

RESIDENCY AGREEMENT

THIS RESIDENCY AGREEMENT is made and entered into by and between CTMF, INC., a Texas non-profit corporation d/b/a AUSTIN MEDICAL EDUCATION PROGRAMS ("AMEP") and _____, [M.D.][D.O.], an individual ("Resident" or "Fellow" as appropriate), upon the following terms and conditions:

RECITALS

A. WHEREAS, AMEP employs physicians for purposes of, among other things, participating in a graduate medical education program ("Program") pursuant to an academic affiliation with THE UNIVERSITY OF TEXAS MEDICAL BRANCH AT GALVESTON ("UTMB"), a component of the University of Texas System, a state agency and institution of higher education, which Program provides medical and hospital care to persons in Austin and Central Texas. The Program includes multiple medical sites and hospital facilities owned and operated by SETON HEALTHCARE d/b/a SETON FAMILY OF HOSPITALS ("Seton"), including without limitation, UNIVERSITY MEDICAL CENTER AT BRACKENRIDGE; DELL CHILDREN'S MEDICAL CENTER OF CENTRAL TEXAS; SHOAL CREEK HOSPITAL; and SETON MEDICAL CENTER AUSTIN;

B. WHEREAS, the parties acknowledge that UTMB is withdrawing as a sponsoring institution of the Program in Austin. Seton has initiated discussions with University of Texas Southwestern Medical Center at Dallas ("UT Southwestern") to become the sponsoring institution for all Austin-based graduate medical education programs. If these discussions are successful, UT Southwestern will be the sponsoring institution for all the Austin-based residency programs and residents will remain employees of AMEP;

C. WHEREAS, the Program is, first and foremost, an educational experience designed to provide Resident with an opportunity to acquire clinical judgment and proficiency in the practice of medicine through the progressive assumption of personal responsibility for patient care in a supervised, educational environment that meets the requirements of the Accreditation Council for Graduate Medical Education ("ACGME");

D. WHEREAS, AMEP desires to appoint Resident to participate in the Program to assure the availability of qualified physicians in the future; and

E. WHEREAS, Resident desires to accept appointment in the Program and to participate fully in the Program.

NOW THEREFORE, for good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties enter into this Agreement on the following terms and conditions:

1. Appointment; Commencement Date; Policies and Procedures.

(a) Appointment. Subject to the various initial and continuing conditions as set forth in this Agreement, Resident shall be appointed as a [Resident/Fellow] at the Postgraduate Year _ level ("PGY _") in the UTMB-AMEP graduate medical education training program specializing in _____ [e.g., Child Psychiatry; Dermatology; Family Medicine; General Pediatrics; General Surgery; Internal Medicine; Neurology; Obstetrics & Gynecology; Psychiatry; Transition (Rotating Internship)] (the "Program"), commencing on _____, 2009.

(b) Resident Eligibility Requirements. Resident is required to meet all eligibility requirements contained in this Agreement and in Exhibit A, attached hereto, and incorporated herein by this reference. Resident's appointment and continuation of appointment is conditioned upon: (i) satisfaction of all Program eligibility requirements; (ii) confirmation of Resident's graduation from medical school; and (iii) evidence of the Resident's right to work (e.g., United States citizenship or the satisfaction of the requirements for a J-1 Visa). Additional information regarding Resident's eligibility for appointment and continuation of appointment is set forth in Exhibit A, attached hereto. Exhibit A includes, among other things, such information regarding: (1) Institutional orientation; (2) Licensure and institutional permits; and (3) Federal Drug Enforcement Agency ("DEA") and Texas Department of Public Safety ("DPS") registrations.

(c) Drug Screening; Criminal Background Check. Resident's appointment is conditioned upon Resident's submitting to: (i) a confidential, pre-employment drug screening and the provision of an unadulterated urine specimen that does not produce confirmed positive test results; and (ii) a post-offer criminal history background check, the outcome of which shall be evaluated in accordance with the following Seton Policies and Procedures: (1) "*Post-Offer Pre-Employment Drug Screening Policy*"; and (2) "*Post-Offer Criminal Background Checks*" [Human Resources Policies & Procedures No. 400.02 & 400.02A], as amended from time to time.

(d) Ethical and Religious Directives. Resident acknowledges that AMEP and Seton are bound by the "*Ethical and Religious Directives for Catholic Healthcare Services*," which are located at: <http://www.usccb.org/bishops/directives.shtml>; and Resident agrees to abide by such Ethical and Religious Directives while caring for patients at a Seton facility.

(e) Policies and Procedures. As an employee of AMEP, Resident shall comply with all applicable AMEP, Seton, and Seton's medical staff's bylaws, rules, regulations, policies, procedures, and protocols, including without limitation, Seton's "*Code of Conduct*" and Seton's "*Policy On Inventions and Intellectual Property*" set forth in Exhibit A, attached hereto. Seton's policies and procedures and Seton's medical staff's bylaws, rules and regulations, and policies are available to Resident for review on Seton's intranet website (at: <http://intranet.seton.org/>), which can be accessed at each nursing station. The sponsoring institution(s) responsibilities to the residents and the residency programs are

defined by the Accreditation Council for Graduate Medical Education's institutional requirements. These requirements can be found at www.acgme.org. UTMB's general information for house staff at Austin can be located at: http://www.utmb.edu/gme/PDF/2009/2009_2010UTMBAustinGen%20InfoHouseStaff.pdf. The AMEP institutional resident manual can be found at: http://www.seton.net/medical_services_and_programs/graduate_medical_education/AMEP_Resident_Manual.pdf.

2. Term of Appointment; Reappointment; Non-Reappointment.

(a) Term of Appointment. The period of Resident's appointment in the Program shall begin on _____, 2009 and end on _____, 2010. ("New Resident Orientation" will be held from _____, 2009 through _____, 2009). The term of Resident's appointment at AMEP is for one (1) year.

(b) Reappointment. *Reappointment and/or promotion to the next level of training or the extension of the term of this Agreement is in the sole discretion of AMEP.* Without limiting the foregoing, reappointment is expressly contingent upon various considerations, including, the following: (i) satisfactory completion of all training components; (ii) the availability of a position; (iii) satisfactory performance evaluations; (iv) completion of mandatory training; (v) full compliance with the terms of this Agreement; (vi) the continuation of the Program's accreditation by the ACGME or other applicable organization; (vii) Seton and AMEP's financial ability; and (viii) furtherance of AMEP and Seton's determination to continue the Program.

(c) Notice of Non-Reappointment. Resident will be notified at least one hundred twenty (120) days prior to the conclusion of this appointment if AMEP does not intend to offer an appointment to Resident for the following year. Resident must notify the Program Director at least thirty (30) days prior to the conclusion of this appointment if Resident does not plan to continue in the Program after completion of the current level of appointment.

(d) No Option to Renew. Neither this Agreement nor Resident's appointment hereunder constitute an option for the benefit of the Resident to renew or extend the Resident's appointment or a benefit, promise, or other commitment that the Resident will be appointed as a continuing student in the Program for a period beyond the one (1) year termination date of this Agreement.

(e) Non-Reappointment Based on Institutional Factors. When non-reappointment is based on reasons other than the Resident's performance or the Resident's compliance with the terms of this Agreement, such non-reappointments when made by AMEP shall be final and *not* subject to further appeal or review and shall not be subject to the fair hearing process as described in the "Resident Due Process and Appeal and Grievance Policies and Procedures" located in Section 7 of Exhibit A, attached hereto.

(f) Additional Provisions. Additional provisions regarding termination of this Agreement and "Residency Closure or Reduction Policies and Procedures" are located in

Sections 4 and 7 of Exhibit A.

(g) Corrective Action. Resident's appointment is expressly conditioned upon satisfactory performance of all Program elements by Resident. If, as determined by AMEP, the actions, conduct, or performance, professional or otherwise, of Resident are or may be inconsistent with the terms of this Agreement, AMEP's, Seton's, or Seton's medical staff's standards of patient care, patient welfare, or the objectives of AMEP's, Seton's, or Seton's medical staff's, or if such actions, conduct, or performance reflects or may reflect adversely on the Program or Seton, or disrupts operations at the Program or Seton, corrective action may be taken by AMEP in accordance with its corrective action procedures applicable to residents as provided by the fair hearing process as described in the "*Resident Due Process and Appeal and Grievance Policies and Procedures*" located in Section 7 of Exhibit A, attached hereto.

3. Stipend and Benefits. For satisfactory participation in the Program during the term of this Agreement, Resident will receive an annual salary of _____ Dollars (\$_____.00) payable in bi-weekly installments. Resident will additionally receive benefits as may be established by AMEP for its residents from time to time. Resident salary is subject to all deductions required by federal and state laws and regulations, and such other deductions as Resident may authorize in writing. More detailed salary and benefit information, including without limitation, information regarding health insurance; life insurance; disability insurance; professional liability insurance (including tail coverage); the availability of confidential counseling, medical, psychological and other support services; vacation and leave policies and procedures; and the availability and rules regarding meals, parking, housing, and laundry are located in Section 6 of Exhibit A, attached hereto. AMEP's "*Anti-Harassment and Non-Discrimination Policy and Procedure*" is located in Section 5 of Exhibit A. AMEP reserves the right to modify the plan of benefits provided by AMEP to Resident at any time, subject to compliance with applicable law. Any such change may be made on a prospective basis only upon reasonable notice to Resident.

4. Resident's Responsibilities. Resident will be expected to perform such duties and responsibilities as may be assigned from time-to-time. Resident shall use his/her *best efforts* to provide safe, effective, and quality patient care. Resident's performance shall be subject to all policies and procedures; and rules and regulations established by the AMEP Board of Directors from time to time, as well as those documents set forth in Exhibit A. Assignment of Resident's duties and responsibilities shall be subject to the "*Resident Duty Hours Policy and Procedure*" located in Section 5 of Exhibit A, attached hereto. Resident is required to adhere to the policies, procedures, rules, regulations, and standards applicable to Resident's specific residency program as located in the "*Essentials of Approved Residencies*," promulgated by the ACGME. The position description and basic responsibilities of an AMEP resident are found in Chapter 5 of Exhibit A.

5. Performance Evaluations. Resident performance will be reviewed and evaluated by the faculty of the Program at least semiannually. Resident may be dismissed from the

Program during the term of this Agreement upon the determination by AMEP through the Program faculty that Resident's level of performance or professionalism is unsatisfactory and does not meet the standards of the Program. Such dismissal shall be in accordance with AMEP's Policies and Procedures. More detailed information concerning "*Resident Due Process and Appeal and Grievance Policies and Procedures*" is located in Section 7 of Exhibit A. The "*Physician Impairment Policy and Procedure*" is located in Section 5 of Exhibit A.

6. Billing and Collections. AMEP shall be responsible for billing and collection for Resident's professional services provided pursuant to this Agreement. Resident shall cooperate with AMEP as reasonably requested in the provision of information and the completion of any necessary forms for third-party reimbursement.

7. Professional Activities Outside of Program or Moonlighting.

(a) No AMEP or Seton Liability for Professional Activities Outside of Program or Moonlighting. AMEP and Seton assumes no legal responsibility for any professional activities outside of the Program or "moonlighting" engaged in by Resident beyond the scope of this Agreement. *AMEP's Professional liability coverage referred to in Section 12, below, shall not apply to such outside activities.* Professional activities permitted outside of the Program or moonlighting activities are governed by AMEP's "*Moonlighting Policy No. 8870*" set forth in Exhibit A, attached hereto.

(b) Indemnification. If Resident engages in any professional activities outside of the Program or moonlighting that is beyond the scope of this Agreement, Resident hereby agrees to indemnify, defend, and hold harmless AMEP and Seton from and against any and all liability arising therefrom.

8. Use of Facilities. Resident shall not knowingly use (or permit anyone else to use) any part of AMEP's or Seton's facilities or resources for any purpose other than Resident's appointment to the Program pursuant to this Agreement. Without limiting the generality of the foregoing statement, Resident agrees not to use any of AMEP's or Seton's facilities or resources in any manner that may jeopardize any applicable tax exemptions, insurance, or risk management programs.

9. Compliance with Laws, Regulations and Accreditation Standards. Resident agrees to comply with all federal, state, and local laws, rules, regulations, ordinances, orders applicable to the Program and the professional services provided by Resident, including without limitation, the: (a) Texas Medical Practice Act; (b) laws, rules and regulations promulgated by the Centers for Medicare and Medicaid ("*CMS*"); and (c) Texas Department of State Health Services ("*DSHS*"). In addition, Resident agrees to comply with each educational site's accreditation standards, including the standards of The Joint Commission ("*TJC*").

10. Confidentiality. During the course of Resident's appointment, Resident may have access to and use of proprietary or confidential patient individually identifiable protected

health information (“PHI”), business, financial, operational, strategic planning, and/or other proprietary information about AMEP and Seton, including without limitation, trade secrets, technology, and intellectual property (collectively, “Confidential Information”). Resident shall safeguard and keep all such Confidential Information strictly confidential, and shall not use such Confidential Information for any other purpose other than to perform Resident’s duties and responsibilities under this Agreement.

11. Compliance With Social Security Act. For the purpose of implementing Section 1861(v)(1)(I) of the Social Security Act, as amended, and any written regulations promulgated pursuant thereto, Resident agrees to make available for a period of four (4) years following completion of the term of this Agreement, upon request of the Secretary of Health and Human Services of the United States or of the United States Comptroller General or any of their authorized agents, all books, documents and records necessary to certify the nature and extent of the cost of the services rendered pursuant to this Agreement as required by federal statute or duly promulgated regulations.

12. Professional Liability Insurance. AMEP shall provide Resident with professional liability insurance coverage in such form and amounts as generally provided by AMEP pertaining to Resident’s activities pursuant to this Agreement. Such coverage may be maintained through a self-insurance program and/or via a corporate affiliate. Such coverage shall be provided without cost to the Resident so long as this Agreement remains in full force and effect. In connection with the professional liability coverage:

(a) Resident agrees to cooperate fully in any investigations, discovery, and defense that may arise. Resident’s failure to cooperate may result in personal liability. Resident acknowledges that such cooperation may extend beyond the period of actual training of Resident at AMEP or Seton given the nature of legal proceedings. Resident’s agreement to cooperate in any investigation, discovery and defense shall survive the term of this Agreement. Resident’s agreement is a material inducement to AMEP to enter into this Agreement.

(b) If Resident receives, or anyone with whom Resident works or resides receives on his/her behalf, any summons, complaint, subpoena, or court paper of any kind relating to activities in connection with this Agreement or the Resident’s activities at AMEP or Seton, Resident agrees to immediately report this receipt to AMEP and to Seton’s Risk Management Department and submit the document received to that office.

(c) Resident agrees to cooperate fully with AMEP and Seton Administration, Seton’s Risk Management Department, all attorneys retained by AMEP and Seton, and all investigators, committees, and departments of AMEP and Seton, particularly in connection with the following: (i) evaluation of patient care; (ii) review of an incident or claim; and/or (iii) preparation for litigation, whether or not Resident is a named party to that litigation.

(d) Resident’s professional liability coverage shall include adequate insurance coverage for an extended reporting period (“Tail Coverage”).

(e) Additional information regarding Resident's professional liability coverage is set forth in Exhibit A, attached hereto.

13. Notice. All notices contemplated under this Agreement must be given in writing and delivered to the parties to the address below. Such notice shall be deemed effectively given when: (a) personally delivered; or (b) received through United States certified mail, return receipt requested; or (c) received via other commercial third party delivery service issuing delivery confirmation:

If to Resident: _____, [M.D.][D.O.]

If to AMEP: CTMF, Inc.
d/b/a Austin Medical Education Programs ("AMEP")
c/o Seton Administrative Offices, Suite 402
1345 Philomena Street
Austin, Texas 78723
Attention: James O. Lindsey, M.D.
President & Executive Director

with a copy to: CTMF, Inc.
d/b/a Austin Medical Education Programs ("AMEP")
Department of _____
1313 Red River, Suite 303B
Austin, Texas 78701
Attention: _____, M.D.
Program Director

14. Miscellaneous Provisions.

(a) Severability. If any part of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions will nevertheless continue in full force and effect.

(b) Amendment. This Agreement may only be amended in writing and signed by both parties; provided, however, AMEP and Seton Policies and Procedures, and the "AMEP-Institutional Resident Manual" attached as Exhibit A may be amended from time to time by AMEP or Seton (as appropriate) in its/their sole and absolute discretion. AMEP shall promptly provide Resident with a copy of any such amendments.

(c) Governing Law. This Agreement is governed by Texas law. Venue shall be Travis County, Texas.

(d) Assignment. This Agreement may be assigned by AMEP with the consent of Seton to any corporation, professional association or other entity of any kind succeeding to the business of AMEP in connection with the transition of University of Texas System medical schools' sponsorship, or the merger, consolidation or transfer of all or substantially all of the assets and business of AMEP to such successor. Resident may not assign this Agreement or delegate or subcontract any duties hereunder whether in whole or in part to any party without the express, prior written consent of AMEP.

(e) Entire Agreement. This Agreement and the exhibits supersede any previous understanding between the parties, oral or otherwise, and constitute the entire agreement between the parties relating to the subject matter hereof.

15. Representations. Resident's signature below represents Resident's acceptance of the appointment (as set forth in Section 1, above) in the Program on the terms and conditions set forth herein. Resident's signature also indicates that Resident has read, understood and agrees to comply with the "AMEP-Institutional Resident Manual" that is attached hereto as Exhibit A.

IN WITNESS WHEREOF, the parties have executed this Agreement effective as the date above-stated.

"RESIDENT"

By: _____
Name: _____, [M.D./D.O.]
an Individual

"AMEP"

CTMF, Inc.,
a Texas non-profit corporation
d/b/a AUSTIN MEDICAL EDUCATION PROGRAMS

By: _____
James O. Lindsey, M.D.
President & Executive Director

By: _____
Name: _____, M.D.
Program Director

[For AMEP's Office Use Only]

Date Accepted: _____

Original: Resident File
Copy: GME Administrative Office
Copy: Resident