

December 5, 2005

James E. Gerber  
State of Michigan  
Office of Financial and Insurance Services  
333 South Capital Street  
Lansing, Michigan 48933

Dear Jim:

I appreciate the opportunity to present this proposed letter agreement for me (Kovacs) to provide rehabilitation services as directed by the Michigan Office of Financial and Insurance Services (OFIS). I am prepared to immediately provide services for the rehabilitation of Ultimed HMO of Michigan, Inc. and any other projects that may require my assistance. I have attached a copy of my resume detailing my twenty-one years of experience in managed care, nine (9) years experience in behavioral health service delivery and my fourteen (14) month experience as a co-deputy rehabilitator of Community Choice Michigan. The services to be provided may include but are not limited to:

- Interim management
- Financial analysis
- Claims analysis
- Operational review
- Contract review
- Regulatory assessment

For the above services, OFIS will pay Kovacs \$75.00 per billed hour. Expenses for travel, lodging and meals will be reimbursed separately as invoiced subject to State of Michigan reimbursement rates. Billable hours will be invoiced on a weekly basis and expenses will be invoiced monthly. Both billable hours and expenses will be net due and payable within ten (10) days of receipt. Detailed timesheets and copies of all applicable receipts will be attached to all billings.

Either party will have the option to terminate this agreement upon fourteen (14) days advance written notice. In the event of termination, OFIS shall be liable to compensate Kovacs for any accrued but unpaid billable hours and expenses incurred through the end of the month that the 14-day notice is effective. Upon termination, I will return any information related to services provided to OFIS.

All matters will be kept confidential unless such matters are public record.

This agreement shall be amended by mutual written consent of OFIS and Kovacs.

It is acknowledged and accepted that this document constitutes the entire agreement between OFIS and Kovacs related to this engagement.

If this proposal is acceptable to you, please approve this document by signing below and return it to me.

Sincerely,



Karl V. Kovacs  
2765 Oakleaf Drive  
Holt, Michigan 48842  
517.882.0708

Accepted and Agreed to by OFIS:

Signature



Title

Director of Receivership

Date

12-15-2005