

LETTER OF AGREEMENT
BETWEEN

Central California Alliance for Health AND
Natividad MedicalCenter

for CalAIM Incentive Payment Program

This Letter of Agreement (“Agreement”), effective upon the date of the last signature below (“Agreement Effective Date”), is entered into in order to specify the terms and conditions under which Santa Cruz-Monterey-Merced-San Benito-Mariposa Managed Medical Care Commission, operating as Central California Alliance for Health (“Alliance”), agrees to provide funds (“Incentives”) through the CalAIM Incentive Payment Program to Natividad Medical Center (“Provider”).

Whereas, DHCS implemented the CalAIM Incentive Payment Program (“Program”), a multi-year initiative by the Department of Health Care Services (“DHCS”) to improve the quality of life and health outcomes of the Medi-Cal managed care population by implementing a broad delivery system, program, and payment reform across the Medi-Cal program;

Whereas, the Program offers a time-limited funding opportunity to encourage managed care plans (“MCPs”) such as the Alliance to invest in Enhanced Care Management (“ECM”) and Community Supports (“CS”) infrastructure, care management capabilities, information technology and data exchange, and workforce capacity;

Whereas, the Alliance is a participant in the Program and may award Incentives consistent with the goals of the Program, any terms imposed as a condition of participation in the Program, and any DHCS guidance related to the Program to contracted providers and to organizations intending to become contracted providers; and

Whereas, the Alliance wishes to provide Program Incentives to the Provider, and Provider wishes to receive Program Incentives from the Alliance, for achieving agreed-upon implementation milestones (“Milestones”) based on the needs assessment information submitted by Provider, priority areas of the Program, and available funding;

Now Therefore, the Alliance and Provider agree that all Incentives provided by the Alliance to Provider under the Program shall be subject to the terms and conditions of this Agreement.

1. Term. The term of this Agreement shall begin on Agreement Effective Date and shall terminate on (“Incentive Term”), unless terminated by either party as permitted herein. This Incentive Term accounts for the activity period to achieve Milestones and an additional month for reporting after the end of the Incentive funding period.

2. Liaison. The Alliance and Provider will each designate a liaison(s) to serve as a point of contact for activities performed related to this Agreement.

3. Incorporation of Incentives Request. The Provider represents that all information contained in the documentation submitted by Provider of infrastructure needs for ECM and/or CS implementation, including Certification Tool, and subsequent written communications with Alliance staff, (collectively, “Proposal”), is true, accurate, and complete in all material respects to the extent known to the Provider at the time of submission. Provider further agrees that it will notify the Alliance promptly of any material change in information that impacts, alters, or prevents completion of agreed upon Milestones, including any significant change in contract status for the provision of Medi-Cal services, organizational leadership, contact information, business operations, and/or financial standing.

4. Contracting Provider. Provider acknowledges that Provider’s receipt of Incentives is conditioned upon Provider either maintaining its status as a contracting Medi-Cal service delivery provider during the Term or becoming a contracting Medi-Cal service delivery provider and maintaining its status during the Term, as applicable. If Provider is not contracted for Medi-Cal service delivery as of the Agreement Effective Date, Provider represents that it is a 501(c)(3) nonprofit or governmental entity that provides services to a significant volume of Medi-Cal members in the Alliance service area and Provider is committed to contracting for ECM and/or CS services by . Provider further acknowledges that Provider must be fully credentialed as an Alliance ECM/CS provider to qualify as a contracting Medi-Cal service delivery provider under this Agreement; accordingly, Provider shall maintain in good standing, and ensure that any provider practitioners or other professionals that provide or assist Provider in the provision of ECM Services maintain in good standing, any and all licenses, certificates, and/or approvals required under law and by the Alliance, including the credentialing standards specified in the Alliance’s provider manual.

5. Use of Funds. Incentive funds may only be used for the purpose of paying expenses that are actually incurred by Provider in carrying out activities related to achieving the Milestones during the Incentive Term of the Agreement. The Alliance has determined Provider’s earnable Incentive amount for each Milestone (“Milestone Funding Amount”) based on the costs projected by Provider in the Proposal; Provider acknowledges, however, that the Alliance has sole discretion to determine whether and what portion of the Proposal costs shall be incentivized hereunder. Expenses that may be funded by Incentives include: a portion of employee salary, consultant fees, hardware, software, training, materials, and such other costs that the parties may mutually agree are necessary to achieve Milestones, (collectively, “Materials”). Provider may not use Incentives for the following purposes, and any amounts used for such unapproved uses will be deducted from payment amounts awarded hereunder: equipment already purchased or in place, equipment reimbursed through the Alliance’s authorization process, and leased equipment.

6. Incentives Award Amount. Total Incentive payments shall not exceed \$850,000.00 (“Incentives Award Amount”) which is the total of all Milestone Funding Amounts set forth in Section 7.

7. Milestones. Provider and Alliance have agreed upon the Milestones, Milestone Funding Amounts, and documentation required to verify completion in order to receive payment (“Completion Documentation”), as set forth below. Incentive payments shall be subject to the completion of the applicable Milestones, the Alliance’s receipt of all Completion Documentation and such other documentation the Alliance may reasonably request, and Provider’s compliance

with all other terms of this Agreement. Unless mutually agreed upon in writing between Provider and the Alliance, Provider must complete all the Milestones by _____.

- a. **Milestone 1: Executed Agreement.** To enable Provider to purchase Materials to sufficiently expand capacity to achieve the Milestones, within thirty (30) business days of the Effective Date, the Alliance shall pay Provider an upfront Incentive payment (“Upfront Payment.”), as follows:

Upfront Payment Amount:

Completion Documentation: Copy of fully executed Agreement

Completion Date: Agreement Effective Date

- b. **Milestone 2: Infrastructure Development.** Provider shall have purchased the Materials set forth in the Proposal and established the necessary infrastructure needed to achieve Milestone 2.

Milestone Funding Amount:

Completion Documentation:

Completion Date:

In the event that the above Completion Documentation indicates the actual total cost of the purchased Materials was _____, the Alliance may, in its discretion, recover or offset any payments under this Agreement by the amount that the Upfront Payment exceeds the actual amount of purchased Materials.

- c. **Milestone 3:**

Milestone Funding Amount:

Completion Documentation: Alliance actual receipt of Final Report form, as available in the Alliance’s online Foundant Incentives Portal, including narrative on completion of Milestone 3 and attachment of enrolled Member list as proof of increase in enrolled Member capacity.

Completion Date: When enrollment reaches 100 members or by December 31, 2025.

8. **Reporting.** Provider will submit reports through the Alliance’s online portal using the reporting templates provided by the Alliance in the Alliance’s online portal. Provider is responsible for reporting to the Alliance on the progress toward achievement of Milestones consistent with the terms of this Agreement. Failure to submit Completion Documentation may delay or disqualify Provider from receiving Incentive payments.

9. **Good Faith Partial Completion.** Should Provider only partially achieve certain Milestones despite Provider’s good faith attempt to complete the Milestones in their entirety, the Alliance may assess whether and to what extent partial payment is appropriate. If the Alliance determines that the Provider’s partial Milestone achievement effectively supports implementation of ECM and/or CS, then the Alliance may, at its sole discretion, award partial payment in an amount the Alliance

deems appropriate for the Provider's contribution to the Program goals. Notwithstanding the foregoing, the Alliance shall be under no obligation to award partial payments for incomplete Milestones, and Provider agrees to return any Incentives funds that Provider already received under this Agreement for incomplete Milestones as the Alliance may direct, even if such funds were properly used. The Alliance shall first evaluate whether a Milestone deficiency is curable by a corrective action plan pursuant to Section 10 before pursuing other available remedies under this Agreement.

10. Corrective Action. In recognition of the need for project flexibility, the Alliance may utilize a corrective action plan for modifying the Agreement terms to facilitate the Provider's compliance with its terms, including adjustment of Milestones, Incentive amounts, and/or Completion Documentation, as the Alliance deems necessary and desirable. Provider shall promptly notify the Alliance if Provider anticipates it will not timely achieve any Milestones in their entirety as outlined in Section 7. Provider noncompliance with modified terms under a corrective action plan may result in termination of this Agreement consistent with Section 13.

11. Bad Faith Recoupment. The Alliance reserves the right to request additional documentation as it deems necessary to validate Provider's use of Incentives funds, either before or after Provider's use. If the Alliance reasonably determines that Provider is in breach of Provider's implied covenant of good faith and fair dealing by failing to take reasonable steps to achieve Milestones supporting ECM and/or CS implementation, then the Alliance may, in its sole discretion, recoup, withhold, or reduce all or part of any Incentive payment, as applicable.

12. Evaluation and Monitoring. The Alliance may monitor and conduct evaluation of operations under this Program. This may include meetings between Alliance and Provider staff to discuss the Provider's performance on responsibilities related to the Program, discuss the Program with the Provider's personnel, and review financial or other records and materials connected with the activities financed by this Incentives.

13. Termination.

- a. The terms of this Agreement are contingent upon Provider becoming fully credentialed as an Alliance ECM/CS Provider in accordance with Section 4. If Provider fails to become credentialed as set forth in Section 4, the Alliance may terminate this Agreement immediately and the Provider shall return all payments received under this Agreement to the Alliance as the Alliance may direct.
- b. The terms of this Agreement are contingent upon DHCS funding of Program. Should sufficient funds not be allocated, or federal financial participation be unavailable, this Agreement may be modified accordingly, or this Agreement can be terminated by any party after giving thirty (30) calendar days advance written notice.
- c. The Alliance may terminate this Agreement with thirty (30) calendar days advance written notice to the Provider due to Provider's failure to meet terms of a corrective action plan as set forth in Section 10. In the event of termination of the Agreement by

the Alliance due to Provider's failure to complete a corrective action plan, the Provider shall return Incentive funds to the Alliance at the Alliance's direction.

- d. The Alliance may terminate this Agreement immediately if Provider (i) fails to comply with the terms of this Agreement; (ii) terminates its agreement to participate in the Alliance provider network or Medi-Cal program for any reason, including without cause; or (iii) ceases accepting new Medi-Cal members for contracted services prior to reaching assigned capacity or otherwise materially curtails its operations as a provider.
- e. The Alliance may terminate this Agreement immediately or cease providing payments hereunder in the event that the Alliance determines in its sole discretion (i) that further payments as set forth in the Agreement could violate laws or regulations or violates DHCS Program guidance, including laws or regulations or guidance in existence on the Agreement Effective Date that may have been clarified or subject to new or changed interpretation, or (ii) in the event of a natural disaster or other event that causes the Alliance to be unable to fulfill its commitment hereunder.
- f. This Agreement and the Alliance's obligation to make further payment hereunder shall terminate immediately in the event that Provider ceases operations or in the event of Provider's insolvency, which insolvency shall be considered to have occurred when Provider makes an assignment for the benefit of creditors, files a petition in bankruptcy, is adjudicated insolvent or bankrupt, if a receiver or trustee is appointed with respect to a substantial part of such other party's property, or a proceeding is commenced against it which will substantially impair Provider's ability to carry out the Milestones in this Agreement. The Alliance reserves the maximum rights it is entitled to under any law and under the terms of this Agreement to seek return of any payments already made prior to Provider's cessation of operations or insolvency, and to ensure that no funds provided pursuant to this Agreement, no matter when they were provided, shall be used for the purpose of paying Provider's general creditors or for any purpose other than as specifically set forth in this Agreement.

14. Effect of Termination. In the event of termination, this Agreement shall terminate and have no further force or effect with respect to either party as of the effective date of termination established in writing, except that all obligations arising or accruing prior to termination, including use or return of Incentives funds, shall be performed in accordance with the terms of the Agreement in effect as of the date such obligations arose or accrued and shall survive termination. In the event of termination:

- a. Provider shall return to the Alliance any Incentives funds that Provider cannot document, if requested, that it has used to carry out the completion of Milestones provided for in this Agreement.
- b. In addition to any other provision of this Agreement, if the Alliance determines, at its sole discretion, that Provider has substantially violated or failed to carry out any provision of this Agreement, including but not limited to failure to provide the Completion Documentation described in Section 7, the Alliance may, in addition to any other legal remedies it may have, refuse to make any further

Incentives payments to Provider under this Agreement or any other Incentives agreement, and may demand the return of all or part of the Incentives funds previously received by Provider, which Provider shall immediately pay to the Alliance. The Alliance may also avail itself of any other remedies available under the law.

- c. The terms of Sections 3-6, 9, 11, 13, 14, and 17-27 of this Agreement shall remain in effect for any occurrences arising out of performance of the Agreement prior to termination.

15. Compliance with Services Agreement. If Provider is a party to a services agreement with the Alliance, Provider shall comply with all of the requirements in such agreement, including any nondiscrimination provisions.

16. Medi-Cal Legal Compliance. Provider agrees that the Incentives award and the payment of Incentive funds by the Alliance pursuant to this Agreement is conditioned on Provider's continuing compliance with all applicable requirements of federal and California law related to Provider's participation in the Medi-Cal program. Provider shall notify the Alliance immediately in the event that Provider or any employee or agent of Provider whose employment was in part financed using Incentive funds is suspended or excluded from participation in any state or federal health care program, including Medi-Cal or Medicare.

17. Insurance. Provider shall maintain or cause to be maintained its own insurance coverage at a minimum of: (i) a policy of commercial general liability with limits of liability not less than one million dollars (\$1,000,000) per occurrence and two million dollars (\$2,000,000) annual aggregate; (ii) a policy of workers' compensation providing statutory coverage; and (iii) Professional Errors and Omissions Insurance with minimum limits of \$5,000,000 per occurrence, and \$5,000,000 annual aggregate.

18. Books and Records. Provider agrees to maintain satisfactory financial accounts, documents, and records for the Incentives and to make them available to the Alliance, the State of California, the United States Department of Health and Human Services or the Comptroller General of the United States, or otherwise required by law, for auditing at reasonable times. Provider also agrees to retain such financial accounts, documents and records for three years following termination or completion of this Agreement. Provider agrees to maintain and make available for inspection by the Alliance accurate records of all of its costs, disbursements, and receipts with respect to its activities under this Agreement.

19. Incentive Announcements. Any materials used to advertise, announce, or otherwise inform the public, including individuals served by Provider, of the receipt of Incentives provided for hereunder shall describe the Incentives and the activities funded by the Incentives accurately, and in a way that conforms to the purpose set forth in this Agreement. Any such materials that mention or include information about the Alliance shall not be published or in any other way communicated without the prior approval of the Alliance. Any such materials that mention or include information about the Alliance shall refer to the health plan as Central California Alliance for Health.

20. Indemnification. Provider, at its own expense, agrees to defend, indemnify, and hold harmless the Alliance and any of the Alliance's affiliates, subsidiaries, directors, officers, employees, representatives, and agents from and against any and all liabilities, losses, costs, expenses (including, without limitation, attorneys' fees), damages, claims, suits, and/or demands (including, without limitation, those based on the injury to or death of any person or damage to property), directly or indirectly arising out of, or resulting from, (i) any act or omission of Provider related to any of its obligations performed hereunder, (ii) any breach of Provider's representations or warranties set forth in this Agreement, and/or (iii) any actual or alleged infringement, misappropriation, or other violation of any third party rights or any laws or regulations relating to Provider's performance of its obligations under this Agreement.

21. Governing Law and Venue. This Agreement shall be governed by and interpreted in accordance with the laws of the State of California.

22. Independent Contractors. The parties hereto are independent contractors and neither the Alliance nor Provider is an agent or employee of the other.

23. Severability. Except as otherwise provided in this Agreement, if any provision of this Agreement or the application thereof is held invalid, that invalidity shall not affect other provisions or applications of the Agreement which can be given effect without the invalid provision or application, and to this end the provisions of this Agreement are severable.

24. Waiver. No terms or provision hereof will be considered waived by either party, and no breach excused by either party, unless such waiver or consent is in writing and signed on behalf of the party against whom the waiver is asserted. No consent by either party to, or waiver of, a breach by either party, whether expressed or implied will constitute consent to, waiver of, or excuse of any other, different, or subsequent breach by either party.

25. Assignment. This Agreement shall not be assigned by the Provider either in whole or in part.

26. Entire Agreement. This Agreement shall supersede any prior oral or written understandings or communications between the parties and constitutes the entire agreement of the parties with respect to the subject matter hereof. No amendment or modification of this Agreement shall be effective unless made in writing and signed by both parties.

27. Counterparts. This Agreement may be executed in separate counterparts, each of which shall be deemed to be an original, and all of which taken together constitute one and the same instrument. Telecopied or scanned signatures will be deemed to have the same effect as an original.

Provider

Natividad Medical Center

By: _____

Print Name: Dr. Chad Harris

Title: Chief Executive Officer

Date Signed: _____

Alliance

Santa Cruz-Monterey-Merced-San
Benito-Mariposa Managed Medical
Care Commission, operating as Central
California Alliance for Health

By: _____

Print Name: _____

Title: _____

Date Signed: _____

ATTACHMENT A

ENHANCED CARE MANAGEMENT INCENTIVES AWARD

Deliverable for Milestone 1 payment:

1. Copy of fully executed Letter of Agreement between Central California Alliance for Health and Natividad Medical Center.

Deliverable for Milestone 2 payment:

- 1.