

**MEETING MINUTES
ADIRONDACKS ACO, LLC
BOARD OF MANAGERS
JULY 25, 2013**

Attendees: Stephens Mundy, Dr. Alison Guile, Dr. Rob DeMuro, Dr. Howard Schapiro, Dr. Debra Leonard, Todd Moore, Dr. John Rugge, Dr. Tucker Slingerland, Dr. David Beguin, Dr. Kris Ambler, Dianne Shugrue, Paul Scimeca, Chandler Ralph, Dr. Heidi Moore, Karen Ashline, Jim Daniel, Chris Rowe, Hunter Sinclair, Cathy Homkey, Amanda Twinam, Melissa Joyce

Call to Order

The meeting was called to order @ 7:03 am by Stephens Mundy. He welcomed everyone and expressed thanks to all who have participated in the formation of this ACO with a special thanks to Jim Daniels and his team.

Introduction to Adirondack ACO Design

Todd Moore reviewed the Power Point that was distributed to all participants in this meeting. Highlights include:

- ACO Design
- Board of Managers
- Organizational Structure
- Committees
- Shared Savings Model
- Data and Information Systems
- ACO Strategy

1. **Discussion of Managers' Fiduciary Duties of Loyalty and Care.**

Jim Daniel presented on the Managers' fiduciary duties of loyalty and care. Mr. Daniel described that the duty of loyalty as consisting of:

- The duty of obedience to the purpose of the Company;
- A duty of confidentiality;
- A duty not to act with a conflict of interest; and
- A duty not to miss appropriate corporate opportunities.

Mr. Daniel further explained that the duty of care requires Managers to use good faith business judgment for the Company's interests. This standard allows for reliance on reports by experts and committees. However, it does not permit reliance on outside experts if the reports are based on facts or circumstances a Manager knows to be false or inaccurate. Carrying out this duty requires proactive attendance at meetings, making inquires, and not acting with conflicts of interest.

2. **Discussion and Adoption of Operating Agreement.**

Mr. Daniel described that the Operating Agreement is essentially a “partnership agreement” to be signed by the two members of the Company: Champlain Valley Physicians Hospital Medical Center (“CVPH”) and Fletcher Allen Medical Group, PLLC (“FA”). A discussion was held that while there are only two members to sign the Operating Agreement, there are “deeded” governance rights for other stakeholders, with some voting matters requiring super majority approvals to protect non-member constituents. In some cases, matters would require approval of the members (CVPH and FA) while there are matters that would require constituent approvals of non-member managers. Constituents would execute “joinders” that acknowledge their “deeded” seats on the Company’s Board of Managers. When asked if there were any reservations with the Operating Agreement, no reservations or concerns were raised. A motion was made by Todd Moore, seconded by Dr. Debra Leonard and passed unanimously to adopt the Operating Agreement, a copy of which is attached hereto as Exhibit A, and to establish that the number of Managers that initially constitutes the whole Board of Managers shall be seventeen (17) Managers.

3. **Second Seat on Board of Managers for Adirondack Medical Center and Irongate Family Practice Associates**

- a. Ms. Chandler Ralph explained that Adirondack Internal Medicine & Pediatrics, P.C. (“AIMP”) is a large primary care group that has been active in other collaborations, including the Medical Home project, and whose participation in the Company’s program of accountable care would be beneficial to the achievement of the Company’s goals. A motion was made by Dr. John Ruge, seconded by Diane Shugrue, with Chandler Ralph abstaining and passed to grant Adirondack Medical Center (“AMC”) the authority to designate one (1) manager to serve on the Company’s Board of Managers, which grant is contingent upon the ongoing participation of AIMP in the Company’s accountable care organization pursuant to a participation agreement between the Company and AIMP. The Board seat granted in connection with AIMP’s participation would be in addition to the one (1) Manager that AMC designates pursuant to the Operating Agreement so that in total, AMC will designate two (2) Managers to serve on the Board.
- b. A request has been made by Irongate Family Practice Associates to add an additional board seat for them. This would be a non-class board seat. A motion was made by Dr. John Ruge, seconded by Chandler Ralph, and passed unanimously to designate one (1) board member seat to Irongate Family Practice Associates.

4. **Discussion of Medicare Beneficiary Board Member.** Mr. Mundy reiterated that the Company’s Board must include a current Medicare beneficiary. Rod Giltz was proposed as the individual to serve in this role given his participation on other boards, knowledge of healthcare and insurance, and involvement in the community. A motion was made by Dr. David Beguin, seconded by Dr. Debra Leonard and passed unanimously for the appointment of Mr. Giltz as the Medicare beneficiary to serve on the Board.

5. **Discussion and Adoption of Standard Participation Agreement.**

Mr. Daniel discussed the Participation Agreement that would be used as the standard Participation Agreement of the Company. A motion was made by Chandler Ralph, seconded by Dr. Kris Ambler and passed unanimously to adopt the Participation Agreement that is attached to the Operating Agreement as the standard Participation Agreement for the Company.

6. **Variations to the Participation Agreement.**

a. **Glens Falls Hospital.** Mr. Daniel described the variation from the standard Participation Agreement for GFH that would allow GFH to terminate at any time by providing 90 days' advance written notice. A discussion was held that the accommodation was minor and driven by the GFH Board's prior approval of this term. A motion was made by Dr. John Rugge, seconded by Todd Moore, and passed unanimously to adopt the modified Participation Agreement for GFH. The GFH Managers abstained from voting.

b. **Hudson Headwaters Health Network.** A discussion was also had about customizing the Participation Agreement for Hudson Headwaters Health Network ("HHHN") to allow HHHN to decline to participate in commercial payor contracts approved by the Company on a case-by-case basis. Background was provided that HHHN had recently terminated a relationship with a specific payor and would not want to be required to re-enter that payor's network by virtue of the Company's contracting activities. It was also raised that HHHN would prefer not to disrupt the operations of the Company by voting against a payor contract otherwise desired by the Company's other constituents. The point was made that the Operating Agreement requires a super majority vote to adopt payor contracts, which would provide some protection to HHHN. Mr. Daniel described the underpinnings of clinical integration and the concept of operating as an integrated, cohesive organization, with joint contracting as a tool to achieve integration. Mr. Daniel distinguished the clinical integration model, including single signature contracting, from the messenger model, whereby each party could make its own determinations on whether to contract with a payor. From an antitrust perspective, the preferred approach would be to address payor opt-outs through governance instead of customized rights under the Participation Agreement because it signals integration. For this reason, no action was taken at this time to include a payor opt-out provision unique to the HHHN Participation Agreement.

7. **Discussion and Adoption of Conflicts of Interest Policy.**

Mr. Daniel discussed the proposed Conflicts of Interest Policy, attached as Exhibit C. A motion was made by Dr. Beguin, seconded by Dr. Ambler, and passed unanimously to adopt the Conflicts of Interest Policy attached as Exhibit C.

8. **Discussion and Adoption of Committees.**

Chris Rowe described the Company's committee structure, including the right of the Board to establish committees from time to time as provided in the Operating Agreement. Mr. Rowe described that the Board would nominate committee members and individuals to Chair each

committee and noted that non-managers may serve on committees. Mr. Rowe made the recommendation that the Chair of each committee be a member of the Board of Managers for the sake of continuity and to identify interim Chairs for the purposes of the MSSP application. Further discussion was had as to several standing committees recommended by Mr. Rowe, including the Executive Committee, the Informatics Committee, the Network Evaluation and Education Committee, the Quality Committee, the Beneficiary Engagement Committee and the Finance Committee. A motion was made by Todd Moore, seconded by Dr. Rugge and passed unanimously to approve the foregoing committee structure and empower the Chairman of the Board to select Board of Managers to serve as initial Committee chairs for purposes of completing the MSSP application.

9. **Discussion and Appointment of Officers.** A motion was made by Dr. Beguin, seconded by Dr. Howard Schapiro, and passed unanimously to approve of Mr. Mundy to serve as the Chief Executive Officer, Heidi Moore, M.D. to serve as the Medical Director and Jennifer Parks to serve as the Compliance Officer. Further discussion on other officer positions was table for a future meeting. Mr. Mundy solicited the Board member for their interest in serving as Treasurer, Vice Chairperson and Secretary and sought to have this matter placed on the agenda for the next meeting of the Board.

10. **Discussion and Approval of MSSP Distribution and MSSP Application.** Hunter Sinclair explained the degree of detail required by CMS in the MSSP Distribution Plan. Generally, CMS looks for distribution in broad categories. Under the proposed model described within the MSSP Application, up to 25% may be reinvested in the Company's infrastructure. Of the remaining balance, the distribution would be made as follows: 50% would be allocated to primary care physicians; 10% to specialists; and 40% to hospitals. A discussion was held about alternative methodologies for arrangements outside the MSSP context that would be balanced differently for specialists. A motion was made Chandler Ralph, seconded by Dr. Beguin and passed unanimously for the approval of the MSSP Distribution Methodology and the MSSP Application and to authorize submission of the MSSP application by Hunter Sinclair or Cathy Homkey.

11. **Closing Matters.**

a. Mr. Mundy identified the value of creating a matrix that shows the matters that require passage by a super majority of the Managers and asked Susanna Piller to prepare the matrix for distribution to the Board.

b. Mr. Mundy asked Karen Ashline to poll the Managers about the viability of using an electronic portal to facilitate communications among members of the Board of Managers.

c. Mr. Mundy invited topics to be covered at the second meeting.

d. Dr. Alison Guile made a motion to adjourn. Meeting adjourned @ 8:42 am

Minutes Respectfully Submitted by: Melissa Joyce

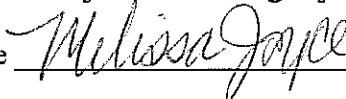


Exhibit A
Operating Agreement
(See attached)

Exhibit B

Conflicts of Interest Policy

(See attached)