

LOW INCOME HEALTH PROGRAM FEDERAL FUNDS CLAIMING

AGREEMENT

THIS AGREEMENT dated as of March 1, 2013 ("Effective Date") is made by and between the COUNTY OF MONTEREY ("County") and SALINAS VALLEY MEMORIAL HEALTHCARE SYSTEM ("District"), a California health care district.

RECITALS

A. On November 2, 2010, the U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services ("CMS"), approved the State of California's Section 1115 Medicaid Waiver Proposal, Bridge to Reform Demonstration Project ("Demonstration"), as a transition to federal health care reform; and

B. Pursuant to the Special Terms and Conditions ("STCs") of the Demonstration and Section 15909, *et seq.*, of the Welfare and Institutions Code (which are hereby incorporated into this Agreement to the extent applicable), the County has contracted with the State Department of Health Services ("DHCS") to operate a Low Income Health Program ("LIHP") known as ViaCare Monterey County ("ViaCare") and is eligible for federal funding for certain health care services provided to eligible persons enrolled in ViaCare; and

C. The County has entered into the "Administrative Services Agreement" with Central California Alliance for Health ("Alliance"), under which Alliance will provide administrative services to support the ViaCare LIHP, including, but not limited to, the establishment and maintenance of a network of participating providers, and claims adjudication, processing and payment. Pursuant to the County's Administrative Services Agreement with Alliance, Alliance acts on behalf of the County in contracting with network providers, and

disburses County funds for services provided to ViaCare LIHP enrollees at rates established in the contracts with network providers; and

D. The District is a licensed acute care hospital provider in the County. Under the PRIMARY HOSPITAL AND OUTPATIENT LABORATORY SERVICES AGREEMENT (hereafter "Network Provider Agreement"), the District is contracted with Alliance to provide health care services, including emergency, inpatient hospital and outpatient hospital services, to ViaCare LIHP enrollees as a network provider. Pursuant to the Network Provider Agreement and the Administrative Services Agreement, and the conditions contained therein, Alliance is required to disburse payments to the District for covered health care services provided to ViaCare LIHP enrollees at rates set forth in the Network Provider Agreement; and

E. Pursuant to the STCs and the Demonstration claiming protocols (known as "Attachment G" and "Attachment G, Supplement 1," which are incorporated into this Agreement by this reference), the County has the opportunity to claim federal matching funds for expenditures of the District for covered services provided to ViaCare LIHP enrollees, to the extent that the costs incurred by the District in providing those services exceeds the amounts paid or payable to the District by Alliance ("Unreimbursed Costs"); and

F. The County and the District desire to enter into an agreement to establish the claiming process, procedures and related obligations of the parties under which the County will submit claims prepared by the District for the federal matching funds associated with District's Unreimbursed Costs and pay those federal funds received to the District as supplemental payment for covered services rendered to ViaCare LIHP enrollees.

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE 1

1.1 Identification of Facilities. This Agreement applies to all healthcare facilities operated by the District and available to ViaCare LIHP enrollees pursuant to the Network Provider Agreement, namely: the SALINAS VALLEY MEMORIAL HOSPITAL. Unless the context clearly indicates otherwise, the term "District" as used in this Agreement includes the aforementioned hospital.

1.2 Covered Services. This Agreement applies to those medically necessary health care services provided by the District to ViaCare LIHP enrollees that are eligible for payment as covered ViaCare LIHP services ("Covered Services") pursuant to the Network Provider Agreement entered into between the District and Alliance and the Administrative Services Agreement. Services provided by District that are ineligible for payment under the Network Provider Agreement and the Administrative Services Agreement shall not be considered Covered Services. All ViaCare LIHP eligibility determinations will be made by the County.

1.3 Supplemental Payment for Covered LIHP Services. To the extent that the District expends public funds, as defined in 42 C.F.R. §433.51, for the cost of providing Covered Services to ViaCare LIHP enrollees that are in excess of the amount paid or payable for such services from Alliance under the Network Provider Agreement, and which excess costs are eligible as certified public expenditures ("CPEs") for which federal matching Medicaid funds are available, the County will submit the District's claim for federal funding and will pay the entire amount of those federal funds to the District in accordance with this Agreement.

1.4 Obligations of District.

(a) The District represents and warrants that (i) its hospitals are licensed in accordance with the requirements of the California Health Facilities Licensure Act (Health and

Safety Code Section 1250, et seq.) and (ii) its hospitals participate in the Medi-Cal program, and will remain in good standing under that program while this Agreement is in effect.

(b) The District shall comply with all cost reporting requirements, including those contained in Attachments F and G of the STCs and their supplements, and all other applicable requirements under the LIHP program, the STCs, and the County-DHCS LIHP agreement.

(c) The District shall make best efforts to comply with all requirements specified in its Network Provider Agreement with Alliance applicable with respect to services rendered to ViaCare enrollees, including, but not limited to, notification and authorization requirements.

1.5 Obligations of County.

(a) The County represents that it has entered into a contract with the State of California to operate a LIHP program in the County through December 31, 2013, and is authorized to submit LIHP claims for federal funding.

(b) The County shall take all steps necessary to request authorization to include the District's CPEs with the County's LIHP claims for federal funding, including, as necessary, submitting to DHCS an updated County funding and claiming protocol and related deliverables.

(c) The County's obligations set forth in this Agreement shall be required and implemented only to the extent the amount of federal financial participation that would otherwise be available to the County is not reduced or jeopardized.

1.6 Agreement Contingent on Availability of Federal Funds. Notwithstanding any other provision of this Agreement, the County makes no warranty with respect to the availability

of federal funds based on the District's CPEs, and shall only be obligated for disbursing payments to the District pursuant to this Agreement to the extent federal funds are received based on the District's CPEs.

ARTICLE 2

2.1 Reporting and Certification.

(a) Within 90 days after the close of the calendar quarter in which Covered Services were provided to ViaCare enrollees, the District shall report the CPE's for said Covered Services to the County in a form consistent with Attachments F, G, and G-Supplement 1 of the STCs of the Demonstration, except that, with respect to calendar quarters ending before the execution of this Agreement, CPEs shall be reported within 90 days of the execution of this Agreement.

(b) Within 210 days after the close of each of the District's 2013 and 2014 fiscal years ending June 30, the District shall update the applicable reports described in Section 2.1(a) above and provide the updated reports to the County.

(c) All reports submitted by the District under this Section shall conform to the applicable guidance and format issued by DHCS.

(d) With each submission of CPEs, District shall provide the County a certification in substantially the same form as the document attached as Exhibit A hereto, attesting to the accuracy of the amounts reported.

(e) The District will maintain on file, in a format consistent with the requirements established in Attachments F, G, and G Supplement-1 of the STCs of the Demonstration, documentation supporting its reports and certification. This file will be made available to the County for inspection with reasonable notice upon request by the County.

2.2 Federal Claiming. The County shall submit to DHCS a claim for federal funds based on the report and certification submitted by the District pursuant to Section 2.1 as part of its LIHP claim for payment. The District and County each acknowledge that in submitting such claim, the County shall rely on the District's certification to claim the federal funds, and that the District shall hold the County harmless for any disallowance, recoupment, or reduction related to the non-allowability of any portion of the District's CPEs.

2.3 Disbursement of Federal Payments Received. Within thirty (30) days after receipt of the federal funds claimed under Section 2.2, the County shall pay to the District an amount equal to the federal funds received based on the CPEs of the District. The County is not responsible to pay the District based on the reported CPEs unless the County receives federal funds claimed based on those CPEs.

ARTICLE 3

3.1 Term. The term of this Agreement shall commence on the Effective Date first set above and continue until December 31, 2016, unless terminated earlier as herein provided, or as otherwise mutually agreed to by the parties.

(a) This Agreement may be terminated at any time by mutual written consent of the Parties.

(b) Either party may terminate this Agreement without cause, upon sixty (60) days written notice to the other party.

(c) In the event of a material breach of this Agreement by either party, the other party may terminate this Agreement by giving written notice of termination specifying the material breach to the breaching party. Such termination shall be effective immediately upon delivery of written notice of termination to the breaching party. For purposes of this Agreement,

a “material breach” shall be a failure, prevention, hindrance, or refusal, without legal excuse, to perform any promise which forms the whole or part of this Agreement.

Provisions contained in this Agreement that by their sense and context are intended to survive completion of performance, termination or cancellation (whether without cause or due to a material breach) of this Agreement shall survive, including, but not limited to, Sections 2.3, 3.2, 3.3, 3.5, 3.6 and 3.11, and the parties’ obligations accruing prior to the date of termination.

3.2 Books and Records. The District shall maintain the books, records, billing, eligibility, and medical records that may be reasonably required by the County for compliance with the statutory, regulatory, contractual or accreditation requirements of the applicable regulatory or accrediting agencies and bodies. Subject to the applicable provisions of federal and State law, the District shall make such books and records available and open to inspection and review. The County shall have the right, upon five (5) business days prior written notice and during normal business hours (or at such other times as may be mutually agreed), to inspect the books and records of the District pertaining to the services provided pursuant to this Agreement. The District shall also permit the inspection of such books and records by such State and Federal regulatory agencies as may be required by law and the Demonstration. When requested by the County or any State or Federal regulatory agency, the District shall produce copies of any such records at no cost. The District shall retain such books and records for five (5) years after the state’s final reconciliation of LIHP expenditures occurs, or until any audit or investigation commenced by State or Federal regulatory agencies has been resolved, whichever is later.

3.3 Subrogation. The District and the County shall cooperate in pursuing subrogation claims for which the County or the District may have by providing each other with information indicating potential liability by a third party. The District shall reimburse the County for any

amounts paid by County hereunder in connection with any third party claim successfully recovered by the District.

3.4 Amendment. This Agreement may not be amended or modified except by an instrument in writing executed by the parties hereto; provided, however, if at any time during the term hereof State or federal statutes, regulations or policies are in conflict with the provisions of this Agreement, or such State or federal statutes, regulations or policies are revised in such a manner as to make this Agreement unlawful or out of compliance with such State and federal provisions, then the terms of this Agreement shall automatically be amended to conform with such State or federal statutes, regulations or policies as if the parties had executed a written amendment hereto. All other changes in the material terms of this Agreement require at least forty-five (45) business days prior notice (unless otherwise mutually agreed by the parties) and a writing executed by the parties.

3.5 Indemnification. The District shall indemnify, defend, and hold harmless the County and its elected and appointed officers, employees, and agents from and against any and all liability, including but not limited to demands, claims, actions, fees, costs, and expenses (including attorney and expert witness fees), arising from or connected with the District's acts and/or omissions arising from and/or relating to this Agreement. The County shall indemnify, defend, and hold harmless the District, its hospitals, and its elected and appointed officers, employees and agents from and against any and all liability, including but not limited to, demands, claims, actions, fees, costs, and expenses (including attorney and expert witness fees), arising from or connected with the County's acts and/or omissions arising from and/or relating to this Agreement.

3.6 Confidentiality of Information. The parties acknowledge the existence of the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”), the Health Information Technology for Economic and Clinical Health (“HITECH”) Act, the California Confidentiality of Medical Information Act (“CMIA”), and other State and federal privacy laws that protect health or medical information. The District understands and agrees that, as a provider of medical treatment services, it is a “covered entity” under HIPAA and is subject to CMIA and other State and federal privacy laws, and as such, has obligations with respect to the confidentiality, privacy, and security of patients’ health or medical information. District represents and warrants that it will preserve the confidentiality of this information, both internally and externally, and will implement appropriate measures, including the training of staff and the establishment of proper procedures for the release of such information, including the use of appropriate consents and authorizations specified under HIPAA and CMIA. The parties acknowledge their separate and independent obligations with respect to HIPAA and the HITECH Act, and that such obligations relate to transactions and code sets, privacy, security and breach notification. The District and the County understand and agree that each is independently responsible for HIPAA and HITECH Act compliance and agree to take all necessary and reasonable actions to comply with the requirements of the HIPAA and HITECH laws and implementing regulations related to transactions and code sets, privacy, and security. Each party further agrees that, should it fail to comply with its applicable obligations under HIPAA, the HITECH Act or CMIA, it shall indemnify and hold harmless the other party (including the other party’s officers, employees, and agents), for damages to the other party that are attributable to such failure.

3.7 Notices. Any and all notices, requests, demands, or other communication required or permitted to be served on or given to either party by the other shall be in writing and

shall be deemed to have been duly given on the date of service if served personally or via facsimile machine to the party to whom notice is to be given; on the date of delivery if sent via overnight courier; and on the third day after deposit in the United States mail if mailed to the party to whom notice is to be given by first class, registered, or certified mail, with postage prepaid; and properly addressed as follows:

If to County:

Name Harry Weis
Title Chief Executive Officer
Address 1441 Constitution Blvd., Salinas, CA 93906
Telephone (831) 783-2553
Facsimile Machine Number (831) 755-6254

If to District:

Name Pete Delgado
Title President/Chief Executive Officer
Address 450 East Romie Lane, Salinas, CA 93901
Telephone (831) 757-4333
Facsimile Machine Number (831) 754-2638

Either party may change its address and/or facsimile machine number by giving written notice of such change to the other party.

3.8 Severability. If any provision of this Agreement is held to be illegal, invalid or unenforceable, and if the rights or obligations of either party hereto under this Agreement will not be materially and adversely affected thereby, (a) said provision will be fully severable; (b) this Agreement will be construed and enforced as if said provision had never comprised a part hereof; (c) the remaining provisions of this Agreement will remain in full force and effect and will not be affected by said provision or by its severance here from; and (d) in lieu of said provision, there will be added automatically as part of this Agreement a legal, valid and enforceable provision as similar in terms to said provision as may be possible.

3.9 Interpretation and Choice of Law. The language of this Agreement has been approved by counsel for the parties. The language of this Agreement shall be construed as a whole according to its fair meaning, and none of the parties (nor the parties' respective attorneys) shall be deemed to be the draftsman of this Agreement in any action which may hereafter arise between the parties. This Agreement shall be interpreted under the laws of the State of California.

3.10 LIHP Federal Funding. This Agreement is subject to all federal and State requirements and guidelines. District acknowledges and agrees that funding decisions are subject to federal and State authorities. Further, District acknowledges and agrees that the County shall have no obligation to disburse any funds under this Agreement until District and the County have executed this Agreement. District acknowledges and agrees that if it takes any action, informal or formal, to appropriate, encumber or expend any funds under this Agreement before this Agreement is executed, it assumes all risk of possible non-payment of funds, and such acknowledgement and agreement is part of the consideration of this Agreement. The County's obligations hereunder shall not at any time exceed the available funding approved by the federal and State authorities.

3.11 Off-Set. If District receives payment from the County based on a CPE that is later disallowed or reduced by the State or the federal authorities, District shall promptly refund the federal share of the disallowed or reduced amount to the County upon the County's written request. If District fails to repay within a reasonable time period, the County may offset all or any portion of the federal share of the disallowance or reduction against any other payment due to District hereunder or under any other payment arrangement or agreement with District, including, but not limited to, LIHP payments under the Network Provider Agreement. Any such

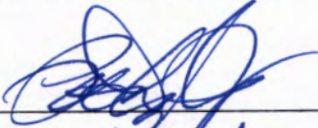
offset with respect to a portion of the disallowance or reduction shall not release District from District's obligation hereunder to refund the remainder of the federal share of the disallowed or reduced amount.

3.12 Attorneys' Fees and Costs. Should either party bring an action relating to this Agreement, the prevailing party in any such action shall be entitled to recover reasonable attorneys' fees, costs, and other necessary disbursements, in addition to other relief which may be granted.

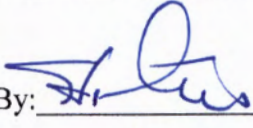
3.13 Entire Agreement. This Agreement embodies the entire agreement between the parties relating to the subject matter herein, whether written or oral, and there are no other representations, warranties or agreements between the parties not contained or referenced in this Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives on the day and year herein above first written.

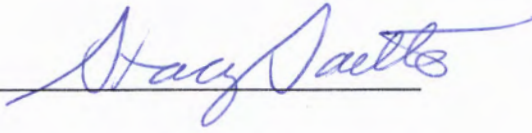
SALINAS VALLEY MEMORIAL
HEALTHCARE SYSTEM

By: 
Name: Pete Delgado
Title: Pres/CEO
Date: 4/30/2014

THE COUNTY OF MONTEREY

By: 
Name: Harry Weiss
Title: CEO
Date: 5/1/14

APPROVED AS TO FORM BY THE OFFICE
OF THE COUNTY COUNSEL



Reviewed as to fiscal provisions



Auditor/Controller
County of Monterey 5-12-14

EXHIBIT A

Certified Public Expenditure Report and Attestation

Health Care District Name: _____

Hospital Name: _____

Medi-Cal Provider Number: _____

Reporting Period: From: _____ To: _____

Certified Public Expenditures: _____

I am the official responsible for the information contained in the attached report for the above-named hospital. I have reviewed the report and the cost and other information in support thereof, and I am authorized to make this certification and attestation on behalf of that hospital.

1. Based on the books and records for the fiscal period indicated, to the best of my knowledge the Certified Public Expenditures ("CPEs") set forth above are true and correct, and allowable in accordance with state and federal law. I further certify, represent and warrant that all expenditures set forth in this report were actually made. **[Insert reference if subject to any disclosures in related cost reporting or Demonstration Workbook.]**

2. The reported cost data were based on the hospital's good faith interpretation of Attachment D; Attachment F (paragraph 14), Funding and Reimbursement Protocol and its supplements (Protocol); and Attachment G and supplements, all as specified in the Special Terms and Conditions of the California Bridge to Reform Demonstration, No: 11-W-00193/9 (the Demonstration) (STCs).

3. The CPEs of the above-named hospital for the period indicated meet the requirements for claiming federal financial participation pursuant to Code of Federal Regulations Title 42, Section 433.51, and are from permissible sources as identified in Paragraph 42 of the STCs. The public funds expended do not include impermissible provider taxes or donations as defined under Section 1903(w) of the Social Security Act, or other federal funds. For this purpose, federal funds do not include patient care revenue received as payment for services rendered under programs such as Medicare or Medicaid as described in Paragraph 36 of the STCs.

4. I acknowledge that the reported information will be used for the filing of a claim with

the federal government for federal funds, and knowing misrepresentation constitutes a violation of federal law. I further acknowledge that the County of Monterey will be relying on the report provided and this attestation and certification in filing a claim for federal funds.

I declare that to the best of my knowledge the information contained herein is true and correct. I understand (a) that the making of false statements or the filing of false or fraudulent costs is punishable and constitute a violation of the Federal False Claims Act, (b) that the reported CPEs will be the bases for a claim for federal funds, and that any false statements or documents, or the concealment of a material fact, could be prosecuted under applicable federal and State laws, and (c) that all information in this report may be subject to a complete audit and verification. The hospital will keep all records, books, and other information pertaining to this CPE statement for a period of five years from the date of the state's final reconciliation of the LIHP expenditures claimed based on this statement.

Date: _____ Signature: _____

Print Name: _____

Title: _____