The determination of which of two or more Benefit
46 Plans will pay health benefits for an Insured as primary payor and which will pay
47 as secondary payor, and/or as tertiary payor.
- 48 7. Co-payment: Co-payment shall mean a charge required under a Plan that must
49 be paid by an Insured at the time of the provision of Covered Services.
- 50 8. Covered Services: Covered Services shall mean those services, which an
51 Insured is entitled to receive under the terms and conditions of a Plan.
- 52 9. Deductible: Deductible shall mean an amount that an Insured must pay out of
53 pocket for Covered Services per specified period in accordance with the
54 Insured's Plan before any insurance coverage applies.
- 55 10. Health Intervention: An activity undertaken for the primary purpose of preventing,
56 improving, or stabilizing a medical condition. Activities that are primarily
57 custodial, or part of normal existence, or undertaken primarily for the
58 convenience of the patient, family or practitioner, are not considered health
59 interventions.



- 60 11. Health Care Provider: Any person, entity or institution that provides covered
61 services within the scope of a license or authorization duly issued in accordance
62 with the Laws of the Commonwealth Of Puerto Rico.
- 63 12. HIPAA: Public Law 104-91, approved by the U.S. Congress on August 21, 1996
64 known as the Health Insurance Portability and Accountability Act. The objective
65 of HIPAA is to regulate the continuity and portability of health plans, to mandate
66 the adoption and implementation of administrative simplification standards to
67 prevent fraud and abuse, improve health plan overall operations and guarantee
68 the privacy and confidentiality of individual identifiable health information.
- 69 13. Law 72: Law 72 of the Commonwealth of Puerto Rico approved on September 7,
70 1993, as amended.
- 71 14. Material Breach of Contract: When any party does not comply with his
72 obligations as set forth in this Agreement and with the regulations implemented
73 by the Secretary of Health and Human Services Department of the United States
74 for the implementation of subtitle F of HIPAA.
- 75 15. MCS-HMO Manual: Written manuals or other documentation provided from time
76 to time by MCS-HMO to the Laboratory that describes MCS-HMO's programs.
- 77 16. MCS-HMO Programs: The utilization management and review, quality
78 assurance, peer review, credentialing, manuals and programs now present or to
79 be created in the future, including and not limited to, policies and procedures
80 regarding referrals and the reporting of clinical data, established by MCS-HMO
81 relating to the provision of covered services to the Insured.
- 82 17. Medicare: Federal health insurance program for persons 65 or older, persons of
83 any age with permanent kidney failure and certain disabled persons according to
84 Title XVII of the Social Security Act. Medicare has two parts, Part A and Part B.
85 Part A is the hospital insurance that includes inpatient hospital care and certain
86 follow up care. Part B is medical insurance that includes physician services and
87 any other ambulatory medical services.
- 88 18. Medicare Beneficiary: Any person who is a Medicare recipient of Part A or Part A
89 and B.



90 19. Participating Provider: Participating Provider shall mean any physician, hospital,
91 skilled nursing facility, or other individual or entity involved in the delivery of
92 health care or ancillary services who or which has entered into and continues to
93 have a current valid contract with MCS-HMO to provide Covered Services to
94 Insureds, and has complied with MCS' credentialing policies. Certain categories
95 of Participating Providers may be referred to herein more specifically as, e.g.,
96 "Participating Provider," "Provider," or "Participating Hospitals."

97 20. Physician: A doctor of medicine or osteopathy who is duly licensed to practice in
98 the Commonwealth of Puerto Rico.

99 21. Quality Assurance/Management: Quality Assurance Program shall mean the
100 program established by MCS-HMO to objectively and systematically monitor and
101 evaluate the quality and timeliness of health care services furnished by
102 Participating Providers and to identify and resolve problems based on
103 established criteria.

104 22. The Insured: A person who has satisfied the eligibility requirements and effective
105 date provisions of the group contract on such date as the service is rendered.

106
107 **ARTICLE II**
108 **LABORATORY OBLIGATIONS**
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110 **2.1:** The Laboratory shall provide to the Insured those services, which the Laboratory
111 has the capability to provide. The Laboratory agrees to provide clinical laboratory
112 services to eligible insured of MCS-HMO, as may be medically necessary when
113 requested by or ordered by the Insured's physician.

114
115 **2.2:** The Laboratory shall provide services to the Insured in an economical and efficient
116 manner consistent with professional standards of medical care generally accepted in
117 the medical community.

118



119 **2.3:** The Laboratory will not discriminate against any Insured on the basis of his or her
120 medical condition, disease, diagnose, sex, age, race, color, creed, sexual orientation,
121 national origin or social class.

122

123 **2.4:** The Laboratory shall provide all services in accordance to the policies and
124 procedures of MCS-HMO and under the terms of this contract.

125

126 **2.5:** The Laboratory facilities shall be available to the Insured at all times during its
127 normal operating hours and the Laboratory shall not refuse any appropriate service
128 which the Laboratory has the capacity to provide.

129

130 **2.6:** The Laboratory acknowledges that all Insured shall be entitled to be treated with
131 dignity and respect in consideration of their medical needs and to participate in the
132 decision-making process with respect to the care and treatment of their health, and:

133

1. Choose freely their provider of covered services among the participating
134 providers;

135

2. Accessible, continuous, adequate and timely health services;

136

3. Change a participating provider in accordance with the requirements
137 imposed by MCS-HMO's programs;

138

4. Choose the consultant within MCS-HMO's network of participating
139 providers in case of referral services;

140

5. Not be denied any covered services under the benefit plan.

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2.7: The Laboratory may verify the Insured's eligibility for covered services by accessing
143 the eligibility records of the Insured through the electronic means available or by calling
144 MCS-HMO during business hours. As set forth in the policies and procedures of MCS-
145 HMO or in the benefit plan, precertification is required for the provision of certain non-
146 emergency covered services to the Insured. If the Laboratory has received
147 precertification from MCS-HMO that the service constitutes a covered service, MCS-
148 HMO shall accept such determination for payment purposes, unless the Laboratory



149 withheld relevant information that would affect such determination and subject to
150 utilization review.

151

152 **2.8:** In the event that the Laboratory provides the Insured non-covered services, the
153 Laboratory shall, prior to the provision of such services, inform the Insured:

- 154 1. The services to be provided,
155 2. That MCS-HMO will not pay for or be liable for said services, and
156 3. That the Insured will be financially liable for such services.

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ARTICLE III BILLING AND COMPENSATION

160

161 **3.1:** The Laboratory shall comply with MCS-HMO's billing and claim processing
162 procedures. Claims shall be submitted through the electronic means available, form
163 HCFA 1500.

164

165 **3.2:** The Laboratory shall bill MCS-HMO within ninety (90) days after rendering the
166 covered services. MCS-HMO will not be obligated to pay any claims received after
167 ninety (90) days.

168

169 **3.3:** The Laboratory shall provide any additional information that may be required by
170 MCS-HMO to process the claim.

171

172 **3.4:** MCS shall pay the Laboratory in accordance with the compensation terms
173 established by MCS from time to time and notified with at least thirty (30) days prior to
174 the effective date to the Medical Group by mail, via internet or any other form of
175 electronic notification, and Medical Group agrees to accept such compensation as
176 payment in full for all Covered Services rendered to Insureds. All payments will be made
177 no later than fifty (50) days from the date that a full, complete and ready to process
178 claim is received by MCS-HMO.

179



180 **3.5:** In the event that a claim is totally or partially contested by MCS-HMO, the
181 Laboratory shall be notified in writing within forty (40) days that the claim is contested
182 and the reasons that support the denial of payment. The Laboratory agrees to submit
183 request for adjustment of claims within forty five (45) days of receipt of notification of
184 contested claim. Upon receipt of a new or supplemented claim, MCS-HMO shall pay or
185 deny the claim within thirty (30) days.

186

187 **3.6:** Except for co-payments, coinsurance or deductible required under the benefit plan,
188 the Laboratory shall accept the compensation payable hereunder as payment in full for
189 all services provided by the Laboratory to the Insured.

190

191 **3.7:** MCS-HMO will always be secondary payor in relation to any other health plan.
192 MCS-HMO will not be responsible for the payment of covered services, which are the
193 responsibility of the primary payor.

194

195 **3.8:** MCS-HMO will cover the payment for Medicare Part B co-insurance for services
196 received by the Insured under Medicare Part B when said services are accessed
197 through the Insured's PCP and are covered services.

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ARTICLE IV PAYMENTS IN EXCESS OR MADE IN ERROR

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4.1: The Laboratory acknowledges that it could receive payments that exceed the amount that the Laboratory is entitled to bill MCS-HMO. The Laboratory further acknowledges that it could receive payments that are addresses to a third party or are not of its property.

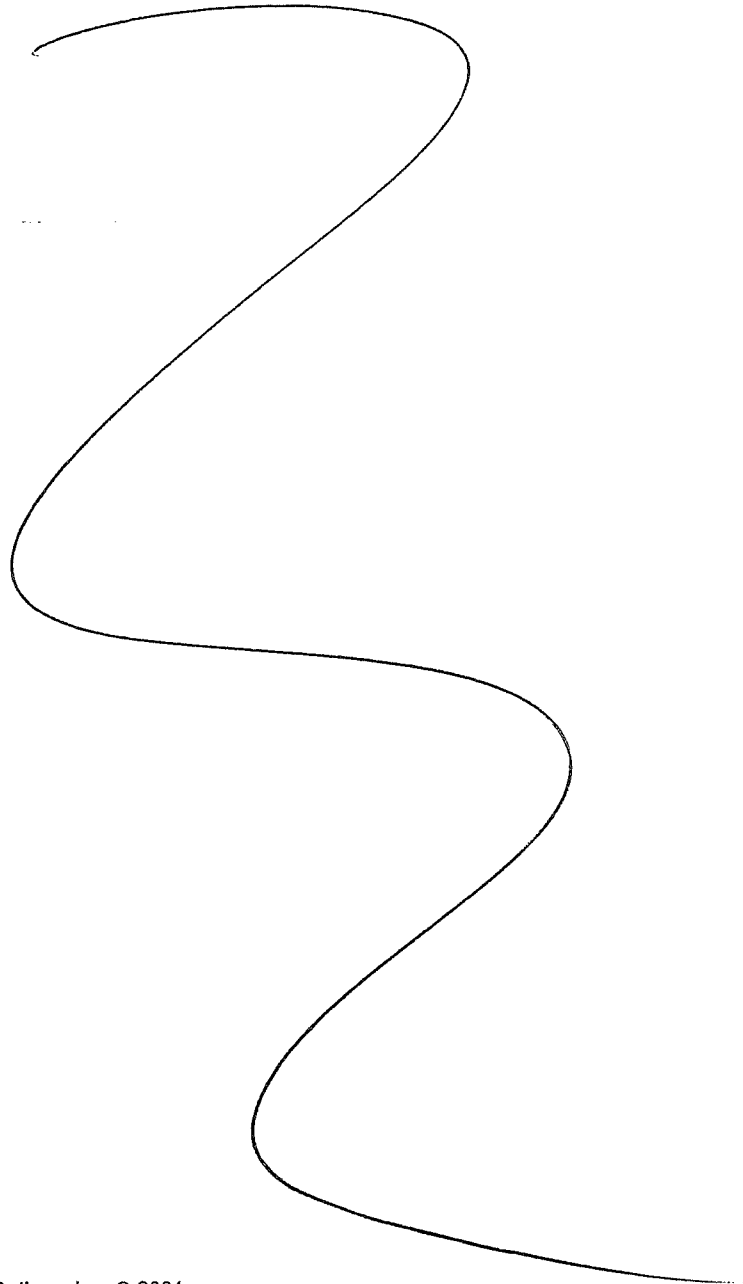
4.2: The Laboratory shall inform MCS-HMO of any and all payments it receives as described in article 4.1 of this Agreement. Should the Laboratory fail to notify MCS-HMO and appropriates the payments in question, MCS-HMO may recover from the Laboratory any amount within a period of six (6) years beginning on the date payment



211 was made. The Laboratory authorizes MCS-HMO to offset said payment against any
212 amount MCS-HMO owes the Laboratory.

213

214 **4.3:** If this contract is terminated and the Laboratory has an outstanding debt with MCS-
215 HMO, MCS-HMO will retain 100% of the payments owed to the Laboratory until said
216 debt is paid in full. This article does not preclude or limits the right that MCS-HMO has
217 to commence legal action against the Laboratory for any outstanding debt.



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**ARTICLE V
LICENSURE AND CREDENTIALS**

5.1: The Laboratory certifies that it is duly licensed and certified by the Health Department of the Commonwealth of Puerto Rico and that it meets all applicable federal regulations for a licensed clinical laboratory. The Laboratory also certifies that it is not operating under a corrective action plan mandated by any state or federal regulatory body, and that it will maintain said licensure and certification in good standing throughout the term of this agreement.

5.2: The Laboratory shall notify MCS-HMO immediately should any action of any kind be initiated which could result in the suspension, debarment or loss of its licensure or certification.

5.3: The Laboratory shall utilize personnel whose credentials have been verified in accordance with the Laboratory's procedure and approved by the Laboratory in compliance with applicable state and federal laws and regulations.

5.4: The Laboratory shall certify that all Medical Technologists who are employed by the Laboratory have been duly credentialed and maintain in good standing all state and federal licenses required for a Medical Technologist in the Commonwealth of Puerto Rico. MCS-HMO reserves the right to request and verify the licenses and credentials of any and all personnel employed by the Laboratory.

**ARTICLE VI
CREDENTIALING AND RECREDENTIALING**

6.1: It is the policy of MCS-HMO to have in its network of providers, providers that comply with its credentialing process. In accordance with this policy MCS-HMO will verify and will update the Laboratory's record to make sure that all information and documents have been updated.

250 **6.2:** The Laboratory will make sure that its state and federal licenses, certifications and
251 the required permits to operate a clinical laboratory will not have any type of restrictions.

252

253 **6.3:** The Laboratory will submit any and all information or documents that MCS-HMO
254 may deem necessary in the credentialing or recredentialing process.

255

256 **6.4:** The Laboratory authorizes MCS-HMO to contact any state, federal or private entity
257 and request and make copies of any and all information that is relevant to the
258 credentialing and recredentialing process.

259

260 **ARTICLE VII**
261 **COMPLIANCE WITH POLICIES AND PROCEDURES**

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263 **7.1:** The Laboratory shall comply with all policies and procedures established and
264 notified by MCS-HMO. Said policies and procedures when notified by MCS-HMO will be
265 automatically incorporated to this Agreement.

266

267 **ARTICLE VIII**
268 **HIPAA COMPLIANCE WARRANTY**

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270 **8.1:** The Laboratory acknowledges that during the term of this agreement, it must
271 comply with all statutory requirements as set forth in Subtitle F of HIPAA (Administrative
272 Simplification Act), and the regulatory requirements promulgated by the Secretary of
273 Health and Human Services Department. In the event of noncompliance by the
274 Laboratory with these statutory and regulatory requirements, MCS-HMO will require that
275 the Laboratory present evidence of compliance. The Laboratory further acknowledges
276 that if the Laboratory is not in compliance, MCS-HMO will consider this conduct as a
277 material breach of contract by the Laboratory. The Laboratory shall indemnify MCS-
278 HMO for all the losses, damages, injuries, harms, costs and expenses caused by such
279 breach of the Agreement.

280

281 **8.2:** MCS-HMO acknowledges that during the term of this Agreement, it must comply
282 with all statutory requirements as set forth in Subtitle F of HIPAA (Administrative

283 Simplification Act), and the regulatory requirements promulgated by the Secretary of
284 Health and Human Services Department. In the event of noncompliance by MCS-HMO
285 with these statutory and regulatory requirements, the Laboratory will require that MCS-
286 HMO present evidence of compliance. MCS-HMO further acknowledges that if MCS-
287 HMO is not in compliance, the Laboratory will consider this conduct as a material
288 breach of the contract by MCS-HMO. MCS-HMO shall indemnify the Laboratory for all
289 the losses, damages, injuries, harms, costs and expenses caused by such breach in
290 contract.

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ARTICLE IX GENERAL TERMS AND CONDITIONS

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295 **9.1:** The Laboratory shall provide ASES access to its Medicare billing data for the
296 Insured receiving services pursuant to this agreement, who are also Part A and Part B
297 Medicare beneficiaries. Said access must be authorized by the Centers for Medicare
298 and Medicaid Services (CMS).

299

300 **9.2:** The Laboratory agrees that under no circumstance shall the Laboratory, or any of
301 its representatives, bill, charge, collect a deposit from or have any recourse against the
302 Insured or any person acting on a the Insured's behalf for covered services provided
303 pursuant to this agreement.

304

305 **9.3:** The Laboratory acknowledges that funds from the State Plan under Title XIX of the
306 Social Security Act Medical Assistance Program (Medicaid) as well from Title V of the
307 Social Security Act and Mental Health Block Grants are used to finance in part the
308 covered services. Therefore when an Insured enrolls in the benefit plan he or she
309 authorizes the Government of the United States, the Centers for Medicare and Medicaid
310 Services (CMS), the office of the Inspector General (OIG), ASES, the Comptroller of
311 Puerto Rico, MCS-HMO and their duly authorized representatives to inspect, review and
312 make copies of the Insured's records for the purpose of auditing and evaluating the
313 quality, timeliness and cost of the services provided by the laboratory.

314



315 **9.4:** The Laboratory shall preserve in a readily accessible form, for their inspection by
316 ASES, CMS, OIG, MCS-HMO and any other authorized state and federal agency, the
317 records of all Insured during the term of this agreement and for a period of six (6) years
318 thereafter unless:

- 319 1. It is determined by ASES that a special necessity exists that requires that a
320 record or a group of records be kept accessible for an additional period and
321 ASES notifies MCS-HMO of it, at least thirty (30) days before the conclusion of
322 the initial period of six (6) years.
- 323 2. There has been a, dispute, fraud or fault in which case the retention may be
324 extended to three (3) years from the date of any resulting settlement.
- 325 3. It is determined by ASES that there is a reasonable probability of fraud, in which
326 case ASES may reopen a final settlement at any time.
- 327 4. There has been an audit intervention by CMS, the Comptroller of Puerto Rico,
328 the OIG or ASES, in which case the retention may be extended until conclusion
329 of the audit and publication of the final report.

330

331 **9.5:** Any denial, unreasonable delay or rationing of services is expressly prohibited.

332

333 **9.6:** The Laboratory shall do all things reasonably necessary to ensure that all
334 information relating to the business of MCS-HMO acquired by virtue of this Agreement
335 shall not be disclosed or made use of, outside the scope of the business conducted
336 pursuant to this Agreement. The restrictions of this paragraph shall not apply to
337 information provided to government agencies or third party payors as required by law.

338

339 **9.7:** Any notice required or permitted to be given pursuant to the terms and provisions of
340 this Agreement shall be sent in writing and delivered by the US Post Office or by fax.

341

342 **9.8:** None of the terms or provisions of this Agreement is intended to create nor shall be
343 deemed to create any relationship between MCS-HMO and the Laboratory other than
344 that of independent entities contracting with each other hereunder solely for the purpose
345 of complying with the provisions of this Agreement. Neither of the parties hereto, nor



346 any of their respective employees, shall be construed to be the agent, employer,
347 employee, or representative of the other.

348

349 **9.9:** The Laboratory agrees to and shall obtain and maintain throughout the term of this
350 Agreement such, policies of general and professional liability as required by law. The
351 Laboratory shall notify MCS-HMO in writing with thirty (30) days anticipation, any
352 cancellation or modification of said policies. The Laboratory shall submit evidence of the
353 policies when requested by MCS-HMO.

354

355 **9.10:** The Laboratory shall comply with all MCS-HMO programs including but not limited
356 to retrospective and concurrent utilization review and quality assurance programs.

357

358 **9.11:** This Agreement shall be governed by, construed and enforced in accordance with
359 the laws of the Commonwealth of Puerto Rico.

360

361 **9.12:** If any provision, covenant or condition of this Agreement is held by a court of
362 competent jurisdiction to be invalid, void or unenforceable, the remainder of the
363 provisions of this Agreement shall remain in full force and effect and in no way shall be
364 affected, impaired or invalidated.

365

366 **9.13:** The Laboratory shall not assign its rights, duties, or obligations under this
367 Agreement without the express written consent of MCS-HMO.

368

369 **9.14:** The Laboratory recognizes that the provision of services is a corporate obligation,
370 and thus, shall not subcontract, assign or transfer none of the services under contract.
371 Furthermore, the Laboratory acknowledges, and agrees not to incur or encourage in
372 any or all violations of legal precepts that prohibit, under administrative, civil or criminal
373 penalty, the illegal remuneration of health services, including but not limited to,
374 kickbacks, self-referrals or false claims. Any and all legal precepts amended or enacted
375 throughout the duration of this agreement are incorporated by reference, and as such,



376 the laboratory will comply with them as agreed herein. This is an essential obligation,
377 and its breach is cause for immediate termination of the agreement.

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ARTICLE X INDEMNIFICATION

382 **10.1:** The Laboratory shall defend, indemnify and hold harmless MCS-HMO from any
383 and all claims, liability, loss, damage, or expense of any kind, including costs and
384 attorney's fees, arising out of the performance or nonperformance of this Agreement by
385 part of the Laboratory.

386

387 **10.2:** MCS-HMO shall defend, indemnify and hold harmless the Laboratory from any
388 and all claims, liability, loss, damage, or expense of any kind, including costs and
389 attorney's fees, arising out of the performance or nonperformance of this Agreement by
390 part of MCS-HMO.

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ARTICLE XI TERM AND TERMINATION

395 **11.1:** The initial term of this Agreement shall commence on the date set forth on the
396 signature page hereof and shall continue in effect for one (1) year thereafter, unless
397 terminated sooner pursuant to the provisions of this Agreement. This Agreement shall
398 automatically renew for successive one (1) year terms, unless either party notifies the
399 other party of its intention not to renew this Agreement at least thirty (30) days prior to
400 any renewal date.

401

402 **11.2:** Either party may terminate this Agreement, with or without cause, upon thirty (30)
403 days prior written notice to the other.

404

405 **11.3:** This Agreement may be terminated immediately by MCS-HMO, without complying
406 with the thirty (30) days prior written notice, if there is a material breach of the terms and
407 conditions of this Agreement by the Laboratory, and said breach has not been cured



408 within thirty (30) days of receipt of written notification specifying the nature of the
409 breach.

410

411 **11.4:** This Agreement may also be terminated if either party is declared bankrupt,
412 becomes insolvent or commences complete liquidation.

413

414 **11.5:** MCS-HMO shall have the right to terminate this Agreement immediately if it
415 determines, in its reasonable discretion, that the health or welfare of the Insured is
416 jeopardized by the continuation of this Agreement. In case of such determination by
417 MCS-HMO, MCS-HMO shall provide written notice to the Laboratory specifying the
418 basis for termination.

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**ARTICLE XII
AMENDMENT AND ASSIGNMENT
OF THE AGREEMENT**

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424

425 **12.1:** MCS-HMO may modify or amend this agreement upon thirty (30) days written
426 notice to the Laboratory.

427

428 **12.2:** This Agreement, being intended to secure the services of the Laboratory, shall not
429 be assigned, sublet, delegated, or transferred by the Laboratory without the prior written
430 consent of MCS-HMO. In the event of the sale or transfer of the licensed Clinical
431 Laboratory, the Laboratory shall cause the transferee to assume all rights and
432 obligations of the Laboratory as set forth in this Agreement.

433

434 **12.3:** This Agreement constitutes the entire agreement between the parties with respect
435 to the subject matter hereof, and as of the date this Agreement is executed by both
436 parties, shall supersede any previous agreements or understandings, written or oral,
437 between parties.

438



439 **IN WITNESS WHEREOF**, the foregoing agreement is entered into, by and between the
440 undersigned parties on _____ 200__.

441
442 The Laboratory

MCS Health Management Options, Inc.

443
444 
445 By: _____

By: _____

446 Print name: _____

Vicepresident, Providers Network

447 Title: _____


Management Division

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449 SS number: _____

Date: _____

450

451 Name of the Laboratory: 

452 *May 11, 2009*
453
454

455 _____

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457 Tax I.D.: _____

458