

## PRINCIPAL POINTS FOR LETTER OF INTENT

1. Faculty Practice. UPA acknowledges that Rutgers intends for all Rutgers physicians, including the NJMS clinical faculty physicians ("NJMS Physicians"), to be part of one faculty practice plan to be called Rutgers Health Group ("RHG").
  
2. Transition.
  - a. Reassignment. UPA will take all steps within its power to cause all NJMS Physicians to assign to Rutgers, RHG, or another entity designated by Rutgers all rights to all clinical revenue for services performed on or after July 1, 2020 or a date that is sooner if UPA hereafter agrees (the "Effective Date").
    - i. Rutgers agrees that until the Effective Date it shall continue to cause all NJMS Physicians to assign to UPA all rights to all clinical revenue for services performed prior to the Effective Date in accordance with the existing Affiliation Agreement and 2008 MOA (collectively, the "Affiliation Agreement"). UPA agrees that as of the Effective Date (a) all rights to bill for services performed by NJMS Physicians, and to collect payments for services performed on and after the Effective Date, will vest in Rutgers or an entity designated by Rutgers, and (b) all decision making and control of the funds flow from NJMS Physician practices will vest in Rutgers or an entity designated by Rutgers, subject to the second sentence of Paragraph 2.b.
    - ii. UPA agrees that the faculty appointment letter for any new faculty hired by NJMS after the date hereof will require the faculty member to assign to UPA all clinical revenue for all services performed up to the Effective Date, and to Rutgers or an entity designated by Rutgers for all services performed on and after the Effective Date. UPA agrees that any reappointment letters for existing NJMS faculty who are reappointed between now and the Effective Date shall require the faculty member to assign to UPA all clinical revenue for all services performed up to the Effective Date, and to Rutgers or an entity designated by Rutgers for all services performed on and after the Effective Date.
  
  - b. Faculty Compensation. The Department formula process for NJMS faculty compensation and for the distribution of revenue will remain in place for all services performed prior to the Effective Date regardless of when collected

(“Transition Revenues”). With respect to all Transition Revenues collected by Rutgers or the entity designated by Rutgers after the Effective Date, Rutgers or the designated entity shall distribute to the NJMS Physicians the amount due each NJMS Physician for such services performed prior to the Effective Date and retain the balance of such clinical collections. Any Transition Revenues collected by UPA after the Effective Date shall be immediately remitted to Rutgers or the designated entity for distribution in accordance with this paragraph.

In the event Rutgers does not have a legally binding compensation plan with its applicable union for the NJMS Physicians (a “New Compensation Plan”) that is implemented by the Effective Date, until such New Compensation Plan is implemented, NJMS Physicians shall continue to be compensated by the same method as they are compensated as of the Effective Date (“Pre-Compensation Plan Distributions”). For example, if, as of the Effective Date, a faculty member takes home 40% of all of his/her gross clinical revenues, then the faculty member will continue to receive this percent, and Rutgers or the designated entity will receive the remaining moneys.

Commencing on (i) a date which is two months after the Effective Date, or (ii) such later date as the New Compensation Plan becomes effective (the “Compensation Start Date”), NJMS Physicians shall receive the compensation specified in the New Compensation Plan. During the period between the Effective Date and the Compensation Start Date, Rutgers will not unilaterally change the other components of a NJMS Physician’s compensation. The services performed by NJMS Physicians during the two months immediately preceding the Compensation Start Date shall be included in the calculation of the first year’s incentive compensation component of the New Compensation Plan.

With respect to the distribution to NJMS Physicians of Transition Revenues and Pre-Compensation Plan Distributions, Rutgers or the designated entity shall make such distributions at least monthly in accordance with UPA/Rutgers historical practices. To assure an accurate and uninterrupted flow of Transition Revenues and Pre-Compensation Plan Distributions, at least four months prior to the first such distribution, Rutgers will develop a process to cause the distribution of Transition Revenues and Pre-Compensation Plan Distributions to the NJMS Physicians and will seek the input of the NJMS Physicians during the development of such process. Rutgers agrees that the process will include the issuance of similar monthly reports as those reports currently issued by UPA.

- i. Effective immediately, Rutgers will include on the RHG committee that is charged with drafting the compensation plan one NJMS Physician who is not a member of the BHSNJ negotiations unit but is a member of the UPA executive committee and at least  $\frac{1}{4}$  of the voting committee members will be NJMS Physicians who are not members of the BHSNJ negotiations unit. If all members of the UPA executive committee are members of the BHSNJ negotiations unit, then Rutgers shall select a UPA Board member who is a departmental representative to serve on the committee.
    - ii. Rutgers and RHG agrees to consider a compensation plan to be proposed by UPA as soon as possible.
    - iii. Rutgers will propose to the union a compensation plan that includes a clinical incentive component.
  - c. Funds Flow. The mandatory Affiliation Agreement tax methodology (e.g., dean's tax, departmental tax, malpractice insurance tax, and UPA expenses) will remain in place until the Effective Date. The existing NJMS Departmental formula process regarding the distribution of revenue collected by UPA for all purposes (e.g., practice expenses, departmental initiatives and departmental distributions) will remain in place until the Effective Date.
  - d. Reporting. RHG will annually disclose to all RHG entities its detailed financial statements, including operating statements. These statements will delineate revenues and expenses by entities within RHG as long as these can be distinguished. These statements will be accessible to all faculty, including NJMS Physicians. The intention is to enhance transparency among all RHG entities including faculty.
3. Information. Effective immediately UPA will provide Rutgers and RHG access to all records no longer than seven business days after the request has been made. UPA will comply with request for data analysis as soon as practical.
4. RHG Representation.
  - a. Rutgers shall select one person from among the UPA executive committee members to sit on the RHG board's executive committee (which also means such person will be on the RHG board) as soon as it is formed with the understanding that such position on the executive committee (and the RHG Board) shall terminate automatically on the Effective Date. In addition, and thereafter, NJMS

will continue to be represented in RHG business and initiatives using the mechanisms laid out in the then-active RHG bylaws.

- b. In order to provide NJMS Physicians with continued clinical input, UPA will create a transitional council to monitor and give clinical input to RHG which will remain in place until it becomes part of an RHG clinical practice committee or otherwise elects to disband, whichever comes first. Such transitional council is to be an advisory body only.
5. Managed Care Contracts. From the date hereof until RHG is able to process requests by NJMS Physicians to opt out of managed care contracts entered into by Rutgers, NJMS Physicians shall follow the existing process for requests to opt out of managed care contracts. From the date RHG is able to process such requests until the Effective Date, NJMS Physicians shall have the right to apply to the Vice President for Clinical Affairs and RHG President for opt outs from managed care contracts, with a right of appeal to the RHG managed care committee if denied by the Vice President for Clinical Affairs and RHG President. After the Effective Date, RHG agrees that it will continue this process, or one that is materially similar.
6. Retirement Plan. RHG recognizes that an additional retirement benefit plan in which Rutgers' clinical faculty could contribute a portion of their variable (clinical incentive) salary would be beneficial. Rutgers and the RHG President agree to consider as soon as possible whether it would establish such plan, subject to existing legal and/or statutory controls. Such plan would be 100% contributory by the employee with no expectation or requirement for matching funds from Rutgers or the State of New Jersey.
7. Existing UPA Contracts. To the extent not already provided, UPA agrees to provide Rutgers with copies of all UPA contracts (e.g., McKesson, Medaptus) that will extend beyond the Effective Date (collectively, the "UPA Extending Contracts") as soon as practicable. Commencing now through the Effective Date, UPA agrees that Rutgers/RHG will have input into any changes in all such UPA Extending Contracts. UPA agrees to provide reasonable notice to Rutgers/RHG whenever a change to any such UPA Extending Contract is being contemplated or requested, and whenever UPA seeks to enter into any new UPA Extending Contract. UPA Extending Contracts shall be complied with and functionally incorporated into RHG until their respective termination dates. UPA's financial obligations under these UPA Extending Contracts shall be paid by clinical revenues of NJMS Physicians, whether collected by UPA, Rutgers or RHG (if such UPA Extending Contracts are terminated, all termination costs will be borne by RHG). During the term of any UPA Extending Contract the clinical revenues of NJMS

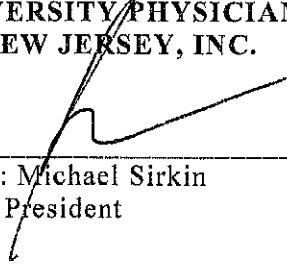
Physicians shall not be used to pay for Rutgers or RHG contracts that provide for services which are duplicative of the UPA Extending Contract.

8. RHG Business Functions. UPA will continue to serve as the primary management services organization for the NJMS Physicians at least until the Effective Date, providing its existing services (*e.g.*, billing and collecting, procurement, compliance, human resources, etc.). UPA may serve as the management services organization for other RHG units, before and/or after the Effective Date, provided that RHG can reach acceptable terms for such services with UPA.
9. Outside Activities. Approved outside activities performed on faculty members' own time without Rutgers resources (*e.g.*, consulting, medical-legal work not specific to RHG patients, etc.) will be subject to then effective Rutgers policies, but the revenue will remain outside of RHG and will not be subject to RHG taxation. Rutgers agrees that RHG rules and policies will not modify these general/"university-wide" policies.
10. Covenant not to Sue. UPA and Rutgers hereby acknowledge and agree that (a) these Principal Points modify and amend their existing Affiliation Agreement, (b) the Affiliation Agreement as so modified and amended is extended until the Effective Date and on the Effective Date will expire, terminate and end, (c) until its expiration they are bound by the terms of the Affiliation Agreement as herein modified and amended, and (d) subject to these Principal Points on and after the Effective Date, Rutgers/RHG shall have full authority and decision making power over the clinical revenue assigned to them. To that end, UPA hereby waives, releases and covenants not to sue Rutgers/RHG with respect to whether the Affiliation Agreement has any binding or lasting effect on and after the Effective Date.
11. Further Assurances. In the event (a) of an assignment to an entity designated by Rutgers in accordance with Paragraph 2, or (b) Rutgers or RHG enters into any agreements with third parties affecting any of the matters contained in these Principal Points Rutgers and/or RHG will specifically bring the existence of these Principal Points to such third parties' attention before any such third party contract is executed. In the event of any such assignment or agreement, Rutgers and RHG shall nevertheless remain responsible to UPA and the NJMS Physicians for the performance of these Principal Points. UPA shall have the right to enforce these Principal Points.

(Signatures appear on the following page)

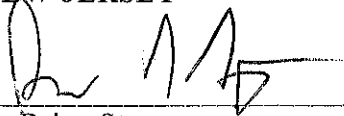
IN WITNESS WHEREOF, by signing below, the parties memorialize their acceptance of this document:

**UNIVERSITY PHYSICIAN ASSOCIATES  
OF NEW JERSEY, INC.**

By:   
Name: Michael Sirkin  
Title: President

Date: August 16, 2016

**RUTGERS, THE STATE UNIVERSITY  
OF NEW JERSEY**

By:   
Name: Brian Strom  
Title: Chancellor, Rutgers Biomedical  
and Health Sciences.

Date: 8/16/16