

FIRST HEALTH OF ILLINOIS ACE, L.L.C.

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9/16/2013

Dear Ms. Harris-Roberts:

This Letter of Intent (LOI) serves to formally indicate our strong interest in submitting a proposal to Illinois Department of Healthcare & Family Services for the Accountable Care Entity (ACE) program, on behalf of our entity, First Health of Illinois ACE, LLC.

The proposal we plan on submitting to your committee will detail a continued collaboration amongst several Chicagoland physicians and other ancillary healthcare individuals who have already agreed to participate in Medicare's Shared Savings Program as an Accountable Care Organization. As a result of this, we firmly believe our existing infrastructure and network will nicely dovetail into creating a feasible and flourishing entity in HFS's ACE program. With the goals of the Affordable Care Act in mind, we have developed our network and ideology with the foundation of tightly coordinated care between patients and providers of all types.

The geographical area our ACE wishes to cover includes the City of Chicago and its immediate surrounding suburbs. The specific zip codes proposed to be covered are detailed in Addendum A. We believe that we can cover the minimum 40,000 Medicaid lives necessitated by HFS and up to 100,000 Medicaid lives, given our current resources.

Our ACE governance structure is currently a work in progress, but it is based on our current Medicare ACO governance structure. Thus far, three primary care physicians, one obstetrics/gynecology physician, one psychiatrist, and a healthcare executive with vast experience with care coordination and healthcare administration have agreed to participate on our entity's board. In addition, I will chair the board. I am a boarded physician with 16 years of experience as an administrator and developer of successful primary care practices in underserved areas of Cook County, specifically in those areas designated as Health Professional Shortage Areas. In addition, I have helped develop and manage a successful Independent Physicians Associations for some of the physician groups who have agreed to participate in this ACE. Three of the primary care board-certified physicians who are proposed members of this ACE have also agreed to participate on the board: Drs. Amado Rueda, Sylvia Juarez, and Rita Saldanha. The psychiatrist and obstetrics/gynecology physicians who have agreed to participate on the board are Dr. Deepak Kapoor and Dr. Mukesh Patel, respectively. These physicians have longstanding relationships with the patients whom they serve. Several of their practices have historically consisted of at least 80% Medicaid patients. We will be recruiting four additional board members who represent facilities in which our ACE will participate, including hospitals and behavioral health centers. Also, we do plan on recruiting a patient representative to the board who will give us an alternate view of our healthcare delivery system. The governing board will be responsible for the overall clinical and financial direction of the ACE. The board will meet regularly to address general and ongoing issues regarding the

operation of the ACE. The governing board can choose to elect new members, when necessary, and can participate in actively recruiting additional provider members to the ACE network.

The operating agreements for our ACE are currently a work in progress. We are formulating agreements between the ACE and governing board members. These agreements will detail responsibilities expected of board members, as generally described above. Operating agreements will also need to be made with provider members detailing their responsibilities to the ACE and our responsibilities to them. This work will be completed by the submission of the proposal.

The providers who have agreed to participate in this ACE at the time of the LOI submission include several primary care groups who specialize in internal medicine, pediatrics, and family medicine. Some of the larger groups include MedPlus, S.C., Greater Chicago Medical Group, S.C., Su Salud Physician Partners, LLC, and Southland Physician Partners, LLC. These groups account for 12 primary care physicians, 2 obstetrics/gynecology physicians, 2 psychiatrists, and several subspecialty providers staffing 9 comprehensive outpatient health clinics located throughout the geographical area defined above. We have identified, at the very minimum, an additional 25 primary care physicians, 8 obstetrics/gynecology specialists, and 8 psychiatry physicians who have agreed to participate within the next 4-6 weeks. Our entity has already had active discussions with these additional physicians and they have shown strong interest in participating in this ACE, should it be approved. We are in the process of recruiting additional geographically key behavioral health facilities and acute care hospitals to participate in the ACE. In addition, we firmly believe that recruiting adult and pediatric specialists to the ACE is necessary to its success as well.

The financial resources available to this proposed entity will be provided by selected members of the ACE who have agreed to lend the entity start-up costs for ongoing expenses, until such time the entity is able to financially sustain its operations. Physician members of the MedPlus, S.C., Greater Chicago Medical Group, S.C., Su Salud Physician Partners, LLC, and Southland Physician Partners, LLC have agreed to initially lend the ACE \$500,000.00 in cash and securities by the proposed ACE contract start date. Additional funds can be made available in the immediate term in the form of a \$500,000.00 line of credit. Further immediate funds can be obtained for the ACE with the liquidation of additional securities, if necessary.

Our care model involves a seven-fold approach involving care coordination, engaging patients, care delivery transformation, administration services, sustainability, technology/infrastructure, and provider organization. Our current Medicare Shared Savings program structure allows us access to several care coordination nurses and administrators who will become employees of our entity. The coordinators will work closely with providers, patients and facilities to ensure that both high-risk and low-risk patient populations are followed from both the outpatient and inpatient standpoints. Our care coordination team has experience working with populations of high-risk patients who incur the greatest cost to a coordinate care entity. By actively participating in the care of these unique populations, acute and subacute care costs can decrease significantly and patient compliance can increase drastically. We will have a patient outreach program which will have access to tools such as automated call-back systems, patient reminders, and residential outreach/transportation that will create increased patient

compliance. Our governance structure will represent the various components of this multi-pronged model so that each facet is represented during decision making and program planning.

Our program will focus on key clinical measures detailed by both the ACE program and evidence based literature. These clinical measures will allow our ACE's physician partners to know which clinical benchmarks they must strive to achieve. Our financial reimbursement model will allow incentives for physicians who reach certain percentages within these benchmarks. As an ACE, we plan to aid these physicians in reaching these benchmarks through the program generally described above.

We hope to have most or all of the ACE physicians on similar EHR systems, although this is nearly difficult. As a result, we plan to purchase software that will integrate with EHR's that are represented within our network and will allow communication between the ACE and various providers within our network. This transfer of data between our proposed ACE and our providers will allow seamless, HIPAA compliant communication and storage. Our software will allow providers to warehouse data on a HIPAA compliant cloud based system and obtain information on provider-patient specific clinical metrics. Our providers will be able to analyze these metrics and clinical data in simple formats based on preset protocols and benchmarks outlined by HFS and the ACE. With these tools, providers can use this data to make real-time decisions on patient care. This is a general summary of the main software that will be utilizing.

We thank you for taking the time to read this LOI, and we are excited to submit a proposal to you and your staff.

Sincerely,

A handwritten signature in black ink that reads "Darrel J. Saldanha". The signature is written in a cursive, slightly slanted style.

Darrel J. Saldanha, M.D.

Chairman, First Health of Illinois, LLC

Addendum A

Proposed Zip Codes Served by FHI ACE

60803 Alsip

60501 Argo

60652 Ashburn Park

60133 Bartlett

60455 Bedford Park

60458 Bedford Park

60459 Bedford Park

60499 Bedford Park

60501 Bedford Park

60629 Bedford Park

60638 Bedford Park

60104 Bellwood

60163 Berkeley

60402 Berwyn

60406 Blue Island

60439 Bolingbrook

60455 Bridgeview

60153 Broadview

60155 Broadview

60513 Brookfield

60459 Burbank

60633 Burnham

60409 Calumet City
60643 Calumet Park
60827 Calumet Park
60610 Chestnut Street
60712 Chicago
60712 Chicago
60290 Chicago
60601 Chicago
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60803 Chicago

60804 Chicago

60805 Chicago

60827 Chicago

60411 Chicago Heights

60412 Chicago Heights

60629 Chicago Lawn
60415 Chicago Ridge
60804 Cicero
60638 Clearing
60685 CNA Center
60478 Cntry Clb Hls
60668 Commonwealth Edison
60478 Country Club Hills
60525 Countryside
60639 Cragin
60445 Crestwood
60478 Ctry Clb Hls
60618 Daniel J Doffyn
60016 Des Plaines
60017 Des Plaines
60018 Des Plaines
60019 Des Plaines
60406 Dixmoor
60426 Dixmoor
60419 Dolton
60429 East Hazel Crest
60007 Elk Grove Village
60009 Elk Grove Village
60707 Elmwood Park
60632 Elsdon

60621 Englewood
60201 Evanston
60202 Evanston
60203 Evanston
60204 Evanston
60208 Evanston
60209 Evanston
60805 Evergreen Park
60696 Fleet
60422 Flossmoor
60411 Ford Heights
60130 Forest Park
60402 Forest View
60638 Forest View
60610 Fort Dearborn
60611 Fort Dearborn
60131 Franklin Park
60022 Glencoe
60025 Glenview
60026 Glenview
60425 Glenwood
60029 Golf
60657 Graceland
60619 Grand Crossing
60426 Harvey

60428 Harvey
60656 Harwood Heights
60706 Harwood Heights
60630 Harwood Hgts
60634 Harwood Hgts
60429 Hazel Crest
60633 Hegewisch
60615 Henry Mcgee
60653 Henry Mcgee
60457 Hickory Hills
60162 Hillside
60163 Hillside
60141 Hines
60525 Hodgkins
60456 Hometown
60422 Homewood
60430 Homewood
60093 Hubbard Woods
60525 Ind Head Park
60525 Indian Head Park
60525 Indianhead Park
60637 Jackson Park
60630 Jefferson
60630 Jefferson Park
60458 Justice

60613 Lakeview
60438 Lansing
60439 Lemont
60614 Lincoln Park
60645 Lincolnwood
60646 Lincolnwood
60659 Lincolnwood
60712 Lincolnwood
60411 Lynwood
60534 Lyons
60426 Markham
60428 Markham
60624 Mary Alice Henry
60443 Matteson
60153 Maywood
60155 Maywood
60525 Mc Cook
60525 McCook
60055 Mellon Financial Services
60160 Melrose Park
60161 Melrose Park
60163 Melrose Park
60164 Melrose Park
60165 Melrose Park
60654 Merchandise Mart

60655 Merrionett pk

60803 Merrionett pk

60655 Merrionette Park

60803 Merrionette Park

60445 Midlothian

60643 Morgan Park

60053 Morton Grove

60655 Mount Greenwood

60056 Mount Prospect

60196 Multi High Volume Firms

60612 Nancy B Jefferson

60686 National City Bank

60714 Niles

60675 Northern Trust Co

60093 Northfield

60164 Northlake

60659 Northtown

60208 Northwestern University

60209 Northwestern University

60631 Norwood Park

60452 Oak Forest

60453 Oak Lawn

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60459 Oak Lawn
60301 Oak Park
60302 Oak Park
60303 Oak Park
60304 Oak Park
60636 Ogden Park
60461 Olympia Fields
60461 Olympia Flds
60611 Ontario Street
60477 Orland Hills
60487 Orland Hills
60462 Orland Park
60467 Orland Park
60623 Otis Grant Collins
60411 Otto Mall
60463 Palos Heights
60465 Palos Hills
60464 Palos Park
60466 Park Forest
60068 Park Ridge
60687 Peoples Gas and Light
60426 Phoenix
60608 Pilsen

60677 Pnc Bank
60469 Posen
60070 Prospect Heights
60625 Ravenswood
60644 Rev.Milton R.Brunson Station
60471 Richton Park
60305 River Forest
60171 River Grove
60827 Riverdale
60546 Riverside
60472 Robbins
60651 Robert Leflore Jr.
60647 Roberto Clemente
60634 Roger P. Mc Auliffe
60626 Rogers Park
60660 Rogers Park
60008 Rolling Meadows
60628 Roseland
60018 Rosemont
60019 Rosemont
60411 Sauk Village
60131 Schiller Park
60176 Schiller Park
60179 Sears Roebuck and Company
60684 Sears Tower

60076 Skokie
60077 Skokie
60411 South Chicago Hei
60411 South Chicago Heights
60473 South Holland
60499 South Suburban
60499 South Suburbn
60664 State of Il
60475 Steger
60402 Stickney
60638 Stickney
60609 Stock Yards
60165 Stone Park
60501 Summit
60501 Summit Argo
60501 Summit-Argo
60082 Techny
60476 Thornton
60477 Tinley Park
60478 Tinley Park
60487 Tinley Park
60616 Twenty Second Street
60466 University Park
60090 Wheeling
60622 Wicker Park

60642 Wicker Park

60480 Willow Springs

60482 Worth

Section A: Contact Information

Name of Accountable Care Entity (ACE) (working name is acceptable)

First Health of Illinois ACE, LLC

Primary Contact Information:

Name Darrel J. Saldanha, MD
Title Chairman
Organization First Health of Illinois ACE, LLC
Address 9680 Golf Road, Des Plaines, Illinois 60016
Email saldanha85@gmail.com
Phone 847-212-8227
Other information (e.g., assistant) Assistant: Claudia Castro 847-699-0801

Primary Contact Person for Data (if different):

Name Same as above
Title _____
Organization _____
Address _____
Email _____
Phone _____
Other information (e.g., assistant) _____