

COVENANT ACO, INC. DISCLOSURES FOR MSSP WAIVERS

The Covenant ACO, Inc. (“Covenant ACO”) Board of Directors (“Board”) has formally approved the following arrangements as reasonably related to the purposes of the Medicare Shared Savings Program (“MSSP”), as required for arrangements for which protection of the MSSP Pre-Participation and Participation Waivers is sought:

1. Network Participation Agreements, as amended, between Covenant ACO, Inc., Covenant Health Partners, Inc., and ACO Participants

Covenant ACO, Inc. (formerly known as Covenant Health Partners, Inc.) (“Covenant ACO”) is currently participating in the Medicare Shared Savings Program (“MSSP”) as an accountable care organization (“ACO”). In connection with its ACO activities, Covenant ACO has entered into Network Participation Agreements (the “Participation Agreements”) with the ACO Participants identified on this website that include financial incentive programs and may also provide for support services related to participation in the ACO.

The Participation Agreements encourage the participating providers to provide clinical services to patients in order to promote improved quality of care under various quality assurance initiatives undertaken by Covenant ACO, improve patient satisfaction, and help reduce the cost of providing quality healthcare, all in furtherance of the purposes of the MSSP.

The Participation Agreements with the Participants were effective as of the date listed next to their name on this website. Each Participation Agreement was subsequently amended pursuant to a written Amendment to Network Participation Agreement effective January 1, 2014 (“Participation Agreement Amendment”) to change the legal entity name of the ACO from Covenant Health Partners, Inc. to Covenant ACO, Inc.

The Covenant ACO Board of Directors has determined that the foregoing arrangements are reasonably related to the purposes of the MSSP, because they: (i) encourage participating providers to adhere to the quality assurance and improvement program and evidence-based clinical guidelines associated with Covenant ACO and its participation in the MSSP, (ii) promote accountability for the quality, cost, and overall care for Covenant ACO’s attributed beneficiaries by assisting with meeting requirements for reporting on quality and cost measures, and (iii) support the MSSP aims of better care for individuals, better health for populations, and lower growth in expenditures.

2. Management Agreement between Covenant ACO, Inc. and Covenant Health Partners, Inc., as assigned to Covenant Health System

Covenant ACO entered into a Management Agreement with Covenant Health Partners, Inc. (“CHP”) dated January 1, 2014 (the “Management Agreement”), pursuant to which CHP provides a broad range of management services and operational personnel to support Covenant ACO’s operations as an ACO in the MSSP. The Management Agreement was assigned from CHP to Covenant Health System (“CHS”), effective March 10, 2016. CHS designate third parties (such as CHP) to perform the management services in

connection with the Management Agreement. In connection with this arrangement and its ACO activities, Covenant ACO will compensate CHS for its provision of management services, including but not limited to, patient navigation/care management services, general day-to-day operational personnel and services, financial management and accounting services, marketing, credentialing, and other services.

The Covenant ACO Board of Directors has determined that the arrangement involving management services and operational personnel is reasonably related to the purposes of the MSSP because it: (i) invests in and provide the infrastructure and care process for Covenant ACO to deliver high quality and efficient services to the population it services, (ii) supports and provides resources to Covenant ACO in activities designed to promote accountability for the quality, cost and overall care for the Medicare population served by Covenant ACO, and (iii) provides staff and other resources to assist Covenant ACO in coordinating the care of the Medicare beneficiaries which it serves.

3. Network Data & Service Agreements between Covenant ACO, Inc., Covenant Health Partners, Inc., and Post-Acute Providers

Covenant ACO and CHP have entered into Network and Data Services Agreements (“PAC Agreements”) with various post-acute care providers to further the purposes of the MSSP by providing patient health information and data to Covenant ACO for purposes of quality assessment and improvement in order to further the objective of improving patient healthcare outcomes. Each PAC Agreement was subsequently amended pursuant to a written Amendment to PAC Agreement effective as of the last date of signature of the parties (“PAC Agreement Amendment”) to change the legal entity name of the ACO from Covenant Health Partners, Inc. to Covenant ACO, Inc. The PAC Agreements were updated as of March 2016 to provide for additional data sharing opportunities between the parties.

The Covenant ACO Board of Directors has determined that the foregoing arrangements are reasonably related to the purposes of the MSSP because the arrangements: (i) encourage the post-acute care providers to provide data for use in Covenant ACO’s participation in the MSSP and (ii) promote the accountability for quality, cost and overall care for the Medicare population that is managed by Covenant ACO.

4. Master Care Management Services Agreement between Covenant Health Partners, Inc. and Covenant Health System, for and on behalf of its wholly-owned affiliate entities, including Covenant ACO, Inc., Covenant Medical Center, Covenant Children’s Hospital, Covenant Hospital Plainview, Covenant Hospital Levelland, Covenant Medical Group, and other wholly-owned affiliate entities.

Covenant Health System (“CHS”) is the sole corporate member of Covenant ACO, Inc. (“Covenant ACO”), and on behalf of Covenant ACO and its other wholly-owned affiliate entities, CHS has entered into a Master Care Management Services Agreement with Covenant Health Partners, Inc. (“CHP”) effective July 1, 2015 (the “Care Management Agreement”). The Care Management Agreement was amended effective July 1, 2016, to update the scope of services and compensation required under the agreement.

The Care Management Agreement provides for CHP to implement a coordinated care management enterprise model designed to organize, standardize, and operationalize dispersed resources and services across CHS and to provide centralized care management support services to CHS and Covenant ACO in furtherance of their population health management initiatives. These care management support services include, but are not limited to, (i) building comprehensive collaborative care teams, (ii) developing and updating policies, procedures, and workflow processes across CHS, (iii) establishing and monitoring care management goals and performance metrics to evaluate the care management process at CHS and Covenant ACO, (iv) facilitating communication and education on the care management process across CHS, and (iv) centralizing, developing, and providing existing/new care management services and programs, such as care coordination, patient navigation, case management, care transition, and wellness programs.

The Covenant ACO Board of Directors has determined that the Care Management Agreement arrangement entered into or conducted by or on behalf of Covenant ACO is reasonably related to the purposes of the MSSP because it: (i) encourages participating providers to adhere to the quality assurance and quality improvement program and evidence-based clinical guidelines associated with Covenant ACO and its participation in the MSSP, including to promote improved quality of care in the health system and other settings across the care continuum, (ii) supports managing and coordinating care for Medicare fee-for-service beneficiaries through an accountable care organization (“ACO”) by providing care managers and patient navigator services to Covenant ACO to assist with the care management of Covenant ACO’s attributed beneficiaries, (iii) encourages investment in and redesigned care processes for high quality and efficient service delivery for patients, including Medicare beneficiaries, through the creation of a centralized care management enterprise model, and (iv) overall, supports the MSSP aims of better care for individuals, better health for populations, and lower growth in expenditures, and Covenant ACO’s participation in the MSSP and achievement of the program’s goals.

5. Value Proposition Agreement between Covenant ACO, Inc. & Covenant Health System

Covenant ACO, Inc. (“Covenant ACO”) and Covenant Health System (“CHS”) have entered into a Value Proposition Agreement effective July 1, 2015 (the “Value Proposition Agreement”). CHS is the sole corporate member of Covenant ACO, as well as an “ACO Participant” as that term is defined at 42 C.F.R. § 425.20. The Value Proposition Agreement was updated effective July 1, 2016, to provide for a budget required under the agreement for the next fiscal year.

Covenant ACO, through its ACO Participants, is engaging in population health management initiatives designed to transform the care model by building an accountable care delivery system to increase quality and value with respect to health care services provided to the patients in the communities CHS serves. In furtherance of these initiatives and on the terms and conditions of the Value Proposition Agreement, CHS will make capital investments required to develop, implement and operate infrastructure, systems and capabilities within Covenant ACO and through its relationships with third parties (collectively, “Infrastructure”) in order to realize efficiencies and quality goals in their efforts to build an accountable care delivery system through the Clinical Integration Program.

The Covenant ACO Board of Directors has determined that the Value Proposition Agreement is reasonably related to the purposes of the MSSP because it: (i) encourages investment in infrastructure and redesigned

care processes for high quality and efficient service delivery for patients, including Medicare beneficiaries, through the availability of capital funds for expenditures for Infrastructure, including items, services, facilities or goods, such as new information technology systems, new personnel, organization and staff training costs, and clinical management systems, that will contribute to the improvement of quality, safety, and cost efficient health care services, and (ii) overall, supports the MSSP aims of better care for individuals, better health for populations, and lower growth in expenditures, and Covenant ACO's participation in the MSSP and achievement of the program's goals.