

LETTER OF AGREEMENT  
BETWEEN

Central California Alliance for Health AND  
Monterey County Health Department  
**for CalAIM Incentive Payment Program**

This Letter of Agreement (Agreement), effective upon the date of the last signature below (Agreement Effective Date), is entered into in order to specify the terms and conditions under which Santa Cruz-Monterey-Merced Managed Medical Care Commission, doing business as Central California Alliance for Health (the Alliance) agrees to provide funds (Incentives) through the CalAIM Incentive Payment Program to Monterey County Health Department (Provider).

**Recitals**

*Whereas*, CalAIM is a multi-year initiative by the Department of Health Care Services (DHCS) to improve the quality of life and health outcomes of the Medi-Cal managed care population by implementing a broad delivery system, program, and payment reform across the Medi-Cal program.

*Whereas*, effective January 1, 2022, (DHCS implemented the CalAIM Incentive Payment Program (Program) to invest in Enhanced Care Management (ECM) and Community Supports infrastructure, care management capabilities, information technology and data exchange, and workforce capacity across the Alliance, city and county agencies and other community-based organizations.

*Whereas*, the Alliance is administering Incentives to health care providers and community organizations in order to facilitate successful implementation of ECM and Community Supports in the Program's first year (2022).

*Whereas*, the Alliance is responsible for oversight and administration of Program and Incentive payments to the Provider consistent with the terms of the Program, any terms imposed as a condition of federal approval of the Program, and any DHCS guidance related to the Program.

*Whereas*, Incentives may be awarded to Alliance contracted providers and non-contracted organizations with the intent to contract, both herein referred to as Providers.

*Whereas*, if Provider is not contracted for Medi-Cal service delivery, Provider represents that it is a 501(c)(3) nonprofit or governmental entity that provides services to a significant volume of Medi-Cal members in the Alliance service area and has the intention of contracting for ECM and/or Community Supports services;

*Whereas*, the Alliance has awarded funds to Provider to achieve agreed upon implementation milestones (Milestones) based on the needs assessment information submitted by Provider, priority areas of the Program and available funding.

*Now therefore*, the Alliance and Provider agree that all funds provided as Incentives under the Program shall be subject to the terms and conditions of this Agreement.

1. Term. The term of this Agreement shall begin on Agreement Effective Date and shall terminate on April 30, 2023 (Incentive Term), unless terminated by either party as permitted herein. This Incentive Term accounts for the activity period to achieve Milestones and an additional month for reporting after the end of the Incentive funding period.

2. Liaison. The Alliance and Provider will each designate a liaison(s) to serve as a point of contact for activities performed related to this Agreement.

3. Incorporation of Incentives Request. The Provider represents that all information contained in the submitted documentation of infrastructure needs for ECM and/or Community Supports implementation, including Certification Tool, Infrastructure Needs Request Form and subsequent written communications with Alliance staff, is true, accurate and complete in all material respects to extent known to the Provider at the time of submission. Provider further agrees that it will notify the Alliance promptly of any material change in information that impacts, alters or prevents completion of agreed upon Milestones, including any significant change in contract status for the provision of Medi-Cal services, organizational leadership, contact information, business operations, and/or financial standing.

4. Use of Funds. Incentive funds may only be used for the purpose of paying expenses that are actually incurred by Provider in carrying out the activities related to achieving Milestones during the Incentive Term of the Agreement provided. Provider shall determine the total cost of achieving the Milestone and Incentive award amount shall be determined by the Alliance based upon this cost. Expenses that may be funded by Incentives include: a portion of Employee Salary, Consultant fees, Hardware, Software, Training, Materials, and other categories as mutually agreed upon as necessary costs to achieve Milestones. Funds cannot be used for the following purposes, and any amounts used for such unapproved uses will be deducted from payment amounts awarded hereunder: equipment already purchased or in place; equipment reimbursed through the Alliance's authorization process; and leased equipment.

5. Incentives Award Amount. Total Incentive payments shall not exceed Incentives Award Amount of **\$2,321,000**, which is the total of all Milestone Funding Amounts outlined below in section 7.

6. Incentive Payments. Payments shall be made to Provider by the Alliance according to the schedule provided below, subject to the receipt of all documentation reasonably required by the Alliance as described in section 6 and 7, and all other terms of the Agreement:

- a. Initial Payment. The first payment shall be eighty percent (80%) of the total Incentives amount for all Milestones described below and shall be paid within thirty (30) business days of receipt of the signed Agreement.
- b. Final Payment. The second and final payment shall be twenty percent (20%) of the Incentives amount for each Milestone completed by March 31, 2023 and shall be paid within thirty (30) business days of receipt by the Alliance of a Final Report indicating that the Milestones have been completed (Final Report), as described below in section

7. The Alliance may adjust the Final Payment consistent with the terms of a corrective action plan as described below. It is at the Alliance's discretion if partial payment of the final 20% will be made for partially completed Milestones that support ECM and/or Community Support implementation. The Alliance will not make a Final Payment until all past due reporting is completed.

- c. Recoupment. It is at the Alliance's discretion if recoupment of part of the initial 80% payment will be made for partially completed Milestones that support ECM and/or Community Support implementation.
- d. Disputed Amounts. The Alliance shall be permitted to withhold payment of any amounts for which the Alliance, in good faith, disputes or contests, including reducing such payment amounts by a recoupment consistent with the above terms. In the event of a good faith dispute pursuant to which the Alliance believes it is entitled to withhold or recoup payments, the Alliance may withhold payment of the disputed amount provided that, within thirty (30) calendar days following the Alliance's receipt of a the Final Report which initiates the Final Payment and which the Alliance in good faith deems to be in dispute, the Alliance shall notify Provider in writing with a detailed explanation stating the factual basis for the Alliance's withholding or recoupment of payment. To contest such withheld amounts, Provider must, within ten (10) calendar days following receipt of the Alliance's notice of disputed amounts, respond to the Alliance in writing with a detailed explanation stating the factual basis, if any, for Provider, in good faith, demanding payment on any amount in dispute. Parties shall negotiate in good faith to resolve the dispute before pursuing other available legal remedies.

7. Milestones, Milestone Funding Amount and Completion Documentation. Provider has determined and Alliance has agreed to the Milestones, Incentive Amount per Milestone, and Completion Documentation required to verify completion in order to receive payment as outlined below. Unless mutually agreed upon in writing between Provider and the Alliance, all Milestones shall be completed by March 31, 2023.

Milestone 1: Support seventeen (17) full-time staff positions dedicated to deliver direct ECM contracted services, and two (2) staff positions dedicated to transition program operations from Whole Person Care to ECM Program and provide supervision and program management.

Milestone Funding Amount: \$2,000,000

Completion Documentation:

- 1) Payroll ledgers through March 31, 2023 with position titles demonstrating: a) thirteen (13) full-time staff including at least four (4) Community Health Workers hired after April 30, 2022 dedicated full-time to ECM direct service; b) four (4) staff positions including two (2) Public Health Nurses and two (2) Licensed Vocational Nurses dedicated full-time to ECM direct service since January 1, 2022 transitioned from Whole Person Care; and c) two (2) positions (1.5 FTE) providing supervision and program management support for ECM Program.
- 2) Policy on case load per ECM lead care manager and number of supporting team

members; and 3) ECM Program policies and procedures, workflows, and program management reports.

Milestone 2: Purchase of office furniture for desk configuration, allowing ECM teams to rotate the use of office space at the Department headquarters by Dec 31, 2022.

Milestone Funding Amount: \$25,000

Completion Documentation: 1) Purchase orders and payment verification for Department Headquarters desk configuration.

Milestone 3: Explore and develop data sharing and reporting solutions between the MCHD instance of Activate Care and the Alliance, and develop reports.

Milestone Funding Amount: \$36,000

Completion Documentation: 1) Contract with Activate Care (MCHD); 2) agreement between MCHD and the Alliance and workflows for data sharing; and 3) development of at least three data reports on ECM population.

Milestone 4: Integration of Activate Care with EPIC by March 31, 2023.

Milestone Funding Amount: \$80,000

Completion Documentation: 1) Contract and statement of work with EPIC (OCHIN); and 2) integration workflows and procedures.

Milestone 5: Integration of Activate Care with Avatar by March 31, 2023.

Milestone Funding Amount: \$80,000

Completion Documentation: 1) Contract and statement of work with Avatar (NetSmart); and 2) integration workflows and procedures.

Milestone 6: Trainings in new systems, practices, and workflows for Activate Care.

Training recordings available on-demand in Learning Management System (LMS).

Milestone Funding Amount: \$50,000

Completion Documentation: 1) Training schedule and agenda; 2) pre/post survey results; 3) training certification forms for trained staff; and 4) training recordings in LMS.

Milestone 7: Trainings in culturally appropriate case management service delivery.

Milestone Funding Amount: \$50,000

Completion Documentation: 1) Training schedule and agenda; 2) pre/post survey results; and 3) training certification forms for trained staff.

8. Reporting. Reporting templates will be provided by the Alliance and available in the Alliance's online Incentives portal. Provider will submit reports through the Alliance's online Incentives portal. Provider is responsible for reporting to the Alliance on the progress toward and achievement of Milestones consistent with the terms of this Agreement.

Provider shall provide the Alliance with a Progress Report by July 30, 2022 that will include a brief narrative report of progress toward Milestones achievement.

Provider shall provide the Alliance with a Final Report by April 30, 2023 that shall document to the Alliance, in a form and manner described above as Completion Documentation, that activities have been carried out and Milestones have been achieved. Final Report will include narrative on completion of Milestone, attachment of Completion Documentation and documentation of categories of Incentive expenditure in carrying out Milestone completion activities. Failure to submit this report will delay Final Payment and may disqualify Provider from receiving future Incentives funding from the Alliance.

The Alliance reserves the right to request additional documentation as it deems necessary to validate the use of Incentives funds, either before or after use by Provider, and shall have the right at its sole discretion to withhold any payment pending any questions that it may have regarding the use of funds.

9. Corrective Action. In recognition of the need for project flexibility, the Alliance may utilize a corrective action plan for modifying the Agreement terms to facilitate the Provider's compliance with terms or to adjust Milestones, related Incentive Amounts, and/or Completion Documentation as necessary. Provider noncompliance with modified terms may result in termination of this Agreement consistent with Section 11 (Termination). In the event of Agreement termination, the Provider shall return funds as directed by the Alliance.

10. Evaluation and Monitoring. The Alliance may monitor and conduct evaluation of operations under this Program. This may include a meeting with Alliance staff to discuss the Provider's performance on responsibilities related to the Program, discuss the Program with the Provider's personnel, and review financial or other records and materials connected with the activities financed by this Incentives.

#### 11. Termination.

- a. The terms of this Agreement are contingent upon DHCS funding of Program. Should sufficient funds not be allocated, or federal financial participation be unavailable, this Agreement may be modified accordingly, or this Agreement can be terminated by any party after giving thirty (30) calendar days advance written notice.
- b. This Agreement shall be effective on the Agreement Effective Date. This Agreement shall remain in effect until Incentive Term as set forth in Section 1 unless terminated by either party as permitted herein.
- c. This Agreement may only be rescinded, modified or amended by mutual agreement in writing.

- d. The Alliance may terminate this Agreement with thirty (30) calendar days advance written notice to the Provider due to Provider's failure to meet terms of a corrective action plan as set forth in Section 9 (Corrective Action).
- e. The Alliance may terminate this Agreement immediately if Provider (i) fails to comply with the terms of this Agreement; (ii) terminates its agreement to participate in the Alliance provider network or Medi-Cal program for any reason, including without cause; or (iii) ceases accepting new Medi-Cal members for contracted services prior to reaching assigned capacity or otherwise materially curtails its operations as a provider.
- f. The Alliance may terminate this Agreement immediately or cease providing payments hereunder in the event that the Alliance determines in its sole discretion (i) that further payments as set forth in the Agreement could violate laws or regulations or violates DHCS Program guidance, including laws or regulations or guidance in existence on the Agreement Effective Date that may have been clarified or subject to new or changed interpretation, or (ii) in the event of a natural disaster or other event that causes the Alliance to be unable to fulfill its commitment hereunder.
- g. This Agreement and the Alliance's obligation to make further payment hereunder shall terminate immediately in the event that Provider ceases operations or in the event of Provider's insolvency, which insolvency shall be considered to have occurred when Provider makes an assignment for the benefit of creditors, files a petition in bankruptcy, is adjudicated insolvent or bankrupt, if a receiver or trustee is appointed with respect to a substantial part of such other party's property, or a proceeding is commenced against it which will substantially impair Provider's ability to carry out the Milestones in this Agreement. The Alliance reserves the maximum rights it is entitled to under any law and under the terms of this Agreement to seek return of any payments already made prior to Provider's cessation of operations or insolvency, and to ensure that no funds provided pursuant to this Agreement, no matter when they were provided, shall be used for the purpose of paying Provider's general creditors or for any purpose other than as specifically set forth in this Agreement.

12. Effect of Termination. In the event of termination, this Agreement shall terminate and have no further force or effect with respect to either party as of the effective date of termination established in writing, except that all obligations arising or accruing prior to termination, including use or return of Incentives funds, shall be performed in accordance with the terms of the Agreement in effect as of the date such obligations arose or accrued and shall survive termination. The provision of sections 6, 7, 11, 12 and 13 of this Agreement shall remain in effect for any occurrences arising out of performance of the Agreement prior to termination.

13. Remedies.

- a. To the extent the Provider does not or is unable to achieve Milestones in their entirety as outlined above, the Provider shall notify the Alliance and return any funds at the direction of the Alliance not expended from the Initial Payment for any Milestone not completed. Partial completion of Milestone will be assessed for

partial payment by the Alliance if the activities completed effectively support implementation of ECM and/or Community Supports. Determination of partial payment is at the Alliance's discretion. In the event Provider fails to complete a Milestone as contemplated in this Agreement, Provider may be required to return any Incentives funds that it has already received under this Agreement, even if such funds were properly used.

- b. Provider shall return to the Alliance any Incentives funds that Provider cannot document, if requested, that it has used to carry out the completion of Milestones provided for in this Agreement.
- c. In addition to any other provision of this Agreement, if the Alliance determines, at its sole discretion, that Provider has substantially violated or failed to carry out any provision of this Agreement, including but not limited to failure to provide documentation provided for in section 7 hereof, the Alliance may, in addition to any other legal remedies it may have, refuse to make any further Incentives payments to Provider under this Agreement or any other Incentives agreement, and may demand the return of all or part of the Incentives funds previously received by Provider, which Provider shall immediately pay to the Alliance. The Alliance may also avail itself of any other remedies available under the law.

14. Compliance with Services Agreement. If Provider is a party to a services agreement with the Alliance, Provider shall comply with all of the requirements in such agreement, including any nondiscrimination provisions.

15. Legal Compliance. If Provider is a participant in the Medi-Cal program as of the Agreement Effective Date, Provider agrees that the Incentives award and the payment of Incentive funds by the Alliance pursuant to this Agreement is conditioned on Provider's continuing compliance with all applicable requirements of federal and California law related to Provider's participation in the Medi-Cal program. Provider shall notify the Alliance immediately in the event that Provider or any employee or agent of Provider whose employment was in part financed using Incentive funds is suspended or excluded from participation in any state or federal health care program, including Medi-Cal or Medicare.

16. Books and Records. Provider agrees to maintain satisfactory financial accounts, documents and records for the Incentives and to make them available to the Alliance, the State of California, the United States Department of Health and Human Services or the Comptroller General of the United States, or otherwise required by law, for auditing at reasonable times. Provider also agrees to retain such financial accounts, documents and records for three years following termination or completion of this Agreement. Provider agrees to maintain and make available for inspection by the Alliance accurate records of all of its costs, disbursements and receipts with respect to its activities under this Agreement.

17. Incentive Announcements. Any materials used to advertise, announce or otherwise inform the public, including individuals served by Provider, of the receipt of Incentives provided for hereunder shall describe the Incentives and the activities funded by the Incentives accurately, and in a way that conforms to the purpose set forth in this Agreement. Any such materials that

mention or include information about the Alliance shall not be published or in any other way communicated without the prior approval of the Alliance. Any such materials that mention or include information about the Alliance shall refer to the health plan as Central California Alliance for Health.

18. Indemnification. Each party (“Indemnifying Party”), at its own expense, agrees to defend, indemnify and hold harmless the other Party (“Indemnified Party”) and any of Indemnified Party’s affiliates, subsidiaries, directors, officers, employees, representatives, and agents from and against any and all liabilities, losses, costs, expenses (including, without limitation, attorneys' fees), damages, claims, suits, and/or demands (including, without limitation, those based on the injury to or death of any person or damage to property), directly or indirectly arising out of, or resulting from, (i) any act or omission of Indemnifying Party related to any of its obligations performed hereunder, (ii) any breach of Indemnifying Party’s representations or warranties set forth in this Agreement, and/or (iii) any actual or alleged infringement, misappropriation, or other violation of any third party rights or any laws or regulations relating to Indemnifying Party’s performance of its obligations under this Agreement.

19. Independent Contractors. The parties hereto are independent contractors and neither the Alliance nor Provider is an agent or employee of the other.

20. Severability. Except as provided in section 11, if any provision of this Agreement or the application thereof is held invalid, that invalidity shall not affect other provisions or applications of the Agreement which can be given effect without the invalid provision or application, and to this end the provisions of this Agreement are severable.

21. Waiver. No terms or provision hereof will be considered waived by either party, and no breach excused by either party, unless such waiver or consent is in writing and signed on behalf of the party against whom the waiver is asserted. No consent by either party to, or waiver of, a breach by either party, whether expressed or implied will constitute consent to, waiver of, or excuse of any other, different, or subsequent breach by either party.

22. Assignment. This Agreement shall not be assigned by the Provider either in whole or in part.

23. This Agreement shall supersede any prior oral or written understandings or communications between the parties and constitutes the entire agreement of the parties with respect to the subject matter hereof. This Agreement may not be amended or modified, except in writing signed by both parties.

24. This Agreement may be executed in separate counterparts, each of which shall be deemed to be an original, and all of which taken together constitute one and the same instrument. Telecopied or scanned signatures will be deemed to have the same effect as an original.

For the Provider:

For Central California Alliance for Health:

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_



Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Approved as to Form

DocuSigned by:  
By: Stacy Saetta Stacy Saetta  
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Approved as to Fiscal Provisions

DocuSigned by:  
By: Gary Giboney Gary Giboney  
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Title: Chief Deputy County Counsel Approved as to Form Title: Chief Deputy Auditor Controller

Date: 5/5/2022 | 10:24 AM PDT

Date: 5/5/2022 | 10:53 AM PDT