CORPORATE INTEGRITY AGREEMENT

BLUE CROSS AND BLUE SHIELD OF MASSACHUSETTS, INC.

LICENSED AS HMO BLUE

This Corporate Integrity Agreement is entered into between Blue Cross and Blue Shield of Massachusetts, Inc., licensed as HMO Blue, a licensed health maintenance organization under the laws of the Commonwealth of Massachusetts (collectively, the "Company"), the Office of Inspector General, United States Department of Health and Human Services ("OIG"), and the Health Care Financing Administration ("HCFA"). Pursuant to this Agreement, the Company agrees to undertake the compliance provisions outlined below.

I. PREAMBLE

The Company has agreed to implement this Corporate Integrity Agreement (the "Agreement") to demonstrate to the satisfaction of HCFA and OIG that the Company can be trusted to deal fairly and honestly with HCFA with respect to its Medicare risk contract, contract number H2261 (the "Contract"). The Company agrees to abide by and comply with the rules, regulations, and procedures set forth by HCFA and all other applicable Federal and State health care programs in carrying out its obligations under the Contract. Such rules, regulations and procedures shall include, but not be limited to, those related to Medicare managed care contracting, marketing, enrollment, disenrollment, provider contracting, provider relations, member services, appeals, grievances, claims, and payments as set forth by HCFA. The period of future compliance

obligations assumed by the Company under this Agreement shall be five (5) years from the date of execution of this Agreement, or until the Company terminates its Medicare risk contract, whichever occurs first.

II. APPOINTMENT OF COMPLIANCE OFFICER, MANAGER FOR MEDICARE MANAGED CARE, AND COMPLIANCE COMMITTEE

(A) Corporate Compliance Officer

The Company shall specifically designate an individual to serve as the Compliance Officer ("CO") for the Contract. The Company may designate an individual to fill this position who has other organizational responsibilities at the Company. The CO shall assume such duties and responsibilities as deemed necessary to fulfill the obligations undertaken in this Agreement. The CO shall be a senior position within the Company and shall have direct access to the Chief Executive Officer and the Board of Directors.

(B) Manager For Medicare Managed Care

The Company shall specifically designate an individual to serve as the Manager for Medicare Managed Care ("MMMC"). Such person shall hold a position of Vice President or higher in the organization. The Company may designate an individual to fill this position who also has organizational responsibilities for Medicaid managed care at the Company. The MMMC shall coordinate and direct all aspects of the marketing and corporate operations for the Contract, including the implementation and maintenance of the Network Contracting Managing Procedures, and will have direct access to the Chief

Executive Officer. The Company may make changes to the organizational responsibilities of the MMMC if approved in advance by HCFA.

(C) Compliance Committee

The CO shall chair a Compliance Committee that shall be comprised of the CO, the MMMC, the Chief Executive Officer, the Chief Financial Officer, and an outside member of the Board of Directors. The Company may appoint such other persons to the Compliance Committee as it deems appropriate. The annual reports required under this Agreement shall be submitted on the anniversary date of the execution of this Agreement, and shall be certified by the Compliance Committee and the Board of Directors in accordance with Section VII of this Agreement.

III. CORPORATE INTEGRITY POLICY

The Company agrees to develop and implement written policies and procedures regarding its commitment to full and comprehensive compliance with its obligations under the Contract, consistent with this Agreement, and with all applicable published Federal and State health care statutes, regulations, and contract terms and conditions, including the Medicare managed care contracting rules and procedures set forth by HCFA (the "Corporate Integrity Policy"). The Corporate Integrity Policy shall be maintained and updated regularly so as to ensure that the Company and each of its directors, officers, and employees with responsibilities for Medicare managed care conduct themselves with the honesty and integrity required of a Government contractor and that the Company's performance of each of its Government contracts complies with all applicable statutes,

regulations, and contract terms and conditions. The Company's corporate integrity policy shall include, at a minimum, the following components.

(A) Code of Business Ethics and Conduct

(1) Within one hundred twenty (120) days of the execution of this Agreement, the Company shall develop a written Medicare managed care Code of Business Ethics and Conduct (the "Code"), and submit it to HCFA and OIG. The Code should be comprehensive, containing, at a minimum, policies, procedures, and guidelines for Medicare managed care contracting and beneficiary services which are specific to marketing, enrollment, disenrollment, provider contracting, provider relations, member services, grievances, appeals, claims payments, benefits provision, reimbursement, quality of care, and any other areas which are deemed reasonably necessary upon notice from HCFA or OIG. The Company shall review its current disciplinary guidelines and revise them as appropriate to comply with the terms of this Agreement. The revised disciplinary guidelines shall be incorporated into the Code.

(2) Within thirty (30) days following the receipt of the Code, HCFA and OIG will notify the Company of any comments or additions. Within 15 days the Company shall incorporate into the Code any reasonable comments or additions and proceed to finalize the Code. Not later than fifteen (15) days following finalization of the Code, the Company shall circulate copies to each of its directors, officers, and employees with responsibilities for Medicare managed care.

(3) Within thirty (30) days of the circulation of the Code, unless for good cause the time needs to be extended, the Company shall cause each of its directors, officers and employees who have responsibilities for Medicare managed care to execute a certificate that shall represent that he/she has read the Code and agrees to abide by it.

(4) Within fourteen (14) days of employment, the Company shall circulate to any new director, officer, employee who has responsibilities for Medicare managed care a copy of the Code, provided he/she has not previously, within the past year, received one, and execute the certificate referenced in subparagraph (3) above.

(5) The Company shall maintain the certificates referenced in subparagraphs (3) and (4) in a central location, and shall make them available for inspection by HCFA and/or the OIG, or their duly recognized representative, upon reasonable notice.

(6) Within one hundred and twenty (120) days following the execution of this Agreement, the Company shall post, in areas visible to employees in each facility, a notice stating the Company's commitment to compliance with all applicable Federal and State health care regulations and procedures; a statement that the Company's Code is being developed and will be available to all employees; and that the compliance officer is available to all employees.

(7) On an annual basis, or more frequently if deemed necessary, the Board of Directors shall either amend or ratify the Code.

(B) Company Requirements

(1) Within thirty (30) days of the execution of this Agreement, the Company shall provide notice to its employees who have responsibilities for Medicare managed care of the fact and substance of this Agreement, the nature of the misconduct which gave rise to the necessity of this Agreement, and the importance to the Company and its employees of abiding by the terms of this Agreement, the Code, and government contracts terms and conditions.

(2) Within thirty (30) days of the execution of this Agreement, the Company shall notify all hospitals and provider(s) with which it has contractual obligations in connection with the Contract of its commitment to fair and proper contracting procedures and compliance with federal and state law, and of this Agreement and the Code.

(3) The Company shall require its officers, managers, and supervisors who have responsibilities for Medicare managed care to promote and encourage adherence to this Agreement and the Code, and shall make promotion and adherence to the company's compliance initiative a part of each such officer's, manager's, and supervisor's performance standards.

(4) The Company shall implement an annual certification requirement for each of its officers, managers, and supervisors who have responsibilities for Medicare managed care in which he/she attests that he/she has: (i) discussed with each such subordinate under his/her direct supervision the content and application of the Code,

including the requirements of this Agreement; (ii) informed each such subordinate that strict compliance with the Code is a condition of employment/contract; and (iii) informed each such subordinate that the Company shall take disciplinary action, up to and including termination, for violation of this Agreement, any health care statute or regulation, or term of any of its Government contracts.

(5) The Company shall maintain these certificates in a central location and make them available to HCFA and/or the OIG, or their duly authorized representatives, upon reasonable request.

(C) Network Contracting Managing Procedures

The Company agrees to fully implement and maintain the Network Contracting Managing Procedures ("NCMP") previously submitted to HCFA in November 1996, representing its good faith improvement of the contracting process and the provider network for the Contract. As part of this the Company agrees to the following provisions.

(1) The Company shall submit any new draft or modification of the NCMP that affects the process for contracting with providers to participate in Medicare managed care to HCFA and the OIG within ninety (90) days of the execution of this Agreement for review and comments.

(2) The Company agrees to implement all comments to the NCMP pursuant to the review by HCFA and OIG set forth in the prior paragraph.

(3) The Company will notify HCFA and the OIG of any material changes to the NCMP relating to providers participating in Medicare managed care within fourteen (14) days of the change.

IV. TRAINING AND EDUCATION

The Company, through the CO, is presently developing and will continue to develop and disseminate information designed to ensure that all employees who have responsibilities for Medicare managed care are aware of the health care and fraud and abuse statutes, regulations, and Code with which they are expected to comply. In this regard, the Company undertakes the following training obligations.

(A) Compliance Training Requirements

The company shall develop a training outline designed to provide two (2) hours of live training to each of its directors, officers, and employees who have responsibilities for Medicare managed care on the Code and appropriate statutes, regulations, and program requirements dealing with health care fraud and abuse. Within sixty (60) days of the execution of this Agreement, the Company shall submit to HCFA and OIG an outline for this training. The HCFA and the OIG will have thirty (30) days to review the outline and to suggest changes to the training outline. The Company shall implement all reasonable changes before providing the training. The Company shall begin the training within thirty (30) days of finalizing the outline and shall have completed all the training no later than one hundred twenty (120) days after finalization of the outline. Beginning in the second year of this Agreement and annually thereafter, the Company shall provide or cause to be

provided to each of its directors, officers, and employees who have responsibilities in Medicare managed care not less than one (1) hour of training in the Code and statutes, regulations, and program requirements dealing with health care fraud and abuse.

(B) Training for Managed Care Contracting

All officers and employees who have responsibilities for Medicare managed care contracting, including the CO and the MMMC, shall receive a minimum of four (4) hours of annual training in the regulations and procedures as set forth by HCFA for Medicare managed care contracting. Such training will include, but not be limited to, the contracting, marketing, enrollment, disenrollment, provider contracting, provider relations, member relations, grievances, appeals, and claims payments and fraud and abuse laws, regulations, and procedures applicable to Medicare managed care. Within one hundred twenty (120) days of the execution of this Agreement, the Company shall submit to HCFA and OIG an outline for this training. HCFA and the OIG will have thirty (30) days to review and suggest changes to the training outline. The Company shall implement all reasonable changes before providing the training. The training shall begin within thirty (30) days after the outline is finalized, and be completed no later than one hundred twenty (120) days after finalization of the outline. This training shall be given on an annual basis for the duration of this Agreement.

(C) Compliance Officer Involvement in Training

The CO shall interact with management at all levels on a regular basis for the duration of this Agreement, to explain the significance of the Code and this Agreement

and to determine if additional training is needed. The CO shall encourage management to engage their employees in group or individual discussions on this Agreement and the Code to determine what additional training may be needed.

V. DEALINGS WITH EXCLUDED, SANCTIONED, DEBARRED, OR CONVICTED PERSONS OR ENTITIES

(A) Company's Representations.

The Company represents that to the best of its knowledge and belief it has disciplined, up to and including termination, such employees it had reason to believe were involved in the misconduct relating to the Company's application for its Medicare managed care contract. The Company also represents that should further disciplinary action for such misconduct be necessary, the Company shall take such action. If such action is other than termination, the Company shall take such action only after consultation with HCFA and OIG.

(B) Policy on Employees and Consultants.

Within seven (7) days of the execution of this Agreement, the Company shall adopt a policy stating that the Company shall not knowingly employ, with or without pay, for the purpose of fulfilling its obligations under the Contract, any individual charged with a criminal offense involving government business, listed by a federal agency as debarred, proposed for debarment or suspended; or otherwise excluded from federal program participation.

(1) In order to carry out this policy, the Company shall make reasonable inquiry into the status of any current or potential employee or consultant. Such reasonable inquiry shall include at least a review of the OIG's Cumulative Sanction Report (accessible on the Internet at the following address: HTTP://WWW.SBAONLINE.SBA.GOV/IGNET/INTERNAL/HHS/OEC.HTML) and of the General Services Administration's List of Parties Excluded from Federal Procurement Programs (accessible on the Internet at the following address: WWW.ARNET.GOV/EPLS).

(2) Should a Company employee or consultant be charged with a criminal offense involving government business, proposed for debarment, see Federal Acquisition Regulation ("FAR") 9.406, or suspended, see FAR 9.407, the Company shall upon discovery of that fact immediately remove that employee or consultant from any aspect of its business which involves government contracts. The Company may not reinstate such employee or consultant until the action giving rise to his/her removal is resolved.

(3) Should a Company employee or consultant be convicted of any criminal offense relating to the Company's obtaining or performing any government contract, debarred, see FAR 9.406, or presently excluded from Federal program participation, the Company shall upon discovery of that fact terminate that person's employment or consulting relationship.

(C) Policy on Others

Within seven (7) days of the execution of this Agreement, the Company shall adopt a policy stating that it will not knowingly form a contract with, purchase from, or enter into any substantial business relationship with, for the purpose of fulfilling its obligations under the Contract, any individual or entity charged with a criminal offense involving government business, listed by a Federal agency as debarred, proposed for debarment or suspended, or otherwise excluded from Federal program participation, unless there is a compelling reason to do so.

(1) In order to carry out this policy, the Company shall make reasonable inquiry into the status of any such individual or entity identified in paragraph c. Such reasonable inquiry shall include at least a review of the OIG's Cumulative Sanction Report and of

the General Services Administration's List of Parties Excluded from Federal Procurement Programs.

(2) If the Company concludes that there is a compelling reason to enter into a contract with, purchase from or enter into any business relationship with such individual or entity identified in paragraph c. above, the Company shall provide written notice to HCFA and the OIG within seven (7) days of that event.

VI. INTERNAL REPORTING MECHANISMS AND DISCIPLINARY GUIDELINES

(A) Hotline

The Company shall maintain its toll-free telephone "Hotline" for employees and others to report suspected misconduct directly to the CO or his/her designee.

(1) The Hotline number shall continue to be provided to all officers and employees. The Hotline number shall be posted in a prominent place accessible to each of its employees.

(2) The Company will maintain a log of all calls received, and shall conduct a preliminary review, and if necessary, an internal investigation of any allegation of misconduct received over the Hotline. If the Company has reasonable grounds to believe that such misconduct may constitute a material violation of criminal or civil law relating to its government contracts, or a material breach of its obligations under this Agreement, the Company shall report the misconduct to HCFA and OIG within thirty (30) days of the start of any internal investigation. Such report may be preliminary and subject to further investigation or review.

(3) Based on the results of any investigation undertaken pursuant to subparagraph (2) above, the Company shall effect such corrective action as may be necessary to ensure the Company's compliance with the provisions of this Agreement and all applicable statutes, regulations, and its government contracts. This corrective action shall include, when appropriate, the Company's prompt reimbursement of any financial

loss the misconduct has caused the Medicare program, state health care programs, or program beneficiaries.

(4) The Company shall continue to maintain a separate fraud and abuse hotline for providers, contractors, and beneficiaries to report suspected Medicare fraud and abuse to the Company. Any calls received on that hotline that credibly allege a material violation of criminal or civil law by the Company relating to its government contracts, or a material breach of its obligations under this Agreement, will be referred to the CO and will be handled in accordance with paragraphs (2) and (3) above.

(B) Other Suspected Misconduct

(1) Whenever management learns of any allegation of misconduct from any source which may constitute a material violation of the criminal or civil law or the terms of any of its government contracts, or a material breach of its obligations under this Agreement, the Company shall, if the allegation relates to any aspect of the Company's obtaining or performing any of its Government contracts, conduct a thorough investigation appropriate to the circumstances. If the Company has reasonable grounds to believe that such misconduct may constitute a material violation of criminal or civil law relating to its government contracts, or a material breach of its obligations under this Agreement, the Company shall report the misconduct to HCFA and OIG within thirty (30) days of the start of any internal investigation. Such report may be preliminary and subject to further investigation or review.

(2) The Company shall maintain a log and record of all such allegations, including those which resulted in an internal investigation.

(3) Based on the results of the investigation undertaken, the Company shall effect such corrective action to ensure the Company's continued compliance with the provisions of all applicable statutes, regulations, and its government contracts. This corrective action shall include, when appropriate, the Company's prompt reimbursement of any financial loss misconduct has caused the Medicare program, state health care programs, or program beneficiaries.

VII. REPORTS AND NOTICES

(A) Reports

In addition to any other reports required by HCFA as part of its managed care contracts with the Company, the Company shall be required to make the following reports to HCFA and the OIG, pursuant to the terms of this Agreement:

(1) Annual Report

The Board of Directors shall make an annual report to HCFA and the OIG, describing the measures the Company has to implement and ensure compliance with the terms of this Agreement. Such report shall include:

(a) a statement by the Chairman of the Board that the Board of Directors has verified that, to the best of its knowledge, the requirements of this Agreement have been met and that supporting documentation is available for inspection, and a

statement by the CO that the Compliance Committee has made a similar verification;

(b) a summary describing all training conducted pursuant to this Agreement, including the dates and attendance at such training sessions, and all continuing education sessions;

(c) a summary describing each hotline call or other report of misconduct received by the Company relating to the Contract, including the status of any investigation the Company has conducted of such hotline call or other report;

(d) a complete listing of all contracts with providers under the Contract;

(e) a report on any personnel or other actions taken pursuant to Sections V(B), VI(A)(3), or VI(B)(3) of this Agreement; and

(f) any amendments or revisions to the Code.

The report shall include a statement, if applicable, that no events identified in (c), (e), or (f) of this paragraph occurred. Further, the Company shall maintain available for inspection by HCFA or the OIG, those portions of the minutes of any meeting of the Company's Board of Directors which reflect decisions of such Board and directions to management concerning matters in any way related to the Code or this Agreement. The report required by this paragraph shall be submitted to HCFA and OIG on the annual

anniversary of the date of execution of this Agreement the length of this Agreement and for one (1) year following the termination of this Agreement.

(2) Financial Statement Report

A report shall be submitted to HCFA and OIG within one hundred and eighty (180) days of the execution of this Agreement on the financial condition of the Company and certifying that the Company meets all State and Federal financial conditions for Medicare managed care contracting. Further, the Company shall report to HCFA and OIG within seven (7) days of any occurrence or imminent occurrence of any financial situation that would have a significant adverse impact on the Company's ability to carry out the terms and requirements of the Contract or the terms and requirements of this Agreement. Further, this report shall be updated annually.

The Company shall include within the reports required by this paragraph as much information, to the extent it is available, as may be necessary to allow HCFA and OIG to determine the Company's present responsibility for Government contracting.

(3) List of Hospitals

The Company shall provide HCFA and OIG with a report within thirty (30) days of the execution of this Agreement a list of all hospitals with which the Company has entered into a contract in connection with Medicare managed care. Within five (5) days of any change in a hospital contract which is material to the Medicare managed care contracting procedures and regulations, the Company will notify HCFA and OIG. This

report shall then be submitted annually as part of the annual report for every year thereafter until the termination of the Agreement.

(4) Other Reports

The Company shall also be required to submit to HCFA and the OIG, within fifteen (15) days of the date the Company becomes aware of the occurrence of the relevant event, the following additional reports, if applicable: (a) a report on the initiation of any criminal or civil investigation by any governmental entity regarding the Company's performance of any of its contracts with the Government, or involving an allegation that the Company has committed a crime or fraud, initiated during the term of this Agreement, including a description of the allegation, the identity of the investigating or prosecuting agency, and the status of such investigation or legal proceeding; (b) a report on the initiation of any legal action brought by any governmental entity which alleges facts that, if true, would reflect adversely on the business honesty and integrity of the Company; (c) a report that summarizes the outcome of the investigation or legal action and corrective action undertaken by the Company to correct the problem identified by the investigation or legal action.

(B) Notices

(1) Within seven (7) days of execution of this Agreement, the Company shall provide notice to HCFA and OIG the following information: (1) a list of the Board of Directors and (2) an organizational chart with the names and titles of key managers and corporate officers.

(2) Within seven (7) days of its occurrence, the Company shall provide notice to HCFA and the OIG of any change in membership of its Board of Directors, corporate officers, and principal management.

VIII. GOVERNMENT RIGHT TO INSPECTION, AUDIT AND INTERVIEW

(A) Right to Inspect

In addition to any other rights that HCFA and OIG may have by statute, regulation, or contract, HCFA and OIG, or their duly authorized representatives may examine the Company's books, records, and other documents for the purpose of verifying or evaluating (1) the Company's compliance with the terms of this Agreement, (2) the Company's business conduct in its dealings with each of its Government customers and beneficiaries of Government-related programs, (3) the Company's compliance with Federal procurement policies as set forth in the Federal Acquisition regulation and other authoritative guides, (4) the Company's compliance with managed care contracting guidelines and procedures as determined, but not limited to, HCFA and OIG, and (5) the Company's compliance with the requirements of its Government contracts and subcontracts. The Company shall make the materials described in this paragraph available at all reasonable times for examination, audit or reproduction.

(B) Right to Interview

HCFA or OIG or their duly authorized representatives, may interview any company officer or employee who consents to be interviewed at the employee's place of business during normal business hours or at such other place and time as may be mutually

agreed between the employee and HCFA or OIG or their duly authorized representatives. Officers and employees may elect to be interviewed in the presence of any person of their choice, including a Company representative. Any Company employee may decline to be interviewed by HCFA or OIG without penalty from either the Government or the Company. Such declination shall not be deemed a breach of this Agreement. The Company may notify its employees of their rights to have interviews conducted at their place of business or elsewhere, as may have been mutually agreed, to have a person of their choosing present at the interview and to accept or deny the requested interview without penalty from the government or the Company.

(C) Independent Audit Verification

If HCFA or the OIG determine that it is necessary to conduct any independent audit or review to determine whether or the extent to which the Company is complying with its obligations under this Agreement, the Company agrees to pay for the cost of any such audit or review in an amount not to exceed $150,000 per year.

IX. UNALLOWABILITY OF COSTS

(A) All costs, as defined in FAR 31.205-47, and those other costs related to the negotiation, implementation, and maintenance of this Agreement, incurred by the Company on behalf of itself or any current or former officer or director arising from or in connection with the government's criminal or civil investigations into allegations of misconduct relating to the Company's application for or performance under the Contract, or with its defense or settlement thereof, or the costs associated with paragraphs VIII and

X of this Agreement, shall be treated as unallowable for government cost accounting purposes. The Company agrees to account separately for these costs. Included in these unallowable costs are any legal or directly associated costs expended on behalf of any Company employee convicted of any criminal offense arising out of the investigations referenced in any section and any severance payments or early retirement benefits paid to any Company officer or employee, or former officer and employee, who has been convicted of such offense. The Company agrees to treat as unallowable the full salary and benefit costs of any officer, employee, or consultant removed from Government contracting in accordance with the Company's policy regarding persons who are indicted, suspended or proposed for disbarment. To the extent necessary, the Company shall within another ninety (90) days of the execution of this Agreement identify and reclassify where reasonably practicable such costs, and shall within ninety (90) days of identification and reclassification, adjust any billings already submitted to eliminate any such costs. At that time the Company shall advise HCFA and OIG of the amount and nature of the reclassified costs and include such information in the Financial Statement Report.

HCFA and OIG recognize that the Company has had and will continue to have ongoing compliance, training and education, reporting, audit, and other management costs that are incurred in the ordinary course of its business, and that do not arise either from the alleged misconduct or the obligations imposed by this Agreement. Accordingly, any costs incurred by the Company for compliance, training and education, hotline and other

reporting systems, and audit functions shall be unallowable only to the extent that such costs are incurred to fulfill specific obligations under this Agreement and are not otherwise required by federal or state law. Furthermore, costs associated with implementing and maintaining the NCMP shall not be deemed unallowable under this Agreement. Any reasonable doubts regarding the allowability of costs shall be resolved by treating such costs as unallowable. All disputes regarding the allowability of costs shall be resolved at the sole discretion of OIG.

X. AUDITING OF CONTRACTING PROCEDURES

The Company, at its own expense, shall engage an independent expert on Medicare contracting procedures to review the Company's Medicare managed care contracting procedures, including, but not limited to, the NCMP as it relates to the Contract. The Company will submit an audit work plan for this review within one hundred and twenty (120) days of execution of this Agreement to HCFA and OIG, and then submit to HCFA and OIG within thirty (30) days of completion of the audit. HCFA and OIG reserve the right to comment and require modifications based upon a timely review of the work. A summary of the audit report shall be included in the first Financial Statement Report.

XI. BREACH

(A) Breach of the Terms of Corporate Integrity Plan

In the event HCFA or OIG believes that the Company is in material breach of one or more of its obligations under this agreement, HCFA or OIG shall notify the Company

of the alleged breach by certified mail, specifying the circumstances of the alleged breach. The Company shall have thirty (30) days from the receipt of such notice to cure the breach or otherwise satisfy HCFA or OIG that it is in full compliance with the Agreement or making a good faith effort to do so. If HCFA or OIG determines that the Company is still in material breach, HCFA or OIG may declare the Company to be in default and may seek to exclude the Company from participation in the Medicare program until such time as the breach is cured or determined not to have existed. Upon notification by HCFA or OIG of its intent to exclude, the Company shall be entitled to the due process afforded a provider under 42 U.S.C. 1320a-7(f). Notwithstanding that provision of Title 42 of United States Code or of Title 42 of the Code of Federal Regulations, the only issues in a proceeding for exclusion based on breach of Agreement shall be: (1) whether the Company, at the time of, and as specified in notice given to Company, was in material breach of one or more of its obligations under this Agreement, without reasonable justification or excuse, and (2) whether such material breach was continuing on the date which HCFA or OIG notified the Company of its proposal to exclude. The remedies available to HCFA and to OIG under this section are in addition to, and not in lieu of, any other remedies available to HCFA and OIG in event of any Company failure to comply with applicable provisions of law.

XII. NO WAIVER OF ATTORNEY-CLIENT PRIVILEGE

Nothing in this Agreement shall constitute a waiver of the attorney-client privilege or the attorney work product doctrine, or shall require the Company to waive such privileges and protections.

XIII. SUCCESSOR LIABILITY

The terms and provisions of this agreement are binding upon successors in interest, assigns, and licensees of the Company.

XIV. ADDRESSES

All reports, notices or other information required by this Agreement shall be in writing and delivered or mailed, by registered or certified mail, postage prepaid, as follows:

(A) To OIG : Office of Counsel to the Inspector General
Office of Inspector General
Department of Health and Human Services
330 Independence Avenue, SW.
Room 5527, Cohen Building
Washington, D.C. 20201-0001

(B) To HCFA: Gary Bailey
Health Plans Purchasing Administration
Health Care Financing Administration
Department of Health and Human Services
200 Independence Avenue, SW.
Washington, D.C. 20201

(C) **To BCBSMA:** Sandra Jesse Carter, Esq.
Senior Vice President and
General Counsel
Blue Cross and Blue Shield of Massachusetts, Inc.
100 Summer Street, 31st Floor
Boston, MA 02110

or other such addressee as any party may have designated by note in writing to other parties.

XV. NO THIRD-PARTY BENEFICIARIES

This Agreement is intended to be solely for the benefit of the United States and BCBSMA and its affiliates, divisions, subsidiaries, successors, assigns, and licensees. By this instrument the parties hereto do not intend to create a benefit for any other party or entity, and do not waive, compromise, or release their claims or causes of action against any other person or entity.

XVI. SIGNATORY AUTHORITY

The signatories to this Agreement represent that they are authorized by their respective entities to enter into this Agreement.

BLUE CROSS AND BLUE SHIELD
OF MASSACHUSETTS, INC.

By: William C. Van Faasen Date: _____

William C. Van Faasen
Chief Executive Officer
Blue Cross and Blue Shield of Massachusetts, Inc.

HEALTH CARE FINANCING ADMINISTRATION

By: _____ Date: _____

Bruce Fried
Director, Office of Managed Care

OFFICE OF INSPECTOR GENERAL,
UNITED STATES DEPARTMENT OF
HEALTH AND HUMAN SERVICES

By: L Morris Date: 9/8/97

Lewis Morris
Assistant Inspector General

DOCSA\529461.5

BLUE CROSS AND BLUE SHIELD
OF MASSACHUSETTS, INC.

By: William C. Van Faasen Date: _____

William C. Van Faasen
Chief Executive Officer
Blue Cross and Blue Shield of Massachusetts, Inc.

HEALTH CARE FINANCING ADMINISTRATION

By: _____ Date: 9/18/97

Bruce Fried
for Director, Office of Managed Care

OFFICE OF INSPECTOR GENERAL,
UNITED STATES DEPARTMENT OF
HEALTH AND HUMAN SERVICES

By: _____ Date: _____

Lewis Morris
Assistant Inspector General

DOCSA\529461.5