

**ADMINISTRATIVE SERVICES AGREEMENT**

between

**COUNTY OF MONTEREY**  
**("County")**

and

**CENTRAL CALIFORNIA ALLIANCE FOR HEALTH ("Alliance")**

**TABLE OF CONTENTS**

SECTION I. RECITALS..... 1

SECTION II. DEFINITIONS..... 2

SECTION III. DUTIES OF ALLIANCE..... 5

    3.1 Standards for Performance of Duties..... 5

    3.2 List of ASA Services ..... 5

    3.3 Additional ASA Services..... 5

    3.4 Representations and Warranties of Alliance ..... 5

    3.5 Insurance..... 5

    3.6 Compliance with Law..... 6

    3.7 Notices to County ..... 6

    3.8 Disclosure of Alliance’s Financial Statements..... 6

    3.9 Non-Discrimination ..... 7

    3.10 Coordination of Benefits ..... 7

    3.11 Fraud and Abuse..... 7

    3.12 Recovery of Overpayments ..... 7

    3.13 Data and Reporting..... 7

    3.14 LIHP Covered Services Account..... 7

    3.15 Additional Duties..... 8

SECTION IV. RELATIONSHIP OF THE PARTIES ..... 8

    4.1 Legal Actions by Third Parties..... 8

    4.2 Legal Advice..... 8

    4.3 Dispute Resolution. .... 9

    4.4 Understandings of the Parties. It is understood and agreed that:..... 9

    4.5 Indemnification of the Parties: ..... 10

SECTION V. DUTIES OF COUNTY ..... 11

    5.1 Providing Information to Alliance..... 11

    5.2 Authorization and Distribution of Summary LIHP Program  
    Descriptions ..... 13

    5.3 Liability for LIHP Covered Services Claims ..... 13

    5.4 Enrollment/Disenrollment ..... 13

    5.5 Funding of LIHP Covered Services Account..... 13

    5.6 Pharmacy Benefits Surety Account..... 13

5.7	Authorization for Disbursements from LIHP Covered Services Account.....	13
5.8	Compliance with LIHP Program Requirements.....	14
5.9	Negotiations of Rates and Payment Methodologies.....	14
5.10	Certifications of Expenditures.....	14
5.11	Development of Income Eligibility Rules and Implementing Enrollment Caps.....	14
5.12	Preparation and Submission of Application for LIHP Program.....	14
5.13	Establishment of Cost Sharing Amounts.....	14
5.14	Eligible Member Communication.....	14
5.15	Reinsurance.....	14
SECTION VI. COMPENSATION OF ALLIANCE.....		15
6.1	Payment of Service Fees.....	15
6.2	Submission of Invoices and Timely Payment.....	15
SECTION VII. FORMS.....		15
7.1	Development and Provision of Forms.....	15
7.2	Review of Forms.....	15
7.3	Participating Providers.....	15
SECTION VIII. TERM OF THE AGREEMENT.....		15
8.1	Agreement Effective Date.....	15
8.2	Termination of the Agreement.....	15
8.3	Post-Termination Provisions.....	17
8.4	Final Settlement upon Termination.....	18
SECTION IX. EXTERNAL AUDITS.....		18
9.1	Audit by County.....	18
9.2	Cooperation of the Parties.....	19
SECTION X. RECORDS.....		19
10.1	Maintenance of Records.....	19
10.2	Transfer of Records.....	19
10.3	Confidentiality.....	19
10.4	Confidential Information.....	20
SECTION XI. ASSIGNMENT/DELEGATION.....		20
11.1	Assignment of Rights or Delegation of Responsibilities.....	20

SECTION XII. GENERAL PROVISIONS.....	20
12.1 Governing Law .....	20
12.2 Compliance with Laws and Regulations .....	20
12.3 Communications.....	21
12.4 Entire Agreement.....	21
12.5 Changes/Waivers .....	21
12.6 Force Majeure.....	21
12.7 No Third Party Beneficiaries.....	22
12.8 Severability.....	22
12.9 Headings .....	22
12.10 Time of Essence.....	22
12.11 Counterparts.....	22
ATTACHMENT A.....	24
ATTACHMENT B.....	45
ATTACHMENT C.....	47
ATTACHMENT C-1.....	48
ATTACHMENT D.....	49
ATTACHMENT E .....	53
ATTACHMENT F .....	57
ATTACHMENT G.....	58

<p style="text-align:center">ADMINISTRATIVE SERVICES AGREEMENT ("Agreement")</p> <p style="text-align:center">between</p> <p style="text-align:center">COUNTY OF MONTEREY ("County")</p> <p style="text-align:center">and</p> <p style="text-align:center">CENTRAL CALIFORNIA ALLIANCE FOR HEALTH ("Alliance")</p>
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This Agreement is entered into by and between County and Alliance, subject to the provisions herein. In consideration of the mutual promises set out below, Alliance and County agree as follows:

**SECTION I. RECITALS**

**1.1** County has filed an application and has entered, or will enter, into an agreement with the California Department of Health Care Services to operate an LIHP Program, through which County will provide LIHP Covered Services to Eligible Members who reside in Monterey County. The LIHP Program is operated pursuant to, and governed by, the Special Terms and Conditions and Expenditure Authorities for the California Section 1115(a) Demonstration (waiver 11-W-00193/9), entitled "California's Bridge to Reform," effective November 1, 2010, Part 3.6 (commencing with Section 15909) of the Welfare and Institutions Code, and the County/DHCS LIHP Contract. The terms of the LIHP Program define, among other things, the benefits payable, any and all conditions applicable to or limiting payment of benefits, and the persons entitled to receive benefits. A description of the LIHP Program Covered Services is attached hereto as **Attachment D**, and is made a part of this Agreement.

**1.2** Alliance is a County Organized Health System formed pursuant to Welfare and Institutions Code Sections 14087.5 and Santa Cruz County Code Chapter 7.58, Monterey County Code Chapter 2.45 and Merced County Code Chapter 9.43 that has experience in the operation of managed care systems for government-sponsored programs.

**1.3** As a participating entity in the LIHP Program, County has elected to contribute the non-federal share of LIHP Program expenditures, thereby assuming liability for the funding of services described in the LIHP Program. Alliance has the capacity to provide administrative services to support the LIHP Program.

1.4 County has requested that Alliance provide those administrative services set forth in this Agreement and Alliance is willing to do so in accordance with the terms of this Agreement.

## SECTION II. DEFINITIONS

The following terms, when capitalized throughout the Agreement or any Attachments or Amendments thereto, shall have the meanings set forth below. All other terms not specifically defined herein shall have the same meanings as set forth in Exhibit E of the County/DHCS LIHP Contract.

**Actual Claim Payments** means the total payment amount of all claims processed and paid on behalf of County by the Alliance for LIHP Covered Services during a specified period.

**ASA Services** means the health care management and administrative services provided under this Agreement as described in **Attachment A** hereto.

**CMS** is the Centers for Medicare and Medicaid Services, the federal agency responsible for administering Medicare and Medicaid (known as Medi-Cal in California).

**Commencement Date** means March 1, 2012 or such other date as determined by DHCS and CMS and specified in the County/DHCS LIHP Contract.

**Copayment** shall mean such cost-sharing amounts required to be collected by Participating Providers from selected Eligible Members who are eligible for the LIHP Program pursuant to LIHP Program policies, which may be amended from time to time by County.

**Demonstration** means California's five year, "Bridge to Reform" Section 1115(a) Medicaid Demonstration" (waiver 11-W-00193/9), effective November 1, 2010, which authorizes the LIHP program through December 31, 2013.

**DHCS** is the California Department of Health Care Services, the administrative agency of the State of California responsible for administering the LIHP Program.

**County/DHCS LIHP Contract** is the contract between County and the DHCS, which establishes the terms and conditions under which County shall operate its LIHP Program.

**Eligible Members** shall mean persons who are residents of Monterey County, who meet the eligibility requirements for the LIHP Program and who are enrolled in and entitled to receive LIHP Covered Services through the LIHP Program.

**Emergency Medical Condition** means a medical condition manifesting itself by acute symptoms of sufficient severity (including severe pain) that a prudent layperson, who possesses an average knowledge of health and medicine, could reasonably expect the absence of immediate medical attention to result in the following: (i) placing the health of the individual in serious jeopardy; (ii) serious impairment to bodily functions; and (iii) serious dysfunction of any bodily organ or part.

**Emergency Services** means covered inpatient and outpatient services that are furnished by a provider that is qualified to furnish these services under Title XIX, and needed to evaluate or stabilize an Emergency Medical Condition.

**Federally Qualified Health Center (FQHC)** means, as defined under Section 1905(l)(2)(b) of the federal Social Security Act, an entity receiving a grant under Section 330 of the Public Health Service (PHS) Act; or receiving funding from such a grant under a contract with the recipient of a Section 330 grant, and which meets the requirement to receive a grant under Section 330 of the PHS Act; or is an FQHC “Look-Alike,” not receiving a grant under Section 330 of the PHS Act but determined by the Secretary of the U.S. Department of Health and Human Services (HHS) to meet the requirements for receiving such a grant, even though it is not actually receiving such a grant; or was treated by Secretary of HHS for the purposes of Medicare Part B as a comprehensive federally funded health center as of January 1, 1990; or is operating as an outpatient health program or facility of a tribe or tribal organization under the Indian Self-Determination Act or as an Urban Indian organization receiving funds under Title V of the Indian Health Care Improvement Act as of October 1, 1991.

**Health Care Coverage Initiative (HCCI)** means that elective component of the County’s LIHP Program that provides coverage under the Demonstration for adults between 19 and 64 years of age, who have family incomes above 133 through 200 percent of the federal poverty level and who meet the HCCI income standards as established by the County, are not eligible for Medicaid or CHIP, do not have third party coverage, and who have been determined eligible for enrollment. HCCI coverage will be available only if the County elects to provide it and satisfies applicable requirements that ensure eligible applicants for MCE coverage are enrolled prior to HCCI applicants.

**Initial Term** shall refer to the period from the Commencement Date through December 31, 2013.

**LIHP Covered Services** means those health care, mental health and other services or supplies provided as covered benefits to Eligible Members as summarized in Exhibit D.

**LIHP Covered Services Account** is defined in Section 3.14.

**LIHP Program** means the Low Income Health Program adopted and funded by County for providing LIHP Covered Services to Eligible Members, as described in the County/DHCS LIHP Contract. For purposes of this Agreement, the LIHP Program shall include the Medicaid Coverage Expansion (MCE), and may or may not include the Health Care Coverage Initiative (HCCI) depending on the election of the County to be determined on an annual basis.

**LIHP Program Information** means the information that is prepared by the Alliance and made available to Eligible Members relating to the Eligible Member’s benefits and how benefits are accessed and other policies and written information that must be provided to Eligible Members under the terms of the Exhibit A, Attachment 12, of the County/DHCS LIHP Contract.

**Medicaid Coverage Expansion (MCE)** means that component of the County's LIHP Program that provides coverage under the Demonstration for adults between 19 and 64 years of age who have family incomes at or below 133 percent of the federal poverty level and meet the MCE income standards as established by the County, are not eligible for Medicaid or CHIP, and who have been determined eligible for enrollment. County has discretion to set the family income coverage level for the MCE at less than 133 percent of the federal poverty level and to adjust this coverage level from time to time. As of the Commencement Date, County has established the family income coverage level for MCE at 100 percent of the federal poverty level

**Medical Home** means a single provider, facility, or health care team that maintains an Eligible Members' medical information, and coordinates health care services for Eligible Members. The Medical Home shall provide, at a minimum, all the elements pursuant to California Welfare & Institution Code Section 15910.2(b)(2).

**Party** shall refer to County or Alliance as the sense and context permits.

**Parties** shall refer to County and Alliance.

**Participating Providers** shall mean those organizations which are duly licensed health care providers, including, but not limited to, hospitals, clinics and physicians, which contract with Alliance to provide LIHP Covered Services for Eligible Members, and are within one of the following categories:

(1) "Non-County Participating Providers," which are neither owned nor operated by the County or by Natividad Medical Center;

(2) "Natividad Medical Center," an acute care hospital that is owned or operated by the County or other authorized public entity, and its affiliated providers;

(3) "County Clinic Participating Providers," which are owned or operated by the County, and affiliated providers.

**Post-Stabilization Care Services** means LIHP Covered Services related to an Emergency Medical Condition that, subject to approved protocol established by the County, are provided after an Eligible Member's condition is stabilized in order to maintain stabilization or to improve or resolve the Eligible Member's condition.

**Post-Termination Services** is defined in Section 8.3.B.

**Run-Out Period** is defined in Section 8.3.B.

**Service Fees** are the fees set forth in **Attachment C**, which County agrees to pay Alliance in compensation for ASA Services provided by Alliance under the Agreement.

**Special Terms and Conditions (STCs)** means the document, including all its Attachments, issued by CMS and amended from time to time that establishes the conditions and limitations on waivers of Medicaid requirements applicable to the Demonstration, and



describes in detail the nature, character, and extent of federal involvement in the Demonstration and the State's obligations to CMS. The STCs include the specific coverage categories, benefits, cost-sharing requirements, and financing mechanisms under which the LIHP component of the Demonstration will operate.

**State** means the State of California.

### SECTION III. DUTIES OF ALLIANCE

**3.1 Standards for Performance of Duties.** Alliance agrees to use reasonable care and due diligence in the performance of its duties under this Agreement relative to the administration of managed care systems for government-sponsored programs. These duties shall be performed consistent with the industry standards for a third party administrator of health care claims. All references to "reasonable care," "good faith efforts," and similar references shall incorporate these standards for performance.

**3.2 List of ASA Services.** Alliance will provide or arrange for the provision of the ASA Services as set forth in **Attachment A**, attached hereto.

**3.3 Additional ASA Services.** County may desire that Alliance perform services not covered by or described in this Agreement, including, but not limited to, the development of LIHP programming to generate customized reports or the preparation or printing of special forms or special mailings. The performance of such additional services shall be subject to County's agreement to compensate Alliance for such service the amount agreed upon by the Parties, which may be in addition to the Service Fees as described in **Attachment C** hereto.

**3.4 Representations and Warranties of Alliance.** Alliance represents and warrants to County that:

- A. Alliance is a County Organized Health System formed pursuant to Welfare and Institutions Code Sections 14087.5 and Santa Cruz County Code Chapter 7.58, Monterey County Code Chapter 2.45 and Merced County Code Chapter 9.43, that Alliance has full legal right, power and authority to enter into this Agreement and to carry out and consummate all transactions contemplated herein and by proper governing board action has duly authorized the execution, delivery and performance of this Agreement; and
- B. Alliance has, and will maintain throughout the term of this Agreement, all requisite licenses and permits required to conduct its business as it is currently conducted and as is necessary to perform its duties under the terms of this Agreement.

**3.5 Insurance.** Alliance shall obtain and maintain, with respect to the activities in which Alliance engages pursuant to this Agreement, professional liability insurance and comprehensive liability insurance, including but not limited to such policies as shall be necessary to insure it and its employees against those claims for damages arising by reason of personal injury or death, with terms and limits which Alliance determines are prudent. Upon request, Alliance shall deliver to County evidence of such policies. Alliance agrees to

notify County annually of the insurance maintained by Alliance. Alliance does not maintain liability insurance on behalf of any Provider, but does require such Providers to maintain professional liability insurance or appropriate self-insurance LIHP Programs consistent with community standards.

**3.6 Compliance with Law.** Alliance shall comply with all laws, ordinances, rules and regulations, including maintaining any necessary licenses and permits, applicable to Alliance's provision of ASA Services under this Agreement. Alliance shall comply with obligations that apply to subcontractors of County under the LIHP Program, including, but not limited to, the requirements as set forth in **Attachment E** hereto and as otherwise required by the County/DHCS LIHP Contract and the Special Terms and Conditions, and any policies or procedures issued by DHCS applicable to Alliance's performance of its duties under this Agreement, the provisions of which are hereby incorporated by reference.

**3.7 Notices to County.** Alliance shall notify County as follows:

- A. Advanced written notice ten (10) days prior to the occurrence of any of the following:
  - 1. Any change in Alliance's business address, business phone number, office hours, or tax identification number;
  - 2. Any event under which Alliance is no longer capable of providing ASA Services on a timely basis; or
  - 3. Any other event which would materially affect Alliance's ability to carry out its duties and obligations under this Agreement.
- B. Written notice within seventy-two (72) hours of the occurrence of any of the following:
  - 1. Alliance's knowledge of any action taken (and the reasons therefor) which results in restrictions or exclusion of Alliance or any of its Participating Providers from participation in Medicare, Medi-Cal or the LIHP Program in accordance with the standards of participation for programs; or
- C. Written notice within twenty-four (24) hours of the occurrence of any of the following:
  - 1. Any formal action taken (and the reasons therefor) to restrict, suspend or revoke any of Alliance's licenses or permits that have a material effect on Alliance's ability to conduct its business.

**3.8 Disclosure of Alliance's Financial Statements.** Alliance's financial statements are available online on the California Department of Managed Health Care website.

**3.9 Non-Discrimination.** Alliance shall not subject Eligible Members to discrimination on the basis of race, color, creed, ancestry, martial status, sexual orientation, national origin, age, sex or physical or mental handicap in accordance with Title VI of the Civil Rights Act of 1964, 42 United States Code Section 2000(d), and rules and regulations promulgated thereunder or as otherwise provided by law or regulation, and shall comply with the nondiscrimination provisions, including but not limited to Exhibit C, Section 2, and Exhibit F, Section 26, of the County/DHCS LIHP Contract.

**3.10 Coordination of Benefits.** Alliance shall direct Participating Providers to bill and recover directly from the primary carrier before billing the LIHP Program for reimbursement for LIHP Covered Services to Eligible Members. Alliance shall direct Participating Providers not to bill Eligible Members for LIHP Covered Services, except for authorized Copayments. Coordination of benefits shall be conducted in accordance with the Alliance's standard policies and procedures and applicable law and regulations. Alliance shall report identified third party liens and workers compensation cases within thirty (30) days of discovery. All activities conducted under this section 3.10 shall comply with the requirements of the County/DHCS LIHP Contract, including but not limited to Exhibit F, Section 20 thereof.

**3.11 Fraud and Abuse.** Alliance shall report to County any cases of suspected fraud or abuse related to services provided under this Agreement where there is reason to believe that an incident of fraud or abuse has occurred by its subcontractors, Participating Providers, employees, or Eligible Members within ten (10) working days of the date that Alliance first becomes aware of, or is on notice of, such activity. Alliance shall report occurrences to County via e-mail and U.S. mail. In addition, Alliance shall assist County in preparing its reports of fraud and abuse to DHCS related to services provided under this Agreement. County shall be entitled to retain any recoveries received on its behalf.

**3.12 Recovery of Overpayments.** Consistent with the requirements of Exhibit F, Section 20 of the County/DHCS LIHP Contract, the LIHP Program, Alliance shall make good-faith efforts to recover on behalf of County overpayments of claims for LIHP Covered Services or other improper payments. County shall be entitled to retain any recoveries received on its behalf. Alliance will provide to County a list that identifies all overpayments to ensure ineligible costs are excluded from County's LIHP Program claim for federal financial participation.

**3.13 Data and Reporting.** Alliance shall provide to County the data and reports set forth in **Attachment A, Attachment B, Attachment E** and **Attachment F** hereto, within the time periods specified therein.

**3.14 LIHP Covered Services Account.** A separate and identifiable "LIHP Covered Services Account," consisting solely of County funds that shall be deposited pursuant to Section 5.5 herein, shall be established. Alliance, as third party administrator under this Agreement, shall be authorized to make disbursements from the LIHP Covered Services Account on behalf of the County in accordance with the criteria set forth in Attachment B. In carrying out its duties with respect to the management of the LIHP Covered Services Account and disbursement of County funds therefrom, Alliance shall exercise the good

faith, diligence, care and skill that a reasonably prudent professional having experience in the operation of managed care systems for government sponsored programs and acting in a like capacity would exercise in like circumstances. Other than in its capacity as third party administrator of the County funds under this Agreement, Alliance shall have no right to or other claim to amounts in the LIHP Covered Services Account.

**3.15 Additional Duties.** Additional duties of Alliance are set forth in other provisions of this Agreement, including but not limited to Paragraphs 4.4C, 4.4D, 5.1B, 5.8, 5.9, 5.11, 7.1 and 7.2.

## SECTION IV. RELATIONSHIP OF THE PARTIES

### 4.1 Legal Actions by Third Parties.

- A. Each Party shall promptly advise the other Party as to matters which come to its attention involving legal actions, as described in 4.1.B below, regarding the LIHP Program.
- B. Upon receipt from either Party of written notice of any claim or suit relating to the ASA Services provided under this Agreement, the Parties shall cooperate reasonably in providing factual information to each other for the defense of the claim or suit. Such reasonable cooperation shall include, but not be limited to, providing access to all books, records and documents relevant to the defense of any such claim or suit in its control or possession for inspection and copying, and access to witnesses for interviews and, if necessary, for deposition, trial or arbitration. At the reasonable request of a Party, the other Party shall, through the duration of any claim or suit, attend hearings and trials and assist in securing and giving evidence and obtaining the attendance of witnesses. The Parties stipulate and agree that documents and information are provided for the purposes of joint defense and are not intended to waive the attorney-client privilege, work product doctrine, or any other applicable protections as to the third party.
- C. Alliance agrees to, on County's behalf and upon request by DHCS, timely gather, preserve, and provide to DHCS any records in the Alliance's possession related to threatened or pending litigation against DHCS in accordance with Exhibit F, Section 22, of the County/DHCS LIHP Contract.
- D. Nothing contained herein shall operate to waive any privilege of Alliance or County with respect to any claim or suit.

**4.2 Legal Advice.** County hereby acknowledges that Alliance disclaims any intention or capacity to provide legal advice, legal opinions or other legal services relative to the establishment and maintenance of the LIHP Program. Alliance hereby acknowledges that County disclaims any intention or capacity to provide legal advice, legal opinions or other legal services to Alliance relative to the establishment and maintenance of the LIHP Program.

**4.3 Dispute Resolution.**

- A. The Parties shall meet and confer in good faith to resolve any problem or dispute that may arise under this Agreement. Each of the Parties will appoint a representative within ten (10) days after written notice describing the problem or dispute in reasonable detail has been provided. The representatives will promptly meet for the purpose of endeavoring to resolve such problem or dispute. If the Parties are unable to resolve the dispute within ten (10) days after the representatives have been appointed, the Parties will thereafter appoint a senior executive, with full settlement authority. Each party's appointed executive will endeavor to resolve the dispute for up to twenty (20) days. Neither party may terminate this Agreement or begin any formal proceedings regarding the dispute, except for seeking equitable relief, until the above escalation process has ended.
- B. If the Parties cannot reach resolution regarding a difference or dispute after proceeding pursuant to 4.3.A above, either party may pursue any available legal remedy or the parties may mutually agree to resolve such dispute through mediation or arbitration at the time the dispute arises. Each Party retains all immunities applicable to public entities to which it is entitled by law.

**4.4 Understandings of the Parties.** It is understood and agreed that:

- A. Alliance provides only those ASA Services described in this Agreement, unless otherwise agreed to in writing by the Parties in accordance with Section 12.5.
- B. County has full and final authority and responsibility for the LIHP Program and its operation, including the disposition of disputed claims. Alliance shall have no duty or power to act on behalf of County in connection with the LIHP Program, except as expressly stated in this Agreement.
- C. County shall have the sole responsibility for, and shall bear the entire cost of, the LIHP Program's compliance with all federal, State and local rules and laws, including, but not limited to, any licensing, filing, reporting and disclosure requirements as may apply to the LIHP Program, and all costs, expenses and fees relating thereto, except that Alliance shall have the sole responsibility for, and shall bear the entire cost, as to those compliance requirements imposed on it under this Agreement and for any deficiencies that arise from the errors, omissions and other acts of noncompliance or negligence by Alliance. Alliance shall assist County as reasonably requested by County and in accordance with the requirements of this Agreement. Alliance will promptly notify County in writing upon discovery of any compliance issues. Alliance will perform its functions under this Agreement in a manner that complies with any federal, state or local rule or law applicable to such functions.

- D. Alliance shall use reasonable efforts to distribute any payments determined due to the appropriate person or entity. If Alliance is not able to distribute such funds to the appropriate person or entity within a reasonable time, then Alliance shall submit the unclaimed funds to County. Alliance shall have no responsibility for reporting under or compliance with any escheat or unclaimed property law of any jurisdiction. County shall be responsible for determining the applicability of any escheat or unclaimed property law and for any required compliance therewith.
- E. Alliance shall not be liable for any loss resulting from any delay or errors in the performance of Alliance's duties hereunder to the extent caused by County's breach of this Agreement, or negligent or otherwise wrongful act or omission, or County's failure to properly and adequately perform any of its duties hereunder in a timely manner. County shall not be liable for any loss resulting from any delay or errors in the performance of County's duties hereunder or under the LIHP program to the extent caused by Alliance's breach of this Agreement, or negligent or otherwise wrongful act or omission, or Alliance's failure to properly and adequately perform any of its duties hereunder in a timely manner.
- F. It is understood that the legal and tax status of the LIHP Program under applicable law is a matter for determination by County and not by Alliance, which is not responsible therefor.
- G. Alliance is an independent contractor. Nothing in this Agreement shall create, or be construed to create, the relationship of employer and employee between County and Alliance, or as principal and agent; nor shall County's agents, officers, or employees be considered or construed to be the employees of Alliance for any purpose whatsoever; nor shall Alliance's agents, officers or employees be considered or construed to be the employees of County for any purpose whatsoever.
- H. Alliance may contract for the provision of and payment for LIHP Covered Services rendered to Eligible Members with certain Participating Providers who also contract with Alliance to provide health care services under other products or programs underwritten or administered by Alliance. Under the contracts between Participating Providers and Alliance, the negotiated rates payable for certain medical services provided to Eligible Members covered under the Agreement may differ from the rates payable for persons covered by other types of products or programs offered or administered by Alliance for the same medical services. County is entitled to receive the benefits of only those discounts, payments, settlements, incentives, adjustments and/or allowances specifically applicable to the LIHP Program and this Agreement.

#### **4.5 Indemnification of the Parties:**

- A. **Indemnity in Favor of County.** Alliance agrees to indemnify, defend and hold harmless County against any third party claim, demand, loss, lawsuit,

settlement, judgment or other liability (collectively, "Claims" for purposes of this Section 4.5), and all related expenses which may accrue including reasonable attorneys' fees and expenses (collectively, "Expenses" for purposes of this Section 4.5) arising from Alliance's breach of this Agreement, or negligent or otherwise wrongful act or omission in the performance of its duties under this Agreement, except to the extent such Claims and Expense are caused by any wrongful act or omission of County or its employees or agents.

- B. **Indemnity in Favor of Alliance.** County agrees to indemnify and hold harmless Alliance against any Claims and Expenses arising from County's breach of this Agreement, or negligent or otherwise wrongful act or omission in the performance of its duties under this Agreement, except to the extent such Claims and Expenses are caused by any wrongful act or omission of Alliance or its employees or agents.
- C. **Determination of Liability.** For the avoidance of doubt, if each Party claims and is entitled to indemnity from the other, the liability of each to the other shall be determined according to the principles of comparative fault.
- D. **Payment in Settlement of Claims.** Alliance shall not make any payment to a Non-County Participating Provider in excess of the provider's applicable rates for LIHP Covered Services from County's funds with respect to Claims without consent of County. Prior to making any settlement payment in excess of the applicable rates, Alliance shall present its proposed settlement amount and justification therefore to the County for approval. Any payment made by Alliance from its own funds to compromise or settle any Claims shall be reimbursed to Alliance by County except to the extent otherwise provided in this Section 4.5.

## SECTION V. DUTIES OF COUNTY

**5.1 Providing Information to Alliance.** County shall furnish in a timely manner to Alliance such information as may from time to time be required by Alliance for the performance of its duties, including, but not limited to, the following:

- A. All documents by which the LIHP Program is established.
- B. Any amendments or changes to the LIHP Program as may from time to time be adopted by County. Except as provided in Section 12.2, and except as the parties may otherwise agree, County shall, at least sixty (60) days prior to the proposed implementation date of any amendments or changes, provide any such amendments or changes to Alliance for review and consideration with respect to the ability of Alliance to administer the changes. Alliance shall notify County of Alliance's ability to administer the requested amendments or changes within thirty (30) days of County's submission of such amendments or changes to Alliance. If Alliance has the ability to implement the changes or amendments, then Alliance will implement the requested

amendments or changes within sixty (60) days of notification from County. If Alliance is unable to implement the change or amendment within sixty (60) days notification from County, then Alliance will notify County of the additional time needed to implement the requested amendment or change. County and Alliance shall mutually agree on the appropriate time to implement any amendments or changes for which Alliance has notified County will require more than the sixty (60) day implementation time. If the scope of the requested change is not considered a routine or maintenance-related change and Alliance intends to request an additional charge to implement the change, Alliance shall notify County of Alliance's proposed additional charge within thirty (30) days of County's submission of such amendments or changes to Alliance.

- C. Adequate, accurate and complete eligibility information as may be necessary for Alliance to appropriately arrange for LIHP Covered Services in accordance with the following:
1. County shall electronically transmit to Alliance on each business day a daily file containing eligibility and other data elements for Eligible Members in a format mutually agreed to by the Parties.
  2. County agrees that Alliance may rely on the accuracy and completeness of the eligibility information supplied by County without verification.
  3. Any change or correction in eligibility information must be received by Alliance no later than ten (10) days from the date on which a determination has been made that an Eligible Member is eligible or is no longer eligible under the LIHP Program. Notwithstanding this provision, County is financially responsible for Alliance's payment of claims for services rendered by a provider in good faith and pursuant to an authorization regardless of County's subsequent determination that it did not make an accurate determination of the member's eligibility. Alliance will provide to County a list that identifies such payments for services provided to subsequently determined ineligible persons to ensure ineligible costs are excluded from County's LIHP claim for federal financial participation.
  4. County shall be solely responsible for claim processing errors directly related to any failure by County to perform its duties under Paragraphs 5.1.C.1 and 3.
  5. Payments made by Alliance for any service provided to an ineligible person directly related to any failure by County to perform its duties under Paragraphs 5.1.C.1 and 3 will be charged to County. Alliance will provide to County a list that identifies such payments for ineligible services to ensure ineligible costs are excluded from County's LIHP claim for federal financial participation.



6. County is responsible for retaining in auditable form complete eligibility documentation including, but not limited to, completed and signed enrollment forms, change forms, any written correspondence related to eligibility and declination forms.

**5.2 Authorization and Distribution of Summary LIHP Program Descriptions.**

County will be responsible for reviewing and approving any documents prepared by Alliance for use by Alliance or any other party as a description of the LIHP Program.

**5.3 Liability for LIHP Covered Services Claims.** County agrees to assume full liability for funding all allowable claims for LIHP Covered Services of Eligible Members arising under the LIHP Program,

**5.4 Enrollment/Disenrollment.** County shall be responsible for determining eligibility, accepting applications and enrolling Eligible Members into the LIHP Program, disenrolling individuals who cease to meet eligibility criteria and annual redetermination of eligibility, all in accordance with the terms of the County/DHCS LIHP Contract.

**5.5 Funding of LIHP Covered Services Account.** On or before the first (1st) day of each month during the term of this Agreement, County agrees to deliver for deposit into the LIHP Covered Services Account such County funds in an amount which the Parties mutually agree is sufficient to pay claims payments arising from LIHP Covered Services, including mental health services to Eligible Members under this Agreement. County, and not Alliance, shall be solely responsible for the adequate funding of the LIHP Program and the LIHP Covered Services Account. In the event of termination, County shall replenish the LIHP Covered Services Account upon receipt of written request(s) from Alliance in an amount mutually agreed upon by County and Alliance as necessary to cover claims for LIHP Covered Services during the Run-Out Period. It is understood and agreed by both parties that the LIHP Covered Services Account shall serve as the exclusive source of funding for LIHP Covered Services, and that any use of Alliance funds for LIHP Covered Services under this Agreement shall be reimbursed by the County.

**5.6 Pharmacy Benefits Surety Account.** On or before the commencement date of this Agreement, County agrees to deliver to the Alliance the sum of \$180,000 to be held by the Alliance as surety to be used by the Alliance for payment of pharmacy benefits claims in the event that the County does not timely or fully fund or replenish the LIHP Covered Services Account pursuant to Section 5.5. hereto (the "Pharmacy Claims Surety Account"). The Alliance shall be entitled to withdraw funds from the Pharmacy Claims Surety Account if County fails to fully fund the account within three (3) business days of receipt of written notice from the Alliance. In the event that some or all of the funds in the Pharmacy Claims Surety Account are not expended during the term of this Agreement, the remaining funds will be returned to County within thirty (30) business days following the earlier of the termination of the Agreement, or December 31, 2013.

**5.7 Authorization for Disbursements from LIHP Covered Services Account.** During the term of this Agreement, County authorizes Alliance, as County's disbursing agent, to process payments from the LIHP Covered Services Account for LIHP Program

related expenses in the amount Alliance determines to be proper under the LIHP Program or this Agreement.

**5.8 Compliance with LIHP Program Requirements.** County shall be responsible for ensuring compliance with all LIHP Program obligations in accordance with the County/DHCS LIHP Contract. Alliance shall assist County in accordance with the terms of this Agreement.

**5.9 Negotiations of Rates and Payment Methodologies.** County shall be responsible for negotiating payment rates and methodologies with the DHCS under the LIHP Program. Alliance shall assist County in accordance with the terms of this Agreement.

**5.10 Certifications of Expenditures.** County shall be responsible for certifying the expenditures under the LIHP Program and submitting the certified public expenditures or intergovernmental transfers to the DHCS. Alliance shall assist County in the preparation of such reports as described in this Agreement and as mutually agreed by the Parties.

**5.11 Development of Income Eligibility Rules and Implementing Enrollment Caps.** County shall establish an income eligibility standard for individuals to enroll in the LIHP Program, based upon the requirements of the LIHP Program. County may impose limits on enrollment provided that such limits comply with the requirements set forth in California Welfare and Institutions Code Section 15910(g). If County imposes enrollment limits, County is responsible for maintaining waiting lists and providing outreach to eligible individuals.

**5.12 Preparation and Submission of Application for LIHP Program.** County shall be responsible for preparing, submitting and obtaining approval for the application to operate the LIHP Program.

**5.13 Establishment of Cost Sharing Amounts.** County shall be responsible for establishing cost-sharing parameters for the LIHP Program which shall be in compliance with all legal requirements, including, without limitation, STCs paragraph 70, and Exhibit A, Attachment 10, Section 3.H. of the County/DHCS LIHP Contract. County shall be responsible for establishing a process to verify when an Eligible Member has met his/her maximum cost-sharing amount for the year and timely notifying Alliance on the eligibility file.

**5.14 Eligible Member Communication.** County shall communicate with Eligible Members regarding their initial enrollment. County shall provide a contact name, telephone and fax number, email address and physical address to give to Eligible Members for Eligible Members who have complaints for which County is responsible for resolution pursuant to the Grievance and Appeals procedure set forth in **Attachment A**.

**5.15 Reinsurance.** County shall be solely responsible for purchasing insurance or reinsurance coverage and entering into the appropriate policies or contracts as it reasonably determines necessary and appropriate to minimize County's risk for LIHP Covered Services. Any reinsurance shall comply with 42 CFR. Section 438.6.

## SECTION VI. COMPENSATION OF ALLIANCE

**6.1 Payment of Service Fees.** In consideration of the performance of this Agreement, County agrees to make payments of Service Fees to Alliance as set forth in **Attachment C**.

**6.2 Submission of Invoices and Timely Payment.** Alliance shall submit to County a written invoice of Service Fees due Alliance. The written invoice shall be substantially in the form attached hereto as **Attachment C-1**. Within thirty (30) days after County's receipt of Alliance's written invoice, County shall make payment for such invoiced or other amount to Alliance via wire transfer or other form of payment as the Parties may otherwise agree.

## SECTION VII. FORMS

**7.1 Development and Provision of Forms.** Alliance shall develop the printed materials, including but not limited to LIHP Program Information, materials contained in new member kits or other information required under the terms of Exhibit A, Attachment 12, Sections 2-3 of the County/DHCS LIHP Contract, to be used in communication of the LIHP Program to Eligible Members. Alliance shall provide County with a copy of all such printed material. Where appropriate, the copy shall be a sample version. County will be responsible for preparing and making available to Eligible Members information relating to eligibility, enrollment, annual renewal and behavioral health services.

**7.2 Review of Forms.** Alliance shall consult with County on LIHP Program Information to be provided to Eligible Members and produced by Alliance. Alliance's review shall be with regard to adequacy and legal effect of said materials on Alliance. Alliance makes, and will make, no representation or warranty, express or implied, nor shall Alliance have any responsibility or liability with regard to the adequacy or legal effect of such material as to County or any other person or entity. County will provide Alliance with a response within thirty (30) days after receipt of a request to approve materials and County's failure to respond within the thirty (30) day notice period shall be deemed an approval.

**7.3 Participating Providers.** Alliance shall utilize its standard forms and procedures in communicating with Participating Providers, including but not limited to the Provider Manual developed and used by the Alliance for Medi-Cal, subject to any changes necessary to comply with the LIHP Program.

## SECTION VIII. TERM OF THE AGREEMENT

**8.1 Agreement Effective Date.** This Agreement shall become effective on the Commencement Date and shall continue through December 31, 2013, unless terminated earlier as hereinafter provided or as otherwise mutually agreed to by the Parties.

**8.2 Termination of the Agreement.** This Agreement may be terminated at the earliest time specified below:

- A. **Mutual Consent.** This Agreement may be terminated at any time by mutual written consent of the Parties.

- B. **With Cause Termination.** Either Party may terminate this Agreement by giving written notice to the other for the other's material failure to perform any of its obligations under this Agreement.
1. The party asserting cause for termination of this Agreement (the "terminating party") shall, in its written notice, specify the breach or deficiency with sufficient information to allow the receiving party to identify the actions necessary to cure such breach.
  2. Except as provided in Section 8.2.B.3 below, the party receiving the written notice of termination shall have sixty (60) days from the receipt of such notice to cure the breach or deficiency to the satisfaction of the terminating party (the "Cure Period").
  3. If the breach relates to the Alliance's exclusion from the Medicare, Medicaid, or the Children's Health Insurance Program, then there shall be no period to cure the breach and the Agreement shall be terminated immediately. If the breach or deficiency relates to a Participating Provider's exclusion from the Medicare, Medicaid, or the Children's Health Insurance Program, there shall be seventy-two (72) hours or sooner to cure the breach by removing the affected provider as a Participating Provider, initiating recovery of any improper payments made, and initiating any required reporting or other appropriate actions.
  4. If such party fails to cure the breach or deficiency to the reasonable satisfaction of the terminating party within the Cure Period or if the breach or deficiency is not curable, the terminating party shall have the right to provide written notice of failure to cure the breach or deficiency to the other party following expiration of the Cure Period. The Agreement shall terminate thirty (30) days following receipt of the written notice of failure to cure or at such later date as may be specified in such notice.
- C. **Termination by Alliance for Failure to Fund Bank Account.** Alliance may terminate this Agreement immediately if County fails to provide funds to Alliance as required by Section 5.5 for the payment of drafts or checks issued by Alliance on behalf of County within ten (10) days of Alliance's written notice to County of such default.
- D. **Termination of LIHP Program.** This Agreement shall terminate in the event funding is no longer available as the result of the discontinuance of the LIHP Program by the State of California or the failure to fund the LIHP Program by CMS or County. County shall provide written notice to Alliance promptly upon becoming aware of the termination of the LIHP Program. Termination of this Agreement shall be effective on the termination date of the LIHP Program.

- E. Either party may terminate this Agreement with or without cause at any time by giving at least one-hundred twenty (120) days prior written notice to the other party.

**8.3 Post-Termination Provisions.** The Parties agree that upon termination or expiration of this Agreement, the following shall occur:

- A. Provisions contained in this Agreement that by their sense and context are intended to survive completion of performance, termination or cancellation of this Agreement shall so survive.
- B. Alliance shall continue the provision of claims processing services for a period of one-hundred eighty (180) days beyond termination or expiration or as otherwise agreed by the parties (“Run-Out Period”) with respect to claims incurred prior to the termination or expiration date that were not processed by Alliance as of such date and for which the Alliance has claims processing responsibility under the Agreement (“Post-Termination Services”).
- C. Alliance and County shall each use best efforts to facilitate a complete and efficient transfer of all LIHP Covered Services for Eligible Members and ASA Services from Alliance to County or its designated agents or the appropriate receiving agency to ensure the smooth and continued operation of LIHP Covered Services under the LIHP Program or to the appropriate successor program.
- D. Upon termination or expiration and following the completion of the Run-Out Period, if applicable, Alliance shall immediately forward to County any and all funds due County pursuant to the terms of this Agreement.
- E. Immediately following the termination or expiration of this Agreement and completion of the Run-Out Period, if applicable, Alliance shall deliver to County at no charge an electronic copy, in a format mutually agreed by the Parties, of all records required under this Agreement.
- F. Following the termination or expiration of this Agreement and completion of the Run-Out Period, if applicable, Alliance shall provide to County, promptly upon County’s written request and at Alliance’s reasonable expense, electronic copies of the records pertaining to Alliance’s provision of LIHP Covered Services and ASA Services, and shall grant to County, for the purpose of preparing for any actual or anticipated legal proceeding or for any other reasonable purpose, access to any other pertinent information regarding Alliance’s performance of its duties under this Agreement.
- G. The terms of this Agreement relating to confidentiality of Eligible Member confidential information and access to records shall survive termination or expiration of this Agreement in accordance with applicable law. The terms of this Agreement relating to indemnity, provisional remedies and

representations and warranties shall survive for seven (7) years after termination or expiration of this Agreement.

**8.4 Final Settlement upon Termination.** Upon termination of this Agreement, a final accounting and settlement shall be made taking into account the charges set forth in **Attachment C** and any other costs and expenses reimbursable by one Party to the other under this Agreement. Final settlement may be deferred at the option of either Party to this Agreement for no longer than one-hundred eighty (180) days following the later of (i) termination of this Agreement and (ii) completion by Alliance of any Post-Termination Services provided by Alliance during the Run-Out Period.

## SECTION IX. EXTERNAL AUDITS

**9.1 Audit by County.** County, or a certified vendor, shall have the right, at County's expense, to conduct an audit of Alliance's performance under this Agreement, subject to the following conditions

- A. Notice shall be given in writing to Alliance of County's intent to conduct an audit. The notice shall state the purpose and scope of the audit; however, the audit shall at no time be broader than reasonably necessary to verify Alliance's performance under this Agreement. In addition, County may expand its audit based upon an audit's finding that a pattern of practice may have occurred. The format of the audit shall be submitted in writing and agreed to by both parties and County's auditor will be provided with an operations walk-through, description and training on appropriate computer screens. Alliance shall provide, for audit sample selection purposes, an electronic listing of individual claim numbers ("Document Control Number") and amount paid for each claim for the period covered by the audit. Any audit shall be conducted in accordance with, and subject to, the auditing standards of the American Institute of Certified Public Accountants.
- B. County shall have the right to select an auditor of its choice. County's auditor must be bondable and show proof of such bond.
- C. The audit may be conducted in the presence of a representative appointed by Alliance and in accordance with written audit policy of Alliance, which shall be provided to the auditor. At the conclusion of the audit and prior to the drafting of the audit report, the auditor shall meet with such person or persons as Alliance may designate for an interview regarding the results of the audit.
- D. Any claim payment discrepancies discovered by County's auditor during the course of the audit may be resolved on a single case basis and may not be extrapolated to other claims of County, unless otherwise agreed to by the Parties. Claim discrepancies may also be resolved by processes that are standard in the third party administrative services business. County's auditor shall provide Alliance with a copy of the draft audit report upon its completion. Alliance shall have the right, at least two (2) weeks prior to the

release of the audit report, to review the draft and to include in the final report its responses to issues raised by the report. County's auditor shall agree to provide Alliance with a copy of the final audit report upon its delivery to County.

**9.2 Cooperation of the Parties.** The Parties agree to cooperate with audit activities in connection with the subject matter of this Agreement and in accordance with the terms set forth in this Agreement.

## SECTION X. RECORDS

**10.1 Maintenance of Records.** Alliance agrees that it shall maintain, in its standard format, adequate records of all transactions between itself, providers, County and Eligible Members during the period this Agreement remains in force and for a period of seven (7) years thereafter or any longer period of time required by law. County may request, and Alliance shall provide at its own cost (i) a claim history listing in Alliance's standard electronic format which is pertinent to the disbursement of benefits for each claim during the term of this Agreement and for up to ninety (90) days thereafter and (ii) reproductions of documents pertaining to the determination of a specific claim during the term of this Agreement and for up to five (5) years thereafter to the extent County requires such information in responding to a claim or a suit for benefits.

**10.2 Transfer of Records.** In the event of the termination or expiration of this Agreement, Alliance agrees to cooperate in the transfer of eligibility records and claims history data to Alliance's successor, if any.

**10.3 Confidentiality.** County and Alliance shall maintain the confidentiality of all Eligible Member medical records and treatment information in accordance with law and shall obtain written authorizations prior to disclosing Eligible Member information where legally required. The Parties agree that Alliance is a Business Associate of County. Accordingly, Alliance shall execute and comply with the terms of the Business Associate Agreement set forth in **Attachment G**, and shall comply with all applicable requirements of the Privacy and Security Rules of the Health Insurance Portability and Accountability Act ("HIPAA"). In addition, the Parties acknowledge that Exhibit D of the County/DHCS LIHP Contract (i) imposes on County certain restrictions and conditions with respect to PHI and PI (as those terms are defined in such Exhibit D) and compliance with all applicable provisions of HIPAA, the HITECH Act and the HIPAA regulations, and (ii) requires that County's written agreements with its subcontractors impose on such subcontractors the same restrictions and conditions that apply to County with respect to PHI and PI and comply with all applicable provisions of HIPAA, the HITECH Act and the HIPAA regulations, including the requirement that County's subcontractors implement reasonable and appropriate administrative, physical, and technical safeguards to protect such PHI and PI. Accordingly, Alliance agrees that, in accordance with Section III.E.1 of such Exhibit D, the relevant provisions of such Exhibit D are incorporated into this Agreement, including the requirement that any security incidents or breaches of unsecured PHI or PI be reported to County.

**10.4 Confidential Information.** Alliance is aware of the confidential nature of the information that Alliance will receive and process, both in paper and electronic format. Alliance also understands that all data provided by County regarding the LIHP Program to Alliance remains the property of County. Alliance will use this data only for the activities needed to fully support all the requirements of this scope of work. In the event a need arises for use of this data for some other purpose, Alliance will obtain written permission from County in advance of any use of this data. Each Party to this Agreement reserves the right to control the use of the names, symbols, trademarks and service marks presently existing or hereafter established with respect to it. Neither Party shall use the name, symbols, trademarks or service marks of the other Party in advertising or promotional materials or otherwise, without the prior written consent of the other Party. In addition, County agrees to protect the confidentiality of systems, procedures, materials and products utilized by Alliance and its subcontractors in providing services under this Agreement and to refrain from any unauthorized use of confidential or proprietary information regarding such systems, procedures, materials or products.

## SECTION XI. ASSIGNMENT/DELEGATION

**11.1 Assignment of Rights or Delegation of Responsibilities.** No assignment or delegation of any rights or responsibilities hereunder by a Party shall be valid without the prior written consent of the other Party. Any assignment or delegation made contrary to this provision shall be void. Notwithstanding the above, as specified in Attachment A, Section III, Alliance shall have the right to enter into agreements with Participating Providers and with other subcontractors in its reasonable discretion in order to assist Alliance in performing ASA services hereunder, provided that such Participating Providers and subcontractors shall comply with the applicable terms of Attachment E hereto. Notwithstanding any delegation of responsibility hereunder by Alliance to any provider(s) or subcontractor(s), Alliance shall remain responsible for full performance under this Agreement.

## SECTION XII. GENERAL PROVISIONS

**12.1 Governing Law.** This Agreement shall be construed, regulated and administered under the laws of the State of California applicable to the LIHP Program without regard to conflict of law principles that would result in the application of another jurisdiction, except as otherwise specifically required by federal law. The venue for any action or arbitration under this Agreement shall be the County of Monterey in the State of California.

**12.2 Compliance with Laws and Regulations.** This Agreement will be in compliance with all applicable federal and state statutes, regulations and policy statements, the STCs and the County/DHCS LIHP Contract. If this Agreement or any part hereof, is found not to be in compliance with any applicable federal or state statute, regulation or policy statement, the STCs or the County/DHCS LIHP Contract, or if any change to this Agreement is mandated by DHCS or CMS, the Agreement shall be deemed amended to conform to the provisions of those governing authorities or as otherwise required by DHCS or CMS. Such amendment to the Agreement shall be effective on effective date of the governing provision necessitating it and shall 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 Section 5.1.B. However, County shall provide written notice to Alliance thirty (30) days prior to the effective date, or as soon as is practicable.

**12.3 Communications.** Any and all notices, requests, consents, demands or other communications required or permitted to be given under the Agreement shall be in writing and shall be deemed to have been duly given (i) when delivered, if sent by United States registered or certified mail (return receipt requested), (ii) when delivered, if delivered personally by commercial courier, (iii) on the second following business day, if sent by United States Express Mail, Federal Express or other commercial overnight courier or (iv) upon the date reflected on a facsimile confirmation from the transmitting facsimile machine, if sent by facsimile transmission and delivery of the facsimile transmission is subsequently confirmed telephonically within one (1) business day, in each case to the Parties at the following addresses or facsimile numbers (or at such other addresses or facsimile numbers as shall be specified by like notice) with applicable postage or delivery charges prepaid::

If to Alliance – Central California Alliance for Health  
1600 Green Hills Road, Suite 101  
Scotts Valley, CA 95066-4981  
Attn: Alan McKay, Executive Director

If to County –  
  
Natividad Medical Center  
1441 Constitution Blvd  
Salinas, CA 93906  
Attn: Harry Weis, CEO

**12.4 Entire Agreement.** This Agreement, together with its Attachments, which are incorporated herein by this reference, forms the entire contract between the Parties and supersedes any and all prior understandings or agreements between the Parties whether oral or in writing. No agent of either Party may change this Agreement or waive any of its contents, except as provided in Paragraph 12.5.

**12.5 Changes/Waivers.** This Agreement may be changed in whole or in part by amendment. Except as provided for under paragraph 12.2., any amendment to this Agreement shall only be effective, provided it is in writing and signed by duly authorized representatives of both Parties. Failure to enforce any term of this Agreement shall not be construed as a waiver thereof.

**12.6 Force Majeure.** The Parties shall not be liable for any failure to meet any of the obligations or provide any of the services specified or required under this Agreement where such failure to perform is due to any contingency beyond the reasonable control of a Party, its employees, officers, or directors. Such contingencies include, but are not limited to, acts

or omissions of any person or entity not employed by such Party, its employees, officers, or directors, acts of God, fires, wars, accidents, labor disputes or shortages.

**12.7 No Third Party Beneficiaries.** The obligations created by this Agreement shall be enforceable only by the Parties hereto, and no provision of this Agreement is intended to, nor shall it be construed to, create any rights for the benefit of or be enforceable by any third party, including but not limited to any right by an Eligible Member, or a Participating Provider or any other provider of LIHP Covered Services for any matter including but not limited to payment for such services from County.

**12.8 Severability.** If any provision of this Agreement shall be invalid, illegal, or unenforceable or void by a court of competent jurisdiction in a final order or judgment that has not been appealed, or in a final determination by an appellate court, then each party shall be relieved of any obligation arising in that provision and, the remaining provisions hereof, if capable of performance, shall not in any way be affected or impaired thereby.

**12.9 Headings.** Titles or headings are not part of this Agreement and shall have no effect on the construction or legal effect of this Agreement.

**12.10 Time of Essence.** Time is of the essence of this Agreement.

**12.11 Counterparts.** This Agreement or any other instrument to be entered into by the Parties in connection with the Agreement may be executed in two or more counterparts and, as so executed, shall constitute one and the same agreement binding on both Parties. In addition, for purposes of executing the Agreement, a document (or signature page thereto) signed and transmitted by facsimile machine shall be treated as an original document. The signature of any Party thereon, for purposes hereof, shall be considered as an original signature, and the document transmitted shall be considered to have the same binding effect as an original signature on an original document. At the request of either Party, any facsimile document shall be re-executed in original form by the Party who executed the facsimile document.

The Parties hereto have duly executed this Agreement to be effective on the Commencement Date.

CENTRAL CALIFORNIA ALLIANCE FOR COUNTY  
HEALTH

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**ATTACHMENT A**  
**ASA SERVICES**

I. Summary of Services. Alliance shall provide LIHP Program management and administrative services for the LIHP Program as set forth in this Attachment A. This Attachment A summarizes the ASA Services to be provided under this Agreement, and is subject to and further defined by the County/DHCS LIHP Contract. Alliance shall provide limited ASA Services, as specified herein, related to the provision of mental health benefits or services. The ASA Services shall include, but are not limited to:

- 1) Provider Network. As subject to and further defined by the County/DHCS LIHP Contract, including without limitation Attachments 6, 7, 8 and 9 of Exhibit A, Alliance will:
  - a. Enter into, maintain and service contracts with sufficient numbers of Participating Providers for the provision of LIHP Covered Services, using Alliance payment policies including network development, contract execution, and monitoring
- 2) Provider Services. As subject to and further defined by the County/DHCS LIHP Contract, including without limitation Attachments 6, 7, 8 and 9 of Exhibit A, Alliance will:
  - a) Provide credentialing of providers using standard Alliance credentialing criteria
  - b) Provide call Center support for providers, 8am-5pm, Monday-Friday
  - c) Provide communication with Provider Network regarding changes in procedures or policies
  - d) Monitor network to ensure that access standards are met
  - e) Advise County on LIHP contracts and payment policies
  - f) Require corrective action for failure of Participating Providers to comply with LIHP requirements.
- 3) Member Services. As subject to and further defined by the County/DHCS LIHP Contract, including without limitation Attachment 12 of Exhibit A, Alliance will:
  - a) Prepare and distribute LIHP Program Information, Member ID Cards and Member informing materials, including Evidence of Coverage (EOC) and Provider Directory documents.
  - b) Provide Call Center support for members and providers, 8am-5pm, Monday-Friday.
  - c) Develop and provide Member orientation and education services.
- 4) Utilization Management (UM). As subject to and further defined by the County/DHCS LIHP Contract, including without limitation Attachment 5 of Exhibit A and as further specified in Attachment A, Section IV(2) below:
  - a) Alliance will conduct UM for LIHP Covered Services pursuant to the Alliance's policies and procedures and in accordance with the LIHP Program, with the exception of mental health benefits which will be the sole responsibility of the

- County and shall be conducted by the County pursuant to its own policies and procedures.
- b) Alliance UM services will include
    - i) setting up UM Criteria using the LIHP defined benefit package
    - ii) Performance of UM using the Alliance's standard evidence based guidelines, authorization and referral forms
- 5) Case and Disease Management.
- a) Member care management via Medical Social Workers
  - b) Standard Alliance health education and disease management program support via Health Program Coordinators
  - c) Complex case management including a focus on chronic illness/frequent users
- 6) Claims Processing.
- a) As subject to and further defined by the DHCS/County LIHP Contract, including but not limited to Exhibit A, Attachment 4, Section 2, and Attachment 5 thereof, Alliance will conduct Claims processing and payment for LIHP Covered Services using the Alliance's standard UM criteria for the Medi-Cal program and other applicable criteria. Alliance claims processing services will include:
    - i) Electronic Data Interface support
    - ii) Call Center support for claims inquiries, 9am-4pm, Monday-Friday
    - iii) Provider dispute resolution using standard Alliance policies
    - iv) Providing the claim detail by patient.
  - b) With respect to mental health services, for which as described in Attachment D will be the responsibility of the County to arrange and provide, payments will be processed as follows:
    - i) The County Department of Behavioral Health (DBH) will submit an invoice to Alliance on a weekly basis, containing claim detail for mental health services, including pharmaceuticals, provided or prescribed by DBH and its contract providers.
    - ii) Alliance will disburse County funds in the amount specified in the invoice as described in Attachment B.
    - iii) Alliance will provide County claim detail as provided to Alliance by County Mental Health Department.
- 7) Quality Assurance. As subject to and further defined by the County/DHCS LIHP Contract, including without limitation Attachment 4 of Exhibit A, and as further specified in Attachment A, Section IV below, Alliance will:
- a) Operate Member and Provider Grievance programs for all areas other than those for which the State or County bears responsibility. In areas where County bears responsibility (limited to eligibility, enrollment and disenrollment, effective date of coverage, and mental health services for which County has responsibility., County will operate and be responsible for the Member and Provider Grievance programs.
  - b) Standard quality studies and reporting (span of eligibility limits Healthcare Effectiveness Data and Information Set measurement).
  - c) Cultural and Linguistics program support (Language Line, provider education, compliance with standards, etc.).

- 8) Reinsurance Administration. Alliance will act on behalf of County in coordinating with County's reinsurer including:
  - a) Collection and submission of County's premium payments;
  - b) Submission of claims information to the reinsurer; and
  - c) Collecting payments from the reinsurer and distributing to the County.
  
- 9) Data Reporting. As subject to and further defined by the County/DHCS LIHP Contract, including without limitation Attachments 3, 4, 5 and 13 of Exhibit A, Alliance will provide:
  - a) Alliance's standard claims payment reports;
  - b) Alliance's standard UM reports;
  - c) Alliance's standard financial expenditure reports;
  - d) Eligible Member eligibility list;
  - e) Reports on Grievances and Appeals;
  - f) Other Reports required by Department of Health Care Services and Centers for Medicare & Medicaid Services (CMS); and
  - g) Alliance's standard month-end IBNR reports.

II. Compliance Standards. Alliance shall provide the ASA Services in accordance with this Agreement, including Attachment E hereto, state and federal law, policies and procedures, the County/DHCS LIHP Contract, the STCs of the Demonstration, and such other requirements, consistent with the above, as may reasonably be established by County from time to time. The Parties agree that Alliance shall, unless other direction is provided by law or by this Agreement, provide the ASA Services consistent with the policies and procedures that have been developed by Alliance for management and administration of the contract between Alliance and DHCS for Medi-Cal services, except that Alliance shall have no financial responsibility for services under this Agreement.

III. Subcontracting Arrangements. County recognizes that Alliance may subcontract with other parties for the purpose of providing certain ASA Services and shall subcontract with Participating Providers for purposes of providing LIHP Covered Services. Alliance shall require such subcontractors to comply with the terms of this Agreement, including without limitation, Attachment E hereto, and other requirements of law. Notwithstanding any delegation of responsibility hereunder by Alliance to any provider(s) or subcontractor(s), Alliance shall remain responsible for full performance under this Agreement.

IV. Specific Requirements under LIHP Program. In providing ASA Services to County under this Agreement, Alliance will comply with the following requirements:

1. Participating Provider Network Delivery System. As subject to and further defined by the County/DHCS LIHP Contract, including without limitation Attachments 6, 7, and 8 of Exhibit A, the Alliance and its network of Participating Providers will comply with the following requirements:

1.1 Credentialing. LIHP Covered Services will be delivered by Participating Providers that are appropriately credentialed for the services furnished. County, or Alliance of behalf of County, shall develop and maintain written policies and procedures that include initial credentialing, recredentialing, recertification, and reappointment of physicians including primary care physicians. Alliance shall comply and cooperate with County's oversight of delegated credentialing functions and responsibilities.

(a) Standards. All providers of LIHP Covered Services must be qualified in accordance with current applicable legal, professional, and technical standards and appropriately licensed, certified or registered. All providers must have a valid National Provider Identifier (NPI) number. Providers that have been terminated from either Medicare or Medicaid/Medi-Cal cannot participate in Alliance's provider network.

Alliance shall ensure that all contracted laboratory testing sites have either a Clinical Laboratory Improvement Act (CLIA) certificate or waiver of a certificate of registration along with a CLIA identification number.

(b) Delegated Credentialing. Alliance, as delegatee of County for credentialing and recredentialing activities, shall comply with County's policies and procedures for oversight and monitoring of credentialing and recredentialing, as jointly developed by County and Alliance.

(c) Credentialing Provider Organization Certification. Alliance and its Participating Providers to whom County has delegated credentialing and recredentialing activities (e.g. a medical group or independent physician organization) may obtain credentialing provider organization certification from appropriately qualified industry-recognized private credentialing organizations, and County may accept evidence of certification by such organizations in lieu of a monitoring visit at delegated physician organizations.

(d) Medi-Cal, CHIP and Medicare Provider Status. Alliance will verify that its subcontracted Participating Providers have not been terminated as Medi-Cal, CHIP or Medicare providers or have not been placed on the suspended and ineligible provider list. The Alliance will be responsible for the tracking of suspended providers, and the provisions of Exhibit F Section 24.B.5 of the County/DHCS LIHP Contract will apply to Alliance. Terminated providers in either Medicare, CHIP or Medi-Cal or on the suspended and ineligible provider list, cannot participate in the Alliance's provider network, and services rendered by such providers, with the exception of Emergency Services, are ineligible for payment.

1.2 Cultural Competence. The Alliance shall ensure that Participating Providers will deliver LIHP Covered Services in a culturally competent manner, in accordance with policies that describe how the Alliance Participating Provider

Network supports the ethnic, cultural and linguistic needs of Eligible Members. The Alliance shall monitor, evaluate, and take effective action to address any needed improvement in the delivery of culturally and linguistically appropriate services, including services to those with limited English proficiency and diverse cultural and ethnic backgrounds, and shall participate in related actions implemented by DHCS.

1.3 Linguistic Services. Alliance shall provide or ensure that its Participating Providers provide, at minimum, the following linguistic services at no cost to Enrollees: (1) oral interpreter services for all languages spoken by Eligible Members; (2) fully translated written informing materials, including but not limited to the LIHP Program Information, new member kits, marketing information, and form letters including notice of action letters and grievance acknowledgement and resolution letters to all monolingual or Limited English Proficiency (LEP) Eligible Members who speak the identified threshold or concentration standard languages, as described in Exhibit C of the County/DHCS LIHP Contract; (3) referrals to culturally and linguistically appropriate community service programs; and (4) Telecommunications Device for the Deaf (TDD).

1.4 Access Standards. The Alliance Participating Provider network shall comply with the following access standards:

(a) Primary health care services will be provided at a location within sixty (60) minutes or thirty (30) miles from each Eligible Member's place of residence, unless the County has a DHCS approved alternative access standard. Primary care appointments will be made available within thirty (30) business days of request beginning on the Effective Date through June 30, 2012, and will be made available within twenty (20) business days from July 1, 2012, through December 31, 2013, unless the County has a DHCS approved alternative access standard. Urgent primary care appointments will be provided within forty-eight (48) hours (or 96 hours if prior authorization is required) of request.

(b) Specialty care access will be provided at a minimum within 30 business days of request, unless the County has a DHCS approved alternative access standard.

(c) Participating Providers will offer office hours at least equal to those offered to other patients, and shall be available twenty-four (24) hours per day, seven days per week when medically necessary.

(d) Alliance and its Participating Providers shall comply with alternative access standards established by DHCS in lieu of the above for rural areas or other areas for which DHCS determines the access standards above are unreasonably restricted.

(e) Alliance shall provide Eligible Members with access to a second opinion from a qualified health care professional within the provider



network. If such a second opinion is not available within the network, Alliance shall arrange for the Eligible Member to obtain one outside the network at no cost to the Eligible Member.

(f) Alliance shall provide female Eligible Members with direct access to a women's health specialist within the provider network for covered care necessary to provide women's routine and preventive health care services. This shall be in addition to the Eligible Member's designated source of primary care, if that source is not a women's health specialist.

1.5 Federally Qualified Health Center. Alliance will contract with or otherwise offer LIHP Covered Services through at least one FQHC and pay contracted FQHCs for these Covered LIHP Services in an amount at least equal to the amount the FQHC(s) would receive under the Medi-Cal prospective payment system (PPS) rate. Alliance may meet this requirement by contracting with FQHCs that are owned or operated by the County. Alliance shall disburse County funds to County owned or operated FQHCs in accordance with Attachment B.

1.6 Medical Home. County will initially assign each Eligible Member to a Medical Home in accordance with Welfare & Institutions Code Section 15910.2(b)(2) and shall transmit the assignment to Alliance through the daily eligibility file. The Medical Home shall provide a primary health care contact; an intake assessment; care coordination, care management, case management, and transitions among levels of care, if needed and as agreed to between the Medical Home and Alliance. Use of clinical guidelines and other evidence-based medicine when applicable will focus on continuous improvement in quality of care; timely access to qualified health care interpretation as needed and as appropriate; and health information, education, and support in a culturally competent manner. Alliance may change a Member's Medical Home at the request of the Member.

1.7 Out-of-Network Emergency Services. Except as otherwise funded pursuant to Welfare and Institutions Code Section 14169.7.5, Emergency Services and Post-Stabilization Care Services provided by non-Participating Providers will be paid at thirty percent (30%) of the applicable regulatory fee-for-service rate under the Medi-Cal State Plan (less any supplemental payments), except that, with respect to inpatient hospital services, payment shall be thirty percent (30%) of the applicable regional un-weighted average of per diem rates paid to Selective Provider Contracting Program (SPCP) - contracted hospitals. Payment is made only if the non-Participating Provider notifies Alliance within twenty-four (24) hours of admitting the Eligible Member into the emergency room, and, with respect to Post-Stabilization Care Services, the non-Participating Provider must meet the utilization management approval protocols established by Alliance.

2. Utilization Management System. As subject to and further defined by the County/DHCS LIHP Contract, including without limitation Attachment 5 of Exhibit A, Alliance will provide pre-authorization, concurrent review, retrospective review; a list of services requiring prior authorization and utilization review criteria; utilization review

appeals process for providers and Eligible Members; timeframes for medical authorization; and procedures to detect both under- and over-utilization of LIHP Covered Services.

2.1 Utilization Management Program. Alliance shall develop, implement, and continuously update and improve, a utilization management (UM) system that ensures appropriate processes are used to review and approve the provision of medically necessary LIHP Covered Services. Alliance will ensure that the UM system includes:

- A. Qualified staff responsible for the UM system.
- B. Allows for a second opinion from a qualified health professional at no cost to the Eligible Member.
- C. Established criteria for approving, modifying, deferring, or denying requested services. Alliance shall utilize evaluation criteria and standards to approve, modify, defer, or deny services. Alliance shall document the manner in which providers are involved in the development and or adoption of specific criteria used by Alliance.
- D. Alliance shall communicate to health care practitioners the procedures and services that require prior authorization and ensure that all Participating Providers are aware of the procedures and timeframes necessary to obtain prior authorization for these services.
- E. The integration of UM activities into the Quality Assurance (QA) system described in the County/DHCS LIHP Contract, including a process to integrate reports on review of the number and types of appeals, denials, deferrals, and modifications to the appropriate QA staff.

2.2 Pre-Authorizations and Review Procedures. Alliance shall ensure that its pre-authorization, concurrent review and retrospective review procedures meet the following minimum requirements:

- A. Decisions to deny or to authorize an amount, duration, or scope that is less than requested shall be made by a qualified health care professional with appropriate clinical expertise in treating the condition and disease.
- B. There is a set of written criteria or guidelines for utilization review that is based on sound medical evidence, is consistently applied, regularly reviewed, and updated.

- C. Reasons for decisions are clearly documented.
- D. Notification to Eligible Members regarding denied, deferred or modified referrals is made as specified in Exhibit A, Attachment 12 and Exhibit A Attachment 13 of the County/DHCS LIHP Contract.
- E. Decisions and appeals are made in a timely manner and are not unduly delayed for medical conditions requiring time sensitive services.
- F. Prior authorization requirements shall not be applied to emergency services.
- G. Records, including any Notice of Action, shall meet the retention requirements described in Attachment E, and Exhibit F Provision 17 of the County/DHCS LIHP Contract.
- H. Alliance must notify the requesting provider of any decision to deny, approve, modify, or delay a service authorization request, or to authorize a service in an amount, duration, or scope that is less than requested. The notice to the provider may be orally or in writing.

2.3 Timeframes for Medical Authorization

- A. Emergency Services: No prior authorization required, following the prudent lay person standard to determine that the presenting complaint might be an emergency.
- B. Non-urgent care following an exam in the emergency room:  
Response to routine authorizations: Fourteen (14) calendar days from receipt of the request for services in accordance with 42 CFR. Section 438.210, or any future amendments thereto. The decision may be deferred and the time limit extended an additional 14 calendar days only where the Eligible Member or the Eligible Member's provider requests an extension, or the Alliance can provide justification upon request by DHCS for the need for additional information and how it is in the Eligible Member's interest. Any decision delayed beyond the time limits is considered a denial and must be immediately processed as such.

- C. Expedited Authorizations: For requests in which a provider indicates, or the Alliance determines that, following the standard timeframe could seriously jeopardize the Eligible Member's life or health or ability to attain, maintain, or regain maximum function, Alliance must make an expedited authorization decision and provide notice as expeditiously as the Eligible Member's health condition requires and not later than three (3) working days after receipt of the request for services. Alliance may extend the three (3) working days time period by up to (14) calendar days if the Eligible Member requests an extension, or if Alliance justifies, to DHCS upon request, a need for additional information and how the extension is in the Eligible Member's interest. Any decision delayed beyond the time limits is considered a denial and must be immediately processed as such.

2.4. Review of Utilization Data. Alliance shall include within the UM system mechanisms to detect both under- and over-utilization of health care services. Alliance's internal reporting mechanisms used to detect Eligible Member utilization patterns shall be reported to County or DHCS upon request.

2.5. Delegated UM Activities. As County's delegatee for UM activities, Alliance shall comply with County's policies and procedures for monitoring and oversight of UM activities.

2.6. Compensation for Utilization Management Activities. Compensation to individuals or entities that conduct utilization management activities cannot be structured so as to provide incentives for the individual or entity to deny, limit, or discontinue medically necessary services to any Eligible Member.

3. Hearings and Appeals. As subject to and further defined by the County/DHCS LIHP Contract, including without limitation Attachment 13 of Exhibit A, Alliance and County will establish LIHP hearing and appeals procedures as set forth in this Section 3, or in accordance with the requirements for LIHP hearing and appeals procedures as from time-to-time amended by DHCS and approved by CMS. Hearings and appeals as described below are either the responsibility of County or of Alliance, depending on the nature of the Action. County shall be responsible for resolution of Grievances and Appeals for Actions defined in 3.1(A)(1) below. Alliance shall be responsible for resolution of Grievances and Appeals for all other Actions with the exception of Actions with respect to mental health benefits, which will be the sole responsibility of the County.

3.1 Definitions

- A. "Action" means:

1. A denial, termination or reduction of eligibility for Medicaid Coverage Expansion (“MCE”).
2. A denial or limited authorization of a requested service, including the type or level of service.
3. A reduction, suspension, or termination of a previously authorized service.
4. A failure to provide services in a timely manner, pursuant to the STCs.
5. A failure of the Alliance, the County, or the State to act within the timeframes for grievances and appeals as outlined herein.

B. A “Grievance” is an expression of dissatisfaction about any matter other than an Action, as “Action” is defined above.

C. An “Appeal” is defined as a request for review of an Action, as defined above.

3.2 Grievance and Appeal process and coordination with the State fair hearing process.

A. For those individuals whose LIHP Program eligibility is determined by the State, the State assumes the responsibility for the resolution process. For those individuals whose LIHP eligibility is determined by the County, the County assumes the responsibility for the resolution process. In both cases, processes will be in place to coordinate with the State fair hearing process for appeal of actions. Grievances and Appeals for LIHP Program eligibility will not be the responsibility of Alliance.

B. Exhaustion of the internal Appeal process will be required of an applicant or Eligible Member prior to filing a request for a State fair hearing to Appeal an action.

C. Grievances will not be appealable to a State fair hearing.

3.3 Matters outside the scope of the Grievance and Appeal process, including the right to a State fair hearing.

A. The sole issue is one of federal or State law or policy or protocols approved under the STCs.

B. The establishment of and any adjustments to the upper income limit made by the County, in accord with STCs 58(b).

C. The establishment by the County of enrollment caps for MCE. (STCs 58(c).)

D. The establishment by the County of wait lists as a result of enrollment caps created in accordance with STCs 58(c).

E. The requirement to determine eligibility within legal timeframes of individuals on a County wait list has been waived, and is not subject to Appeal.

3.4 Grievance and Appeals Process

A. Notice of Grievance and Appeal Rights

1. County applications and evidences of coverage will inform applicants and Eligible Members of their right to file an internal Grievance or Appeal and the procedures for exercising this right, as well as the right to Appeal an Action as identified herein to a State fair hearing upon exhaustion of the internal process and the party to whom the Grievance or Appeal should be directed. Such information will be made available in languages in addition to English as outlined in 42 CFR Section 438.10(c).
2. Notice of Grievance, Appeal, and fair hearing procedures will be provided to Eligible Members at the same time that a notice of Action is issued.
3. Notice of the Grievance, Appeal and fair hearing procedures and timeframes will be provided to all Participating Providers within the Alliance network at the time they enter into a contract, or when the LIHP Program begins.

B. Notice of Action

1. Format - the notice of Action will be in writing, and available in languages in addition to English as outlined in 42.438.10(c).
2. Timing of Notice – a notice of Action will be mailed by County or Alliance, as appropriate, to applicants or Eligible Members at least ten (10) days before the date of the Action. Exceptions to such notice will follow 42 CFR 431.213.
  - a. Notices regarding standard authorization of service that deny or limit services will be provided as

expeditiously as the Eligible Member's health condition requires and within fourteen (14) calendar days following receipt of the request for service. The timeframe may be extended for up to fourteen (14) additional calendar days if the Eligible Member or provider requests the extension, and Alliance or County justifies (to DHCS on request) a need for additional information and how the extension is in the Eligible Member's interest. Failure to timely reach authorization decisions constitutes a denial and an adverse Action, and notice must be provided on the date the timeframe expires.

- b. If a provider indicates or Alliance or County determines that following the standard timeframe in (a) above could seriously jeopardize the Eligible Member's life or health or ability to attain, maintain, or regain maximum function, Alliance or County must make an expedited authorization decision and provide notice of the authorization decision as expeditiously as the Eligible Member's health condition requires and no later than three (3) working days. The three (3) working days time period may be extended by up to fourteen (14) calendar days if the Eligible Member requests an extension or if Alliance or County justifies a need for additional information and how the extension is in the Eligible Member's interest.
  - c. The requirement for advance notice may be shortened to five (5) calendar days in case of probable fraud by applicants or Eligible Members where the County or Alliance have facts indicating probable fraud and those facts have been verified, if possible, through secondary sources.
3. Content of Notice – The notice shall include the intended Action; the reasons for the Action (including statutory and regulatory references, if applicable); the effective date of the Action, the LIHP Program requirements that support the Action; the Eligible Member's right to file an Appeal; the procedures for exercising these rights; the circumstances under which expedited resolution is available and how to request it, and the circumstances under which benefits are continued and how to request it.

C. Internal Grievance and Appeal requirements

1. For both Grievances and Appeals

- a. Provide any reasonable assistance in completing forms and taking other procedural steps. This includes, but is not limited to, providing interpreter services and toll-free numbers that have adequate TTY-TTD and interpreter capability for all stages of Grievance and Appeal processes, at no cost to applicants or Eligible Members.
- b. Applicants or Eligible Members must file an internal Grievance or Appeal of Action within sixty (60) calendar days of either the date of the incident giving rise to the grievance or the date of the notice of Action, respectively.
- c. Acknowledge receipt in writing of each Grievance and Appeal.
- d. The decision maker must not be involved in any previous level of review or decision making.
- e. The decision maker in the following cases must be a health care professional with the appropriate clinical expertise in treating the Eligible Member's condition or disease:
  - i. An Appeal of a denial based on lack of medical necessity.
  - ii. A Grievance regarding denial of expedited resolution of an Appeal.
  - iii. Grievance or Appeal that involves clinical issues.

2. Requirements for Appeals of Actions

- a. Oral inquiries seeking to Appeal an Action will be treated as an Appeal and confirmed in writing unless the applicant, Eligible Member or provider meets the criteria for expedited resolution. The request for expedited resolution may be made orally or in writing.



- b. Applicants, Eligible Members and their representatives will have the opportunity, before and during the Appeals process:
  - i. To examine the County's or Alliance's position statement related to the reason services are delayed, denied or withdrawn, the Eligible Member's case file, including medical records, and other documents under consideration in the Appeal, and
  - ii. To confront and cross-examine adverse witnesses.
- c. Applicants, Eligible Members will be provided a reasonable opportunity to present evidence and allegations of fact or law, and cross examine witnesses, in person, in writing or by telephone, if requested by the individual.
- d. In regard to the option for applicants and Eligible Members and their representatives to present evidence via the telephone, hearings can be conducted by telephone or video conference in lieu of an in-person hearing. Such hearings conducted in this manner must meet the following criteria:
  - i. Telephonic hearings may be requested by the individual, at any stage of the appeals process, free of charge.
  - ii. The individual must receive a written notice that a hearing can be conducted by telephone or video conference in lieu of an in-person hearing. Such notice must contain information about the process for an individual to review the records, submit evidence, and receive reimbursement of costs in accordance with Section IV(3.4)(D)(3) through (7) of this Attachment A.
  - iii. Applicants and Eligible Members and their representatives must have the opportunity, before and during the Appeals process, to examine the County's or Alliance's position statement, the applicant's or Eligible Member's case file, including medical records, and any other documents under consideration in the Appeal.
  - iv. Applicants and Eligible Members and their representatives must be able to submit evidence

and any other documents for consideration during the Appeal.

- v. The record must be kept open for fifteen (15) calendar days to permit the applicants and Eligible Members and their representatives to submit evidence and any other documents for consideration in the Appeal after the hearing has concluded.
- vi. Applicants and Eligible Members and their representatives must be able to obtain reimbursement of Eligible Member's costs in order to attend an in-person hearing, i.e. transportation.
- vii. Changes in process
  - a. At any point prior to or during a telephone or video conference hearing, at the request of either party or the decision maker, an in-person hearing can be ordered.
  - b. If an individual has an in person hearing scheduled, he or she may request a telephonic hearing twenty-four (24) hours prior to the hearing date.

D. Timeframe for resolution of Appeals and Grievances

- 1. Standard disposition of Grievances – Oral or written notice must be mailed within sixty (60) days of receipt of the Grievance.
- 2. Standard resolution of Appeals – Alliance or the County, as applicable, must mail written notice within sixty (60) days of receipt of the Appeal.
- 3. Expedited resolution of Appeals – Alliance or the County, as applicable, must mail written notice within three working days of receipt of the Appeal. In addition, reasonable efforts to provide oral notice will be made.
- 4. Timeframes on the above may be extended by up to fourteen (14) days if either the Eligible Member requests it, or Alliance or the County, as applicable, can show (to the satisfaction of, as applicable, the County or DHCS upon its request) that there is a need for additional information and how the delay is in the Eligible Member's interest.

5. Written notice of the reason for the delay under 4 above, must be provided, unless requested by the Eligible Member.
6. If a request for expedited resolution of an Appeal is denied, the Appeal must be treated under the standard resolution timeframe. In addition, reasonable efforts to give prompt oral notice of the denial must be made, and follow up with written notice within two (2) days must be provided.

E. Content of Notice of Appeals resolution

1. Written notice of the resolution must include:
  - a. The results of the resolution process and the date it was completed.
  - b. Be available in languages in addition to English as outlined in 42 CFR Section 438.10(c).
  - c. For Appeals not resolved wholly in favor of the Eligible Member:
    - i. The right to request a State fair hearing and how to do so and the date by which the request of a State fair hearing must be made to be considered timely;
    - ii. If applicable, the right to request to receive benefits while the hearing is pending, and how to make the request; and
    - iii. That the Eligible Member may be held liable for the cost of those benefits if the hearing decision upholds Alliance's or the County's Action.

F. State Fair Hearing

1. A State fair hearing may be requested within ninety (90) days of the date of the Notice of Resolution. State fair hearings shall be a County responsibility.
2. The State will take final administrative action in accord with 42 CFR Section 431.244(f)(1), or 431.244(f)(2), if applicable
3. The County will be a party to the State fair hearing.

- G. Continuation of benefits during an Appeal of Action or a State fair hearing
1. The Eligible Member's benefits must be continued if:
    - a. The Eligible Member or provider (on behalf of the Eligible Member) timely files an Appeal;
    - b. The Appeal involves the termination, suspension, or reduction of a previously authorized course of treatment;
    - c. The services were ordered by an authorized provider;
    - d. The original period covered by the original authorization has not expired; and
    - e. The Eligible Member requests extension of benefits.
  2. "Timely filing" as used in this section means filing on or before the later of either:
    - a. Ten (10) days from the mailing of the notice of Action or
    - b. The intended effective date of the proposed Action.
    - c. In the case of a State fair hearing, 10 calendar days from the date of the internal Appeal decision.
  3. Benefits that are continued under this section shall be continued until:
    - a. The Eligible Member withdraws the Appeal;
    - b. Ten (10) calendar days pass after the mailing of a notice resolving the Appeal against the Eligible Member, unless the Eligible Member requests a State fair hearing with continuation of benefits within ten (10) calendar days of the issuance of the Appeal decision;
    - c. A State fair hearing decision adverse to the Eligible Member is issued; or
    - d. As ordered by the Administrative Law Judge at the State fair hearing, in limited permissible circumstances, such as 42 CFR Section 431.230(a)(1); or
    - e. The time period or service limits of a previously authorized service has been met.

4. If the final resolution of the internal Appeal or the State fair hearing is adverse to the Eligible Member, County may recover the cost of the services furnished to the Eligible Member while the Appeal is pending, to the extent they were furnished solely because of the requirements of the procedures set forth above.
5. If services were not furnished pending the internal Appeal or the State fair hearing, and the resolution of the Appeal reverses an Action to deny, limit, or delay Services, the County or Alliance must provide the disputed Services promptly, and as expeditiously as the Eligible Member's health condition requires.
6. If the Eligible Member received disputed services while the internal Appeal or the State fair hearing was pending, and the resolution reverses a denial of services, the County must cover such services.

4. Quality Assurance. As subject to and further defined by the County/DHCS LIHP Contract, including without limitation Attachment 4 of Exhibit A, Alliance, under the direction and supervision of County, will develop and implement a quality assurance program for the LIHP Program.

4.1 Quality Assurance Functions

- A. County is accountable to DHCS for all quality improvement functions and responsibilities (e.g. Utilization Management, Credentialing and Site Review).
  - 1) Alliance will comply and cooperate with County's oversight, monitoring, and evaluation processes.
  - 2) Alliance will comply and cooperate with County's reporting requirements and approval processes. Alliance will report findings and actions taken as a result of the quality improvement activities to County at least quarterly.
  - 3) Alliance will take corrective action for all deficiencies or areas for improvement identified.
- B. County shall maintain a system to ensure accountability for quality improvement activities of Alliance, that at a minimum:
  - 1) Evaluates Alliance's ability to perform the delegated activities including an initial review to assure that Alliance has the

administrative capacity, task experience, and budgetary resources to fulfill its responsibilities.

- 2) Ensures Alliance meets standards set forth by the County and DHCS.
  - 3) Includes the continuous monitoring, evaluation and approval of the delegated functions.
- C. County must monitor Alliance's performance on an ongoing basis and subject it to formal review upon the State's request.

4.2 Quality Measurement and Monitoring System Written Description. Alliance shall implement and maintain a written description of the quality measurement and quality monitoring system, that shall include the following:

- A. Organizational commitment to the delivery of quality health care services as evidenced by County's and Alliance's goals and objectives.
- B. Organizational chart showing the key staff responsible for quality improvement.
- C. A system for provider review of quality findings, which at a minimum, demonstrates physician and other appropriate professional involvement and includes provisions for providing feedback to staff and providers, regarding quality study outcomes.
- D. The processes and procedures designed to ensure that all medically necessary LIHP Covered Services are available and accessible to all enrollees regardless of race, color, national origin, creed, ancestry, religion, language, age, gender, marital status, sexual orientation, health status, or disability, and that all LIHP Covered Services are provided in a culturally and linguistically appropriate manner.
- E. Mechanisms used to continuously review, evaluate, and improve access to and availability of services. The description shall include methods to ensure that Eligible Member are able to obtain appointments within established standards described in the County/DHCS LIHP Contract including DHCS approved alternative access standards.
- F. Description of the quality of clinical care services provided, including, but not limited to, preventive services for adults between the ages of 19-64 years of age, primary care, specialty, emergency, inpatient, and ancillary care services.

4.3 Practice Guidelines.

- A. Practice Guidelines. Alliance shall adopt, implement and maintain practice guidelines for its Participating Providers, which meet the following requirements:
- 1) Are based on valid and reliable clinical evidence or a consensus of health care professionals in the particular field;
  - 2) Consider the needs of the Eligible Members;
  - 3) Are adopted in consultation with contracting health care professionals; and
  - 4) Are reviewed and updated periodically as appropriate.

Alliance shall disseminate the guidelines to Participating Providers, and upon request, to Eligible Members and potential Eligible Members.

Decisions regarding coverage of services, utilization management, and Enrollee health education should be consistent with the practice guidelines.

- 4.4. Quality Improvement Annual Report. Alliance shall develop an annual quality improvement report for submission to County and by County to DHCS on an annual basis. The annual report shall include:
- A. A comprehensive assessment of the quality improvement activities undertaken and an evaluation of areas of success and needed improvements in services rendered within the quality improvement program, including but not limited to, the collection of aggregate data on utilization; the review of quality of services rendered; the results of the External Accountability Set measures; and, outcomes/findings from QIPs, consumer satisfaction surveys and collaborative initiatives.
  - B. Copies of all final reports of non-governmental accrediting agencies (e.g. Joint Commission, NCQA) relevant to the County's LIHP line of business, if any, including accreditation status and any deficiencies noted. Include the corrective action plan developed to address noted deficiencies.
  - C. An assessment of Alliance's performance of delegated quality improvement activities.

- 4.5 Medical Records. Alliance shall develop, implement and maintain written procedures pertaining to any form of medical records:

A. For storage and filing of medical records including: collection, processing, maintenance, storage, retrieval identification, and distribution.

- B. To ensure that medical records are protected and confidential in accordance with all federal and state law.
- C. For the release of information and obtaining consent for treatment.
- D. To ensure maintenance of medical records in a legible, current, detailed, organized and comprehensive manner (records may be electronic or paper copy).
- E. Alliance shall ensure that an individual is delegated the responsibility of securing and maintaining medical records at each site.



**ATTACHMENT B  
BANKING ARRANGEMENTS**

The LIHP Covered Services Account shall be established and maintained in accordance with this Agreement. The parties' respective responsibilities with respect to this account are set forth below.

A. **Payment of Claims.** County authorizes Alliance, as County's third-party administrator and disbursing agent, to issue payments from the LIHP Covered Services Account for the following purposes:

1. Payment of claims for LIHP Covered Services to Non-County Participating Providers;
2. Disbursement of County funds to Natividad Medical Center and County Clinic Participating Providers in support of LIHP Covered Services in accordance with Alliance's contracts with such County providers as Alliance Participating Provider. All references in this Agreement to "payment," "payment of claims" and "paid claims" for LIHP Covered Services or similar references shall mean, with respect to Natividad Medical Center and County Clinic Participating Providers, such disbursement of County funds for LIHP Covered Services.
3. Any other payments or disbursements specifically authorized by County under this Agreement.

B. **Notification of Payment.** Payment of claims for LIHP Covered Services will be issued on the Account on a weekly basis. On a monthly basis Alliance will provide County with a report showing the individual and total dollar amounts of checks/EFT's issued on the LIHP Covered Services Account. Communication of these dollar amounts shall be via electronic report that will enable the information to be subtotaled by Non-County Participating Providers, Natividad Medical Center, and County Clinic Participating Providers. Communication of these dollar amounts shall be via electronic report.

C. **Maintenance of Funds in the Account.** County agrees that it will deliver sufficient funds to the Account for LIHP Covered Services payments under the LIHP Program in accordance with Section 5.5 of the Agreement. Should County fail to provide sufficient funds to the LIHP Covered Services Account, Alliance shall have no obligation to make its own funds available for the payment of LIHP Covered Services.

D. **Reimbursement of Mental Health Invoices.** County will be responsible for arranging mental health benefits as described in Attachment D. Alliance will disburse County funds to the County from the LIHP Covered Services Account in the amounts specified by County for LIHP Covered Services that are mental health services. The County Department of Behavioral Health will submit, on a weekly basis, an invoice specifying the

total amount to be disbursed for such services during the period in question. Alliance will make payments in accordance with such invoice in the amount specified by County within thirty (30) days of receipt of the invoice, assuming sufficient funds are available in the LIHP Covered Services Account. The form of the invoice shall be mutually agreed upon by County and Alliance.

E. **Collection of Overpayment Refunds.** Any and all manual checks recovered by Alliance from providers and other sources for overpayment refunds shall be deposited into the LIHP Covered Services Account. The County acknowledges that Alliance may collect overpayments by requesting a refund from providers and/or other sources of claim recovery. Overpayment amounts may also be recouped from future provider payments by deducting from and offsetting any amount or amounts otherwise due and payable to providers as permitted by Alliance's contracts with Participating Providers or by law.

F. **Reporting.** On or before the tenth (10<sup>th</sup>) of each month during the term of this Agreement, Alliance shall submit to County a copy of all paid claims and overpayment collections data in electronic form documenting all payments made from, and refunds made to, the LIHP Covered Services Account during the preceding month. The electronic form shall contain information documenting the payments and refunds made in accordance with Alliance's standard reporting that will enable the information to be subtotaled by Participating Provider type. Within a reasonable time after County's receipt of Alliance's data documenting processed payments from, and refunds to, the LIHP Covered Services Account, County shall reconcile the amounts and, if appropriate, instruct Alliance to reconcile its records to reflect any revisions deemed appropriate by County.

G. **Monthly Reconciliation Report.** Within thirty (30) days following the end of each month during the term of the Agreement, Alliance shall submit to County a monthly report that reconciles the beginning and end balance of the LIHP Covered Services Account with paid claims and overpayment collections made during the month.

H. **Annual Accounting.** Alliance shall provide County with an annual accounting report summary of all claims actually paid and an actuarial estimate of all claims incurred and invoices paid during each County Fiscal Year (i.e., July 1 – June 30).

**ATTACHMENT C  
SERVICE FEES**

County will pay Alliance the Service Fees specified below for ASA Services provided in accordance with the terms of this Agreement.

**I. SERVICE FEES**

Alliance will be entitled to Service Fees for the ASA Services provided under this Agreement equal to three percent (3%) of Actual Claim Payments.

Service Fees will be invoiced monthly by Alliance at three percent (3%) of Actual Claim Payments for the month in question, and paid by County within thirty (30) days after County's receipt of Alliance's invoice. The invoice shall be substantially in the form attached hereto as **Attachment C-1**. County shall pay to Alliance the amount due under the invoice via wire transfer to an Alliance bank account specified by Alliance.

County shall continue to pay Service Fees to Alliance following the termination of the Agreement for the Run-Out Period in the same manner.



**ATTACHMENT D**  
**DESCRIPTION OF LIHP PROGRAM COVERED SERVICES**

1. Covered Services.

As subject to and further defined by the County/DHCS LIHP Contract, including without limitation Attachment 10 of Exhibit A, Alliance will arrange for all medically necessary LIHP Covered Services for Eligible Members, with the exception of mental health LIHP Covered Services. The County will be solely responsible for arranging mental health LIHP Covered Services including mental health related pharmaceutical services) except those mental health related pharmaceutical services which are prescribed by Participating Providers.

If Alliance's provider network is unable to provide medically necessary LIHP Covered Services as set forth in the preceding paragraph, Alliance must arrange for the provision of these services out-of-network for the Eligible Member for as long as the Alliance provider network is unable to provide them. The out-of-network provider must coordinate with Alliance with respect to payment. .

All LIHP Covered Services provided must be allowable under Section 1905(a) of the Social Security Act.

Alliance may not arbitrarily deny or reduce the amount, duration, or scope of a required service solely because of the diagnosis, type of illness, or condition. Alliance may place appropriate limits on a service on the basis of criteria such as medical necessity; or for utilization control, provided the services furnished can reasonably be expected to achieve their purpose.

2. Medically Necessary Services

The term "medically necessary" refers to services described as benefits in this Attachment D that are reasonable and necessary in establishing a diagnosis and providing palliative, curative or restorative treatment for physical conditions in accordance with the standards of medical practice generally accepted at the time services are rendered. Only those services set forth in this Attachment D that are medically necessary are LIHP Covered Services as determined by the Alliance through its Utilization Management program.

Alliance must address in its definition of medically necessary the extent to which it is responsible for covering services related to the prevention, diagnosis, and treatment of health impairments, the ability to achieve age-appropriate growth and development, and the ability to attain, maintain, or regain functional capacity.

3. Services

A. Intake Assessment. Alliance shall require the Eligible Member's Medical Home to provide an intake assessment of each new Eligible Member's general health status.

B. MCE Core Benefits – Alliance Responsibility

Alliance is responsible for arranging for the following health care services to MCE Eligible Members to the extent available under the California state Medicaid plan:

- Medical equipment and supplies;
- Emergency Care Services (including transportation);
- Acute Inpatient Hospital Services;
- Laboratory Services;
- Prior-authorized Non-Emergency Medical Transportation (when medically necessary, required for obtaining medical care and provided for the lowest cost mode available);
- Outpatient Hospital Services;
- Physical Therapy;
- Physician services (including specialty care);
- Podiatry;
- Prescription and limited non-prescription medications;
- Prosthetic and orthotic appliances and devices; and
- Radiology.

As specified in Section 3.G., below, County is responsible for arranging mental health services that are MCE core benefits. Alliance's responsibility for such services is limited to the claims processing and payment functions described in Attachments A and B.

C. MCE Add-On Services – Alliance Responsibility

Alliance is responsible for arranging for the following additional health care services to MCE Eligible Members to the extent available under the California state Medicaid plan:

- Adult Immunizations;
- Case Management;
- Home Health Care;
- Specialty Outpatient;
- Health Education;
- Speech Therapy, Occupational Therapy;
- Incontinence Supplies;
- Durable Medical Equipment;
- Audiology;
- Skilled Nursing;
- Subacute Care;
- Hospice;
- Ambulatory Surgery Center Services;
- Non-Physician Medical Practitioner Services; and
- Hemodialysis-IP only.

D. HCCI Core Benefits – Alliance Responsibility

Alliance is responsible for arranging for the following health care services to HCCI Eligible Members to the extent available under the California state Medicaid plan, when County's LIHP Program includes HCCI coverage:

- Medical equipment and supplies;
- Emergency Care Services;
- Acute Inpatient Hospital Services;
- Laboratory Services;
- Outpatient Hospital Services;
- Physical Therapy;
- Physician services;
- Prescription and limited non-prescription medications;
- Prosthetic and orthotic appliances and devices; and
- Radiology.

E. Administration of Services – Alliance Responsibility

The above-referenced health care services shall be administered in the same manner and scope as the services provided by Alliance under its Medi-Cal program contract, except that County shall be financially responsible for payment for LIHP Covered Services.

F. Denial of Services – Alliance Responsibility

Except for medically necessary Emergency Services provided to MCE Eligible Members consistent with the requirements of STCs 63 and Attachment 9 of Exhibit A of the County/DHCS LIHP Contract, Alliance may exclude from core benefits those services listed in Sections 3.B - D, of this Attachment A that are rendered by providers that are not Alliance Participating Providers.

G. Mental Health Benefits – County Responsibility

County is responsible for arranging for the evidence-based core package of mental health services, as subject to and further detailed in Section 3(I) of Attachment 10 of Exhibit A of the County/DHCS LIHP Contract.

H. Excluded Benefits for both MCE and HCCI Eligible Members

- Organ Transplants;
- Bariatric surgery; and
- Infertility related services.

I. Cost-Sharing.

Alliance and County will comply with Medicaid cost-sharing requirements for MCE and HCCI populations as required by STCs 70. All HCCI Eligible Members must be limited to a 5 percent aggregate cost sharing limit per family. Cost-sharing must be in compliance with all Medicaid cost-sharing requirements for MCE populations that are set forth in statute, regulations and policies.

J. Pharmaceutical Services and Provision of Prescribed Drugs

Alliance shall cover and ensure the provision of all prescribed drugs, within its formulary and limits, and Medically Necessary pharmaceutical services not otherwise provided or arranged by County. Alliance shall provide pharmaceutical services and prescription drugs in accordance with all federal and State laws and regulations including, but not limited to the California State Board of Pharmacy Laws and Regulations. Prior authorization requirements for pharmacy services and provision of prescribed drugs must be clearly described in the new members kit or LIHP Program Information distributed to Eligible Members.

At a minimum, Alliance shall arrange for pharmaceutical services to be available during regular business hours, and shall ensure the provision of drugs prescribed in emergency circumstances in amounts sufficient to last until the Enrollee can reasonably be expected to have the prescription filled.

Alliance shall implement and maintain a process to ensure that its formulary is reviewed and updated.

4. Service Verification

Alliance must develop procedures to verify services are LIHP Covered Services and are actually performed, and to recoup payments improperly made, if applicable. County will be reimbursed by Alliance for payments that have been made for services that are not LIHP Covered Services for which Alliance recoups payment. Alliance will provide to County a list that identifies such payments to ensure ineligible costs are excluded from County's LIHP claim for federal financial participation.



**ATTACHMENT E**  
**LIHP PROGRAM CONTRACTOR REQUIREMENTS**

This Attachment E sets forth requirements, in addition to those requirements set forth elsewhere in the Agreement, applicable to the Alliance and, as applicable, its Participating Providers and other subcontractors, and/or County, when providing or arranging LIHP Covered Services pursuant to the terms of this Agreement. To the extent that any provision in this Attachment E conflicts with any provision elsewhere in the Agreement, the provision in Attachment E shall prevail. For purposes of this Attachment E, subcontractors means those entities that contract with the Alliance to support the ASA Services provided hereunder.

1. Alliance shall and shall cause its Participating Providers and other subcontractors to make all of their books and records, pertaining to the goods and services furnished under the terms of this Agreement, available for inspection, examination or copying: (a) by DHCS, the United States Department of Health and Human Services, and the United States Department of Justice; (b) at all reasonable times at the Provider's place of business, or at such other mutually agreeable location in California; (c) in a form maintained in accordance with the general standards applicable to such book or record keeping; (d) for a term of at least five (5) years from the close of the fiscal year in which the date of service occurred, in which the record or data was created or applied, and for which the financial record was created, or such longer period as required by Law; and (e) including all expenditure and utilization data including encounter data for a period of at least five (5) years, or such longer period as required by Law.

2. Alliance shall maintain and make available to DHCS, upon request, copies of subcontracts and ensure that all of its subcontracts are in writing and require that the subcontractor:

- a) Make all applicable books and records available at all reasonable times for inspection, examination, or copying by DHCS, HHS, and DOJ.
- b) Retain such books and records for a term of at least seven (7) years from the close of the current fiscal year for the last year in which the sub-subcontract is in effect and in which the date of service occurred; in which the record or data was created or applied; and for which the financial record was created.

3. Alliance agrees. and agrees to require Participating Providers and other subcontractors, to hold harmless both the State and Eligible Members in the event County cannot or will not pay for ASA services performed by Alliance or its subcontractors or LIHP Covered Services furnished by Participating Providers.

4. Alliance agrees to arrange for interpreter services for Eligible Members at all Participating Provider sites.

5. Alliance and Participating Providers shall participate and cooperate in the quality assurance program discussed in Attachment A.

6. Alliance shall and shall cause Participating Providers to comply with all applicable requirements of DHCS, and the LIHP Program.

7. Alliance and Participating Providers shall ensure that medical decisions are not unduly influenced by fiscal and administrative management. Compensation to individuals or entities that conduct utilization management activities shall not be structured so as to provide incentives for the individual or entity to deny, limit or discontinue medically necessary services to any Eligible Member.

8. Alliance, Participating Providers and non-contracting providers shall provide utilization data which allows County to meet its administrative functions and the requirements related to submission of utilization data as set forth in the County/DHCS LIHP Contract.

9. Alliance shall comply and cooperate with County's oversight of delegated quality improvement functions and responsibilities in accordance with Attachment A, Section 4 and delegated credentialing functions and responsibilities in accordance with Attachment A, Section 1.1.

10. Alliance and Participating Providers may not bill Eligible Members any amount greater than would be owed if the entity provided the services directly (i.e., no balance billing by providers).

11. Alliance shall make itself, its employees and agents, and its Participating Providers available to DHCS at no cost to DHCS to testify as witnesses, or otherwise, in the event of litigation or administrative proceedings being commenced against DHCS, its directors, officers or employees based upon claimed violation of HIPAA, the HIPAA regulations, the HITECH Act or other laws relating to security and privacy, except where County, Alliance or their employees or agents are named as an adverse party.

12. Through the end of the records retention period specified in Section 1 to this Attachment E, Alliance shall allow the DHCS, HHS, the Comptroller General of the United States, and other authorized State agencies, to monitor or otherwise evaluate the quality, appropriateness, and timeliness of services performed under this Agreement and the County/DHCS LIHP Contract, and to inspect, evaluate, and audit any and all books, records, and facilities maintained by County or Alliance pertaining to the ASA Services provided under the County/DHCS LIHP Contract or this Agreement at any time during normal business hours with at least seventy-two (72) hours notice. For purposes of this section, books and records include, but are not limited to, all physical records originated or prepared pursuant to the performance of this Agreement and the County/DHCS LIHP Contract, including working papers, reports, financial records, and books of account,

medical records, prescription files, laboratory results, subcontracts, information systems and procedures, and any other documentation pertaining to medical and non-medical services rendered to Eligible Members. Upon request, through the end of the records retention period specified in Section 1 to this Attachment E Alliance shall furnish any record, or copy of it, to DHCS or any other entity listed in this section, at County's sole expense.

13. With respect to any identifiable information concerning an Eligible Member under the County/DHCS LIHP Contract that is obtained by Alliance, Alliance: (1) will not use any such information for any purpose other than carrying out the express terms of this Agreement and the County/DHCS LIHP Contract, (2) will promptly transmit to DHCS all requests for disclosure of such information, except requests for medical records or PHI in accordance with applicable law, (3) will not disclose except as otherwise specifically permitted by this Agreement and the County/DHCS LIHP Contract or in accordance with applicable law, any such information to any party other than DHCS without DHCS' prior written authorization specifying that the information is releasable under Title 42, CFR, Section 431.300 and (4) will, at the termination of this Agreement or the County/DHCS LIHP Contract, return all such information to DHCS or maintain such information according to written procedures sent to the Contractor by DHCS for this purpose.

14. Alliance, its Participating Providers and other subcontractors, shall not discriminate against Eligible Members because of race, color, creed, religion, ancestry, marital status, sexual orientation, national origin, age, sex, or physical or mental handicap in accordance with Title VI of the Civil Rights Act of 1964, 42 USC Section 2000d, rules and regulations promulgated pursuant thereto, or as otherwise provided by law or regulations. For the purpose of this Agreement, discriminations on the grounds of race, color, creed, religion, ancestry, age, sex, national origin, marital status, sexual orientation, or physical or mental handicap include, but are not limited to, the following:

- 1) Denying any Eligible Member any LIHP Covered Services or availability of a County, Alliance or Participating Provider facility;
- 2) Providing to an Eligible Member any LIHP Covered Service which is different, or is provided in a different manner or at a different time from that provided to other Eligible Members except where medically indicated;
- 3) Subjecting an Eligible Member to segregation or separate treatment in any manner related to the receipt of any LIHP Covered Service;
- 4) Restricting an Eligible Member in anyway in the enjoyment of any advantage or privilege enjoyed by others receiving any LIHP Covered Service, treating an Eligible Member differently from others in determining whether he or she satisfies any admission, enrollment, quota, eligibility, membership, or other requirement or condition which individuals must meet in order to be provided any LIHP Covered Service;

- 5) The assignment of times or places for the provision of services on the basis of the race, color, national origin, creed, ancestry, religion, language, age, gender, marital status, sexual orientation, health status, or disability of the participants to be served.

Alliance shall assist County in its obligation under the County/DHCS LIHP Contract to take affirmative action to ensure that Eligible Members are provided LIHP Covered Services without regard to race, color, national origin, creed, ancestry, religion, language, age, gender, marital status, sexual orientation, health status, or disability, except where medically indicated.

For the purposes of this section, physical handicap includes the carrying of a gene which may, under some circumstances, be associated with disability in that person's offspring, but which causes no adverse effects on the carrier. Such genes will include, but are not limited to, Tay-Sachs trait, sickle cell trait, thalassemia trait, and X-linked hemophilia.

15. Alliance, its Participating Providers and other subcontractors, shall not discriminate among Eligible Members on the basis of their health status requirements or requirements for health care services during enrollment, re-enrollment or disenrollment. Alliance will not terminate the enrollment of an Eligible Member, or that individual's access to LIHP Covered Services based on an adverse change in the Eligible Member's health.

16. Alliance shall assist County in providing copies of all grievances alleging discrimination against Eligible Members because of race, color, national origin, creed, ancestry, religion, language, age, gender, marital status, sexual orientation, health status, or disability, to DHCS for review and appropriate action.

17. Alliance shall assist County in meeting its obligations to comply with applicable federal Medicaid laws and regulations in operating the LIHP Program, including, but not limited to sections 1903(m), 1905(t) and 1932 of the Social Security Act and 42 CFR. Part 438, consistent with the exceptions permitted by the Demonstration.

**ATTACHMENT F**  
**DATA AND REPORTING REQUIREMENTS**

Alliance will cooperate with the County as reasonably requested with respect to the County's obligation to provide data for the LIHP Program to DHCS and to independent evaluators contracted by DHCS. With respect to data maintained by Alliance for the purposes of providing ASA Services under this Agreement, Alliance will meet minimum data capacity and reporting guidelines established by DHCS, and ensure that Alliance is able to securely transfer Protected Health Information ("PHI") as defined under the Health Insurance Portability and Accountability Act ("HIPAA") or sufficiently de-identify person-level health information to DHCS contracted evaluators via secure file transfer protocol (SFTP) connection on a quarterly basis. Alliance will enter into a Business Associate Addendum as set forth in Attachment G hereto or other data use agreements with DHCS contracted independent evaluators to permit sharing of PHI or other information determined to be confidential.

With respect to data maintained by Alliance for the purposes of providing ASA Services under this Agreement, Alliance will respond to guidelines issued by DHCS contracted independent evaluators for dataset formatting. Datasets provided by Alliance to DHCS contracted independent evaluators will be linkable via shared unique identifiers, and Alliance will provide DHCS contracted independent evaluators with data documentation and technical support for the use of datasets provided by Alliance. Alliance will maintain the following datasets:

- Data on all Medical Home assignments and changes within the LIHP Program;
- Complete list of Medical Homes, facilities and other types of Participating Providers, including practice locations and unique Participating Provider identifiers, to evaluate the adequacy of Alliance Participating Provider networks, cultural and linguistic services, as well as access to care;
- Claims or encounter data for all LIHP Covered Services provided pursuant to this Agreement, including all procedure and diagnosis codes, specialty referrals, pharmaceutical National Drug Codes (NDC), linkable by unique ID at the Eligible Member level;
- Membership data;
- Data on grievances/actions and appeals; and
- Other data required to be reported to DHCS pursuant to the County/DHCS LIHP Contract as feasible, upon notification of Alliance by County.
- Any additional report requests initiated by County as feasible and at a mutually agreed upon fee.

**ATTACHMENT G  
BUSINESS ASSOCIATE ADDENDUM**

This Business Associate Addendum (this "Addendum") is made a part of that certain Administrative Services Agreement (the "Agreement") dated as of \_\_\_\_\_, 2012 ("Effective Date"), by and among County of Monterey (the "Covered Entity") and Central California Alliance for Health ("Business Associate").

**Recitals**

A. This Contract (Agreement) has been determined to constitute a business associate relationship under the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191 ("HIPAA"), the Health Information Technology for Economic and Clinical Health Act, Public Law 111-005 (the HITECH Act"), 42 U.S.C. section 17921 et seq., and their implementing privacy and security regulations at 45 CFR Parts 160 and 164 ("the HIPAA regulations").

B. Covered Entity wishes to disclose to Business Associate certain information pursuant to the terms of this Agreement, some of which may constitute Protected Health Information ("PHI"), including protected health information in electronic media ("ePHI"), under federal law, and personal information ("PI") under State law.

C. As set forth in this Agreement, Alliance, here and after, is the Business Associate of the Covered Entity acting on the Covered Entity's behalf, and provides services, arranges, performs or assists in the performance of functions or activities on behalf of Covered Entity and creates, receives, maintains, transmits, uses or discloses PHI and PI. Covered Entity and Business Associate are each a party to this Agreement and are collectively referred to as the "parties."

D. The purpose of this Addendum is to protect the privacy and security of the PHI and PI that may be created, received, maintained, transmitted, used or disclosed pursuant to this Agreement, and to comply with certain standards and requirements of HIPAA, the HITECH Act and the HIPAA regulations, including, but not limited to, the requirement that Covered Entity must enter into a contract containing specific requirements with Contractor prior to the disclosure of PHI to Contractor, as set forth in 45 CFR Parts 160 and 164 and the HITECH Act.

E. The terms used in this Addendum, but not otherwise defined, shall have the same meanings as those terms have in the HIPAA regulations. Any reference to statutory or regulatory language shall be to such language as in effect or as amended.

**Definitions**

A. Breach shall have the meaning given to such term under HIPAA, the HITECH Act, and the HIPAA regulations.

B. Business Associate shall have the meaning given to such term under HIPAA, the HITECH Act, and the HIPAA regulations.

C. Covered Entity shall have the meaning given to such term under HIPAA, the HITECH Act, and the HIPAA regulations.

D. Electronic Health Record shall have the meaning given to such term in the HITECH Act, including, but not limited to, 42 U.S.C Section 17921 and implementing regulations.

E. Electronic Protected Health Information (ePHI) means individually identifiable health information transmitted by electronic media or maintained in electronic media, including but not limited to electronic media as set forth under 45 CFR section 160.103.

F. Individually Identifiable Health Information means health information, including demographic information collected from an individual, that is created or received by a health care provider, health plan, employer or health care clearinghouse, and relates to the past, present or future physical or mental health or condition of an individual, the provision of health care to an individual, or the past, present, or future payment for the provision of health care to an individual, that identifies the individual or where there is a reasonable basis to believe the information can be used to identify the individual, as set forth under 45 CFR section 160.103.

G. Privacy Rule shall mean the HIPAA Regulation that is found at 45 CFR Parts 160 and 164.

H. Personal Information shall have the meaning given to such term in California Civil Code section 1798.29.

I. Protected Health Information means individually identifiable health information that is transmitted by electronic media, maintained in electronic media, or is transmitted or maintained in any other form or medium, as set forth under 45 CFR section 160.103.

J. Required by law, as set forth under 45 CFR section 164.103, means a mandate contained in law that compels an entity to make a use or disclosure of PHI that is enforceable in a court of law. This includes, but is not limited to, court orders and court-ordered warrants, subpoenas or summons issued by a court, grand jury, a governmental or tribal inspector general, or an administrative body authorized to require the production of information, and a civil or an authorized investigative demand. It also includes Medicare conditions of participation with respect to health care providers participating in the program, and statutes or regulations that require the production of information, including statutes or regulations that require such information if payment is sought under a government program providing public benefits.

K. Secretary means the Secretary of the U.S. Department of Health and Human Services ("HHS") or the Secretary's designee.

L. Security Incident means the attempted or successful unauthorized access, use, disclosure, modification, or destruction of PHI or PI, or confidential data that is essential to the ongoing operation of the Business Associate's organization and intended for internal use; or interference with system operations in an information system.

M. Security Rule shall mean the HIPAA regulation that is found at 45 CFR Parts 160 and 164.

N. Unsecured PHI shall have the meaning given to such term under the HITECH Act, 42 U.S.C. section 17932(h), any guidance issued pursuant to such Act and the HIPAA regulations.

### **Terms of Agreement**

A. Permitted Uses and Disclosures of PHI by Business Associate.

Permitted Uses and Disclosures. Except as otherwise indicated in this Addendum, Business Associate may use or disclose PHI only to perform functions, activities or services specified in this Agreement, for, or on behalf of Covered Entity, provided that such use or disclosure would not violate the HIPAA regulations, if done by Covered Entity. Any such use or disclosure must, to the extent practicable, be limited to the limited data set, as defined in 45 CFR section 164.514(e)(2), or, if needed, to the minimum necessary to accomplish the intended purpose of such use or disclosure, in compliance with the HITECH Act and any guidance issued pursuant to such Act, and the HIPAA regulations.

Specific Use and Disclosure Provisions. Except as otherwise indicated in this Addendum, Business Associate may:

1. Use and disclose for management and administration. Use and disclose PHI for the proper management and administration of the Business Associate provided that such disclosures are required by law, or the Business Associate obtains reasonable assurances from the person to whom the information is disclosed that it will remain confidential and will be used or further disclosed only as required by law or for the purpose for which it was disclosed to the person, and the person notifies the Business Associate of any instances of which it is aware that the confidentiality of the information has been breached.

2. Provision of Data Aggregation Services. Use PHI to provide data aggregation services to Covered Entity. Data aggregation means the combining of PHI created or received by the Business Associate on behalf of Covered Entity with PHI received by the Business Associate in its capacity as the Business Associate of another covered entity, to permit data analyses that relate to the health care operations of Covered Entity.



B. Prohibited Uses and Disclosures.

1. Business Associate shall not disclose PHI about an individual to a health plan for payment or health care operations purposes if the PHI pertains solely to a health care item or service for which the health care provider involved has been paid out of pocket in full and the individual requests such restriction, in accordance with 42 U.S.C. section 17935(a) and 45 CFR section 164.522(a).
2. Business Associate shall not directly or indirectly receive remuneration in exchange for PHI, except with the prior written consent of Covered Entity and as permitted by 42 U.S.C. section 17935(d)(2).

C. Responsibilities of Business Associate.

Business Associate agrees:

1. Nondisclosure. Not to use or disclose Protected Health Information (PHI) other than as permitted or required by this Agreement or as required by law.
2. Safeguards. To implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the PHI, including electronic PHI, that it creates, receives, maintains, uses or transmits on behalf of Covered Entity, in compliance with 45 CFR sections 164.308, 164.310 and 164.312, and to prevent use or disclosure of PHI other than as provided for by this Agreement. Business Associate shall implement reasonable and appropriate policies and procedures to comply with the standards, implementation specifications and other requirements of 45 CFR section 164, subpart C, in compliance with 45 CFR section 164.316. Business Associate shall develop and maintain a written information privacy and security program that includes administrative, technical and physical safeguards appropriate to the size and complexity of the Business Associate's operations and the nature and scope of its activities, and which incorporates the requirements of section 3, Security, below. Business Associate will provide Covered Entity with its current and updated policies.
3. Security. To take any and all steps necessary to ensure the continuous security of all computerized data systems containing PHI and/or PI, and to protect paper documents containing PHI and/or PI. These steps shall include, at a minimum:
  - a. Complying with all of the data system security precautions listed in Attachment A, Business Associate Data Security Requirements;
  - b. Achieving and maintaining compliance with the HIPAA Security Rule (45 CFR Parts 160 and 164), as necessary in conducting operations on behalf of Covered Entity under this Agreement;

c. Providing a level and scope of security that is at least comparable to the level and scope of security established by the Office of Management and Budget in OMB Circular No. A-130, Appendix III - Security of Federal Automated Information Systems, which sets forth guidelines for automated information systems in Federal agencies; and

d. In case of a conflict between any of the security standards contained in any of these enumerated sources of security standards, the most stringent shall apply. The most stringent means that safeguard which provides the highest level of protection to PHI from unauthorized disclosure. Further, Business Associate must comply with changes to these standards that occur after the effective date of this Agreement.

Business Associate shall designate a Security Officer to oversee its data security program who shall be responsible for carrying out the requirements of this section and for communicating on security matters with Covered Entity.

4. Mitigation of Harmful Effects. To mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a use or disclosure of PHI by Business Associate or its subcontractors in violation of the requirements of this Addendum.

5. Business Associate's Agents and Subcontractors.

a. To enter into written agreements with any agents, including subcontractors and vendors, to whom Business Associate provides PHI or PI received from or created or received by Business Associate on behalf of Covered Entity, that impose the same restrictions and conditions on such agents, subcontractors and vendors that apply to Business Associate with respect to such PHI and PI under this Addendum, and that comply with all applicable provisions of HIPAA, the HITECH Act and the HIPAA regulations, including the requirement that any agents, subcontractors or vendors implement reasonable and appropriate administrative, physical, and technical safeguards to protect such PHI and PI. Business Associate shall incorporate, when applicable, the relevant provisions of this Addendum into each subcontract or subaward to such agents, subcontractors and vendors, including the requirement that any security incidents or breaches of unsecured PHI or PI be reported to Business Associate.

b. In accordance with 45 CFR section 164.504(e)(1)(ii), upon Business Associate's knowledge of a material breach or violation by its subcontractor of the agreement between Business Associate and the subcontractor, Business Associate shall:

(1) Provide an opportunity for the subcontractor to cure the breach or end the violation and terminate the agreement if the

subcontractor does not cure the breach or end the violation within the time specified by Covered Entity; or

(2) Immediately terminate the agreement if the subcontractor has breached a material term of the agreement and cure is not possible.

6. Availability of Information to Covered Entity and Individuals. To provide access and information:

a. To provide access as Covered Entity may require, and in the time and manner designated by Covered Entity (upon reasonable notice and during Business Associate's normal business hours) to PHI in a Designated Record Set, to Covered Entity (or, as directed by Covered Entity), to an Individual, in accordance with 45 CFR section 164.524. Designated Record Set means the group of records maintained for Covered Entity that includes medical, dental and billing records about individuals; enrollment, payment, claims adjudication, and case or medical management systems maintained for Covered Entity health plans; or those records used to make decisions about individuals on behalf of Covered Entity. Business Associate shall respond to requests for access to records transmitted by Covered Entity within fifteen (15) calendar days of receipt of the request by producing the records or verifying that there are none.

b. If Business Associate maintains an Electronic Health Record with PHI, and an individual requests a copy of such information in an electronic format, Business Associate shall provide such information in an electronic format to enable Covered Entity to fulfill its obligations under the HITECH Act, including but not limited to, 42 U.S.C. section 17935(e).

c. Upon written notice by Covered Entity that Business Associate receives data from Covered Entity that was provided to Covered Entity by the Social Security Administration, and upon identification by Covered Entity of the specific data, and upon request by Covered Entity, Business Associate shall provide Covered Entity with a list of all employees, contractors and agents who have access to the Social Security data, including employees, contractors and agents of its subcontractors and agents.

7. Amendment of PHI. To make any amendment(s) to PHI that Covered Entity directs or agrees to pursuant to 45 CFR section 164.526, in the time and manner designated by Covered Entity.

8. Internal Practices. To make Business Associate's internal practices, books and records relating to the use and disclosure of PHI received from Covered Entity, or created or received by Business Associate on behalf of Covered Entity, available to Covered Entity or to the Secretary of the U.S. Department of Health and Human Services in a time and manner designated by Covered Entity or by the Secretary, for purposes of determining Covered Entity's compliance with the HIPAA regulations. If any information needed for this purpose is in the exclusive possession of any other

entity or person and the other entity or person fails or refuses to furnish the information to Business Associate, Business Associate shall so certify to Covered Entity and shall set forth the efforts it made to obtain the information.

9. Documentation of Disclosures. To document and make available to Covered Entity or (at the direction of Covered Entity) to an Individual such disclosures of PHI, and information related to such disclosures, necessary to respond to a proper request by the subject Individual for an accounting of disclosures of PHI, in accordance with the HITECH Act and its implementing regulations, including but not limited to 45 CFR section 164.528 and 42 U.S.C. section 17935(c). If Business Associate maintains electronic health records for Covered Entity as of January 1, 2009, Business Associate must provide an accounting of disclosures, including those disclosures for treatment, payment or health care operations, effective with disclosures on or after January 1, 2014. If Business Associate acquires electronic health records for Covered Entity after January 1, 2009, Business Associate must provide an accounting of disclosures, including those disclosures for treatment, payment or health care operations, effective with disclosures on or after the date the electronic health record is acquired, or on or after January 1, 2011, whichever date is later. The electronic accounting of disclosures shall be for disclosures during the three years prior to the request for an accounting.

10. Breaches and Security Incidents. During the term of this Agreement, Business Associate agrees to implement reasonable systems for the discovery and prompt reporting of any breach or security incident, and to take the following steps:

a. Notice to Covered Entity. (1) To notify Covered Entity immediately by telephone call plus email or fax upon the discovery of a breach of unsecured PHI or PI in electronic media or in any other media if the PHI or PI was, or is reasonably believed to have been, accessed or acquired by an unauthorized person, or upon the discovery of a suspected security incident that involves data provided to Covered Entity by the Social Security Administration. (2) To notify Covered Entity immediately by email or fax of the discovery of any suspected security incident, intrusion or unauthorized access, use or disclosure of PHI or PI in violation of this Agreement and this Addendum, or potential loss of confidential data affecting this Agreement. A breach shall be treated as discovered by Business Associate as of the first day on which the breach is known, or by exercising reasonable diligence would have been known, to any person (other than the person committing the breach) who is an employee, officer or other agent of Business Associate. Upon discovery of a breach or suspected security incident, intrusion or unauthorized access, use or disclosure of PHI or PI, Business Associate shall take:

(1) Prompt corrective action to mitigate any risks or damages involved with the breach and to protect the operating environment;  
and

(2) Any action pertaining to such unauthorized disclosure required by applicable Federal and State laws and regulations.

b. Investigation and Investigation Report. To immediately investigate such security incident, breach, or unauthorized access, use or disclosure of PHI or PI. Within 48 hours of the discovery, Business Associate shall submit an report to the Covered Entity, describing the incident. For breaches, the report shall contain the information specified in 45 CFR. Section 164.404(c).

c. Complete Report. To provide an initial report of the investigation to the Covered Entity within 72 hours of the discovery of the breach or unauthorized use or disclosure. A complete report of the investigation shall be provided within five (5) working days of completion of the report. The report include an assessment of all known factors relevant to a determination of whether a breach occurred under applicable provisions of HIPAA, the HITECH Act, the HIPAA regulations and/or state law. The report shall also include a full, detailed corrective action plan, including information on measures that were taken to halt and/or contain the improper use or disclosure. If Covered Entity requests additional information, Business Associate shall make reasonable efforts to provide Covered Entity with such information. If necessary, a Supplemental Report may be used to submit revised or additional information after the completed report is submitted. Covered Entity will review and approve the determination of whether a breach occurred and individual notifications are required, and the corrective action plan.

d. Notification of Individuals. If the cause of a breach of PHI or PI is attributable to Business Associate or its subcontractors, agents or vendors, Business Associate shall notify individuals of the breach or unauthorized use or disclosure when notification is required under state or federal law and shall pay any costs of such notifications, as well as any costs associated with the breach. The notifications shall comply with the requirements set forth in 42 U.S.C. section 17932 and its implementing regulations, including, but not limited to, the requirement that the notifications be made without unreasonable delay and in no event later than 60 calendar days. The Covered Entity shall approve the time, manner and content of any such notifications and their review and approval must be obtained before the notifications are made.

e. Responsibility for Reporting of Breaches. If the cause of a breach of PHI or PI is attributable to Business Associate or its agents, subcontractors or vendors, Business Associate is responsible for all required reporting of the breach as specified in 42 U.S.C. section 17932 and its implementing regulations, including notification to media outlets and to the Secretary. If a breach of unsecured PHI involves more than 500 residents of the State of California or its jurisdiction, Business Associate shall notify the Secretary of

the breach immediately upon discovery of the breach. If Business Associate has reason to believe that duplicate reporting of the same breach or incident may occur because its subcontractors, agents or vendors may report the breach or incident to Covered Entity in addition to Business Associate, Business Associate shall notify Covered Entity, and Covered Entity and Business Associate may take appropriate action to prevent duplicate reporting. The breach reporting requirements of this paragraph are in addition to the reporting requirements set forth in subsection 1, above.

f. Covered Entity Contact Information. To direct communications to the above referenced Covered Entity staff, the Business Associate shall initiate contact as indicated herein. Covered Entity reserves the right to make changes to the contact information below by giving written notice to the Business Associate. Said changes shall not require an amendment to this Addendum or the Agreement to which it is incorporated.

Contact Information  
Natividad Medical Center  
Compliance Officer  
Noella Crayton  
1441 Constitution Blvd.  
Salinas, CA 93906  
(831) 783-2558

11. Termination of Agreement. In accordance with Section 13404(b) of the HITECH Act and to the extent required by the HIPAA regulations, if Business Associate knows of a material breach or violation by Covered Entity of this Addendum, it shall take the following steps:

- a. Provide an opportunity for Covered Entity to cure the breach or end the violation and terminate the Agreement if Covered Entity does not cure the breach or end the violation within the time specified by Business Associate; or
- b. Immediately terminate the Agreement if Covered Entity has breached a material term of the Addendum and cure is not possible.

12. Due Diligence. Business Associate shall exercise due diligence and shall take reasonable steps to ensure that it remains in compliance with this Addendum and is in compliance with applicable provisions of HIPAA, the HITECH Act and the HIPAA regulations, and that its agents, subcontractors and vendors are in compliance with their obligations as required by this Addendum.

13. Sanctions and/or Penalties. Business Associate understands that a failure to comply with the provisions of HIPAA, the HITECH Act and the HIPAA regulations that are applicable to Business Associate may result in the imposition of sanctions

and/or penalties on Business Associate under HIPAA, the HITECH Act and the HIPAA regulations.

D. Obligations of Covered Entity

Covered Entity agrees to:

1. Notice of Privacy Practices. Provide Business Associate with the Notice of Privacy Practices that Covered Entity produces in accordance with 45 CFR section 164.520, as well as any changes to such notice.
2. Permission by Individuals for Use and Disclosure of PHI. Provide the Business Associate with any changes in, or revocation of, permission by an Individual to use or disclose PHI, if such changes affect the Business Associate's permitted or required uses and disclosures.
3. Notification of Restrictions. Notify the Business Associate of any restriction to the use or disclosure of PHI that Covered Entity has agreed to in accordance with 45 CFR section 164.522, to the extent that such restriction may affect the Business Associate's use or disclosure of PHI.
4. Requests Conflicting with HIPAA Rules. Not request the Business Associate to use or disclose PHI in any manner that would not be permissible under the HIPAA regulations if done by Covered Entity.

E. Audits, Inspection and Enforcement

1. From time to time, Covered Entity may inspect the facilities, systems, books and records of Business Associate to monitor compliance with this Agreement and this Addendum. Business Associate shall promptly remedy any violation of any provision of this Addendum and shall certify the same to the Covered Entity in writing. The fact that Covered Entity inspects, or fails to inspect, or has the right to inspect, Business Associate's facilities, systems and procedures does not relieve Business Associate of its responsibility to comply with this Addendum, nor does Covered Entity's:

- a. Failure to detect or
- b. Detection, but failure to notify Business Associate or require Business Associate's remediation of any unsatisfactory practices constitute acceptance of such practice or a waiver of Covered Entity's enforcement rights under this Agreement and this Addendum.

2. If Business Associate is the subject of an audit, compliance review, or complaint investigation by the Secretary or the Office of Civil Rights, U.S. Department of Health and Human Services, that is related to the performance of its obligations pursuant to this HIPAA Business Associate Addendum, Business

Associate shall notify Covered Entity and provide Covered Entity with a copy of any PHI or PI that Business Associate provides to the Secretary or the Office of Civil Rights concurrently with providing such PHI or PI to the Secretary. Business Associate is responsible for any civil penalties assessed due to an audit or investigation of Business Associate, in accordance with 42 U.S.C. section 17934(c).

F. Termination

1. Term. The Term of this Addendum shall commence as of the effective date of this Addendum and shall extend beyond the termination of the contract and shall terminate when all the PHI provided by Covered Entity to Business Associate, or created or received by Business Associate on behalf of Covered Entity, is destroyed or returned to Covered Entity, in accordance with 45 CFR 164.504(e)(2)(ii)(I).

2. Termination for Cause. In accordance with 45 CFR section 164.504(e)(1)(ii), upon Covered Entity' knowledge of a material breach or violation of this Addendum by Business Associate, Covered Entity shall:

a. Provide an opportunity for Business Associate to cure the breach or end the violation and terminate this Agreement if Business Associate does not cure the breach or end the violation within the time specified by Covered Entity; or

b. Immediately terminate this Agreement if Business Associate has breached a material term of this Addendum and cure is not possible.

3. Judicial or Administrative Proceedings. Business Associate will notify Covered Entity if it is named as a defendant in a criminal proceeding for a violation of HIPAA. Covered Entity may terminate this Agreement if Business Associate is found guilty of a criminal violation of HIPAA. Covered Entity may terminate this Agreement if a finding or stipulation that the Business Associate has violated any standard or requirement of HIPAA, or other security or privacy laws is made in any administrative or civil proceeding in which the Business Associate is a party or has been joined.

4. Effect of Termination. Upon termination or expiration of this Agreement for any reason, Business Associate shall return or destroy all PHI received from Covered Entity (or created or received by Business Associate on behalf of Covered Entity) that Business Associate still maintains in any form, and shall retain no copies of such PHI. If return or destruction is not feasible, Business Associate shall notify Covered Entity of the conditions that make the return or destruction infeasible, and Covered Entity and Business Associate shall determine the terms and conditions under which Business Associate may retain the PHI. Business Associate shall continue to extend the protections of this Addendum to such PHI, and shall limit further use of such PHI to those purposes that make the return or destruction of such PHI infeasible. This provision shall apply to PHI that is in the possession of subcontractors or agents of Business Associate.



G. Miscellaneous Provisions

1. Disclaimer. Covered Entity makes no warranty or representation that compliance by Business Associate with this Addendum, HIPAA or the HIPAA regulations will be adequate or satisfactory for Business Associate's own purposes or that any information in Business Associate's possession or control, or transmitted or received by Business Associate, is or will be secure from unauthorized use or disclosure. Business Associate is solely responsible for all decisions made by Business Associate regarding the safeguarding of PHI.

2. Amendment. The parties acknowledge that federal and state laws relating to electronic data security and privacy are rapidly evolving and that amendment of this Addendum may be required to provide for procedures to ensure compliance with such developments. The parties specifically agree to take such action as is necessary to implement the standards and requirements of HIPAA, the HITECH Act, the HIPAA regulations and other applicable laws relating to the security or privacy of PHI. Upon Covered Entity's request, Business Associate agrees to promptly enter into negotiations with Covered Entity concerning an amendment to this Addendum embodying written assurances consistent with the standards and requirements of HIPAA, the HITECH Act, the HIPAA regulations or other applicable laws. Covered Entity may terminate this Agreement upon thirty (30) days written notice in the event:

a. Business Associate does not promptly enter into negotiations to amend this Addendum when requested by Covered Entity pursuant to this Section; or

b. Business Associate does not enter into an amendment providing assurances regarding the safeguarding of PHI that Covered Entity in its sole discretion, deems sufficient to satisfy the standards and requirements of HIPAA and the HIPAA regulations.

3. Assistance in Litigation or Administrative Proceedings. Business Associate shall make itself and any subcontractors, employees or agents assisting Business Associate in the performance of its obligations under this Agreement, available to Covered Entity at no cost to Covered Entity to testify as witnesses, or otherwise, in the event of litigation or administrative proceedings being commenced against Covered Entity, its directors, officers or employees based upon claimed violation of HIPAA, the HIPAA regulations or other laws relating to security and privacy, which involves inactions or actions by the Business Associate, except where Business Associate or its subcontractor, employee or agent is a named adverse party.

4. No Third-Party Beneficiaries. Nothing express or implied in the terms and conditions of this Addendum is intended to confer, nor shall anything herein confer, upon any person other than Covered Entity or Business Associate and their

respective successors or assignees, any rights, remedies, obligations or liabilities whatsoever.

5. Interpretation. The terms and conditions in this Addendum shall be interpreted as broadly as necessary to implement and comply with HIPAA, the HITECH Act, the HIPAA regulations and applicable state laws. The parties agree that any ambiguity in the terms and conditions of this Addendum shall be resolved in favor of a meaning that complies and is consistent with HIPAA, the HITECH Act and the HIPAA regulations.

6. Regulatory References. A reference in the terms and conditions of this Addendum to a section in the HIPAA regulations means the section as in effect or as amended.

7. Survival. The respective rights and obligations of Business Associate under Section VI.D of this Addendum shall survive the termination or expiration of this Agreement.

8. No Waiver of Obligations. No change, waiver or discharge of any liability or obligation hereunder on any one or more occasions shall be deemed a waiver of performance of any continuing or other obligation, or shall prohibit enforcement of any obligation, on any other occasion.

**Attachment G-1**  
**Business Associate Data Security Requirements**

I. Personnel Controls

A. Employee Training. All workforce members who assist in the performance of functions or activities on behalf of Covered Entity, or access or disclose Covered Entity PHI or PI must complete information privacy and security training, at least annually, at Business Associate's expense. Each workforce member who receives information privacy and security training must sign a certification, indicating the member's name and the date on which the training was completed. These certifications must be retained for a period of six (6) years following contract termination.

B. Employee Discipline. Appropriate sanctions must be applied against workforce members who fail to comply with privacy policies and procedures or any provisions of these requirements, including termination of employment where appropriate.

C. Confidentiality Statement. All persons that will be working with Covered Entity PHI or PI must sign a confidentiality statement that includes, at a minimum, General Use, Security and Privacy Safeguards, Unacceptable Use, and Enforcement Policies. The statement must be signed by the workforce member prior to access to Covered Entity PHI or PI. The statement must be renewed annually. The Contractor shall retain each person's written confidentiality statement for Covered Entity inspection for a period of six (6) years following contract termination.

D. Background Check. Before a member of the workforce may access Covered Entity PHI or PI, a thorough background check of that worker must be conducted, with evaluation of the results to assure that there is no indication that the worker may present a risk to the security or integrity of confidential data or a risk for theft or misuse of confidential data. The Contractor shall retain each workforce member's background check documentation for a period of three (3) years following contract termination.

II. Technical Security Controls

A. Workstation/Laptop encryption. All workstations and laptops that process and/or store Covered Entity PHI or PI must be encrypted using a FIPS 140-2 certified algorithm which is 128bit or higher, such as Advanced Encryption Standard (AES). The encryption solution must be full disk unless approved by the Covered Entity.

B. Server Security. Servers containing unencrypted PHI or PI must have sufficient administrative, physical, and technical controls in place to protect that data, based upon a risk assessment/system security review.

C. Minimum Necessary. Only the minimum necessary amount of PHI or PI required to perform necessary business functions may be copied, downloaded, or exported.

D. Removable media devices. All electronic files that contain PHI or PI data must be encrypted when stored on any removable media or portable device (i.e. USB thumb drives, floppies, CD/DVD, Blackberry, backup tapes etc.). Encryption must be a FIPS 140-2 certified algorithm which is 128bit or higher, such as AES.

E. Antivirus software. All workstations, laptops and other systems that process and/or store PHI or PI must install and actively use comprehensive anti-virus software solution with automatic updates scheduled at least daily.

F. Patch Management. All workstations, laptops and other systems that process and/or store PHI or PI must have critical security patches applied, with system reboot if necessary. There must be a documented patch management process which determines installation timeframe based on risk assessment and vendor recommendations. At a maximum, all applicable patches must be installed within 30 days of vendor release.

G. User IDs and Password Controls. All users must be issued a unique user name for accessing Covered Entity PHI or PI. Username must be promptly disabled, deleted, or the password changed upon the transfer or termination of an employee with knowledge of the password, at maximum within 24 hours. Passwords are not to be shared. Passwords must be at least eight characters and must be a non-dictionary word. Passwords must not be stored in readable format on the computer. Passwords must be changed every 90 days, preferably every 60 days. Passwords must be changed if revealed or compromised. Passwords must be composed of characters from at least three of the following four groups from the standard keyboard:

- Upper case letters (A-Z)
- Lower case letters (a-z)
- Arabic numerals (0-9)
- Non-alphanumeric characters (punctuation symbols)

H. Data Destruction. When no longer needed, all Covered Entity PHI or PI must be wiped using the Gutmann or US Department of Defense (DoD) 5220.22-M (7 Pass) standard, or by degaussing. Media may also be physically destroyed in accordance with NIST Special Publication 800-88. Other methods require prior written permission of the Covered Entity Information Security Office.

I. System Timeout. The system providing access to Covered Entity PHI or PI must provide an automatic timeout, requiring re-authentication of the user session after no more than 20 minutes of inactivity.

J. Warning Banners. All systems providing access to Covered Entity PHI or PI must display a warning banner stating that data is confidential, systems are logged,

and system use is for business purposes only by authorized users. User must be directed to log off the system if they do not agree with these requirements.

K. System Logging. The system must maintain an automated audit trail which can identify the user or system process which initiates a request for Covered Entity PHI or PI, or which alters Covered Entity PHI or PI. The audit trail must be date and time stamped, must log both successful and failed accesses, must be read only, and must be restricted to authorized users. If Covered Entity PHI or PI is stored in a database, database logging functionality must be enabled. Audit trail data must be archived for at least 3 years after occurrence.

L. Access Controls. The system providing access to Covered Entity PHI or PI must use role based access controls for all user authentications, enforcing the principle of least privilege.

M. Transmission encryption. All data transmissions of Covered Entity PHI or PI outside the secure internal network must be encrypted using a FIPS 140-2 certified algorithm which is 128bit or higher, such as AES. Encryption can be end to end at the network level, or the data files containing PHI can be encrypted. This requirement pertains to any type of PHI or PI in motion such as website access, file transfer, and E-Mail.

N. Intrusion Detection. All systems involved in accessing, holding, transporting, and protecting Covered Entity PHI or PI that are accessible via the Internet must be protected by a comprehensive intrusion detection and prevention solution.

### III. Audit Controls

A. System Security Review. All systems processing and/or storing Covered Entity PHI or PI must have at least an annual system risk assessment/security review which provides assurance that administrative, physical, and technical controls are functioning effectively and providing adequate levels of protection. Reviews should include vulnerability scanning tools.

B. Log Reviews. All systems processing and/or storing Covered Entity PHI or PI must have a routine procedure in place to review system logs for unauthorized access.

C. Change Control. All systems processing and/or storing Covered Entity PHI or PI must have a documented change control procedure that ensures separation of duties and protects the confidentiality, integrity and availability of data.

### IV. Business Continuity / Disaster Recovery Controls

A. Emergency Mode Operation Plan. Contractor must establish a documented plan to enable continuation of critical business processes and protection of the security of electronic Covered Entity PHI or PI in the event of an emergency.

Emergency means any circumstance or situation that causes normal computer operations to become unavailable for use in performing the work required under this Agreement for more than 24 hours.

B. Data Backup Plan. Contractor must have established documented procedures to backup Covered Entity PHI to maintain retrievable exact copies of Covered Entity PHI or PI. The plan must include a regular schedule for making backups, storing backups offsite, an inventory of backup media, and an estimate of the amount of time needed to restore Covered Entity PHI or PI should it be lost. At a minimum, the schedule must be a weekly full backup and monthly offsite storage of Covered Entity data.

V. Paper Document Controls

A. Supervision of Data. Covered Entity PHI or PI in paper form shall not be left unattended at any time, unless it is locked in a file cabinet, file room, desk or office. Unattended means that information is not being observed by an employee authorized to access the information. Covered Entity PHI or PI in paper form shall not be left unattended at any time in vehicles or planes and shall not be checked in baggage on commercial airplanes.

B. Escorting Visitors. Visitors to areas where Covered Entity PHI or PI is contained shall be escorted and Covered Entity PHI or PI shall be kept out of sight while visitors are in the area.

C. Confidential Destruction. Covered Entity PHI or PI must be disposed of through confidential means, such as cross cut shredding and pulverizing.

D. Removal of Data. Covered Entity PHI or PI must not be removed from the premises of the Contractor except with express written permission of Covered Entity.

E. Faxing. Faxes containing Covered Entity PHI or PI shall not be left unattended and fax machines shall be in secure areas. Faxes shall contain a confidentiality statement notifying persons receiving faxes in error to destroy them. Fax numbers shall be verified with the intended recipient before sending the fax.

F. Mailing. Mailings of Covered Entity PHI or PI shall be sealed and secured from damage or inappropriate viewing of PHI or PI to the extent possible. Mailings which include 500 or more individually identifiable records of Covered Entity PHI or PI in a single package shall be sent using a tracked mailing method which includes verification of delivery and receipt, unless the prior written permission of Covered Entity to use another method is obtained.