



PYA, P.C.
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Knoxville, TN 37919
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February 14, 2025

Mr. Carson VanZant
Chairperson of the Board
Mangum Regional Memorial Hospital
1 Wickersham Dr.
Mangum, OK 73554

Dennis Boyd, CPA, CFO
Cohesive Healthcare Management and Consulting
43155 45th Street
Shawnee, OK 74804

Dear Mr. VanZant and Mr. Boyd:

PYA, P.C. (PYA) is pleased to submit this engagement letter (Engagement Letter) to Cohesive Healthcare Management & Consulting (CHMC) specifically related to Medicare cost report preparation (Services) for Mangum Regional Medical Center (MRMC) (PYA, CHMC, and MRMC are collectively the Parties and singularly the Party). We appreciate the opportunity to serve CHMC and MRMC again this year with its cost reporting needs.

OUR APPROACH TO SERVING YOU

STEP 1: DATA ACCESS AND REPRESENTATION

To initiate the project, we will meet with CHMC and MRMC to finalize the specific scope and establish information and communication protocols. Specific action items include, but are not limited to:

- Establish secure protocol for transfer of requested information in both directions.
- Annually obtain “access” to download PS&R information and upload completed costs reports in MCR_eF system.
- Develop current year information requests based on work paper review.
- Validate current year information for cost reporting sufficiency as basis for completing a compliant cost report for electronic submission to the MAC.

STEP 2: COMPARATIVE ANALYSIS

We will use comparative analysis and other tools to complete the current year cost reports. PYA will also identify and discuss any key reimbursement issues impacting the current year and prior year cost reports with CHMC and MRMC’s personnel. PYA will not and is not expected to perform detailed or analytical procedures necessary to verify information derived from source documents such as the general ledger, statistical summaries, or PS&R reports to ensure compliance or accuracy of individual accounting or billing transactions.

PYA will perform high level analytics on key reimbursement drivers including:

- Prior audit adjustments and identified non-allowable costs for impact on current year reporting and results.
- Settlement Data characteristics including charge matching and payment reconciliations.

STEP 3: DELIVERABLES AND TIMELINE

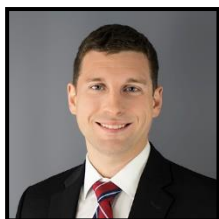
From the information provided by CHMC and MRMC, PYA will prepare automated CMS Forms 2552-10 and a comprehensive set of workpapers supporting amounts included in the filed cost reports. After discussion with CHMC and MRMC management and internal cost report acceptance, final deliverables will include ECR files and electronic copies of the Medicare and Medicaid cost reports. As MRMC operates on a fiscal year (FY) ending December 31, 2024, the Medicare and Medicaid cost reports are required to be filed no later than May 31, 2025. Once PYA is engaged to complete the cost reports, the estimated timeline to complete the FY 2024 Medicare cost report would be:

PROPOSED PROJECT TIMELINE

Engagement Step	Current Due Date
Prepare and deliver request for information	Week of April 8, 2025
Weekly progress meetings	Beginning April 14, 2025
Upload current year work papers	On-going beginning April 21, 2025
Field work (cost report preparation)	Week of April 28, 2025
Draft cost report to MRMC	Week of May 12, 2025
Cost Report Due Date	May 31, 2025

PROJECT TEAM

PYA will assign an experienced, dedicated team to serve MRMC and CHMC.



Matt Stuart – Principal – Audit & Assurance Services

Matt is a leader who conducts financial statement audits for numerous organizations, including hospitals and other healthcare providers, foundations, and not-for-profit organizations. He is experienced in performing employee benefit plan audits as well and assists clients with the design and implementation of new internal control policies and procedures. Matt is a thought leader who frequently presents on audit and accounting topics.



Casey S. Wilburn – Manager, Project Manager/Primary Point of Contact

Casey assists acute care hospitals, skilled nursing facilities, and clinics with reviews, cost reporting, and Certificate of Need preparation. He has significant experience in analyzing Medicare reimbursement regulations and in providing litigation support for Medicare and Medicaid compensation. Casey earned a Bachelor of Arts from the University of Dayton and a Master of Healthcare Administration from Xavier University. He is a member of the Healthcare Financial Management Association.

PROPOSED FEES

PYA appreciates the opportunity to develop a long term and collaborative relationship with MRMC while also supporting the value CHMC brings to its facilities. We are confident that you will experience the value that our Firm will bring to your organization.

Service	Estimated Fees
FY 2024 Medicare Cost Report	\$19,600 - \$22,700 (Not to exceed \$22,700)
FY 2025 Interim Rate Review	\$3,500 - \$4,000
FY 2025 Medicare Cost Report	\$20,200 - \$23,400 (Not to exceed \$23,400)

PYA will discuss with CHMC and MRMC the fee structures for the following cost report years.

To maximize value for each client, PYA reviews the technology and resources needed for each engagement. Based upon that review, we assess a resource and technology fee representing only those costs we deem necessary for the scope of the engagement. This allows PYA to provide professional services at rates that are not artificially inflated by the high, and rising, costs of technology, information security, and other resource needs. Typically, these fees range from 4% to 9% of the project's professional fee budget.

After assessing the scope of the services to be provided, and the resources needed to provide the necessary information, a 4% technical and resource fee will be added to the professional fees quoted above. This fee will be billed monthly, based on invoiced professional fees.

The fees and terms reflected in this engagement letter are based on the premise that all information and analysis requested from CHMC and MRMC will be completed and available in a timely manner. We will be relying upon CHMC and MRMC personnel to prepare the supporting workpapers used in this engagement. Additionally, if analytical or informational schedules requested by PYA from CHMC and MRMC's financial staff are not complete or available in a timely manner, thus inadvertently expanding the scope of PYA's responsibilities, our fees may be increased to reflect the additional time associated with completing these tasks.

Should the scope of our services change or be expanded during the course of this engagement, we will contact the designated representative to discuss the nature of the change of services, the potential impact on professional fees, and to seek appropriate authorization before proceeding.

Mr. Carson VanZant, Mangum Regional Medical Center
Dennis Boyd, CPA, CFO, Cohesive Healthcare Management and Consulting
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CONCLUSION

We look forward to assisting CHMC and MRMC with these important initiatives. If you agree with the terms set forth in this Engagement Letter and accompanying general business terms (collectively, the Agreement), please indicate your acknowledgement by signing and returning an executed copy of this letter. If you have any questions or require additional information, please contact Casey Wilburn at cwilburn@pyapc.com or at (865) 673-0844.

Respectfully,

PYA, P.C.

PYA, P.C.

Sent via email only: dboyd@chmcok.com

Acknowledged and Accepted on Behalf of Mangum Regional Medical Center:

By: _____ Title: _____
(Signature)

Name: _____ Date: _____
(Please Print)

Acknowledged and Accepted on Behalf of Cohesive Healthcare Management and Consulting:

By: _____ Title: _____
(Signature)

Name: _____ Date: _____
(Please Print)



GENERAL BUSINESS TERMS

ENTIRE AGREEMENT; AMENDMENT. The Engagement Letter and the General Business Terms between PYA and CHMC and MRMC constitutes the entire agreement between the Parties with respect to the subject matter and supersede any prior agreements or communications between the Parties, whether written or oral, relating to the subject matter. This Agreement may only be amended or modified if in writing and signed by a duly authorized representative of each Party.

TERM; TERMINATION. This Agreement shall be effective upon signing by all Parties and shall terminate upon completion of the Services. Any Party may terminate this Agreement for any reason upon thirty (30) days written notice to the other Parties. In the event of MRMC failure to pay fees in violation of this Agreement, PYA shall also have the right to immediately suspend performance of Services without any liability until PYA receives payment in full.

MANAGEMENT RESPONSIBILITY. CHMC and MRMC understand that PYA will not be making any management decisions or performing in a management role. CHMC and MRMC are solely responsible for management decisions and functions; for designating an individual with suitable skill, knowledge, or experience to oversee the Services PYA provides, and for evaluating the adequacy of those Services. CHMC and MRMC acknowledge and agree that all Services provided by PYA pursuant to this Agreement shall consist solely of assistance, recommendations, suggestions, and input presented to CHMC and MRMC for and subject to CHMC's and MRMC's sole consideration, review, approval, and implementation.

FEES AND EXPENSES. PYA's fees and expenses, as outlined in the Engagement Letter, will be invoiced and billed as a fixed fee to MRMC, with a copy to CHMC, as the project progresses and are due upon receipt of the invoice. Fees for any additional services that may be required on CHMC's and MRMC's behalf including, but not limited to additional services not outlined in the Engagement Letter, consulting services, meeting with or responding to third parties, responding to a subpoena, or explaining PYA's Deliverable to any regulatory body or in any investigation to a judge, jury, or any other trier of fact as convened in any judicial matter will be billed in addition to the professional fees outlined in this Agreement and at PYA's then standard professional billing rates.

If, for any reason, this Agreement is terminated prior to its completion, then PYA's fees shall be the amount of time incurred as of the date of termination plus any out-of-pocket expenses incurred as of that date. For balances more than 30 days past due, PYA may charge you, and you agree to pay, a late charge of the balance's interest equal to the lesser of 1% per month or the maximum amount allowed by law as of the effective date of the engagement.

LIMITATIONS. The Parties acknowledge and agree that any and all Deliverable(s) are for the sole use and benefit of the Parties pursuant to the terms of this Agreement and shall not and should not be used, published, disclosed to, shared with, or relied upon by any other party, person, entity, or governmental authority, or used for any other purpose, without PYA's prior express written consent. In the event PYA provides prior express written consent for the disclosure of any and all of its Deliverable(s), PYA reserves the right to place specific limitations and conditions related to



any such disclosure or to revise, amend, or modify any Deliverable consistent with the Parties' intended disclosure to any third-party, person, entity, or governmental authority. PYA shall not have or assume any responsibility to any other parties, persons, entities, or governmental authority, and PYA shall have no liability or responsibility with respect to PYA's Deliverable or for any unauthorized use of its Deliverable.

LIMITATIONS ON ORAL AND E-MAIL COMMUNICATIONS AND DRAFT DELIVERABLES. PYA may discuss with CHMC and MRMC PYA's views regarding the treatment of certain items or decisions CHMC and MRMC may encounter. PYA may also provide CHMC and MRMC with information in an e-mail, including draft Deliverables. Any advice or information delivered orally or in an e-mail (except for final Deliverables), will be based upon limited research and a limited discussion and analysis of the underlying facts. Additional research or a more complete review of the facts may affect PYA's analysis and conclusions. CHMC and MRMC accept all responsibility, except to the extent caused by PYA's gross negligence or willful misconduct, for any liability resulting from CHMC's and MRMC's decision to rely upon any oral or e-mail communication or draft Deliverables.

LIMITATION OF LIABILITY; INDEMNIFICATION. Except to the extent adjudicated to have resulted from PYA's fraudulent or willful misconduct, PYA's maximum liability to CHMC and MRMC for any reason relating to the Services under this Agreement shall be limited to the fees paid to PYA for the Services giving rise to liability.

To the maximum extent permitted by applicable law, CHMC and MRMC will indemnify, defend, and hold harmless PYA and its shareholders, principals, employees, and contractors from and against any and all claims, demands, causes of action, suits, investigations, liabilities, costs, and expenses (including, but not limited to, reasonable attorneys' fees and alternative dispute resolution costs) asserted by any third-party or governmental entity related to or arising out of any and all Services under this Agreement.

In no event shall PYA be liable for consequential, special, incidental, indirect, exemplary, or punitive loss, damage, or expenses even if PYA has been advised of the possibility of such damages.

DISCLAIMER OF LEGAL ADVICE. PYA's Services under the Agreement do not constitute legal advice, and CHMC and MRMC agree to not rely on PYA for any legal advice.

GOVERNING LAW; DISPUTE RESOLUTION. This Agreement and any and all claims, disputes or other matters in question between PYA and CHMC and MRMC arising out of or relating to the Services or this Agreement, shall be governed by the laws of the State of Tennessee without regard to its conflict of laws provision. Any action filed by PYA to collect unpaid fees and expenses shall be filed in the state courts of competent jurisdiction in Tennessee, in which case PYA shall be entitled to recover its reasonable attorneys' fees, costs, and expenses. The Parties agree that any other controversy or claim arising out of or relating to the Services or this Agreement shall be submitted first to voluntary mediation in Tennessee, and if mediation is not successful,



then to binding arbitration in Tennessee. Judgment on any arbitration award may be entered in any court having proper jurisdiction.

TIMING FOR DISPUTES. CHMC and MRMC agree that any claim by CHMC and MRMC arising out of this Agreement shall be commenced within one (1) year from the date of completion of any Services provided for under this Agreement regardless of any longer period of time for commencing such claim as may be set by law. Notwithstanding the foregoing, PYA may file a civil action to collect any of its past due invoices and expenses at any time within the statutory period of time provided for commencing such action, and the applicable savings statute shall also apply to such action when applicable.

ASSIGNMENT. This Agreement may not be assigned, in whole or in part, without the prior written consent of each Party.

WAIVER. The failure of either Party to enforce any provision of this Agreement shall not be construed as a waiver or modification of such provision, or impairment of its right to enforce such provision of this Agreement.

SEVERABILITY. In the event any part or parts of the Agreement are held to be unenforceable, the remainder of the Agreement will continue in full force and effect.

SURVIVAL. Following the termination of this Agreement, any and all provisions set forth herein which, by their very nature, are intended to survive any expiration or termination hereof, shall so survive, including without limitation, the provisions respecting indemnification, limitations on liability, and accrued payment obligations.

NOTICES. Any notice or demand to be given or delivered to any Party pursuant to this Agreement shall be given in writing and mailed by certified mail, return receipt requested, postage fully prepaid to the authorized representative for each Party as listed below, and shall be effective on the date of receipt.

If to PYA:

PYA, P.C.

2220 Sutherland Avenue

Knoxville, TN 37919

Attention: David W. McMillan with a copy to PYA Legal

If to CHMC and MRMC: To the individual(s) identified in the Engagement Letter.

RECORD RETENTION. Except as may otherwise be agreed to in writing by PYA and CHMC and MRMC, PYA shall use reasonable commercial efforts to preserve all information pertaining to the Services in accordance with PYA's internal Record Retention Policy. In no event is PYA responsible for retaining or storing any documents, reports, e-mails, electronic files, or other materials related to this Agreement on behalf of CHMC and MRMC.