

**AGREEMENT FOR ACUTE PSYCHIATRIC INPATIENT HOSPITAL SERVICES
BETWEEN THE COUNTY OF SANTA CLARA, MONTEREY COUNTY
NATIVIDAD MEDICAL CENTER, AND
MONTEREY COUNTY HEALTH DEPARTMENT – BEHAVIORAL HEALTH BUREAU
FOR HOSPITAL SERVICES**

This is an agreement (“Agreement”) between the County of Santa Clara (“CSC”) and the County of Monterey (“MC”) on behalf of the Health Department – Behavioral Health Bureau (“BHB”) and Natividad Medical Center (“NMC”) for the provision of Psychiatric Inpatient Hospital Services from February 1, 2013 through June 30, 2014.

RECITALS

A. Pursuant to certain federal statutes and state statutes, including section 5775, *et seq.* of the California Welfare and Institutions Code and the regulations promulgated thereunder, agreements between the State of California and Counties, and certain approvals granted by the Secretary of the United States Department of Health and Human Services through the Centers for Medicare and Medicaid Services (formerly known as Health Care Financing Administration (HCFA)), Counties are authorized to contract for provision of Psychiatric Inpatient Hospital Services (as that term is defined in **Appendix A** below) to Medi-Cal beneficiaries (herein “Beneficiaries,” as that term is more fully defined in **Appendix A**) in accordance with the rates, terms, and conditions negotiated by the Agencies.

B. MC owns and operates Natividad Medical Center (“NMC”), a duly licensed general acute facility with an approved psychiatric unit located at **1441 Constitution Blvd, Bldg 940, Salinas, CA. 93905** (the “Facility”), which presently provides inpatient mental health services.

C. Notwithstanding that services under this Agreement will be rendered by MC to Beneficiaries, it is not the intention of either CSC or MC that such individuals occupy the position of intended third party beneficiaries of the obligation assumed by either party to this Agreement.

D. The definitions applicable to this Agreement are contained in **Appendix A**, which is incorporated by this reference.

AGREEMENT

IN CONSIDERATION of the foregoing recitals and the covenants and conditions hereinafter expressed, the parties hereby agree as follows:

ARTICLE 1

PERFORMANCE PROVISIONS

1.1 General Agreement

MC agrees to provide Psychiatric Inpatient Hospital Services (services) at NMC within the scope of its licensure to Beneficiaries in need of such services, and agrees to accept payment from CSC as payment in full for such services as set forth in this Agreement and the following Appendices attached here to and incorporated herein:

- Appendix A:** Definitions
Appendix B: Basic Insurance Requirements, County of Santa Clara
Appendix C: Insurance Requirements for the County of Monterey

CSC agrees to pay NMC and BHB as set forth in Article 2. NMC and BHB's obligations hereunder will include, but will not be limited to, the following

- (a) MC will, at its own expense, provide and maintain space, utilities, equipment and furniture at the Facility as may be necessary to provide services, and to clean and maintain such space, utilities, equipment and furniture in good order and repair.
- (b) MC will retain, at its own expense, all such professional, allied and supportive paramedical personnel as may be reasonably necessary and appropriate to provide services.
- (c) MC will, at its own expense, provide and maintain the organizational and administrative capabilities to carry out its duties and responsibilities under this Agreement and all applicable statutes and regulations pertaining to Medi-Cal providers.
- (d) MC will provide services within the scope of MC's licensure to all Beneficiaries who are referred to MC by CSC, unless compelling clinical or operational circumstances exist that contraindicate admission.
- (e) MC agrees to obtain consent to treat each Beneficiary in a specific form or format pursuant to California Welfare and Institutions Code Section 5326.2 or any other applicable statute or regulation.
- (f) MC will refer Beneficiaries for other services when necessary.

1.2 Licensure and Certification as Conditions Precedent to CSC's Payment Obligation.

- (a) MC hereby represents and warrants that it is currently, and for the duration of this Agreement will and agrees to remain:

- (1) Duly licensed as either a general acute care hospital with an approved psychiatric unit or a freestanding acute psychiatric hospital as specified in

Recital Paragraph B of this Agreement in accordance with Sections 1250 et seq. of the California Health and Safety Code and the licensing regulations contained in Title 22 and Title 17 of the California Code of Regulations.

- (2) A hospital accredited by the Joint Commission on Accreditation of Health Care Organizations.
 - (3) Certified to participate in the Medicare program under Title XVIII of the federal Social Security Act.
 - (4) In compliance with all federal Medicaid laws, regulations and guidelines and all applicable Federal and State laws and regulations.
 - (5) A party to a Medi-Cal provider agreement with the Department of Health Services.
- (b) MC agrees that compliance with the conditions set forth above will be express conditions precedent to CSC's payment obligations under Paragraph 1.3(a) and Article 2 of this Agreement.
- (c) MC will comply with all applicable laws, regulations and rules relating to the provision of medical and health care services that now exist or are hereinafter modified or adopted, including, without limitation, all permits, licenses, governmental and board approvals. MC agrees that it will maintain JCAHO accreditation throughout the term of this Agreement. MC agrees to give CSC immediate notice of any proceeding that jeopardizes its JCAHO accreditation. This provision is a material term of this Agreement, the breach of which will constitute cause for immediate termination of this Agreement.
- (d) MC and its employees, agents and subcontractors, shall comply with the CSC's No Smoking Policy, as set forth in the Board of Supervisors Policy Manual section 3.47 (as amended from time to time, which prohibits smoking: (1) at the Santa Clara Valley Medical Center Campus and all CSC-owned and operated health facilities, (2) within 30 feet surrounding CSC-owned buildings and leased buildings where the CSC is the sole occupant and, (3) in all CSC vehicles.
- (e) MC shall not use CSC funds to purchase beverages that do not meet the CSC's nutritional beverage criteria. The six categories of nutritional beverages that meet these criteria are (1) water with no additives; (2) 100% fruit juices with no added sugars, artificial flavors or colors (limited to a maximum of 10 ounces per container); (3) dairy milk, non-fat, 1% and 2% only, no flavored milks; (4) plant derived (i.e., rice, almond, soy, etc.) milks (no flavored milks); (5) artificially-sweetened, calorie-reduced beverages that do not exceed 50 calories per 12-ounce container (teas, electrolyte replacements); and (6) other non-caloric beverages, such as coffee, tea, and diet sodas. These criteria may be waived in the event of an emergency or in light of medical necessity

1.3 Utilization Controls: Compliance by MC as Condition Precedent to CSC's Payment Obligation.

- (a) As express conditions precedent to CSC's payment obligation under the terms of this Agreement, MC will adhere to CSC's Quality Management Plan including utilization controls (CSC's Inpatient Provider Manual, January 2002: pages 4 and 5), to CSC's Inpatient Provider Manual, to California Department of Mental Health Letters and Notices, as well as any requirements imposed on CSC pursuant to Sections 5777, subdivision (g), and 5778, subdivision (n), of the California Welfare and Institutions Code and the implementing Regulations, as well as any other applicable state or federal law governing services rendered under the Medical program.
- (b) MC will comply with existing federal requirements for utilization review pursuant to Title 42, Code of Federal Regulations, Part 456, Subpart D, including but not limited to certification of need for care, evaluation and medical review, plans of care and utilization review plan.
- (c) MC will comply with CSC Policies, Procedures, and directives, as applicable.

1.4 Appointment of Liaison.

MC will designate in writing a person to act as liaison to CSC. Such person will coordinate all communications between the parties. The written designation of such person will constitute the conferral of full agency powers to bind MC as principal in all dealings with CSC to the extent that such dealings relate to this Agreement and/or MC's provision of services.

1.5 Service Location.

Psychiatric Inpatient Hospital Services rendered pursuant to this Agreement will be rendered at the Facility, unless there has been a delegation approved by CSC pursuant to Section 4.4.

1.6 Quality of Care.

As express conditions precedent to CSC payment obligation under the terms of this Agreement, MC will:

- (a) Assure that any and all Beneficiaries receive Culturally Competent Services and age-appropriate care as required by the Regulations and consistent with CSC's Quality Management Plan.
- (b) Take such action as required by MC's Medical Staff Bylaws against medical staff members who violate such Bylaws, as the same may be from time to time amended.

- (c) Provide services in the same manner to Beneficiaries as it provides to all patients to whom it renders Psychiatric Inpatient Hospital Services or similar hospital services.
- (d) Not discriminate against Beneficiaries in any manner, including admission practices, placement in special or separate wings or rooms, or provision of special or separate meals.

1.7 Assumption of Risk by MC.

Whether rendered directly by MC or through delegation by MC as permitted under this Agreement, MC will bear total risk for the cost of all Psychiatric Inpatient Hospital Services rendered to each Beneficiary covered by this Agreement. As used in this Paragraph, "risk" means that MC agrees to accept as payment in full for any and all Psychiatric Inpatient Hospital Services payments made by the DMH or CSC pursuant to Article 2 of this Agreement, irrespective of whether the cost of such services and related administrative expenses will have exceeded the payment obligation of CSC under the conditions set forth in this Agreement. The term "risk" as used in this paragraph also includes, but is not limited to, the cost for all Psychiatric Inpatient Hospital Services for illness or injury resulting, in whole or in part, from a catastrophe or disaster which occurs subsequent to the Effective Date (as defined in Section 4.1 below), including but not limited to acts of God, war or the public enemy.

1.8 Patient Rights.

- (a) MC or any Delegate providing services pursuant to the terms of this Agreement will adopt and post in a conspicuous place a written policy on patient's rights in accordance with section 70707 of Title 22 of the California Code of Regulations and section 5325 et seq. of the California Welfare and Institutions Code. All complaints by Beneficiaries with regard to services provided hereunder may be investigated by CSC's Patient Rights Advocate, CSC, the California Department of Health Care Services, the Joint Commission on Accreditation of Health Care Organization, or such other agency as required or permitted by law or regulations.
- (b) CSC will maintain throughout the term of this Agreement a process for the resolution of Beneficiary complaints and grievances. MC agrees to cooperate with CSC with respect to the complaint resolution and grievance process maintained by **CSC pursuant to the Regulations.**

- 1.9 **Transportation Responsibility.** CSC shall be solely responsible for arranging for transportation of all CSC Beneficiaries to NMC for services. For all Medi-Cal and third-party payor patients who are being discharged from NMC to a locked setting, NMC will be responsible for arranging transportation with a transportation provider selected by NMC, and the transportation provider will bill Medi-Cal or other third-party payors directly. For all other CSC Beneficiaries deemed by CSC to be unsponsored beneficiaries discharging from NMC into a locked setting, or the community, CSC will be solely responsible for arranging transportation and for

reimbursement of transportation costs in coordination with NMC. When a patient is determined by the attending physician to be ready for discharge, NMC will notify CSC's 24 Hour Care Unit and request a Transportation Authorization form to be faxed to NMC. To the extent that NMC elects to arrange transportation without first receiving a Transportation Authorization, NMC will be solely responsible for the costs associated with that transportation.

Upon discharge of a Patient from NMC, MC/NMC shall have no further responsibility for the care and treatment of the discharged Patient except as indicated in Section 1.9..

ARTICLE 2

PAYMENT PROVISIONS

2.1 Rate Structure; Contingent Liability of CSC

- (a) Subject to the conditions precedent set forth in this Agreement and provided that claims are submitted in accordance with the provisions of Paragraph 2.6 of this Agreement, MC will be paid at the current approved rate as defined by the state of California for each Day of Service (as defined in Paragraph 2.3 (c) below) that MC renders Acute Psychiatric Inpatient Hospital Services to a Medi-Cal Beneficiary or to an Un-sponsored (Indigent) Patient at the rate of:

Bed Days	Rate Structure	Billing Responsibility			Fiscal Responsibility
		CSC	NMC	BHB	
Medi-Cal Acute	\$1,213.75		X	X	NMC to bill CSC and BHB. BHB will bill Medi-Cal for FFP & will pay NMC upon receipt of FFP.
Short Doyle	\$1,213.75		X		NMC will bill CSC
Medi-Care	N/A		X		NMC will bill Medicare
Private Insurance	N/A		X		NMC to bill insurance directly
Admin Bed Day Medi-Cal	\$409.48		X	X	NMC to bill CSC and BHB. BHB will bill Medi-Cal for FFP & will pay NMC upon receipt of FFP.
Admin Bed Day Short Doyle	\$409.48		X		NMC to bill CSC.
Transportation	N/A				1) For transportation to NMC from Santa Clara Valley Medical Center Emergency Psychiatric Services Unit, CSC will reimburse the contracted transportation provider selected by CSC for unsponsored CSC Beneficiaries only. 2) For Medi-Cal and other third-party payor patients discharging into a

					locked setting, transportation providers will bill Medi-Cal or the third-party payor directly. 3) For CSC deemed unsponsored beneficiaries discharging into a locked setting, or the community, CSC will coordinate transport and will pay the CSC contracted transportation provider directly.
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- (b) Subject to the conditions precedent set forth in this Agreement and provided that claims are submitted in accordance with Paragraph 2.6 of this Agreement and the requirements of Section 2.7 of this Agreement are met, MC will be paid at the all inclusive rate for each Administrative Day which is specified by the Regulations and there will be no additional payment for ancillary services.

2.2 Rate Inclusive of All Psychiatric Inpatient Hospital, Physician and Psychologist Services; Rate Does Not Include Transportation Services for Medi-Cal Beneficiaries or Unsponsored Patients.

The rates set forth in Paragraph 2.1 of this Agreement for Medi-Cal Beneficiaries or CSC deemed Unsponsored Patients are inclusive of all Psychiatric Inpatient Hospital Services including Routine Services, physician or psychologist services rendered to beneficiaries covered under this Agreement and all Hospital-Based Ancillary Services (as those terms are defined in the Regulations), but do not include transportation services (CCR Title 9, Chapter 11, section 1810.355 (a) (1)(B)) required in providing Psychiatric Inpatient Hospital Services, and as such transportation services will not be paid for or reimbursed by CSC under this Agreement.

When a CSC Beneficiary is deemed by CSC to be an unsponsored Beneficiary and he or she requires transportation services, CSC will provide transportation services directly.

2.3 Billing Procedures as Express Conditions Precedent to CSC's Payment Obligation.

- (a) As an express condition precedent to CSC's payment obligation under Paragraph 2.1 of this Agreement, MC will use its best effort to determine whether Psychiatric Inpatient Hospital Services rendered hereunder are covered, in whole or in part, under any other state or federal medical care program or under any other contractual or legal entitlement, including, but not limited to, a private group indemnification or insurance program or workers' compensation (herein, "Third Party Payors").
- (b) As a further express condition precedent to CSC's payment obligation under Paragraph 2.1 of this Agreement, MC will bill its Customary Charges (as defined in the Regulations) and submit claims to the Fiscal Intermediary for all Psychiatric Inpatient Hospital Services hereunder rendered in accordance with the applicable billing requirements contained in Section 5778 of the California Welfare and Institutions Code and the Regulations, using the number assigned by the Medi-Cal

program to MC and using the Allowable Psychiatric Accommodation Codes set forth in the Regulations.

- (c) A Day of Service will be billed for each Beneficiary who meets admission and/or continued stay criteria, documentation requirements, treatment and discharge planning requirements and occupies a psychiatric inpatient hospital bed at 12:00 midnight in the Facility and for which the appropriate authorization has been granted by CSC, excluding the day of discharge.
- (d) MC will bill any Third Party Payor financially responsible for a Beneficiary's health care services. CSC accepts no financial responsibility for services provided to Beneficiaries where there is a responsible Third Party Payor, and to the extent that CSC inadvertently makes payment to MC for such services rendered, CSC will be entitled to recoup such reimbursement.
- (e) Non-Payment to Entity/Provider.
Pursuant to Title 9, CCR, Section 1810.365, MC or an affiliate, vendor, Contractor, or sub-contractor of MC will not submit a claim to demand or otherwise collect reimbursement from the beneficiary or persons acting on behalf of the beneficiary for any specialty mental health or related administrative services provided under this Agreement except to collect other health insurance coverage, share of cost and co-payments. MC or an affiliate, vendor, the Contractor, or sub-contractor of MC will not hold beneficiaries liable for debts in the event that the MC becomes insolvent, for costs of covered services for which the State and/or CSC does not MC or an affiliate, vendor, MC, or sub-contractor of MC, for costs of covered services provided under a contract, referral or other arrangement rather than from the MC, or for payment of subsequent screening and treatment needed to diagnose the specific condition of or stabilize a beneficiary with an emergency psychiatric condition.

2.4 Recovery of Overpayment to MC, Liability for Interest.

- (a) When an audit or review performed by CSC, by the California Department of Mental Health ("DMH"), the California Department of Health Services ("DHS"), the California Controller's Office, or any other authorized agency discloses that MC has been overpaid under this Agreement, or that the total payments exceed the total liability under this Agreement, MC covenants that any such overpayment or excess payments over liability may be recouped by the CSC withholding the amount due from future payments hereunder, by seeking recovery by payment from MC, or a combination of these two methods.
- (b) Overpayments determined as a result of audits of periods prior to the effective date of this Agreement may be recouped by the CSC withholding the amount due from what would otherwise be the CSC's liability under this Agreement, by seeking recovery by payment from MC, or a combination of those two methods.

- (c) When recoupment or recovery is sought under 2.4(a), MC may appeal according to applicable procedural requirements of the Regulations and the regulations promulgated under Section 14680, et seq of California Welfare and Institutions Code, except that the recovery or recoupment will commence sixty (60) days after issuance of account status or demand resulting from an audit or review and will not be deferred by the filing of an appeal in accordance with the applicable regulations.
- (d) MC will be liable to CSC for the amount of any federal audit exceptions or disallowances or any sanctions or withholding of funds of the DMH or by DHS as provided in Sections 5778 Subdivision (h), and 5779 Subdivision (e), of the Welfare and Institutions Code and the Regulations, to the extent that such exceptions, disallowances, sanctions or withholding of funds relate to services rendered under this Agreement.

2.5 Customary Charges Limitation.

Notwithstanding any other provision in this Agreement, CSC's total liability to MC will not exceed MC's total Customary Charges for Psychiatric Inpatient Hospital Services for each year in which this Agreement is in effect. CSC may recoup any excess of total payments above such total customary charges for Psychiatric Inpatient Hospital Services under Paragraph 2.4. As used in this Paragraph, Customary Charges will have the meaning ascribed to that term in the Regulations.

2.6 Treatment Authorization and Claims Submission.

As an express condition precedent to CSC's payment obligations hereunder, MC will obtain approval of a Treatment Authorization Request ("TAR") for each Day of Service rendered to a Beneficiary. The treatment authorization process will take place either prior to admission or after discharge, as set forth below:

(a) Preauthorization for Planned Admission.

MC will obtain preauthorization up to seven (7) days in advance for admission of a Beneficiary for Acute Psychiatric Inpatient Hospital Services by submitting to CSC's Point of Authorization a TAR and such related documentation as may be specified by CSC in accordance with the applicable Regulations. When deemed necessary by CSC, CSC review of a TAR may include a psychiatric evaluation examination of the Beneficiary conducted at the time and place specified by CSC. If required, CSC will notify the attending physician and Beneficiary of the examination. If the medical necessity criteria set forth in the Regulations are met, CSC will approve the TAR and give preauthorization for payment for a specified number of Days of Service, not to exceed one (1) calendar month. CSC will notify MC of its approval or disapproval of a TAR in writing within fourteen (14) calendar days of CSC's actual receipt of such TAR. Approval is effective, if granted, up to seven (7) calendar days in advance of the provision of services. All adverse decisions of CSC will be reviewed and approved by a CSC authorized physician. MC may appeal an adverse decision through the provider appeal

process set forth in the Regulations. If the TAR is denied prior to hospitalization, CSC will notify the Beneficiary within ten calendar days.

- (b) Authorization for Payment for Emergency Admission. Payment authorization for emergency admissions will be exempt from preauthorization set forth in Paragraph 2.6(a) above, but will be subject to the provisions set forth in this Paragraph 2.6(b). MC will notify the CSC's Point of Authorization within 24 hours of the time of the admission of the Beneficiary to the Facility. A TAR for emergency admission and such related documentation as may be specified by the CSC will be submitted by MC to the Point of Authorization after discharge of the Beneficiary, but no later than fourteen (14) calendar days following discharge. CSC will authorize payment for the emergency services received pursuant to the emergency admission if the clinical record documents that:
- (1) The medical necessity criteria set forth in the Regulations are met.
 - (2) The criteria for an emergency psychiatric condition set forth in the Regulations were met at the time of admission.
 - (3) The CSC was notified within 24 hours from the presentation for emergency services. If notice exceeds ten (10) calendar days CSC may deny payment to MC.
 - (4) The TAR and related documentation were received no later than fourteen (14) calendar days following discharge.

All adverse decisions of CSC will be reviewed and approved by a CSC authorized physician. MC may appeal an adverse decision through the provider appeal process set forth in the Regulations.

- (c) Authorization for Payment for Continued Stay Services. To the extent permitted by federal and state law, TARS for Continued Stay services will be submitted only after discharge of the Beneficiary, but no later than fourteen (14) calendar days after discharge of the Beneficiary from the Facility; except that, notwithstanding the foregoing, MC will submit a TAR within fourteen (14) days of the completion of ninety-nine (99) calendar days of continuous services to a Beneficiary. Payment authorization will be obtained through submission of a TAR and such related documentation as may be specified by the CSC to CSC's Point of Authorization. If the medical necessity criteria set forth in the Regulations are met, the TAR will be approved. CSC will notify MC of its decision no later than fourteen (14) calendar days after the CSC's actual receipt of the TAR. CSC will provide a copy of the authorized or denied TAR to MC. All adverse decisions will be reviewed and approved by a CSC authorized physician. MC may appeal an adverse decision through the appeal process set forth in the Regulations.

- (d) Timeliness. A TAR may be denied by CSC if it is not submitted in accordance with the timing requirements contained in this Paragraph 2.6, unless MC was prevented from submitting a timely TAR due to the circumstances specified in the Regulations.
- (e) Claims Submission. Claims for payment for services rendered pursuant to this Agreement will be submitted by the MC to the Fiscal Intermediary in accordance with the requirements set forth in Sections 51008 and 51008.5 of Title 22 of the California Code of Regulations. If the TAR is approved by CSC as provided in this Paragraph, CSC will submit a copy of such approval to the Fiscal Intermediary. The Fiscal Intermediary will make the payments required hereunder to MC on behalf of CSC.

2.7 Authorization for Administrative Days

Payment for Administrative Days hereunder is expressly conditioned upon MC's compliance with the following provisions in addition to the provisions of Paragraph 2.6 above and the definition of "Administrative Day" included in **Appendix A.:**

- (a) For patients requiring care in an IMD, MHRC, Supplemental Licensed Board and Care, or at the State Hospital, approval must be granted from the CSC's Mental Health Director or her designee. This approval must then be reflected in the medical record documentation. Further, the medical record must reflect that at least five appropriate facilities per week are contacted for admission request and indicate the bed availability at the facility. The medical record must reflect that the patient was admitted to the first available IMD, MHRC, Licensed Board and Care, or State Hospital bed.
- (b) For patients requiring care in the crisis residential system, approval must be granted by Momentum for Mental Health or any other program designated by CSC, as appropriate. The medical record documentation must reflect that approval has been granted. Further, the medical record must reflect that at least five appropriate facilities per week are contacted for admission request and indicate the bed availability at the crisis residential program. The medical record must reflect that the patient was admitted to the first available crisis residential bed.
- (c) For patients who are to be placed in a skilled nursing facility, the medical record must reflect that at least five appropriate facilities within a 60-mile geographic radius per week are contacted for admission request. The medical record must reflect that the patient was admitted to the first available appropriate bed.

2.8 MC Appeal Process

MC may file an appeal concerning the processing or payment of its claims hereunder for Psychiatric Inpatient Hospital Services directly to the Fiscal Intermediary in accordance with the procedures set forth in the Regulations.

ARTICLE 3

RECORDS AND AUDIT PROVISIONS

3.1 On-site Reviews

(a) CSC, the DMH and/or the California DHS will conduct periodic audits or reviews, including on-site audits or reviews, of performance under this Agreement. These audits or reviews may evaluate the following:

- (1) Level and quality of care, and the necessity and appropriateness of the services provided.
- (2) Internal procedures for assuring efficiency, economy and quality of care.
- (3) Compliance with CSC Client Grievance Procedures.
- (4) Financial records when determined necessary to protect public funds.

(b) MC will make adequate office space available for the review team or auditors to meet and confer. Such space must be capable of being locked and secured to protect the work of the review team or auditors during the period of their investigation.

(c) On-site reviews and audits will occur during normal working hours with at least 72-hour notice, except that unannounced on-site reviews and requests for information may be made in those exceptional situations where arrangement of an appointment beforehand is clearly not possible or clearly inappropriate due to the nature of the intended visit.

3.2 Records to be Kept; Audit or Review: Availability, Period of Retention

MC covenants and agrees that:

- (a) It will maintain books, records, documents, and other evidence, accounting procedures, and practices sufficient to reflect properly all direct and indirect costs of whatever nature incurred in the performance of this Agreement.
- (b) The above information will be maintained in accordance with Medicare principles of reimbursement and generally accepted accounting principles, and will be consistent with the requirements of the Office of Statewide Health Planning and Development.
- (c) MC will also maintain medical records required by Sections 70747 through 70751 of Title 22 of the California Code of Regulations, and other records related to a Beneficiary to whom the service was rendered, the date of the service, the medical necessity of the service and the quality of the care provided. All such records will

be maintained in accordance with Section 51476 of Title 22 of the California Code of Regulations. Notwithstanding the foregoing, MC will maintain Beneficiary medical and/or clinical records for a period of seven (7) years, except that the records of persons who are under the age of eighteen (18) at the time of treatment will be retained until either: (a) one year beyond the person's eighteenth (18th) birthday or (b) for a period of seven (7) years from the date of discharge, whichever period is later.

- (d) The Facility and the information specified in this Paragraph will be subject at all reasonable times to inspection, audits and reproduction by any duly authorized agents of the CSC, State and Federal governments. MC agrees to allow the CSC, State, and federal agencies including the Director, and/or any designated auditor of CSC, the State of California, including but not limited to officials from the State Department of Mental Health or the State DHS, any designated official of the Department of Health and Human Services, the Comptroller General of the United States, or the fiscal intermediary, the right to inspect or otherwise evaluate the cost, quality, appropriateness, and timeliness of services performed and to audit and inspect any books and records of MC which pertain to services performed and/or determinations of the amounts payable under this Agreement. Copies of records will be made available upon CSC's requests for copies of MC's records.
- (e) MC will preserve and make available its records relating to payments made under this Agreement for a period of four years from the close of MC's fiscal year, or for such longer period, required by subparagraphs (1) and (2) below.
 - (1) If this Agreement is terminated, the records relating to the performance of MC's obligations hereunder will be maintained by MC and made available for a period of four (4) years from the date of the last payment made under the Agreement; or
 - (2) If any litigation, claim, negotiation, audit or other action involving the records has been started before the expiration of the four (4) year period, the related records will be retained until expiration of the four (4) year period following the completion and resolution of all issues arising therefrom; whichever is later.
- (f) MC will submit an annual cost report reflecting actual costs incurred in the provision of services under this Agreement in the format required by CSC within ninety (90) days from the end of the MC's fiscal year and within ninety (90) days of the date of termination of the Agreement.

3.3 Liability of Delegates for Examination of Accounts, Audit and Records

CSC will have such rights as are accorded to it as an intended third party beneficiary of a covenant made in a contract of delegation, pursuant to Paragraph 4.4 below.

3.4 Confidentiality of Information

- (a) MC will maintain adequate medical, clinical, and/or rehabilitative records on each patient, as indicated by the program type. The records will include diagnostic studies and a record of services provided to the patient, and will be in sufficient detail to facilitate an evaluation of the services provided. The records will contain all data necessary to prepare reports to the State Department of Mental Health, and will include, but not be limited to, coordinated services plans, records of patient interviews, and progress notes.
- (b) Patient records will be subject to the confidentiality and disclosure provisions of applicable local, State and Federal laws, statutes and regulations including Welfare and Institutions Code Section 5328, Evidence Code Section 1010 *et seq.*, Title 45, Code of Federal Regulations Section 205.50; and 14100.2 of the Welfare and Institutions Code; and regulations promulgated thereunder. For the purpose of this Agreement, MC will protect all information, records, and data elements pertaining to Beneficiaries from unauthorized disclosure.
- (c) With respect to any identifiable information concerning Beneficiaries under this Agreement that is obtained by MC or its delegates, MC:
 - (1) Will not use any such information for any purpose other than carrying out the express terms of this Agreement;
 - (2) Will maintain standard consent forms for patients to use when requesting disclosure of records;
 - (3) Will maintain written procedures on the retention and disclosure of patient records;
 - (4) Will not disclose, except as otherwise specifically permitted by law, any such information to any party other than CSC or entities to whom the information may be released under Title 45, Code of Federal Regulations Section 205.50; Sections 5328 and 14100.2 of the California Welfare and Institutions Code; and regulations promulgated thereunder; and
 - (5) Will retain all such information for purposes of audit and inspection.

ARTICLE 4

TERMINATION, DELEGATION, OR ASSIGNMENT

4.1 Term

This agreement will commence on February 1, 2013, (“Effective Date”) and expire on June 30, 2014, unless earlier terminated or extended. This Agreement will become

ineffective, at such time as CSC is no longer designated by the DMH as a Mental Health Plan to provide Psychiatric Inpatient Hospital Services in accordance with Section 5775, Subdivision (a), of the California Welfare and Institutions Code and the Regulations.

4.2 Termination

(a) Termination Without Cause

The Agencies may terminate this Agreement at any time without cause by giving written notice of the termination to the other party at least 30 days prior to the specified effective date of the termination. Such notice will state the effective date of termination.

(b) Termination for Cause

(1) This Agreement will terminate immediately if CSC ceases to be subject to the "Mental Health Plan" provisions of State law.

(2) CSC may terminate this Agreement for good cause upon written notice to MC. For purposes of this Agreement, good cause includes, but is not limited to, any of the following: (a) material breach of MC of this Agreement, (b) violation by MC of any applicable CSC ordinance or California or Federal law, (c) filing by the MC for protection under the bankruptcy laws, or requesting a receivership, (d) assignment of this Agreement without the written consent of the CSC pursuant to Paragraphs 4.4 or 4.6, (e) failure to maintain any license or permit required to provide the Psychiatric Inpatient Hospital Services or failure to utilize licensed personnel with respect thereto where required by law, (f) failing to provide services under this Agreement in a satisfactory manner. A notice of termination will be given at least seven (7) days prior to the effective date of termination, except that, when a shorter notice period is required by State or Federal law or a substantial risk of harm to a beneficiary could result from such violation, termination will be effective immediately upon delivery of notice to MC. The notice of termination will specify the basis for CSC's decision to terminate the Agreement and will specify the steps, if any, which MC may take to cure the breach and the time period in which such steps must be performed. Such notice will further indicate the effective date of such termination.

(3) This AGREEMENT is contingent upon the appropriation of sufficient funding by Federal, State and County sources for the services covered by the AGREEMENT. If it becomes apparent to CSC at any time, in CSC's sole discretion, that insufficient funding will exist, or that funding from any source will be discontinued, delayed, denied, reduced, or disallowed for any of the services covered under this AGREEMENT, CSC has the option to either terminate this AGREEMENT without notice with no liability occurring to the CSC, or to offer an amendment to this AGREEMENT indicating the reduced amount.

- (c) Upon termination of this Agreement, MC will provide MHD's Contract Administration with a current list of CSC's beneficiaries who received mental health services from MC or who were seen on a regular basis by MC. This information must be provided to MHD's Contract Administration within three (3) days from the date on the termination notice. The list will include the beneficiary names, recent phone number and address.

4.3 Conflict of Interest

MC will comply with all applicable Conflict of Interest provisions. CSC may terminate this Agreement immediately if CSC determines that there is a violation of the California Political Reform Act contained in California Government Code Sections 87101 et seq. and the regulations promulgated thereunder.

4.4 Delegation of MC's Duties: When Permitted

- (a) MC and CSC recognize that the Psychiatric Inpatient Hospital Services to be provided hereunder are non-delegable except as provided in this Paragraph 4.4. Any attempt by MC to delegate or otherwise vest responsibility for performance of its duties hereunder in any manner other than those expressly permitted in this Paragraph will constitute a material breach of this Agreement.
- (b) Any delegation will require the prior written approval of CSC. Such prior written approval must be requested in a written application which identifies the proposed Delegate, warrants its qualifications to render services required by and in conformity with the terms of this Agreement, and identifies the specific categories of services to be delegated along with an estimate of the percentage of such services in those categories which MC anticipates will be rendered by the Delegate. The ability of MC to demonstrate that a proposed delegation does not offend the express proscriptions of this Paragraph will not bind CSC to grant approval of any delegate. The CSC's approval hereunder is contingent upon CSC's assessment of the burdens and benefits to the Medi-Cal program and to potentially affected Beneficiaries of that program.
- (c) All costs for services rendered by any Delegate are included in the rates paid to MC pursuant to Article 2 of this Agreement.
- (d) Notwithstanding subparagraph (b) of this Paragraph, no delegation will be attempted or entered into if:
 - (1) The Delegate is not licensed and certified to the same extent as that required of MC under Paragraph 1.2 of this Agreement; or
 - (2) The location at which the Delegate is to perform the delegated services is at such a distance from the Facility that it is beyond the range considered acceptable in the industry for provision of the delegated services or, in the

opinion of CSC, will unnecessarily or unduly burden affected Beneficiaries.

- (e) Notwithstanding authorization under (b) of this Paragraph, MC will be responsible for all aspects of performance hereunder by any Delegate. MC hereby agrees that any default, refusal to perform or defective performance of any delegated duty or service will constitute a breach of this Agreement to the same extent as if such default, refusal to perform or defective performance had been directly committed or incurred by MC.

4.5 Delegation of MC's Duties: How Accomplished

In any delegation authorized under Paragraph 4.4(b), MC will contract in writing with the Delegate for performance of the duties to be performed by the Delegate, and any such written contract of delegation will include the following terms:

- (a) Covenants on the part of MC and the Delegate that the contract of delegation will be governed by and construed in accordance with all applicable laws and regulations and MC's obligations under this Agreement;
- (c) Specification of the service to be provided by the Delegate;
- (d) Specification of the term of the contract of delegation including the beginning and ending dates, as well as methods of extension, renegotiation and termination;
- (d) A warranty by the Delegate that it presently complies with, and a warranty and agreement that during the life of the delegation the Delegate will continue to comply with the licensure and certification requirements set forth as to MC under Paragraph 1.2 of this Agreement.
- (e) That the prior written authorization of CSC will be required as an express condition precedent to any amendment, rescission, abandonment or waiver of the contract of delegation;
- (f) A covenant running to CSC as an intended third party beneficiary of the contract of delegation whereby the Delegate promises:
 - (1) To maintain, for at least four (4) years after the close of the fiscal year in which the contract of delegation was in effect, full books and records pertaining to the goods and services furnished under the terms of the delegation in accordance with general standards applicable to such book and record keeping;
 - (2) To make the books and records maintained under (1) of this subparagraph available for inspection, examination or copying by agents of federal, state, and local agencies as set forth in Paragraph 3.2.

- (3) To make full disclosure to CSC of the method and amount of compensation and/or other direct or indirect consideration received by the Delegate from MC.
- (4) That no services rendered on behalf of MC by the Delegate pursuant to the contract of delegation will be billed to CSC or the fiscal intermediary by the Delegate, who warrants and agrees that it will look exclusively to MC for compensation under the terms of the contract of delegation.
- (5) To hold harmless CSC, DMH, DHS, the State of California and Beneficiaries in the event that MC cannot or will not pay for services performed by the Delegate pursuant to the terms of the contract of delegation.

4.6 Restriction on MC's Freedom to Assign Benefits Only Under this Agreement or to Engage in Organic Change

CSC and MC hereby declare their mutual recognition that the subject matter of this Agreement is personal, being founded upon CSC's confidence in the reputation, type and location of facilities, and other personal attributes of MC. For this reason:

- (a) Unless given prior written approval by CSC, any attempt by MC to make an assignment of the right to receive the contingent payment obligations of CSC under this Agreement will discharge CSC from what may otherwise have been a matured obligation of performance.
- (b) If MC desires to make an assignment of rights only under this Agreement, it will submit a written application for approval to CSC. Such an application will identify the proposed assignee and include a detailed explanation of the reason and basis for the proposed assignment. If CSC is satisfied that the proposed assignment is consistent with law and with the continued receipt of satisfactory performance, the assignment will be approved in writing. The effective date of the assignment will be the date upon which CSC issues written approval.
- (c) Unless given prior written approval by CSC any attempt by MC to participate as a constituent entity in any merger, consolidation or sale of assets will operate as an assignment hereof and will discharge CSC from what may otherwise have been a matured obligation of performance under this Agreement.
- (d) If MC desires to participate as a constituent entity in any merger, consolidation or sale of assets it will submit a written application for approval to CSC. CSC will act upon such requests within thirty (30) days of the receipt of such request.
 - (1) If approval is sought for participation in a merger or consolidation, the application will identify all proposed constituent entities and disclose the rights and preferences of all classes of stock in the resulting or surviving

entity. In addition, the application will inform CSC of the licensure and certification status of the proposed resulting or surviving entity and such other information as CSC may require.

- (2) If application is sought for approval of a sale of assets, such application will identify the purchaser, inform CSC of licensure and certification status of the purchaser and contain such other information as CSC may require.
- (4) If CSC is satisfied that the proposed merger, consolidation or sale of assets other than in the regular course of business is consistent with the continued satisfactory performance of MC's obligations under this Agreement, it will be approved in writing. The effective date of the merger, consolidation or sale of assets other than in the regular course of business will be no earlier than the date upon which CSC issues written approval.

ARTICLE 5

GENERAL PROVISIONS

- 5.1 MC will provide CSC with any reports as determined to be necessary by the CSC Mental Health Director or his/her designee.
- 5.2 MC will comply with CSC's Policy & Procedure regarding advance directives.
- 5.3 Termination of Subcontractors-Good Faith Effort
MC will make a good faith effort to give written notice of termination of a contract with an individual, group or organizational provider, within 15 days after receipt or issuance of the termination notice to the contract provider, to each beneficiary who received his or her mental health services from, or was seen on a regular basis by, the terminated contract provider. MC will maintain documentation of compliance with this requirement for the time specified under section titled **Records and Audit Provisions** of this Agreement.
- 5.4 Status as Independent Contractors
MC will perform all work and services described herein as an independent MC and not as an officer, agent, servant or employee of CSC or State. No relationship of servant, employee, partnership, joint venture, or association is created or intended to be created hereby. None of the provisions of this Agreement is intended to create, nor will be deemed or construed to create, any relationship between the parties other than that of independent parties contracting with each other for purpose of effecting the provisions of this Agreement. Neither party will have the authority to make any statements, representations or commitments of any kind on behalf of the other party, or to use the name of the other party in any publications or advertisements, except with the written

consent of the other party or as is explicitly provided herein. MC will be solely responsible for the acts and omissions of its officers, agents, employees, MCs, and subcontractors of MC, if any. MC's personnel rendering services under this Agreement will not have any of the rights or privileges of CSC or State employees. MC and its agents, employees, and subcontractors of MC will not have any claim against the CSC or State for any employee privileges and benefits including but not limited to, vacation pay, sick leave, retirement benefits, social security, workers' compensation, unemployment benefits, disability benefits, etc. Notwithstanding any reference to a managed care plan, Health Plan, or system of care, MC will act as an entity separate and apart from the CSC and State, and will be considered an independent MC for all purposes including liability and litigation.

5.5 Indemnification

CSC hereby agrees to indemnify, defend and save harmless MC and its officers, agents, and employees, to the extent permitted by applicable law, from and against all claims and/or losses whatsoever accruing or resulting to any person, firm or corporation for damages, injury or death incurred by reason of any act or failure to act by CSC, its officers, agents and employees in connection with the performance of this Agreement.

MC hereby agrees to indemnify, defend and save harmless CSC and its officers, agents, and employees, to the extent permitted by applicable law, from and against all claims and/or losses whatsoever accruing or resulting to any person, firm or corporation for damages, injury or death incurred by reason of any act or failure to act by MC, or MC's officers, agents and employees in connection with the performance of this Agreement.

Notwithstanding the above indemnification provisions, CSC and MC agree that MC's duty to indemnify CSC shall be limited solely to any claim arising from the act or omission of MC with respect to a Beneficiary which occurs during the period from admission of the Beneficiary to NMC until the discharge or transfer of the Beneficiary including with respect to acts or omissions of MC to effect the discharge and the decision to discharge from NMC (the "Indemnification Period"). Notwithstanding the above indemnification provisions, CSC and MC agree that CSC shall have no duty to indemnify MC with respect to any claim arising from an act or omission of MC occurring during the Indemnification Period. The parties will cooperate with each other in the investigation and disposition of any claim arising out of the activities of this Agreement, provided that nothing will require either party to disclose any documents, records or communications which are protected under the peer review privilege, the attorney-client privilege or the attorney work-product privilege. The provisions of this section will survive the termination of this Agreement

5.6 Insurance

All agencies under this agreement agree to provide and maintain at their own expense during the term of this agreement the insurance coverages as set forth in **Appendix B and C** hereto which is incorporated by this reference.

5.7 Non-Discrimination.

(a) Non-Discrimination in Services, Benefits and Facilities.

(1) Consistent with the requirements of applicable federal or state law, the MC will not engage in any unlawful discriminatory practices in the admission of beneficiaries, assignments of accommodations, treatment, evaluation, employment of personnel, or in any other respect on the basis of race, color, gender, religion, marital status, national origin, age, HIV status, sexual preference or mental or physical handicap.

(2) MC will comply with the provisions of Section 504 of the Rehabilitation Act of 1973, as amended, pertaining to the prohibition of discrimination against qualified handicapped persons in all federally assisted programs or activities, as detailed in regulations signed by the Secretary of Health and Human Services, effective June 1977, and found in the Federal Register, Volume 42, No. 86, dated May 4, 1977.

(3) MC will include the nondiscrimination and compliance provisions of this Agreement in all subcontracts to perform work under this Agreement.

(4) Notwithstanding other provisions of this section, the MC may require a determination of medical necessity pursuant to Title 9, CCR, section 1820.205, Section 1830.205 or Section 1830.210, prior to providing covered services to a beneficiary.

(b) Appropriate Facilities

MC agrees that its facilities will have access for the disabled to the extent required by Section 504 of the Rehabilitation Act of 1973, the Americans With Disabilities Act of 1990, and any federal or state provision requiring such access.

(c) Non-discrimination in Employment.

(1) The CSC is an equal opportunity employer. MC will comply with all applicable Federal, State, and local laws and regulations including CSC's equal opportunity requirements. Such laws include but are not limited to the following: Title VII of the Civil Rights Act of 1964 as amended; Americans with Disabilities Act of 1990, the Rehabilitation Act of 1973 (sections 503 and 504); California Fair Employment and Housing Act (Government Code sections 12900, et seq.); and California Labor Code sections 1101 and 1102. MC will not discriminate against any subcontractor of MC, employee, or applicant for employment because of age, race, color, national origin, ancestry, religion, sex/gender, sexual orientation, mental disability, physical disability, medical condition, political

beliefs, organizational affiliations, or marital status in the recruitment, selection for training including apprenticeship, hiring, employment, utilization, promotion, layoff, rates of pay or other forms of compensation.

(2) Notices. MC will post in a conspicuous place such notices to potential applicants and to employees, setting forth their right to be treated in conformity with the non-discrimination provisions of this Agreement.

(3) Position Advertisements. All solicitations or advertisements for employees placed by or on behalf of MC will provide that MC is an Equal Opportunity Employer.

(d) Non-compliance.

Failure to comply with any of the requirements of this Paragraph 5.7(c)(1) will be considered a material breach of this Agreement. Such failure will be grounds for suspension of this Agreement in whole or in part. Nothing in this Agreement will be deemed a limitation on the right of CSC to take any other action with respect to MC as a means of enforcing the anti-discrimination provisions of this Agreement as the State may require.

5.8 Clean Air Act & Federal Water Pollution Control Act.

MC will comply with all applicable standards, orders or regulations issued pursuant to the provisions of Clean Air Act (42 U.S.C. 7401 et seq.) and the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.), as amended, and will include such provision in all subcontracts of amounts in excess of \$100,000. Violations will be reported to the Centers for Medicare and Medicaid Services.

5.9 Provisions of Bilingual Services

(a) When the community potentially served by MC consists of non-English or limited-English speaking persons, MC will take all steps necessary to develop and maintain an appropriate capability for communicating in any necessary second language, including, but not limited to the employment of, or contracting for, in public contact positions of persons qualified in the necessary second languages in a number sufficient to ensure full and effective communication between the non-English and limited-English speaking applicants for, and Beneficiaries of, the MC's services and the MC's employees.

MC may comply with this paragraph by providing sufficient qualified translators to provide translation in any necessary second language for any patient, caller or applicant for service, within a reasonable and legally permissible time of need for translation. MC will maintain immediate translation capability in the emergency room when five percent of the emergency room patients or applicants for emergency room services are non-English or limited-English speaking persons.

MC will provide immediate translation to non-English or limited-English speaking patients whose condition is such that failure to immediately translate would risk

serious impairment. MC will post notices in prominent places in the facility of the availability of translation in the necessary second languages.

(b) As used in this Paragraph:

- (1) "Non-English or limited-English speaking persons" refers to persons whose primary language is a language other than English;
- (2) "Necessary second language" refers to a language, other than English, which is the primary language of at least five percent (5%) of either the community potentially served by the contracting facility or the facility's patient population;
- (3) "Community potentially served by the contracting facility" refers to the geographic area from which the facility derives eighty percent (80%) of its patient population.
- (4) "Qualified translator" is a person fluent in English and in the necessary second language, familiar with medical terminology, and who can accurately speak, read, write, and readily interpret in the necessary second language.

5.10 Integration.

CSC and MC declare that this Agreement, including Appendices, contain a total integration of all rights and obligations of all parties with respect to the subject matter of this Agreement. There are no extrinsic conditions or collateral agreements or undertakings of any kind. It is the express intention of both CSC and MC that any and all prior or contemporaneous agreements, promises, negotiations, or representations, either oral or written, relating to the subject matter of this Agreement which are not expressly set forth herein are of no force, effect, or legal consequence.

5.11 Headings

The headings of articles and paragraphs contained in this Agreement are for reference purposes only and will not affect in any way its meaning or interpretation.

5.12 Extensions. The term of this Agreement may be extended upon written agreement of the parties for an additional period not to exceed twelve (12) calendar months provided the parties have appropriate delegation and approval.

5.13 Governing Authorities

(a) This Agreement will be governed and construed in accordance with the laws of the State of California including but not limited to:

- (1) Part 2.5, Division 5 of the Welfare and Institutions Code and regulations adopted pursuant thereto, and all other applicable state laws and regulations according to their content on the Effective Date, including

regulations for Medi-Cal Psychiatric Inpatient Hospital Services, Title 9, Chapter 10 of the California Code of Regulations.

- (b) MC stipulates that this Agreement, in part, implements Title XIX of the Federal Social Security Act and, accordingly, covenants that it will conform to such requirements and regulations as the United States Department of Health and Human Services may issue from time to time, except for those provisions waived by the Secretary of Health and Human Services. Titles 42 and 45 (Part 74) of the Code of Federal Regulations and all other applicable federal laws and regulations according to their content on and after the Effective Date, except those provisions or applications of those provisions waived by the Secretary of the Department of Health and Human Services.
- (c) Any provision of this Agreement in conflict with the laws or regulations stipulated in (a) of this Paragraph is hereby amended to conform to the provisions of those laws and regulations. Such amendment of the Agreement will be effective on the effective date of the statute or regulation necessitating it, and will be binding on the parties even though such amendment may not have been reduced to writing and formally agreed upon and executed by the parties as provided in Paragraph 5.10.

5.14 Application for Termination in the Face of a Declaration or Finding of Partial Invalidity
In the event any provision of this Agreement is declared null and void by any court of law, either party may apply to that court for permission to immediately rescind the remainder of the Agreement. In ruling upon this request the court will consider the impact upon the affected Medi-Cal population as well as the relative degree of hardship which would be imposed upon either or both of the parties if the request is denied.

5.15 Informal Amendments Ineffective, Toleration of Deviation from Terms of Agreement Not to be Construed as Waiver

- (a) It is the express intention of both CSC and MC that the terms of this Agreement will comprise their entire agreement and are not subject to rescission, modification or waiver except as defined in a subsequent written instrument executed in the same manner and with the same authority. CSC and MC mutually covenant and request of any reviewing tribunal that any claim of rescission, modification, or waiver predicated upon any evidence other than a subsequent written instrument executed in the same manner and with the same authority as this writing be regarded as void.
- (b) The informal toleration by either party of defective performance of any independent covenant of this Agreement will not be construed as a waiver of either the right to performance or the express conditions that have been created in this Agreement.

5.16 Beneficiary Eligibility

This Agreement is not intended to change the determination of Medi-Cal eligibility for Beneficiaries in any way. However, in the event the California State Legislature or Congress of the United States enacts a statute that redefines Medi-Cal eligibility so as to affect the provision of Psychiatric Inpatient Hospital Services under this Agreement, such new definition will apply to the terms of this Agreement.

5.17 Notices

Any notice required to be given pursuant to the terms and provisions of the Agreement will be in writing and will be sent by certified mail, return receipt requested, addressed as set forth below, will be deemed to have been received on the date shown on such return receipt:

Santa Clara County:	SCVHHS/Mental Health Department CSC of Santa Clara 828 South Bascom Ave., Suite 200 San Jose, CA 95128 Attn: Nancy Peña Ph.D - Director of Mental Health
Monterey County Health Department -- Behavioral Health Bureau	Monterey County Health Department – Behavioral Health Bureau 1270 Natividad Road Salinas, Ca. 93906 Attn: Wayne Clark, Ph.D – Director of Behavioral Health
Monterey County Natividad Medical Center	Natividad Medical Center 1441 Constitution Blvd. Salinas, Ca. 93906 Attn: Chief Executive Office

5.18 Contracting Principles

Contractor agrees to comply with the County’s Contracting Principles set forth in the Board of Supervisors Policy Manual, available at:

<http://www.sccgov.org/sites/bos/Legislation/BOS-Policy-Manual/Pages/default.aspx>

The Contracting Principles require, among other things, that CONTRACTOR be a fiscally responsible entity and treat its employees fairly. CONTRACTOR is also required to (1) comply with all applicable federal, state and local rules, regulations and laws; (2) maintain financial records, and make those records available upon request; (3) provide to the County copies of any financial audits that have been completed during the term of the contract; and (4) upon the County's request, provide the County reasonable access, through representatives of the Contractor, to facilities, and financial and employee records that are related to the purpose of the contract, except where prohibited by federal or state laws, regulations or rules.

5.19 Certification of Health Care Service Providers

MC certifies that none of its employees or agents providing service under this Agreement (“Service Providers”) have been convicted of a criminal offense related to health care, nor are any listed by any federal or state agency as debarred, excluded or otherwise ineligible for participation in Medicare, Medi-Cal, or any other federal or state funded health care program. MC certifies that it has performed an appropriate screening of Service Providers prior to making this certification, that it will screen all new Service Providers, and that it will monitor the status of existing Service Providers.

MC certifies that it and Service Providers possess all required licenses, that such licenses are in good standing and that in providing these contract services, it and its Service Providers are operating within any and all limitations or restrictions of these licenses. MC further certifies that all directors, managing employees, and owners of five percent interest, or more, in MC’s business have not been convicted of any health care related offenses nor excluded from Medicare, Medi-Cal, or any other federal or state funded health care program.

MC agrees to notify the CSC immediately should MC or Service Provider be investigated, charged, or convicted of a health care related offense. During the pendency of any such proceedings, MC, or a Service Provider may, at the request of the CSC, be removed from any responsibility for, or involvement in, the provision of services under this Agreement. It is the MC’s obligation to keep the CSC fully informed about the status of such proceedings and to consult with the CSC prior to taking any action that will directly impact the CSC. CSC may terminate this Agreement immediately upon the actual exclusion, debarment, loss of licensure, or conviction of MC or of a Service Provider of a health care offense.

The Indemnification Provisions set forth in Paragraph 5.5 shall apply to any claims, loss or damages resulting from the conviction, debarment, or exclusion of MC, or Service Providers or subcontractors of MC.

If MC utilizes CSC facilities when performing under this Agreement, MC and/or Service Providers will read and abide by the requirements of the SCVHHS Compliance Program, Code of Conduct, and Compliance Program Manual. MC and/or Service Providers will, at the request of CSC, attend compliance workshops provided by SCVHHS. MCs who do not utilize CSC facilities will implement a compliance program and will provide CSC with a copy of their compliance programs, if requested.

5.20 Health Insurance Portability and Accountability Act (HIPAA)

All Agencies under this agreement will comply with all applicable federal, state and local laws, rules and regulations that are in effect at the inception of this Agreement and that become effective during the term of this Agreement, including without limitation HIPAA.

5.21 Prohibitions on Referrals

In addition to CSC's and MC's obligations to comply with applicable federal, state and local laws respecting the conduct of their respective business and profession, CSC and

MC acknowledge that they are subject to certain federal and state laws governing referral of patients which are in effect or will become effective during the term of this Agreement. These laws include prohibitions on:

- (a) Payments for referral or to induce the referral of patients (Cal. Business and Professions Code section 650; Cal. Labor Code section 3215; and section 1128B of the Social Security Act); and
- (b) The referral of patients by a MC or its employees, subMCs or agents for certain designated health care services to an entity with which the MC or its employees, subMCs or agents (or the referring parties immediate family) has a financial relationship (Cal. Labor Code sections 139.3 and 139.31, applicable to referrals for workers' compensation services; Cal. Business and Professions Code sections 650.01 and 650.02 applicable to all other patient referrals within the State; and section 1877 of the Social Security Act, applicable to referrals of Medicare and Medi-Cal patients).

5.22 Entirety.

This Agreement, including its exhibits, contains the sole and entire agreement between CSC and MC with respect to the subject matter hereof and will supersede all prior agreements between the parties as of the effective date hereof. The parties acknowledge and agree that they have not made any representations with respect to the subject matter of this Agreement, or any representations inducing its execution and delivery except such representations as are specifically set forth herein.

5.23 Severability

In the event any one or more of the provisions contained in this Agreement will, for any reason, be held to be invalid, illegal or unenforceable in any respect, it will not affect any other provision of this Agreement. This Agreement will be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

5.24 Waiver

No delay or failure to require performance of any provision of this Agreement will constitute a waiver of that provision as to that or any other instance. Any waiver granted by a party must be in writing, and will apply to the specific instance expressly stated.

5.25 Counterparts

This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original, but all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF each of the parties has authorized this Agreement to be executed by their respective agencies as of the date set forth below upon execution by both parties below.

County of Santa Clara

County of Monterey

Nancy Peña Ph.D.
Nancy Peña Ph.D.
Director of Mental Health

Harry Weis
Harry Weis
Chief Executive Officer – NMC

12/14/2012
Date

2/4/13
Date

Approved:

Ray Bullick
Ray Bullick
Director of Health

David McGrew
David McGrew
SCVHHS, Chief Financial Officer

3-8-13
Date

1/8/13
Date

Reviewed as to fiscal provisions

Approved as to Form and Legality

Yvonne Williams
Approved as to Form Auditor-Controller
County of Monterey 2-20-13

Theresa J. Fuentes 12/24/12
Theresa J. Fuentes Date
Lead Deputy County Counsel

Stacy Saetta
Stacy Saetta
Deputy County Counsel

Approved:

2/20/13
Date

René G. Santiago
René G. Santiago,
Deputy County Executive
and Director SCVHHS

Approved as to Eligibility Provisions
COUNTY OF MONTEREY
APPROVED AS TO INDEMNITY/
INSURANCE LANGUAGE
Steve Matuck

1-10-13
Date

Risk Management
By: Steve Matuck
Date: 3/5/13
Date

APPENDIX A

DEFINITIONS

Acute Psychiatric Inpatient Hospital Services.

“Acute Psychiatric Inpatient Hospital Services” means medically necessary inpatient hospital services covered by the Medi-Cal program and rendered to a Beneficiary for the care and the treatment of an acute episode of mental illness that do not qualify as Administrative Day(s) of service.

Administrative Day.

“Administrative Day” means a day determined by utilization management review (based on review of provided medical record documentation) to justify a level of care in either a subacute facility setting (for adults: IMD, MHRC, Licensed Board and Care, SNF, State Hospital) for which a bed is unavailable, or an authorized crisis residential program (not limited to but including, for adults: Zeller/Goveia, SART, or Litteral House; for youth: a RCL 13/14 Group Home) for which a bed is unavailable, but which does not justify a level of care in an acute psychiatric hospital. Patients who no longer require an acute hospital level of care, but who have been accepted by the CSC Mental Health Director or her designee for placement in an IMD, MHRC, Licensed Board and Care, or State Hospital, or by the Resources and Intensive Services Committee (RISC), or who are awaiting placement in a skilled nursing facility, or who are accepted to and awaiting placement in an authorized crisis residential program qualify for this category. Patients who no longer require an acute hospital level of care and who have been refused for IMD placement, MHRC placement, Licensed Board and Care placement, SNF placement, State Hospital placement, or crisis residential placement do not qualify for this category.

Medi-Cal Beneficiary, Un-sponsored Beneficiary, Beneficiary.

“Medi-Cal Beneficiary” means a person certified as eligible for services under the Medi-Cal program according to § 51001 of Title 22 of the California Code of Regulations, as the same may be amended from time to time and for whom the CSC is responsible for determining Medi-Cal beneficiary eligibility pursuant to Title 22 California Code of Regulations § 50120, and whose Medi-Cal beneficiary identification number contains Santa Clara CSC Code number “43” as the first two numbers, except that, such term does not include Medi-Cal beneficiary eligible under Part A of the Medicare program, 42 U.S.C. § 1395 *et. seq.*, if the beneficiary has not exhausted his or her right to Medicare Part A services. The term “Beneficiary” does not include a Medi-Cal eligible person who is enrolled in a health maintenance organization, prepaid health plan or other managed care plan that is responsible for the provision of Medi-Cal psychiatric inpatient hospital services.

“Un-sponsored”, or “CSC deemed Un-sponsored” means a patient for whom there is no third party payor. CSC is responsible for paying all or part of the patient’s services. Services to Un-sponsored Beneficiaries must be authorized by CSC for admittance into the NMC facility.

“Beneficiary” means a patient . The term is usually preceded by terms such as ” Medi-Cal” or “Un-sponsored” to indicate the payment source that will be billed for services. Beneficiary, or an Un-sponsored Patient,

Delegate.

“Delegate” means any natural person or legal entity to whom MC attempts, by contract or otherwise, to transfer the primary liability to perform any covenant assumed in this Contract.

DHCS“DHCS” means the State Department of Health Care Services.

Fiscal Intermediary.

“Fiscal Intermediary” means that person or entity who has entered into a contract, as specified in Section 14104.3 of the California Welfare and Institutions Code, with the Department to perform fiscal intermediary services related to this Contract.

Point of Authorization.

“Point of Authorization” means Intensive Psychiatric Services Division, Department of Mental Health, CSC of Santa Clara.

Psychiatric Inpatient Hospital Services

“Psychiatric Inpatient Hospital Services” means Acute Psychiatric Inpatient Hospital Services and Administrative Day services covered by Medi-Cal program provided to a Beneficiary for the care and treatment of an episode of mental illness in the Facility. If MC is a free-standing acute psychiatric hospital larger than sixteen (16) beds, the term excludes services rendered to persons age twenty-one (21) or older and younger than age sixty-five (65). If MC is an acute care hospital, the term excludes services rendered in a medical/surgical bed and any service rendered in a bed other than a bed in an approved psychiatric unit as defined in 22 California Code of Regulation § 70575.

Regulations.

“Regulations” means the Medi-Cal Psychiatric Inpatient Hospital Services Consolidation Regulations contained in the California Code of Regulations pertaining to the rendition of mental health care which have been promulgated under California Welfare and Institutions Code Section 5775 et. seq. and 14680, et seq.

Meaning of Words.

The word and terms used in this Agreement are intended to have their usual meanings, unless a particular or more limited meaning is associated with their usage in Sections 5775, et. seq., and 14680, et seq., of the California Welfare and Institutions Code or the Regulations, unless specifically defined in this Article or otherwise in this Agreement.

County of Santa Clara

Employee Services Agency
Department of Risk Management

Insurance Division
2310 North First Street, Suite 203
San Jose, California 95131
(408) 441-4340 FAX 441-4341

Appendix B

Insurance Requirement for
Santa Clara County



Ins. Cert No. FY13-105

CERTIFICATE OF COVERAGE ISSUED BY SANTA CLARA COUNTY

This is to Certify to: Monterey County Health Department
Behavioral Health Bureau
1270 Natividad Road, Room 144
Salinas, CA 93906
Attn.: Alicia Hendrieks

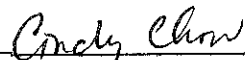
That the following described coverages are in force on this date as set forth below:

Assured: Santa Clara County
70 W. Hedding Street
San Jose. CA 95110

Insurer	Expiration
1. Self-Funded Retention	Continuous
2. Self-Funded Retention	Continuous
3. Self-Funded Retention	Continuous

<u>Type of Coverage</u>	<u>Limits</u>
1. Comprehensive General & Automobile Liability	\$2,000,000 Per Occurrence
2. Workers' Compensation	\$4,000,000 Per Occurrence
3. Medical Malpractice	\$ 500,000 Per Occurrence

This certificate of coverage is provided by the County of Santa Clara to the above named certificate holder. The coverage specified herein will not be cancelled or reduced without thirty (30) days written notice from County of Santa Clara to the certificate holder. This certificate pertains to the agreement (term of contract from February 1, 2013 to June 30, 2014) between the County of Santa Clara Valley Health and Hospital Systems and Monterey County Health Department, Behavioral Health Bureau for inpatient acute psychiatric hospital services. This certificate is valid from February 1, 2013 through June 30, 2013.


Cindy Chow Insurance
Technical Manager December
12, 2012

CC:td

FY13-105AcuteContract.MontereyCo&SCVHHS

APPENDIX C

INSURANCE REQUIREMENTS FOR THE COUNTY OF MONTEREY

Insurance

Without limiting CSC's duty to indemnify, CSC 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, Broadform 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).

Business automobile liability insurance, covering all motor vehicles, including owned, leased, non-owned, and hired vehicles, used in providing services under this Agreement, with a combined single limit for Bodily Injury and Property Damage of not less than \$1,000,000 per occurrence.

Workers' Compensation Insurance, if CONTRACTOR employs others in the performance of this Agreement, in accordance with California Labor Code section 3700 and with Employer's Liability limits not less than \$1,000,000 each person, \$1,000,000 each accident and \$1,000,000 each disease.

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. If professional liability insurance is written on a "claims-made" basis rather than an occurrence basis, CSC shall, upon the expiration or earlier termination of this Agreement, obtain extended reporting coverage ("tail coverage") with the same liability limits. Any such tail coverage shall continue for at least three years following the expiration or earlier termination of this Agreement.

9. Other Insurance Requirements.

All insurance required by this Agreement shall be with a company acceptable to the MC and issued and executed by an admitted insurer authorized to transact Insurance business in the State of California. Unless otherwise specified by this Agreement, all such insurance shall be written on an occurrence basis, or, if the policy is not written on an occurrence basis, such policy with the coverage required herein shall continue in effect for a period of three years following the date CSC completes its performance of services under this Agreement.

Each liability policy shall provide that MC shall be given notice in writing at least thirty days in advance of any endorsed reduction in coverage or limit, cancellation, or intended non-renewal thereof. Each policy shall provide coverage for CSC and additional insureds with respect to claims arising from each subcontractor, if any, performing work under this Agreement, or be accompanied by a certificate of insurance from each subcontractor showing each subcontractor has identical insurance coverage to the above requirements.

Commercial general liability and automobile liability policies shall provide an naming the County of Monterey, its officers, agents, and employees as Additional Insureds with respect to liability arising out of the CSC'S work, including ongoing and completed operations, and shall further provide that such insurance is primary insurance to any insurance or self-insurance maintained by MC and that the insurance of the Additional Insureds shall not be called upon to contribute to a loss covered by CSC'S insurance. The required endorsement form for Commercial General Liability Additional Insured is **ISO Form CG 20 10 11-85 or CG 20 10 10 01 in tandem with CG 20 37 10 01 (2000)**. The required endorsement form for Automobile Additional Insured endorsement is **ISO Form CA 20 48 02 99**.

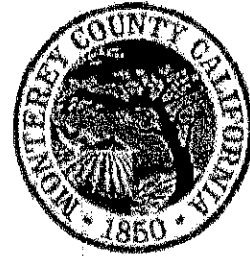
Prior to the execution of this Agreement by MC, CSC shall file certificates of insurance with the MC's contract administrator and MC's Contracts/Purchasing Division, showing that CSC has in effect the insurance required by this Agreement. CSC shall file a new or amended certificate of insurance within five calendar days after any change is made in any insurance policy, which would alter the information on the certificate then on file. Acceptance or approval of insurance shall in no way modify or change the indemnification clause in this Agreement, which shall continue in full force and effect.

CSC shall at all times during the term of this Agreement maintain in force the insurance coverage required under this Agreement and shall send, without demand by MC, annual certificates to MC's Contract Administrator and MC's Contracts/Purchasing Division. If the certificate is not received by the expiration date, MC shall notify CSC and CSC shall have five calendar days to send in the certificate, evidencing no lapse in coverage during the interim. Failure by CSC to maintain such insurance is a default of this Agreement, which entitles MC, at its sole discretion, to terminate this Agreement immediately.

MONTEREY COUNTY

RISK MANAGEMENT

168 W. ALISAL STREET 3RD FLOOR
SALINAS, CA 93901-2680
(831) 755-5458
FAX (831) 751-9597
www.co.monterey.ca.us



January 2, 2013

SCVHHS/Mental Health Department
ATTN: Nancy Pena Ph.D – Director of Mental Health
CSC of Santa Clara
828 South Bascom Avenue, Suite 200
San Jose, CA 95128

RE: Monterey County Behavioral Health, Agreement for Acute Psychiatric Inpatient Hospital Services

By this letter I hereby certify that the County of Monterey is lawfully self-insured for purposes of General Liability and Automobile Liability related to County sanctioned activities.

By order of the Board of Supervisors, the County of Monterey maintains a \$1.5 million reserve fund to cover occurrences within a self-insured retention level set by the Board. Above the self-insured retention, the County maintains a primary excess layer through the Starr Indemnity & Liability Company with a master policy number SISCPEL01842512, effective 7/1/2012-7/1/2013.

This policy and its limits are inclusive of EPL, Employment Practice Liability (EPL), Errors and Omissions Liability (E&O,) and property damage.

Through a Joint Powers Authority Agreement with other counties, the CSAC Excess Insurance Authority, the County purchases a broad form property policy covering fire, vandalism, extended coverage, business interruption, etc. This coverage is underwritten by Lloyd's of London and various insurers under master policy #EIAPPR-10-14.

The County is self-insured for purposes of Workers' Compensation with statutory limits.

Respectfully,

Lydia Schumaker
Risk & Benefits Analyst
Risk Management

Cc: Alica Hendricks, Monterey County Behavioral Health

APPENDIX C

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MONTEREY COUNTY

RISK MANAGEMENT

168 W. ALISAL STREET 3RD FLOOR
SALINAS, CA 93901-2680
(831) 755-5458
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January 2, 2013

SCVHHS/Mental Health Department
ATTN: Nancy Pena Ph.D – Director of Mental Health
CSC of Santa Clara
828 South Bascom Avenue, Suite 200
San Jose, CA 95128

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Respectfully,

A handwritten signature in cursive script that reads "Lydia Schumaker".

Lydia Schumaker
Risk & Benefits Analyst
Risk Management

Cc: Alica Hendricks, Monterey County Behavioral Health