

**INTERGOVERNMENTAL AGREEMENT REGARDING
TRANSFER OF PUBLIC FUNDS**

This Agreement is entered into between the CALIFORNIA DEPARTMENT OF HEALTH CARE SERVICES (“DHCS”) and the COUNTY OF MONTEREY, CALIFORNIA (“the County”) on behalf of Natividad Medical Center with respect to the matters set forth below.

RECITALS

A. This Agreement is made pursuant to the authority of Welfare & Institutions Code, section 14164 and 14301.4.

B. The Central California Alliance for Health is a public entity formed pursuant to Welfare and Institutions Code section 14087.54 and County Code Chapter 7.58, County Code Chapter 2.45 and County Code Chapter 9.43. Central California Alliance for Health is a party to a Medi-Cal managed care contract with DHCS, entered into pursuant to Welfare and Institutions Code section 14087.3, under which Central California Alliance for Health arranges and pays for the provision of covered Medi-Cal health care services to eligible Medi-Cal members residing in the County.

THEREFORE, the parties agree as follows:

AGREEMENT

1. Transfer of Public Funds

1.1 The County shall transfer funds to DHCS pursuant to section 14164 and 14301.4 of the Welfare and Institutions Code, up to a maximum total amount of Three Million, Six Hundred Thousand (\$3,600,000), to be used solely as a portion of the nonfederal share of actuarially sound Medi-Cal managed care capitation rate increases for Central California Alliance for Health for the period July 1, 2013 through June 30, 2014 as described in section 2.2 below. The funds shall be transferred in

accordance with a mutually agreed upon schedule between the County and DHCS, in the amounts specified therein.

1.2 The County shall certify that the funds transferred qualify for federal financial participation pursuant to 42 C.F.R. part 433 subpart B, and are not derived from impermissible sources such as recycled Medicaid payments, federal money excluded from use as State match, impermissible taxes, and non-bona fide provider-related donations. For transferring units of government that are also direct service providers, impermissible sources do not include patient care or other revenue received from programs such as Medicare or Medicaid to the extent that the program revenue is not obligated to the State as the source of funding.

2. Acceptance and Use of Transferred Funds by DHCS

2.1 DHCS shall exercise its authority under section 14164 of the Welfare and Institutions Code to accept funds transferred by the County pursuant to this Agreement as intergovernmental transfers (“IGTs”), to use for the purpose set forth in section 2.2 below.

2.2 The funds transferred by the County pursuant to this Agreement shall be used to fund a portion of the nonfederal share of increases in Medi-Cal managed care actuarially sound capitation rates described in paragraph (4) of subdivision (b) of section 14301.4 of the Welfare and Institutions Code and shall be paid, together with the related federal financial participation, by DHCS to Central California Alliance for Health as part of Central California Alliance for Health’s capitation rates for the period July 1, 2013 through June 30, 2014. The rate increases paid under section 2.2 shall be used for payments related to Medi-Cal services rendered to Medi-Cal beneficiaries. The rate increases paid under this section 2.2 shall be in addition to, and shall not replace or supplant, all other amounts paid or payable by DHCS or other State agencies to Central California Alliance for Health.

2.3 DHCS shall seek federal financial participation for the rate increases specified in section 2.2 to the full extent permitted by federal law.

2.4 The parties acknowledge the State DHCS will obtain any necessary approvals from the Centers for Medicare and Medicaid Services prior to the payment of any rate increase pursuant to section 2.2.

2.5 The parties agree that none of these funds, either County or federal matching funds will be recycled back to the County's general fund, the State, or any other intermediary organization. Payments made by the health plan to providers under the terms of this Agreement and their provider agreement constitute patient care revenues.

2.6 Within One Hundred Twenty (120) calendar days of the execution of this Agreement, DHCS shall advise the County and Central California Alliance for Health of the amount of the Medi-Cal managed care capitation rate increases that DHCS paid to Central California Alliance for Health during the applicable rate year involving any funding under the terms of this Agreement.

2.7 If any portion of the funds transferred by the County pursuant to this Agreement is not expended for the specified rate increases under Section 2.2, DHCS shall return the unexpended funds to the County.

3. Amendments

3.1 No amendment or modification to this Agreement shall be binding on either party unless made in writing and executed by both parties.

3.2 The parties shall negotiate in good faith to amend this Agreement as necessary and appropriate to implement the requirements set forth in section 2 of this Agreement.

4. Notices. Any and all notices required, permitted or desired to be given hereunder by one party to the other shall be in writing and shall be delivered to the other party personally or by United

States first class, certified or registered mail with postage prepaid, addressed to the other party at the address set forth below:

To the County of Monterey

Gary Gray DO
County of Monterey/Natividad Medical Center
1441 Constitution Boulevard
Salinas, CA 93906

With copies to:

Natividad Medical Center
Attn: Nancy Majewski
Managed Care Operations Manager
1441 Constitution Boulevard
Salinas, CA 93906

To DHCS:

Sandra Dixon
California Department of Health Care Services
Capitated Rates Development Division
1501 Capitol Ave., Suite 71-4002
MS 4413
Sacramento, CA 95814

5. Other Provisions

5.1 This Agreement contains the entire Agreement between the parties with respect to the Medi-Cal rate increases for Central California Alliance for Health described in section 2.2 that are funded by the County and supersedes any previous or contemporaneous oral or written proposals, statements, discussions, negotiations or other agreements between the County and DHCS. This Agreement is not, however, intended to be the sole agreement between the parties on matters relating to the funding and administration of the Medi-Cal program. One or more other agreements already exist

between the parties regarding such other matters, and other agreements may be entered into in the future. This Agreement shall not modify the terms of any other agreement between the parties.

5.2 The nonenforcement or other waiver of any provision of this Agreement shall not be construed as a continuing waiver or as a waiver of any other provision of this Agreement.

5.3 Section 2 of this Agreement shall survive the expiration or termination of this Agreement.

5.4 Nothing in this Agreement is intended to confer any rights or remedies on any third party, including, without limitation, any provider(s) or groups of providers, or any right to medical services for any individual(s) or groups of individuals; accordingly, there shall be no third party beneficiary of this Agreement.

5.5 Time is of the essence in this Agreement.

5.6 Each party hereby represents that the person(s) executing this Agreement on its behalf is duly authorized to do so.

6. State Authority. Except as expressly provided herein, nothing in this Agreement shall be construed to limit, restrict, or modify the DHCS' powers, authorities, and duties under federal and state law and regulations.

7. Approval. This Agreement is of no force and effect until signed by the parties.

8. Term. This Agreement shall be effective as of July 1, 2013 and shall expire as of June 30, 2016 unless terminated earlier by mutual agreement of the parties.

SIGNATURES

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, on the date of the last signature below.

THE COUNTY OF MONTEREY

By: _____

Date: _____

Gary Gray DO, Interim Chief Executive Officer
Natividad Medical Center

THE STATE OF CALIFORNIA, DEPARTMENT OF HEALTH CARE SERVICES:

By: _____

Date: _____

Meredith Wurden, Assistant Deputy Director, Health Care Financing