



### **Membership Summary**

#### **□ Overview.**

- Hudson MD Group, LLC ("Hudson") is a New Jersey limited liability company operating as a large multi-specialty medical group practice comprised of primary care and specialist physicians practicing in New Jersey.
- Hudson was formed in 2019 in collaboration with Robert Wood Johnson Barnabas Health ("RWJBH"), the largest health care system in New Jersey. Hudson is managed by CityHealth Partners, a management service organization.

#### **□ Operating Structure.**

- Hudson operates under one taxpayer identification number (T.I.N), but consisting of separate "Care Centers," each of which will constitute a separate "satellite" office location or group operated by physician members.
- Hudson will bill all professional medical services provided by Hudson's members under its T.I.N.
- All partners/owners of practices joining Hudson will become members of Hudson, each of whom will receive one Membership Unit. All associate physicians will be non-members.
- As a member of Hudson, he or she shall maintain their autonomy within each Care Center and be responsible for treating its patients and the management of its staff.
- Hudson will pay certain clinical expenses (ex. physician compensation, malpractice insurance, E.H.R, and vaccines), and CityHealth will pay certain non-clinical expenses (ex. non-clinical staff compensation, medical and office supplies) related to the care center and deduct them from the reimbursement payments due to the care center.
- The former practice entities will remain in existence to serve as a holding company for the assets utilized at the Care Center (offices, equipment, computers, furniture, and leases).

#### **□ Benefits.**

- **Access to Hudson's attractive payor contracts**
  - ✓ Joint venture with Robert Wood Johnson Barnabas Health (RWJBH) enables Hudson members to access a broad range of payor contracts with attractive reimbursement terms.
  - ✓ Opportunity for shared savings from valued based payor contracts
- **Opportunity for profit sharing and access to patients**
  - ✓ Hudson's group practice structure provides an opportunity for profit sharing in compliance with Stark and other laws (Examples: physician-owned lab, mobile diagnostic testing, chronic management services and other services).
  - ✓ Working with Hudson and CityHealth, specialists and ancillary services providers can access Hudson's large pool of patients to increase their revenue, scale, and efficiency.
- **Access to a broad range of administrative support services**
  - ✓ Example: medical billing, care management, referral management, group purchasing discounts on medical supplies, and malpractice insurance.
  - ✓ Other centralized services will be introduced in the future, including payroll processing, group workers compensation, health and business insurance and other services.
- **Access to operational and technology support services to improve efficiency and increase patient satisfaction**

- ✓ Technology services include a well-designed E.H.R system with telemedicine, automated texting to patients, and VIP Health mobile application to automate patient registration, scheduling, and access to patient data.
- **Potential for a higher valuation of the medical practice after joining Hudson**
  - ✓ Due to the higher revenue and greater efficiency realized after joining Hudson, the medical practice converted into Hudson's care center may realize a meaningful increase in valuation.

□ **Hudson and CityHealth Contact Information:**

- **Main office:** 443 Northfield Avenue, West Orange, New Jersey 07052; Main telephone: (201) 205-2403
- **Michael H. Lee, CEO, CityHealth Partners:** [mlee@cityhealthpartnersllc.com](mailto:mlee@cityhealthpartnersllc.com); (917) 683-8421
- **Peter Antoniou, Vice President, Business Development:** [pantoniou@cityhealthpartnersllc.com](mailto:pantoniou@cityhealthpartnersllc.com); (917) 741-5290

□ **Physician Member References:**

- **Hae Yang Chung, M.D,** Board certified primary care physician, Palisades Park, N.J.; (201) 407-9504
- **Terrance H. Lee, M.D, F.A.C.C.** Board certified in internal medicine, cardiovascular disease, Englewood Cliffs and West Orange, N.J; (973) 727-5050
- **Abbas Shehadeh, M.D., F.A.C.C.** Board certified in internal medicine, cardiovascular disease, interventional cardiologist, West Orange, N.J; (973) 303-2803

## **Frequently asked questions and answers**

1. **When was Hudson MD Group, LLC (“Hudson”) founded and who owns it?** Hudson MD Group, LLC (“Hudson”) is a New Jersey limited liability company operating as a large multi-specialty medical group practice comprised of primary care and specialist physicians practicing in New Jersey. Hudson was formed in 2019 in collaboration with Robert Wood Johnson Barnabas Health (“RWJBH”), the largest health care system in New Jersey. There are 3 classes of Hudson members: Class A – all physicians who join Hudson receives 1 Class A unit; Class B – founding physician members and Class C – RWJBH. Class A receives 24% of all the total Hudson units. Class B receives 25% of total Hudson units and Class C receives 51%. However, Class B unit holders have the right to appoint majority members of the Board.
2. **What is Hudson’s operating structure?** Hudson can be best described as a “supergroup” that provides significant advantages of a group practice while maintaining certain level of autonomy. Hudson operates under one taxpayer identification number (T.I.N), but consisting of separate “Care Centers,” each of which will constitute a separate “satellite” office location or group operated by physician members. Hudson will bill all professional medical services provided by Hudson’s members under its T.I.N. As a member of Hudson, he or she shall maintain their autonomy within each Care Center and be responsible for treating its patients and the management of its staff. Each Class A members of a care center receive all the revenues from billing for their services for the care center less the expenses of that care center as outlined in paragraph 5 below.
3. **Who manages Hudson?** Hudson has entered into a management services agreement (MSA) with CityHealth Partners, LLC (“CityHealth”) to provide all non-clinical functions such as payer contracting, billing, information technology, including the selection and management of the E.H.R vendor, care management, marketing and physician member recruitment, establishment of ancillary and other administrative services with outside vendors, etc.
4. **Why should I join Hudson and what are the benefits of joining Hudson?** Independent practices face significant challenges such as lower reimbursements from payers, more complex regulations, higher costs and obligations to become clinically integrated in order to transition to value based care. We believe that Hudson as a supergroup provides significant benefits that will allow them to meet these challenges while remaining as owners and maintaining certain level of autonomy:
  - **Access to Hudson’s attractive payor contracts.** Joint venture with Robert Wood Johnson Barnabas Health (RWJBH) enables Hudson members to access a broad range of payor contracts with attractive reimbursement terms and shared savings from valued based contracts.
  - **Opportunity for profit sharing and access to patients.** Hudson’s group practice structure provides an opportunity for profit sharing in compliance with Stark and other laws (Examples: physician-owned lab, mobile diagnostic testing, chronic management services and other services). Working with Hudson and CityHealth, specialists and ancillary services providers can access Hudson’s large pool of patients to increase their revenue, scale, and efficiency.
  - **Access to a broad range of administrative support services.** Example: medical billing, care management, referral management, group purchasing discounts on medical supplies, and malpractice insurance. Other centralized services will be introduced in the future, including payroll processing, group workers compensation, health and business insurance and other services.
  - **Access to operational and technology support services to improve efficiency and increase patient satisfaction.** Technology services include a well-designed E.H.R system with telemedicine, automated texting to patients, and VIP Health mobile application to automate patient registration, scheduling, and access to patient data.
  - **Potential for a higher valuation of the medical practice after joining Hudson.** Due to the higher revenue and greater efficiency realized after joining Hudson, the medical practice converted into Hudson’s care center may realize a meaningful increase in valuation.
5. **Do I have to give up my former practice legal entity and bill all my services exclusively through Hudson?** As a member of Hudson, you are required to bill all of your services through Hudson in order to

access Hudson's payor contracts. Member must disclose exceptions, which needs to be approved by Hudson's Board. However, the former practice entities will remain in existence to serve as a management company for the assets utilized at the Care Center (offices, equipment, computers, furniture, and leases).

6. **How are the funds distributed to Class Unit Holders?** Hudson shall make the following distributions to Class A members:
- a. **Distribution as a Class A member from the revenue generated from his or her care center.** Class A member receive collections from their care center less the management fee and the following care center expenses on a bi-monthly basis:
    - Revenue from the member's service within his care center. As a Class A member, he or she will receive a distribution from billing for their services less any care center expenses that are paid by Hudson or CityHealth on their behalf. Hudson will pay the following care center expenses on behalf of each care center:
    - Payroll of care center employees utilizing CityHealth's payroll, workers compensation and human resources vendor.
    - Medical malpractice premium for each member due under the group malpractice policy
    - E.H.R fees
    - Medical and office supplies that members can access through CityHealth's group purchasing program.
  - b. **Distribution as a Class A member from the specialty and ancillary (S&A) pool.** Class A member will participate in the S&A pool generated from the profits from S&A services (ex. Physician-owned lab, diagnostic testing center, ambulatory centers, sleep center, physical therapy, DME, etc.). Each Class A member will participate in the S&A pool from their group of 5 or more physicians (the rule of 5 applies to designated health services (DHS) under the Federal Stark Law, which requires the profit participation be done without considering referral but based on an objective criteria (ex. RVU for the member's services unrelated to his or her referrals) within a group of five. Profits, if any, from the specialty and ancillary services pool (physician owned lab, diagnostic imaging and other services) will be distributed on a quarterly basis.
7. **Do I have to personally guarantee any loans incurred by Hudson?** Personal Guarantee. Paragraph 3.9 of Hudson Operating Agreement was inserted to address instances when loans are obtained with the members' approval. In order to obtain a loan, Hudson needs the approval of the Board Supermajority and Member majority vote. This means the majority of the Board and members must approve the loan. This paragraph provides as follows:
- "3.9.2 A Member's failure to sign a personal guarantee on any loan as set forth in Section 3.9.1 may result in (a) the termination of the Member for Cause, or (b) a reduction in the True-Up for the Care Center of such Member in an amount equal to the (i) total debt that all of the Members have been requested by Company to guarantee, *divided by* (ii) the total number of Members. The Board shall have the sole discretion in determining whether options (a) or (b), except that with respect to option (a), the affirmative vote of a Member Supermajority shall be required (excluding the affected Member)."
- We do not anticipate any members executing the personal guarantee. However, 3.9.2 (b) provides that if you do not personally guarantee a loan, then those members who do not provide a personal guarantee will not benefit from that loan and the allocation of profits resulting from this loan.
8. **Do I have the right to withdraw as a member of Hudson? If so, am I subject to a restrictive covenant?** A member has the right to terminate this agreement by provide a four (4) months advance notice (paragraph 6.3 of Hudson's operating agreement). Paragraph 11.4 of Hudson's operating agreement states that a member is subject to the restriction for a period of two (2) years within a ten (10) mile radius from the care center provided that he or she works for a restricted entity, which is defined as a Restricted

Entity (mostly hospitals and practice with more than 10 physicians). Since most members who are joining are coming from practices with less than 10 physicians which is not defined as a Restrictive Entity, the restrictive covenant will not apply to them if they terminate the agreement and go back to their own practice.

**9. What is the process for joining Hudson and how long does it take to participate and benefit from joining Hudson?**

**Step 1. Initial meeting.** Initial meeting is set up to provide an opportunity for you to learn about Hudson and for Hudson to learn about your practice.

**Step 2. Due diligence.** If you are interested in joining Hudson and Hudson is interested in accepting you as a member after step 1, Hudson, CityHealth and you sign a mutual non-disclosure agreement (“NDA”) and business associates agreement (“BAA”). CityHealth representatives will request and review your billing data, tax returns and practice expenses and other relevant information. CityHealth representative will then provide more detailed analysis of the benefits that you may realize by joining Hudson.

**Step 3. Approval from the membership committee.** If Hudson and you are satisfied with the due diligence, Hudson will meet internally and seek approval of the membership committee to invite you to join Hudson.

**Step 4. Letter of intent.** Hudson may ask you to sign the letter of intent while legal review is being completed as outlined in Step 5. The execution of the letter of intent indicates that both Hudson and you are agreeing for you to become a Hudson member subject to the execution of the definitive agreements mentioned in Step 5. It will also allow CityHealth to proceed with the credential process as outlined in Step 6 and to begin to prepare for the implementation outlined in Step 7.

**Step 5: Legal review.** You should consult with your attorney to review and sign the following documents:

- Review Hudson’s Amended and Restated Operating Agreement of Hudson dated December 12, 2019 and the First Amendment to the Operating Agreement dated December 29, 2020 (collectively referred as Hudson OA)
- Sign Joinder agreement agreeing to the terms of Hudson OA.
- Review Management Services Agreement between Hudson and CityHealth (“MSA”).
- Sign Acknowledgement form agreeing to the terms of the MSA
- Review and sign other documents that are necessary to implement the terms of Hudson’s operating agreement

**Step 6: Credentialing.** CityHealth will provide RWJBH credentialing application to you. Once you complete the credentialing application, we will submit it to RWJBH for them to submit it to Hudson’s payors. The credentialing process will take 30 to 90 days depending on the payor.

**Step 7: Implementation.** CityHealth will set up implementation meeting with you and the members of your practice to implement the following services:

- Revenue cycle management services (“RCMS”). We will begin providing RCMS for the claims that you bill through Hudson’s payors that you become credentialed with. We will begin providing RCMS through our centralized RCMSs system using our staff or joint venture RCMS vendor once you are credentialed with at least 50% of Hudson payors. Until you are fully credentialed with all of Hudson’s payor, you will continue to bill for your services through your former practice using your existing E.H.R and RCMS internal staff or third party vendor.
- E.H.R transition and training. For most providers, you will be transitioning to Hudson’s designated E.H.R. and utilize our RCMS staff and vendor. However, we need to evaluate your practice set up

pertaining to the E.H.R and RCMS before we can finalize the plan for the set up of your E.H.R and RCMS that is appropriate for your practice.

- Administrative Services. Once you become a member, we will begin the process of setting up payroll, workers compensation, group purchasing and group malpractice
- Other ancillary services. We will begin to implement ancillary services such as physician owned lab, chronic care management, diagnostic testing, etc. once you are fully credentialed with Hudson.

**Step 8: Payment and reporting.** Once we begin billing for your services through Hudson, we will collect the payments from payors and distribute those payments to you less the care center expenses and management fee on a bi-monthly basis and provide with a detailed accounting of your care center revenue and expenses on a monthly basis. We will also share the profits from the specialty and ancillary services profit pool on a quarterly basis.



