

**MEDI-CAL CONSTRUCTION RENOVATION REIMBURSEMENT PROGRAM (CRRP)
SUPPLEMENTAL REIMBURSEMENT PROGRAM
PROVIDER PARTICIPATION AGREEMENT**

Name of Provider: Natividad Medical Center

Provider # 1699979245

ARTICLE 1 – STATEMENT OF INTENT

The purpose of this Agreement is to allow continued participation in the Construction Renovation Reimbursement Program (CRRP) by the provider, named above and hereinafter referred to as Provider, subject to Provider's compliance with the responsibilities set forth in this Agreement with the California Department of Health Care Services, hereinafter referred to as the State or Department, as authorized in State law pursuant to sections 14085.5 through 14085.56 and Section 14165 of the California Welfare and Institutions Code.

ARTICLE 2 – DEFINITIONS

For purposes of this Agreement, the following definitions shall apply:

- A. "Project" means, collectively, the capital expenditures composed of the following components:
- 1) The "Hospital Replacement Project", as described in detail in document dated October 6, 1998 and in the State Department of Health Care Services responses dated December 23, 1998 and February 17, 1999.
- B. "Debt service" means the payment of matured interest and principal, or the outlay needed, supplied, or accrued for meeting such payments during any given accounting period.
- C. "Revenue bond" as defined in section 15459(b) of the Government Code means any bonds, warrants, notes, leases or installment sale obligations evidenced by certificates of participation, or other evidence of indebtedness issued by a local agency payable from funds other than the proceeds of ad valorem taxes or the proceeds of assessments levied without limitation as to rate or amount by the local agency upon property in the local agency.
- D. "Supplemental reimbursement" means the Med-Cal supplemental payments for debt service expenses under the CRRP, as described and provided for pursuant to Supplement 3 to Attachment 4.19-A of the Medi-Cal State Plan (added by TN 13-011).

ARTICLE 3 – TERM OF AGREEMENT

- A. This Agreement begins on July 1, 2013, and stays in effect until this Agreement is terminated; Department's payment reimbursement obligations are fulfilled; Provider

ceases to be a Medi-Cal Certified provider; or the CRRP ends pursuant to the repeal of State or federal statutory authority to make payments or claim federal reimbursement.

- B. Failure by Provider to comply with Provider's responsibilities under Article 3 shall constitute a material breach of this Agreement, which shall result in termination of the agreement by Provider pursuant to Paragraph B. The Department shall in its written notice, specify the breach or deficiency with sufficient information to allow Provider to identify the actions necessary to cure such breach. The parties shall mutually agree upon a reasonable amount of time to cure. Provider may prevent the termination of this Agreement pursuant to this Paragraph by curing any material breach prior to termination of this Agreement.

ARTICLE 4 – CRRP PROVIDER RESPONSIBILITIES

By entering into this Agreement, the Provider agrees and/or makes assurance that:

- A. Final plans for the Project have been submitted by the Provider to the Office of Statewide Health Planning and Development and the Office of State Architect between July 1, 1989, and June 30, 1994, or as otherwise permitted by the Welfare and Institutions Code sections 14085.5 through 14085.56.
- B. The Project has been funded through the issuance or reissuance of a revenue bond.
- C. The Project, or portions thereof, constructed or improved with the CRRP funds provided hereunder is available to Medi-Cal Beneficiaries to the extent required by Welfare and Institutions Code section 14085.5, subdivision (b), paragraph (3).
- D. The Project, or portions thereof, receiving partial financing under Welfare and Institutions Code section 14085.5 did upon its completion, upgrade or expand the Provider's buildings or fixed equipment to a level required by then-currently accepted medical practice standards, including but not limited to Joint Commission on Accreditation of Healthcare Organizations, fire and life safety, seismic, or other related regulatory standards, or expanded service capacity to maintain then-current or reasonably foreseeable needed bed capacity for Medi-Cal beneficiaries.
- E. Comply, to the extent applicable to the subject matter and terms of this Agreement, with Title XIX of the Social Security Act, as periodically amended; Titles 42 and 45 of the Code of Federal Regulations (CFR), as periodically amended; The California Medicaid State Plan, as periodically amended; Chapter 7 (commencing with Section 14000) of the California Welfare and Institutions (W&I) Code, as periodically amended; Division 3 of Title 22 of the California Code of Regulations (CCR) (commencing with Section 50000), as periodically amended; State issued policy directives, including Policy and Procedure Letters, as periodically amended; and federal Office of Management and Budget (OMB) Circular A-87, as periodically amended.

- F. All applicable State and federal requirements, as identified in Paragraph E of Article 3, are met with respect to the subject matter and terms under this Agreement. It is understood and agreed that failure by the Provider to ensure all applicable State and federal requirements are met to the extent to which the supplemental reimbursement under this Agreement are subject, shall be sufficient cause for the State to deny or recoup payments from the Provider as well as termination of this Agreement.
- G. Comply with the following Debt Service Expense Allowability and Fiscal Documentation requirements:
- 1) For any fiscal year for which Provider is eligible to receive reimbursement, Provider shall report to the Department on a semi-annual basis the amount of debt service on the revenue bonds issued to finance the Project.
 - 2) Provider claim form that is accepted or timely submitted for payment by the State shall not be deemed evidence of allowable Agreement payments.
 - 3) Provider shall maintain for review or audit and supply to the State, upon request, auditable documentation of all debt service amounts claimed pursuant to this Agreement to permit a determination of supplemental reimbursement.
 - 4) If the allowability or appropriateness of a supplemental reimbursement under this Agreement cannot be determined by the State because applicable invoice detail, fiscal records, or backup documentation is nonexistent or inadequate, payment may be withheld by the State. Upon receipt of adequate supporting documentation supporting the validity of the claimed debt service expense, the withheld supplemental reimbursements will be paid.
- H. Retain all necessary records pertaining to the bond for the life of the bond plus three (3) years thereafter. If a CRRP audit is in progress, all records relevant to the audit shall be retained until the completion of the audit or the final resolution of all audit exceptions, deferrals, and/or disallowances. The Provider shall furnish said records and any other relevant information, upon request, to the State and to the federal government.
- I. Be responsible for the acts or omissions of its employees and/or subcontractors, to the extent such are relevant to performance under this Agreement.

ARTICLE 5 – STATE RESPONSIBILITIES

By entering into this Agreement, the State agrees and/or makes assurance that:

- A. In reliance upon the Provider's assurance, and where the Project (or portion thereof) meets all of the conditions set forth in sections 14085.5 through 14085.56 of the Welfare and Institutions Code and section 57030 of title 22 of the California Code of Regulations, and where the Provider has obtained a certificate of occupancy or similar

document(s) from the appropriate regulatory agency permitting the Provider to render patient care or related services by means of the Project, the State will make payments of the supplemental reimbursement in the amounts and in the manner described below.

- B. For any year for which the Provider is eligible to receive reimbursement, the State shall reimburse to the Provider the product of the following figures:
- 1) The total amount of debt service on any revenue bonds issued, or subsequently refinanced and continues to meet CRRP requirements, to finance the eligible Project; and,
 - 2) The ratio of Provider's paid acute Medi-Cal patient days to total paid acute patient days as determined by the State.
- C. For the purpose of this calculation, "debt service" means the payment of matured interest and principal, or the outlay needed, supplied, or accrued for meeting such payments during any given accounting period. In calculating the number of Provider's total paid acute Medi-Cal patient days, the State shall use the Medicaid inpatient utilization rate as determined pursuant to Section 4112 of the Omnibus Budget Reconciliation Act of 1987 as implemented by State Plan Amendment 88-25.
- D. The Disproportionate Share Hospital (DSH), authorized in Welfare and Institutions Code section 14105.98, et seq., data is used to determine the ratio of the Provider's total paid Medi-Cal patient days to total patient days, consistent with paragraph (2) of subdivision (c) of section 14085.5 of the Welfare and Institutions Code. The DSH data is used in a calculation that extracts mental health and administrative days resulting as the CRRP MUR.
- E. In no instance (where Provider is otherwise eligible), will the percentage figure determined pursuant to the ratio derived under subparagraph (2) of paragraph B. above be decreased prior to retirement of the debt by more than 10 percent of the initial ratio derived under subparagraph (2), except that if such percentage figure falls below 90 percent of the initial percentage established at the point of final plan submission, the Provider shall at least maintain the volume of Medi-Cal days that were recorded in the calendar year during which the Provider submitted final plans for the Project to the applicable regulatory agency unless forces beyond Provider's control have decreased the total volume of days of care being provided. In no instance will the total reimbursement received hereby, when combined with all other reimbursement dedicated exclusively to debt service for the Project, exceed 100 percent of the debt service over the life of the debt. The State assures that it will not limit or alter the rights of the Provider to receive the supplemental reimbursement described herein until the revenue bond or bonds are fully paid or until the supplemental reimbursement is no longer required by law.

- F. The date final plans for the respective components of the eligible project were submitted to the Office of Statewide Health Planning and Development, and the Provider's Medi-Cal initial ratio at the date of final plan submission, are as follows:
- 1) For the component described in subparagraph 1) of paragraph A of Article 2, the date final plans were submitted was May 19, 1994, and the Medi-Cal initial ratio is 51.68 percent.
- G. The supplemental reimbursement under this Agreement shall be payable in addition to any other amounts paid or payable to the Provider for Medi-Cal services. The total amount of supplemental reimbursement under this Agreement will be paid to the Provider in the following manner.
- 1) Supplemental reimbursement payments shall commence no later than 30 days after the Department receives a certificate of occupancy or similar document from the Provider.
 - 2) The State will disburse the supplemental reimbursement to the Provider no sooner than fifteen (15) days prior to the date a debt service payment is due the bondholders. The State shall use its best efforts to disburse the supplemental reimbursement no later than the date such debt service payment is due to the bondholders.
 - 3) Annually, the State will adjust the interim reimbursement amounts as Medi-Cal final utilization rate data become available to reflect the changing Medi-Cal utilization rate.
 - 4) Where the Provider contracts with a county organized health system or other Medi-Cal managed care health plan, the State will make the supplemental reimbursement payments directly to the Provider.
 - 5) The State will continue making the supplemental reimbursement in the amount calculated and in the manner described above until the qualifying debt is paid off. The parties recognize that continuing payments are to be made under any successor system, pursuant to Welfare and Institutions Code section 14085.5(e).
 - 6) Absent any material breach by the Provider, the State will not terminate the Agreement solely for the purpose of terminating the supplemental reimbursement to be paid pursuant to this Agreement hereto.
 - 7) In the event any portion of debt service is attributable to Project costs that are determined not to be allowable under Title XIX of the federal Social Security Act, the federal portion only of such costs may be excluded from the supplemental reimbursement that the State is obligated to pay to the Provider hereunder.

- 8) Paragraphs (1) to (4), inclusive, of subdivision (c) of Welfare and Institutions Code, Section 14085.5, are hereby incorporated by reference into this Agreement, as may be modified pursuant to subdivision (e) of Welfare and Institutions Code, Section 14085.5. Should any provision of this Agreement be inconsistent with the provisions that are incorporated by reference pursuant to this paragraph, the statutory provisions that are incorporated by reference shall control.
- H. Lead the administration of the CRRP and ensure compliance with the provisions set forth in the California Medicaid State Plan.
- I. Submit claims for federal financial participation (FFP) for the CRRP payments under this Agreement to the extent they are allowable expenditures under federal law.
- J. On an annual basis, submit any necessary materials to the federal government to provide assurances that its claims for FFP for the CRRP payments will include only those expenditures for supplemental reimbursement that are allowable under federal law.
- K. Reconcile Provider interim supplemental reimbursement payments. Provider overpayments and underpayments resulting from the reconciliation may be applied as an offset or increase to the next claim payment.
- L. Conduct an on-site audit periodically and when the Provider's bond is paid in full and perform the settlement process as necessary.
- M. Ensure that the total Medi-Cal reimbursement payments provided to eligible CRRP providers will not exceed applicable federal upper payment limit as described in 42 C.F.R. 447- Payments for Services.
- N. Ensure that an appropriate audit trail exists within Contractor records and accounting system and maintain debt service expenditure, Medi-Cal services, and other relevant data as indicated in this Agreement.
- O. Designate a person to act as liaison with Provider in regard to issues concerning this Agreement. This person shall be identified to Provider's contact person for this Agreement.
- P. Provide a written response by email or mail to Provider's contact person within thirty (30) days of receiving a written request for information related to the CRRP.

ARTICLE 6 –PROJECT REPRESENTATIVES

- A. The project representatives during the term of this Agreement will be:

<p>Department of Health Care Services Safety Net Financing Division Medi-Cal Supplemental Payments Section Telephone: (916) 552-9113 Fax: (916) 552-8651 Email: CRRP@dhcs.ca.gov</p>	<p>Provider: Natividad Medical Center Name: Harry Weis, CEO Telephone: (831) 783-2563 Fax: (831) 755-6254 Email: weis@natividad.com</p>
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B. Direct all inquiries to:

<p>Department of Health Care Services Attention: Safety Net Financing Division CRRP Supplemental Reimbursement Program Address: 1501 Capitol Avenue, MS 4504 P.O. Box 997436 Sacramento, CA 95899-7436 Telephone: (916) 552-9113 Fax: (916) 552-8651 Email: CRRP@dhcs.ca.gov</p>	<p>Provider: Natividad Medical Center Telephone: (831) 783-2563 Fax: (831) 755-6254 Email: weis@natividad.com</p>
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- C. Either party may make changes to the information above by giving written notice to the other party. Said changes shall not require an amendment to this Agreement.

ARTICLE 7 – GENERAL PROVISIONS

- A. This document constitutes the entire Agreement between the parties for the term of this Agreement. Any condition, provision, agreement or understanding not stated in this Agreement shall not affect any rights, duties, or privileges in connection with this Agreement.
- B. The term “days” as used in this Agreement shall mean calendar days unless specified otherwise.
- C. The State shall have the right to access, examine, monitor, and audit all records, documents, conditions, and activities of the Provider and its subcontractor pertaining to this Agreement.
- D. No covenant, condition, duty, obligation, or undertaking made a part of this Agreement shall be waived except by amendment of the Agreement by the parties hereto, and forbearance or indulgence in any other form or manner by either party in any regard whatsoever shall not constitute a waiver of the covenant, condition, duty, obligation, or undertaking to be kept, performed, or discharged by the party to which the same may apply; and, until performance or satisfaction of all covenants, duties, obligations, or undertakings is complete, the other party shall have the right to invoke any remedy available under this Agreement, or under law, notwithstanding such forbearance or indulgence.
- E. None of the provisions of this Agreement are or shall be construed as for the benefit of, or enforceable by, any person not a party to this Agreement.

- F. This Agreement shall not alter or amend any of the pledges made by the State pursuant to Welfare and Institutions Code section 14085.5, subdivision (b), paragraph (5).
- G. None of the provisions of this Agreement are or shall be construed in conflict with the provisions of Welfare and Institutions Code sections 14085.5 – 14085.56.

ARTICLE 8 – AMENDMENT PROCESS

Should either party, during the term of this Agreement, desire a change or amendment to the terms of this Agreement, such changes or amendments shall be proposed in writing to the other party, who will respond in writing as to whether the proposed amendments are accepted or rejected. If accepted and after negotiations are concluded, the agreed upon changes shall be made through a process that is mutually agreeable to both the State and the Provider. No amendment will be considered binding on either party until it is approved in writing by both parties. Replacing the Project Representative does not require an amendment to this agreement and may be updated with written notice sent to the other party. Written notice may include email.

ARTICLE 9 – AVOIDANCE OF CONFLICTS OF INTEREST BY THE PROVIDER

Provider is subject to the Medi-Cal Conflict of Interest Law, as applicable and set forth in Welfare and Institutions Code section 14022 and Article 1.1 (commencing with section 14030), and implemented pursuant to California Code of Regulations, title 22, section 51466.

ARTICLE 10 – FISCAL PROVISIONS

Supplemental reimbursement under this Agreement shall be made in the following manner:

- A. Upon the Provider's compliance with all applicable provisions pursuant to W&I Code sections 14085.5 through 14085.56 and this Agreement, and upon Provider's timely submission of a claim based on valid and substantiated information, the State agrees to process the claim for supplemental reimbursement.
- B. Provider's claim, or any portion thereof, otherwise eligible for payment that is submitted more than 18 months after the claim becomes eligible for payment shall not be considered timely submitted to the Department and will not be processed for payment.

ARTICLE 11 – RECOVERY OF OVERPAYMENTS

- A. Provider agrees that when it is established upon audit that an overpayment has been made, the Department shall recover such overpayment in accordance with section 51047 of Title 22 of the California Code of Regulations.

- B. Annual interim payment reconciliations performed by the Department may result in a finding that an overpayment was made to the Provider. The Department reserves the right to select the method to be employed for the recovery of such overpayment.

ARTICLE 12 – DISPUTES

- A. An informal dispute resolution process shall be undertaken prior to the dispute resolution processes undertaken pursuant to Paragraphs B and C below. In the informal dispute resolution process the Provider shall first address the issue to the Department staff and if not resolved then the Provider shall address the issue to the Department in a written letter. If unresolved then the dispute resolution processes in Paragraphs B and C shall be undertaken as appropriate.
- B. Judicial review pursuant to section 1085 of the Code of Civil Procedure shall be available to resolve disputes relating to the terms, performance, or termination of this Agreement, or any act, failure to act, conduct, order, or decision of the Department that violate this Agreement or the provisions of Welfare and Institutions Code sections 14085.5 – 14085.56. Venue for judicial review shall lie only in counties in which the California Attorney General maintains an office.
- C. Paragraph B., above shall not apply to recoupment efforts based on an audit or review of Provider's performance of the terms and conditions in CRRP under this Agreement. These recoupment efforts shall be reviewable pursuant to Welfare and Institutions Code section 14171.
- D. Subject to Paragraph A., nothing in this Agreement shall prevent Provider from pursuing any other administrative and judicial review available to it under law.

ARTICLE 13 – BUDGET CONTINGENCY CLAUSE

- A. It is mutually agreed that if the State Budget Act of the current year and/or any subsequent years covered under this Agreement does not appropriate sufficient funds for the CRRP, this Agreement shall be of no further force and effect. In this event, the State shall have no liability to pay any funds whatsoever to Provider or to furnish any other considerations under this Agreement and Provider shall not be obligated to perform any provisions of this Agreement.
- B. If funding for any state fiscal year is reduced or deleted by the State Budget Act for purposes of the CRRP, the State shall have the option to either cancel this Agreement, with no liability occurring to the State, or offer an agreement amendment to Provider to reflect the reduced amount.
- C. Nothing in this Article is or shall be construed to relieve or otherwise conflict with the State's obligations pursuant to paragraph (5) of subdivision (c) of section 14085.5 of the Welfare and Institutions Code.

ARTICLE 14 – LIMITATION OF STATE LIABILITY

- A. Notwithstanding any other provision of this Agreement, the State shall be held harmless from any federal audit disallowance and interest resulting from payments made by the federal Medicaid program for claims pursuant to W&I Code sections 14085.5 through 14085.56, for the disallowed claim, less the amounts already remitted to or recovered by the State for the disallowed claim.
- B. To the extent that a federal audit disallowance and interest results from a claim or claims for which the Provider has received payment, the State shall recoup from the Provider, upon written notice, amounts equal to the amount of the disallowance and interest in that fiscal year for the disallowed claim. All subsequent claims submitted to the State applicable to any previously disallowed claim, may be held in abeyance, with no payment made, until the federal disallowance issue is resolved, less the amounts already remitted to the State for the disallowed claim.
- C. Nothing in this Article is or shall be construed to conflict with the State's payment obligations set forth in subparagraph (B) of paragraph (6) of subdivision (c) of section 14085.5 of the Welfare and Institutions Code.

Article 15 – Conformance Clause

This agreement is entered into in accordance with Welfare and Institutions Code sections 14085.5 to 14085.56. Any provision of this agreement in conflict with the present or future governing authorities of the Welfare and Institutions Code or other applicable State or federal law and regulations, including but not limited to Title XIX of the Social Security Act, California's Medicaid State Plan and implementation directives promulgated by the Centers for Medicare & Medicaid Services, is hereby amended to conform to those authorities. Such amended provisions supersede any conflicting provision in this contract.

Article 16 – Termination Clause

This Agreement may be terminated by any party upon written notice given at least thirty (30) calendar days prior to the termination date. Notice shall be addressed to the respective parties as identified in Article 6 of this Agreement. Termination shall be made in compliance with the obligations contained within Welfare and Institutions Code sections 14085.5 to 14085.56.

Article 17 – Controlling Law

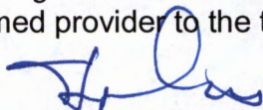
The validity of this Agreement and its terms or provisions, as well as the rights and duties of the parties hereunder, the interpretation and performance of this Agreement shall be governed by the laws of the State of California. Venue for judicial review shall lie only in counties in which the California Attorney General maintains an office.

Article 18 – Integration Clause

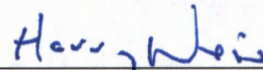
This Agreement shall constitute the entire agreement among the parties to it regarding supplemental reimbursement for the Project for the term commencing July 1, 2013, and supersedes any prior or contemporaneous understanding or agreement pertaining to such matters, and may be amended only by a written amendment executed by both parties to this Agreement.

ARTICLE 19 – AGREEMENT EXECUTION

The undersigned hereby warrants that s/he has the requisite authority to enter into this Agreement on behalf of Natividad Medical Center and thereby bind the above named provider to the terms and conditions of the same.



Provider Authorized Representative's Signature



Print Name



Title

Address

Date

Department of Health Care Services
Authorized Representative's Signature

Stacy Fox
Print Name

Chief, Medi-Cal Supplemental Payments Section
Title

Department of Health Care Services
Name of Department

1501 Capitol Ave., MS 4504
Sacramento, CA 95899
Address

Date