

THE CONROE MEDICAL EDUCATION FOUNDATION RESIDENT PHYSICIAN APPOINTMENT AND AGREEMENT

Upon the recommendation of Sample Form, Program Director, of the Conroe Medical Education Foundation Sports Medicine Fellowship, Conroe Medical Education Foundation (“CMEF”) has offered you a position as Resident Physician at the postgraduate year 4 level, hereinafter referred to as PGY 4 subject to the following terms and conditions:

1. The period of your appointment as PGY 4 in this program will begin on July x, 20xx and end on xxxx xx, xx. All appointments are contingent upon confirmation of your graduation from medical school, satisfaction of state licensure requirements, completion of an accredited core residency in Family Medicine and eligibility to sit for board certification in Family Medicine, appointment to the staffs of the affiliated hospitals, as well as to the receipt of any necessary approvals by other governing, licensing, accrediting agencies, including but not necessarily limited to the American Board of Family Medicine and the Texas Medical Board, and the satisfaction of requirements for a J1 visa, if applicable. More detailed appointment information including institutional orientation, licensure/Physician in Training permits, DEA registration, and “moonlighting” will be found in “Conroe Medical Education Foundation General Information for Residents” and in applicable “Rules of the Road” which are attached to this agreement as Schedules A and B.1 and B.2.

2. All Residents of CMEF receive their education and training at CMEF’s affiliated facilities, Lone Star Community Health Center, Inc. (“Lone Star”), a federally qualified health center or at the Lone Star Sports Medicine Clinic. Subject to your satisfactory participation in the Residency Program during the term of this Agreement, you will receive salary and benefits from Lone Star as may be established by Lone Star and approved by CMEF for its Residents according to your postgraduate year. As a resident and employee at Lone Star, your salary is subject to all deductions required by state and federal law and such other deductions as you may authorize. A copy of your employment agreement with Lone Star is attached to this Agreement as Schedule C. More detailed salary and benefit information will be found in “Conroe Medical Education Foundation General Information for Residents” and in applicable “Rules of the Road” which are incorporated by this reference.

3. As a resident at Conroe Medical Education Foundation and at Lone Star, you will be expected to perform such duties and responsibilities as may be assigned and to use best efforts to provide safe, effective, and compassionate patient care. Such performance will be subject to all rules and regulations established by the Board of Directors of CMEF, the Graduate Medical Education Committee of CMEF, the Residency Program Director, the “Conroe Medical Education Foundation General Information for Residents”, the applicable “Rules of the Road” manual, the Board of Directors of Lone Star, and the applicable requirements of the Essentials of Approved Residencies as promulgated by the Accreditation Council for Graduate Medical Education (ACGME) and the Residency Review Committee (RRC) for Family Medicine. You agree to be subject to the position description and basic responsibilities of a CMEF Resident are found in “Conroe Medical Education Foundation General Information for Residents” and in “Rules of the Road.”

4. Appointment as a resident at Conroe Medical Education Foundation and at Lone Star is for one (1) year.

5. Your performance as a PGY 4 will be reviewed and evaluated by the faculty of your program at least semiannually. You agree that you will be dismissed from the program during the term of this Agreement upon the determination by the faculty that his/her level of performance or professionalism does not meet the standards of the program and is unsatisfactory. Such dismissal shall be in accordance with the information concerning due process, appeal and grievance policies and procedures as found in "Conroe Medical Education Foundation General Information for Residents" and in applicable "Rules of the Road."

6. In the event any provision(s) of this Agreement is (are) held invalid, the remainder of this Agreement shall not be affected by such invalidity.

Please indicate your acceptance of the position as PGY 4 in the Conroe Medical Education Foundation Family Medicine Residency Program and the terms and conditions set forth above and as set forth by the "Conroe Medical Education Foundation General Information for Residents" and by the "Rules of the Road" by signing in the space indicated below and returning the signed Agreement to the Conroe Medical Education Foundation Residency Program Office in the enclosed envelope. Your signature also indicates that you have read and understand all of the terms and conditions as contained in the "Conroe Medical Education Foundation General Information for Residents" and applicable "Rules of the Road" policies.

Sample Form Only

Stephen L. McKernan, D.O. as President and Program Director of
Conroe Medical Education Foundation, and as Executive Director of
Lone Star Community Health Center, Inc.

Sample Form Only

Resident Name (Print or Type)

Resident Signature

Date Accepted

Original: Residency Program Office
Copy: Resident
Copy: Program Director

SCHEDULE A

**CONROE MEDICAL EDUCATION FOUNDATION
GENERAL INFORMATION FOR RESIDENTS
JULY 1, 2008 THROUGH JUNE 30, 2009**

SCHEDULE B.1 and B.2

RULES OF THE ROAD

SCHEDULE C

PHYSICIAN-IN-TRAINING EMPLOYMENT AGREEMENT

PHYSICIAN-IN-TRAINING EMPLOYMENT AGREEMENT

BETWEEN

LONE STAR COMMUNITY HEALTH CENTER, INC.

AND

NAME
(“Resident”)

Effective as of July x, 200x

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PHYSICIAN-IN-TRAINING EMPLOYMENT AGREEMENT

This **PHYSICIAN-IN-TRAINING EMPLOYMENT AGREEMENT** (this “Agreement”) is entered into as of July x, 200x (the “Effective Date”), by and between **Lone Star Community Health Center**, a Texas non-profit corporation (“Corporation”), and **Name** (“Physician-in-Training”).

WITNESSETH

WHEREAS, Corporation is a tax-exempt organization organized in Montgomery County, Texas for the purpose of providing primary health care services to residents of Texas and it is a Federally Qualified Health Center (“Clinic;”); and,

WHEREAS, as of the date Physician’s Appointment (as defined herein) commences, Physician is either a licensed physician authorized to practice medicine in the State of Texas or possesses a physician-in-training permit, and has accepted a medical residency appointment position (the “Appointment”) with Conroe Medical Education Foundation (“CMEF”) to participate in its sponsored Family Medicine Residency Program, Sports Medicine Fellowship (the “Residency Program”), as evidenced in The Conroe Medical Education Foundation Resident Appointment and Agreement (the “Appointment Letter”) between CMEF and Physician attached hereto and incorporated herein; and,

WHEREAS, Corporation operates a Sports Medicine Clinic at 605 Holderreith, Tomball, Texas 77375 and employs physicians and mid-level practitioners to provide medical services to patients of the Clinic and to fulfill, in part, Corporation’s obligations to provide training for the Primary Care Sports Medicine Fellowship Program pursuant to a Residency Affiliation Agreement between CMEF and Corporation, and,

WHEREAS, Corporation operates healthcare facilities in Montgomery County, Texas (“Facilities”) and employs physicians and mid-level practitioners to provide medical services to Patients of the Facilities and to fulfill, in part, Corporation’s obligations to provide primary health services to indigents pursuant to a Professional Services Agreement (the “Professional Services Agreement”), between Corporation and CHCA Conroe, L.P. (“Hospital”), which has the obligation to provide health care services to the indigent population of Montgomery County, Texas (the “County”) pursuant to an Indigent Care Agreement between the County and the Hospital; and,

WHEREAS, Corporation desires to employ Physician to provide professional medical services for Corporation and to enable Physician to fulfill the requirements of his/her residency appointment with CMEF as a Resident Physician, and Physician desires to be employed by Corporation to provide such professional medical services and to fulfill the requirements of his/her residency appointment with CMEF as a Resident Physician, upon the terms and conditions hereinafter set forth.

NOW, THEREFORE, for and in consideration of the promises and agreements contained herein and other good and valuable consideration, the receipt and adequacy of which are hereby forever acknowledged and confessed, the parties agree as follows:

1. Incorporation of Recitals. The foregoing Recitals are hereby incorporated into this Agreement as material terms.

2. Engagement. Corporation hereby employs Physician, and Physician hereby accepts such employment, to provide those professional medical services that are commensurate with his/her level of training based on advancement and responsibility as a Resident Physician, and consistent with those guidelines that may be established by CMEF as the academic sponsor of said Residency Program from time to time including, providing primary care services (“Medical Services”) for and on behalf of Corporation to Patients at the Facilities (as defined in Section 3.1 hereof), during the Term (as defined in Section 6.1 hereof). Although Physician is an employee of Corporation under the terms of this Agreement, Physician shall be subject to the oversight of CMEF’s Residency Program Director (the “Program Director”) and the Faculty Physicians employed by Corporation as part of the Residency Program when exercising independent discretion and professional judgment in the provision of services involving the diagnosis and treatment of Patients (as defined in Section 3.1 hereof) at the Facilities.

3. Covenants of Physician.

3.1 Availability to Provide Medical Services. Physician hereby agrees to provide Medical Services at the Facilities and Hospitals to Patients of the Corporation and, pursuant to the Professional Services Agreement, to Patients covered by the Indigent Care Agreement of Hospital (“Patients”), devoting his or her full time, attention, and energy to such active practice of medicine for Corporation. Physician shall provide Medical Services to Patients within the scope of Physician’s qualifications in a competent and ethical manner, and consistent with acceptable standards of practice. Physician will keep records of time providing Medical Services to Patients pursuant to this Agreement. As used herein, the time to be spent by the Physician shall be such time as necessary to fulfill Physician’s duties hereunder to provide services to Patients at the Facilities and Hospitals; provided, however, Physician’s absence from the practice for reasonable periods for vacation, illness, continuing education purposes, licensure examinations, recruiting, and other absences as approved by the Program Director, will not result in a failure by Physician to engage in the active practice of medicine. As used herein, the term “Facilities” shall mean the facilities located at 704 Old Montgomery Rd., Conroe, Texas 77301 and such other facilities at which Corporation operates a medical practice, including, but not limited to 605 Holderreith, Tomball, Texas 77375, for so long as Corporation operates a medical practice at such site.

Physician’s duties shall include (a) provision of Medical Services at the Facilities and at Hospitals or other inpatient facilities as applicable; (b) provision of Medical Services to indigent patients who receive services at the Hospitals pursuant to the Professional Services Agreement between Corporation and Hospitals.; (c) compliance with the administrative policies and procedures developed by or on behalf of Corporation and (d) compliance with the policies and procedures of the Residency Program.

3.2 Medical Records/Reports. Physician shall, in accordance with policies developed by or on behalf of Corporation, timely prepare all medical records with respect to Patients treated by Physician. All medical records generated in service of Patients treated by Physician or any other physician engaged by Corporation shall be and remain the property of

Corporation or such other entity as determined by Corporation and shall be maintained at the Facilities; provided, however, that Physician shall have such right of access to such medical records as shall be provided by law and the ethical standards of the Texas and American Medical Associations. Physician and Corporation agree that such medical records shall be held confidential to the extent required by law and the ethical standards of the Texas and American Medical Associations. In addition, Physician shall timely prepare and deliver such other records and reports relating to the operations of Corporation as Corporation may reasonably request.

3.3 Licensure, Compliance with Laws, Standards. As a continuing condition precedent to the obligations of Corporation under this Agreement, Physician covenants that at all times during the Term, Physician shall (a) hold and maintain either a valid and unrestricted license to practice medicine in the State of Texas or a valid permit to serve as a resident-in-training; (b) obtain and maintain all appropriate certifications, registrations and approvals necessary to prescribe and dispense drugs under applicable federal and state laws; (c) have registered with the Hospital as a Resident Physician (d) be credentialed by, and maintain credentials with, Corporation consistent with its staff bylaws rules and regulations and maintain membership in AAFP and TAFP; (e) comply fully with the Hospitals' "Medical Staff Bylaws", and other bylaws, rules, and regulations of the Hospitals ("Hospital Rules"), as they apply to residents, and discharge all responsibilities as a member of the resident staff of the Hospitals pursuant to such Hospital Rules; and (f) comply with and otherwise provide Medical Services in a professional, competent manner and in accordance with applicable laws, the ethical standards of the Texas and American Medical Associations, the standards and recommendations of the Joint Commission on the Accreditation of Healthcare Organizations and of any accrediting bodies which may have jurisdiction or authority over Corporation, the Facilities and the Hospitals, including the Corporation's Bylaws, the Corporation's Professional Staff Bylaws, the Hospitals' Medical Staff Bylaws, as each may be in effect from time to time, and the applicable standards of care for Resident Physicians.

3.4 Supervision of Certain Personnel. All non-physician personnel shall be under Corporation's exclusive control; provided however, Physician shall have control over and provide direction in the clinical performance by such non-physician personnel related to Medical Services for Patients treated by Physician. In addition and to the extent requested by Corporation, Physician shall assist Corporation in developing appropriate scheduling for such non-physician healthcare personnel. Supervision of Resident Physicians shall be controlled by the Program Director.

3.5 Nondiscrimination. In the provision of services in accordance with the Professional Services Agreement, Physician shall not discriminate against any person on the basis of such person's status as an indigent; however, this covenant shall not be construed to require Physician to provide more services to an indigent person than as is required under the Professional Services Agreement.

3.6 Use of Facilities. Physician shall not use the Facilities or any equipment, supplies, utilities or other items or services provided by or on behalf of Corporation for any purpose other than for the provision of Medical Services to Patients and the performance of related administrative services required to be performed by Physician pursuant to this Agreement.

3.7 Quality Assurance/Utilization Review. Physician shall actively participate in, and cooperate with Corporation in connection with the development and implementation of a quality assurance and risk management program for Corporation. Physician shall also be subject to and actively participate in any utilization review program developed by or on behalf of Corporation in respect of Corporation.

3.8 Residency Program. Physician shall participate in the Residency Program consistent with the terms of his/her Residency Appointment, applicable standards, guidelines, policies and procedures of CMEF and the Affiliation Agreement between Corporation and CMEF. Nothing in this Agreement will be interpreted to place Physician in a conflict between his/her obligations as a Resident Physician and his/her obligations as an employee of Corporation.

3.9 Subcontracted Services. Physician agrees to provide Medical Services to Patients in accordance with the terms and conditions of this Agreement and any contract entered into by Corporation with Facilities, third party payors, other health care providers, provider networks, or other entities that provide or arrange for the provision of health services, including without limitation, the Professional Services Agreement. Nothing in this Agreement will preclude Physician's ability to "moonlight" so long as he/she abides by the terms of the moonlighting policies set forth in the CMEF General Information for Residents July 1, 2008 Through June 30, 2009 ("CMEF General Information") which is attached hereto and incorporated by this reference as Exhibit "B", and (1) such outside work does not detract from Physician's obligations to provide Medical Services under this Agreement, and (2) Physician confirms and warrants his/her understanding that services provided outside this Agreement will not be covered under liability insurance of Corporation or eligible for qualified immunity under the Federal Tort Claims Act.

3.10 Performance of Obligations Under Professional Services Agreement. Physician shall provide services hereunder in accordance with, and comply with the relevant provisions of, the Professional Services Agreement to ensure that Patients eligible to receive Medical Services under the Indigent Care Agreement receive such services as required of Corporation under the Professional Services Agreement which is incorporated by this reference.

3.11 Federal Health Care Programs. Physician represents and warrants to Corporation that Physician (a) is not currently excluded, debarred, or otherwise ineligible to participate in the Federal health care programs as defined in 42 U.S.C. Section 1320a-7(b) (the "Federal health care programs,") (b) is not convicted of a criminal offense related to the provision of health care items or services, irrespective of whether he has yet been excluded, debarred, or otherwise declared ineligible to participate in the Federal health care programs, and (c) is not under investigation or otherwise aware of any circumstances which may result in Physician being excluded from participation in the Federal health care programs. This shall be an ongoing representation and warranty during the term of this Agreement and Physician shall immediately notify Corporation of any change in the status of the representation and warranty set forth in this section. Any breach of this section shall give the Corporation the right to terminate this Agreement immediately for cause.

3.12 Confidential Information. Physician acknowledges that during the Term, Physician may be brought into contact with Corporation's confidential business plans, methods of operations, compensation methods and formulas, insurance limits, performance standards, pricing policies, marketing strategies, records, trade secrets and other information about Corporation's operations and business of a confidential nature (the "Confidential Information"). Therefore, during the Term of this Agreement and thereafter, Physician shall not in any manner, directly or indirectly, disclose or divulge to any person or other entity whatsoever, or use for any purpose any such Confidential Information, except as required by law or expressly authorized in writing by Corporation. Upon the expiration or termination of this Agreement for any reason, Physician shall immediately return to Corporation any and all Confidential Information in Physician's possession or control, including, without limitation, any originals or copies of computer discs or other magnetic media containing policies, procedures, patient medical records, operation or contractor materials, billings or billing information. Physician shall not retain any Confidential Information in any form (*e.g.*, computer, hard drive, microfilm, etc.) upon the expiration or termination of this Agreement. The covenant set forth in this Section 3.12 shall continue to be binding upon Physician notwithstanding the termination of this Agreement for any reason. Such covenant shall be deemed and construed as a separate agreement independent of any other provision of this Agreement. The existence of any claim or cause of action by Physician against Corporation or any of its affiliates, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by Corporation or any of its affiliates of any or all of such covenants. It is expressly agreed that the remedy at law for the breach of any such covenant is inadequate and that temporary and permanent injunctive relief shall be available to prevent the breach or any threatened breach thereof, without the necessity of posting a bond, cash or otherwise.

4. Covenants of Corporation

4.1 Compensation and Fringe Benefits. Corporation shall provide Physician with the compensation and other fringe benefits described in Schedules B and C attached hereto. It is understood that these Schedules may change based on Residency Program changes at CMEF, which will control the Compensation and Fringe Benefits available for Resident Physicians employed by Corporation.

4.2 Operational Requirements. Except as otherwise required by the Affiliation Agreement, Corporation shall provide, or cause to be provided, all space, equipment, and supplies, all non-physician healthcare personnel and all clerical, administrative, and other personnel reasonably necessary and appropriate for Physician's practice of medicine on behalf of Corporation. In making this determination, Corporation, at its discretion, will consult with the Program Director from time to time as to the general and particular needs of the Resident Physicians.

5. Professional Fees.

Physician acknowledges that, during the Term, Patients will be billed in the name of Corporation for all Medical Services rendered by Physician unless required otherwise by a third party payor, or other entity with which Corporation contracts, in which case such services shall be billed under Physician's name with the understanding that all fees generated from such

billings shall belong to Corporation. Corporation shall be entitled to all fees generated by Physician for Medical Services rendered on behalf of Corporation hereunder. Physician expressly and irrevocably transfers, assigns, and otherwise conveys to Corporation all right, title, and interest of Physician in and to any of such fees, whether in cash, goods, or other items of value, resulting from or incident to Physician's practice of medicine and all related Medical Services and activities pursuant to this Agreement during the Term, and does hereby appoint Corporation as Physician's agent and attorney-in-fact for collection of the same or otherwise enforcing Physician's interests therein. To the extent Physician should receive any amounts from Patients, any third party payors, or any other parties for Medical Services provided to Patients or resulting from or incident to Physician's practice of medicine during the Term of this Agreement, Physician shall forthwith endorse and deliver such amounts to Corporation.

6. Term and Termination. This Agreement is intended to be coterminous with the term of Physician's appointment to the Family Medicine Residency Program at CMEF as set forth in the Appointment Letter unless otherwise terminated pursuant to the Affiliation Agreement or as provided below.

6.1 Termination. This Agreement may be sooner terminated on the first of the following to occur:

6.1.1 Termination of Affiliation Agreement. In the event Corporation and CMEF terminate the Affiliation Agreement for the Residency Training Program, this Agreement will terminate at the option of Corporation.

6.1.2 Termination of Resident Appointment. In the event the Appointment with CMEF is terminated for any reason, this Agreement will terminate at the option of Corporation.

6.1.3 Termination by Death of Physician. This Agreement shall automatically terminate upon the death of Physician. In the event of Physician's death during the term of this Agreement, Corporation shall pay to the executor or administrator of Physician's estate, or if there is no such executor or administrator, then to Physician's heirs as determined by any court having jurisdiction over Physician's estate, the compensation and benefits payable to Physician in accordance with Schedules B and C attached hereto through the date of death. Any such compensation shall be paid to Physician's executor or administrator within ninety (90) days after receipt by Corporation of a certified copy of letters testamentary or letter of administration reflecting the appointment and qualification of such person or persons to be executor or administrator of Physician's estate. In the event there is no executor or administrator of Physician's estate, then Corporation shall pay all amounts due to Physician's heirs within ninety (90) days after receipt by Corporation of a copy of a court order determining Physician's heirs and the share of Physician's estate to which each is entitled, certified as true and correct by the clerk of the court issuing such order. Upon payment of all compensation due to Physician's executor, administrator, or heirs, as the case may be, pursuant to this Section 6.1.3, Corporation shall have no further obligation or liability to Physician or Physician's heirs, assigns, or legal representatives for compensation or other benefits hereunder.

6.1.4 Termination Due to Legislative or Administrative Changes. In the event that there shall be a change in federal or state law (or in the interpretation or application thereof), the Medicare or Medicaid statutes, regulations, or general instructions (or in the interpretation or application thereof), the adoption of new legislation or regulations applicable to this Agreement, a change in any other third party payor reimbursement system; or the initiation of an enforcement action with respect to legislation, regulations, or instructions applicable to this Agreement; any of which affects the legality of any portion of this Agreement, or the ability of either party to obtain reimbursement for services provided by one party to the other party or to Patients, then either party may by notice propose an amendment (including the severance of any illegal provisions of this Agreement) to conform this Agreement to existing laws. If notice of such a change or an amendment is given and if Corporation and Physician are unable within ninety (90) days thereafter to agree upon the amendment, then either party may terminate this Agreement by thirty (30) days notice to the other, unless a sooner termination is required by law or circumstances.

6.1.5 Termination In the Event of Insolvency. This Agreement may be terminated immediately by either party by giving written notice of such termination to the other party if such other party shall be adjudicated bankrupt, become insolvent, have a supervisor, conservator, or receiver of its assets or property appointed or make a general assignment for the benefit of creditors, or institute or cause to be instituted any proceeding in a bankruptcy or reorganization or rearrangement of its affairs.

6.2 Effect of Expiration or Termination. Upon the expiration or earlier termination of this Agreement, neither party shall have any further obligation hereunder except for (a) obligations accruing prior to the date of expiration or termination; and (b) obligations, promises, or covenants contained herein which are expressly made to extend beyond the term of this Agreement.

7 Intermediate Actions Pending Investigation and Conclusion of Grievance Procedure

7.1 Immediate Suspension For Harmful Conduct. In the event the Physician engages in conduct or commits some act which, in the judgment of the Executive Director of the Corporation, would pose an imminent threat of harm to the patients or staff of the Clinic, the Corporation will notify the Program Director of the objectionable behavior and may, at its election, ask for the immediate suspension of Physician with pay. The Program Director or his designee, upon receipt of said notification, may then request the immediate suspension of Physician from further duties with pay pending conclusion of the grievance procedures (the "Grievance Procedures") as provided for and set forth in Section III of the CMEF General Information for Residents July x, 200x Through xxxxx ("CMEF General Information") which is attached hereto and incorporated by this reference as Exhibit "B".

7.2 Administrative Review For Other Conduct. For all other actions that would otherwise be grounds for termination of Physician, including but not limited to: (a) material failure by omission or commission to provide the services as specified in Section 3.1 hereof, (b) material failure to comply with the provisions specified in Section 3.2 or 3.4 through 3.12 hereof, or (c) material failure to meet any of the qualifications set forth in Section 3.3 hereof, the

Executive Director of the Corporation may submit the matter to the Program Director for review and action pursuant to the Grievance Procedures as provided for and set forth in Section III of the CMEF General Information.

8. Status of Physician as an Employee. It is expressly acknowledged by the parties hereto that Physician, in the performance of services hereunder, is an employee of Corporation. Accordingly, Corporation shall deduct from the compensation paid to the Physician pursuant to Section 3 hereof appropriate amounts for income tax, unemployment insurance, social security, or any other withholding required by any law or other requirement of any governmental or regulatory body.

9. Miscellaneous

9.1 Additional Assurances. The provisions of this Agreement shall be self-operative and shall not require further agreement by the parties except as may be herein specifically provided to the contrary; provided, however, at the request of either party, the other party shall execute such additional instruments and take such additional acts as the requesting party may reasonably deem necessary to effectuate this Agreement.

9.2 Agreement Subject to State and Federal Law. The parties enter into this Agreement with the intent of conducting their relationship in full compliance with applicable state, local, and federal law. Notwithstanding any unanticipated effect of any of the provisions herein, neither party will intentionally conduct itself under the terms of this Agreement in a manner which would violate any law, rule or regulation. If any one or more of the provisions contained in this Agreement are for any reason held to be invalid, illegal or unenforceable, this holding will not affect the validity and enforceability of any other provisions. If the removal of the provisions rendered invalid, unenforceable or void materially alters the obligations of either party so as to cause financial hardship to a party, the parties will cooperate and use good faith efforts to amend this Agreement.

9.3 Invalid Provision. If any one or more of the provisions contained in this Agreement will for any reason be held to be invalid, illegal or unenforceable in any respect by a judicial or administrative body, such holding will not affect the validity and enforceability of any other provisions hereof. If the removal of the provisions rendered invalid, unenforceable or void materially alters the obligations of either party in such manner as to cause serious financial hardship to a party, or causes a party to act in violation of its articles or bylaws the affected party(ies) will make all reasonable efforts, with the cooperation and good faith efforts of the other party, to negotiate amendments to this Agreement that will abrogate the undesirable effects of such decision. Further, should any provision within this Agreement ever be reformed or rewritten by judicial body, the provision as so rewritten will be binding upon the parties hereto

9.4 Consents, Approvals, and Discretion. Except as herein expressly provided to the contrary, whenever this Agreement requires any consent or approval to be given by either party or either party must or may exercise discretion, the parties agree that such consent or approval shall not be unreasonably withheld, conditioned, or delayed, and such discretion shall be reasonably exercised.

9.5 Use of the Grievance Procedures as a Means of Dispute Resolution. In the event there is a dispute between the parties hereto regarding the performance of or interpretation of this Agreement or any of its terms, the parties shall first submit the matter in dispute to the Program Director for review and action pursuant to the Grievance Procedures as provided for and set forth in Section III of the CMEF General Information.

9.6 Choice of Law and Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas. The venue for any litigation, special proceeding or other proceeding as between the parties that may be brought, or arise out of, in connection with, or by reason of, this Agreement shall be Montgomery County, Texas.

9.7 Benefit/Assignment. Subject to provisions herein to the contrary, this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective legal representatives, successors and assigns. Physician may not assign this Agreement or any or all of his or her rights or obligations hereunder without the prior written consent of Corporation. Corporation may assign this Agreement or any or all of its rights or obligations hereunder to a Texas professional association, corporation, partnership or other legal entity that is owned, controlled, or supported by, or under common control, or otherwise affiliated with the Corporation; provided, however, such assignment shall not relieve Corporation of its obligations under this Agreement unless Corporation obtains Physician's prior written consent that Corporation may be relieved of its obligations under this Agreement. Except as set forth in the immediately preceding sentence, Corporation may not assign this Agreement or any or all of its rights or obligations hereunder to any other legal entity without the prior written consent of Physician.

9.8 Waiver of Breach. The waiver by either party of a breach or violation of any provision of this Agreement shall not operate as, or be construed to constitute, a waiver by such party of any subsequent breach of the same or other provision hereof.

9.9 Notice. Any notice, demand or communication required, permitted or desired to be given hereunder shall be deemed effectively given when personally delivered, when received by telegraphic or other electronic means (including telefax, facsimile, and telex), when received by overnight courier, or after three (3) days when mailed by prepaid certified or registered mail, return receipt requested, addressed as follows:

Corporation: Lone Star Community Health Center, Inc.
704 Old Montgomery Rd.
Conroe, Texas 77301
Attn: Executive Director

Conroe Medical Education Foundation:
Conroe Medical Education Foundation
704 Old Montgomery Rd.
Conroe, Texas 77301
Attn: Residency Program Director

Sports Medicine Fellowship Program:

Lone Star Sports Medicine Clinic
605 Holderreith
Tomball, Texas 77375
Attn: Fellowship Director

Physician-in-Training:

or to such other address, and to the attention of such other person or officer as either party may designate, all at the address which a party may designate by like written notice.

9.10 Severability. In the event any provision of this Agreement is held to be invalid, illegal, or unenforceable for any reason and in any respect, such invalidity, illegality or unenforceability thereof shall not affect the remainder of this Agreement, which shall be in full force and effect, enforceable in accordance with its terms.

9.11 Gender and Number. Whenever the context of this Agreement requires, the gender of all words herein shall include the masculine, feminine, and neuter, and the number of all words herein shall include the singular and plural.

9.12 Divisions and Headings. The division of this Agreement into sections and the use of captions and headings in connection therewith are solely for convenience and shall have no legal effect in construing the provisions of this Agreement.

9.13 Entire Agreement/Amendment. With respect to the subject matter of this Agreement, this Agreement, together with the List of Schedules attached hereto and incorporated herein, supersedes all previous contracts and constitutes the entire agreement existing between Physician and Corporation. No party shall be entitled to other benefits than those specified herein. As between or among the parties, no oral statements or prior written material not specifically incorporated or otherwise referenced herein shall be of any force and effect. The parties specifically acknowledge that, in entering into and executing this Agreement, each is relying solely upon the representations and agreements contained in this Agreement and no others. All prior representations or agreements, whether written or oral, not expressly incorporated herein, are superseded and no changes in or additions to this Agreement shall be recognized unless and until made in writing and signed by all parties hereto.

9.14 Counterparts. This Agreement may be executed in two or more counterparts, each and all of which shall be deemed an original and all of which together shall constitute but one and the same instrument.

9.15 HIPAA Requirements. The parties agree to comply with the Health Insurance Portability and Accountability Act of 1996, as codified at 42 U.S.C. Section 1320d (“HIPAA”) and any current and future regulations promulgated thereunder including without limitation the federal privacy regulations contained in 45 C.F.R. Parts 160 and 164 (the “Federal Privacy

Regulations”), the federal security standards contained in 45 C.F.R. Part 142 (the “Federal Security Regulations”), the federal standards for electronic transactions contained in 45 C.F.R. Parts 160 and 162, all collectively referred to herein as “HIPAA Requirements”. The parties agree not to use or further disclose any Protected Health Information (as defined in 42 U.S.C. Section 1320d), other than as permitted by HIPAA Requirements and the terms of this Agreement.

The parties agree to comply with any state law and regulations that govern or pertain to the confidentiality, privacy, security of, and electronic transactions and code sets pertaining to, information related to patients. The parties will make their internal practices, books, and records relating to the use and disclosure of Protected Health Information available to the Secretary of Health and Human Services to the extent required for determining compliance with the Federal Privacy Regulations and state law.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in multiple originals, effective as of the date and year first above written.

CORPORATION: LONE STAR COMMUNITY HEALTH CENTER, INC.

By: _____

Stephen McKernan, D.O., Executive Director

CMEF: CONROE MEDICAL EDUCATION FOUNDATION

By: _____

Stephen McKernan, D.O., Program Director

PROGRAM: SPORTS MEDICINE FELLOWSHIP PROGRAM

By: _____

Scott Edward Rand, M.D., Fellowship Director

PHYSICIAN-IN-TRAINING: _____

LIST OF SCHEDULES:

SCHEDULE A: CONROE MEDICAL EDUCATION FOUNDATION GENERAL INFORMATION FOR RESIDENTS JULY 1, 200x THROUGH JUNE 30, 200x

SCHEDULE B: RULES OF THE ROAD

SCHEDULE C: PHYSICIAN-IN-TRAINING EMPLOYMENT AGREEMENT

SCHEDULE D: PHYSICIAN COMPENSATION

SCHEDULE E: FRINGE BENEFITS

SCHEDULE D
PHYSICIAN COMPENSATION

B-1. Annual Base Compensation. Physician shall receive from Corporation compensation in accordance with the CMEF House Staff Base Salaries as set forth in Appendix 2 of the CMEF General Information for Residents attached hereto as Exhibit A.

SCHEDULE E

FRINGE BENEFITS

C-1. Fringe Benefits. Physician shall receive from Corporation the fringe benefits in accordance with the CMEF General Information for Residents attached hereto as Exhibit A.

