8101

September 5, 2002

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

CLAIMS ADJUDICATION SERVICES AGREEMENT AMENDMENT
(All Districts) (3 Votes)

IT IS RECOMMENDED THAT YOUR BOARD:

Approve and instruct the Chairman to sign the attached Agreement Amendment No. 71048-2, with American Insurance Administrators ("AIA"), a fully-owned subsidiary of Management Applied Programming, Inc., for medical claims adjudication services for the Physician Services for Indigents Program ("PSIP"), the Public/Private Partnership ("PPP") Program, and the General Relief Health Care ("GRHC") Program, that adds Living Wage Ordinance and Health Insurance Portability and Accountability Act ("HIPAA") requirements, increases the fee rates, and extends the agreement effective from September 30, 2002 through September 30, 2003, with a maximum obligation of $1,962,518, of which $626,759 is offset by Medicaid Demonstration Project administrative reimbursement, $709,000 is offset by California Healthcare for Indigents Program ("CHIP") and SB 612 administrative funds, and $626,759 is net County cost.

PURPOSE/JUSTIFICATION OF THE RECOMMENDED ACTION:

In approving the recommended action, the Board is approving Agreement Amendment No. 71048-2 ("Amendment") for adjudication of medical claims submitted for indigent patients in

the PSIP, PPP and GRHC Programs through September 30, 2003. As a result of adding the Living Wage Ordinance ("LWO") and HIPAA requirements to all programs and increased programming services for the PPP Program, the fee rates are being increased.

Amending the AIA agreement is in line with the Department of Health Services' (DHS or Department) Redesign Process of providing health care services to indigent individuals in a cost-effective manner.

Current County policy and procedures require the timely submission of contracts for Board approval, however, the Amendment was not scheduled for placement on the Board's agenda three weeks prior to the September 30, 2002 effective date, due to discussions with AIA about adding LWO and HIPAA language and the necessary programming changes.

FISCAL IMPACT/FINANCING:

The cost of the Amendment is $1,962,518, of which $709,000 is for the PSIP and $1,253,518 is for the PPP and GRHC Programs. Fifty percent of the cost of adjudicating claims for the PPP and GRHC Programs ($626,759) is offset by Medicaid Demonstration Project administrative reimbursement and 100% of the PSIP adjudication cost ($709,000) is offset by CHIP and SB 612 administrative funds. The remaining funding for the Amendment ($626,759) is net County cost.

Fees are being increased by different amounts for several categories of adjudication under all the Programs. For example, the fee to process PPP and GRHC primary care manual claims is being increased $0.85, from $1.50 to $2.35, while the fee to process dental manual claims is being increased $0.25, from $2.35 to $2.60. The Department projects that fewer claims will need to be adjudicated due to the reduction in the PPP and GRHC Programs, that will offset the fee increases.

Funding for this Amendment is included in the Fiscal Year 2002-03 Adopted Budget and will be requested in future fiscal years.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

AIA was selected as a result of a Request for Proposal ("RFP") process conducted in 1997.

On September 30, 1997, the Board approved Agreement No. 71048 with AIA to provide medical claims processing services for the PSIP, PPP and GRHC Programs and the Office of AIDS Programs and Policy ("OAPP"), effective from September 30, 1997 through September 29, 2002. However, OAPP never utilized the agreement, as they retained the claims

adjudication function. On June 15, 1999, the Board approved Amendment No. 71048-1 to the agreement which expanded adjudication services for dental, specialty, and primary care services. Dental and specialty care services were added to the PPP Program in June 1999.

The Department is recommending the Amendment to extend the agreement effective from September 30, 2002 through September 30, 2003. The agreement is also being amended to implement the LWO and ensure compliance with HIPAA, both of which result in increased costs under the agreement, as well as programming changes for the PPP and GRHC Programs to improve the efficiency of reimbursement to the contractors.

The Amendment continues the Director's authority to terminate for convenience with a 30-day prior written notice.

The Department is recommending extension of the agreement for a year while it explores and then implements a master agreement for these and other financial services as a more efficient process for obtaining financial services.

Attachment A provides additional information.

County Counsel has approved the Amendment (Exhibit I) as to use and form.

CONTRACTING PROCESS:

On March 31, 1997, DHS released an RFP for claims adjudication services under Proposition A guidelines. Six concept papers were received by the May 5, 1997 deadline. As a result of the RFP solicitation process, the evaluation committee selected AIA.

It is not necessary to advertise the Amendment on the Los Angeles County Online Web Site.

IMPACT ON CURRENT SERVICES (OR PROJECTS):

Board approval of this action will enable the Department to continue the reimbursement of the physicians in the PSIP program and the PPP and GRHC contractors.

When approved, this Department requires three signed copies of the Board's action.

Respectfully submitted,

Thomas L. Garthwaite, M.D.
Director and Chief Medical Officer

TLG:ds

Attachments (2)

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors

BLCD2181.DS
ds:09/4/02

ATTACHMENT A

SUMMARY OF AGREEMENT AMENDMENT

1. Type of Service:
   Adjudication of medical claims for indigent patients under the PSIP and the PPP and GRHC Programs.

2. Agency Address and Contact Person:

   American Insurance Administrators
   3415 South Sepulveda Boulevard, Suite 200
   Los Angeles, CA 90034
   Contact Person: Herbert Schaffer, Executive Vice President
   Telephone: (310) 390-7900/Facsimile: (310) 398-6105

3. Term:

   On September 30, 1997, the Board approved Agreement No. 71048. On June 15, 1999, the Board approved Amendment No. 1, with no change to the term. Amendment No. 2 will extend the term through September 30, 2003.

4. Financial Information:

	COST
PPP and GRHC Programs:	$1,253,518
PSIP Program:	$ 709,000
TOTAL COST:	$1,962,518
Medicaid Dem. Proj. Admin. Reim:	< 626,759>
SB 612/CHIP Admin. Funds:	< 709,000>
Net County Cost:	$ 626,759

5. Geographic Area to be Served:

   Countywide

6. Accountable for Program Evaluation:

   Director, Office of Ambulatory Care for the PPP and GRHC Programs
   Chief, Fiscal Services for the PSIP Program

7. Approvals:

Office of Ambulatory Care:	Ingrid Lamirault, Director
Fiscal Services:	Mark Corbet, Chief
Contracts and Grants Division:	Riley J. Austin, Acting Chief
County Counsel (as to form):	Sharon A. Reichman, Senior Deputy

EXHIBIT I

Contract No. 71048-2

CLAIMS PROCESSING PROGRAM SERVICES AGREEMENT

AMENDMENT NO. 2

THIS AMENDMENT is made and entered into this _____ day of _____, 2002,

by and between COUNTY OF LOS ANGELES (hereafter "County"),

and AMERICAN INSURANCE ADMINISTRATORS (AIA), A SUBSIDIARY OF MANAGEMENT APPLIED PROGRAMMING, INC. (hereafter "Contractor").

WHEREAS, County and Contractor have entered into a written agreement entitled, "CLAIMS PROCESSING PROGRAM SERVICES AGREEMENT", dated September 30, 1997, and any amendments thereto, further identified as County Agreement No. 71048 (hereafter "Agreement"); and

WHEREAS, it is the intent of the parties hereto to amend Agreement to increase the rates, extend the term, and make other changes described hereinafter; and

WHEREAS, said Agreement provides that changes may be made in the form of a written amendment which is formally approved and executed by the parties;

NOW, THEREFORE, the parties hereto agree as follows:

1. This Amendment shall be effective September 30, 2002.

2. Agreement Paragraph 1, TERM, shall be revised to read as follows:

"1. TERM: The term of this Agreement is September 30, 1997 through September 30, 2003.

The performance of services under this Agreement may be terminated, with or without cause, in whole or in part, from time to time when such action is deemed by County to be in its best interest. Termination of services hereunder shall be effected by delivery to Contractor of a thirty (30) calendar day advance Notice of Termination specifying the extent to which performance of services under this Agreement is terminated and the date upon which such termination becomes effective.

After receipt of a Notice of Termination and except as otherwise directed by County, Contractor shall:

A. Stop services under this Agreement on the date and to the extent specified in such Notice of Termination; and

B. Complete performance of such part of the services as shall not have been terminated by such Notice of Termination.

After receipt of a Notice of Termination, Contractor shall submit to County, in the form and with the certifications as may be prescribed by County, its termination claim and invoice. Such claim and invoice shall be submitted promptly, but not later than sixty (60) calendar days from the effective date of termination. Upon failure of Contractor to submit its termination claim and

invoice within the time allowed, County may determine on the basis of information available to County, the amount, if any, due to Contractor in respect to the termination, and such determination shall be final. After such determination is made, County shall pay Contractor the amount so determined.

Contractor, for a period of five (5) years after final settlement under this Agreement, shall make available to County, at all reasonable times, all its books, records, documents, or other evidence bearing on the costs and expenses of Contractor under this Agreement in respect to the termination of services hereunder. All such books, records, documents, or other evidence shall be retained by Contractor at a location in Southern California and shall be made available within ten (10) calendar days of prior written notice during County's normal business hours to representatives of County for purposes of inspection or audit."

3. Agreement Paragraph 2, DESCRIPTION OF SERVICES, shall be revised to read as follows:

"2. DESCRIPTION OF SERVICES: Contract shall provide claims processing services as described in Exhibit A-1 (PSIP Claims Processing Services), Exhibit B-2 (PPP Program Claims Processing Services), Exhibit C-1 (GR Program Claims Processing Services), and each of their respective

attachments and forms, all attached hereto and incorporated herein by reference."

4. Agreement Paragraph 3, PAYMENT, shall be revised to read as follows:

"3. PAYMENT: Contractor shall bill County monthly in arrears in accordance with the fees set forth in Paragraph 11, Payment, of Exhibit A-1 (PSIP Claims Processing Services) Paragraph 10, Payment, of Exhibit B-2 (PPP Program Claims Processing Services), Paragraph 10, Payment, of Exhibit C-1 (GR Program Claims Processing Services), attached hereto. All billings shall clearly reflect and provide reasonable detail of services for which claim is made. County shall pay Contractor within a reasonable period of time following receipt of a complete and correct billing, as determined by County."

5. Agreement Paragraph 6, INDEMNIFICATION AND INSURANCE, shall be replaced entirely as follows:

"6. INDEMNIFICATION AND INSURANCE:

A. Indemnification: Contractor shall indemnify, defend, and hold harmless County and its Special Districts, elected and appointed officers, employees, and agents from and against any and all liability, including but not limited to demands, claims, actions, fees, costs, and expenses (including attorney and expert witness fees), arising from or connected with

Contractor's acts and/or omissions arising from and/or relating to this Agreement.

B. General Insurance Requirements: Without limiting Contractor's indemnification of County, and during the term of this Agreement, Contractor shall provide and maintain, and shall require all of its subcontractors to maintain, the following programs of insurance specified in this Agreement. Such insurance shall be primary to and not contributing with any other insurance or self-insurance programs maintained by County, and such coverage shall be provided and maintained at Contractor's own expense.

1) Evidence of Insurance: Certificate(s) or other evidence of coverage satisfactory to County shall be delivered to County's Department of Health Services, Contracts and Grants Division, 313 North Figueroa Street, Sixth Floor-East, Los Angeles, California 90012, prior to commencing services under this Agreement. Such certificates or other evidence shall:

(a) Specifically identify this Agreement.

(b) Clearly evidence all coverages required in this Agreement.

(c) Contain the express condition that County is to be given written notice by mail

at least thirty (30) calendar days in advance of cancellation for all policies evidenced on the certificate of insurance.

(d) Include copies of the additional insured endorsement to the commercial general liability policy, adding County of Los Angeles, its Special Districts, its officials, officers, and employees as insureds for all activities arising from this Agreement.

(e) Identify any deductibles or self-insured retentions for County's approval. County retains the right to require Contractor to reduce or eliminate such deductibles or self-insured retentions as they apply to County, or, require Contractor to provide a bond guaranteeing payment of all such retained losses and related costs, including, but not limited to, expenses or fees, or both, related to investigations, claims administrations, and legal defense. Such bond shall be executed by a corporate surety licensed to transact business in the State of California.

2) Insurer Financial Ratings: Insurance is to be provided by an insurance company acceptable

to County with an A.M. Best rating of not less than A:VII, unless otherwise approved by County.

3) Failure to Maintain Coverage: Failure by Contractor to maintain the required insurance, or to provide evidence of insurance coverage acceptable to County, shall constitute a material breach of contract upon which County may immediately terminate or suspend this Agreement. County, at its sole option, may obtain damages from Contractor resulting from said breach. Alternatively, County may purchase such required insurance coverage, and without further notice to Contractor, County may deduct from sums due to Contractor any premium costs advanced by County for such insurance.

4) Notification of Incidents, Claims, or Suits: Contractor shall report to County:
(1) Any accident or incident relating to services performed under this Agreement which involves injury or property damage which may result in the filing of a claim or lawsuit against Contractor and/or County. Such report shall be made in writing within twenty-four (24) hours of occurrence.

(2) Any third party claim or lawsuit filed against Contractor arising from or related to services performed by Contractor under this Agreement.

(3) Any injury to a Contractor employee which occurs on County property. This report shall be submitted on a County "Non-Employee Injury Report" to County contract manager.

(4) Any loss, disappearance, destruction, misuse, or theft of any kind whatsoever of County property, monies, or securities entrusted to Contractor under the terms of this Agreement.

5) Compensation for County Costs: In the event that Contractor fails to comply with any of the indemnification or insurance requirements of this Agreement, and such failure to comply results in any costs to County, Contractor shall pay full compensation for all costs incurred by County.

6) Insurance Coverage Requirements for Subcontractors: Contractor shall ensure any and all subcontractors performing services under this Agreement meet the insurance requirements of this Agreement by either:

(1) Contractor providing evidence of insurance covering the activities of subcontractors, or

(2) Contractor providing evidence submitted by subcontractors evidencing that subcontractors

maintain the required insurance coverage. County retains the right to obtain copies of evidence of subcontractor insurance coverage at any time.

C. Insurance Coverage Requirements:

1) General Liability Insurance (written on ISO policy form CG 00 01 or its equivalent) with limits of not less than the following:

General Aggregate:	$2 Million
Products/Completed Operations Aggregate:	$1 Million
Personal and Advertising Injury:	$1 Million
Each Occurrence:	$1 Million

2) Workers' Compensation and Employers' Liability: Insurance providing workers' compensation benefits, as required by the Labor Code of the State of California or by any other state, and for which Contractor is responsible.

In all cases, the above insurance shall include Employers' Liability coverage with limits of not less than the following:

Each Accident:	$1 Million
Disease - Policy Limit:	$1 Million
Disease - Each Employee:	$1 Million

3) Professional Liability: Insurance covering liability arising from any error, omission, negligent or wrongful act of Contractor, its officers or employees with limits of not less

than One Million Dollars ($1,000,000) per occurrence and Three Million Dollars ($3,000,000) aggregate. The coverage also shall provide an extended two-year reporting period commencing upon expiration or earlier termination or cancellation of this Agreement."

6. Agreement Paragraph 45, CONSIDERATION OF HIRING GAIN/GROW PROGRAM PARTICIPANTS, shall be replaced entirely as follows:

"45. CONSIDERATION OF HIRING GAIN/GROW PROGRAM PARTICIPANTS: Should the Contractor require additional or replacement personnel after the effective date of this Agreement, the Contractor shall give consideration for any such employment openings to participants in the County's Department of Public Social Services Greater Avenues for Independence ("GAIN") Program or General Relief Opportunity for Work ("GROW") Program who meet the Contractor's minimum qualifications for the open position. For this purpose, consideration shall mean that the Contractor will interview qualified candidates. The County will refer GAIN/GROW participants by job category to the Contractor.

In the event that both laid-off County employees and GAIN/GROW participants are available for hiring, County employees shall be given first priority."

7. Agreement Paragraph 48, COMPLIANCE WITH LIVING WAGE PROGRAM, shall be added to the agreement as follows:

"48. COMPLIANCE WITH LIVING WAGE PROGRAM:

A. Living Wage Program: This Contract is subject to the provisions of the County's ordinance entitled Living Wage Program ("Program") as codified in Sections 2.201.010 through 2.201.100 of the Los Angeles County Code, a copy of which is attached hereto as Exhibit J and incorporated by reference into and made a part of the Contract.

B. Payment of Living Wage Rates:

1. Unless Contractor has demonstrated to the County's satisfaction either that Contractor is not an "Employer" as defined under the Program (Section 2.201.020 of the County Code) or that Contractor qualifies for an exception to the Program (Section 2.201.090 of the County Code), Contractor shall pay its Employees no less than the applicable hourly living wage rate, as set forth immediately below, for the Employees' services provided to the County under the Contract:

a. Not less than $9.46 per hour if, in addition to the per-hour wage, Contractor contributes less than $1.14 per hour towards the provision of bona fide health care benefits for its Employees and any dependents; or

b. Not less than $8.32 per hour if, in addition to the per-hour wage, Contractor contributes at least $1.14 per hour towards the provision of bona fide health care benefits for its Employees and any dependents. Contractor will be deemed to have contributed $1.14 per hour towards the provision of bona fide health care benefits if the benefits are provided through the County Department of Health Services Community Health Plan. If, at any time during the Contract, Contractor contributes less than $1.14 per hour towards the provision of bona fide health care benefits, Contractor shall be required to pay its Employees the higher hourly living wage rate.

2. For purposes of this Section, "Contractor" includes any subcontractor engaged by Contractor to perform services for the County under the Contract. If Contractor uses any subcontractor to perform services for the County under the Contract, the subcontractor shall be subject to the provisions of this Section. The provisions of this Section shall be inserted into any such subcontract agreement and a copy of the Program shall be attached to the agreement.

"Employee" means any individual who is an employee of Contractor under the laws of California, and who is providing full-time services to Contractor, some or all of which are provided to the County under the Contract. "Full-time" means a minimum of 40 hours worked per week, or a lesser number of hours, if the lesser number is a recognized industry standard and is approved as such by the County; however, fewer than 35 hours worked per week will not, in any event, be considered full time.

3. If Contractor is required to pay a living wage when the Contract commences, Contractor shall continue to pay a living wage for the entire term of the Contract, including any option period.

4. If Contractor is not required to pay a living wage when the Contract commences, Contractor shall have a continuing obligation to review the applicability of its "exemption status" from the living wage requirement, and Contractor shall immediately notify County if Contractor at any time either comes within the Program's definition of "Employer" or if Contractor no longer qualifies for an exception to the Program. In either event, Contractor shall immediately be required to commence paying the living wage and

shall be obligated to pay the living wage for the remaining term of the Contract, including any option period. The County may also require, at any time during the Contract and at its sole discretion, that Contractor demonstrate to the County's satisfaction that Contractor either continues to remain outside of the Program's definition of "Employer" and/or that Contractor continues to qualify for an exception to the Program. Unless Contractor satisfies this requirement within the time frame permitted by the County, Contractor shall immediately be required to pay the living wage for the remaining term of the Contract, including any option period.

C. Contractor's Submittal of Certified Monitoring Reports: Contractor shall submit to the County certified monitoring reports at a frequency instructed by the County. The certified monitoring reports shall list all of Contractor's Employees during the reporting period. The certified monitoring reports shall also verify the number of hours worked, the hourly wage rate paid, and the amount paid by Contractor for health benefits, if any, for each of its Employees. The certified monitoring reports shall also state the name and identification number of Contractor's current health care benefits plan, and

Contractor's portion of the premiums paid as well as the portion paid by each Employee. All certified monitoring reports shall be submitted on forms provided by the County, or any other form approved by the County which contains the above information. The County reserves the right to request any additional information it may deem necessary. If the County requests additional information, Contractor shall promptly provide such information. Contractor, through one of its officers, shall certify under penalty of perjury that the information contained in each certified monitoring report is true and accurate.

D. Contractor's Ongoing Obligation to Report Labor Law/Payroll Violations and Claims: During the term of the contract, if the contractor becomes aware of any labor law/payroll violation or any complaint, investigation or proceeding ("claim") concerning any alleged labor law/payroll violation (including but not limited to any violation or claim pertaining to wages, hours and working conditions such as minimum wage, prevailing wage, living wage, the Fair Labor Standards Act, employment of minors, or unlawful employment discrimination), the contractor shall immediately inform the County of any pertinent facts known by the contractor regarding same. This disclosure obligation is not limited to any labor law/payroll violation or

claim arising out of the contractor's contract with the County, but instead applies to any labor law/payroll violation or claim arising out of any of the contractor's operations in California.

E. County Auditing of Contractor Records: Upon a minimum of twenty-four (24) hours' written notice, the County may audit, at Contractor's place of business, any of Contractor's records pertaining to the Contract, including all documents and information relating to the certified monitoring reports. Contractor is required to maintain all such records in California until the expiration of four years from the date of final payment under the Contract. Authorized agents of the County shall have access to all such records during normal business hours for the entire period that records are to be maintained.

F. Notifications to Employees: Contractor shall place County-provided living wage posters at each of Contractor's place of business and locations where Contractor's Employees are working. Contractor shall also distribute County-provided notices to each of its Employees at least once per year. Contractor shall translate into Spanish and any other language spoken by a significant number of Employees the posters and hand outs.

G. Enforcement and Remedies: If Contractor fails to comply with the requirements of this Section, the County shall have the rights and remedies described in this Section in addition to any rights and remedies provided by law or equity.

(1) Remedies For Submission of Late or Incomplete Certified Monitoring Reports: If Contractor submits a certified monitoring report to the County after the date it is due or if the report submitted does not contain all of the required information or is inaccurate or is not properly certified, any such deficiency shall constitute a breach of the Contract. In the event of any such breach, the County may, in its sole discretion, exercise any or all of the following rights/remedies:

a. Withholding of Payment: If Contractor fails to submit accurate, complete, timely and properly certified monitoring reports, the County may withhold from payment to Contractor up to the full amount of any invoice that would otherwise be due, until Contractor has satisfied the concerns of the County, which may include required submittal of revised certified

monitoring reports or additional supporting documentation.

b. Liquidated Damages: It is mutually understood and agreed that Contractor's failure to submit an accurate, complete, timely and properly certified monitoring report will result in damages being sustained by the County. It is also understood and agreed that the nature and amount of the damages will be extremely difficult and impractical to fix; that the liquidated damages set forth herein are the nearest and most exact measure of damages for such breach that can be fixed at this time; and that the liquidated damages are not intended as a penalty or forfeiture for Contractor's breach. Therefore, in the event that a certified monitoring report is deficient, including but not limited to being late, inaccurate, incomplete or uncertified, it is agreed that the County may, in its sole discretion, assess against Contractor liquidated damages in the amount of $100 per monitoring report for each day until the County has been provided with a properly prepared, complete and certified monitoring

report. The County may deduct any assessed liquidated damages from any payments otherwise due Contractor.

c. Termination: Contractor's failure to submit an accurate, complete, timely and properly certified monitoring report may constitute a material breach of the Contract. In the event of such material breach, County may, in its sole discretion, terminate the Contract.

(2) Remedies for Payment of Less Than the Required Living Wage: If Contractor fails to pay any Employee at least the applicable hourly living wage rate, such deficiency shall constitute a breach of the Contract. In the event of any such breach, the County may, in its sole discretion, exercise any or all of the following rights/remedies:

a. Withholding Payment: If Contractor fails to pay one or more of its Employees at least the applicable hourly living wage rate, the County may withhold from any payment otherwise due Contractor the aggregate difference between the living wage amounts Contractor was required to pay its Employees for a given pay period and the amount actually paid to the Employees for that pay period. The County may withhold said amount until

Contractor has satisfied the County that any underpayment has been cured, which may include required submittal of revised certified monitoring reports or additional supporting documentation.

b. Liquidated Damages: It is mutually understood and agreed that Contractor's failure to pay any of its Employees at least the applicable hourly living wage rate will result in damages being sustained by the County. It is also understood and agreed that the nature and amount of the damages will be extremely difficult and impractical to fix; that the liquidated damages set forth herein are the nearest and most exact measure of damages for such breach that can be fixed at this time; and that the liquidated damages are not intended as a penalty or forfeiture for Contractor's breach. Therefore, it is agreed that the County may, in its sole discretion, assess against Contractor liquidated damages of $50 per Employee per day for each and every instance of an underpayment to an Employee. The County may deduct any assessed liquidated damages from any payments otherwise due Contractor.

c. Termination: Contractor's failure to pay any of its Employees the applicable hourly living

wage rate may constitute a material breach of the Contract. In the event of such material breach, County may, in its sole discretion, terminate the Contract.

(3) Debarment: In the event Contractor breaches a requirement of this Section, the County may, in its sole discretion, bar Contractor from the award of future County contracts for a period of time consistent with the seriousness of the breach, not to exceed three years.

H. Use of Full-Time Employees: Contractor shall assign and use full-time employees of Contractor to provide services under the Contract unless Contractor can demonstrate to the satisfaction of the County that it is necessary to use non-full-time employees based on staffing efficiency or County requirements for the work to be performed under the Contract. It is understood and agreed that Contractor shall not, under any circumstance, use non-full-time employees for services provided under the Contract unless and until the County has provided written authorization for the use of same. Contractor submitted with its proposal a full time employee staffing plan. If Contractor changes its full time employee staffing plan, Contractor shall immediately provide a copy of the new staffing plan to the County.

I. Contractor Retaliation Prohibited: Contractor and/or its employees shall not take any adverse action which would result in the loss of any benefit of employment, any contract benefit, or any statutory benefit for any employee, person or entity who has reported a violation of the Program to the County or to any other public or private agency, entity or person. A violation of the provisions of this paragraph may constitute a material breach of the Contract. In the event of such material breach, County may, in its sole discretion, terminate the Contract.

J. Contractor Standards: During the term of the Contract, Contractor shall maintain business stability, integrity in employee relations and the financial ability to pay a living wage to its employees. If requested to do so by the County, Contractor shall demonstrate to the satisfaction of the County that Contractor is complying with this requirement.

K. Employee Retention Rights: **Note: This paragraph applies only if the Contract involves the provision of services that were previously provided by a contractor under a predecessor Proposition A contract or a predecessor cafeteria services contract, which predecessor contract was terminated by the County prior to its expiration.**

(1) Contractor shall offer employment to all retention employees who are qualified for such jobs. A "retention employee" is an individual:

a. Who is not an exempt employee under the minimum wage and maximum hour exemptions defined in the federal Fair Labor Standards Act; and

b. Who has been employed by a contractor under a predecessor Proposition A contract or a predecessor cafeteria services contract with the County for at least six months prior to the date of this new Contract, which predecessor contract was terminated by the County prior to its expiration; and

c. Who is or will be terminated from his or her employment as a result of the County entering into this new Contract.

(2) Contractor is not required to hire a retention employee who:

a. Has been convicted of a crime related to the job or his or her performance; or

b. Fails to meet any other County requirement for employees of a contractor.

(3) Contractor shall not terminate a retention employee for the first 90 days of employment under the Contract, except for cause. Thereafter, Contractor may retain a retention employee on the

same terms and conditions as Contractor's other employees.

L. Neutrality in Labor Relations: Contractor shall not use any consideration received under the Contract to hinder, or to further, organization of, or collective bargaining activities by or on behalf of Contractor's employees, except that this restriction shall not apply to any expenditure made in the course of good faith collective bargaining, or to any expenditure pursuant to obligations incurred under a bona fide collective bargaining agreement, or which would otherwise be permitted under the provisions of the National Labor Relations Act."

7. Paragraph 49, CONTRACTOR'S OBLIGATIONS AS "BUSINESS ASSOCIATE" UNDER HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT ("HIPAA"), shall be added to the Agreement as follows:

"49. CONTRACTOR'S OBLIGATIONS AS "BUSINESS ASSOCIATE" UNDER HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT ("HIPPA"):

A. The performance of Contractor's obligations under the Agreement could require Contractor's receipt of or access to Health Information. County is subject to Administrative Simplification requirements of the Health Insurance Portability and Accountability Act of 1996, and regulations promulgated thereunder, including the Standards for Privacy of Individually Identifiable

Health Information at 45 Code of Federal Regulations ("C.F.R.") Parts 160 and 164 ("Privacy Regulations"). The Privacy Regulations require County to enter into a contract with Contractor, in its role as a "business associate" under the Privacy Regulations, in order to mandate certain protections for the privacy and security of Health Information. The provisions of this Paragraph set forth the obligations of Contractor as a "business associate" under the Privacy Regulations. The requirements of these Business Associate terms and conditions will be applicable as of the effective date for implementation of the subject federal regulations. Contractor shall take all necessary steps to be able to fully implement as of the effective date.

B. For purposes of this Paragraph, the following definitions apply:

1. "Disclose", "Disclosed" and "Disclosure" mean, with respect to Health Information, the release, transfer, provision of access to, or divulging in any other manner of Health Information outside Contractor's internal operations or to other than its employees.

2. "Health Information" means information that (i) 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; (ii) identifies the individual (or for which there is a reasonable basis for believing that the information can be used to identify the individual); and (iii) is received by Contractor from or on behalf of County, or is created by Contractor, or is made accessible to Contractor by County.

3. "Use" (in both its verb and noun forms) or "Uses" means, with respect to Health Information, the sharing, employment, application, utilization, examination or analysis of such Information with Contractor's internal operations.

C. Permitted Uses and Disclosures of Health Information:

Contractor:

(i) shall Use and Disclose Health Information as necessary or appropriate to perform its services as described in this Agreement;

(ii) shall Disclose Health Information to County upon request;

(iii) may, as necessary for the proper management and administration of its business or to carry out its legal responsibilities;

a. Use Health Information; and

b. Disclose Health Information if (A) the Disclosure is required by law, or (B) Contractor obtains reasonable assurance from the person to whom the information is Disclosed that the Health Information will be held confidentially and Used or further Disclosed only as required by law or for the purpose of which it was Disclosed to the person, and the person agrees to notify Contractor of any instances of which the person is aware in which the confidentiality of the Health Information has been breached.

Contractor shall not use or Disclose Health Information for any purpose.

D. Appropriate Safeguards for Health Information. Contractor warrants that it shall implement and maintain appropriate safeguards to prevent the Use or Disclosure of Health Information in any manner other than as permitted by this Paragraph.

E. Reporting Non-Permitted Use or Disclosure: Contractor shall report to County each non-permitted Use or Disclosure that is made by Contractor, its employees, representatives, agents, or subcontractors that is not specifically permitted by this Agreement. The initial report shall be made by telephone call to County's Privacy Officer within forty-eight (48) hours

from the time the Contractor becomes aware of the non-permitted Use or Disclosure, followed by a written report to the Privacy Officer no later than five (5) days from the date the Contractor becomes award of the non-permitted Use or Disclosure.

F. Availability of Internal Practices, Books and Records to Government Agencies: Contractor agrees to make its internal practices, books and records relating to the Use and Disclosure of Health Information available to the Secretary of the federal Department of Health and Human Services for purposes for determining County's compliance with the Privacy Regulations.

G. Access to Amendment of Health Information: Contractor shall, to the extent County determines that any Health Information constitutes a "designated record set" under the Privacy Regulations, (a) make the Health Information specified by County available to the individual(s) identified by County as being entitled to access and copy that Health Information, and (b) make any amendments to Health Information that are requested by County. Contractor shall provide such access and make such amendments within the time and in the manner specified by County.

H. Accounting of Disclosures of Health Information: Upon County's request, Contractor shall provide to County an accounting of each Disclosure of

Health Information made by Contractor or its employees, agents, representatives or subcontractors. The accounting shall include: (a) the date of the Disclosure; (b) the name, and address if known, of the entity or person who received the Health Information; (c) a brief description of the Health Information disclosed; and (d) a brief statement of the purpose of the Disclosure. For each Disclosure, Contractor shall track the information specified in (a) through (d), above, and shall securely maintain the information for six (6) years from the date of the Disclosure.

I. Term and Termination: In addition to and notwithstanding the termination provision set forth in the Agreement, the Agreement may be terminated immediately upon written notice by County to Contractor if County determines, in its sole discretion, that Contractor has violated any material term of this Attachment. Contractor's obligation under subsections D through and including J of this Paragraph shall survive the termination or expiration of the Agreement.

J. Disposition of Health Information Upon Termination or Expiration: Upon termination or expiration of the Agreement, Contractor shall either return or destroy, in County's sole discretion and in accordance with any instructions by County, all Health Information in the possession or control of Contractor

or its agents and subcontractors. However, if County determines that neither return nor destruction of Health Information is feasible, Contractor may retain Health Information provided that Contractor (a) continues to comply with the provisions of this Paragraph for as long as it retains Health Information, and (b) further limits Uses and Disclosures of that Health Information to those purposes that make its return or destruction infeasible.

K. No Third Party Beneficiaries. There are no third party beneficiaries to the provisions of this Paragraph.

L. Use of Subcontractors and Agents. Contractor shall require each of its agents and subcontractors that received Health Information from Contractor to execute a written agreement obligating the agent or subcontractor to comply with all the terms of this Paragraph."

8. Paragraph 50, COMPLIANCE WITH JURY SERVICE PROGRAM, shall be added to the Agreement as follows:

"50. COMPLIANCE WITH JURY SERVICE PROGRAM:

A. Jury Service Program:

This Contract is subject to the provisions of the County's ordinance entitled Contractor Employee Jury Service ("Jury Service Program") as codified in

Sections 2.203.010 through 2.203.090 of the Los Angeles County Code.

B. Written Employee Jury Service Policy:

1. Unless Contractor has demonstrated to the County's satisfaction either that Contractor is not a "Contractor" as defined under the Jury Service Program (Section 2.203.020 of the County Code) or that Contractor qualifies for an exception to the Jury Service Program (Section 2.203.070 of the County Code), Contractor shall have and adhere to a written policy that provides that its Employees shall receive from the Contractor, on an annual basis, no less than five days of regular pay for actual jury service. The policy may provide that Employees deposit any fees received for such jury service with the Contractor or that the Contractor deduct from the Employee's regular pay the fees received for jury service.

2. For purposes of this Section, "Contractor" means a person, partnership, corporation or other entity which has a contract with the County or a subcontract with a County contractor and has received or will receive an aggregate sum of $50,000 or more in any 12-month period under one or more County contracts or subcontracts. "Employee" means any California

resident who is a full time employee of Contractor. "Full time" means 40 hours or more worked per week, or a lesser number of hours if: 1) the lesser number is a recognized industry standard as determined as by the County, or 2) Contractor has a long-standing practice that defines the lesser number of hours as full-time. Full-time employees providing short-term, temporary services of 90 days or less within a 12-month period are not considered full-time for purposes of the Jury Service Program. If Contractor uses any subcontractor to perform services for the County under the Contract, the subcontractor shall also be subject to the provisions of this Section. The provisions of this Section shall be inserted into any such subcontract agreement and a copy of the Jury Service Program shall be attached to the agreement.

3. If Contractor is not required to comply with the Jury Service Program when the Contract commences, Contractor shall have a continuing obligation to review the applicability of its "exception status" from the Jury Service Program, and Contractor shall immediately notify County if Contractor at any time either comes within the

Jury Service Program's definition of "Contractor" or if Contractor no longer qualifies for an exception to the Program. In either event, Contractor shall immediately implement a written policy consistent with the Jury Service Program. The County may also require, at any time during the Contract and at its sole discretion, that Contractor demonstrate to the County's satisfaction that Contractor either continues to remain outside of the Jury Service Program's definition of "Contractor" and/or that Contractor continues to qualify for an exception to the Program.

4. Contractor's violation of this Section of the contract may constitute a material breach of the Contract. In the event of such material breach, County may, in its sold discretion, terminate the Contract and/or bar Contractor from the award of future County contracts for a period of time consistent with the seriousness of the breach."

9. Paragraph 51, CONTRACTOR RESPONSIBILITY AND DEBARMENT, shall be added to the Agreement as follows:

"51. CONTRACTOR RESPONSIBILITY AND DEBARMENT:

A. A responsible contractor is a contractor who has demonstrated the attribute of trustworthiness, as

well as quality, fitness, capacity, and experience to satisfactorily perform the contract. It is County's policy to conduct business only with responsible contractors.

B. Contractor is hereby notified that, in accordance with Chapter 2.202 of the County Code, if County acquires information concerning the performance of Contractor under this Agreement or other contracts, which indicates that Contractor is not responsible, County may or otherwise in addition to other remedies provided under this Agreement, debar Contractor from bidding on County contracts for a specified period of time not to exceed three (3) years, and terminate this Agreement and any or all existing contracts Contractor may have with County.

C. County may debar Contractor if the Board of Supervisors finds, in its discretion, that Contractor has done any of the following: (1) violated any term of this Agreement or other contract with County, (2) committed any act or omission which negatively reflects on Contractor's quality, fitness, or capacity to perform a contract with County or any other public entity, or engaged in a pattern or practice which negatively reflects on same, (3) committed an act or offense which indicates a lack of business integrity or

business honesty, or (4) made or submitted a false claim against County or any other public entity.

D. If there is evidence that Contractor may be subject to debarment, Director will notify Contractor in writing of the evidence which is the basis for the proposed debarment and will advise Contractor of the scheduled date for a debarment hearing before County's Contractor Hearing Board.

E. The Contractor Hearing Board will conduct a hearing where evidence on the proposed debarment is presented. Contractor or Contractor's representative, or both, shall be given an opportunity to submit evidence at that hearing. After the hearing, the Contractor Hearing Board shall prepare a proposed decision, which shall contain a recommendation regarding whether Contractor should be debarred, and, if so, the appropriate length of time of the debarment. If Contractor fails to avail itself of the opportunity to submit evidence to the Contractor Hearing Board, Contractor shall be deemed to have waived all rights of appeal.

F. A record of the hearing, the proposed decision, and any other recommendation of the Contractor Hearing Board shall be presented to the Board of Supervisors. The Board of Supervisors shall have the right at its sole discretion to modify, deny,

or adopt the proposed decision and recommendation of the Contractor Hearing Board.

G. These terms shall also apply to any subcontractors of Contractor, vendor, or principal owner of Contractor, as defined in Chapter 2.202 of the County Code."

10. Paragraph 52, NOTICE TO EMPLOYEES REGARDING THE FEDERAL EARNED INCOME CREDIT, shall be added to the Agreement as follows:

"52. NOTICE TO EMPLOYEES REGARDING THE FEDERAL EARNED INCOME CREDIT: Contractor shall notify its employees, and shall require each subcontractor to notify its employees, that they may be eligible for the Federal Earned Income Credit under the Federal income tax laws. Such notices shall be provided in accordance with the requirements set forth in Internal Revenue Service Notice 1015."

11. Paragraph 53, PURCHASING RECYCLED-CONTENT BOND PAPER, shall be added to the Agreement as follows:

"53. PURCHASING RECYCLED-CONTENT BOND PAPER: Consistent with the Board of Supervisors' policy to reduce the amount of solid waste deposited at County landfills, Contractor agrees to use recycled-content bond paper to the maximum extent possible in connection with services to be performed by Contractor under this Agreement."

12. Paragraph 54, CONTRACTOR'S EXCLUSION FROM PARTICIPATION IN A FEDERALLY FUNDED PROGRAM, shall be added to the Agreement as follows:

"54. CONTRACTOR'S EXCLUSION FROM PARTICIPATION IN A FEDERALLY FUNDED PROGRAM: Contractor hereby warrants that neither it nor any of its staff members is restricted or excluded from providing services under any health care program funded by the Federal government, directly or indirectly, in whole or in part, and that Contractor will notify Director within thirty (30) calendar days in writing of: (1) any event that would require Contractor or a staff member's mandatory exclusion from participation in a Federally funded health care program; and (2) any exclusionary action taken by any agency of the Federal government against Contractor or one or more staff members barring it or the staff members from participation in a Federally funded health care program, whether such bar is direct or indirect, or whether such bar is in whole or in part.

Contractor shall indemnify and hold County harmless against any and all loss or damage County may suffer arising from any Federal exclusion of Contractor or its staff members from such participation in a Federally funded health care program.

Failure by Contractor to meet the requirements of this Paragraph shall constitute a material breach of contract upon which County may immediately terminate or suspend this Agreement."

12. Exhibit D and its Attachments shall be removed from this Agreement in its entirety.

12. Exhibits "A", "B-1", "C", and their Attachments shall be replaced entirely by Exhibits "A-1", "B-2", and "C-1", attached hereto and incorporated herein by reference. As of the effective date of this Amendment, all references to Exhibits "A", "B-1", "C", and their Attachments, shall be deemed to refer to Exhibits "A-1", "B-2", and "C-1" and their Attachments.

10. Except for the changes set forth hereinabove, Agreement shall not be changed in any other respect by this Amendment.

IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be subscribed by its

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Chairman and the seal of said Board to be hereto affixed, and attested by the Executive Officer of the Board of Supervisors, thereof, and Contractor has caused this Amendment to be subscribed in its behalf by its duly authorized officer, the day, month, and year first above written.

COUNTY OF LOS ANGELES

Attest:
VIOLET VARONA-LUKENS,
Executive Officer of the
Board of Supervisors of the
COUNTY OF LOS ANGELES

By _____
Deputy

By _____
Chairman, Board of Supervisors

AMERICAN INSURANCE ADMINISTRATORS (AIA), A SUBSIDIARY OF MANAGEMENT APPLIED PROGRAMMING, INC.
Contractor

By _____
Signature

_____
Print Name

Title _____

(AFFIX CORPORATE SEAL)

APPROVED AS TO FORM
BY THE OFFICE OF THE COUNTY COUNSEL
LLOYD W. PELLMAN
County Counsel

By _____
Deputy

APPROVED AS TO CONTRACT:
ADMINISTRATION:

Department of Health Services

By _____
Acting Chief, Contracts
and Grants Division

APPROVED AS TO PROGRAM:

Department of Health Services

By _____
Thomas L. Garthwaite, M.D
Director and Chief Medical Officer

EXHIBIT B-2

PPP PROGRAM CLAIMS ADJUDICATION SERVICES
STATEMENT OF WORK

1. Definition:

A. Claims Adjudication Services: Claims adjudication services of PPP Program claims, include the receipt, review, and determination of eligibility for reimbursement for each PPP claim submitted by PPP Providers for eligible primary care, specialty, dental, case management, and any related pharmaceutical services rendered to eligible indigent patients. These services shall be provided according to PPP policies, procedures, and instructions, which are subject to revision from time to time. For purposes of this Agreement, a claim includes a Health Care Financing Administration ("HCFA") 1500 Form, Attachment B-1, or a UB-92 Form, Attachment B-2, and other forms that may be approved by the County.

B. Adjudicated: As used herein, the term "adjudicated" shall mean the process by which the reimbursement rate is determined, according to the PPP Program policies and procedures.

C. Denied: As used herein, the term "denied" shall mean a claim or medical procedure that has been adjudicated according to program policies and procedures and found not to be payable.

D. Electronic Claim: As used herein, the term "electronic claim" shall mean a claim that is submitted to

the Contractor on a disk, tape, or other form of computer media by PPP Program Providers for reimbursement for medical services rendered to PPP Program eligible indigent patients.

E. Fiscal Year ("FY"): As used herein, the term "fiscal year" shall mean the twelve (12) month period beginning July 1st and ending June 30th of the following year.

F. Hard Copy Claim: As used herein, the term "hard copy claim" shall mean a claim that is submitted to Contractor on paper (hard copy HCFA 1500 Form and UB92 Form claim forms) by PPP Program Providers for reimbursement for medical services rendered to eligible indigent patients.

G. On-line Access: As used herein, the term "on-line access" shall mean the electronic linkage of Contractor's system to County personal computers ("PCs") located at County specified sites (minimum of two (2)) which permit County access to the PPP Program Provider Database and PPP Program Database.

2. Contractor Personnel:

A. Contractor shall designate a Project Manager to lead and coordinate Contractor's claims processing services hereunder.

B. Notwithstanding any representation by County regarding the participation of County personnel in any phase of this project, Contractor assumes sole responsibility for

the timely accomplishment of all activities described herein.

3. County Personnel: Director, Office of Ambulatory Care, shall be designated as the Project Manager of County activities hereunder, unless otherwise determined by County.

County personnel will be made available to Contractor at the discretion of County's Project Manager to provide necessary input and assistance in order to answer questions and provide necessary liaison activities between Contractor and County departments. The word "County" or "Director" shall be deemed to refer to County's "Project Manager".

4. Services To Be Provided: Services to be provided within thirty (30) calendar days of Board of Supervisors' approval include, but shall not be limited to:

A. Contractor shall process hard copy and electronic PPP Program claims for reimbursement of contract medical services (i.e., primary, specialty, dental, case management, and related pharmaceutical services, if any) using an on-line claims processing system and line-item and/or on-line adjudication pursuant to PPP Program contract requirements.

B. Contractor shall reconcile the PPP claims against the General Relief Health Care ("GRHC") Program claims to ensure there are no duplicate claims under the GRHC Program. For purposes of this provision, a "duplicate claim" shall mean a claim for the same person, the same date of service, and the same CPT code(s). If Contractor determines that a

PPP provider has submitted a duplicate claim, Contractor shall deny the claim.

C. Contractor's on-line claims review and processing procedures must include, but not be limited to, the following:

1) Claims sorting.

2) Date stamp (i.e., Month/Date/Year) all claims upon receipt at the time of the original submission and at the time of any subsequent resubmission.

3) Review claims for completeness and accuracy based on the billing instructions developed by County.

4) Reject claim if it is incomplete or inaccurate and return to the submitting PPP provider within ten (10) working days of claim receipt date, with a Director approved form letter, stating the problem with the claim and the procedures for resubmission, or as may otherwise be agreed to by Director and Contractor. Enter the reason for rejection, claim receipt date, PPP provider's name and tax ID number, patient's name, date of service, and service location on Contractor's system.

5) Enter all claim information and all specified data elements (as requested on the HCFA 1500 and the UB92 forms) into the system for all complete and accurate claims for each submission deadline per billing instructions.

a) Contractor shall upon receipt of the current General Relief ("GR") eligibility tape, match such claims against the GR Eligibility File (Attachment B-3) to identify GR recipients and provide PPP providers with RA for the GR eligible claims.

b) Contractor shall hold three percent (3%) of total adjudicated claims for each PPP Partner.

c) RA for claims adjudicated for payment and GR eligible with GR numbers, are to be hand-delivered twice a month to a County site and on a day specified by Director. For preparation of the RA, refer to Attachment B-4, Sample Remittance Advice Specifications.

d) Contractor will deliver one (1) set of the RA to Director for the files. Contractor shall provide mailing services, i.e., address, stuff, and seal envelopes, and mail the RAs and the warrants, including the RAs for denied claims, to PPP providers. The Director will reimburse Contractor $0.015 per claim and the postage costs associated with the mailing.

e) Each month after receipt of the Medi-Cal eligibility history file (Attachment B-5) for the previous month, Contractor shall reconcile the patient information tape for the previous month

against the Medi-Cal eligibility history file to identify Medi-Cal eligible and non-eligible claims at no additional cost to County. Contractor shall provide County and PPP Partners with RAs indicating: 1) eligible and non-eligible Medi-Cal claims, 2) Medi-Cal numbers, and 3) balance due to County/PPP Partner from previous month.

f) Director may instruct Contractor to recoup funds or to reduce a PPP provider's future claim payments (e.g., if the claim has been erroneously paid or if the PPP Provider receives a payment from the patient or third-party payor, after the claim has been paid). Contractor is to notify the PPP provider, with a Director approved letter, to send the recoupment payment directly to County along with a copy of the RA. If the RA is not available, Contractor shall advise PPP providers to provide the following information along with the refund check: patient's name, patient's social security number, date of service, amount of claim refund, and PPP provider's tax ID number. Director will inform Contractor when a refund is received, so that PPP provider account balances can be adjusted accordingly.

6) Flag incomplete, erroneous, or duplicate claims.

7) Line-item denials.

8) Validate procedure and diagnosis codes.

9) Automatic/manual assignment of a unique claim number.

10) Audits and quality assurance sampling.

11) Claims reporting.

12) Other claim edits, as may be required by Director from time to time.

13) Establish and maintain a separate and unique PPP Provider Database and PPP Program Database for each FY of the Agreement.

a) The PPP Program Database incorporates all data elements necessary for all PPP Program related work, including, but not limited to, preparing reports, providing Medically Indigent Care Reporting System ("MICRS") data, and as otherwise described in this Exhibit and Attachments.

b) The PPP Provider Database shall incorporate all data elements described in this Exhibit and Attachments. Contractor shall regularly update the PPP Providers Database to ensure that PPP Provider information, as requested on the PPP Provider Enrollment Form, is readily available to Director. Current PPP Provider information in the PPP Provider Database may only be updated with a written notice from PPP Provider.

14) Provide system connectivity to two (2) County specified work stations to be designated by Director. Contractor shall also provide the capability, to access both the PPP Program Database and PPP Provider Database. Contractor shall provide the capability for County's personal computers, linked to Contractor's system, to have inquiry capability and to request manipulation of any and all data elements in the PPP Program Database and PPP Provider Database and download the results and/or summary of such manipulation as an ASCII file onto County's personal computers. If requested by Director, Contractor shall provide three (3) days of formal training for County on-line users and assistance as necessary during the term of the Agreement. Director will select the two (2) persons for which training will be provided.

In the event that special hardware is necessary in order to access the Contractor's system or to link County's two (2) work stations to Contractor's system, Contractor shall provide such hardware (including software) for County's use. Contractor shall install and maintain all hardware (including software) provided to County herein.

15) Develop, maintain, and provide detailed written instructions for PPP Provider submission of electronic claims, as approved by Director. As needed or requested

by Director, Contractor shall have workshops for County staff, PPP Providers, and PPP Provider billing groups to support electronic claim submission.

16) Provide and manage a telephone hot line for PPP providers to inquire on the status of claims. Questions regarding the PPP Program or policy and procedures issues shall be referred to Director. Upon PPP provider request, Contractor will send out the Director's approved billing instructions. The hot line must be staffed from 9:00 a.m. to 5:00 p.m. Pacific Standard Time, Monday through Friday, except County holidays. At a minimum, the hot line shall have voice mail or other message capabilities to receive calls during non-operation hours. Except for holidays and weekends, calls shall be returned within 24 hours. A log of all calls must be maintained and shall include, but shall not be limited to, the PPP provider's name, billing group name, caller's name, claim number, date and time of call, a brief summary of the purpose and disposition of the call, and name of person who took the call. This log shall be made available to Director upon request at all reasonable times, for review and for photocopying.

17) Prepare written materials for review and approval by Director prior to distribution (address, stuff, and seal envelopes) and mail Director approved materials to PPP providers and deliver same to Director.

18) Develop and maintain a Backup System consisting of an electronic copy of the PPP Program Database, PPP Provider Database, and all other related data on tape or on other County specified computer media off-site. The PPP Program Database shall be backed up on a daily basis; the PPP Provider Database shall be backed up whenever a change occurs, including an addition or deletion of fields, a provider address change, etc. In the event that Contractor's system becomes inoperative, Director and Contractor shall mutually agree on a reasonable time frame to resume processing PPP claims.

D. Provide MICRS data according to County specifications, as specified in Attachments B-6 to B-11.

5. Additional Requirements: In performing the services hereinabove, Contractor shall:

A. Perform at all times in a professional and businesslike manner when assisting PPP providers and answering PPP providers' questions.

B. Employ industry standards to ensure appropriate payments to PPP providers under the PPP Program.

C. Respect the confidential nature of all information with regard to PPP provider patient records and PPP Program financial records. Contractor acknowledges the confidentiality of all PPP provider patient data and, therefore, shall obtain/extract only that information needed to meet claims processing and adjudication requirements.

All such collected information shall become the property of County upon the termination of this Agreement, unless otherwise agreed to by Director.

D. Prepare all correspondence to PPP providers in a professional and businesslike manner; no correspondence may be hand written and all correspondence to PPP providers must be approved by Director in writing prior to sending, unless otherwise directed by Director.

6. Access to information: In order for Contractor to provide the services described in this Exhibit, Director shall provide Contractor necessary and pertinent PPP information, including operational/administrative records, and statistics.

Contractor shall return all the material provided by Director, upon his/her request, including but not limited to, PPP Program Database data files, PPP Provider Database files, PPP provider patient records/data, PPP Program financial records, all information incidental to contract administration, all completed work, all PPP Program data, all MICRS data, in the same condition and sequence in which received within thirty (30) calendar days from date of request.

7. Reports: Contractor shall provide financial, management, and ad-hoc reports (refer to Attachment B-12, Sample Reports), as requested by Director.

Claim management reports shall be submitted to Director and shall include, but not be limited to, the following:

1. Monthly reports with amounts of various payment categories;

2. Monthly reports to include the number of claims and amount paid by month of service;
3. Summary reports (payment/status of claim)
4. Claims by month or services or payment;
5. Claims reporting by procedure, diagnosis, and license number;
6. Statistics and special reporting;
7. RA Reports; and
8. Ad-hoc reports.

As each month of claims processing services is completed, the monthly reports describing that month's claim activity is to be submitted to Director within ten (10) working days of the end of that completed month. Contractor shall provide analysis and interpretation of reports, as needed.

Contractor shall prepare all the necessary reconciliation reports (monthly, quarterly, biannually, yearly, or as otherwise requested by Director) for each FY and make any and all necessary payment and/or refund adjustments. Contractor shall readjudicate PPP claims, as may be deemed necessary by Director, at no additional per-claim cost to County. Director and Contractor shall mutually work to ensure that County's records and Contractor's PPP Program Database are fully reconciled. Each FY shall be fully and completely reconciled as determined by Director.

8. Records and Audits: Subject to the conditions and terms set forth in the body of Agreement, Contractor agrees to make all billing and eligibility records available upon request, during normal business hours, to County and authorized State and federal representatives, for purposes of inspection, audit, and copying. Contractor may use microfilm or other media for purposes of

maintaining hard copy claim files. Contractor shall provide to Director such material in County specified electronic data format and on specified computer media.

9. Quality Improvement: Contractor shall provide to Director a written description of the quality control and claim management procedures employed by Contractor to process and adjudicate PPP Program claims.

Quality control and claim management procedures shall include, but are not limited to, appropriate claim edits to ensure payment accuracy, non-payment of non-PPP provider claims, eligibility validation, flagging of duplicate billings and overpayments which require Contractor to recoup funds or to reduce PPP providers' future claim payments, and audit trails to substantiate all adjudicated claim payment authorizations.

Director may periodically sample Contractor's work and request Contractor to provide an audit of its internal claims processing/adjudication procedures in order to determine the accuracy of Contractor's claims processing/adjudication practices. Should any work be inaccurate, as determined by Director, Director will notify Contractor within a reasonable period of time of such findings. Contractor shall correct any and all inaccuracies within ten (10) working days of receipt of notice of any errors and such correction shall be at no additional cost to County. In the event that Director finds that the errors have not been corrected by Contractor, the cycle of corrective action by Contractor and re-sampling by Director may,

at Director's sole discretion, be repeated. Director will notify Contractor within a reasonable period of time of the re-sampling results.

10. Payment: The sole compensation to Contractor for services provided hereunder shall be as follows:

A. For Primary Care Medical Services:

1) Set up Fees: Contractor shall not receive a setup fee.

2) Adjudication Fees:

a) For each hard copy primary care service claim adjudicated that either results in a denial or payment to a PPP provider, Contractor shall receive a fee of $2.35.

b) For each electronic primary care service claim adjudicated that results in a denial or payment to a PPP provider, Contractor shall receive a fee of $1.35.

B. For Specialty and Dental Care Services:

1) Set up Fees: Contractor shall not receive a setup fee.

2) Adjudication Fees:

a) For each hard copy specialty or dental service claim adjudicated that either results in a denial or payment to a PPP provider, Contractor shall receive a fee of $2.60 per claim.

b) For each electronic specialty or dental service claim adjudicated that results in a denial or payment to a PPP Partner, Contractor shall receive a fee of $1.85 per claim.

c) For each related hard copy pharmaceutical claim adjudicated, Contractor shall receive a fee of $1.85.

d) For each electronic pharmaceutical claim adjudicated that results in a denial or payment to a PPP Partner, Contractor shall receive a fee of $1.35 per claim.

C. Mailing Services: Contractor shall receive a fee of $0.015 per claim and the actual cost of postage associated with the mailing described in Paragraph 4, Services To Be Provided, Subparagraph C, 5, d of this Exhibit.

D. Medically Indigent Care Reporting System (MICRS) Reporting: Contractor shall not receive reimbursement for reporting.

E. Systems Modifications: Contractor shall receive a fee of Eighty Dollars ($80) per programming hour or prorated portion thereof for periods less than one hour for revised or new programming requested by County. The process which the parties will use is as follows:

1) Contractor shall submit to Director a quotation in writing for the projected work, including an

estimated number of programmer hours for completion of the programming task.

2) Director shall determine the credibility of the estimate submitted by Contractor and, if necessary, revise the estimated number of hours requested for performing the programming task. Director shall apprise Contractor in writing of Director's acceptance of the quotation or of the revised estimate within ten (10) calendar days of the Director's receipt of the quotation.

3) Upon completion of the work, Contractor shall submit an invoice to County with the actual number of hours that was required to complete the programming task, not to exceed, however, the number of hours for completion of the task as approved by County. Contractor shall keep detailed records of staff work and time spent on any programming task hereunder, and shall make them available for audit and photocopying upon request by Director.

F. Invoices: Contractor shall submit a monthly invoice, in arrears, showing all claims processed and adjudicated claims and the costs for mailing services for the previous month of service. County shall only pay for claims that have completed the adjudication process, i.e., an RA has been issued. County shall reimburse Contractor for each adjudicated claim. County shall pay all invoices

within thirty (30) calendar days from receipt of complete and correct billing, as determined by County.

In the event that Director requires Contractor to readjudicate any and all claims due to the year end reconciliation process, no additional per claim cost shall be due Contractor.

G. Accuracy of Work: Corrections of any and all claims due to Contractor's errors, as determined by County, shall be performed at no cost to County. County may periodically sample the work to determine the accuracy of processing. County's Project Manager will provide written notice to Contractor within a reasonable period of time of any claims processing services work which is not acceptable to County. Contractor shall promptly correct all inaccurate or unacceptable work to conform to the requirements of this Exhibit and Attachments at no additional cost to County. County may withhold fifteen percent (15%) of Contractor's invoice amount until all claims processing services work for that billing cycle is acceptable to County.

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ATTACHMENT B-1

HCFA - 1500 FORM

ATTACHMENT B-2

UB-92 FORM

ATTACHMENT B-5

MEDI-CAL ELIGIBILITY HISTORY FILE LAYOUT, FORMAT, AND MATCHING DATA ELEMENTS

A. **Eligibility History File Tape Format**

County will submit to Contractor the Medi-Cal Eligibility History File in the following format. Contractor recognizes that the County format may change from time to time as a result of changing requirements or needs. County shall notify Contractor of any such changes as soon as the County is notified by the State.

Computer Media	Tape Cartridge
Recording Density	9 Track, 6250
Recording Mode	Fixed Block
Logical Record Length	310 Bytes
Block Size	32,550 Bytes
Label Type	Standard IBM
Contents of Tape(s)	Eligibility History File Records

B. **Eligibility History File Matching Data Elements**

Contractor shall be responsible for matching the following specified Partner claim data elements against the Medi-Cal Eligibility History File submitted to Contractor by County. At County's option, Contractor shall include or delete County specified matching data elements.

• Name
• Date of Birth
• Sex
• Social Security Number

ATTACHMENT B-4

SAMPLE REMITTANCE ADVICE (RA) SPECIFICATIONS

1. Contractor's Name
2. Fiscal year of service
3. Warrant Number
4. Warrant Issue Date
5. Heading: County of Los Angeles
   Department of Health Services
   Public/Private Partnership Program
6. Tax Identification Number
7. Payee's Name and Address
8. Report Date
9. Patient's Social Security No. (Patient ID)/Bill No.
10. Patient's Name
11. Patient Account Number
12. List hospital, if applicable
13. Date of services
14. Procedure Code - List all codes involved
15. Amount billed on the claim
16. Adjudicated amount
17. Percentage of adjudicated amount to be paid
18. Amount to be paid
19. Remark Code, if applicable
20. Sub-Totals of the following amounts for <u>each</u> patient:
    a. Amount Billed,
    b. Adjudicated Amount, and
    c. Amount Paid
21. Totals for:
    a. Amount Billed,
    b. Amount Denied,
    c. Adjudicated Amount, and
    d. Amount Paid
22. Any other pertinent information

ATTACHMENT B-3

PPP PROGRAM CLAIMS PROCESSING SERVICES

GRHC PROGRAM ELIGIBILITY HISTORY FORMAT MATCHING DATA ELEMENTS

A. **Eligibility History File Tape Format**

County will submit to Contractor the GRHC Program Eligibility History File in the following format. Contractor recognizes that the County format may change from time to time as a result of changing requirements or needs. County shall notify Contractor of any such changes as soon as the County is notified by the State.

Computer Media	Tape Cartridge
Recording Density	9 Track, 6250
Recording Mode	Fixed Block
Logical Record Length	310 Bytes
Block Size	32,550 Bytes
Label Type	Standard IBM
Contents of Tape(s)	Eligibility History File Records

B. **Eligibility History File Matching Data Elements**

Contractor shall be responsible for matching the following specified GRHC Program Contractor claim data elements against the GRHC Program Eligibility History File submitted to Contractor by County. At County's option, Contractor shall include or delete County specified matching data elements.

• Name
• Date of Birth
• Sex
• Social Security Number
• GR DPSS District

C. General Relief Tape Layout is available upon request.

ATTACHMENT B-6
PUBLIC/PRIVATE PARTNERSHIP (PPP) PROGRAM
MEDICALLY INDIGENT CARE REPORTING SYSTEM (MICRS) REPORTING

STATEMENT OF WORK

I. GENERAL SCOPE OF WORK

Contractor shall fully perform, complete and deliver on time all work deliverables and/or other items, however denoted, as set forth below and in documents attached and referenced herein, in full compliance with the requirements of this Statement of Work.

The general responsibilities of Contractor under this Agreement shall include, but not be limited to, all labor required to establish data base(s) in order to meet State Department of Health Services ("State" and County ("County") Public/Private Partnership Program ("PPP") reporting requirements, produce State required data and submit to County, as described herein and in Attachment B-7, MICRS Record Layout), Attachment B-8 (MICRS Code Tables), and Attachment B-9 (MICRS Field Description).

Contractor will also provide test data for MICRS to ensure that the record layout and format are consistent with program requirements. The test data are due thirty (30) calendar days after adjudication of the first forty (40) PPP claims.

II. BACKGROUND AND OVERVIEW

AB 75 and subsequent legislation implementing the Tobacco Tax and Health Protection Act of 1988 require all counties to report health care costs, utilization and patient demographic data to the State. As a result, the State has mandated that County report the required data by establishing MICRS beginning with Fiscal Year 1991-92 and on-going.

This Statement of Work describes the services required of Contractor to provide data elements from PPP reimbursement claims to the County in order to meet State reporting requirements. The following are the procedures for the timely submission of data to County.

III. PROJECT MANAGEMENT

The County Department of Health Services shall administer the contract and ensure that Contractor meets or exceeds the contract requirements. The project coordination between Contractor and County shall be through the County's MICRS Project Manager, unless otherwise designated by Director.

IV. DATA REQUIREMENTS AND SUBMISSION PROCEDURES

A. DATA REQUIREMENTS

Contractor shall prepare quarterly, estimated annual and final annual MICRS data in the required format, and informational/data requests on an ad-hoc basis. Contractor shall provide a machine readable (tape or diskette) copy of the PPP Partner Database as described herein and in Attachment B-10 (Provider Profile).

MICRS Data Requirement

Contractor will be responsible to collect and maintain current information on PPP providers as well as provide the patient utilization information as described in Attachment B-7, (MICRS Record Layout), Attachment B-8 (MICRS Code Tables), and Attachment B-9 (MICRS Field Description).

B. DATA SUBMISSION PROCEDURES

MICRS Data Submission Procedures

Contractor shall prepare and submit MICRS data to the Internal Services Department/Information Technology Services/Health Care Systems (ITS/HCS).

Contractor shall format the data according to the record layout requirements described herein and submit the data in a fixed block, ASCII format. The data will be submitted on computer media, in either (6250 BPI tape) or (112 inch 38K density cartridge). Contractor shall recognize that County data format requirements may change from time to time as a result of State program requirements or County information requirements, and Contractor must be able to adjust accordingly.

County will provide Contractor with the data submission schedule. Other requests for data will be made on an ad-hoc basis with a required response time of ten (10) working days unless mutually agreed to by County and Contractor.

Contractor is responsible to ensure that the data are correctly identified and loaded on appropriately labeled tapes/cartridges.

County shall inspect and review MICRS data provided by Contractor and reject all improperly formatted or unreadable data within ten (10) working days after receipt thereof. Contractor shall correct such data without additional cost to County.

V. REIMBURSEMENT

Contractor shall not be reimbursed by County for services described herein.

ATTACHMENT B-7

MICRS RECORD LAYOUT

ATTACHMENT B-8

MICRS CODE TABLES

ATTACHMENT B-9

MICRS FIELD DESCRIPTION

ATTACHMENT B-10

MICRS PROVIDER PROFILE

EXHIBIT B-11

MICRS DATA MAPPING

ATTACHMENT B-12

PPP PROGRAM CLAIMS PROCESSING SERVICES

SAMPLE REPORTS

A. DENIED CLAIMS

Purpose: Monitoring/Training

Data Elements	Format*	Frequency*
Partner Name	Hard copy	Monthly
Partner Phone Number		
Billing Agency Name		
Billing Agency Phone Number		
Number Claims Denied		
Reasons Denied		
Hospital Name		

B. CASE TRACKING

Purpose: Case Tracking

Data Elements	Format*	Frequency*
Patient Name	Hard copy	Monthly
Date Received		
Date Adjudicated		
Date Sent to Financial Management and Facilities Support (FMFS)		
Date FMFS Receives Warrant		
Warrant Number		
Date Warrant Mailed		

C. REFUND REPORT

Purpose: Refund Tracking

Data Elements	Format*	Frequency*
Patient Name	Hard copy	Monthly
DOS		
Physician		
Tax ID #		
Amount of original payment		
Amount of Refund		
Difference		
Reason		
Method (payment/credit)		

D. MOST FREQUENT PROCEDURES

Purpose: Management

Data Elements	Format*	Frequency*
Most Frequent Procedures Billed (Top 50) with Reimbursement Rates	Hard copy	Monthly

* The County may at, its discretion, request Contractor to provide reports in specified electronic data format media and on specified computer media, and specified frequency (e.g., Weekly, Bimonthly, Quarterly, Semi-Quarterly, Biannually, Annually, etc.).

E. MOST FREQUENT ICD-9 CODES

Purpose: Management

Data Elements	Format*	Frequency*
Top 20 billed ICD-9 codes, by clinic site.	Hard copy	Monthly

F. UNDUPLICATED PATIENT COUNT

Purpose: Management and Evaluation

Data Elements	Format*	Frequency*
Number of unduplicated patient count, by clinic site.	Hard copy	Monthly

G. RANDOM SAMPLE OF UNDUPLICATED PATIENTS

Purpose: Management and Evaluation

Data Elements	Format*	Frequency*
Name of unduplicated patients with all associated primary care visits listing CPT & ICD 9 codes and description for each patient visit, by clinic site.	Hard copy	Monthly

EXHIBIT A-1

PHYSICIAN SERVICES FOR THE INDIGENT PROGRAM (PSIP)
CLAIMS ADJUDICATION SERVICES
STATEMENT OF WORK

1. Definition:

A. Claims Adjudication Services: Claims adjudication services for the PSIP Program include the receipt, review, and determination of eligibility for reimbursement for each PSIP claim submitted by physicians for eligible medical services rendered to eligible indigent patients. These services shall be provided according to PSIP policies, procedures, and instructions, which are subject to revision from time to time. For purposes of this Agreement, a claim includes a California Healthcare for Indigents Program ("CHIP") Form, Attachment A-1, a Health Care Financing Administration ("HCFA") 1500 Form, Attachment A-2, and other forms that may be approved and required by the Director.

B. Adjudicated: As used herein, the term "adjudicated" shall mean the process by which the reimbursement rate is determined, according to the PSIP policies and procedures.

C. Denied: As used herein, the term "denied" shall mean a claim or medical procedure that has been adjudicated according to program policies and procedures and found not to be payable.

D. Electronic Claim: As used herein, the term "electronic claim" shall mean a claim that is submitted to the Contractor on a disk, tape, or other form of computer

media by PSIP physicians for reimbursement for medical services rendered to eligible indigent patients.

E. Fiscal Year ("FY"): As used herein, the term "fiscal year" shall mean the twelve (12) month period beginning July 1st and ending June 30th of the following year.

F. Hard Copy Claim: As used herein, the term "hard copy claim" shall mean a claim that is submitted to Contractor on paper (hard copy HCFA 1500 Form and CHIP forms) by PSIP physicians for reimbursement for medical services rendered to eligible indigent patients.

G. On-line Access: As used herein, the term "on-line access" shall mean the electronic linkage of Contractor's system to County personal computers (PCs) located at County specified sites (minimum of two (2)) which permit County access to the PSIP Physician Profile Database ("PPD") and PSIP Database.

H. Administrative Appeal: As used herein, the term "Administrative Appeal" shall mean an appeal which 1) involves an issue exclusively related to the PSIP policies and procedures; and 2) does not involve medical issues.

I. Medical Appeal: As used herein, the term "Medical Appeal" shall mean an appeal which involves a medical issue exclusively, and requires the expertise of an appropriate medical professional for appeal resolution.

2. Contractor Personnel:

A. Contractor shall designate a Project Manager to lead and coordinate Contractor's claims processing services hereunder.

B. Notwithstanding any representation by County regarding the participation of County personnel in any phase of this project, Contractor assumes sole responsibility for the timely accomplishment of all activities described herein.

3. County Personnel: Chief, Fiscal Services, Department of Health Services, shall be designated as Project Manager of County activities hereunder, unless otherwise determined by Director. County personnel will be made available to Contractor at the discretion of County's Project Manager to provide necessary input and assistance in order to answer questions and provide necessary liaison activities between Contractor and County departments. The word "County" or "Director" shall be deemed to refer to County's "Project Manager."

4. Services to Be Provided: Services to be provided within thirty (30) calendar days of Board of Supervisors approval include, but shall not be limited to:

A. Contractor shall process hard copy and electronic claims using an on-line claims processing system and line-item and/or on-line adjudication.

B. Contractor's on-line claims review and processing procedures must include, but shall not be limited to, the following:

1) Claims sorting.

2) Date stamp (i.e., Month/Date/Year) all claims upon receipt at the time of the original submission and at time of any subsequent resubmission.

3) Review claims for completeness and accuracy based on the billing instructions developed by County.

4) Reject claim if it is incomplete or inaccurate and return to submitting physician within five (5) working days of claim receipt date, with a Director approved letter, stating the problem with the claim and the procedures for resubmission, or as otherwise agreed to by Director and Contractor. Enter type of claim (i.e., contract trauma, non-contract emergency, pediatrics, or obstetrics), reason for rejection, claim receipt date, physician's name and tax identification number ("ID#"), patient's name, date of service, and service location on Contractor's system.

5) Enter all claim information and all data elements (Attachments A-3 to A-9) into the system for all complete and accurate claims.

6) Flag incomplete, erroneous, or duplicate claims.

7) Line-item denials.

8) Validate procedure and diagnosis codes.

9) Contractor shall have ten (10) working days of claim receipt date to compare the patient information tape against the Medi-Cal eligibility history file to identify Medi-Cal eligible claims and provide to Director a tape listing Medi-Cal eligible patient information (see Attachment A-10). The tape shall include the following information:

- Contractor Log Number,
- Patient's ID/Social Security Number,
- Patient's Name:
  - Last Name,
  - First Name,
  - Middle Initial,
- Patient's Address:
  - Street Address,
  - City,
  - State,
  - Zip,
- Gender,
- Date of Birth,
- First Date of Service,
- Filler or Reserve,
- Any other information requested by Director.

10) Contractor shall use Medi-Cal eligible patient information to deny Medi-Cal eligible claims.

11) For claims which are not Medi-Cal eligible, Contractor shall have up to ten (10) working days to adjudicate trauma and non-trauma claims.

12) Contractor shall use the electronic process to match PSIP trauma claims against the TPS#, whose format and data elements are described in Attachment A-11.

13) Automatic/manual assignment of a unique claim number.

14) Audits and quality assurance sampling.

15) Claims reporting.

16) Other claim edits, as may be required by Director from time to time.

17) Remittance Advice ("RA") for claims adjudicated for payment and denied Medi-Cal eligible with Medi-Cal numbers are to be hand-delivered weekly to a County site and on a day specified by Director. For preparation of the RA, refer to Attachment A-12, Specifications for Sample Remittance Advices. If no claims are delivered, then a letter is to be submitted to Director explaining why no claims were delivered for that week. Director may notify Contractor that claim processing work must be slowed or delayed due to PSIP fund limits. Upon Director's request, Contractor will slow or cease claim processing work, in order not to exceed PSIP fund limits.

18) Contractor shall provide to Director an electronic warrant file, which will group the claims by funds. Contractor shall also provide to Director two (2) hard copies of the warrant register, which will identify the amounts from the following funds: 1) Physicians Services Account ("PSA") - Emergency Services Account; 2) PSA - County Discretionary; 3) SB 612; and any other available funds.

Contractor will receive a return updated copy of the electronic warrant file containing information

identical to the Contractor electronic warrant file information, plus the issue date and the warrant number, following notice by Director. If notified by Director no later than 10:00 a.m., Contractor will receive a return updated copy of the electronic warrant file that same day. Otherwise, Contractor will receive a return updated copy of the electronic warrant file by the next County business morning.

Contractor shall use high speed, secure electronic media, as specified and agreed upon by Director, to transmit and to receive the electronic warrant files from and to its office. The electronic files will be run on Contractor's computer system where the warrant number and the issue date will be added to the RA before it is printed.

19) Contractor shall provide mailing services, i.e, address, stuff, and seal envelopes, and mail the RAs and the warrants, including the RAs for denied claims, to PSIP physicians. The Director will reimburse Contractor $0.015 per claim and the postage costs associated with the mailing.

Contractor will deliver one (1) set of the RA to Director within two (2) working days from the pick-up date.

20) In order to process and adjudicate all PSIP claims and comply with this Exhibit, the Attachments,

and modifications thereto made by Director from time to time, Contractor shall make all necessary Official County Fee Schedule ("OCFS") modifications to its claims adjudication programs at no additional cost to County.

21) Director may instruct Contractor to recoup funds or to reduce a physician's future claim payments (e.g., if the claim has been erroneously paid or if the physician receives a payment from the patient or third-party payor, after the claim has been paid). Contractor is to notify physicians, with a Director approved letter, to send the recoupment payment directly to County along with a copy of the RA to County. If the RA is not available, Contractor shall advise physicians to provide the following information along with the refund check: patient's name, patient's social security number, date of service, amount of patient's refund, physician's tax ID number, and physician's license number. Director will inform Contractor when a refund is received, so that physician account balances can be adjusted accordingly. Also, at his discretion, the Director or his designee(s) shall have access to Contractor’s system to enter the refund and cancellation adjustments in the physicians’ account.

C. Establish and maintain a unique PPD Database and PSIP Database for each fiscal year (FY) of the Agreement.

1) The PPD incorporates all data elements described in Attachment A-13 (Contract Physician Profile Record Layout). Contractor shall regularly update the PPD to ensure that physician information, as requested on the Physician Enrollment Form, is readily available to Director. The PPD shall be based on the Physician Enrollment Form (Attachment A-5) and Conditions of Participation Agreement (Attachment A-3) which each participating physician submits upon entry into PSIP and updates each FY or more often as necessary. The Physician Enrollment Form shall serve as written notice from physician that information may be entered into the Database.

2) The PSIP Database incorporates all data elements necessary for all PSIP related work, including, but not limited to, preparing reports, providing Medically Indigent Care Reporting System ("MICRS") data, and as otherwise described in Attachments A-3 to A-11 and A-14 to A-17.

D. Provide MICRS data according to County specifications, as specified in Attachments A-14 to A-17.

E. Review, analyze, and research all Administrative Appeal issues and recommend County action based on PSIP policies and procedures. Contractor shall regularly attend scheduled meetings of the County's Physician Reimbursement Advisory Committee ("PRAC"). Upon Director approval,

Contractor shall refer all Medical Appeals to the Physician Appeals Board. Contractor shall prepare appeal summaries and notifications to physicians of appeal disposition. Responses to claim appeals shall be issued by Contractor with a Director approved letter, stating the appeal disposition and an updated RA, if appropriate. All claim appeal response letters are to be approved by Director and mailed by Contractor.

F. Provide system connectivity to two (2) County specified work stations to be designated by County's Project Manager. Contractor shall also provide the capability for County's personal computers, linked to Contractor's system, to have inquiry capability and to request manipulation of any and all data elements in the PSIP Database and PPD and download as an ASCII file the results and/or summary of such manipulation onto County's personal computers. If requested by Director, Contractor shall provide three (3) days of formal training for County on-line users and assistance as necessary for each year during the term of the Agreement. Director shall select the two (2) persons for which training will be provided.

In the event that special hardware is necessary in order to access the Contractor's system or to link County's two (2) work stations to Contractor's system, Contractor shall provide such hardware (including software) for County's use.

Contractor shall install and maintain all hardware (including software) provided to County herein.

G. Develop, maintain, and provide detailed written instructions for physician submission of claims, including electronic, as approved by Director. As needed or requested by Director, Contractor shall have workshops for County staff, physicians, and physician billing groups to support claim submission, both electronic and manual.

H. Provide and manage a telephone hot line for physicians to inquire on the status of claims. Questions regarding the PSIP program or policy issues are to be referred to Director. Upon physician request, Contractor will send out the Director's approved billing instructions. The hot line must be staffed from 9:00 a.m. to 5:00 p.m., Pacific Standard Time, Monday through Friday, except County holidays. At a minimum, the hot line must have voice mail or other message capabilities to receive calls during non-operation hours. Except for holidays and weekends, calls must be returned within 24 hours. A log of all calls must be maintained and shall include, but shall not be limited to, the physician's name, billing group name, caller's name, claim number, date and time of call, a brief summary of the purpose and disposition of the call, and name of person who took the call. This log shall be made available to Director upon request at all reasonable times, for review and for photocopying.

I. Prepare written materials for review and approval by Director prior to distribution for distribution (address, stuff, and seal envelopes) to physicians and deliver same to Director.

J. Develop and maintain a Backup System consisting of an electronic copy of the PSIP Database, PPD, and all other related data on tape or on other County specified computer media off-site. The PSIP Database shall be backed up on a daily basis; the PPD shall be backed up regularly. In the event that Contractor's system becomes inoperative, Director and Contractor shall mutually agree on a reasonable time frame to resume processing physician claims.

K. Provide Online Access to all active FY physician claims until year-end reconciliation has been completed and determined closed by County.

5. Additional Requirements: In performing the services hereinabove, Contractor shall:

A. Perform at all times in a professional and businesslike manner when assisting physicians and answering physician's questions.

B. Employ industry standards to ensure appropriate payments to physicians under the PSIP program.

C. Respect the confidential nature of all information with regard to physician patient records and PSIP financial records. Contractor acknowledges the confidentiality of all physician patient data and, therefore, shall obtain/extract

only that information needed to meet claims processing and adjudication requirements. All such collected information shall become the property of County upon the termination of this Agreement, unless otherwise agreed to by Director.

D. Prepare all correspondence to physicians in a professional and businesslike manner; no correspondence may be hand written and all correspondence to physicians must be approved by Director in writing prior to sending, unless otherwise directed by County's Project Manager.

6. Optional Services: The County may exercise its option to require the Contractor to perform specific optional services. County may require the Contractor to provide the services of an Audit Nurse Specialist, who will work with County staff to ensure the medical codes listed on the claims are appropriate, no more than two 8-hour days per month. The nurse will be required to have knowledge of medical and financial coding.

7. Access to information: In order for Contractor to provide the services described in this Exhibit, Director shall provide Contractor necessary and pertinent PSIP information, including operational/administrative records, and statistics.

Contractor shall return all the material provided by Director, upon his/her request, including but not limited to, PSIP Database data files, PPD data files, physician patient records/data, PSIP financial records, all information incidental to contract administration, all completed work, all PSIP and

MICRS data, in the same condition and sequence in which received within thirty (30) calendar days from date of request.

8. Reports: Contractor shall provide financial, management, and ad-hoc reports (refer to Attachment A-18, Sample Reports), as requested by Director.

Contractor shall submit a weekly report listing all claims received in-house, and claims denied, rejected, Medi-Cal eligible, and adjudicated by FY of service.

Claim management reports shall be submitted to Director and shall include, but not be limited to, the following:

- Monthly reports with amounts of various payment categories and a monthly report that reflects weekly claim activity;
- Claims submitted and paid by individual physicians;
- Summary Reports (type/payment/status of claim);
- Claims by month or services or payment;
- Claims by physician tax ID#;
- Claims by physician license number;
- Claims reporting by procedure, diagnosis, and physician specialty by tax ID# and license number;
- Statistics and special reporting;
- RA Reports; and
- Ad-hoc reports, such as top 100 surgical codes, top 100 procedure codes, reports by physician specialty, and reports by hospital code to be provided within five (5) working days of written request.

The monthly report shall include weekly claim activity and shall reflect the number of rejected, denied, denied Medi-Cal eligible, and adjudicated claims, as well as number of claims received in-house but which have not been processed and/or adjudicated. As each month of claims processing services is completed, the monthly report describing that month's claim activity is to be submitted to Director within ten (10) working

days of the end of that completed month. Contractor shall provide analysis and interpretation of reports, as needed.

Contractor shall prepare all the necessary reconciliation reports (monthly, quarterly, biannually, yearly, or as otherwise requested by Director) for each FY and make any and all necessary payment and/or refund adjustments. Contractor shall re-adjudicate PSIP claims (due to changes in reimbursement rates by a percentage to be determined), as may be deemed necessary by Director, at no additional per-claim cost to County. Director and Contractor shall mutually work to ensure that County's records and Contractor's PSIP database are fully reconciled. Each FY shall be fully and completely reconciled as determined by Director.

9. Records and Audits: Subject to the conditions and terms set forth in the body of Agreement, Contractor agrees to make all billing and eligibility records available upon request, during normal business hours, to Director and authorized State and federal representatives, for inspection, audit, and copying. Contractor may use microfilm or other media for purposes of maintaining hard copy claim files. Contractor shall provide to Director such material in County specified electronic data format and on specified computer media.

Such records shall be retained in accordance with the RECORDS AND AUDITS Paragraph, subparagraph "A".

10. Quality Improvement: Contractor shall provide to Director a written description of the quality control and claim

management procedures employed by Contractor to process and adjudicate PSIP claims.

Quality control and claim management procedures shall include, but are not limited to, appropriate claim edits to ensure payment accuracy, non-payment of out-of-County claims, eligibility validation, flagging of duplicate billings and overpayments which require Contractor to recoup funds or to reduce a physician's future claim payments, and audit trails to substantiate all adjudicated claim payment authorizations.

Director may periodically sample Contractor's work and request Contractor to provide an audit of its internal claims processing/adjudication procedures in order to determine the accuracy of Contractor's claims processing/adjudication practices. Should any work be inaccurate, as determined by Director, Director will notify Contractor within a reasonable period of time of such findings. Contractor shall correct any and all inaccuracies within ten (10) working days of receipt of notice of any errors and such correction shall be at no additional cost to County. In the event that Director finds that the errors have not been corrected by Contractor, the cycle of corrective action by Contractor and re-sampling by Director may, at Director's sole discretion, be repeated. Director will notify Contractor within a reasonable period of time of the re-sampling results.

11. Payment: Contractor shall bill County in arrears. The sole compensation to Contractor for services provided hereunder shall be as follows:

A. For Contract Trauma, Non-Contract Emergency, Pediatrics, or Obstetrics:

(1) Set up Fees

Contractor shall not receive a setup fee.

(2) For Systems Modifications

For revised or new programming requested by Director, the rate and process which the parties will use is described below: Contractor shall receive a fee of $80 per programming hour or prorated portion thereof for periods less than one hour.

(a) Contractor shall submit to Director a quotation in writing for the projected work, including an estimated number of programmer hours for completion of the programming task.

(b) Director shall determine the credibility of the estimate submitted by Contractor and, if necessary, revise the estimated number of hours requested for performing the programming task. Director shall apprise Contractor in writing of County's acceptance of the quotation or of the revised estimate within (10) calendar days of the Director's receipt of the quotation.

(c) Upon completion of the work, Contractor shall submit an invoice to County with the actual number of hours that was required to complete the programing Task, not to exceed, however, the

number of hours for completion for the task as approved by Director in accordance with Subparagraph (2) above. (Contractor shall prepare and keep detailed records of staff work and time spent on any programming task hereunder, and shall make them available for audit and photocopying upon request by County representative pursuant to this Paragraph 7 (Records and Audits) of this Agreement.

(3) Adjudication Fees:

(a) For each Hard Copy Primary Care Service claim adjudicated that results in payment to PSIP Physician by County or a denied Medi-Cal Eligible Claim or denied General Relief Eligible Claim: Contractor shall receive a fee of $2.85.

(b) For each electronic claim adjudicated that results in payment to PSIP Physician by County or denied Medi-Cal Eligible Claim or denied General Relief Eligible Claim: Contractor shall receive a fee of $1.50.

B. For Mailing Services: County will reimburse Contractor $0.015 per claim for the actual cost of postage associated with the mailing described in Paragraph 4, Services To Be Provided, Subparagraph B, 19 of this Exhibit.

C. For Medi-Cal Eligibility Match: Contractor shall receive a fee of $2,000 per month.

D. For Matching of Trauma Patient Summary (TPS) Number: Contractor shall not receive a fee.

E. For Optional Services - Audit Nurse Specialist: Contractor shall receive a fee of $40 per hour or prorated portion thereof for periods less than one hour for the services provided by an Audit Nurse Specialist, as described in Paragraph 6, Optional Requirements.

F. For Optional Services - MICRS Reporting: Contractor shall not receive a fee for MICRS Reporting, as described in Attachment A-3.

G. Corrections: Corrections of any and all claims due to Contractor's errors, as determined by County, shall be performed at no cost to County. County may periodically sample the work to determine the accuracy of processing. Should any work be inaccurate, as determined by County, Contractor shall promptly correct all inaccurate, or unacceptable work to conform to the requirements of this Exhibit, in accordance with Paragraph 10, Quality Improvement, and the Attachments, or as otherwise determined by County. County may withhold fifteen percent (15%) of Contractor's invoice amount until all claims processing services work is acceptable to County. County will provide written notice to Contractor within a reasonable period of

time of any claims processing services work which is not acceptable to County.

I. Specified Time Period: County shall be liable to Contractor with regard to amounts payable to Contractor for services performed hereunder only insofar as the claims received in-house by the Contractor fall within the time period specified in the Agreement.

J. Invoices: Contractor shall submit a monthly invoice, in arrears, showing all claims processed and adjudicated and amount of Medi-Cal eligible claims and the costs for mailing services for the previous month of service. County shall pay all invoices within thirty (30) calendar days from receipt of complete and correct billing, as determined by Director. County shall only reimburse Contractor for each adjudicated claim that results in payment to PSIP Physician by Director or Denied Medi-Cal eligible claim. County will only pay for claims that have completed the adjudication process, i.e., RA has been issued.

In the event that Director requires Contractor to readjudicate any and all claims due to the year end reconciliation process, no additional per-claim cost shall be due Contractor.

K. Accuracy of Work: Corrections of any and all claims due to Contractor's errors, as determined by Director, shall be performed at no cost to County. County may periodically

sample the work to determine the accuracy of processing. County will provide written notice to Contractor within a reasonable period of time of any claims processing services work which is not acceptable to County. Contractor shall promptly correct all inaccurate or unacceptable work to conform to the requirements of this Exhibit and Attachments at no additional cost to County. County may withhold fifteen percent (15%) of Contractor's invoice amount until all claims processing services work is acceptable to County.

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EXHIBIT C-1

GENERAL RELIEF HEALTH CARE ("GRHC") PROGRAM
CLAIMS ADJUDICATION SERVICES
STATEMENT OF WORK

1. Definitions:

A. Claims Adjudication Services: Claims adjudication services for GRHC Program medical claims include the receipt, review, and determination of eligibility for reimbursement for primary care and case management services, rendered to eligible General Relief ("GR") patients pursuant to the GRHC Program contract requirements. These services shall be provided according to GRHC Program policies, procedures, and instructions, which are subject to revision from time to time. For purposes of this Agreement, a claim includes a Health Care Financing Administration ("HCFA") 1500 Form, Attachment C-1, UB-92 Form, Attachment C-2, and other forms that may be approved by the County.

B. Adjudicated: As used herein, the term "adjudicated" shall mean the process by which the reimbursement rate is determined, according to the GRHC Program policies and procedures.

C. Denied: As used herein, the term "denied" shall mean a claim or medical procedure that has been adjudicated according to program policies and procedures and found not to be payable.

D. Electronic Claim: As used herein, the term "electronic claim" shall mean a claim that is submitted to

the Contractor on a disk, tape, or other form of computer media by GRHC Program Providers for reimbursement for medical services rendered to GRHC Program eligible indigent patients.

E. Fiscal Year ("FY"): As used herein, the term "fiscal year" shall mean the twelve (12) month period beginning July 1st and ending June 30th of the following year.

F. Hard Copy Claim: As used herein, the term "hard copy claim" shall mean a claim that is submitted to Contractor on paper (hard copy HCFA 1500 Form and UB92 Form claim forms) by GRHC Program Providers for reimbursement for medical services rendered to eligible indigent patients.

G. On-line Access: As used herein, the term "on-line access" shall mean the electronic linkage of Contractor's system to County personal computers ("PCs") located at County specified sites (minimum of two (2)) which permit County access to the GRHC Program Provider Database and GRHC Program Database.

2. Contractor Personnel:

A. Contractor shall designate a Project Manager to lead and coordinate Contractor's GRHC Program claims processing services hereunder.

B. Notwithstanding any representation by County regarding the participation of County personnel in any phase of this project, Contractor assumes sole responsibility for

the timely accomplishment of all activities described herein.

3. County Personnel: Director, Office of Ambulatory Care, shall be designated as Project Manager of County activities hereunder, unless otherwise determined by County.

County personnel will be made available to Contractor at the discretion of County's Project Manager to provide necessary input and assistance in order to answer questions and provide necessary liaison activities between Contractor and County departments. The word "County" or "Director" shall be deemed to refer to County's "Project Manager."

4. Services To Be Provided: Services to be provided within thirty (30) calendar days of Board of Supervisors approval include, but shall not be limited to:

A. Contractor shall process hard copy and electronic GRHC Program claims for reimbursement of contract primary care and case management services, using an on-line claims processing system and line-item and/or on-line adjudication pursuant to GRHC Program contract requirements.

B. Contractor shall reconcile GRHC claims against the Public/Private Partnership ("PPP") Program claims to ensure there are no duplicate claims under the PPP Program. For purposes of this provision, a "duplicate claim" shall mean a claim for the same person, the same date of service, and the same CPT code(s). If Contractor determines that a GRHC

provider has submitted a duplicate claim, Contractor shall deny the claim.

C. Contractor's on-line claims review and processing procedures must include, but not be limited to, the following:

1) Claims sorting.

2) Date stamp (i.e., Month/Date/Year) all claims upon receipt at the time of the original submission and at the time of any subsequent resubmission.

3) Review claims for completeness and accuracy based on the billing instructions developed by County.

4) Reject claim if it is incomplete or inaccurate and return to the submitting GRHC Program Contractor within ten (10) working days of claim receipt date, with a County approved form letter, stating the problem with the claim and the procedures for resubmission, or as may otherwise be agreed to by Director and Contractor. Enter the reason for rejection, claim receipt date, GRHC Program Provider's tax ID number, patient's name, date of service, and service location on Contractor's system.

5) Enter all claim information and all specified data elements (as requested on the HCFA 1500 and UB 92 forms) into the system for all complete and accurate claims for each submission deadline per billing instructions.

a) Contractor shall upon receipt of the current GR eligibility tape, match such claims against the GR Eligibility File (Attachment C-3) to identify GR recipients and provide GRHC Program providers with an RA for GR eligible claims.

b) Contractor shall hold three percent (3%) of total adjudicated claims for each GR Provider.

c) RA for GR eligible claims adjudicated for payment are to be hand-delivered twice a month to a County site and on a day specified by Director. For preparation of the RA, refer to Attachment C-4, Sample Remittance Advice Specifications.

d) Contractor will deliver one (1) set of the RA to Director for the files. Contractor shall provide mailing services, i.e., address, stuff, and seal envelopes, and mail the RAs and the warrants, including the RAs for denied claims, to GRHC Program Providers. The Director will reimburse Contractor $0.015 per claim and the postage costs associated with the mailing.

e) Each month after receipt of the Medi-Cal eligibility history file (Attachment C-5) for the previous month, Contractor shall reconcile the patient information tape for the previous month against the Medi-Cal eligibility history file to identify Medi-Cal eligible and non-eligible claims

at no additional cost to County. Contractor shall provide County and GRHC Partners with RAs indicating: 1) eligible and non-eligible Medi-Cal claims, 2) Medi-Cal numbers, and 3) balance due to County/GRHC Provider from previous month.

f) Director may instruct Contractor to recoup funds or to reduce a GRHC Program Provider's future claim payments (e.g., if the claim has been erroneously paid or if the GRHC Program Provider receives a payment from the patient or third-party payor, after the claim has been paid). Contractor is to notify the GRHC Program Provider, with a Director approved letter, to send the recoupment payment directly to County along with a copy of the RA. If the RA is not available, Contractor shall advise GRHC Program Providers to provide the following information along with the refund check: patient's name, patient's social security number, date of service, amount of patient's refund, GRHC Program Provider's tax ID number, and GRHC Program Provider's license number. Director will inform Contractor when a refund is received, so that GRHC Program Provider's account balances can be adjusted accordingly.

6) Flag incomplete, erroneous or duplicate claim.

7) Line-item denials.

8) Validate of procedure and diagnosis codes.

9) Automatic/manual assignment of a unique claim number.

10) Audits and quality assurance sampling.

11) Claims reporting.

12) Other claim edits, as may be required by Director from time to time.

13) Establish and maintain a separate and unique GRHC Program Database and GRHC Program Provider Database for each FY of the Agreement.

a) The GRHC Program Database shall incorporate all data elements necessary for all GRHC Program related work, including, but not limited to, preparing reports, providing Medically Indigent Care Reporting System ("MICRS") data, and as otherwise described in Exhibit and Attachments.

b) The GRHC Program Database shall incorporate all data elements described in this Exhibit and Attachments. Contractor shall regularly update the GRHC Program Provider Database to ensure that GRHC Program Provider information, is readily available to County. Current GRHC Program Provider information in the GRHC Program Provider Database may only be updated with a written notice from GRHC Program Provider to County.

14) Provide system connectivity to two (2) County specified work stations to be designated by Director. Contractor shall provide the Director the capability to access both the GRHC Program Database and GRHC Program Provider Database. Contractor shall provide the capability for County's personal computers, linked to Contractor's system, to have inquiry capability and to request manipulation of any or all data elements in the GRHC Program Provider Database and download the results and/or summary of such manipulation as an ASCII file onto County's personal computers. If requested by Director, Contractor shall provide three (3) days of formal training for County on-line users and assistance as necessary during the term of the Agreement. Director will select the two (2) persons for which training will be provided.

In the event that special hardware is necessary in order to access the Contractor's system or to link County's two (2) work stations to Contractor's system, Contractor shall provide such hardware (including software) for County's use. Contractor shall install and maintain all hardware (including software) provided to County herein.

15) Develop, maintain, and provide detailed written instructions for GRHC Program Provider submission of electronic claims, as approved by Director. As needed

or requested by Director, Contractor shall have workshops for County, GRHC Program Providers, and GRHC Program Provider billing groups to support electronic claim submission.

16) Provide and manage a telephone hot line for GRHC Program Providers to inquire on the status of claims. Questions regarding the GRHC Program or policy and procedure issues shall be referred to Director. Upon GRHC Program Provider request, Contractor will send out the Director's approved billing instructions. The hot line must be staffed from 9:00 a.m. to 5:00 p.m. Pacific Standard Time, Monday through Friday, except County holidays. At a minimum, the hot line shall have voice mail or other message capabilities to receive calls during non-operation hours. Except for holidays and weekends, calls shall be returned within 24 hours. A log of all calls must be maintained and shall include, but shall not be limited to, the GRHC Program Provider's name, billing group name, caller's name, claim number, date and time of call, a brief summary of the purpose and disposition of the call, and name of person who took the call. This log shall be made available to Director upon request at all reasonable times, for review and for photocopying.

17) Prepare written materials for review and approval by Director prior to distribution (address,

stuff, and seal envelopes) and mail to GRHC Program Providers and deliver same to Director.

18) Develop and maintain a Backup System consisting of an electronic copy of the GRHC Program Database, GRHC Program Provider Database, and all other related data on tape or on other County specified computer media off-site. The GRHC Program Database shall be backed up on a daily basis; the GRHC Program Provider Database shall be backed up whenever a change occurs, including an addition or deletion of fields, a provider address change, etc. In the event that Contractor's system becomes inoperative, County and Contractor shall mutually agree on a reasonable time frame to resume processing GRHC Program claims.

D. Provide MICRS data according to County specifications, as specified in Attachments C-6 to C-11.

5. Additional Requirements: In performing the services hereinabove, Contractor shall:

A. Perform at all times in a professional and businesslike manner when assisting GRHC Program providers and answering GRHC Program providers' questions.

B. Employ industry standards to ensure appropriate payments to GRHC providers under the GRHC Program.

C. Respect the confidential nature of all information with regard to GRHC Program provider patient records and GRHC Program financial records. Contractor acknowledges the

confidentiality of all GRHC Program Provider patient data and, therefore, shall obtain/extract only that information needed to meet claims processing and adjudication requirements. All such collected information shall become the property of County upon the termination of this Agreement, unless otherwise agreed to by County.

D. Prepare all correspondence to GRHC Program providers in a professional and businesslike manner; no correspondence may be hand written and all correspondence to GRHC Program providers must be approved by Director in writing prior to sending, unless otherwise directed by Director.

6. Access to information: In order for Contractor to provide the services described in this Exhibit, Director shall provide Contractor necessary and pertinent GRHC Program information, including operational/administrative records, and statistics.

Contractor shall return all material provided by Director, upon his/her request, including but not limited to, GRHC Program Database data files, GRHC Program Provider Database files, GRHC Program Provider patient records/data, GRHC Program financial records, all information incidental to contract administration, all completed work, all GRHC Program data, all MICRS data, in the same condition and sequence in which received within thirty (30) calendar days from date of request.

7. Reports: Contractor shall provide financial, management, and ad-hoc reports (refer to Attachment C-12, Sample Reports) as requested by County.

Claim management reports shall be submitted to Director and shall include, but not be limited to, the following:

- Monthly reports with amounts of various payment categories and a monthly;
- Monthly reports to include the number of claims and amount paid by month of service;
- Claims submitted and paid by individual GRHC Program Providers;
- Summary Reports (payment/status of claim);
- Claims reporting by procedure, diagnosis, and license number;
- Statistics and special reporting;
- Remittance Advice (RA) Reports; and
- Ad-hoc reports.

As each month of claims processing services is completed, the monthly reports describing that month's claim activity is to be submitted to Director within ten (10) working days of the end of that completed month. Contractor shall provide analysis and interpretation of reports, as needed.

Contractor shall prepare all the necessary reconciliation reports (monthly, quarterly, biannually, yearly, or as otherwise requested by Director) for each FY and make any and all necessary payment and/or refund adjustments. Contractor shall readjudicate GRHC Program claims, as may be deemed necessary by Director, at no additional cost per-claim cost to County. Director and Contractor shall mutually work to ensure that County's records and Contractor's GRHC Program database are fully reconciled. Each FY shall be fully and completely reconciled as determined by Director.

8. Records and Audits: Subject to the conditions and terms set forth in the body of Agreement, Contractor agrees to make all billing and eligibility records available upon request, during normal business hours, to County and authorized State and federal representatives, for purposes of inspection, audit, and copying. Contractor may use microfilm or other media for purposes of maintaining hard copy claim files. Contractor shall provide to Director such material in County specified electronic data format and on specified computer media.

9. Quality Improvement: Contractor shall provide to Director a written description of the quality control and claim management procedures employed by Contractor to process and adjudicate GRHC Program claims.

Quality control and claim management procedures shall include, but are not limited to, appropriate claim edits to ensure payment accuracy, non-payment of non-GRHC Program Provider claims, eligibility validation, flagging of duplicate billings and overpayments which require Contractor to recoup funds or to reduce GRHC Program Providers' future claim payments, and audit trails to substantiate all adjudicated claim payment authorizations.

Director may periodically sample Contractor's work and request Contractor to provide an audit of its internal claims processing/adjudication procedures in order to determine the accuracy of Contractor's claims processing/adjudication practices. Should any work be inaccurate, as determined by

Director, Director will notify Contractor within a reasonable period of time of such findings. Contractor shall correct any and all inaccuracies within ten (10) working days of receipt of notice of any errors and such correction shall be at no additional cost to County. In the event that Director finds that the errors have not been corrected by Contractor, the cycle of corrective action by Contractor and re-sampling by County may, at County's sole discretion, be repeated. Director will notify Contractor within a reasonable period of time of the re-sampling results.

10. Payments: Contractor shall bill County in arrears in accordance with terms, conditions, and rates set forth in this Exhibit. The sole compensation to Contractor for services provided hereunder shall be as follows:

A. Set up Fees: Contractor shall not receive a set up fee.

B. Adjudication Fees:

1) For each hard copy primary care service claim adjudicated that either results in a denial or payment to a GRHC Program Provider, Contractor shall receive a fee of $2.35.

2) For each electronic primary care service claim adjudicated that results in a denial or payment to a GRHC Program Provider, Contractor shall receive a fee of $1.35.

C. Mailing Services: Contractor shall receive a fee of $.015 per claim and the actual cost of postage associated with the mailing described in this Exhibit, Paragraph 4, Services To Be Provided, Subparagraph B, 3) e).

D. Medically Indigent Care Reporting System ("MICRS") Reporting: Contractor shall not receive reimbursement for MICRS reporting.

E. Systems Modifications: Contractor shall receive a fee of Eighty Dollars ($80) per programming hour or prorated portion thereof for periods less than one hour for revised or new programming requested by County. The process which the parties will use is as follows:

1) Contractor shall submit to Director a quotation in writing for the projected work, including an estimated number of programmer hours for completion of the programming task.

2) Director shall determine the credibility of the estimate submitted by Contractor and, if necessary, revise the estimated number of hours requested for performing the programming task. Director shall apprise Contractor in writing of Director’s acceptance of the quotation or of the revised estimate within ten (10) calendar days of the Director's receipt of the quotation.

3) Upon completion of the work, Contractor shall submit an invoice to County with the actual number of

hours that was required to complete the programming task, not to exceed, however, the number of hours for completion of the task as approved by County. Contractor shall keep detailed records of staff work and time spent on any programming task hereunder, and shall make them available for audit and photocopying upon request by County.

F. Invoices: Contractor shall submit a monthly invoice, in arrears, showing all claims processed and adjudicated for the previous month of service and the costs for mailing services. County will only pay for claims that have completed the adjudication process, i.e., RA has been issued. County shall only reimburse Contractor for each adjudicated claim. County shall pay all invoices within thirty (30) calendar days from receipt of complete and correct billing, as determined by County.

In the event that Director requires Contractor to readjudicate any and all claims due to the year end reconciliation process, no additional per-claim cost shall be due Contractor.

G. Accuracy of Work: Corrections of any and all claims due to Contractor's errors, as determined by Director, shall be performed at no cost to County. County may periodically sample the work to determine the accuracy of processing. Director will provide written notice to Contractor within a reasonable period of time of any claims processing services

work which is not acceptable to County. Contractor shall promptly correct all inaccurate or unacceptable work to conform to the requirements of this Exhibit and Attachments at no additional cost to County. County may withhold fifteen percent (15%) of Contractor's invoice amount until all claims processing services work is acceptable to County.

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ATTACHMENT C-1

HCFA - 1500 FORM

ATTACHMENT C-2

UB-92 FORM

ATTACHMENT C-5

MEDI-CAL ELIGIBILITY HISTORY FILE LAYOUT, FORMAT, AND MATCHING DATA ELEMENTS

A. **Eligibility History File Tape Format**

County will submit to Contractor the Medi-Cal Eligibility History File in the following format. Contractor recognizes that the County format may change from time to time as a result of changing requirements or needs. County shall notify Contractor of any such changes as soon as the County is notified by the State.

Computer Media	Tape Cartridge
Recording Density	9 Track, 6250
Recording Mode	Fixed Block
Logical Record Length	310 Bytes
Block Size	32,550 Bytes
Label Type	Standard IBM
Contents of Tape(s)	Eligibility History File Records

B. **Eligibility History File Matching Data Elements**

Contractor shall be responsible for matching the following specified GRHC Program claim data elements against the Medi-Cal Eligibility History File (Attachment 4 (Medi-Cal and GRHC Program Eligibility History File Record Layout)) submitted to Contractor by County. At County's option, Contractor shall include or delete County specified matching data elements.

• Name
• Date of Birth
• Sex
• Social Security Number

ATTACHMENT C-4

SAMPLE REMITTANCE ADVICE (RA) SPECIFICATIONS

1. Contractor's Name
2. Fiscal year of service
3. Warrant Number
4. Warrant Issue Date
5. Heading: County of Los Angeles
   Department of Health Services
   General Relief Health Care Program
6. Tax Identification Number
7. Payee's Name and Address
8. Report Date
9. Patient's Social Security No. (Patient ID)/Bill No.
10. Patient's Name
11. Patient Account Number
12. List hospital, if applicable
13. Date of services
14. Procedure Code - List all codes involved
15. Amount billed on the claim
16. Adjudicated amount
17. Percentage of adjudicated amount to be paid
18. Amount to be paid
19. Remark Code, if applicable
20. Sub-Totals of the following amounts for each patient:
    a. Amount Billed,
    b. Adjudicated Amount, and
    c. Amount Paid
21. Totals for:
    a. Amount Billed,
    b. Amount Denied,
    c. Adjudicated Amount, and
    d. Amount Paid.
22. Any other pertinent information

ATTACHMENT C-3

GRHC PROGRAM ELIGIBILITY HISTORY FORMAT MATCHING DATA ELEMENTS

A. **Eligibility History File Tape Format**

County will submit to Contractor the GRHC Program Eligibility History File in the following format. Contractor recognizes that the County format may change from time to time as a result of changing requirements or needs.

Computer Media	Tape Cartridge
Recording Density	9 Track, 6250
Recording Mode	Fixed Block
Logical Record Length	310 Bytes
Block Size	32,550 Bytes
Label Type	Standard IBM
Contents of Tape(s)	Eligibility History File Records

B. **Eligibility History File Matching Data Elements**

Contractor shall be responsible for matching the following specified GRHC Program Provider claim data elements against the GRHC Program Eligibility History File submitted to Contractor by County. At County's option, Contractor shall include or delete County specified matching data elements.

• Name
• Date of Birth
• Sex
• Social Security Number
• GR DPSS District

C. **General Relief Tape Layout is available upon request.**

ATTACHMENT C-6
GENERAL RELIEF HEALTH CARE (GRHC) PROGRAM
MEDICALLY INDIGENT CARE REPORTING SYSTEM (MICRS) REPORTING
STATEMENT OF WORK

I. GENERAL SCOPE OF WORK

Contractor shall fully perform, complete and deliver on time all work deliverables and/or other items, however denoted, as set forth below and in documents attached and referenced herein, in full compliance with the requirements of this Statement of Work.

The general responsibilities of Contractor under this Agreement shall include, but not be limited to, all labor required to establish data base(s) in order to meet State Department of Health Services ("State") and County ("County") General Relief Health Care (GRHC) Program reporting requirements, produce State required data and submit County, as described herein and in Attachment C-7, MICRS Record Layout), Attachment C-8 (MICRS Code Tables), and Attachment C-9 (MICRS Field Description).

Contractor will also provide test data for MICRS to ensure that the record layout and format are consistent with program requirements. The test data are due thirty (30) calendar days after adjudication of the first forty (40) GRHC claims.

II. BACKGROUND AND OVERVIEW

AB 75 and subsequent legislation implementing the Tobacco Tax and Health Protection Act of 1988 require all counties to report health care costs, utilization and patient demographic data to the State. As a result, the State has mandated that County report the required data by establishing the Medically Indigent Care Reporting System (MICRS) beginning with Fiscal Year 1991-92 and on-going.

This Statement of Work describes the services required of Contractor to provide data elements from GRHC reimbursement claims to the County in order to meet State reporting requirements. The following are the procedures for the timely submission of data to County.

III. PROJECT MANAGEMENT

The County Department of Health Services shall administer the contract and ensure that Contractor meets or exceeds the contract requirements. The project coordination between Contractor and County shall be through the County's MICRS Project Manager, unless otherwise designated by Director.

IV. DATA REQUIREMENTS AND SUBMISSION PROCEDURES

A. DATA REQUIREMENTS
Contractor shall prepare quarterly, estimated annual and final annual MICRS data in the required format, and informational/data requests on an ad-hoc basis. Contractor shall provide a machine

readable (tape or diskette) copy of the GRHC Provider Database as described herein and in Attachment C-10 (Provider Profile).
MICRS Data Requirement

Contractor will be responsible to collect and maintain current information on GRHC Providers as well as provide the patient utilization information as described in Attachment C-7, (MICRS Record Layout), Attachment C-8 (MICRS Code Tables), and Attachment C-9 (MICRS Field Description).

B. DATA SUBMISSION PROCEDURES
MICRS Data Submission Procedures
Contractor shall prepare and submit MICRS data to the Internal Services Department/Information Technology Services/Health Care Systems (ITS/HCS).

Contractor shall format the data according to the record layout requirements described herein and submit the data in a fixed block, ASCII format. The data will be submitted on computer media, in either (6250 BPI tape) or (112 inch 38K density cartridge). Contractor shall recognize that County data format requirements may change from time to time as a result of State program requirements or County information requirements, and Contractor must be able to adjust accordingly.

County will provide Contractor with the data submission schedule. Other requests for data will be made on an ad-hoc basis with a required response time of ten (10) working days unless mutually agreed to by County and Contractor.

Contractor is responsible to ensure that the data are correctly identified and loaded on appropriately labeled tapes/cartridges.

County shall inspect and review MICRS data provided by Contractor and reject all improperly formatted or unreadable data within ten (10) working days after receipt thereof. Contractor shall correct such data without additional cost to County.

V. REIMBURSEMENT
Contractor shall not be reimbursed by County for services described herein.

ATTACHMENT C-7

MEDICALLY INDIGENT CARE REPORTING SYSTEM (MICRS) RECORD LAYOUT

ATTACHMENT C-8

MICRS CODE TABLES

ATTACHMENT C-9

MICRS FIELD DESCRIPTION

ATTACHMENT C-10

MICRS PROVIDER PROFILE

ATTACHMENT C-11

MICRS DATA MAPPING

ATTACHMENT C-12

SAMPLE REPORTS

A. DENIED CLAIMS

Purpose: Monitoring/Training

Data Elements	Format*	Frequency*
GRHC Program Provider Name	Hard copy	Monthly
GRHC Program Provider Phone Number		
Billing Agency Name		
Billing Agency Phone Number		
Number Claims Denied		
Reasons Denied		
Hospital Name		

B. CASE TRACKING

Purpose: Case Tracking

Data Elements	Format*	Frequency*
Patient Name	Hard copy	Monthly
Date Received		
Date Adjudicated		
Date Sent to CD		
Date CD Receives Warrant		
Warrant Number		
Date Warrant Mailed		

C. REFUND REPORT

Purpose: Refund Tracking

Data Elements	Format*	Frequency*
Patient Name	Hard copy	Monthly
DOS		
Physician		
Tax ID #		
Amount of original payment		
Amount of Refund		
Difference		
Reason		
Method (payment/credit)		

D. LOST FREQUENT PROCEDURES

Purpose: Management

Data Elements	Format*	Frequency*
Most Frequent Procedures Billed (Top 50) with Reimbursement Rates	Hard copy	Monthly

* The County may at, its discretion, request Contractor to provide reports in specified electronic data format media and on specified computer media, and specified frequency (e.g., Weekly, Bimonthly, Quarterly, Semi-Quarterly, Biannually, Annually, etc.).

** The County may at, its discretion, request Contractor to provide reports in specified electronic data format media and on specified computer media, and other specified frequency (e.g., Weekly, Bimonthly, Quarterly, Semi-Quarterly, Biannually, Annually, etc.).

E. MOST FREQUENT ICD-9 CODES

Purpose: Management

Data Elements	Format*	Frequency*
Top 20 billed ICD-9 codes, by clinic site.	Hard copy	Monthly

F. UNDUPLICATED PATIENT COUNT

Purpose: Management and Evaluation

Data Elements	Format*	Frequency*
Number of unduplicated patient count, by clinic site.	Hard copy	Monthly

G. RANDOM SAMPLE OF UNDUPLICATED PATIENTS

Purpose: Management and Evaluation

Data Elements	Format*	Frequency*
Name of unduplicated patients with all associated primary care visits listing CPT & ICD 9 codes and description for each patient visit, by clinic site.	Hard copy	Monthly