



Monterey County

168 West Alisal Street,
1st Floor
Salinas, CA 93901
831.755.5066

Board Order

Agreement No. A-12327

Upon motion of Supervisor Salinas, seconded by Supervisor Armenta, and carried by those members present, the Board of Supervisors hereby:

- a. Authorized the Purchasing Manager of Natividad Medical Center (NMC) to execute a two-year External Peer Review Services Agreement with AllMed Healthcare Management (AllMed) to provide external peer review services to NMC for a total of \$20,000 for the period October 1, 2012 to September 30, 2014, with an automatic renewal for successive one year terms thereafter unless terminated; and
- b. Authorized the Purchasing Manager of NMC to exercise the automatic renewal clause to extend the Agreement for three additional one-year terms, by executing up to three (3) future amendments, each of which does not increase the aggregate liability of the Agreement by more than ten percent (10%) of the current aggregate liability of \$20,000, does not significantly alter the scope of work, and does not result in an increase to the General Fund Contribution.

PASSED AND ADOPTED on this 25th day of September 2012, by the following vote, to-wit:

AYES: Supervisors Armenta, Calcagno, Salinas, Parker, and Potter

NOES: None

ABSENT: None

I, Gail T. Borkowski, Clerk of the Board of Supervisors of the County of Monterey, State of California, hereby certify that the foregoing is a true copy of an original order of said Board of Supervisors duly made and entered in the minutes thereof of Minute Book 76 for the meeting on September 25, 2012.

Dated: September 26, 2012
File Number: A 12-172

Gail T. Borkowski, Clerk of the Board of Supervisors
County of Monterey, State of California

By *Denise Hancock*
Deputy



Monterey County

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Board Report

Legistar File Number: A 12-172

Introduced: 9/4/2012

Current Status: Consent Agenda

Version: 1

Matter Type: BoS Agreement

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RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Authorize the Purchasing Manager of Natividad Medical Center (NMC) to execute atwo-year External Peer Review Services Agreement with AllMed Healthcare Management (AllMed) to provide external peer review services to NMC for a total of \$20,000 for the period October 1, 2012 to September 30, 2014, with an automatic renewal for successive one year terms thereafter unless terminated; and
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SUMMARY/DISCUSSION:

Ongoing peer review evaluations of hospital providers are necessary to ensure excellence in physician performance and the highest quality of patient care at NMC. Because NMC is made up of several smaller specialties, some of which are single provider specialties, it is necessary to obtain the services of an external review organization, like AllMed, to perform comprehensive evaluations of provider performance. Rates vary dependent of the comprehensiveness of the evaluation.

NMC would like to enter into an agreement with AllMed Healthcare Management to provide

external peer review services as part of its overall strategy for continued improvement of patient care and risk reduction.

The agreement contains a mutual indemnification provision and a justification is attached for Worker's Compensation for lower limits of \$500,000 each person/\$500,000 each accident/\$500,000 each disease, based on ground that Contractor is the sole provider of services with no permanent workers and only occasionally temporary workers.

OTHER AGENCY INVOLVEMENT:

County Counsel has reviewed and approved this Agreement as to legal form, legality, and as to risk provisions. Auditor-Controller has reviewed and approved this Agreement as to fiscal provisions. The Agreement has also been reviewed and approved by Natividad Medical Center's Board of Trustees.

FINANCING:

The total cost of this Agreement is not to exceed \$20,000. \$15,000 is included in the fiscal year 2012 budget and the remaining balance of \$5,000 will be budgeted for fiscal year 2013. There is no impact to the General Fund.

Prepared by: Jeanne-Ann Balza, Management Analyst, 783.2506

Approved by: Harry Weis, Chief Executive Officer, 783.2553

Attachments: Agreement

EXTERNAL PEER REVIEW SERVICES AGREEMENT

THIS EXTERNAL PEER REVIEW SERVICES AGREEMENT is entered into by and between Natividad Medical Center, a general acute care teaching hospital wholly owned and operated by the County of Monterey, ("FACILITY") and ALLMED Healthcare Management ("ALLMED") effective October 1, 2012. In consideration of the mutual agreement set out below, the parties agree as follows:

1. ALLMED will provide external review services to FACILITY (the "Services"). FACILITY shall compensate ALLMED for the Service as provided for in Exhibit A. ALLMED shall provide such peer review services, culminating in a written report of findings and conclusions to FACILITY's medical staff executive committee, the Chief of the Medical Staff, the Medical Director, or to any other medical staff committee with responsibility for carrying out peer review and/or quality improvement activities, as directed by FACILITY, and shall include answers to any questions in follow up to such report. ALLMED shall report verbally to FACILITY'S MEDICAL DIRECTOR before preparing any written reports.

2. FACILITY shall be eligible to participate in ALLMED's Volume Rebate Program, as specified in Exhibit B.

3. ALLMED and all of its directors, officers, agents or employees involved in the matter which is the subject of this Agreement will maintain the information obtained through this engagement in strict confidence. The work product of ALLMED, including but not limited to, any of its reports (whether verbal or written), memoranda, correspondence, and notes shall also be privileged, strictly confidential and used only for the purposes stated in the course of this engagement. ALLMED and all persons within its control including physician reviewers shall not disclose to third parties any information obtained during the course of this engagement except to FACILITY's Medical Director, Chief of Staff, or other authorized medical staff peer review and quality improvement committee personnel, or FACILITY's counsel.

4. ALLMED shall prepare such administrative and business records and reports related to the Services in such format and upon such intervals as FACILITY shall reasonably require. ALLMED shall submit complete and accurate time records documenting all time spent in providing services pursuant to this Agreement. Such time records shall be submitted on such forms as FACILITY may reasonably require. Payment should be made within thirty (30) days of submission of such time records.

5. ALLMED shall furnish any and all information, records and other documents related to the Services provided hereunder which FACILITY may reasonably request in furtherance of its quality assurance, utilization review, risk management, peer review, and any other plans and/or programs adopted by FACILITY to assess and improve the quality and effectiveness of FACILITY'S services. FACILITY shall, in its sole discretion, determine on which programs, cases and practitioners to request review by ALLMED. FACILITY further reserves the right to request ALLMED to review individual programs, cases and/or practitioners using specific standards and benchmarks, whether local, State, national or specific to a particular type of institution.

6. This Agreement shall be effective October 1, 2012 for an initial term of two (2) years beginning on the Effective Date and will automatically renew for successive one year terms thereafter unless terminated. Notwithstanding the foregoing, either party may terminate this Agreement, without cause, by providing thirty (30) days' written notice to the other party. The FACILITY shall pay ALLMED for all Services rendered up to the point of termination. The total amount payable by FACILITY to ALLMED under this Agreement shall not exceed the sum of Twenty Thousand Dollars (\$20,000.00)

7. INSURANCE.

7.1. Evidence of Coverage:

Prior to commencement of this Agreement, ALLMED shall provide a "Certificate of Insurance" certifying that coverage as required herein has been obtained.

This verification of coverage shall be sent to NMC's Contracts/Purchasing Department, unless otherwise directed. ALLMED shall not receive a "Notice to Proceed" with the work under this Agreement until it has obtained all insurance required and NMC has approved such insurance. This approval of insurance shall neither relieve nor decrease the liability of ALLMED.

7.2. Insurance Coverage Requirements: Without limiting ALLMED's duty to indemnify, ALLMED shall maintain in effect throughout the term of this Agreement a policy or policies of insurance with the following minimum limits of liability:

Commercial general liability insurance, including but not limited to premises and operations, including coverage for Bodily Injury and Property Damage, Personal Injury, Contractual Liability, Broad form Property Damage, Independent Contractors, Products and Completed Operations, with a combined single limit for Bodily Injury and Property Damage of not less than \$1,000,000 per occurrence.

Exemption/Modification (Justification attached; subject to approval).

Workers' Compensation Insurance, If ALLMED employs other in the performance of this Agreement, in accordance with California Labor Code section 3700 and with Employer's Liability limits not less than \$500,000 each person, \$500,000 each accident and \$500,000 each disease.

Exemption/Modification (Justification attached; subject to approval).

Professional liability insurance, if required for the professional services being provided, (e.g., those persons authorized by a license to engage in a business or profession regulated by the California Business and Professions Code), in the amount of not less than \$1,000,000 per claim and \$2,000,000 in the aggregate, to cover liability for malpractice or errors or omissions made in the course of rendering professional services.

Exemption/Modification (Justification attached; subject to approval).

7.3. Other Insurance Requirements:

ALLMED shall at all times during the term of this Agreement maintain in force the insurance coverage required under this Agreement and shall send, upon written request by NMC, annual certificates to NMC's Contracts/Purchasing Department. If the certificate is not received by the expiration date, NMC shall notify ALLMED and ALLMED shall have five calendar days to send in the certificate, evidencing no lapse in coverage during the interim. Failure by ALLMED to maintain such insurance is a default of this Agreement, which entitles NMC, at its sole discretion, to terminate the Agreement immediately.

8. During the term of this Agreement, FACILITY shall keep and maintain, at its sole cost and expense, professional liability and general liability coverage for the acts and omissions of FACILITY, its officers, directors, employees and agents (excluding ALLMED and its Representatives should it or they be deemed to be agents notwithstanding the contrary intent of the parties). All such insurance shall be issued upon such forms and in such amounts that are customary in the hospital industry.

9. FACILITY agrees to defend ALLMED and its directors, officers, agents and employees, and hold ALLMED and physician reviewers, harmless against any damage, loss or expense incurred by ALLMED or them in connection with any litigation or other proceedings for injunctive relief or damages brought by a third person arising out of work performed in accordance with this Agreement, so long as the conduct of ALLMED or its directors, officers, agents and employees is not willful or wanton and conforms to the standards of good faith and reasonableness contained in the Health Care Quality Improvement Act of 1986. In the event of litigation brought by a third party, FACILITY will assume the defense of ALLMED and shall have the discretion to compromise, settle or litigate any suits, claims or proceedings against ALLMED with the written consent of ALLMED. ALLMED shall make available to FACILITY and its counsel, at all reasonable times, all books, records, documents and personnel relative to the work described in this Agreement. ALLMED shall also provide to FACILITY such assistance as may be reasonably required to insure the proper and adequate defense of any such suit, claim or proceeding. ALLMED shall further not compromise or settle any claim without the written consent of FACILITY.

ALLMED agrees to defend FACILITY and its directors, officers, agents and employees, and hold FACILITY and its medical staff and peer review participants, harmless against any damage, loss or expense incurred by FACILITY or them in connection with any litigation or other proceedings for injunctive relief or damages brought by a third person arising out of findings or recommendations made by ALLMED in accordance with this Agreement that are deemed to be incorrect or are challenged as being mistaken or deficient in any manner by a third party, so long as the conduct of FACILITY, or its directors, officers, agents and employees is not willful or wanton and conforms to the standards of good faith and reasonableness contained in the Health Care Quality Improvement Act of 1986. In the event of litigation brought by a third party arising out of a claimed error or omission by ALLMED, ALLMED will assume the defense of FACILITY and shall have the discretion to compromise, settle or litigate any suits, claims or proceedings against FACILITY with the written consent of FACILITY. FACILITY shall make available to ALLMED and its counsel, at all reasonable times, all books, records, documents and

personnel relative to the work described in this Agreement. FACILITY shall also provide to ALLMED such assistance as may be reasonably required to insure the proper and adequate defense of any such suit, claim proceeding. FACILITY shall further not compromise or settle any claim defended by ALLMED on behalf of FACILITY without the written consent of ALLMED.

10. Each party represents and warrants to the other that the party, its officers, directors, employees and individuals performing Services hereunder (i) are not currently excluded, debarred, or otherwise ineligible to participate in the federal health care programs as defined in 42 U.S.C. § 1320a-7b(f) (the "federal healthcare programs"), (ii) have not been convicted of a criminal offense related to the provision of healthcare items or services, and (iii) are not, to the best of its knowledge, under investigation or otherwise aware of any circumstances which may result in the party or any such individual being excluded from participation in the federal healthcare programs. This shall be an ongoing representation and warranty during the term of this Agreement and each party shall immediately notify the other of any change in the status of the representations and warranty set forth in this section. Notwithstanding any provision of this Agreement to the contrary, any breach of this section shall give the other party the right to terminate this Agreement immediately.

11. FACILITY agrees not to engage or contract directly with any of ALLMED's Peer Specialty Panel or employees or any purpose including but not limited to performing medical review services without the expressed written consent of ALLMED. In accordance with and in addition to ALLMED's "Conflict of Interest" Policy, ALLMED agrees that it will not assign any review of one of FACILITY's programs, cases or practitioners to any physician reviewer either employed by the County of Monterey, with medical staff privileges on the medical staff of Natividad Medical Center or any clinic operated by the County of Monterey, or with medical staff privileges on the staff of a clinic or hospital located within 50 miles of Natividad Medical Center.

12. FACILITY is relying on ALLMED for the development of information to be used in peer review and quality improvement activities; however, all decisions made and actions taken by FACILITY and its Medical Staff based on such information shall be made by the Medical Staff of FACILITY and by the Board of Supervisors of the County of Monterey acting as the governing body of FACILITY. ALLMED shall not make or directly participate in making specific decisions or recommendations regarding the determination of credentials, peer review issues, utilization review, or the opening or closing of services, except as specifically requested by FACILITY.

13. As and to the extent required by law, upon the written request of the Secretary of Health and Human Services, the Comptroller General or any of their duly authorized representatives, ALLMED shall make available those contracts, books, documents and records necessary to verify the nature and extent of the costs of providing services under this Agreement. Such inspection shall be available for up to four (4) years after the Service is provided. If ALLMED carries out any of the duties of this Agreement through a subcontract with a value of \$10,000.00 or more over a twelve (12) month period with a related individual or organization, ALLMED agrees to include this requirement in any such subcontract. This section is included pursuant to and is governed by the requirements of 42 U.S.C. Section 1395x(v)(1) and the

regulations thereto. No attorney-client, accountant-client, or other legal privilege will be deemed to have been waived by FACILITY or ALLMED by virtue of this Agreement.

14. The parties agree to comply with the Health Insurance Portability and Accountability Act of 1996, as codified at 42 U.S.C. § 1320d ("HIPAA"), and any current and future regulations promulgated thereunder including without limitation the federal privacy regulations contained in 45 C.F.R. Parts 160 and 164 (the "Federal Privacy Regulations"), the federal security standards as contained in 45 C.F.R. Part 142 (the "Federal Security Regulations"), and the federal standards for electronic transactions contained in 45 C.F.R. Parts 160 and 162, all collectively referred to herein as "HIPAA Requirements." The parties agree not to use or further disclose any Protected Health Information (as defined in 45 C.F.R. § 164.501) or Individually Identifiable Health Information (as defined in 42 C.F.R. § 1320d), other than as permitted by HIPAA Requirements and the terms of this Agreement. The parties will make their internal practices, books, and records relating to the use and disclosure of Protected Health Information available to the Secretary of Health and Human Services to the extent required for determining compliance with the Federal Privacy Regulations. ALLMED shall sign a HIPAA Business Associate Agreement with FACILITY to be prepared by FACILITY in a form that is mutually acceptable to FACILITY and ALLMED.

15. The parties expressly agree that nothing contained in this Agreement shall require ALLMED to refer or admit any patients to, or order any goods or services from FACILITY. Notwithstanding any unanticipated effect of any provision of this Agreement, neither party will knowingly or intentionally conduct himself or herself in such a manner as to violate the prohibition against fraud and abuse in connection with the Medicare and Medicaid programs (42 USC Section 1320a-7b).

16. ALLMED agrees that all physician reviewers assigned to reviews on FACILITY matters shall be, at a minimum, Board Certified in the specialty field most closely related to the subject of the review, and shall further maintain an active medical practice in that specialty field. All such physician reviewers shall also meet such additional minimum requirements as are imposed by ALLMED.

17. This Agreement shall be governed by the laws of the state of the FACILITY.

18. All notices or communications required or permitted under this Agreement shall be given in writing and delivered personally or sent by United States registered or certified mail with postage prepaid and return receipt requested or by overnight delivery service (e.g., Federal Express, DHL). Notice shall be deemed given when sent, if sent as specified in this Section, or otherwise deemed given when received. In each case, notice shall be delivered or sent to:

If to FACILITY, addressed to:

NATIVIDAD MEDICAL CENTER
1441 Constitution Blvd., Bldg. 300
Salinas, California 93906
Attention: Gary Gray D.O., CMO


If to ALLMED addressed to:


AllMed Healthcare Management, Inc.
621 SW Alder Street, Suite 740
Portland, OR 97205
Attn: Andres Rowe, CEO

IN WITNESS WHEREOF, FACILITY and ALLMED have duly executed this Agreement as of the dates set out beneath their respective signatures.

ALLMED:
By: 
Title: CEO

ALLMED:
By: _____
Title: _____

FACILITY:
By:  9-28-12
Title: NMC Contracts/Purchasing Agent

By: 
Title: NMC Chief Executive Officer

By: 
Title: Deputy County Counsel


By: 
Title: Auditor/Controller
8-29-12

EXHIBIT A
Fee Schedule & Terms

FACILITY agrees to pay ALLMED for services rendered under this Agreement according to the following rates. ALLMED shall be reimbursed for preapproved travel expenses in accordance with the County Travel Policy, attached hereto as Exhibit C.

® Narrative Reviews

Case Material Page Count	Price Per Case
<50	\$400
50-100	\$500
101-200	\$625
201-300	\$725
301-500	\$950
501-750	\$1,175
751-1000	\$1,550
Over 1,000	Billed at \$378 per hour
Radiology Reviews	Non-Mammogram: \$155
	Mammogram: \$185

Exceptions:

1. Cases with more than 3 standard questions will be billed on-the-clock at \$378 per hour.
2. Standard turnaround time for all cases is within 20 business days. All cases requiring a expedited service (7 business days), a 25% surcharge shall be applied to the above pricing.
3. An estimate of total charges shall be quoted on request, based on receipt and review of actual case materials.

MedScore® Scored Reviews

Specialty	Price per Case	Page Count Limit
Cardiovascular Surgery	\$756	300 pages
ER	\$220	200 pages
Interventional Cardiology	\$320	100 pages
Mammography	\$150	200 pages
Neurosurgery	\$395	200 pages
OBGYN	\$395	200 pages
Ophthalmology	\$295	200 pages
Pathology - multi-slide	\$180	200 pages
Pathology - single slide	\$125	200 pages
X Ray	\$125	200 pages
All other specialties	\$295	200 pages

Exceptions:

1. MedScore® Cases which exceed page count limits listed above will be billed on-the-clock at \$378 per hour.
2. MedScore® reviews with more than 3 standard questions will be billed on-the-clock at \$378 per hour.

Payment Terms: The County of Monterey Standard Payment Terms for contracts/PSAs and paying invoices is “30 days after receipt of the certified invoice in the Auditor-Controller’s Office”.

AllMed Healthcare Management, Inc.
Insurance Summary September 2011 – August 2012

	<u>Per Claim</u>	<u>Aggregate</u>	<u>Deductible</u>
Errors & Omissions Liability	\$3M	\$3M	\$ 25,000
Directors & Officers & EPL	\$1M	\$1M	\$ 10,000/\$15,000 EPL
Network Security & Liability	\$1M	\$1M	\$ 10,000
Commercial General Liability	\$2M	\$4M	\$ 500
Employee Dishonesty	\$1M		\$ 500
Umbrella Liability Policy	\$1M	\$1M	\$ 5,000
SAIF/Workman's Comp	\$ 500,000	\$500,000	

COUNTY OF MONTEREY

DETERMINATION OF
CONTRACTOR'S STATUS FORM

Department: NMC
Medical Staff Office

Contact: Gray Gray DO
Title: CMO
Phone: () 755-4196

Contractor: Allmed Healthcare
Management

Contact: David Leonard
Title: Consultant
Phone: () 503-445-6619

Brief description of contract work: _____

Purpose of Form:

The purpose of this form is to determine for each proposed agreement or contract with a provider of services, the exact nature of the relationship between the contractor and the County.

Department Certification:

- I certify that the contractor providing these services is (1) a non-profit organization, a partnership or a corporation, **and** (2) has two or more employees, **and** (3) the services of a specific individual are not required to fulfill the contract. **Therefore, an employment tax status questionnaire is not required.**

Date: _____

Department Representative

Title

I hereby certify that the answers to the following questions in the attached employment tax status questionnaire accurately reflect the anticipated working relationship for this contract. After reviewing the completed questionnaire, I have determined that:

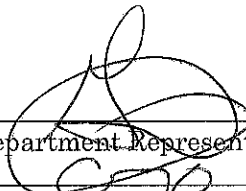
Under the IRS/EDD rules, an employment relationship exists;

OR

Contractor is properly classified an independent contractor.

Score: 32 (out of possible 33 points (IC))

Date: 9/20/12



Department Representative

Title

25 QUESTIONS:

County of Monterey

Employment Tax Status Questionnaire

Determination of Employment Tax Status of Contractor

INSTRUCTIONS: This questionnaire is required as part of each new, renewed, or amended services contract. It must be filled in by the requesting department and approved by the Contracts/Purchasing Officer prior to contract approval as to form by the County Counsel's Office, or execution of a Purchase Order contract by the Purchasing Manager. If upon review, the Purchasing Manager or the Auditor-Controller's Office determines that the worker is in fact an employee, they will notify the Department and instruct them to contact Human Resources in order to resolve this issue.

The questionnaire should be completed for all contractors who perform **professional**/personal services for the County with the following exception: If the contractor providing these services is (1) a non-profit organization, a partnership or a corporation, **and** (2) has two or more employees, **and** (3) the services of a specific individual are not required to fulfill the contract, the related questionnaire is not required. If exception applies, check the corresponding box, sign where indicated and do not complete the questionnaire. Please attach the Guidelines for Determination of Contractor's Status cover sheet to the contract to indicate that you have addressed this issue.

In answering the questions, remember that the IRS and EDD are more concerned about the substance of the agreement than its written form. Answer all questions based on the Department's expectations for the working relationship with the contractor, regardless of the language in the proposed contract.

The IRS and EDD state that employee status exists when the County has the right to control and direct the details and means for rendering contractual services. It is the ability to control the manner in which contract services are performed which is important, even if the County does not choose to exercise it.

The following questions are intended to indicate whether sufficient County control of the details and means for rendering contractual services is present to indicate that an employment relationship exists under IRS/EDD rules. The determination is based on all the facts of each case. The fact that the County has other valid business reasons for contracting for the services is NOT relevant. The IRS and EDD are not concerned with other reasons for entering into a contractual relationship if the listed factors tend to indicate that an employment relationship exists under IRS/EDD rules. Remember that other business reasons for contracting for these services, however valid, will not influence the IRS or EDD if it reviews the decision.

After completing the questionnaire, review your responses: Wherever an "(IC)" appears after a response, the answer tends to indicate independent contractor status. Your determination of tax withholding status will be based on the overall score of all factors. We have weighted the value of each factor by assigning a point value, the total of which is 33. A few factors (as noted in the comments following each factor) are considered more important than others and are weighted accordingly. **Please score your questionnaire by adding the points for those factors for which the answers indicate independent contractor status (i.e., "(IC)").** If your score is 21 or greater, then the completed questionnaire indicates independent contractor status. If your score is 20 or less, the questionnaire should be reviewed closely as this indicates "employee"

status.

If the status of the contractor is unclear after reviewing this questionnaire, contact the Auditor-Controller's Office for assistance in making the determination.

Departments are encouraged to discuss the need for each professional/personal services agreement with the Personnel Division at the earliest possible point in time, in order to determine the appropriate means for obtaining the services sought.

If the questionnaire determines that an employment relationship exists, and if the contractor disagrees with this determination, the contractor may elect to submit a Form #SS-8 to the IRS. The IRS will then review the facts and determine the proper employment tax status. If any payments become due before the County is notified of the IRS determination, the individual will be deemed to be an employee and withholding deductions will be made from those payments, pending notification of the determination.

If you have determined that under IRS/EDD rules, an employment relationship exists, the use of an independent contractor for rendering this professional/personal service will not be allowed unless the IRS reviews the Form #SS-8 and determines that the individual is an independent contractor.

<i>Section I - Contractor Information</i>	
<p>1. What is the legal status of the contractor?</p> <p>If the expectation of the Department is that a particular individual will perform the work personally as opposed to having his/her partner or employees do the work, we are really contracting with an individual, and the contract should be written to reflect this relationship.</p>	<p><input type="checkbox"/> Individual <input type="checkbox"/> Partnership <input checked="" type="checkbox"/> Incorporated <input type="checkbox"/> Other</p>
<p>2. What is the contractor's Social Security Number (SSN) or Taxpayer Identification Number (TIN)?</p> <p>Possession of a TIN does not necessarily mean that a contractor is a partnership or corporation. It may only mean that the contractor has or has had employees.</p> <p>If an individual owns a business as a sole proprietor, the contract must be either with the individual or with the individual "doing business as" the firm name. Regardless of tax status, payments must be made to the individual and reported to the IRS using the individual's Social Security Number (not the Taxpayer Identification Number).</p>	<p>SSN _____ - _____ - _____ TIN _____ - _____ - _____</p>
<i>Section II - What is the nature of the work?</i>	
<p>3. Are personal services of the contractor required?</p> <p>If the expectation of the Department is that a particular individual will perform the work personally as opposed to having his/her partner or employees do the work, the answer is yes. This is a strong indicator that the contractor should be treated as an employee for employment tax purposes.</p> <p>If the contractor has the right to substitute other workers without prior permission from the County, the answer is no. This is a strong indicator that the contractor is an independent contractor.</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (IC) 2 pts</p>
<p>4. Has the contractor been employed by the County to perform similar services?</p> <p>If the contractor is a current or former employee of the County and work done as an employee was similar to, even if not identical to, the contract services, the answer is yes.</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (IC) 1 pt</p>

<p>5. Do County employees perform similar work?</p> <p>If the contract work is similar to work done (now or in the past) by County employees, the answer is yes.</p> <p>If the contractor is doing work created by a vacant County position, extended leaves, or layoffs, the answer is yes.</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (IC) 2 pts</p>
<p>6. Are the contract services similar in nature to the normal operations of the department?</p> <p><i>An employee's services are usually integrated into the employer's operations. An independent contractor's services are not usually related to the employer's normal operations.</i></p> <p><i>The more integrated the contractor is with the normal operations of the County, the more likely the IRS would consider the contractor an employee.</i></p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (IC) 2 pts</p>

Section III - Does the contractor operate a business?

<p>7. Does contractor offer services to the general public?</p> <p>Offering services to the general public is a strong indicator of independent contractor status.</p> <p>For a small practitioner, consider the presence or absence of signs such as listings in the yellow pages, other advertising, and the presence of business facilities such as office; clinic, or stores open to others.</p>	<p><input type="checkbox"/> No <input checked="" type="checkbox"/> Yes (IC) 2 pts</p>
<p>8. Does the contractor work for others?</p> <p>If the contractor works only for the County, the answer is no.</p> <p>If the contractor works for others, but only for one firm at a time, the answer is no.</p>	<p><input type="checkbox"/> No <input checked="" type="checkbox"/> Yes (IC) 1 pt</p>
<p>9. Does the contractor have a risk of loss?</p> <p>If the contractor's business incurs revenues and expenses such that it could result in either profits or losses, the answer is yes.</p> <p>If the contractor's business is primarily providing services to the County and the contractor has no significant business expenses, the answer is no.</p>	<p><input type="checkbox"/> No <input checked="" type="checkbox"/> Yes (IC) 1 pt</p>
<p>10. Does the contractor have a significant investment in his/her business?</p> <p>If the contractor's business has offices, stores, clinics, etc. that are furnished and equipped by the business (not by the County) the answer is probably yes.</p> <p>If the contractor provides his/her own tools or other equipment, the answer is probably yes.</p> <p>If the contractor normally incurs regular business expenses such as rent, depreciation, and liability insurance, the answer is probably yes.</p> <p>Note that investment in education is not considered in this factor.</p>	<p><input type="checkbox"/> No <input checked="" type="checkbox"/> Yes (IC) 2 pts</p>

Section IV - What control does the County have over work performed?

11. Does the County have the right to control the way in which the work will be done?

Yes
 No (IC) 3 pts

If the contractor is subject to possible County control over methods and procedures, even if the control is not exercised, the answer is yes. This right to control is considered a very strong indicator that the contractor is an employee for employment tax purposes.

If the County can only ensure that a result conforms to the agreed-upon contract specifications and cannot control how the result is achieved, **the answer is no.**

If the County can specify the sequence of steps or the methods and procedures to be used to generate results, **the answer is yes.**

If the County can direct the contractor to do a variety of jobs that differ from the primary activity, **the answer is probably yes.**

12. Will the contract work be done on County premises?

Yes
 No (IC) 1 pt

Working on site in County facilities (whether owned, leased, or otherwise operated by the County) is indicative of employee status.

13. Will the County control when the contractor will work?

Yes
 No (IC) 1 pt

If the contractor is expected to work specific hours, whether itemized in the contract or not, **the answer is yes.**

14. Will the County provide staff support to the contractor (includes clerical, technical, professional, or similar help)?

Yes
 No (IC) 2 pts

If the contractor hires his/her own assistants and pays them from his/her own resources, **the answer is no.**

An independent contractor should perform all duties required of the job from beginning to end without any direction or assistance from the County. Integration of the contractor into the County's operations could create a level of control over the contractor's performance, which is indicative of an employer/employee relationship. If County employees do typing, develop forms, write computer programs, or provide other similar assistance to the contractor, **the answer is yes.**

15. Will the County provide or pay for training for the contractor?

Yes
 No (IC) 1 pt

If the County provides internal training other than rudimentary orientation, **the answer is probably yes.**

If the County pays for external training such as seminars, college courses, or conferences, which will teach the contractor how to perform the contracted services, **the answer is yes.**

Seminars or conferences which are attended on behalf of the County or which will enhance the contractor's performance are NOT considered "how-to" training.

<p>16. Will the contractor provide training or supervision to County employees?</p> <p>If the contractor is providing routine supervision to County employees, the answer is yes.</p> <p>If County employees report to the contractor, the answer is yes.</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (IC) 1 pt</p>
<p>17. Will the contractor be responsible for making decisions to hire or fire County employees?</p> <p>If the contractor has the power to hire, fire, evaluate or direct the activities of County employees, the answer is yes.</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (IC) 2 pts</p>
<p>18. Will the contractor provide regular reports to the County?</p> <p>If the individual attends regular staff meetings, the answer is probably yes.</p> <p>If the individual makes regular reports, either written or oral, to the County, the answer is probably yes.</p> <p>If the contractor's only reports are progress reports on specific jobs or projects, the answer is no.</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (IC) 1 pt</p>
<p>Section V - What is the time frame of the contract?</p>	
<p>19. Is the relationship between the County and the contractor intended to be ongoing?</p> <p>If the contract is for a specific job or project, the answer is no.</p> <p>If the intent of department is to renew a contract after it has expired, or if the department has previously renewed a contract for essentially the same services with the contractor, the answer is yes.</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (IC) 2 pts</p>
<p>20. Is there an expectation that the contractor will work for a specific number of hours, days, or weeks?</p> <p>If the intent of the department is to arrange specific work schedule with the contractor, the answer is yes. This is a strong indicator of employment status.</p> <p>If the department will rely on the contractor to staff an office or clinic, the answer is yes.</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (IC) 1 pt</p>
<p>21. Does the contract provide for termination without cause?</p> <p>The IRS considers the right to terminate at will, by either party, an indication of employer-employee relationship. For the contractor, if the right to terminate the relationship with the County exists without the contractor incurring any liability, such a right indicates that an employer/employee relationship exists. If an independent contractor terminates the relationship with the County, the contractor has likely breached the contract with the County and the County may be entitled to damages.</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No (IC) 1 pt</p>

Section VI - How will the contractor be paid?

<p>22. Will the contractor be paid by a time period such as bi-weekly or monthly?</p> <p>If the contractor will be paid based on time periods such as hour, day, week, or month, the answer is yes.</p> <p>Contractors that are truly independent are generally paid by the job, not by time. Payment by the job can include periodic payments based on a percentage of the job completed. Payment can be based on the number of hours needed to do the job times a fixed hourly rate; however, the contract maximum must remain fixed. If it takes more hours than anticipated to complete the contract, the contractor could not receive any additional payment for those hours.</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (IC) 1 pt</p>
<p>23. Will the contractor report time worked to the County?</p> <p>Even if not used to control pay, reporting time is an indicator of employment status. If the contractor reports time worked to the County, the answer is yes.</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (IC) 1 pt</p>
<p>24. Will the contractor bill the County for normal business expenses?</p> <p>Billing for overhead costs such as meals, clothing, transportation, rent, and insurance indicates status as an employee.</p> <p>An independent contractor generally includes these overheads as part of costs to be covered when developing fee schedules.</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (IC) 1 pt</p>
<p>25. Does the County provide any "benefits" to the contractor?</p> <p>If the County provides any leave periods similar to vacation or sick time, the answer is yes.</p> <p>If the County provides any liability, disability, health, life, etc., insurance, to the contractor (unless the benefit results from some other relationship, such as the relationship of the contractor's spouse to the County), the answer is yes.</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (IC) 1 pt</p>