



June 3, 2013

Dear Vendor,

As you may be aware, the Office of Inspector General of the federal Department of Health and Human Services (the "OIG") issued a Special Fraud Alert on March 26, 2013, addressing "Physician Owned-Entities" also known as "physician owned distributorships" or "PODs". A physician owned distributorship is an entity in which a physician (or an immediate family member) has an ownership interest that derives revenue from, or arranges for the selling of, implantable medical devices, which includes entities that purport to design or manufacture their own medical devices or instrumentation.

The OIG views physician owned distributorships as "inherently suspect" under the federal Medicare – Medicaid anti-kickback statute. The OIG reviewed factors in the Alert that raise particular concerns with these arrangements. They include, corruption of medical judgment, overutilization, increased costs to federal health care programs and beneficiaries, and unfair competition.

The OIG does not believe that a disclosure to patients of the physician's financial interest in the physician-owned distributorship is sufficient to address the OIG's concerns. The OIG also stated that "[i]n evaluating these arrangements, OIG will consider whether one purpose underlying a hospital's decision to purchase devices from a POD is to maintain or secure referrals from the POD's physician owners."

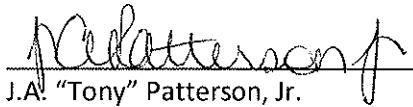
Because of the possible regulatory compliance implications for us if we are purchasing devices from a physician-owned distributorship, or when an immediate family member is employed by or contracted to a medical device distributorship in a paid position, we are requiring that each distributorship from which we purchase medical devices make the following affirmation:

If [Vendor's name or other term used for the Vendor] ("Vendor") is not a publicly traded company, Vendor represents and warrants to [the KRHS organization's name or other term used for it] that no physician nor, after inquiry, any immediate family member of a physician, owns any equity interest in Vendor or the entity from which Vendor purchased the products which it sells to [KRHS entity]. Also, neither a physician nor an immediate family member of a physician is employed by or contracted to Vendor in a paid position. An immediate family member includes a spouse, a natural or adopted child, a sibling or sibling's spouse, a parent, or an entity or trust (including a retirement plan trust or IRA) of which any of the preceding persons is the trustee or beneficiary.

We will not purchase medical devices from a vendor unless we receive this signed affirmation. If you cannot make this affirmation because physician ownership, or a paid position relationship, does exist, we will need to learn more about the facts of that ownership or paid relationship before we purchase any medical devices from you. We need to hear from you by Friday, June 21, 2013.

Please feel free to contact Tate Kreitinger, our Compliance Officer (406.751.6991) or me if you have any questions about this matter.

Sincerely,

A handwritten signature in cursive script, appearing to read "JPatterson Jr", written over a horizontal line.

J.A. "Tony" Patterson, Jr.

Chief Administrative Officer & General Counsel