

5.1 Allocation of CORE Costs

- 5.1.1 Budget** – The Hospital and OU-COM shall approve an annual budget for each year, attached hereto as Schedule C as a proposed CORE budget for 2007-08. The annual budget shall set forth the major operating objectives, expenses, cash flow requirements, capital expenditures, sources of revenue and the maximum annual financial obligation to OU-COM for CORE expenses to be paid by the Hospital for the budget year. The Hospital and OU-COM acknowledges that within existing budgetary allocations dollars can be shifted between service and supply line items as necessary to administer existing CORE programs and activities through June 30, 2008. The Hospital and OU-COM acknowledges that within existing budgetary allocations for salaries and benefits, dollars can be used to pay temporary help for approved positions and to advertise and recruit for vacant CORE positions. The Hospital's financial obligation shall not exceed any of the attached budgets except as noted herein (See Section 3J). Any costs required under Schedule A shall not exceed previously approved budgets without the Hospital's consent.
- 5.1.2 Payments** – The Hospital shall pay to OU-COM the prorated amount of the annual financial obligation of the Hospital for Schedule B, C, and D as determined by the approved CORE budget for the contract year in four (4) installments. Operating and academic program payments are due:

August 1,
October 1,
January 1,
April 1,

The Hospital shall pay to OU-COM the prorated amount of annual financial obligation of the Hospital for Schedule A as determined by the approved CORE budget for the contract year in two (2) installments. COREnet payments are due:

August 1,
January 1,

Late Fee - There is a grace period of 30 days following each due date. For any payment that is not paid before or within 30 days of the due date, there will be assessed a one-time 5% late fee based on the amount of the payment. This late fee will be charged for each late payment. (The late fee will be a maximum of 5% of the total Hospital obligation if all four payments are late.)

- 5.1.3 OU-COM Obligations** – It is expressly acknowledged by the parties that OU-COM shall hire the CORE staff and OU-COM shall have contracting authority for all CORE expenses. OU-COM agrees to use its best efforts to control costs associated with the CORE operations and programs. In the event OU-COM incurs expenses, including compensation and benefits costs in excess of the approved budgeted amount, such expenses shall be the sole responsibility of OU-COM and the Hospital shall have no responsibility to fund any such amounts unless the Hospital agrees to make additional payments.
- 5.1.4 Refunds** – In the event the CORE expends less than the budgeted amount in the current fiscal year, OU-COM shall either: 1) refund to the Hospital the Hospital's pro rata share of any unexpended amount; or 2) transfer specified amount to an appropriate account as

approved by CORE Finance Committee (CFC) and ratified by the CORE Board (CB). This will be done by the Ohio University Associate Vice President for Administration and Finance Office within ninety (90) days after the final close of the respective fiscal year.

5.1.5 Accounting – OU-COM shall provide the Hospital with a monthly accounting of all CORE expenses within thirty (30) days of each calendar month and shall permit the Hospital or its agents, reasonable access to OU-COM’s books and records to verify expenditures in support of the CORE staff and expenses.

5.1.6 Supplemental Income - Supplemental Income is defined as dollars generated by grants, new contracts and other monetary awards and contributions. Supplemental Income does not reduce the financial obligations of Schedules B and C but may reduce Schedule A for the participating Hospitals. The CORE Academic Steering Committee (CASC) will receive proposals, establish priorities, and make decisions on academic enrichment programs to be initiated as a result of Supplemental Income. Programs funded will be reported to the CORE Finance Committee.

5.1.6 New Hospital Entry Costs - New hospitals will benefit from the time, effort and resources the Central and Charter Members expended to implement the CORE System. OU-COM and the Hospital agree new hospitals will make a contribution to help defray overhead expenses and contribute to the consortium reserve funds as follows:

I. Application Fee: \$2,000.00

An application fee of two thousand dollars (\$2,000.00) will be assessed upon a hospital’s request to enter into the CORE System. Said amount shall be due at the time of the formal request.

II. CORE Reserve Fund Obligation: \$10,000.00

The CORE Reserve Fund is an interest bearing account held by Ohio University and was established via contributions from the Central and Charter Members to cover shortfalls in revenue and protect the integrity of the CORE System. A new participating member hospital shall be obligated to pay ten thousand dollars (\$10,000.00) into the CORE Reserve Fund upon entry into the CORE System. Said amount shall be due thirty (30) days after the initial Hospital Participation Agreement is signed by all parties.

5.1.8 Delinquent Payments - CORE membership standing and procedures with regards to delinquent payments are as follows:

I. Delinquent Status

a. 30 days delinquent

- Notice sent to the Hospital CEO by OU-COM finance office.

b. 60 days delinquent

- Personal contact to the Hospital CEO from the Assistant Dean for CORE Operations or the Associate Dean for Graduate Medical Education/CORE System.

c. 90 days delinquent

- Personal contact to the Hospital CEO from the Associate Dean for Graduate Medical Education/CORE System and the CEO serving as CORE Board Chair or Vice Chair.

II. Probationary Status

a. 120 days delinquent

- Probationary status notice sent to the Hospital CEO from the Associate Dean for Graduate medical Education/CORE System and the CEO serving as CORE Board Chair or Vice Chair.
- The Hospital is ineligible for refunds or revenue distribution including CORE reserve.

b. Following year

- A limited participation agreement will be issued to the Hospital.
- Only current students based at the Hospital will continue education program.
- No new students will be assigned to a Hospital on probationary status at the time the CORE Hospital Assignment Process (CHAP) takes place.
- Placement of students at a Hospital entering probationary status subsequent to the CHAP will be at the discretion of the Associate Dean for Graduate Medical Education/CORE System and CORE officials.
- Hospital membership becomes nonvoting observer(s) on all CORE committees.
- Residents and interns will be ineligible for Residency Programs Advisory Committee (RPAC) Education Day activities.
- Recruitment of interns and residents by the Hospital for subsequent years will be without CORE affiliation.

III. Subsequent Year Contingencies

a. With payment in full

- The Hospital can return to full participation status at the beginning of the following fiscal year.

b. Without payment in full

- The Hospital will be ineligible for participation the following year.
- A Hospital reentering the CORE System must repay any outstanding balance owed to the CORE and meet the same requirements as new entrants.

5.1.9 CORE Reserve - The Hospital portion of the CORE Reserve is defined as the initial contribution plus accrued interest. A Hospital leaving the CORE System in good financial standing would have this Reserve amount returned. A Hospital leaving the CORE System not in good standing or having delinquent status would have this Reserve amount retained by OU-COM on behalf of the CORE System and applied to offset the debt of the delinquent Hospital.

5.1.10 Assessments – If the amount of the annual Osteopathic Postdoctoral Training Institution (OPTI) fee exceeds the approved funds allocated for this purpose, the difference shall be assessed from prior year carryover. If carryover is unavailable or insufficient to cover the unbudgeted amount of the OPTI fee, OPTI Participating Members will pay a special assessment to cover this additional expense.