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Director

DAVID MEYER
Chief Deputy Director

RODERICK SHANER, M.D.
Medical Director



BOARD OF SUPERVISORS
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YVONNE BRATHWAITE BURKE
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DEPARTMENT OF MENTAL HEALTH

<http://dmh.co.la.ca.us>

550 SOUTH VERMONT AVENUE, LOS ANGELES, CALIFORNIA 90020

Reply To: (213) 738-4601
Fax: (213) 386-1297

February 27, 2003

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:

**APPROVAL OF NEW LEGAL ENTITY AGREEMENT WITH THE
INSTITUTE FOR APPLIED BEHAVIORAL ANALYSIS
(SUPERVISORIAL DISTRICT 4)
(3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and instruct the Director of Mental Health to prepare, sign, and execute a new Legal Entity Agreement, using an Agreement format substantially similar to Attachment I, with the Institute for Applied Behavioral Analysis (IABA). IABA will provide mandated, specialized Therapeutic Behavioral Services (TBS) to Rudy C., an eligible AB 3632 Seriously Emotionally Disturbed (SED) 18 year old. The Maximum Contract Amount will be \$50,000 for the remainder of Fiscal Year (FY) 2002-2003 and \$200,000 each for FYs 2003-2004 and 2004-2005. The term of the Agreement will be effective upon Board approval with two automatic one-year renewals.
2. Delegate authority to the Director of Mental Health to prepare, sign, and execute future amendments to the Legal Entity Agreement with IABA, provided that 1) the County's total payments to the Contractor under the Agreement for each fiscal year shall not exceed a change of twenty percent from the applicable revised Maximum Contract Amount; 2) any such increase shall be used to provide additional services or to reflect program and/or policy changes; 3) the Board of Supervisors has appropriated sufficient funds for all changes; 4) approval of County Counsel and the Chief Administrative Officer or his designee is obtained prior to any such Amendment; and 5) the Director of Mental Health shall notify the Board of Supervisors of Agreement changes in writing within 30 days after execution of each Amendment.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS

Board approval is required to enter into a new Legal Entity Agreement with IABA for the ongoing provision of mandated TBS to Rudy C., an 18 year old SED client. Therapeutic Behavioral Services (TBS) are a Specialty Mental Health Service that provides one-to-one behavioral interventions to SED minors in crisis at risk for loss of placement. Rudy C. meets all eligibility criteria described in State Department of Mental Health Letter 99-03 (Attachment II). Approval of the Board is also required to comply with a May 2001 Federal Court injunction in the matter of Emily Q. vs. Diane Bonta.

Previously, IABA provided mandated TBS through a Purchase of Service Agreement approved by the Internal Services Department (ISD). Since payment to IABA under the Purchase of Service mechanism has met the \$100,000 maximum limit established by ISD, it is essential that your Board authorize the Department of Mental Health (DMH) to convert this ongoing contractual relationship into a Legal Entity Agreement to continue the provision of mandated TBS to Rudy C. without interruption.

On September 29, 2000 as part of a special education settlement, an Agreement was reached involving the provision of mental health services to Rudy C. This settlement required the DMH to provide TBS. IABA has been providing these specialty mental health services under a Purchase of Service Agreement since the settlement.

County Counsel advises that it was necessary for IABA to continue serving Rudy C, since there would otherwise be a potential liability for violation of special education laws. Plaintiff Rudy C., through his advocates, has filed an administrative proceeding to ensure the continuation of these mandated services. Plaintiff, Long Beach Unified School District, IABA, and DMH have separately entered into a settlement agreement resolving their differences to date, on the condition that DMH enter into a formal agreement with IABA, effective April 1, 2003, which is the purpose of this Board Letter.

Implementation of Strategic Plan Goals

The recommended Board actions are consistent with the County's goals of Service Excellence, Strategies 2 and 3; Organizational Effectiveness, Strategy 3; and Children and Families' Well Being, Strategy 1, within the Countywide Strategic Plan. Approved services will be provided through the collaborative efforts of County and community-based organizations.

FISCAL IMPACT/FINANCING

This agreement, in the amount of \$50,000 for FY 2002-2003, will be fully funded by State EPSDT, Federal Financial Participation (FFP) Medi-Cal revenues and County General Funds. Funding is included in DMH's FY 2002-2003 Adopted Budget. The annual amount of the contract is \$200,000 and will be fully funded by State EPSDT, FFP Medi-Cal and County General Funds. This amount is included in the FY 2003-2004 Budget Request and will be requested during the FY 2004-2005 DMH's annual Budget process.

This action will have no net County cost impact.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Under the provisions of AB 3632 (Chapter 26.5 California Government Code), DMH is responsible for the provision and funding of assessment, treatment, and case management services to children and youth who are identified by local education agencies as needing these services. TBS is one of these services. These pupils are referred when it becomes evident that they are unable to benefit from Special Education due to a serious emotional disturbance or other handicapping conditions. Results of assessments of these pupils are presented at the pupils' Individualized Education Plan (IEP) meetings conducted by the referring school district. Because TBS is written on Rudy C.'s IEP, it is a mandated service. Parents who are not satisfied with the IEP recommendations have the right to request a due process hearing.

On August 31, 2000, Protection and Advocacy, Inc. (PAI) filed a request for a due process hearing with the California Special Education Hearing Office (CSEHO) on behalf of Rudy C. in the Long Beach Unified School District. Rudy C. continues to require TBS from IABA, which was selected by PAI for its specialized training and expertise in the area of positive behavioral interventions. IABA has continued to provide TBS since the due process hearing. DMH's program administration has explored other community resources for alternative treatment without success, as other agencies have evaluated Rudy C. and found him to be too dangerous for their community treatment settings. In the past, Rudy C. failed to benefit from treatment at Metropolitan State Hospital and also had to be removed from Juvenile Hall.

The Agreement format has been previously approved as to form by County Counsel. The proposed actions have been reviewed by the Chief Administrative Office and DMH Program and Fiscal administration.

CONTRACTING PROCESS

IABA was selected by the Protection and Advocacy agency as the only qualified community facility with the specialized training and expertise to provide mandated TBS to a very disturbed and difficult minor. DMH is in agreement with this assessment and requests Board approval to enter into a Legal Entity Agreement for the continuation of these mandated, specialized services. This Board Letter converts the ongoing contractual relationship with IABA from a Purchase of Service Agreement to a formal Legal Entity Agreement (Attachment I).

County Counsel advises that approval of this Board Letter, which essentially converts the contractual relationship from a Purchase of Services Agreement to a Legal Entity Agreement is necessary for TBS to be continued for Rudy C. Without Board approval of this Agreement, Rudy C. will not receive the legally mandated services.

IMPACT ON CURRENT SERVICES

Execution of a Legal Entity Agreement with IABA will not only allow for continuation of the mandated, specialized services, but will establish a qualified provider for TBS which may be required for the most seriously emotionally and behaviorally disturbed TBS-eligible clients within Los Angeles County.

The Honorable Board of Supervisors
February 27, 2003
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CONCLUSION

The Department of Mental Health will need one (1) copy of the adopted Board action. It is requested that the Executive Officer, Board of Supervisors, notify the Department of Mental Health's Contracts Development and Administration Division at (213) 738-4684, when this document is available.

Respectfully submitted,



Marvin J. Southard, D.S.W.
Director of Mental Health

MJS:JH:RK:LQ:ea

Attachments (2)

c: Chief Administrative Officer
Executive Office, Board of Supervisors
County Counsel
Chairperson, Mental Health Commission

DMH LEGAL ENTITY AGREEMENT

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CONTRACTOR:

Contract Number

Business Address:

Reference Number(s)

Legal Entity Number

Provider Number(s) _____

Contractor Headquarters' Supervisorial District _____

Mental Health Service Area(s) _____ OR Countywide _____

==== *Below This Line For Official CDAD Use Only* ====

DISTRIBUTION

(Please type in the applicable name for each)

Deputy Director _____ Lead Manager _____

K: S _____ --or-- U _____

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49	ATTACHMENT III	SERVICE DELIVERY SITE EXHIBIT(S)			
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51	ATTACHMENT V	CASH FLOW ADVANCE (CFA) SCHEDULE AND CFA CLAIMS PAYMENT			
52		EXAMPLE, (Sections 1, 2 and 3)			

LEGAL ENTITY:NRTIT20C.IVA.SuperLEtblCont02-03_No.2

DMH LEGAL ENTITY AGREEMENT

THIS AGREEMENT is made and entered into this _____day of _____, _____, by and between the County of Los Angeles (hereafter "County"), and _____

(hereafter "Contractor") with the following business address at _____
_____.

WHEREAS, County desires to provide to those persons in Los Angeles County who qualify therefor certain mental health services contemplated and authorized by the Bronzan-McCorquodale Act, California Welfare and Institutions Code Section 5600 *et seq.*; and

WHEREAS, Contractor is equipped, staffed, and prepared to provide these services as described in this Agreement; and

WHEREAS, County believes it is in the best interest of the people of the County of Los Angeles to provide these services by contract; and

WHEREAS, these services shall be provided by Contractor in accordance with all applicable Federal, State and local laws, required licenses, ordinances, rules, Regulations, manuals, guidelines, and directives, which may include, but are not necessarily limited to, the following: Bronzan-McCorquodale Act, California Welfare and Institutions Code Section 5600 *et seq.*, including, but not limited to, Sections 5600.2, 5600.3, 5600.4, 5600.9, 5602, 5608, 5651, 5670, 5670.5, 5671, 5671.5, 5672, 5705, 5709, 5710, 5716, 5719, 5721, 5722, 5751.2, and 5900 *et seq.*; Medi-Cal Act, California Welfare and Institutions Code Section 14000 *et seq.*, including, but not limited to, Section 14132.44; California Welfare and Institutions Code Section 17601 *et seq.*; California Work Opportunities and Responsibilities to Kids Act, California Welfare and Institutions Code Section 11200 *et seq.*; California Government Code Sections 26227 and 53703; Title XIX of the Social Security Act, 42 United States Code Section 1396 *et seq.*; Title IV of the Social Security Act, Part B of Title XIX of the Public Health Service Act, 42 United States Code Section 300x *et seq.*; California Penal Code Section 11164 *et seq.*; Title 9 and Title 22, including, but not limited to, Sections 51516, 70001, 71001, 72001 *et seq.*, and 72443 *et seq.* of the California Code of Regulations; State Department of Mental Health's Cost Reporting/Data Collection Manual; State Department of Mental Health's Short-Doyle/Medi-Cal Manual for the Rehabilitation Option and Targeted Case Management; State Department of Mental Health's Short-Doyle/Medi-Cal Automated Cost Reporting System Users Manual; policies and procedures developed by County; State's Medicaid Plan; and policies and procedures which have been documented in the form of Policy Letters issued by State Department of Mental Health; and/or for State Department of Health Services.

/

WHEREAS, this Agreement is authorized by WIC Section 5600 *et seq.*, California Government

1 Code Sections 23004, 26227 and 53703, and otherwise.

2 NOW, THEREFORE, Contractor and County agree as follows:

3 1. IFRM:

4 A. Initial Period: The Initial Period of this Agreement shall commence on _____
5 and shall continue in full force and effect through _____.

6 B. Automatic Renewal Period(s): After the Initial Period, this Agreement shall be
7 automatically renewed two additional periods without further action by the parties hereto unless either
8 party desires to terminate this Agreement at the end of either the Initial Period or First Automatic
9 Renewal Period and gives written notice to the other party not less than thirty days prior to the end of
10 the Initial Period or at the end of the First Automatic Renewal Period, as applicable.

11 (1) First Automatic Renewal Period: If this Agreement is automatically renewed, the
12 First Automatic Renewal Period shall commence on _____ and shall continue in full force
13 and effect through _____.

14 (2) Second Automatic Renewal Period: If this Agreement is automatically renewed,
15 the Second Automatic Renewal Period shall commence on _____ and shall continue in full
16 force and effect through _____.

17 C. Termination:

18 (1) This Agreement may be terminated by either party at any time without cause by
19 giving at least thirty days prior written notice to the other party.

20 (2) This Agreement may be terminated by County immediately:

21 (a) If County determines that:

- 22 i. Any Federal, State, and/or County funds are not available for this
23 Agreement or any portion thereof; or
- 24 ii. Contractor has failed to initiate delivery of services within 30
25 days of the commencement date of this Agreement; or
- 26 iii. Contractor has failed to comply with any of the provisions of
27 Paragraphs 16 (NONDISCRIMINATION IN SERVICES), 17
28 (NONDISCRIMINATION IN EMPLOYMENT), 19
29 (INDEMNIFICATION AND INSURANCE), 20 (WARRANTY
30 AGAINST CONTINGENT FEES), 21 (CONFLICT OF INTEREST),
31 26 (DELEGATION AND ASSIGNMENT), 27
32 (SUBCONTRACTING), 45 (CERTIFICATION OF DRUG-FREE
33 WORK PLACE), 48 (CHILD SUPPORT COMPLIANCE PROGRAM),
34 and/or 52 (CONTRACTOR'S EXCLUSION FROM PARTICIPATION
35 IN A FEDERALLY FUNDED PROGRAM); or

36 (b) In accordance with Paragraphs 32 (TERMINATION FOR INSOLVENCY),

1 33 (TERMINATION FOR DEFAULT), 34 (TERMINATION FOR IMPROPER
2 CONSIDERATION), and/or 46 (COUNTY LOBBYISTS).

3 (3) This Agreement shall terminate as of June 30 of the last Fiscal Year for which
4 funds for this Agreement were appropriated by County as provided in Paragraph 5 (COUNTY'S
5 OBLIGATION FOR CURRENT AND FUTURE FISCAL YEARS).

6 (4) In the event that this Agreement is terminated, then:

7 (a) On or after the date of the written notice of termination, County, in its
8 sole discretion, may stop all payments to Contractor hereunder until
9 preliminary settlement based on the Annual Cost Report. Contractor
10 shall prepare an Annual Cost Report, including a statement of expenses
11 and revenues, which shall be submitted pursuant to Paragraph 4
12 (FINANCIAL PROVISIONS), Subparagraph P (Annual Cost Reports),
13 within seventy-five days of the date of termination. Such preliminary
14 settlement shall not exceed the Maximum Monthly Payment (see
15 Paragraph 4 (FINANCIAL PROVISIONS), Subparagraph N (Maximum
16 Monthly Payment)) multiplied by the actual number of
17 months or portion thereof during which this Agreement was in effect
18 during the particular Fiscal Year; and

19 (b) Upon issuance of any notice of termination, Contractor shall make
20 immediate and appropriate plans to transfer or refer all patients/clients
21 receiving services under this Agreement to other agencies for continuing
22 services in accordance with the patient's/client's needs. Such plans shall
23 be subject to prior written approval of Director, except that in specific
24 cases, as determined by Contractor, where an immediate patient/client
25 transfer or referral is indicated, Contractor may make an immediate
26 transfer or referral. If Contractor terminates this Agreement, all costs
27 related to all such transfers or referrals as well as all costs related to all
28 continuing services shall not be a charge to this Agreement nor
29 reimbursable in any way under this Agreement; and

30 (c) If Contractor is in possession of any equipment, furniture, removable
31 fixtures, materials, or supplies owned by County as provided in
32 Paragraph 42 (PURCHASES), the same shall be immediately returned to
33 County.

34 (5) Any termination of this Agreement by County shall be approved by County's
35 Board of Supervisors.

36 D. Suspension of Payments: At the sole discretion of Director, payments to Contractor

1 under this Agreement shall be suspended if Director determines that Contractor is in default under any of
2 the provisions of this Agreement or if State fails to make prompt payment as determined by Director on
3 County's claims to State.

4 2. ADMINISTRATION: Director shall have the authority to administer this Agreement on behalf of
5 County. Contractor shall designate in writing a Contract Manager who shall function as liaison with
6 County regarding Contractor's performance hereunder.

7 3. DESCRIPTION OF SERVICES/ACTIVITIES: Contractor shall provide mental health services in the
8 form as identified on the Financial Summary and Service Exhibit(s) and in the Program Description of
9 Contractor's Negotiation Package for this Agreement as approved in writing by Director, including any
10 addenda thereto as approved in writing by Director. Services provided by Contractor shall be the same
11 regardless of the patient's/client's ability to pay or source of payment.

12 Contractor may provide activities claimable as Title XIX Medi-Cal Administrative Activities pursuant
13 to WIC Section 14132.44. The administrative activities which may be claimable as Title XIX Medi-Cal
14 Administrative Activities are shown in the Financial Exhibit column(s) which are identified on the Financial
15 Summary and are described in the policies and procedures provided by SDMH and/or SDHS.

16 Contractor may provide mental health services claimable as Title IV-A Emergency Assistance
17 services. The Title IV-A Emergency Assistance mental health services which may be claimable are
18 shown in the Financial Exhibit column(s) which are identified on the Financial Summary.

19 Contractor may provide mental health services claimable as EPSDT services.

20 If, during Contractor's provision of services under this Agreement, there is any need for
21 substantial deviation from the services as described in Contractor's Negotiation Package for this
22 Agreement, as approved in writing by Director, including any addenda thereto as approved in writing by
23 Director, then Contractor shall submit a written request to Director for written approval before any such
24 substantial deviation may occur.

25 4. FINANCIAL PROVISIONS:

26 A. General: This Agreement provides for reimbursement as provided in Subsection 1 of
27 Subparagraph L (Payment) and as shown on the Financial Summary(ies) in the applicable Financial Exhibit
28 column(s) for Capitated Rate, and/or Cost Reimbursement, and/or IMD, and/or Negotiated Rate.

29 (1) Capitated Rate: A fixed amount, including all revenue, interest and return, per
30 enrolled individual/member paid monthly to Contractor for providing comprehensive mental health
31 services/activities as required in that period for the covered individuals/members. All fees paid by or paid
32 on behalf of an enrolled individual/member receiving services/activities hereunder and all other revenue,
33 interest and return resulting from services/activities and/or funds hereunder shall be deducted from
34 the Capitated Rate.

35 (2) Cost Reimbursement: County agrees to reimburse Contractor during the term of
36 this Agreement for the actual and allowable costs, less all fees paid by or on behalf of patients/clients

1 receiving services/activities hereunder and all other revenue, interest and return resulting from
2 services/activities and/or funds paid by County to Contractor hereunder but not to exceed the Maximum
3 Reimbursable Amount per visit as shown on the Financial Summary in the applicable Financial Exhibit
4 column(s) and the maximum number of allowable visits stipulated in the Fee-For-Service Medi-Cal
5 Specialty Mental Health Services Provider Manual when Contractor is providing mental health services,
6 specialty mental health services and/or Title IV-A Emergency Assistance services, and/or Title XIX Medi-
7 Cal Administrative Activities hereunder in accordance with WIC Sections 5704, 5707, 5709, 5710,
8 5714, 5716, 5717, 5718, 5719, 5720, 5721, 5723, and 14132.44; CCR Titles 9 and 22; SDMH
9 Policy Letters; CR/DC Manual; RO/TCM Manual; DMH policies and procedures; and all other applicable
10 Federal, State, and local laws, ordinances, rules, regulations manuals, guidelines, and directives.

11 (3) EPSDT: County agrees to reimburse Contractor during the term of this
12 Agreement for providing EPSDT mental health services/activities over the State established baseline in
13 accordance with Federal and State laws and regulations. Baseline increases imposed by the State will be
14 imposed on the Contractor in like percentages.

15 EPSDT funds are part of the Maximum Contract Amount(s) of this
16 Agreement and shall be paid by County to Contractor solely in County's capacity as the EPSDT claim
17 intermediary between the Contractor and the State.

18 Notwithstanding any other provision of this Agreement, in the event that Contractor provides
19 EPSDT services reimbursable under the State's EPSDT mandate claim process, in excess of the
20 Contractor's Fiscal Year _____ base of \$_____, Contractor shall be paid
21 by County from EPSDT funds upon receipt from the State. In the event that EPSDT funds are not
22 available to pay EPSDT claims or that State denies any or all of the EPSDT claims submitted by County
23 on behalf of Contractor, Contractor shall indemnify and hold harmless County for any and all liability for
24 payment of any or all of the denied EPSDT claims or for the unavailability of EPSDT funds to pay for
25 EPSDT claims. Contractor shall be solely liable and responsible for all data and information submitted by
26 Contractor to County in support of all claims for EPSDT funds submitted by County as the fiscal
27 intermediary.

28 (4) IMD: County agrees to reimburse Contractor during the term of this Agreement
29 for providing IMD mental health services/activities in accordance with State laws and regulations.

30 (5) Negotiated Rate: County agrees to reimburse Contractor during the term of this
31 Agreement for providing mental health services, and/or Title IV-A Emergency Assistance services
32 hereunder in accordance with WIC Sections 5704, 5705, 5707, 5709, 5710, 5714, 5716, 5717, 5718,
33 5719, 5720, 5721, 5723, and 14132.44; CCR Titles 9 and 22; SDMH Policy Letters; CR/DC Manual;
34 RO/TCM Manual; DMH policies and procedures; and all other applicable Federal, State, and local laws,
35 ordinances, rules, regulations, manuals, guidelines, and directives. Except for Title XIX Medi-Cal
36 Administrative Activities, reimbursement shall be at the Negotiated Rate(s), as mutually agreed upon

1 between County and Contractor and approved by SDMH (for any NR funded in whole or in part by Title
2 XIX Short-Doyle/Medi-Cal and/or State funds) and as shown on the Financial Summary less all fees paid
3 by or on behalf of patients/clients receiving services hereunder and all other revenue, interest and return
4 resulting from services/activities and/or funds paid by County to Contractor hereunder.

5 B. Reimbursement For Initial Period: The Maximum Contract Amount for the Initial Period of this
6 Agreement as described in Paragraph 1 (TERM) shall not exceed _____

7 _____
8 DOLLARS (\$_____) and shall consist of County, State, and/or Federal (excluding Medicare Partial
9 Hospitalization services) funds as shown in the applicable Financial Exhibit column(s) which are identified
10 on the Financial Summary. This Maximum Contract Amount includes Cash Flow Advance which is
11 repayable through cash and/or appropriate SFC units and/or actual and allowable costs as authorized by
12 other provisions of this Agreement. Notwithstanding any other provision of this Agreement, in no event
13 shall County pay Contractor more than this Maximum Contract Amount for Contractor's performance
14 hereunder during the Initial Period.

15 C. Reimbursement If Agreement Is Automatically Renewed:

16 (1) Reimbursement For First Automatic Renewal Period: The Maximum Contract
17 Amount for the First Automatic Renewal Period of this Agreement as described in Paragraph 1 (TERM)
18 shall not exceed _____

19 _____
20 DOLLARS (\$_____) and shall consist of County, State, and/or Federal (excluding Medicare
21 Partial Hospitalization services) funds as shown in the applicable Financial Exhibit column(s) which are
22 identified on the Financial Summary. This Maximum Contract Amount includes the Cash Flow Advance
23 which is repayable through cash and/or appropriate SFC units and/or actual and allowable costs as
24 authorized by other provisions of this Agreement. Notwithstanding any other provision of this
25 Agreement, in no event shall County pay Contractor more than this Maximum Contract Amount for
26 Contractor's performance hereunder during the First Automatic Renewal Period.

27 (2) Reimbursement For Second Automatic Renewal Period: The Maximum Contract
28 Amount for the Second Automatic Renewal Period of this Agreement as described in Paragraph 1 (TERM)
29 shall not exceed _____

30 _____ DOLLARS (\$_____) and
31 shall consist of County, State, and/or Federal (excluding Medicare Partial Hospitalization services) funds
32 as shown in the applicable Financial Exhibit column(s) which are identified on the Financial Summary.
33 This Maximum Contract Amount includes the Cash Flow Advance which is repayable through cash
34 and/or appropriate SFC units and/or actual and allowable costs as authorized by other provisions of this
35 Agreement. Notwithstanding any other provision of this Agreement, in no event shall County pay
36 Contractor more than this Maximum Contract Amount for Contractor's performance hereunder during the

1 Second Automatic Renewal Period.

2 D. SDMH Approval of Negotiated Rate(s):

3 (1) Pursuant to WIC Section 5716, SDMH's approval of each NR, which is funded in
4 whole or in part by Federal and/or State funds, shall be obtained prior to the commencement date of this
5 Agreement and prior to the beginning of any subsequent Fiscal Year or portion thereof that this
6 Agreement is in effect. Each such NR shall be effective only upon SDMH approval. If SDMH approval is
7 received after the commencement date of this Agreement or after the beginning of any subsequent Fiscal
8 Year, SDMH approval may be retroactive. If any such NR is disapproved by SDMH for any Fiscal Year or
9 portion thereof, Contractor shall be compensated for all mental health services under this Agreement in
10 accordance with the provisions of WIC Section 5716.

11 (2) Contractor understands that any NR funded in whole or in part by Title XIX
12 Short-Doyle/Medi-Cal and/or State funds may include County's share of reimbursement for administrative
13 support costs, including, but not limited to, quality assurance, utilization review, technical assistance,
14 training, cost accounting, contract administration, other direct administrative activities which result
15 because of contracting activities, medications, monitoring, revenue generation, and client data collection.
16 County shall pay Contractor for Contractor's share of reimbursement for any such NR and shall retain
17 County's share of reimbursement to pay for County's associated administrative support costs, if any.

18 E. Established Maximum Allowable Rates:

19 (1) Notwithstanding any other provision of this Agreement, County shall not be
20 required to pay Contractor more than the Established Maximum Allowable Rates for applicable Title XIX
21 Short-Doyle/Medi-Cal SFC units. The Established Maximum Allowable Rates shall be those specified in
22 CCR Title 22, as authorized by WIC Section 5720.

23 (2) Pursuant to Subparagraph D (SDMH Approval of Negotiated Rate(s)) and this
24 Subparagraph E, the appropriate Established Maximum Allowable Rates in effect during the Initial Period
25 of this Agreement, the First Automatic Renewal Period, or the Second Automatic Renewal Period, shall
26 be applicable to this Agreement when adopted by State.

27 (3) The Established Maximum Allowable Rates shall not apply to SFC units which
28 are wholly funded by CGF.

29 F. Shift of Funds:

30 (1) DMH control of funds shall be for each Financial Exhibit column(s) identified on
31 the Financial Summary within this Agreement and in the amounts shown in that Financial Exhibit
32 column(s) identified on the Financial Summary. Contractors may utilize realignment funds within a
33 Financial Exhibit column identified on a Financial Summary based upon client service needs. With
34 Director's prior written approval, Contractor may shift funds, on a dollar-for-dollar basis, from one
35 Financial Exhibit column identified on the Financial Summary to another identified on the Financial
36 Summary within this Agreement and within the applicable Fiscal Year.

1 (2) Contractor shall make a written report in the applicable Fiscal Year for Director's
2 written approval of a shift of funds from one Financial Exhibit column identified on the Financial Summary
3 to another identified on the Financial Summary. Director shall approve or deny in writing a request to
4 shift funds after a program review within ten working days of the receipt of Contractor's written request.

5 (3) Before any shift of funds from one Financial Exhibit column identified on the
6 Financial Summary to another identified on the Financial Summary under this Subparagraph F may be
7 requested, Contractor shall determine that the number of clients receiving services, as shown in the MIS
8 reports, for the Financial Exhibit column identified on the Financial Summary whose amount is to be
9 augmented, has been significantly greater during the preceding months than the number initially
10 projected. Such shifting of funds shall be on a dollar-for-dollar basis and as the Maximum Contract
11 Amount of a particular Financial Exhibit column identified on the Financial Summary is augmented, there
12 shall be a corresponding reduction in the Maximum Contract Amount of another Financial Exhibit column
13 identified on the Financial Summary. Under no circumstances can the total Maximum Contract Amount
14 of this Agreement be increased or decreased without a properly executed amendment.

15 G. Medicare Partial Hospitalization Services:

16 (1) If Contractor provides any services which Director determines qualify as
17 Medicare Partial Hospitalization services under this Agreement and which are included under any SFCs
18 shown on the Financial Summary, then Contractor shall be reimbursed by County for such services only
19 in arrears and only to the extent of the actual Federal Medicare payments made by the Federal
20 government to County for such Medicare Partial Hospitalization services furnished to eligible Medicare
21 beneficiaries.

22 Each Fiscal Year of the term of this Agreement, such reimbursement to Contractor shall
23 be made only with Federal Medicare funds, which are not part of the applicable Maximum Contract
24 Amount of this Agreement and are not paid by County to Contractor under this Agreement but which are
25 paid by County to Contractor solely in County's capacity as the fiscal intermediary for such Medicare
26 Partial Hospitalization services.

27 (2) Notwithstanding any other provision of this Agreement, if Medicare Partial
28 Hospitalization services are provided hereunder, such services shall comply with and be compensated in
29 accordance with all applicable Federal reimbursement requirements.

30 (3) If Medicare Partial Hospitalization services are provided under this Agreement,
31 Contractor authorizes County to serve as the fiscal intermediary for claiming and reimbursement for
32 Medicare Partial Hospitalization services and to act on Contractor's behalf with the Federal government in
33 regard to claiming reimbursement for Medicare Partial Hospitalization services.

34 Contractor shall be solely liable and responsible for all data and information submitted by
35 Contractor to County in support of all claims for Medicare Partial Hospitalization services submitted by
36 County on Contractor's behalf to the Federal government and for any subsequent Federal approvals or

1 denials of such claims that may be based on data and information submitted by Contractor.

2 Notwithstanding any other provision of this Agreement, Contractor shall hold County
3 harmless from any and all such Federal denials and/or any and all Federal audit disallowances for such
4 Medicare Partial Hospitalization services.

5 (4) Notwithstanding any other provision of this Agreement, Contractor shall be
6 totally liable and responsible for the accuracy of all data and information on all claims for Medicare Partial
7 Hospitalization services which Contractor inputs into MIS.

8 (5) Contractor shall comply with all written instructions from County and/or Federal
9 governments regarding Medicare Partial Hospitalization services claiming and documentation. Contractor
10 shall certify in writing that all necessary Medicare Partial Hospitalization services documentation exists at
11 the time any claim for Medicare Partial Hospitalization services is submitted by Contractor to County.

12 Contractor shall maintain an audit file documenting all Medicare Partial Hospitalization
13 services as instructed by County for a period of seven years from the end of the Fiscal Year in which
14 such services were provided or until final resolution of any audits, whichever occurs later.

15 (6) On Contractor's behalf, County shall submit a claim for Medicare Partial
16 Hospitalization services reimbursement only for those services entered by Contractor into MIS which are
17 identified by Contractor as "Y". The "Y" means that the service provided is to be claimed by County as
18 Medicare Partial Hospitalization. Contractor shall comply with all written instructions from County and/or
19 Federal governments regarding Medicare Partial Hospitalization services claiming and documentation.

20 (7) County may modify the claiming system for Medicare Partial Hospitalization
21 services at any time in order to comply with changes in Federal laws, rules, regulations, manuals,
22 guidelines, and directives. When possible, County shall notify Contractor in writing of any such
23 modification and the reason for the modification thirty days prior to the implementation of the
24 modification.

25 H. EPSDT Title XIX Medi-Cal Services, Title XIX Short-Doyle/Medi-Cal Services, Title XIX
26 Medi-Cal Administrative Activities, and Title IV-A Emergency Assistance Services

27 (1) Except as otherwise provided in this Agreement, if Contractor provides EPSDT
28 Title XIX Medi-Cal services, and/or Title XIX Short-Doyle/Medi-Cal services, and/or Title XIX Medi-Cal
29 Administrative Activities, and/or Title IV-A Emergency Assistance services, then Contractor shall be
30 reimbursed by County for the eligible and Federal and State-approved EPSDT Title XIX Medi-Cal SFC
31 units furnished to eligible Medi-Cal beneficiaries; and/or for the eligible and State-approved Title XIX
32 Short-Doyle/Medi-Cal SFC units furnished to eligible Medi-Cal beneficiaries; and/or as determined by the
33 State, for the actual and allowable costs of eligible and State-approved Title XIX Medi-Cal Administrative
34 Activities and/or for the eligible and State-approved Title IV-A Emergency Assistance SFC units furnished
35 to eligible Title IV-A Emergency Assistance beneficiaries and household members only in arrears and only
36 to the extent of actual EPSDT Title XIX Medi-Cal, and/or Title XIX Short-Doyle/Medi-Cal, and/or Title XIX

1 Medi-Cal Administrative Activities and/or Title IV-A Emergency Assistance payments made by the Federal
2 and State governments to County for such service and activities.

3 (2) Each Fiscal Year of the term of this Agreement, such reimbursement for Title XIX
4 Short-Doyle/Medi-Cal SFC units, and/or for Title XIX Medi-Cal Administrative Activities, and/or Title IV-A
5 Emergency Assistance services shall be made as applicable on the basis of: (1) fifty percent Title XIX
6 Short-Doyle/Medi-Cal services FFP funds and/or fifty percent Title XIX Medi-Cal Administrative Activities
7 FFP funds, and/or fifty percent Title IV-A Emergency Assistance services and/or fifty percent Specialty
8 Mental Health Services FFP funds which are part of the applicable Maximum Contract Amount of this
9 Agreement and which are paid by County to Contractor solely in County's capacity as the fiscal
10 intermediary for such Title XIX Short-Doyle/Medi-Cal services, and/or Title XIX Medi-Cal Administrative
11 Activities, and/or Title IV-A Emergency Assistance services and (2) fifty percent match from funds which
12 are part of the applicable Maximum Contract Amount of this Agreement, and which qualify as eligible
13 FFP match as shown in the applicable Financial Exhibit column(s) which are identified on the Financial
14 Summary.

15 (3) Each Fiscal Year of the term of this Agreement, such reimbursement for EPSDT
16 and Specialty Mental Health Services Title XIX Medi-Cal services shall be one hundred percent of the
17 program funds which are part of the applicable Maximum Contract Amount of this Agreement and which
18 are paid by County to Contractor solely in County's capacity as the fiscal intermediary. EPSDT Title XIX
19 Medi-Cal services shall be paid as applicable on the basis of fifty percent EPSDT Title XIX services FFP
20 funds and fifty percent State matching general funds for EPSDT and only when such EPSDT Title XIX
21 services exceed the individual Contractor's EPSDT base line as identified in Paragraph 4 (FINANCIAL
22 PROVISIONS), Subparagraph A(3) (EPSDT). Specialty Mental Health Services should be paid as
23 applicable on the basis of fifty percent Title XIX services FFP and fifty percent local match funds.

24 (4) Notwithstanding any other provision of this Agreement, if EPSDT Title XIX Medi-
25 Cal services, and/or Title XIX Short-Doyle/Medi-Cal services, and/or Title XIX Medi-Cal Administrative
26 Activities and/or Title IV-A Emergency Assistance services are provided hereunder, such services and
27 administrative activities shall comply with and be compensated in accordance with all applicable Federal
28 and State reimbursement requirements.

29 (5) If EPSDT Title XIX Medi-Cal services, and/or Title XIX Short-Doyle/Medi-Cal
30 services, and/or Title XIX Medi-Cal Administrative Activities, and/or Title IV-A Emergency Assistance
31 services are provided under this Agreement, Contractor authorizes County to serve as the fiscal
32 intermediary for claiming and reimbursement for such EPSDT Title XIX Medi-Cal services, and/or Title
33 XIX Short-Doyle/Medi-Cal services, and/or Title XIX Medi-Cal Administrative Activities, and/or Title IV-A
34 Emergency Assistance services and to act on Contractor's behalf with SDMH, SDHS and/or SDSS in
35 regard to claiming reimbursement for EPSDT Title XIX Medi-Cal services, and/or Title XIX
36 Short-Doyle/Medi-Cal services, and/or Title XIX Medi-Cal Administrative Activities, and/or Title IV-A

1 Emergency Assistance services.

2 Contractor shall be solely liable and responsible for all data and information submitted by
3 Contractor to County in support of all claims for EPSDT Title XIX Medi-Cal services, and/or Title XIX
4 Short-Doyle/Medi-Cal services, and/or Title XIX Medi-Cal Administrative Activities, and/or Title IV-A
5 Emergency Assistance services submitted by County as the fiscal intermediary to SDMH, SDHS and/or
6 SDSS and for any subsequent State approvals or denials of such claims that may be based on data and
7 information submitted by Contractor. Contractor shall process all EPSDT Title XIX Medi-Cal and/or Title
8 XIX Short-Doyle/Medi-Cal, and/or Title IV-A Emergency Assistance Explanation of Balance (EOB) or other
9 data within the time frame prescribed by the State and Federal governments. County shall have no
10 liability for Contractor's failure to comply with State and Federal time frames.

11 Notwithstanding any other provision of this Agreement, Contractor shall hold County
12 harmless from and against any loss to Contractor resulting from any such State denials, unresolved EOB
13 claims, and/or any Federal and/or State audit disallowances for such Title XIX Short-Doyle/Medi-Cal
14 services, and/or Title XIX Medi-Cal Administrative Activities, and/or Title IV-A Emergency Assistance
15 services.

16 (6) Contractor shall hold County harmless from and against any loss to Contractor
17 resulting from any such State denials, unresolved EOB claims, and/or any Federal and/or State audit
18 disallowances for such EPSDT Title XIX Medi-Cal services.

19 (7) Notwithstanding any other provision of this Agreement, Contractor shall be
20 totally liable and responsible for: (1) the accuracy of all data and information on all claims for EPSDT
21 Title XIX Medi-Cal services, and/or Title XIX Short-Doyle/Medi-Cal services which Contractor inputs into
22 MIS, (2) the accuracy of all data and information which Contractor provides to DMH, and (3) ensuring
23 that all EPSDT Title XIX Medi-Cal services, and/or Title XIX Short-Doyle/Medi-Cal services, and/or Title
24 XIX Medi-Cal Administrative Activities, and/or Title IV-A Emergency Assistance services are performed
25 appropriately within Medi-Cal and/or Title IV-A Emergency Assistance guidelines, including, but not
26 limited to, administration, utilization review, documentation, and staffing.

27 (8) As the State designated Short-Doyle/Medi-Cal fiscal intermediary, County shall
28 submit a claim to SDMH for EPSDT Title XIX Medi-Cal, and/or Title XIX Short-Doyle/Medi-Cal
29 reimbursement only for those services entered by Contractor into MIS which are identified by Contractor
30 as "Y". The "Y" means that the service provided is to be claimed by County to Short-Doyle/Medi-Cal.
31 Contractor shall comply with all written instructions from County and/or State regarding EPSDT Title XIX
32 Medi-Cal, and/or Title XIX Short-Doyle/Medi-Cal claiming and documentation.

33 Contractor shall maintain an audit file documenting all EPSDT Title XIX Medi-Cal, and/or
34 Title XIX Short-Doyle/Medi-Cal services as instructed by County for a period of seven years from the end
35 of the Fiscal Year in which such services were provided or until final resolution of any audits, whichever
36 occurs later.

1 (9) County is the State designated fiscal intermediary for EPSDT Title XIX Medi-Cal
2 services, and Title XIX Short-Doyle/Medi-Cal services, and Title XIX Medi-Cal Administrative Activities,
3 and for Title IV-A Emergency Assistance services. Contractor shall comply with all written instructions
4 from County regarding any such Title XIX and Title IV-A claims and documentation. Contractor shall
5 certify in writing that all necessary Title XIX and Title IV-A documentation exists at the time any such
6 claims for EPSDT Title XIX Medi-Cal services, and/or Title XIX Short-Doyle/Medi-Cal services, and/or Title
7 XIX Medi-Cal Administrative Activities, and/or Title IV-A Emergency Assistance services are submitted by
8 Contractor to County.

9 Contractor shall maintain all records, including, but not limited to, all time studies
10 prepared by Contractor, documenting all EPSDT Title XIX Medi-Cal services, and/or Title XIX Short-
11 Doyle/Medi-Cal services, and/or Title XIX Medi-Cal Administrative Activities, and/or Title IV-A Emergency
12 Assistance services as instructed by County for a period of seven years from the end of the quarter in
13 which such services were provided or until final resolution of any audits, whichever occurs later.

14 (10) County may modify the claiming systems for either EPSDT Title XIX Medi-Cal
15 services, and/or Title XIX Short-Doyle/Medi-Cal services, and/or Title XIX Medi-Cal Administrative
16 Activities, and/or Title IV-A Emergency Assistance services at any time in order to comply with changes
17 in, or interpretations of, State or Federal laws, rules, regulations, manuals, guidelines, and directives.
18 When possible, County shall notify Contractor in writing of any such modification and the reason for the
19 modification thirty days prior to the implementation of the modification.

20 (11) EPSDT Title XIX Medi-Cal and Title XIX Short-Doyle/Medi-Cal Reconciliation
21 Report: Prior to fourteen and one-half months after the close of each Fiscal Year, Contractor shall
22 provide DMH with two copies of an accurate and complete EPSDT Title XIX Medi-Cal and Title XIX
23 Short-Doyle/Medi-Cal Reconciliation Report at the legal entity level for each of Contractor's
24 Short-Doyle/Medi-Cal provider numbers which are part of the legal entity, for all EPSDT Title XIX Medi-
25 Cal, and/or Title XIX Short-Doyle/Medi-Cal SFC units furnished and State-approved during the applicable
26 Fiscal Year. Each such EPSDT Title XIX Medi-Cal and Title XIX Short-Doyle/Medi-Cal Reconciliation
27 Report shall be prepared by Contractor in accordance with all SDMH instructions and shall be certified in
28 writing by Contractor's Chief Executive Officer. If Contractor does not so provide DMH with the EPSDT
29 Title XIX Medi-Cal and Title XIX Short-Doyle/Medi-Cal Reconciliation Report within such fourteen and
30 one-half months, then Director, in his sole discretion, shall determine which State approved EPSDT Medi-
31 Cal, and/or Short-Doyle/Medi-Cal data shall be used by County for completion of the EPSDT Title XIX
32 Medi-Cal and Title XIX Short-Doyle/Medi-Cal Reconciliation Report.

33 (12) EPSDT Title XIX Medi-Cal Services, Title XIX Short-Doyle/Medi-Cal Services,
34 Title XIX Medi-Cal Administrative Activities, Title IV-A Emergency Assistance Services and Medicare
35 Partial Hospitalization Services Overpayment Recovery Procedures: Contractor shall repay to County the
36 amount, if any, paid by County to Contractor for EPSDT Title XIX Medi-Cal services, and Title XIX Short-

1 Doyle/Medi-Cal services, and Title XIX Medi-Cal Administrative Activities, and Title IV-A Emergency
2 Assistance and Medicare Partial Hospitalization services which are found by County, State, and/or
3 Federal governments not to be reimbursable.

4 For Federal audit exceptions, Federal audit appeal processes shall be followed. County
5 recovery of Federal overpayment shall be made in accordance with all applicable Federal laws,
6 regulations, manuals, guidelines, and directives.

7 For State audit exceptions, County shall immediately recover any overpayment from
8 Contractor when the State recovers the overpayment from County.

9 For County audit exceptions, County shall immediately recover the overpayment from
10 Contractor 30 days from the date of the applicable audit determination by Director.

11 Contractor shall pay County according to the method described in Subparagraph U
12 (Payments Due to County/Method of Payment).

13 I. Funding Sources:

14 (1) County, State, and/or Federal funds shall be limited to and shall not exceed the
15 respective amounts shown in the Financial Exhibit column(s) which are identified on the Financial
16 Summary. County funds include the portion of Cash Flow Advance and is repayable through cash,
17 and/or County SFC units, and/or approved EPSDT Title XIX Medi-Cal units of service, approved Title XIX
18 Short-Doyle/Medi-Cal SFC units, and/or approved Title XIX Medi-Cal Administrative Activities units of
19 activities, and/or approved Title IV-A Emergency Assistance services units of service.

20 (2) The reimbursement method of payment for the respective County, State and/or
21 Federal funding source(s) is shown in the applicable Financial Exhibit column(s) which are identified on
22 the Financial Summary.

23 (3) The combined CGF and any other funding sources shown in the Financial Exhibit
24 column(s) identified on the Financial Summary as funds to be disbursed by County shall not total more
25 than the Maximum Contract Amount for the applicable period of the Agreement term as specified in
26 Subparagraphs B (Reimbursement For Initial Period) and C (Reimbursement If Agreement Is Automatically
27 Renewed).

28 (4) County funds include Cash Flow Advance which is repayable through cash
29 and/or County SFC units, and/or approved EPSDT Title XIX Medi-Cal SFC units, and/or approved Title
30 XIX Short-Doyle/Medi-Cal SFC units, and/or approved Title XIX Medi-Cal Administrative Activities units
31 of activities, and/or approved Title IV-A Emergency Assistance services units of service.

32 Notwithstanding any other provision of this Agreement, EPSDT Title XIX Medi-Cal, FFP
33 and Medicare Partial Hospitalization funds shall be paid by County to Contractor solely in County's
34 capacity as the fiscal intermediary for EPSDT Title XIX Medi-Cal services, and/or Title XIX
35 Short-Doyle/Medi-Cal services, and/or Title XIX Medi-Cal Administrative Activities, and/or Title IV-A
36 Emergency Assistance and/or Medicare Partial Hospitalization services. In no event shall County be liable

1 or responsible to Contractor for any payment for any disallowed EPSDT Title XIX Medi-Cal services,
2 and/or Title XIX Short-Doyle/Medi-Cal services, and/or Title XIX Medi-Cal Administrative Activities,
3 and/or Title IV-A Emergency Assistance services and/or Medicare Partial Hospitalization services.

4 EPSDT Title XIX Medi-Cal and FFP funds shall be subject to all applicable Federal and
5 State laws, rules, regulations, manuals, guidelines, and directives.

6 (5) To the extent permitted by Federal law, certain funds, as designated in the
7 Financial Exhibit column(s) which are identified on the Financial Summary, may be used to match the FFP
8 component of reimbursement for Title XIX Short-Doyle/Medi-Cal services, and/or Title XIX Medi-Cal
9 Administrative Activities, and/or Title IV-A Emergency Assistance services in order to achieve the
10 maximum Federal reimbursement possible for mental health services and administrative activities
11 provided under this Agreement.

12 J. Government Funding Restrictions: This Agreement shall be subject to any restrictions,
13 limitations, or conditions imposed by State, including, but not limited to, those contained in State's
14 Budget Act, which may in any way affect the provisions or funding of this Agreement. This Agreement
15 shall also be subject to any additional restrictions, limitations, or conditions imposed by the Federal
16 government which may in any way affect the provisions or funding of this Agreement.

17 K. Patient/Client Eligibility, UMDAP Fees, Third Party Revenue, and Interest:

18 (1) Contractor shall comply with all County, State, and Federal requirements and
19 procedures, as described in WIC Sections 5709, 5710 and 5721, relating to: (1) the determination and
20 collection of patient/client fees for services hereunder based on UMDAP and DMH's Revenue Manual, (2)
21 the eligibility of patients/clients for Short-Doyle/Medi-Cal, Medicare, private insurance, or other third party
22 revenue, and (3) the collection, reporting and deduction of all patient/client and other revenue for
23 patients/clients receiving services hereunder. Contractor shall vigorously pursue and report collection of
24 all patient/client and other revenue.

25 (2) All fees paid by patients/clients receiving services under this Agreement and all
26 fees paid on behalf of patients/clients receiving services hereunder shall be utilized by Contractor only for
27 the delivery of mental health service units specified in this Agreement.

28 (3) If Contractor provides Title XIX Medi-Cal Administrative Activities funded by
29 Title XIX pursuant to WIC Section 14132.44 as described in Paragraph 3 (DESCRIPTION OF
30 SERVICES), or Title IV-A Emergency Assistance services funded by Title IV-A, then Contractor shall
31 assure that FFP reimbursement for such Title XIX Medi-Cal Administrative Activities and Title IV-A
32 Emergency Assistance services shall be utilized by Contractor only for the provision of Title XIX Medi-Cal
33 Administrative Activities and Title IV-A Emergency Assistance services, respectively.

34 (4) Contractor may retain unanticipated revenue, which is not shown in Contractor's
35 Negotiation Package for this Agreement, for a maximum period of one Fiscal Year, provided that the
36 unanticipated revenue is utilized for the delivery of mental health service units specified in this

1 Agreement. Contractor shall report the mental health services funded by this unanticipated revenue in
2 the Annual Cost Report submitted by Contractor to County. The Annual Cost Report shall be prepared
3 as instructed by State and County.

4 (5) Contractor shall not retain any fees paid by any resources for or on behalf of
5 Medi-Cal beneficiaries and/or Title IV-A Emergency Assistance recipients without having those fees
6 deducted from the cost of providing the mental health service/units specified in this Agreement.

7 (6) Contractor may retain any interest and/or return which may be received, earned
8 or collected from any funds paid by County to Contractor, provided that Contractor shall utilize all such
9 interest and return only for the delivery of mental health service units specified in this Agreement.

10 (7) Failure of Contractor to report in all its monthly claims and in its Annual Cost
11 Report all fees paid by patients/clients receiving services hereunder, all fees paid on behalf of
12 patients/clients receiving services hereunder, all fees paid by third parties on behalf of Medi-Cal
13 beneficiaries and/or Title IV-A Emergency Assistance recipients receiving services and/or activities
14 hereunder, all unanticipated revenue not shown in Contractor's Negotiation Package for this Agreement,
15 and all interest and return on funds paid by County to Contractor, shall result in: (1) Contractor's
16 submission of a revised claim statement showing all such nonreported revenue, (2) a report by County to
17 SDMH of all such nonreported revenue, (3) a report by County to the Federal Health Care Financing
18 Administration (HCFA) should any such unreported revenue be paid by any resources for or on behalf of
19 Medi-Cal beneficiaries and/or Title IV-A Emergency Assistance recipients, and/or (4) any appropriate
20 financial adjustment to Contractor's reimbursement.

21 L. Payment:

22 (1) For each month of the term of this Agreement, Contractor shall submit to
23 County a claim for each applicable Financial Exhibit column identified on the Financial Summary and Rate
24 Schedule, in the form and content specified by County. Each monthly claim shall be submitted within
25 sixty days of Contractor's receipt of County's MIS reports for the last date mental health services were
26 provided during the particular month, within sixty days of the last date Title XIX Medi-Cal Administrative
27 Activities were provided during the particular month, and/or within sixty days of the last date Title IV-A
28 Emergency Assistance services were provided during the particular month.

29 (a) Capitated Rate: Contractor's monthly claim to County shall show all
30 Contractor's enrolled individuals/members covered by the Capitated Rate Program and all other revenue,
31 interest and return resulting from services/activities and/or funds paid by County to Contractor hereunder
32 for the particular month.

33 (b) Cost Reimbursement: Contractor's monthly claim to County shall show
34 all Contractor's actual and allowable costs and all other revenue, interest and return resulting from
35 services/activities and/or funds paid by County to Contractor hereunder for the particular month. The
36 County may make provisional reimbursement, subject to final settlement to cost. All provisional

1 reimbursement shall be based upon specialty mental health services actually provided as shown on
2 County's Claims Systems reports. Contractor certifies that all units of service claimed by Contractor on
3 a provisional reimbursement basis are true and accurate claims for reimbursement.

4 (c) For IMDs Only: Those Institutions for Mental Disease which are
5 licensed as Skilled Nursing Facilities (SNF) by SDHS are, thereby, entitled by law to the rates established
6 by SDHS for Skilled Nursing Facilities. The IMD rate consists of a basic SNF rate and a STP rate, or a
7 MHRC rate. Contractor's monthly claim to County shall be for those patient days that have been
8 approved in writing by the County and shall be separately itemized by each patient day. Claims shall be
9 submitted to County within 30 days of the end of the billing period. Monthly claims shall be reviewed
10 and approved by County.

11 (d) Negotiated Rate: Contractor's monthly claim to County shall be
12 separately itemized by each SFC to show the payment calculation for each SFC by multiplying the SFC
13 units as shown on MIS reports by the applicable NR for such SFC as shown on the Financial Summary,
14 except that for PATH and SAMHSA services, Contractor's monthly claim shall show Contractor's actual
15 and allowable costs, less all fees paid by or on behalf of patients/clients receiving services hereunder and
16 all other revenue, interest and return resulting from services/activities and/or funds paid by County to
17 Contractor hereunder.

18 (1) DMH shall have the option to deny payment for services when
19 documentation of clinical work does not meet minimum State and County standards.

20 (2) Final reimbursement to Contractor shall not exceed the listed
21 rates as shown on the Financial Summary. Provisional reimbursement to contractor shall be at the State
22 established Title XXII rates for CPT codes. At cost report, provisional reimbursement will be adjusted to
23 State approved Negotiated Rates not to exceed the rates shown on the Financial Summary and shall be
24 considered payment in full, subject to third party liability and beneficiary share of cost, for the specialty
25 mental health services provided to a beneficiary. Reimbursement shall be made only for State approved
26 Short-Doyle/Medi-Cal claims and to the extent that funds allocated by State for County specifically for
27 these services are available.

28 (3) For Organizational Providers only. Provisional reimbursement
29 shall be based on the rates shown on the Provisional Rate Schedule(s) as published and periodically
30 revised as supplements to the Los Angeles County DMH Fee-For-Service Medi-Cal Specialty Mental
31 Health Services Provider Manual by the DMH, Office of Managed Care and distributed to DMH
32 Organizational Providers and to the Los Angeles County DMH Contracts Development and Administration
33 Division.

34 Further, Contractor agrees to hold harmless both the State and beneficiary in the event County
35 cannot or will not pay for services performed by Contractor pursuant to this Agreement.

36 (2) On the basis of this monthly claim and after Director's review and approval of

1 the monthly claim, Contractor shall receive from County payment of Contractor's claimed amount for NR
2 services, actual and allowable costs for all cost reimbursed services and activities, and claimed amount
3 for Capitated Rate, less all revenue, interest and return resulting from services/activities and/or funds paid
4 by County to Contractor hereunder, including, but not limited to, all Medicare, patient/client fees, private
5 insurance, and any other revenue, interest and return as described in Subsection 7 of Subparagraph K
6 (Patient/Client Eligibility, UMDAP Fees, Third Party Revenue, and Interest).

7 The monthly claim and subsequent payment shall be made in accordance with County
8 policies and procedures. If a claim is not submitted as required by County, then payment shall be
9 withheld until County is in receipt of a complete and correct claim and such claim has been reviewed and
10 approved by Director.

11 If Contractor has received any Cash Flow Advance pursuant to Subparagraph M (Cash
12 Flow Advances In Expectation of Services/Activities To Be Rendered), then Director may, in his
13 discretion, at any time, make adjustments to any of Contractor's monthly claims as necessary to ensure
14 that Contractor shall not be paid by County a sum in excess of the amount determined by multiplying the
15 SFC units as shown on MIS reports by the applicable NR for such SFC as shown on the Financial
16 Summary for NR services and/or Contractor's actual and allowable costs of providing mental health
17 services and Title XIX Medi-Cal Administrative Activities and/or a sum in excess of the amount
18 determined by multiplying the Capitated Rate by the applicable enrolled individuals/members for Capitated
19 Rate Contractors, or the Maximum Contract Amount for such Fiscal Year as shown in Subparagraphs B
20 (Reimbursement for Initial Period) or C (Reimbursement If Agreement Is Automatically Renewed),
21 whichever is less, less all revenue, interest and return resulting from services/activities and/or funds paid
22 by County to Contractor hereunder. Contractor may request in writing, and shall receive if requested,
23 DMH's computations for determining any adjustment to Contractor's monthly claim.

24 (3) All monthly claims shall be subject to adjustment based upon the MIS reports,
25 EOB data, and/or Contractor's Annual Cost Report which shall supersede and take precedence over all
26 claims.

27 (4) All monthly claims shall be based on mental health services actually provided as
28 shown on MIS reports and/or Title XIX Medi-Cal Administrative Activities actually provided as shown by
29 State-approved time studies prepared or actual and allowable costs for State approved units of activities
30 reported by Contractor. Contractor certifies that all units of services reported by Contractor into MIS are
31 true and accurate claims for reimbursement.

32 (5) EPSDT Title XIX Medi-Cal funds, and Title XIX Short-Doyle/Medi-Cal and Title IV-
33 A Emergency Assistance FFP funds shall be paid by County to Contractor only for State approved claims
34 for EPSDT Title XIX Medi-Cal and/or Title XIX Short-Doyle/Medi-Cal and/or Title IV-A Emergency
35 Assistance SFC units provided to eligible Medi-Cal beneficiaries. EPSDT Title XIX Medi-Cal funds, and
36 Title XIX Short-Doyle/Medi-Cal and Title IV-A Emergency Assistance FFP funds shall be paid by County

1 to Contractor only in arrears, only for the period of time Contractor is certified as a Title XIX
2 Short-Doyle/Medi-Cal provider and/or is authorized as Title IV-A Emergency Assistance provider, only to
3 the extent that eligible FFP matching funds are available under this Agreement, and only after County has
4 received EPSDT and FFP payment from State.

5 (6) Title XIX Medi-Cal Administrative Activities FFP funds shall be paid by County to
6 Contractor only for State approved claims for Title XIX Medi-Cal Administrative Activities based on time
7 studies prepared or actual and allowable costs for units of activities reported by Contractor. Title XIX
8 Medi-Cal Administrative Activities FFP funds shall be paid by County to Contractor only in arrears and
9 only if Contractor is authorized as a Title XIX Medi-Cal Administrative Activities provider, only to the
10 extent that eligible FFP matching funds are available under this Agreement, and only after County has
11 received FFP payment from State.

12 (7) EPSDT and FFP funds shall be paid by County to Contractor solely in County's
13 capacity as the fiscal intermediary for EPSDT Title XIX Medi-Cal services, Title XIX Short-Doyle/Medi-Cal
14 services, Title XIX Medi-Cal Administrative Activities, and Title IV-A Emergency Assistance services.
15 Each Fiscal Year of the term of this Agreement, County shall pay to Contractor FFP funds only to the
16 extent that the applicable Maximum Contract Amount has eligible State and/or local funds which qualify
17 as the match to FFP, as required by Federal and/or State laws, regulations, manuals, guidelines, and
18 directives.

19 (8) Federal Medicare Partial Hospitalization services funds shall be paid by County to
20 Contractor only for Federal-approved claims for Medicare Partial Hospitalization services SFC units
21 provided to eligible Medicare beneficiaries. Federal Medicare Partial Hospitalization services funds shall
22 be paid by County to Contractor only in arrears and only after County has received Federal Medicare
23 Partial Hospitalization payment.

24 (9) EPSDT Title XIX Medi-Cal services funds, Title XIX Short-Doyle/Medi-Cal
25 services FFP funds, Title XIX Medi-Cal Administrative Activities FFP funds, Title IV-A Emergency
26 Assistance services FFP funds and/or Medicare Partial Hospitalization services funds shall be paid by
27 County to Contractor solely in County's capacity as the fiscal intermediary for EPSDT Title XIX Medi-Cal
28 services, Title XIX Short-Doyle/Medi-Cal services, Title XIX Medi-Cal Administrative Activities, Title IV-A
29 Emergency Assistance services, and/or Medicare Partial Hospitalization services. Each Fiscal Year of the
30 term of this Agreement, County shall pay to Contractor EPSDT Title XIX Medi-Cal services, and/or Title
31 XIX Short-Doyle/Medi-Cal services, and/or Title XIX Medi-Cal Administrative Activities, and/or Title IV-A
32 Emergency Assistance services and/or Medicare Partial Hospitalization services funds only to the extent
33 required by Federal laws, regulations, manuals, guidelines, and directives.

34 (10) Notwithstanding any other provision of this Agreement, in the event that
35 Contractor provides EPSDT Title XIX Medi-Cal services pursuant to the EPSDT provisions of this
36 Agreement in excess of Contractor's EPSDT baseline as identified in Paragraph 4 (FINANCIAL

1 PROVISIONS), Subparagraph A (3) (EPSDT) as calculated with SDMH service approval data, and
2 County does not meet the Fiscal Year 1994-95 base as adjusted by the State, Contractor shall be paid
3 by County from a CGF risk reserve pool established for this purpose. The CGF risk reserve pool funds
4 shall be maintained in accordance with County policies and procedures and shall be for the SDMH
5 general fund portion of the individual Contractor's EPSDT approved services.

6 (11) County pays any EPSDT-SGF (Early and Periodic Screening, Diagnosis, and
7 Treatment–State General Funds) local matching funds in excess of the EPSDT baseline as identified
8 in Paragraph 4 (FINANCIAL PROVISIONS), Subparagraph A (3) (EPSDT) and Medi-Cal Federal
9 Financial Participation Funds (FFP) to Contractor solely in County’s capacity as the EPSDT-SGF and
10 FFP intermediary between the Contractor and the State. Solely to assist the County in expeditiously
11 processing and initially paying Contractor (because of the internal accounting necessity for
12 appropriation authority) for such claims for payment pending reimbursement from the state, the
13 Maximum Contract Amount(s) of this Agreement shall include EPSDT-SGF and/or FFP. This will
14 establish legal authorization by the Board of Supervisors to make expenditures for the services and/or
15 activities identified on the Financial Summary and Service Exhibit(s) of this Agreement, pending
16 reimbursement by the state. To the extent Contractor exceeds the EPSDT-SGF and/or FFP amount(s)
17 included in this Agreement, such excess will be paid to Contractor only upon Contract Amendment
18 approved by the Board of Supervisors, or from an Appropriation Account set up to record the Board’s
19 specific authorization to spend EPSDT-SGF and FFP in excess of the Maximum Contract Amount(s).

20 Contractor understands and agrees that County’s assistance in processing
21 and, as an intermediary for the State and Federal governments, initially paying for EPSDT-SGF and
22 FFP in accordance with the above is subject to reimbursement from the State and does not render
23 County in any way responsible for the substantive obligation to be ultimately fiscally responsible for
24 payment for Contractor’s claims for payment for these services. Contractor’s entitlement to
25 payment for such services, or claimed services, is entirely dependent upon compliance with the law
26 and regulations related to same. In the event of a dispute regarding entitlement for payment,
27 Contractor agrees that County is not liable for payment for such claims and will not pursue any such
28 claims for payment against County.

29 /

30 **M. Cash Flow Advance In Expectation of Services/Activities To Be Rendered:**

31 For each month of each fiscal year, County will reimburse Contractor based upon the County
32 and/or State and/or federal government(s) processing of the reimbursement claims for rendered
33 services/activities submitted by Contractor to the County subject to claim edits, and future settlements
34 and audit processes. However, for each month of each fiscal year not to exceed three (3) or five (5)
35 consecutive months, or portion thereof, as described below, and for such month the County and/or State
36 and/or federal government(s) have not made payment, and/or such payment is less than 1/12th of the

1 Maximum Contract Amount, Contractor may request in writing from County a monthly County General
2 Fund Cash Flow Advance as herein described.

3 Cash Flow Advance shall consist of, and shall be payable only from, the Maximum Contract
4 Amount appropriation approved by County's Board of Supervisors for the particular fiscal year in which
5 the costs are to be incurred and upon which the request(s) is (are) based.

6 Cash Flow Advance is intended to provide cash flow to Contractor pending Contractor's
7 rendering and billing of eligible services/activities, as identified by Paragraph 3, DESCRIPTION OF
8 SERVICES/ACTIVITIES of this Agreement, to the County and/or State and/or federal government(s),
9 and the County and/or State and/or federal government(s) have made payment for such
10 services/activities. Contractor may request each monthly Cash Flow Advance only for such
11 services/activities and only when there is no reimbursement from other public or private sources for
12 such services/activities.

13 The Cash Flow Advance amount for any particular month will be reduced by County payments of
14 actual reimbursement claims received by County from the Contractor. The County's claims payment
15 process is initiated immediately upon County receipt from Contractor of a reimbursement claim. If such
16 Contractor reimbursement claim is received at any time during either the initial three (3) or two (2)
17 additional consecutive months, the monthly payment to Contractor will include the payment for such
18 actual reimbursement claim thereby reducing the Cash Flow Advance disbursement amount for that
19 particular month.

20 Cash Flow Advance is based upon the following:

21 (1) Each month of each fiscal year not to exceed three (3) consecutive months, or portion
22 thereof, that this Agreement is in effect, Contractor may request, separately for each month, in writing
23 from County a monthly County General Fund Cash Flow Advance for any funds which may be part of the
24 Maximum Contract Amount for such fiscal year as identified on the Financial Summary Page. Contractor
25 shall specify in their request the amount of the monthly Cash Flow Advance not to exceed \$_____
26 _____ per month and the total Cash Flow Advance for the three (3) months shall not exceed \$_____
27 _____. The Cash Flow Advance monthly amount is 1/12th of Maximum Contract Amount as
28 identified on the Financial Summary Page, annualized Maximum Contract Amount if a partial year.

29 (2) A Contractor providing EPSDT Short-Doyle Medi-Cal services as part of this Agreement,
30 may for two (2) additional consecutive months, or portion thereof, that this Agreement is in effect,
31 request, separately for each month, in writing from County a monthly County General Fund Cash Flow
32 Advance for any FFP and/or EPSDT-SGF funds designated for clients less than 21 years of age which
33 may be part of the Maximum Contract Amount for such fiscal year as shown on the Financial Summary
34 Page. Contractor shall specify in their request the amount of the monthly Cash Flow Advance not to
35 exceed \$_____ per month for each of the two (2) additional consecutive months and the total
36 Cash Flow Advance for the two (2) additional consecutive months shall not exceed \$_____.

1 The Cash Flow Advance monthly amount for each of the two (2) consecutive months is:

2 (1) 1/12th of the Maximum Contract Amount for EPSDT-SGF as identified on the Financial Summary
3 Page, annualized Maximum Contract Amount if a partial year plus;

4 (2) An amount equal to the 1/12th of the Maximum Contract Amount for EPSDT-SGF that is the
5 Cash Flow Advance component for the anticipated FFP financial participation to be provided by the
6 federal government for services provided to EPSDT Medi-Cal beneficiaries.

7 Upon receipt of a request, Director, in his sole discretion, shall determine whether to approve the
8 Cash Flow Advance request and, if approved, whether the request is approved in whole or in part.

9 The time schedules and examples for County claims payment, and the 3 and 5 months Cash Flow
10 Advance disbursement(s) and Contractor repayment of Cash Flow Advance funds to County by means of
11 a County offset to Contractor claims to County are incorporated herein as Attachment V.

12 County identifies if Contractor's units of service and State FFP & EPSDT-SGF approvals are
13 meeting or exceeding the contracted levels and if not Cash Flow Advance recovery is initiated to
14 ensure Contractor completes repayment of the Cash Flow Advance with units of services by the time
15 the Contractor's fiscal year's twelfth month of claims are received and processed.

16 Any County and/or State and/or federal government(s) approved Contractor reimbursement
17 claims for eligible services/activities in excess of the actual unpaid Cash Flow Advance County to
18 Contractor will be disbursed in accordance with the terms and conditions of this Agreement.

19 Should Contractor request and receive Cash Flow Advance, Contractor shall exercise cash
20 management of such Cash Flow Advance in a prudent manner.

21 (1) For IMD, PHF and Mental Health Rehabilitation Center Contractors Only: The amount of
22 a Cash Flow Advance payment shall be based on 95% of the average daily census for the last two
23 months of the preceding fiscal year.

24 N. Maximum Monthly Payment: County's Maximum Monthly Payment to Contractor for
25 each monthly claim shall not exceed an amount determined pursuant to County policies and procedures.

26 The State and FFP funds for State approved claims for EPSDT Title XIX Medi-Cal SFC
27 units claimed by County to State on behalf of the Contractor shall be paid by County to Contractor only
28 in arrears and only after County has received State and FFP payment from State.

29 The FFP funds for State approved claims for EPSDT Title XIX Medi-Cal SFC units, and/or
30 Title XIX Short-Doyle/Medi-Cal SFC units, and/or Title XIX Medi-Cal Administrative Activities, and/or Title
31 IV-A Emergency Assistance services claimed by County to State on behalf of the Contractor shall be paid
32 by County to Contractor only in arrears and only after County has received FFP payment from State.

33 In order to recover CGF provided to Contractor as Cash Flow Advance pursuant to this
34 Subparagraph N, or any amounts due to County by Contractor under this Agreement or otherwise,
35 County shall withhold from any amounts due by County to Contractor under this Agreement or
36 otherwise: (1) the FFP and/or EPSDT-SGF portions of total State approved Short-Doyle/Medi-Cal

1 claims Cash Flow Advances that are in excess of a cumulative, for each month actual State approval
2 data has been received, 1/12 of the Maximum Contract Amount and/or (2) the FFP portion of Title XIX
3 Short-Doyle/Medi-Cal for State approved claims for Title XIX Short-Doyle/Medi-Cal SFC units and/or (3)
4 the FFP portion of Title IV-A Emergency Assistance for State approved claims for Title IV-A Emergency
5 Assistance SFC units and/or (4) the State and FFP portion of EPSDT Title XIX Medi-Cal for State
6 approved claims for EPSDT Title XIX Medi-Cal SFC units and/or (5) the FFP for Title XIX Medi-Cal
7 Administrative Activities and/or (6) the County, State and Federal portions of SFC units claimed by
8 Contractor in MIS for non-Title XIX Medi-Cal and non-Title IV-A Emergency Assistance services.
9 Contractor may request in writing, and shall receive if requested, DMH's computations for determining
10 any amounts withheld.

11 O. Withholding of Payment For Nonsubmission of MIS and Other Information: County may
12 withhold a maximum of ten percent of any monthly claim, if any MIS data, EOB data, RGMS report, or
13 other information is not submitted by Contractor to County within the time limits of submission of this
14 Agreement or if any MIS data, EOB data, RGMS report, or other information is incomplete, incorrect, or is
15 not completed in accordance with the requirements of this Agreement.

16 P. Annual Cost Reports:

17 (1) For each Fiscal Year or portion thereof that this Agreement is in effect,
18 Contractor shall provide DMH with two copies of an accurate and complete Annual Cost Report, with a
19 statement of expenses and revenue. The annual cost report will be comprised of a separate set of forms
20 for the County and State for each Financial Exhibit column identified on the Financial Summary within
21 each entity. Such reports will be due within seventy-five days following either the end of such Fiscal
22 Year or the expiration or termination date of this Agreement, whichever occurs earlier. Each such Annual
23 Cost Report shall be prepared by Contractor in accordance with the requirements set forth in the
24 Short-Doyle/Medi-Cal Automated Cost Reporting System Users Manual, CR/DC Manual, RO/TCM
25 Manual, and any other written guidelines which may be provided to Contractor by Director by June 30 of
26 the Fiscal Year for which the Annual Cost Report is to be prepared.

27 (2) If Contractor fails to submit accurate and complete Annual Cost Report(s) by
28 such due date, and if this Agreement is automatically renewed as provided in Paragraph 1 (TERM), then
29 County shall not make any further payments to Contractor under this Agreement until the accurate and
30 complete Annual Cost Report(s) is (are) submitted.

31 (3) Failure of Contractor to submit accurate and complete Annual Cost Report(s) by
32 such due date shall result in a Late Penalty of ONE HUNDRED DOLLARS (\$100) for each day that the
33 accurate and complete Annual Cost Report(s) is (are) not submitted. The Late Penalty shall be assessed
34 separately on each outstanding Annual Cost Report. The Late Penalty shall commence on the
35 seventy-sixth day following either the end of the applicable Fiscal Year or the expiration or termination
36 date of this Agreement and shall continue thereafter up to the one hundred and fifth day.

1 In the event that Contractor does not submit accurate and complete Annual Cost
2 Report(s) by the one hundred and fifth day, then all amounts covered by the outstanding Annual Cost
3 Report(s) and paid by County to Contractor in the Fiscal Year for which the Annual Cost Report(s) is (are)
4 outstanding shall be due by Contractor to County. Contractor shall pay County according to the method
5 described in Subparagraph U (Payments Due to County/Method of Payment).

6 Q. Annual Cost Report Adjustment and Settlement: Based on the Annual Cost Report(s)
7 submitted pursuant to Subparagraph P (Annual Cost Reports), at the end of each Fiscal Year or portion
8 thereof that this Agreement is in effect, the cost of all mental health services, Title IV-A Emergency
9 Assistance services, and Title XIX Medi-Cal Administrative Activities rendered hereunder shall be
10 adjusted as follows:

11 (1) Capitated Rate - to the applicable Capitated Rate per enrolled individual/member
12 multiplied by the applicable number of enrolled individuals/members assigned to the Contractor multiplied
13 by the applicable number of months which the enrolled individual/member was assigned to the
14 Contractor less all revenue, interest and return resulting from services/activities and/or funds paid by
15 County to Contractor hereunder, including but not limited to, all Medicare, patient/client fees, private
16 insurance, and any other revenue, interest and return resulting from services/activities and/or funds paid
17 by County to Contractor as described in Subsection 7 of Subparagraph K (Patient/Client Eligibility,
18 UMDAP Fees, Third Party Revenue and Interest), not to exceed the applicable Maximum Contract
19 Amount as shown in Subparagraph B (Reimbursement For Initial Period) or C (Reimbursement If
20 Agreement Is Automatically Renewed), provided that reimbursement for Title XIX Short-Doyle/Medi-Cal
21 funded services shall be consistent with the amounts authorized by State law and State's Medicaid Plan,
22 reimbursement for Title IV-A Emergency Assistance services funded services shall be consistent with the
23 amounts authorized by State law and State's Mental Health Title IV-A Emergency Assistance Plan and
24 reimbursement for Title XIX Medi-Cal Administrative Activities shall be consistent with the amounts
25 authorized by State law and State's Title XIX Medi-Cal Administrative Activities Plan not to exceed the
26 Maximum Contract Amount. Reimbursement for Title XIX Short-Doyle/Medi-Cal services, Title XIX Medi-
27 Cal Administrative Activities and Title IV-A Emergency Assistance services shall not exceed an amount
28 for which there is sufficient CGF/State match funds in the applicable Maximum Contract Amount.

29 (2) Cost Reimbursement - to actual and allowable costs, not to exceed the applicable
30 Maximum Contract Amount as shown in Subparagraph B (Reimbursement For Initial Period) or C
31 (Reimbursement If Agreement Is Automatically Renewed), provided that reimbursement for
32 Short-Doyle/Medi-Cal funded services shall be consistent with the amounts authorized by State law and
33 State's Medicaid Plan, reimbursement for Title IV-A Emergency Assistance services funded services shall
34 be consistent with the amounts authorized by State law and State's Mental Health Title IV-A Emergency
35 Assistance Plan and reimbursement for Title XIX Medi-Cal Administrative Activities shall be consistent
36 with the amounts authorized by State law and State's Title XIX Medi-Cal Administrative Activities Plan

1 not to exceed the Maximum Contract Amount. Reimbursement for Title XIX Short-Doyle/Medi-Cal
2 services, and/or Title XIX Medi-Cal Administrative Activities, and/or Title IV-A Emergency Assistance
3 services shall not exceed an amount for which there is sufficient CGF/State match funds in the applicable
4 Maximum Contract Amount.

5 (3) IMD - to the lower of the DMH determined final MIS run of reported patient days
6 or the patient days reported in Contractor's Annual Cost Report, multiplied by the applicable SDHS's
7 currently approved Skilled Nursing Facility Rate per patient day for Basic Service plus SDHS's currently
8 approved STP Rate per patient day for STP Services.

9 (4) Negotiated Rate - to the lower of the DMH determined final MIS run of reported
10 SFC units, or the SFC units reported in Contractor's Annual Cost Report, multiplied by the applicable NR
11 less all revenue, interest and return resulting from services/activities and/or funds paid by County to
12 Contractor, including, but not limited to, all Medicare, patient/client fees, private insurance, and any other
13 revenue, interest and return resulting from services/activities and/or funds paid by County to Contractor
14 as described in Subsection 7 of Subparagraph K (Patient/Client Eligibility, UMDAP Fees, Third Party
15 Revenue, and Interest), not to exceed the applicable Maximum Contract Amount as shown in
16 Subparagraph B (Reimbursement For Initial Period) or C (Reimbursement If Agreement Is Automatically
17 Renewed), provided that reimbursement for Title XIX Short-Doyle/Medi-Cal funded services shall be
18 consistent with the amounts authorized by State law and State's Medicaid Plan, reimbursement for Title
19 IV-A Emergency Assistance services funded services shall be consistent with the amounts authorized by
20 State law and State's Mental Health Title IV-A Emergency Assistance Plan, and reimbursement for Title
21 XIX Medi-Cal Administrative Activities shall be consistent with the amounts authorized by State law and
22 State's Title XIX Medi-Cal Administrative Activities Plan not to exceed the Maximum Contract Amount.
23 Reimbursement for Title XIX Short-Doyle/Medi-Cal services, and/or Title XIX Medi-Cal Administrative
24 Activities, and/or Title IV-A Emergency Assistance services shall not exceed an amount for which there is
25 sufficient CGF/State match funds in the applicable Maximum Contract Amount. In the event that
26 Contractor adjustments based on any of the above methods indicate an amount due the County,
27 Contractor shall pay County according to the method described in Subparagraph U (Payments Due to
28 County/Method of Payment).

29 R. Post-Contract Audit Settlement:

30 (1) In the event of a post-contract audit conducted by County, State, and/or Federal
31 personnel, actual and allowable SFC units for NR services and actual and allowable costs for cost
32 reimbursement services shall be determined for each Fiscal Year or portion thereof that this Agreement is
33 in effect. Such audit may include requests to review any fiscal, programmatic, or SFC unit concerns
34 County, State, and/or Federal auditors may have under this Agreement. CR/DC Manual, RO/TCM
35 Manual, SDMH's utilization review policies and procedures, State's Medicaid Plan, State's Title XIX Medi-
36 Cal Administrative Activities Plan, State's Title IV-A Emergency Assistance Plan, and the Federal Health

1 Care Financing Administration's Health Insurance Manual Volume 15 (HIM 15) shall serve as the basic
2 reference and authority for the audit determination of actual and allowable SFC units for mental health
3 services and actual and allowable costs for Title XIX Medi-Cal Administrative Activities and PATH and
4 SAMHSA services. One of the purposes of the audit determination of actual and allowable SFC units is
5 to identify and adjust for duplicated claims; SFC units not provided; SFC units not documented; and
6 utilization review findings, including, but not limited to, unnecessary care and the lack of appropriate
7 licensed practitioners of the healing arts.

8 (2) For mental health services, if the post-contract audit conducted by County,
9 State, and/or Federal personnel determines that the amounts paid by County to Contractor for any SFC
10 units furnished hereunder are more than the amounts allowable pursuant to this Agreement, then the
11 difference shall be due by Contractor to County.

12 For Title XIX Medi-Cal Administrative Activities, if the post-contract audit conducted by
13 County, State, and/or Federal personnel determines that the actual and allowable costs for Title XIX
14 Medi-Cal Administrative Activities furnished hereunder are more than the amounts allowable pursuant to
15 this Agreement, then the difference shall be due by Contractor to County. Contractor shall pay County
16 according to the method described in Subparagraph U (Payments Due to County/Method of Payment).

17 (3) For NR and CR services, if the post-contract audit conducted by County, State,
18 and/or Federal personnel determines that the amounts paid by County to Contractor for any NR SFC units
19 furnished hereunder are less than the allowable pursuant to this Agreement and/or CR services, then the
20 difference shall be paid by County to Contractor, provided that in no event shall County's Maximum
21 Contract Amount for the applicable Fiscal Year, as shown in Subparagraph B (Reimbursement For Initial
22 Period) or C (Reimbursement If Agreement Is Automatically Renewed), be exceeded.

23 For Title XIX Medi-Cal Administrative Activities, if the post-contract audit conducted by
24 County, State, and/or Federal personnel determines that the actual and allowable costs for Title XIX
25 Medi-Cal Administrative Activities furnished hereunder are less than the amounts reimbursable pursuant
26 to this Agreement, then the difference shall be paid by County to Contractor, provided that in no event
27 shall County's Maximum Contract Amount for the applicable Fiscal Year, as shown in Subparagraph B
28 (Reimbursement For Initial Period) or C (Reimbursement If Agreement Is Automatically Renewed), be
29 exceeded.

30 S. Audit Appeals After Post-Contract Audit Settlement: If Contractor appeals any audit
31 report, the appeal shall not prevent the post-contract audit settlement pursuant to Subparagraph R
32 (Post-Contract Audit Settlement).

33 T. County Audit Settlements: If, at any time during the term of this Agreement or at any
34 time after the expiration or termination of this Agreement, authorized representatives of County conduct
35 an audit of Contractor regarding the mental health services and/or Title XIX Medi-Cal Administrative
36 Activities provided hereunder and if such audit finds that County's dollar liability for such services and/or

1 administrative activities is less than payments made by County to Contractor, then the difference shall be
2 due by Contractor to County. Contractor shall pay County according to the method described in
3 Subparagraph U (Payments Due to County/Method of Payment).

4 If such audit finds that County's dollar liability for such services and/or administrative
5 activities provided hereunder is more than payments made by County to Contractor, then the difference
6 shall be paid to Contractor by County by cash payment, provided that in no event shall County's
7 Maximum Contract Amount for the applicable Fiscal Year, as shown in Subparagraph B (Reimbursement
8 For Initial Period) or C (Reimbursement If Agreement Is Automatically Renewed), be exceeded.

9 U. Payments Due to County/Method of Payment: Within ten days after written notification
10 by County to Contractor of any amount due by Contractor to County, Contractor shall notify County as
11 to which of the following six payment options Contractor requests be used as the method by which such
12 amount shall be recovered by County. Any such amount shall be: (1) paid in one cash payment by
13 Contractor to County, (2) offset against prior year(s) liability(ies), (3) deducted from future claims over a
14 period not to exceed three months, (4) deducted from any amounts due from County to Contractor
15 whether under this Agreement or otherwise, (5) paid by cash payment(s) by Contractor to County over a
16 period not to exceed three months, or (6) a combination of any or all of the above. If Contractor does
17 not so notify County within such ten days, or if Contractor fails to make payment of any such amount to
18 County as required, then Director, in his sole discretion, shall determine which of the above six payment
19 options shall be used by County for recovery of such amount from Contractor.

20 V. Interest Charges on Delinquent Payments: If Contractor, without good cause as
21 determined in the sole judgment of Director, fails to pay County any amount due to County under this
22 Agreement within sixty days after the due date, as determined by Director, then Director, in his sole
23 discretion and after written notice to Contractor, may assess interest charges at a rate equal to County's
24 Pool Rate, as determined by County's Auditor-Controller, per day on the delinquent amount due
25 commencing on the sixty-first day after the due date. Contractor shall have an opportunity to present to
26 Director information bearing on the issue of whether there is a good cause justification for Contractor's
27 failure to pay County within sixty days after the due date. The interest charges shall be: (1) paid by
28 Contractor to County by cash payment upon demand and/or (2) at the sole discretion of Director,
29 deducted from any amounts due by County to Contractor whether under this Agreement or otherwise.

30 W. Financial Solvency: Contractor shall maintain adequate provisions against the risk of
31 insolvency.

32 X. Limitation of County's Obligation Due to Nonappropriation of Funds: Notwithstanding
33 any other provision of this Agreement, County shall not be obligated for Contractor's performance
34 hereunder or by any provision of this Agreement during this or any of County's future fiscal years unless
35 and until County's Board of Supervisors appropriates funds for this Agreement in County's Budget for
36 each such fiscal year. Should County, during this or any subsequent fiscal year impose budgetary

1 restrictions which appropriate less than the amount provided for in Subparagraph B (Reimbursement For
2 Initial Period) and Subparagraph C (Reimbursement If Agreement Is Automatically Renewed) of this
3 Agreement, County shall reduce services under this Agreement consistent with such imposed budgetary
4 reductions. In the event funds are not appropriated for this Agreement, then this Agreement shall
5 terminate as of June 30 of the last fiscal year for which funds were appropriated. County shall notify
6 Contractor of any such changes in allocation of funds at the earliest possible date.

7 Y. Use of Certain Non-County Funds: A review of Contractor's expenditures and
8 commitments to utilize any non-County funds, which are specified in this Agreement for the services
9 hereunder and which are subject to time limitations as determined by Director, shall be conducted by
10 County and Contractor midway through each Fiscal Year during the term of this Agreement, midway
11 through the applicable time limitation period for such non-County funds if such period is less than a Fiscal
12 Year, and/or at any other time or times during each Fiscal Year as requested by Director. At least fifteen
13 days prior to each such review, Contractor shall provide Director with a current update of all Contractor's
14 expenditures and commitments of such non-County funds during such Fiscal Year or other applicable
15 time period. If Director, in his sole judgment, determines from such review that there will be any
16 nonexpenditure of such non-County funds, then Director, to the extent authorized by County's Board of
17 Supervisors, shall reduce the Maximum Contract Amount for the applicable Fiscal Year up to the amount
18 of such anticipated nonexpenditure, or Director shall recommend to County's Board of Supervisors a
19 reduction in the Maximum Contract Amount for the applicable Fiscal Year up to the amount of such
20 anticipated nonexpenditure. If Director determines to reduce, or recommend a reduction in, the
21 Maximum Contract Amount for such Fiscal Year, then Director shall notify Contractor in writing and shall
22 provide Contractor with the revised Maximum Contract Amount for such Fiscal Year. Any reduction in
23 the Maximum Contract Amount for the applicable Fiscal Year shall be effected by an amendment to this
24 Agreement pursuant to Paragraph 37 (ALTERATION OF TERMS) which shall set forth the revised
25 Maximum Contract Amount and the revised Financial Exhibit column(s) identified in the Financial
26 Summary for such Fiscal Year.

27 Notwithstanding any other provision of this Agreement, the revised Maximum Contract Amount
28 and the revised Financial Exhibit column(s) identified in the Financial Summary for such Fiscal Year shall
29 entirely supersede the then existing Maximum Contract Amount and Financial Exhibit column(s) identified
30 in the Financial Summary as of the date determined by Director or County's Board of Supervisors and set
31 forth in the amendment.

32 Z. Contractor Requested Changes:

33 (1) If Contractor desires any change in the terms and conditions of this Agreement,
34 Contractor shall request such change in writing prior to April 1 of the Fiscal Year for which the change
35 would be applicable, and all changes shall be made by an amendment pursuant to Agreement Paragraph
36 37 (ALTERATION OF TERMS).

1 (2) If Contractor requests to increase or decrease any Maximum Contract Amount,
2 such request and all reports, data, and other information requested by DMH's Contracts Development
3 and Administration Division, shall be received by DMH's Contracts Development and Administration
4 Division for review prior to April 1 of the Fiscal Year in which the increase or decrease has been
5 requested by Contractor.

6 AA. Delegated Authority: Notwithstanding any other provision of this Agreement, County's
7 Department of Mental Health Director may, without further action by County's Board of Supervisors,
8 prepare and sign amendments to this Agreement during the remaining term of this Agreement, under the
9 following conditions:

10 (1) County's total payments to Contractor under this Agreement, for each Fiscal
11 Year of the term of this Agreement, shall not exceed or shall not be reduced by more than the Board
12 approved percentage of the applicable Maximum Contract Amount; and

13 (2) Any such increase shall only be used for additional services or to reflect program
14 and/or policy changes that affect this Agreement; and

15 (3) County's Board of Supervisors has appropriated sufficient funds for all changes
16 described in each such amendment to this Agreement; and

17 (4) Approval of County Counsel and the Chief Administrative Officer is obtained
18 prior to any such amendment to this Agreement; and

19 (5) County's Department of Mental Health Director shall notify County's Board of
20 Supervisors and Chief Administrative Officer of all Agreement changes, in writing, within fifteen days
21 following execution of any such amendment(s).

22 BB. CalWORKs Reimbursement:

23 (1) Reimbursement at cost for existing services under this Agreement shall be
24 considered payment in full, subject to third party liability and beneficiary share of costs, for the
25 CalWORKs beneficiaries.

26 For each month of the term of this Agreement, Contractor shall submit to County a
27 separate claim for CalWORKs services in the form and content specified by County. Each monthly claim
28 shall be submitted within thirty days of Contractor's receipt of County's MIS CalWORKs Service Reports
29 for the last date CalWORKs' mental health services were provided during the particular month.

30 All monthly claims shall be subject to adjustment based upon the MIS reports, EOB data,
31 and/or Contractor's annual Cost Report which shall supersede and take precedence over all claims. No
32 billing changes/adjustments or audits will be allowed after such time.

33 (2) Under no circumstances shall Contractor be reimbursed for the provision of
34 CalWORKs services from any funds included in the Cash Flow Loan Exhibit(s).

35 (3) In its sole discretion, Director shall have the option to deny payment for services
36 when documentation of clinical work does not meet minimum State and County standards as set forth in

1 the Los Angeles County annotated version of the Rehabilitation Option and Targeted Case Management
2 Manual.

3 (4) Reimbursement shall only be made for CalWORKs services to the extent that
4 funds are allocated by DPSS and the State for these services.

5 (5) Services to CalWORKS beneficiaries shall be limited to Contractor's existing
6 services as provided in this Agreement.

7 CC. CalWORKs Suspension of Payment: At the sole discretion of Director, payments to
8 Contractor under this Agreement shall be suspended if Director determines that Contractor is in default
9 under any of the provisions of this Agreement, or if funds are unavailable from the State or DPSS for
10 payment on CalWORKs claims.

11 DD. AB3632 Services Utilizing SB90 Funds: SB90 funds are part of the Maximum Contract
12 Amount(s) of this Agreement and shall be paid by County to Contractor solely in County's capacity as
13 the SB90 claim intermediary between the Contractor and the State. County shall make all instructions
14 issued by the State for SB90 claiming available to Contractor.

15 Notwithstanding any other provision of this Agreement, in the event that Contractor provides
16 AB3632 services reimbursable under the State's SB90 mandate claim process, in excess of the
17 Contractor's Fiscal Year 1997-1998 base of \$_____, Contractor shall be paid by County
18 from SB90 funds upon receipt from the State. In the event that SB90 funds are not available to pay
19 SB90 claims or that State denies any or all of the SB90 claims submitted by County on behalf of
20 Contractor, Contractor shall indemnify and hold harmless County for any and all liability for payment of
21 any or all of the denied SB90 claims or for the unavailability of SB90 funds to pay for SB90 claims.
22 Contractor shall be solely liable and responsible for all data and information submitted by Contractor to
23 County in support of all claims for SB90 funds submitted by County as the fiscal intermediary.

24 5. COUNTY'S OBLIGATION FOR CURRENT AND FUTURE FISCAL YEARS:

25 Notwithstanding any other provision of this Agreement, this Agreement shall not be effective and binding
26 upon the parties unless and until County's Board of Supervisors appropriates funds for purposes hereof in
27 County's Budget for County's current Fiscal Year. Further, County shall not be obligated for Contractor's
28 performance hereunder or by any provision of this Agreement during any of County's future Fiscal Years
29 unless and until County's Board of Supervisors appropriates funds for purposes hereof in County's
30 Budget for each such future Fiscal Year. In the event that funds are not appropriated for this Agreement,
31 then this Agreement shall terminate as of June 30 of the last Fiscal Year for which funds were
32 appropriated.

33 6. PRIOR AGREEMENT(S) SUPERSEDED:

34 A. Reference is made to the certain document(s) entitled:

35 TITLE COUNTY AGREEMENT NUMBER DATE OF EXECUTION
36

1 _____
2 The parties agree that the provisions of such prior Agreement(s), and all Amendments thereto, shall be
3 entirely superseded as of _____, _____, by the provisions of this Agreement.

4 B. The parties further agree that all payments made by County to Contractor under any
5 such prior Agreement(s) for services rendered thereunder on and after _____, _____, shall be
6 applied to and considered against all applicable Federal, State, and/or County funds provided hereunder.

7 C. Notwithstanding any other provision of this Agreement or the Agreement(s) described in
8 Subparagraph A, the total reimbursement by County to Contractor under all these Agreements for Fiscal
9 Year _____ shall not exceed _____
10 _____ DOLLARS (\$_____);
11 and for Fiscal Year _____ shall not exceed _____
12 _____ DOLLARS (\$_____);
13 and for Fiscal Year _____ shall not exceed _____
14 _____ DOLLARS (\$_____).

15 7. **STAFFING:** Contractor shall operate throughout the term of this Agreement with staff, including,
16 but not limited to, professional staff, that approximates the type and number as indicated in Contractor's
17 Negotiation Package for this Agreement, as approved in writing by Director, including any addenda
18 thereto as approved in writing by Director, and as required by WIC and CCR. Such staff shall be qualified
19 and shall possess all appropriate licenses in accordance with WIC Section 5603 and all other applicable
20 requirements of the California Business and Professions Code, WIC, CCR, CR/DC Manual, RO/TCM
21 Manual, SDMH Policy Letters, and function within the scope of practice as dictated by licensing
22 boards/bodies. (1) If vacancies occur in any of Contractor's staff that would reduce Contractor's ability
23 to perform any services under the Agreement, Contractor shall promptly notify Director of such
24 vacancies. (2) During the term of this Agreement, Contractor shall have available and shall provide upon
25 request to authorized representatives of County, a list of all persons by name, title, professional degree,
26 and experience, who are providing any services under this Agreement.

27 8. **STAFF TRAINING AND SUPERVISION:** Contractor shall institute and maintain an in-service
28 training program of treatment review and case conferences in which all its professional,
29 para-professional, intern, student and clinical volunteer personnel shall participate. Contractor shall
30 institute and maintain appropriate supervision of all persons providing services under this Agreement with
31 particular emphasis on the supervision of para-professionals, interns, students, and clinical volunteers in
32 accordance with Departmental clinical supervision policy. Contractor shall be responsible for the training
33 of all appropriate staff on CR/DC Manual, RO/TCM Manual, and other State and County policies and
34 procedures as well as on any other matters that County may reasonably require.

35 9. **PROGRAM SUPERVISION, MONITORING AND REVIEW:**

36 A. Pursuant to WIC Section 5608 and CCR Title 9, Section 521, all services hereunder shall

1 be provided by Contractor under the general supervision of Director. Director shall have the right to
2 monitor and specify the kind, quality, appropriateness, timeliness, amount of services, and the criteria for
3 determining the persons to be served. Upon receipt of a DMH Contract Monitoring Report, Contractor
4 shall respond in writing to the particular DMH Contract Monitor within the time specified in the Report
5 either acknowledging the reported deficiencies or presenting contrary evidence, and, in addition,
6 submitting a plan for immediate correction of all deficiencies. In the event of a State audit of this
7 Agreement, if State auditors disagree with County's written instructions to Contractor in its performance
8 of this Agreement, and if such disagreement results in a State disallowance of any of Contractor's costs
9 hereunder, then County shall be liable for Contractor's disallowed costs as determined by State.

10 B. To assure compliance with this Agreement and for any other reasonable purpose
11 relating to performance of this Agreement, and subject to the provisions of state and federal law,
12 authorized County, State, and/or Federal representatives and designees shall have the right to enter
13 Contractor's premises (including all other places where duties under this Agreement are being
14 performed), with or without notice, to: inspect, monitor and/or audit Contractor's facilities, programs
15 and procedures, or to otherwise evaluate the work performed or being performed; review and copy
16 any records and supporting documentation pertaining to the performance of this Agreement; and
17 elicit information regarding the performance of this Agreement or any related work. The
18 representatives and designees of such agencies may examine, audit and copy such records at the
19 site at which they are located. Contractor shall provide access to facilities and shall cooperate and
20 assist County, State, and/or Federal representatives and designees in the performance of their duties.

21 Unless otherwise agreed upon in writing, Contractor must provide specified data upon request by
22 County, State, and/or Federal representatives and designees within ten (10) state working days for
23 monitoring purposes.

24 10. COUNTY'S QUALITY ASSURANCE PLAN: The County or its agent will evaluate
25 Contractor's performance under this Agreement on not less than an annual basis. Such evaluation will
26 include assessing Contractor's compliance with all contract terms and performance standards.
27 Contractor deficiencies which County determines are severe or continuing and that may place
28 performance of the Agreement in jeopardy if not corrected will be reported to the Board of Supervisors.
29 The report will include improvement/corrective action measures taken by the County and Contractor. If
30 improvement does not occur consistent with the corrective action measures, County may terminate this
31 Agreement or impose other penalties as specified in this Agreement.

32 11. RECORDS AND AUDITS:

33 A. Records:

34 (1) Direct Services and Indirect Services Records: Contractor shall maintain a record
35 of all direct services and indirect services rendered by all the various professional, para-professional,
36 intern, student, volunteer and other personnel to fully document all services provided under this

1 Agreement and in sufficient detail to permit an evaluation and audit of such services. All such records
2 shall be retained, maintained, and made immediately available for inspection, program review, and/or
3 audit by authorized representatives and designees of County, State, and/or Federal governments during
4 the term of this Agreement and during the applicable period of records retention. Such access shall
5 include regular and special reports from Contractor. In the event any records are located outside Los
6 Angeles County, Contractor shall pay County for all travel, per diem, and other costs incurred by County
7 for any inspection, program review, and/or audit at such other location. In addition to the requirements
8 in this Paragraph 11, Contractor shall comply with any additional patient/client record requirements
9 described in the Service Exhibit(s) and shall adequately document the delivery of all services described in
10 the Service Exhibit(s).

11 (a) Patient/Client Records (Direct Services): Contractor shall maintain
12 treatment and other records of all direct services (i.e., 24-hour services, day services, case management
13 brokerage, mental health services, medication support and crisis intervention) in accordance with all
14 applicable County, State and Federal requirements on each individual patient/client which shall include,
15 but not be limited to, patient/client identification number, MIS patient/client face sheet, all data elements
16 required by MIS, consent for treatment form, initial evaluation form, treatment plan, progress notes and
17 discharge summary. All patient/client records shall be maintained by Contractor at a location in Los
18 Angeles County for a minimum period of seven years following discharge of the patient/client or
19 termination of services (except that the records of unemancipated minors shall be kept at least one year
20 after such minor has reached the age of eighteen years and in any case not less than seven years), or
21 until County, State and/or Federal audit findings applicable to such services are fully resolved, whichever
22 is later. During such retention period, all such records shall be immediately available and open during
23 County's normal business hours to authorized representatives and designees of County, State, and/or
24 Federal governments for purposes of inspection, program review, and/or audit.

25 (b) Case Management Support Services and Outreach Services Records
26 (Indirect Services): Contractor shall maintain accurate and complete program records of all indirect
27 services (i.e., all services other than direct services) in accordance with all applicable County, State and
28 Federal requirements. All program records shall be maintained by Contractor at a location in Los Angeles
29 County for a minimum period of seven years following the expiration or termination of this Agreement, or
30 until County, State and/or Federal audit findings applicable to such services are fully resolved, whichever
31 is later. During such retention period, all such records shall be immediately available and open during
32 normal business hours to authorized representatives and designees of County, State, and/or Federal
33 governments for purposes of inspection and/or audit.

34 (2) Financial Records: Contractor shall prepare and maintain, on a current basis,
35 accurate and complete financial records of its activities and operations relating to this Agreement in
36 accordance with generally accepted accounting principles, with the procedures set out in the

1 Short-Doyle/Medi-Cal Automated Cost Reporting System Users Manual, and with all guidelines,
2 standards, and procedures which may be provided by County to Contractor. Minimum standards for
3 accounting principles are set forth in County's Auditor-Controller's Contract Accounting and
4 Administration Handbook which shall be furnished to Contractor by County upon request. The above
5 financial records shall include, but are not limited to:

6 (a) Books of original entry and a general ledger.

7 (b) Reports, studies, statistical surveys or other information Contractor used
8 to identify and allocate indirect costs among Contractor's various modes of service. "Indirect costs"
9 shall mean those costs as described by the CR/DC Manual and all guidelines, standards, and procedures
10 which may be provided by County to Contractor.

11 (c) Bronzan-McCorquodale/County statistics and total facility statistics (e.g.,
12 patient days, visits) which can be identified by type of service pursuant to the CR/DC Manual and any
13 policies and procedures which may be provided by County to Contractor.

14 (d) A listing of all County remittances received.

15 (e) Patient/client financial folders clearly documenting:

16 i. Contractor's determination of patient's/ client's eligibility for
17 Medi-Cal, medical insurance and any other third party payer coverage; and

18 ii. Contractor's reasonable efforts to collect charges from the
19 patient/client, his responsible relatives, and any other third party payer.

20 (f) Individual patient/client ledger cards indicating the type and amount of
21 charges incurred and payments by source and service type.

22 (g) Employment records.

23 (3) The entries in all of the above financial records must be readily traceable to
24 applicable source documentation (e.g., remittance invoices, vendor invoices, employee timecards signed
25 by employee and countersigned by supervisor in ink, subsidiary ledgers and journals, appointment logs,
26 patient ledger cards, etc.). Any apportionment of costs shall be made in accordance with the
27 requirements of the Short-Doyle/Medi-Cal Automated Cost Reporting System Users Manual, the Federal
28 Health Care Financing Administration's Health Insurance Manual Volume 15 (HIM 15), CR/DC Manual,
29 and RO/TCM Manual. All such records shall be maintained by Contractor at a location in Los Angeles
30 County for a minimum period of seven years following the expiration or termination of the Agreement, or
31 until County, State and/or Federal audit findings are fully resolved, whichever is later. During such
32 retention period, all such records shall be immediately available and open during County's normal
33 business hours to authorized representatives and designees of County, State, and/or Federal
34 governments for purposes of inspection, program review, and/or audit. Such access shall include access
35 to individuals with knowledge of financial records and Contractor's outside auditors, and regular and
36 special reports from Contractor. In the event any records are located outside Los Angeles County,

1 Contractor shall pay County for all travel, per diem, and other costs incurred by County for any
2 inspection or audit at such other location.

3 (4) Preservation of Records: If, following termination of this Agreement, Contractor's
4 facility(ies) is (are) closed or if majority ownership of Contractor changes, then within forty-eight hours
5 thereafter, Director of SDMH and Director shall be notified thereof by Contractor in writing of all
6 arrangements made by Contractor for preservation of all the patient/client, financial, and other records
7 referred to in this Paragraph 11.

8 B. Audits:

9 (1) Contractor shall provide County and its authorized representatives access to and
10 the right to examine, audit, excerpt, copy, or transcribe, any pertinent transaction, activity, time cards, or
11 any other records relating to this Agreement.

12 (2) County may, in its sole discretion, perform periodic fiscal and/or program
13 review(s) of Contractor's records that relate to this Agreement, and if the results of any fiscal and/or
14 program review requires a corrective plan of action, Contractor shall submit such a plan to DMH no later
15 than thirty days after receiving the findings of the fiscal and/or program review.

16 (3) Audit Reports: In the event that any audit of any or all aspects of this
17 Agreement is conducted of Contractor by any Federal or State auditor, or by any auditor or accountant
18 employed by Contractor or otherwise, then Contractor shall file a copy of such audit report(s) with
19 DMH's Contracts Development and Administration Division within thirty days of Contractor's receipt
20 thereof, unless otherwise provided by applicable Federal or State law or under this Agreement.
21 Contractor shall promptly notify County of any request for access to information related to this
22 Agreement by any other governmental agency.

23 (4) State Department of Mental Health Access to Records: Contractor agrees that
24 for a period of seven years or until final audit is completed, which ever occurs later, following the
25 furnishing of services under this Agreement, Contractor shall maintain and make available to the State
26 Department of Mental Health, the Secretary of the United States Department of Health and Human
27 Services or the Controller General of the United States, and any other authorized federal and state
28 agencies, or to any of their duly authorized representatives, the contracts, books, documents and records
29 of Contractor which are necessary to verify the nature and extent of the cost of services hereunder.
30 Furthermore, if Contractor carries out any of the services provided hereunder through any subcontract
31 with a value or cost of TEN THOUSAND DOLLARS (\$10,000) or more over a twelve month period with
32 a related organization (as that term is defined under Federal law), Contractor agrees that each such
33 subcontract shall provide for such access to the subcontract, books, documents and records of the
34 subcontractor as provided in paragraph 9 and in this paragraph 11.

35 (5) Federal Access to Records: If, and to the extent that, Section 1861(v)(1)(I) of
36 the Social Security Act (42 United States Code Section 1395x(v)(1)(I)) is applicable, Contractor agrees

1 that for a period of seven years following the furnishing of services under this Agreement, Contractor
2 shall maintain and make available to the Secretary of the United States Department of Health and Human
3 Services or the Controller General of the United States, or to any of their duly authorized representatives,
4 the contracts, books, documents and records of Contractor which are necessary to verify the nature and
5 extent of the cost of services hereunder. Furthermore, if Contractor carries out any of the services
6 provided hereunder through any subcontract with a value or cost of TEN THOUSAND DOLLARS
7 (\$10,000) or more over a twelve month period with a related organization (as that term is defined under
8 Federal law), Contractor agrees that each such subcontract shall provide for such access to the
9 subcontract, books, documents and records of the subcontractor as provided in paragraph 9 and in this
10 paragraph 11.

11 **12. REPORTS:**

12 A. Contractor shall make reports as required by Director or by State regarding Contractor's
13 activities and operations as they relate to Contractor's performance of this Agreement. In no event may
14 County require such reports unless it has provided Contractor with at least thirty days' prior written
15 notification. County shall provide Contractor with a written explanation of the procedures for reporting
16 the required information.

17 B. Income Tax Withholding: Upon Director's request, Contractor shall provide County with
18 certain documents relating to Contractor's income tax returns and employee income tax withholding.
19 These documents shall include, but are not limited to:

20 (1) A copy of Contractor's Federal and State quarterly income tax withholding returns
21 (i.e., Federal Form 941 and/or State Form DE-3 or their equivalents).

22 (2) A copy of a receipt for, or other proof of payment of, each employee's Federal and
23 State income tax withholding, whether such payments are made on a monthly or quarterly basis.

24 C. Management Information System (MIS):

25 (1) Contractor shall participate in MIS, including, but not limited to, RGMS, as
26 required by Director. Contractor shall report to County, all program, patient/client, staff, and other data
27 and information about Contractor's services, within the specified time periods as required by DMH's
28 Management Information Systems Procedure Manual and Reports Reference Guide and any other County
29 requirements; in no event, no later than 40 calendar days after the close of each Fiscal Year in which the
30 services were provided.

31 (2) Notwithstanding any other provision of this Agreement, only units of service
32 entered by Contractor into MIS shall be counted as delivered units of service. All units of service
33 generated during the Start-Up Period, if any, shall be entered by Contractor into MIS. After the close of
34 the monthly MIS time frame, no data and information relating to units of service for that month may be
35 added without the written approval of Director.

36 (3) If, after the close of the monthly MIS time-frame, Contractor desires to enter any

1 data and information documenting units of services for a particular month, then Contractor shall submit a
2 request in writing setting forth the good cause reasons which prevented Contractor from timely entering
3 such particular data and information into MIS. Director may, at his sole discretion, approve in writing
4 Contractor's request to enter the data and information into MIS. Notwithstanding any other provision of
5 this Agreement, the only units of service which shall be considered legitimate and reimbursable at Annual
6 Cost Report adjustment and settlement time or otherwise shall be those units of service as entered by
7 Contractor into MIS.

8 (4) Contractor shall train its staff in the operation, procedures, policies, and all
9 related use, of MIS as required by County.

10 13. CONFIDENTIALITY: Contractor shall maintain the confidentiality of all records and information,
11 including, but not limited to, claims, County records, patient/client records and information, and MIS
12 records, in accordance with WIC Sections 5328 through 5330, inclusive, and all other applicable County,
13 State, and Federal laws, ordinances, rules, regulations, manuals, guidelines, and directives, relating to
14 confidentiality. Contractor shall require all its officers, employees, and agents providing services
15 hereunder to acknowledge, in writing, understanding of, and agreement to fully comply with, all such
16 confidentiality provisions. Contractor shall indemnify and hold harmless County, its officers, employees,
17 and agents, from and against any and all loss, damage, liability, and expense arising from any disclosure
18 of such records and information by Contractor, its officers, employees, or agents.

19 14. PATIENTS'/CLIENTS' RIGHTS: Contractor shall comply with all applicable patients'/clients'
20 rights provisions, including, but not limited to, WIC Section 5325 et seq., CCR Title 9, Section 850 et
21 seq., and CCR Title 22. Further, Contractor shall comply with all patients'/clients' rights policies
22 provided by County. County Patients' Rights Advocates shall be given access by Contractor to all
23 patients/clients, patients'/clients' records, and Contractor's personnel in order to monitor Contractor's
24 compliance with all applicable statutes, regulations, manuals and policies.

25 15. REPORTING OF PATIENT/CLIENT ABUSE AND RELATED PERSONNEL
26 REQUIREMENTS:

27 A. Elders and Dependent Adults Abuse: Contractor, and all persons employed or
28 subcontracted by Contractor, shall comply with WIC Section 15630 et seq. and shall report all known or
29 suspected instances of physical abuse of elders and dependent adults under the care of Contractor either
30 to an appropriate County adult protective services agency or to a local law enforcement agency, as
31 mandated by WIC Sections 15630, 15631 and 15632. Contractor, and all persons employed or
32 subcontracted by Contractor, shall make the report on such abuse, and shall submit all required
33 information, in accordance with WIC Sections 15630, 15633 and 15633.5.

34 B. Minor Children Abuse: Contractor, and all persons employed or subcontracted by
35 Contractor, shall comply with California Penal Code (hereafter "PC") Section 11164 et seq. and shall
36 report all known or suspected instances of child abuse to an appropriate child protective agency, as

1 mandated by California Penal Code 11164, 11165.8 and 11166. Contractor, and all persons employed
2 or subcontracted by Contractor, shall make the report on such abuse, and shall submit all required
3 information, in accordance with PC Sections 11166 and 11167.

4 C. Contractor Staff:

5 (1) Contractor shall assure that any person who enters into employment as a care
6 custodian of elders, dependent adults or minor children, or who enters into employment as a health or
7 other practitioner, prior to commencing employment, and as a prerequisite to that employment, shall sign
8 a statement on a form provided by Contractor in accordance with the above code sections to the effect
9 that such person has knowledge of, and will comply with, these code sections.

10 (2) Contractor shall assure that clerical and other nontreatment staff who are not
11 legally required to directly report suspected cases of abuse, consult with mandated reporters upon
12 suspecting any abuse.

13 (3) For the safety and welfare of elders, dependent adults, and minor children,
14 Contractor shall, to the maximum extent permitted by law, ascertain arrest and conviction records for all
15 current and prospective employees and shall not employ or continue to employ any person convicted of
16 any crime involving any harm to elders, dependent adults, or minor children.

17 (4) Contractor shall not employ or continue to employ, or shall take other appropriate
18 action to fully protect all persons receiving services under this Agreement concerning, any person whom
19 Contractor knows, or reasonably suspects, has committed any acts which are inimical to the health,
20 morals, welfare, or safety of elders, dependent adults or minor children, or which otherwise make it
21 inappropriate for such person to be employed by Contractor.

22 16. NONDISCRIMINATION IN SERVICES:

23 A. Contractor shall not discriminate in the provision of services hereunder because of race,
24 religion, national origin, ancestry, sex, age, marital status, or physical or mental handicap or medical
25 conditions, in accordance with requirements of Federal and State law. For the purpose of this Paragraph
26 16, discrimination in the provision of services may include, but is not limited to, the following: denying
27 any person any service or benefit or the availability of a facility; providing any service or benefit to any
28 person which is different, or is provided in a different manner or at a different time, from that provided to
29 others; subjecting any person to segregation or separate treatment in any matter related to the receipt of
30 any service; restricting any person in any way in the enjoyment of any advantage or privilege enjoyed by
31 others receiving any service or benefit; and treating any person differently from others in determining
32 admission, enrollment quota, eligibility, membership, or any other requirement or condition which persons
33 must meet in order to be provided any service or benefit. Contractor shall take affirmative action to
34 ensure that intended beneficiaries of this Agreement are provided services without regard to ability to pay
35 or source of payment, race, religion, national origin, ancestry, sex, age, marital status, or physical or
36 mental handicap, or medical conditions.

1 B. Contractor shall establish and maintain written complaint procedures under which any
2 person applying for or receiving any services under this Agreement may seek resolution from Contractor
3 of a complaint with respect to any alleged discrimination in the rendering of services by Contractor's
4 personnel. Such procedures shall also include a provision whereby any such person, who is dissatisfied
5 with Contractor's resolution of the matter, shall be referred by Contractor to Director for the purpose of
6 presenting his complaint of the alleged discrimination. Such complaint procedures shall also indicate that
7 if such person is not satisfied with County's resolution or decision with respect to the complaint of
8 alleged discrimination, such person may appeal the matter to the State, if appropriate.

9 C. If direct services (i.e., 24-hour services, case management services, day services, and
10 outpatient services) are provided hereunder, Contractor shall have admission policies which are in
11 accordance with CCR Title 9, Sections 526 and 527, and which shall be in writing and available to the
12 public. Contractor shall not employ discriminatory practices in the admission of any person, assignment
13 of accommodations, or otherwise. Any time any person applies for services under this Agreement, such
14 person shall be advised by Contractor of the complaint procedures described in the above paragraph. A
15 copy of such complaint procedures shall be posted by Contractor in a conspicuous place, available and
16 open to the public, in each of Contractor's facilities where services are provided under this Agreement.

17 **17. NONDISCRIMINATION IN EMPLOYMENT:**

18 A. Contractor certifies and agrees that all persons employed by it, its affiliates, subsidiaries,
19 or holding companies are and will be treated equally by it without regard to, or because of, race, color,
20 religion, national origin, ancestry, sex, age, marital status, condition of physical disability (including HIV
21 and AIDS) or mental disability, medical condition (cancer), denial of family care leave, or political
22 affiliation, and in compliance with all applicable Federal and State anti-discrimination laws and
23 regulations.

24 B. Contractor shall take affirmative action to ensure that qualified applicants are employed,
25 and that employees are treated during employment without regard to race, color, religion, national origin,
26 ancestry, sex, age, marital status, condition of physical disability (including HIV and AIDS) or mental
27 disability, medical condition (cancer), denial of family care leave, or political affiliation. Such action shall
28 include, but is not limited to, the following: employment, upgrading, demotion, transfer, recruitment or
29 recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection
30 for training, including apprenticeship. Contractor shall not discriminate against or harass, nor shall it
31 permit harassment of, its employees during employment based upon race, color, religion, national origin,
32 ancestry, sex, age, marital status, condition of physical disability (including HIV and AIDS) or mental
33 disability, medical condition (cancer), denial of family care leave, or political affiliation in compliance with
34 all applicable Federal and State anti-discrimination laws and regulations. Contractor shall insure that the
35 evaluation and treatment of its employees and applicants for employment are free from such
36 discrimination and harassment, and will comply with the provisions of the Fair Employment and Housing

1 Act (Government Code section 12990 et seq.) and the applicable regulations promulgated thereunder
2 (California Code of Regulations, Title 2, Section 7285.0 et seq.).

3 C. Contractor shall deal with its subcontractors, bidders, or vendors without regard to or
4 because of race, color, religion, national origin, ancestry, sex, age, marital status, condition of physical
5 disability (including HIV and AIDS) or mental disability, medical condition (cancer), denial of family care
6 leave, or political affiliation. Further, Contractor shall give written notice of its obligations under this
7 Paragraph 17 to labor organizations with which it has a collective bargaining or other agreement.

8 D. Contractor shall allow County representatives access to its employment records
9 during regular business hours to verify compliance with the provisions of this Paragraph 17 when so
10 requested by Director.

11 E. If County finds that any of the above provisions has been violated, the same shall
12 constitute a material breach of this Agreement upon which County may immediately terminate or
13 suspend this Agreement. While County reserves the right to determine independently that the
14 anti-discrimination provisions of this Agreement have been violated, in addition, a determination by the
15 California Fair Employment Practices Commission or the Federal Equal Employment Opportunity
16 Commission that Contractor has violated State or Federal anti-discrimination laws or regulations shall
17 constitute a finding by County that Contractor has violated the anti-discrimination provisions of this
18 Agreement.

19 F. In the event that Contractor violates any of the anti-discrimination provisions of this
20 Paragraph 17, County shall be entitled, at its option, to the sum of FIVE HUNDRED DOLLARS (\$500)
21 pursuant to California Civil Code Section 1671 as liquidated damages in lieu of terminating or
22 suspending this Agreement.

23 18. FAIR LABOR STANDARDS: Contractor shall comply with all applicable provisions of the Federal
24 Fair Labor Standards Act, and shall indemnify, defend, and hold harmless County, its officers, employees,
25 and agents, from any and all liability, including, but not limited to, wages, overtime pay, liquidated
26 damages, penalties, court costs, and attorneys' fees arising under any wage and hour law, including, but
27 not limited to, the Federal Fair Labor Standards Act, for services performed by Contractor's employees
28 for which County may be found jointly or solely liable.

29 19. INDEMNIFICATION AND INSURANCE:

30 A. Indemnification: Contractor shall indemnify, defend and hold harmless County, and its
31 Special Districts, elected and appointed officers, employees, and agents from and against any and all
32 liability, including but not limited to demands, claims, actions, fees, costs, and expenses (including
33 attorney and expert witness fees), arising from or connected with Contractor's acts and/or omissions
34 arising from and/or relating to this Agreement.

35 B. General Insurance Requirements: Without limiting Contractor's indemnification of County
36 and during the term of this Agreement, Contractor shall provide and maintain, and shall require all of its

1 subcontractors to maintain, the following programs of insurance specified in this Agreement. Such
2 insurance shall be primary to and not contributing with any other insurance or self-insurance programs
3 maintained by County, and such coverage shall be provided and maintained at Contractor's own
4 expense.

5 1) Evidence of Insurance: Certificate(s) or other evidence of coverage satisfactory
6 to County shall be delivered to *Department of Mental Health, 550 South Vermont Avenue, Contracts*
7 *Development and Administration Division, 5th Floor, Los Angeles, CA, 90020*, prior to commencing
8 services under this Agreement. Such certificates or other evidence shall:

- 9 (a) Specifically identify this Agreement.
10 (b) Clearly evidence all coverages required in this Agreement.
11 (c) Contain the express condition that County is to be given written notice
12 by mail at least thirty (30) days in advance of cancellation for all policies evidenced on the certificate of
13 insurance.
14 (d) Include copies of the additional insured endorsement to the commercial
15 general liability policy, adding the County of Los Angeles, its Special Districts, its officials, officers and
16 employees as insureds for all activities arising from this Agreement.
17 (e) Identify any deductibles or self-insured retentions for County's approval.

18 The County retains the right to require Contractor to reduce or eliminate such deductibles or self-insured
19 retentions as they apply to County, or, require Contractor to provide a bond guaranteeing payment of all
20 such retained losses and related costs, including, but not limited to, expenses or fees, or both, related to
21 investigations, claims administrations, and legal defense. Such bond shall be executed by a corporate
22 surety licensed to transact business in the State of California.

23 2) Insurer Financial Ratings: Insurance is to be provided by an insurance company
24 acceptable to the County with an A.M. Best rating of not less than A:VII, unless otherwise approved by
25 County.

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

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

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

3 (c) Any injury to a Contractor employee which occurs on County property.

4 This report shall be submitted on a County "Non-employee Injury Report" to the County contract
5 manager.

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

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

12 6) Insurance Coverage Requirements for Subcontractors: Contractor shall ensure
13 any and all sub-contractors performing services under this Agreement meet the insurance requirements of
14 this Agreement by either:

15 (a) Contractor providing evidence of insurance covering the activities of sub-
16 contractors, or

17 (b) Contractor providing evidence submitted by sub-contractors evidencing
18 that sub-contractors maintain the required insurance coverage. County retains the right to obtain copies
19 of evidence of sub-contractor insurance coverage at any time.

20 C. Insurance Coverage Requirements:

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

23 General Aggregate: Two Million Dollars (\$2,000,000)

24 Products/Completed Operations Aggregate: One Million Dollars (\$1,000,000)

25 Personal and Advertising Injury: One Million Dollars (\$1,000,000)

26 Each Occurrence: One Million Dollars (\$1,000,000)

27 2) Automobile Liability: Insurance (written on ISO policy form CA 00 01 or its
28 equivalent) with a limit of liability of not less than One Million Dollars (\$1,000,000) for each accident.
29 Such insurance shall include coverage for all "owned", "hired" and "non-owned" vehicles, or coverage
30 for "any auto".

31 3) Workers Compensation and Employers' Liability: Insurance providing workers
32 compensation benefits, as required by the Labor Code of the State of California or by any other state,
33 and for which Contractor is responsible. If Contractor's employees will be engaged in maritime
34 employment, coverage shall provide workers compensation benefits as required by the U.S. Longshore
35 and Harbor Workers' Compensation Act, Jones Act or any other federal law for which Contractor is
36 responsible. In all cases, the above insurance also shall include Employers' Liability coverage with limits

1 of not less than the following:

2	Each Accident:	One Million Dollars	(\$1,000,000)
3	Disease – policy limit:	One Million Dollars	(\$1,000,000)
4	Disease – each employee:	One Million Dollars	(\$1,000,000)

5 4) Professional Liability: Insurance covering liability arising from any error,
6 omission, negligent or wrongful act of the Contractor, its officers or employees with limits of not less
7 than One Million Dollars (\$1,000,000) per occurrence and Three Million Dollars (\$3,000,000) aggregate.

8 The coverage also shall provide an extended two-year reporting period commencing upon termination or
9 cancellation of this Agreement.

10 20. WARRANTY AGAINST CONTINGENT FEES: Contractor warrants that no person or selling
11 agency has been employed or retained to solicit or secure this Agreement upon any agreement or
12 understanding for any commission, percentage, brokerage, or contingent fee, excepting bona fide
13 employees or bona fide established commercial or selling agencies maintained by Contractor for the
14 purpose of securing business. For Contractor's breach or violation of this warranty, County may, in its
15 sole discretion, deduct from the Agreement price or consideration, or otherwise recover, the full amount
16 of such commission, percentage, brokerage, or contingent fee.

17 21. CONFLICT OF INTEREST:

18 A. No County employee whose position in County enables such employee to influence the
19 award or administration of this Agreement or any competing agreement, and no spouse or economic
20 dependent of such employee, shall be employed in any capacity by Contractor or have any direct or
21 indirect financial interest in this Agreement. No officer or employee of Contractor who may financially
22 benefit from the provision of services hereunder shall in any way participate in County's approval, or
23 ongoing evaluation, of such services, or in any way attempt to unlawfully influence County's approval or
24 ongoing evaluation of such services.

25 B. Contractor shall comply with all conflict of interest laws, ordinances and regulations now
26 in effect or hereafter to be enacted during the term of this Agreement. Contractor warrants that it is not
27 now aware of any facts which create a conflict of interest. If Contractor hereafter becomes aware of
28 any facts which might reasonably be expected to create a conflict of interest, it shall immediately make
29 full written disclosure of such facts to County. Full written disclosure shall include, without limitation,
30 identification of all persons implicated and complete description of all relevant circumstances.

31 22. UNLAWFUL SOLICITATION: Contractor shall require all of its employees to acknowledge, in
32 writing, understanding of and agreement to comply with the provisions of Article 9 of Chapter 4 `of
33 Division 3 (commencing with Section 6150) of California Business and Professions Code (i.e., State Bar
34 Act provisions regarding unlawful solicitation as a runner or capper for attorneys) and shall take positive
35 and affirmative steps in its performance hereunder to insure that there is no violation of such provisions
36 by its employees. Contractor shall utilize the attorney referral service of all those bar associations within

1 the County of Los Angeles that have such a service.

2 23. INDEPENDENT STATUS OF CONTRACTOR:

3 A. This Agreement is by and between County and Contractor and is not intended, and shall
4 not be construed, to create the relationship of agent, servant, employee, partnership, joint venture, or
5 association, as between County and Contractor. The employees and agents of one party shall not be, or
6 be construed to be, the employees or agents of the other party for any purpose whatsoever.

7 B. Contractor shall be solely liable and responsible for providing to, or on behalf of, all
8 persons performing work pursuant to this Agreement all compensation and benefits. County shall have
9 no liability or responsibility for the payment of any salaries, wages, unemployment benefits, disability
10 benefits, Federal, State, or local taxes, or other compensation, benefits, or taxes for any personnel
11 provided by or on behalf of Contractor.

12 C. Contractor understands and agrees that all persons performing services pursuant to this
13 Agreement are, for purposes of workers' compensation liability, the sole employees of Contractor and
14 not employees of County. Contractor shall be solely liable and responsible for furnishing any and all
15 workers' compensation benefits to any person as a result of any injuries arising from or connected with
16 any services performed by or on behalf of Contractor pursuant to this Agreement.

17 D. Contractor shall obtain and maintain on file an executed Contractor Employee
18 Acknowledgment of Employer, in the form as contained in Contractor's Negotiation Package for this
19 Agreement, for each of its employees performing services under this Agreement. Such
20 Acknowledgments shall be executed by each such employee on or immediately after the commencement
21 date of this Agreement but in no event later than the date such employee first performs services under
22 this Agreement.

23 24. CONSIDERATION OF HIRING COUNTY EMPLOYEES TARGETED FOR LAYOFF OR FORMER
24 COUNTY EMPLOYEES ON A REEMPLOYMENT LIST:

25 Should Contractor require additional or
26 replacement personnel after the effective date of this Agreement to perform the services set forth herein,
27 Contractor shall give first consideration for such employment openings to qualified permanent County
28 employees who are targeted for layoff or qualified former County employees who are on a reemployment
29 list during the term of this Agreement.

30 25. CONSIDERATION FOR HIRING GREATER AVENUES FOR INDEPENDENCE (GAIN)
31 PARTICIPANTS:

32 Should Contractor require additional or replacement personnel after the effective date
33 of this Agreement, Contractor shall give consideration for any such employment openings to participants
34 in the County's Department of Public Social Services' Greater Avenues for Independence (GAIN) Program
35 who meet Contractor's minimum qualifications for the open position. The County will refer GAIN
36 participants by job category to the contractor.

26. DELEGATION AND ASSIGNMENT: Contractor shall not delegate its duties or assign its rights
under this Agreement, or both, either in whole or in part, without the prior written consent of County,

1 and any prohibited delegation or assignment shall be null and void. Any payments by County to any
2 delegatee or assignee on any claim under this Agreement, in consequence of any such consent, shall be
3 subject to set off, recoupment, or other reduction for any claim which Contractor may have against
4 County.

5 **27. SUBCONTRACTING:**

6 A. No performance of this Agreement, or any portion thereof, shall be subcontracted by
7 Contractor without the prior written consent of County as provided in this Paragraph 27. Any
8 attempt by Contractor to subcontract any performance, obligation, or responsibility under this
9 Agreement, without the prior written consent of County, shall be null and void and shall constitute a
10 material breach of this Agreement. Notwithstanding any other provision of this Agreement, in the
11 event of any such breach by Contractor, this Agreement may be terminated forthwith by County.
12 Notwithstanding any other provision of this Agreement, the parties do not in any way intend that any
13 person or entity shall acquire any rights as a third party beneficiary of this Agreement.

14 B. If Contractor desires to subcontract any portion of its performance, obligations, or
15 responsibilities under this Agreement, Contractor shall make a written request to County for written
16 approval to enter into the particular subcontract. Contractor's request to County shall include:

- 17 (1) The reasons for the particular subcontract.
- 18 (2) A detailed description of the services to be provided by the subcontract.
- 19 (3) Identification of the proposed subcontractor and an explanation of why and how
20 the proposed subcontractor was selected, including the degree of competition involved.
- 21 (4) A description of the proposed subcontract amount and manner of compensation,
22 together with Contractor's cost or price analysis thereof.
- 23 (5) A copy of the proposed subcontract which shall contain the following provision:

24 "This contract is a subcontract under the terms of the prime contract with the County of
25 Los Angeles and shall be subject to all of the provisions of such prime contract."

26 (6) A copy of the proposed subcontract, if in excess of \$10,000 and utilizes State
27 funds, shall also contain the following provision:

28 "The contracting parties shall be subject to the examination and audit of the Auditor
29 General for a period of three years after final payment under contract (Government Code,
30 Section 8546.7)."

31 The Contractor will also be subject to the examination and audit of the
32 State Auditor General for a period of three years after final payment under contract (Government
33 Code, Section 8546.7).

- 34 (7) Any other information and/or certifications requested by County.

35 C. County shall review Contractor's request to subcontract and shall determine, in its sole
36 discretion, whether or not to consent to such request on a case-by-case basis.

1 D. Contractor shall indemnify and hold harmless County, its officers, employees, and
2 agents, from and against any and all liability, damages, costs, and expenses, including, but not limited to,
3 defense costs and legal fees, arising from or related to Contractor's use of any subcontractor, including
4 any officers, employees, or agents of any subcontractor, in the same manner as required for Contractor,
5 its officers, employees, and agents, under this Agreement.

6 E. Notwithstanding any County consent to any subcontracting, Contractor shall remain fully
7 liable and responsible for any and all performance required of it under this Agreement, and no
8 subcontract shall bind or purport to bind County. Further, County approval of any subcontract shall not
9 be construed to limit in any way Contractor's performance, obligations, or responsibilities, to County, nor
10 shall such approval limit in any way any of County's rights or remedies contained in this Agreement.
11 Additionally, County approval of any subcontract shall not be construed in any way to constitute the
12 determination of the allowability or appropriateness of any cost or payment under this Agreement.

13 F. In the event that County consents to any subcontracting, such consent shall be subject
14 to County's right to give prior and continuing approval of any and all subcontractor personnel providing
15 services under such subcontract. Contractor shall assure that any subcontractor personnel not approved
16 by County shall be immediately removed from the provision of any services under the particular
17 subcontract or that other action is taken as requested by County. County shall not be liable or
18 responsible in any way to Contractor, to any subcontractor, or to any officers, employees, or agents of
19 Contractor or any subcontractor, for any liability, damages, costs or expenses arising from or related to
20 County's exercise of such right.

21 G. In the event that County consents to any subcontracting, such consent shall be subject
22 to County's right to terminate, in whole or in part, any subcontract at any time upon written notice to
23 Contractor when such action is deemed by County to be in its best interest. County shall not be liable or
24 responsible in any way to Contractor, to any subcontractor, or to any officers, employees, or agents of
25 Contractor or any subcontractor, for any liability, damages, costs, or expenses arising from or related to
26 County's exercise of such right.

27 H. In the event that County consents to any subcontracting, each and all of the provisions
28 of this Agreement and any amendment thereto shall extend to, be binding upon, and inure to the benefit
29 of, the successors or administrators of the respective parties.

30 I. In the event that County consents to any subcontracting, such consent shall apply to
31 each particular subcontract only and shall not be, or be construed to be, a waiver of this Paragraph 27 or
32 a blanket consent to any further subcontracting.

33 J. In the event that County consents to any subcontracting, Contractor shall be solely liable
34 and responsible for any and all payments and/or other compensation to all subcontractors and their
35 officers, employees, and agents. County shall have no liability or responsibility whatsoever for any
36 payment and/or other compensation for any subcontractors or their officers, employees, and agents.

1 K. Contractor shall deliver to the Chief of DMH's Contracts Development and Administration
2 Division a fully executed copy of each subcontract entered into by Contractor pursuant to this Paragraph
3 27, on or immediately after the effective date of the subcontract but in no event later than the date any
4 services are performed under the subcontract.

5 L. In the event that County consents to any subcontracting, Contractor shall obtain and
6 maintain on file an executed Subcontractor Employee Acknowledgment of Employer, in the form as
7 contained in Contractor's Negotiation Package for the Agreement, for each of the subcontractor's
8 employees performing services under the subcontract. Such Acknowledgments shall be delivered to the
9 Chief of DMH's Contracts Development and Administration Division on or immediately after the
10 commencement date of the particular subcontract but in no event later than the date such employee first
11 performs any services under the subcontract.

12 M. County shall have no liability or responsibility whatsoever for any payment or other
13 compensation for any subcontractor or its officers, employees, and agents.

14 N. Director is hereby authorized to act for and on behalf of County pursuant to this
15 Paragraph 27, including, but not limited to, consenting to any subcontracting.

16 28. GOVERNING LAW, JURISDICTION AND VENUE: This Agreement shall be governed by, and
17 construed in accordance with, the laws of the State of California. Contractor agrees and consents to the
18 exclusive jurisdiction of the courts of the State of California for all purposes regarding this Agreement
19 and further agrees and consents that venue of any action brought hereunder shall be exclusively in the
20 County of Los Angeles, California. Further, this Agreement shall be governed by, and construed in
21 accordance with, all laws, regulations, and contractual obligations of County under its agreement with
22 the State.

23 29. COMPLIANCE WITH APPLICABLE LAW:

24 A. Contractor shall comply with all Federal, including, but not limited to, Title XIX of the
25 Social Security Act, State, and local laws, ordinances, rules, regulations, manuals, guidelines, Americans
26 with Disabilities Act (ADA) standards, and directives applicable to its performance hereunder. Further, all
27 provisions required thereby to be included in this Agreement are hereby incorporated herein by reference.

28 B. Contractor shall indemnify and hold harmless County from and against any and all
29 liability, damages, costs or expenses, including, but not limited to, defense costs and attorneys' fees,
30 arising from or related to any violation on the part of Contractor, its officers, employees, or agents, of
31 any such Federal, State or local laws, ordinances, rules, regulations, manuals, guidelines, ADA standards,
32 or directives.

33 C. Contractor shall maintain in effect an active compliance program in accordance with the
34 recommendations set forth by the Department of Health and Human Services, Office of the Inspector
35 General.

36 30. THIRD PARTY BENEFICIARIES: Notwithstanding any other provision of this Agreement, the

1 parties do not in any way intend that any person or entity shall acquire any rights as a third party
2 beneficiary of this Agreement.

3 **31. LICENSES, PERMITS, REGISTRATIONS, ACCREDITATIONS, AND CERTIFICATES:**

4 A. Contractor shall obtain and maintain in effect during the term of this Agreement, all
5 licenses, permits, registrations, accreditations, and certificates (including, but not limited to, certification
6 as a Short-Doyle/Medi-Cal provider if Title XIX Short-Doyle/Medi-Cal services are provided hereunder), as
7 required by all Federal, State, and local laws, ordinances, rules, regulations, manuals, guidelines, and
8 directives, which are applicable to Contractor's facility(ies) and services under this Agreement.
9 Contractor shall further ensure that all of its officers, employees, and agents, who perform services
10 hereunder, shall obtain and maintain in effect during the term of this Agreement all licenses, permits,
11 registrations, accreditations, and certificates which are applicable to their performance hereunder. A
12 copy of each such license, permit, registration, accreditation, and certificate (including, but not limited to,
13 certification as a Short-Doyle/Medi-Cal provider if Title XIX Short-Doyle/Medi-Cal services are provided
14 hereunder) as required by all applicable Federal, State, and local laws, ordinances, rules, regulations,
15 manuals, guidelines and directives shall be provided, in duplicate, to DMH's Contracts Development and
16 Administration Division.

17 B. If Contractor is a participant in the Short-Doyle/Medi-Cal program, Contractor shall keep
18 fully informed of all current Short-Doyle/Medi-Cal Policy Letters, including, but not limited to, procedures
19 for maintaining Medi-Cal certification of all its facilities.

20 **32. TERMINATION FOR INSOLVENCY:**

21 A. County may terminate this Agreement immediately in the event of the occurrence of any
22 of the following:

23 (1) Insolvency of Contractor. Contractor shall be deemed to be insolvent if it has
24 ceased to pay its debts for at least sixty days in the ordinary course of business or cannot pay its debts
25 as they become due, whether or not a petition has been filed under the Federal Bankruptcy Code and
26 whether or not Contractor is insolvent within the meaning of the Federal Bankruptcy Code.

27 (2) The filing of a voluntary or involuntary petition regarding Contractor under the
28 Federal Bankruptcy Code.

29 (3) The appointment of a Receiver or Trustee for Contractor.

30 (4) The execution by Contractor of a general assignment for the benefit of creditors.

31 B. The rights and remedies of County provided in this Paragraph 32 shall not be exclusive
32 and are in addition to any other rights and remedies provided by law or under this Agreement.

33 **33. TERMINATION FOR DEFAULT:**

34 A. County may, by written notice of default to Contractor, terminate this Agreement
35 immediately in any one of the following circumstances:

36 (1) If, as determined in the sole judgment of County, Contractor fails to perform any

1 services within the times specified in this Agreement or any extension thereof as County may authorize
2 in writing; or

3 (2) If, as determined in the sole judgment of County, Contractor fails to perform
4 and/or comply with any of the other provisions of this Agreement, or so fails to make progress as to
5 endanger performance of this Agreement in accordance with its terms, and in either of these two
6 circumstances, does not cure such failure within a period of five days (or such longer period as County
7 may authorize in writing) after receipt of notice from County specifying such failure.

8 B. In the event that County terminates this Agreement as provided in Subparagraph A,
9 County may procure, upon such terms and in such manner as County may deem appropriate, services
10 similar to those so terminated, and Contractor shall be liable to County for any reasonable excess costs
11 incurred by County, as determined by County, for such similar services.

12 C. The rights and remedies of County provided in this Paragraph 33 shall not be exclusive
13 and are in addition to any other rights and remedies provided by law or under this Agreement.

14 34. TERMINATION FOR IMPROPER CONSIDERATION: County may, by written notice to
15 Contractor, immediately terminate the right of Contractor to proceed under this Agreement if it is found
16 that consideration, in any form, was offered or given by Contractor, either directly or through an
17 intermediary, to any County officer, employee or agent with the intent of securing the Agreement or
18 securing favorable treatment with respect to the award, amendment or extension of the Agreement or
19 the making of any determinations with respect to the Contractor's performance pursuant to the
20 Agreement. In the event of such termination, County shall be entitled to pursue the same remedies
21 against Contractor as it could pursue in the event of default by the Contractor.

22 Contractor shall immediately report any attempt by a County officer or employee to solicit such
23 improper consideration. The report shall be made either to the County manager charged with the
24 supervision of the employee or to the County Auditor-Controller's Employee Fraud Hotline at (213) 974-
25 0914 or (800) 544-6861.

26 Among other items, such improper consideration may take the form of cash, discounts, service,
27 the provision of travel or entertainment, or tangible gifts.

28 35. SEVERABILITY: If any provision of this Agreement or the application thereof to any person or
29 circumstance is held invalid, the remainder of this Agreement and the application of such provision to
30 other persons or circumstances shall not be affected thereby.

31 36. CAPTIONS AND PARAGRAPH HEADINGS: Captions and paragraph headings used in this
32 Agreement are for convenience only and are not a part of this Agreement and shall not be used in
33 construing this Agreement.

34 37. ALTERATION OF TERMS: No addition to, or alteration of, the terms of the body of this
35 Agreement, or the Financial Exhibit column(s) which are identified on the Financial Summary or Service
36 Exhibit(s) hereto, whether by written or oral understanding of the parties, their officers, employees or

1 agents, shall be valid and effective unless made in the form of a written amendment to this Agreement
2 which is formally approved and executed by the parties in the same manner as this Agreement.

3 38. ENTIRE AGREEMENT: The body of this Agreement; all attachments; Financial Summary(ies)
4 which identify the Financial Exhibit column(s) _____
5 Service Delivery Site Exhibit, and Service Exhibit(s) _____

6 _____, attached hereto and
7 incorporated herein by reference; and Contractor's Negotiation Package for this Agreement, as approved
8 in writing by Director, including any addenda thereto as approved in writing by Director, which are hereby
9 incorporated herein by reference but not attached; shall constitute the complete and exclusive statement
10 of understanding between the parties which supersedes all previous agreements, written or oral, and all
11 other communications between the parties relating to the subject matter of this Agreement. In the event
12 of any conflict or inconsistency in the definition or interpretation of any word, responsibility, or schedule,
13 or the contents or description of any service or other work, or otherwise, between the body of this
14 Agreement and the other referenced documents, or between such other documents, such conflict or
15 inconsistency shall be resolved by giving precedence first to the body of this Agreement and its
16 definitions and then to such other documents according to the following priority:

- 17 A. Financial Summary(ies) which identify the Financial Exhibit column(s)
- 18 B. Service Delivery Site Exhibit
- 19 C. Service Exhibit(s)
- 20 D. Contractor's Negotiation Package.

21 39. WAIVER: No waiver by County of any breach of any provision of this Agreement shall constitute
22 a waiver of any other breach of such provision. Failure of County to enforce at any time, or from time to
23 time, any provision of this Agreement shall not be construed as a waiver thereof. The rights and
24 remedies set forth in this Paragraph 39 shall not be exclusive and are in addition to any other rights and
25 remedies provided by law or under this Agreement.

26 /

27 40. EMPLOYMENT ELIGIBILITY VERIFICATION: Contractor warrants that it fully complies with all
28 Federal statutes and regulations regarding employment of aliens and others and that all its employees
29 performing services hereunder meet the citizenship or alien status requirements set forth in Federal
30 statutes and regulations. Contractor shall obtain, from all covered employees performing services
31 hereunder, all verification and other documentation of employment eligibility status required by Federal
32 statutes and regulations as they currently exist and as they may be hereafter amended. Contractor shall
33 retain all such documentation for the period prescribed by law. Contractor shall indemnify, defend, and
34 hold harmless County, its officers and employees from and against any employer sanctions and any other
35 liability which may be assessed against Contractor or County in connection with any alleged violation of
36 any Federal statutes or regulations pertaining to the eligibility for employment of persons performing

1 services under this Agreement.

2 41. PUBLIC ANNOUNCEMENTS AND LITERATURE: In public announcements and literature
3 distributed by Contractor for the purpose of apprising patients/clients and the general public of the nature
4 of its treatment services, Contractor shall clearly indicate that the services which it provides under this
5 Agreement are funded by the County of Los Angeles.

6 42. PURCHASES:

7 A. Purchase Practices: Contractor shall fully comply with all Federal, State and County
8 laws, ordinances, rules, regulations, manuals, guidelines, and directives, in acquiring all furniture, fixtures,
9 equipment, materials, and supplies. Such items shall be acquired at the lowest possible price or cost if
10 funding is provided for such purposes hereunder.

11 B. Proprietary Interest of County: In accordance with all applicable Federal, State and
12 County laws, ordinances, rules, regulations, manuals, guidelines and directives, County shall retain all
13 proprietary interest, except the use during the term of this Agreement, in all furniture, fixtures,
14 equipment, materials, and supplies, purchased or obtained by Contractor using any County funds. Upon
15 the expiration or termination of this Agreement, the discontinuance of the business of Contractor, the
16 failure of Contractor to comply with any of the provisions of this Agreement, the bankruptcy of
17 Contractor or its giving an assignment for the benefit of creditors, or the failure of Contractor to satisfy
18 any judgment against it within thirty days of filing, County shall have the right to take immediate
19 possession of all such furniture, removable fixtures, equipment, materials, and supplies, without any
20 claim for reimbursement whatsoever on the part of Contractor. County, in conjunction with Contractor,
21 shall attach identifying labels on all such property indicating the proprietary interest of County.

22 C. Inventory Records, Controls and Reports: Contractor shall maintain accurate and
23 complete inventory records and controls for all furniture, fixtures, equipment, materials, and supplies,
24 purchased or obtained using any County funds. Within ninety days following the execution of this
25 Agreement, Contractor shall provide Director with an accurate and complete inventory report of all
26 furniture, fixtures, equipment, materials, and supplies, purchased or obtained using any County funds.
27 The inventory report shall be prepared by Contractor on a form or forms designated by Director, certified
28 and signed by an authorized officer of Contractor, and one copy thereof shall be delivered to County
29 within thirty days of any change in the inventory. Within five days after the expiration or termination of
30 the Agreement, Contractor shall submit to County six copies of the same inventory report updated to the
31 expiration or termination date of the Agreement, certified and signed by an authorized officer of
32 Contractor, based on a physical count of all items of furniture, fixtures, equipment, materials, and
33 supplies, as of such expiration or termination date.

34 D. Protection of Property in Contractor's Custody: Contractor shall maintain vigilance and
35 take all reasonable precautions, to protect all furniture, fixtures, equipment, materials, and supplies,
36 purchased or obtained using any County funds, against any damage or loss by fire, burglary, theft,

1 disappearance, vandalism or misuse. In the event of any burglary, theft, disappearance, or vandalism of
2 any item of furniture, fixtures, equipment, materials, and supplies, Contractor shall immediately notify the
3 police and make a written report thereof, including a report of the results of any investigation which may
4 be made. In the event of any damage or loss of any item of furniture, fixtures, equipment, materials, and
5 supplies, from any cause, Contractor shall immediately send Director a detailed, written report.
6 Contractor shall contact DMH's Administrative Services Division for instructions for disposition of any
7 such property which is worn out or unusable.

8 E. Disposition of Property in Contractor's Custody: Upon the termination of the funding of
9 any program covered by this Agreement, or upon the expiration or termination of this Agreement, or at
10 any other time that County may request, Contractor shall: (1) provide access to and render all
11 necessary assistance for physical removal by County or its authorized representatives of any or all
12 furniture, fixtures, equipment, materials, and supplies, purchased or obtained using any County funds, in
13 the same condition as such property was received by Contractor, reasonable wear and tear excepted, or
14 (2) at Director's option, deliver any or all items of such property to a location designated by Director.
15 Any disposition, settlement or adjustment connected with such property shall be in accordance with all
16 applicable Federal, State and County laws, ordinances, rules, regulations, manuals, guidelines and
17 directives.

18 43. AUTHORIZATION WARRANTY: Contractor represents and warrants that the person executing
19 this Agreement for Contractor is an authorized agent who has actual authority to bind Contractor to each
20 and every term, condition, and obligation of this Agreement and that all requirements of Contractor have
21 been fulfilled to provide such actual authority.

22 44. RESTRICTIONS ON LOBBYING: If any Federal funds are to be used to pay for any of
23 Contractor's services under this Agreement, Contractor shall fully comply with all certification and
24 disclosure requirements prescribed by Section 319 of Public Law 101-121 (31 United States Code
25 Section 1352) and any implementing regulations, and shall ensure that each of its subcontractors
26 receiving funds under this Agreement also fully complies with all such certification and disclosure
27 requirements.

28 45. CERTIFICATION OF DRUG-FREE WORK PLACE: Contractor certifies and agrees that Contractor
29 and its employees shall comply with DMH's policy of maintaining a drug-free work place. Contractor and
30 its employees shall not manufacture, distribute, dispense, possess, or use any controlled substances as
31 defined in 21 United States Code Section 812, including, but not limited to, marijuana, heroin, cocaine,
32 and amphetamines, at any of Contractor's facilities or work sites or County's facilities or work sites. If
33 Contractor or any of its employees is convicted of or pleads nolo contendere to any criminal drug statute
34 violation occurring at any such facility or work site, then Contractor, within five days thereafter, shall
35 notify Director in writing.

36 46. COUNTY LOBBYISTS: Contractor and each County lobbyist or County lobbying firm as defined

1 in Los Angeles County Code Section 2.160.010, retained by Contractor, shall fully comply with County's
2 Lobbyist Ordinance, Los Angeles County Code Chapter 2.160. Failure on the part of Contractor or any
3 County lobbyist or County lobbying firm retained by Contractor to fully comply with County's Lobbyist
4 Ordinance shall constitute a material breach of this Agreement upon which County may immediately
5 terminate or suspend this Agreement.

6 47. MAINTENANCE STANDARDS FOR SERVICE DELIVERY SITES: Contractor shall assure that all
7 locations where services are provided under this Agreement are operated at all times in accordance with
8 all County community standards with regard to property maintenance and repair, graffiti abatement,
9 refuse removal, fire safety, landscaping, and in full compliance with all applicable local laws, ordinances,
10 and regulations relating to the property. County's periodic monitoring visits to Contractor's facility(ies)
11 shall include a review of compliance with this Paragraph 47.

12 48. CHILD SUPPORT COMPLIANCE PROGRAM:

13 A. Contractor's Acknowledgement of County's Commitment to Child Support Enforcement:

14 The Contractor acknowledges that the County places a high priority on the enforcement of child support
15 laws and the apprehensive of child support evaders. The Contractor understands that it is the County's
16 policy to encourage all County Contractors to voluntarily post the County's "LA's Most Wanted:
17 Delinquent Parent's" poster in a prominent position at the Contractor's place of business. The County's
18 Child Support Services Department will supply the Contractor with the poster to be used.

19 B. Contractor's Warranty of Adherence to County's Child Support Compliance Program:

20 (1) The Contractor acknowledges that the County has established a goal of
21 ensuring that all individuals who benefit financially from the County through Purchase Order or
22 Agreement are in compliance with their court-ordered child, family and spousal support obligations in
23 order to mitigate the economic burden otherwise imposed upon the County and its taxpayers.

24 (2) As required by the County's Child Support Compliance Program (County Code
25 Chapter 2.200) and without limiting the Contractor's duty under this Agreement to comply with all
26 applicable provisions of law, the Contractor warrants that it is now in compliance and shall during the
27 term of this Agreement maintain compliance with employment and wage reporting requirements as
28 required by the Federal Social Security Act (42 USC Section 653a) and California Unemployment
29 Insurance Code Section 1088.5, and shall implement all lawfully served Wage and Earnings Withholding
30 Orders or Child Support Services Department Notices of Wage and Earnings Assignment for Child or
31 Spousal Support, pursuant to Code of Civil Procedure Section 706.031 and Family Code Section
32 5246(b).

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

1 1015.

2 50. USE OF RECYCLED-CONTENT PAPER PRODUCTS: Consistent with the Board of
3 Supervisors' policy to reduce the amount of solid waste deposited at the County landfills, the Contractor
4 agrees to use recycled-content paper to the maximum extent possible on the Project.

5 51. CONTRACTOR RESPONSIBILITY AND DEBARMENT: The following requirements set forth in
6 the Ordinance are effective for this Agreement, except to the extent applicable State and/or Federal
7 laws are inconsistent with the terms of the Ordinance.

8 A. A responsible Contractor is a Contractor who has demonstrated the attribute of
9 trustworthiness, as well as quality, fitness, capacity and experience to satisfactorily perform the
10 contract. It is the County's policy to conduct business only with responsible contractors.

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

17 C. The County may debar a Contractor if the Board of Supervisors finds, in its
18 discretion, that the Contractor has done any of the following: (1) violated any term of an Agreement
19 with the County, (2) committed any act or omission which negatively reflects on the Contractor's
20 quality, fitness or capacity to perform a contract with the County or any other public entity, or
21 engaged in a pattern or practice which negatively reflects on same, (3) committed an act or offense
22 which indicates a lack of business integrity or business honesty, or (4) made or submitted a false
23 claim against the County or any other public entity.

24 D. If there is evidence that the Contractor may be subject to debarment, the Department
25 will notify the Contractor in writing of the evidence which is the basis for the proposed debarment
26 and will advise the Contractor of the scheduled date for a debarment hearing before the Contractor
27 Hearing Board.

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

35 F. A record of the hearing, the proposed decision and any other recommendation of the
36 Contractor Hearing Board shall be presented to the Board of Supervisors. The Board of Supervisors

1 shall have the right to modify, deny or adopt the proposed decision and recommendation of the
2 Hearing Board.

3 G. These terms shall also apply to subcontractors/subconsultants of County Contractors.

4 **52. CONTRACTOR'S EXCLUSION FROM PARTICIPATION IN A FEDERALLY FUNDED PROGRAM:**

5 Contractor hereby warrants that neither it nor any of its staff members is restricted or excluded from
6 providing services under any health care program funded by the Federal government, directly or
7 indirectly, in whole or in part, and that Contractor will notify Director within thirty (30) calendar days
8 in writing of: (1) any event that would require Contractor or a staff member's mandatory exclusion
9 from participation in a Federally funded health care program; and (2) any exclusionary action taken by
10 any agency of the Federal government against Contractor or one or more staff members barring it or
11 the staff members from participation in a Federally funded health care program, whether such bar is
12 direct or indirect, or whether such bar is in whole or in part.

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

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

18 **53. HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT:** The parties acknowledge
19 the existence of the Health Insurance Portability and Accountability Act of 1996 and its
20 implementing regulations ("HIPAA"). Contractor understands and agrees that, as a provider of
21 medical treatment services, it is a "covered entity" under HIPAA and, as such, has obligations with
22 respect to the confidentiality, privacy, and security of patients' medical information, and must take
23 certain steps to preserve the confidentiality of this information, both internally and externally,
24 including the training of staff and the establishment of proper procedures for the release of such
25 information, including the use of appropriate consents and authorizations specified under HIPAA.

26 The parties acknowledge their separate and independent obligations with respect to HIPAA,
27 and that such obligations relate to *transactions and code sets, privacy, and security*. Contractor
28 understands and agrees that it is separately and independently responsible for compliance with
29 HIPAA in all these areas and that County has not undertaken any responsibility for compliance on
30 Contractor's behalf. Contractor has not relied, and will not in any way rely, on County for legal
31 advice or other representations with respect to Contractor's obligations under HIPAA, but will
32 independently seek its own counsel and take the necessary measures to comply with the law and its
33 implementing regulations.

34 Contractor and County understand and agree that each is independently responsible for
35 HIPAA compliance and agree to take all necessary and reasonable actions to comply with the
36 requirements of HIPAA law and implementing regulations related to Transactions and Code Sets,

1 Privacy, and Security. Each party further agrees to indemnify and hold harmless the other party
2 (including their officers, employees and agents), for its failure to comply with HIPAA.

3 54. COMPLIANCE WITH JURY SERVICE PROGRAM:

4 A Jury Service Program: This Agreement is subject to the provisions of the County's
5 ordinance entitled Contractor Employee Jury Service ("Jury Service Program") as codified in Sections
6 2.203.010 through 2.203.090 of the Los Angeles County Code.

7 B Written Employee Jury Service Policy:

8 (1) Unless Contractor has demonstrated to the County's satisfaction either that
9 Contractor is not a "Contractor" as defined under the Jury Service Program (Section 2.203.020 of
10 the County Code) or that Contractor qualifies for an exception to the Jury Service Program (Section
11 2.203.070 of the County Code), Contractor shall have and adhere to a written policy that provides
12 that its Employees shall receive from the Contractor, on an annual basis, no less than five days of
13 regular pay for actual jury service. The policy may provide that Employees deposit any fees received
14 for such jury service with the Contractor or that the Contractor deduct from the Employee's regular
15 pay the fees received for jury service.

16 (2) For purposes of this Section, "Contractor" means a person, partnership,
17 corporation or other entity which has an Agreement with the County or a subcontract with a County
18 Contractor and has received or will receive an aggregate sum of \$50,000 or more in any 12-month
19 period under one or more County Agreements or subcontracts. "Employee" means any California
20 resident who is a full-time employee of Contractor. "Full-time" means 40 hours or more worked per
21 week or a lesser number of hours if: 1) the lesser number is a recognized industry standard as determined
22 by the County, or 2) Contractor has a long-standing practice that defines the lesser number of hours as
23 full-time. Full-time employees providing short-term, temporary services of 90 days or less within a 12-
24 month period are not considered full-time for purposes of the Jury Service Program. If Contractor uses
25 any subcontractor to perform services for the County under the Agreement, the subcontractor shall also
26 be subject to the provisions of this Section. The provisions of this Section shall be inserted into any such
27 subcontract Agreement and a copy of the Jury Service Program shall be attached to the Agreement.

28 (3) If Contractor is not required to comply with the Jury Service Program when the
29 Agreement commences, Contractor shall have a continuing obligation to review the applicability of its
30 "exception status" from the Jury Service Program, and Contractor shall immediately notify County if
31 Contractor at any time either comes within the Jury Service Program's definition of "Contractor" or if
32 Contractor no longer qualifies for an exception to the Program. In either event, Contractor shall
33 immediately implement a written policy consistent with the Jury Service Program. The County may also
34 require, at any time during the Agreement and at its sole discretion, that Contractor demonstrate to the
35 County's satisfaction that Contractor either continues to remain outside of the Jury Service Program's
36 definition of "Contractor" and/or that Contractor continues to qualify for an exception to the Program.

1 (4) Contractor's violation of this section of the Agreement may constitute a material
2 breach of the Agreement. In the event of such material breach, County may, in its sole discretion,
3 terminate the Agreement and/or bar Contractor from the award of future County Agreements for a
4 period of time consistent with the seriousness of the breach.

5 55. **NOTICES:** All notices or demands required or permitted to be given under this Agreement shall
6 be in writing and shall be delivered with signed receipt or mailed by first class, registered or certified mail,
7 postage pre-paid, addressed to the parties at the following addresses and to the attention of the persons
8 named. Director shall have the authority to execute all notices or demands which are required or
9 permitted by County under this Agreement. Addresses and persons to be notified may be changed by
10 either party by giving ten days prior written notice thereof to the other party.

11
12 To Contractor: _____
13 _____
14 _____

15 Attention: _____
16 _____

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18 To County: Department of Mental Health _____
19 Contracts Development and Administration Division _____
20 550 South Vermont Ave., 5th Floor _____
21 Los Angeles, CA 90020 _____

22 Attention: Chief of Contracts _____

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1 IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this
2 Agreement to be subscribed by its Chairman and the seal of said Board to be hereto affixed and attested
3 to by the Executive Officer thereof, and Contractor has caused this Agreement to be subscribed in its
4 behalf by its duly authorized officer, the day, month and year first above written.

5
6 ATTEST:

COUNTY OF LOS ANGELES

7 VIOLET VARONA-LUKENS, Executive
8 Officer-Board of Supervisors
9 of the County of Los Angeles

10 By _____
11 Chairman, Board of Supervisors

12 By _____
13 Deputy

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15
16
17 APPROVED AS TO FORM:

18 LLOYD W. PELLMAN
19 County Counsel

20 _____
21 CONTRACTOR

22
23
24 By _____
25 Principal Deputy County Counsel

26 By _____
27 Name _____
28 Title _____
29 (AFFIX CORPORATE SEAL HERE)

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33 APPROVED AS TO CONTRACT
34 ADMINISTRATION:

35 DEPARTMENT OF MENTAL HEALTH

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41 By _____
42 Chief, Contracts Development and
43 Administration Division

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IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Agreement to be subscribed by County's Director of Mental Health, and Contractor has caused this Agreement to be subscribed in its behalf by its duly authorized officer, the day, month, and year first above written.

APPROVED AS TO FORM:

COUNTY OF LOS ANGELES

LLOYD W. PELLMAN
County Counsel

By _____
MARVIN J. SOUTHARD, D.S.W.
Director of Mental Health

By _____
Principal Deputy County Counsel

CONTRACTOR

By _____

Name _____

Title _____

(AFFIX CORPORATE SEAL HERE)

APPROVED AS TO CONTRACT
ADMINISTRATION:

DEPARTMENT OF MENTAL HEALTH

By _____
Chief, Contracts Development and
Administration Division

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IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Agreement to be subscribed by County's Director of Mental Health, and Contractor has caused this Agreement to be subscribed in its behalf by its duly authorized officer, the day, month, and year first above written.

COUNTY OF LOS ANGELES

By _____
MARVIN J. SOUTHARD, D.S.W.
Director of Mental Health

CONTRACTOR

By _____

Name _____

Title _____

(AFFIX CORPORATE SEAL HERE)

APPROVED AS TO FORM
BY THE OFFICE OF THE COUNTY COUNSEL

LLOYD W. PELLMAN
County Counsel

APPROVED AS TO CONTRACT
ADMINISTRATION:

DEPARTMENT OF MENTAL HEALTH

By _____
Chief, Contracts Development
And Administration Division

DEFINITIONS

The following terms, as used in this Agreement, shall have the following meanings:

- A. "CCR" means the California Code of Regulations;
- B. "CGF" means County General Funds;
- C. "CalWORKs" means California Work Opportunities and Responsibilities to Kids Act, which under California Welfare and Institutions Code Section 11200 et seq. provides for mental health supportive services to eligible welfare recipients. CalWORKs funding consists of both Federal and State funds;
- D. "Capitated Rate" means a fixed amount, including all revenue, interest and return, per enrolled individual/member paid monthly to Contractor for providing comprehensive mental health services/activities under this Agreement as required in that period for the covered individual/member. All fees paid by or paid on behalf of an enrolled individual/member and all other revenue, interest and return resulting from the same service shall be deducted from the Capitated Rate. In no event shall the County's obligation exceed the CGF allocation as shown in the applicable Negotiated Rate - ISA/Partners (Capitated Rate) Financial Exhibit column(s) which are identified on the Financial Summary;
- E. "Cash Flow Advance" means County General Funds (CGF) furnished by County to Contractor for cash flow purposes in expectation of Contractor repayment pending Contractor's rendering and billing of eligible services/activities;
- F. "Cost Reimbursement" or "CR" means the arrangement for the provision of mental health services based on the reasonable actual and allowable costs of services provided under this Agreement, less all fees paid by or on behalf of patients/clients and all other revenue, interest and return resulting from the same services;
- G. "CPT" means Physicians' Current Procedural Terminology as referenced in the American Medical Association standard edition publication;
- H. "CR/DC Manual" means SDMH's Cost Reporting/Data Collection Manual;
- I. "Day(s)" means calendar day(s) unless otherwise specified;
- J. "DCFS" means County Department of Children and Family Services;
- K. "Director" means County's Director of Mental Health or his authorized designee;
- L. "DMH" means County's Department of Mental Health;
- M. "DPSS" means County's Department of Public Social Services;

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DEFINITIONS CONTINUED

- N. "EOB" means 'Explanation of Balance' for Title XIX Short-Doyle/Medi-Cal services which is the State Department of Health Services adjudicated claim data and 'Explanation of Benefits' for Medicare which is the Federal designated Fiscal Intermediary's adjudicated Medicare claim data;
- O. "EPSDT" means the Early and Periodic Screening, Diagnosis and Treatment program which is a requirement of the Medicaid program to provide comprehensive health care. EPSDT funds consist of fifty percent Title XIX FFP funds, and fifty percent State funds. Such State funds are specifically designated for this program;
- P. "Established Maximum Allowable Rate" means the Short-Doyle/Medi-Cal maximum reimbursement for a specific SFC unit as established by SDMH;
- Q. "FFP" means Federal Financial Participation for Short-Doyle/Medi-Cal services and/or Medi-Cal Administrative Activities as authorized by Title XIX of the Social Security Act, 42 United States Code Section 1396 et seq., and/or Title IV-A Emergency Assistance services as authorized by Title IV of the Social Security Act; 42 United States Code Section 601 et seq.;
- R. "Fiscal Intermediary" means County acting on behalf of the Contractor and the Federally designated agency in regard to and/or Title XIX Short-Doyle/Medi-Cal services, and/or Title XIX Medi-Cal Administrative Activities, and/or Title IV-A Emergency Assistance services, and/or Medicare Partial Hospitalization services;
- S. "Fiscal Year" means County's Fiscal Year which commences July 1 and ends the following June 30;
- T. "IMD" means Institutions for Mental Disease. Hospitals, nursing facilities or other institutions of more than 16 beds that are primarily engaged in providing diagnosis, treatment or care of persons with mental disease, including medical attention, nursing care and related services;
- U. "Legal Entity" means the legal organization structure under California law;
- V. "MHRC" means Mental Health Rehabilitation Centers certified by the State Department of Mental Health;
- W. "MIS" means DMH's Management Information System which includes RGMS as one subsystem;

DEFINITIONS CONTINUED

- X. "Negotiated Rate" or "NR" means the total amount of reimbursement, including all revenue, interest and return, which is allowable for delivery of a SFC unit as defined by Director and which is shown on the Financial Summary. An NR is the gross rate of reimbursement which is generally determined by dividing Contractor's gross program cost of delivering a particular SFC by the number of such SFC units to be delivered. All fees paid by or on behalf of patients/clients and all other revenue, interest and return resulting from the same service shall be deducted from the cost of providing the mental health services covered by the Negotiated Rate. A portion of the State-approved NR, which in some cases may be higher than the contracted NR, may be retained by County as County's share of reimbursement from SDMH;
- Y. "PATH" means Federal Projects for Assistance in Transition from Homelessness grant funds;
- Z. PLCP means Primary Linkage and Coordination Programs which are responsible for the linkage and coordination of specialty mental health professional services provided by members of the Local Mental Health Plan (LMHP) Provider Network to Medi-Cal beneficiaries including Medi-Cal Prepaid Health Plan members;
- AA. "RO/TCM Manual" means SDMH's Short-Doyle/Medi-Cal Manual for the Rehabilitation Option and Targeted Case Management;
- BB. "RGMS" means DMH's Revenue Generation Management System which is included as a subsystem in MIS;
- CC. "SAMHSA" means Federal Substance Abuse and Mental Health Services Administration block grant funds;
- DD. "SDHS" means State Department of Health Services;
- EE. "SDMH" means State Department of Mental Health;
- FF. "SDSS" means State Department of Social Services;
- GG. "SFC" means Service Function Code, as defined by Director, for a particular type of mental health service, and/or Title XIX Medi-Cal administrative claiming activity, and/or Title IV-A Emergency Assistance services;
- HH. "SNF-STP" mean Skilled Nursing Facility licensed by the State Department of Health Services, with an added Special Treatment Program certified by the State Department of Mental Health;

DEFINITIONS CONTINUED

- II. "State" means the State of California;
- JJ. "Title IV" means Title IV of the Social Security Act, 42 United States Code Section 601et seq.;
- KK. "Title XIX" means Title XIX of the Social Security Act, 42 United States Code Section 1396 et seq.;
- LL. "UMDAP" means SDMH's Uniform Method of Determining Ability to Pay;
- MM. "WIC" means the California Welfare and Institutions Code;
- NN. Not Applicable;
- OO. Not Applicable;
- PP. Not Applicable;
- QQ. Not Applicable;
- RR. Not Applicable;
- SS. "Maximum Contract Amount" is the sum total of all "Allocations" and "Pass Through" amounts shown in the Financial Summary. Unless otherwise provided in this Agreement, or separately agreed to in writing between the parties, it is the intent of the parties that the Maximum Contract Amount shall be equal to the Net Program Budget;
- TT. "Net Program Budget" is equal to the Maximum Contract Amount which is the sum total of all "Allocations" and "Pass Through" amounts shown in the Financial Summary. Unless otherwise provided in this Agreement, or separately agreed to in writing between the parties, it is the intent of the parties that the Net Program Budget shall be equal to the Maximum Contract Amount; and
- UU. "Gross Program Budget" is the sum total of the Net Program Budget and all "Third Party Revenues" shown in the Financial Summary.
- VV. "PHF" means a Psychiatric Health Facility. A health facility licensed by the State Department of Mental Health, that provides 24 hour acute inpatient care on either a voluntary or involuntary basis to mentally ill persons. This care shall include, but not be limited to, the following basic services: psychiatry, clinical psychology, psychiatric nursing, social work, rehabilitation, drug administration, and appropriate food services for those persons whose physical health needs can be met in an affiliated hospital or in outpatient settings.

RBLs LegalEntityFile.LEdefinitions02-03.doc (SuperLE02-03_No.2)

Contractor Name :

DMH Legal Entity Agreement (Rate Summary Page)

ATTACHMENT II

Legal Entity No :

Fiscal Year:

Page 2 of 2

Period :

MENTAL HEALTH SERVICES	Mode of Service	SFC RANGE	Rates	FE for	FE for	FE for	FE for	FE for	FE for	FE for	FE for	FE for	FE for	FE for
A. 24 - HOUR SERVICES :														
Hospital Inpatient	05	10 - 18												
Hospital Administrative Day	05	19												
Psychiatric Health Facility (PHF)	05	20 - 29												
SNF Intensive	05	30 - 34												
IMD/STP Basic (No Patch)	Beds 1-59	05	35											
	Beds 60 & over	05	35											
Patch for IMD	05	36 - 39												
Mentally Ill Offenders	Indigent	05	36 - 39											
	Regular	05	36 - 39											
IMD - Like	05	36 - 39												
IMD (W/Patch) Sub-Acute (60 days)	05	38												
Adult Crisis Residential	05	40 - 49												
Residential Other	05	60 - 64												
Adult Residential	05	65 - 79												
Semi - Supervised Living	05	80 - 84												
Independent Living	05	85 - 89												
MH Rehab Centers	05	90 - 94												
B. DAY SERVICES :														
Vocational Services	10	30 - 39												
Socialization	10	40 - 49												
SNF Augmentation	10	60 - 69												
Day Treatment Intensive: Half Day	10	81-84												
Day Treatment Intensive: Full Day	10	85-89												
Day Rehabilitative : Half Day	10	91-94												
Day Rehabilitative : Full Day	10	95-99												
C. OUTPATIENT SERVICES :														
Case Management, Brokerage	15	01 - 09												
Mental Health Services	15	10 - 19 /30-59												
Therapeutic Behavioral Services (TBS)	15	58												
Medication Support	15	60 - 69												
Crisis Intervention	15	70 - 79												
D. OUTREACH SERVICES :														
Mental Health Promotion	45	10 - 19												
Community Client Services	45	20 - 29												
E. SUPPORT SERVICES :														
Life Support/Board & Care	60	40 - 49												
Case Management Support	60	60 - 69												
Flexible Funding (Cost Reimbursement) Identify the applicable FE column(s)	60	64												
F. HEALTHY FAMILIES :														
Alcohol/Drug Abuse Counseling and Ed. Svcs.			\$ 30.00											

Abbreviations: SFC - Service Function Code; FE - Financial Exhibit

DMH LEGAL ENTITY AGREEMENT ATTACHMENT IV

SERVICE EXHIBITS

A duplicate original of the Service Exhibit(s) will be on file in the Department of Mental Health's Contracts Development and Administration Division and is deemed incorporated herein by reference as though fully set forth, and will be made available to interested persons upon request.

	<u>DESCRIPTION</u>	<u>CODES</u>
8		
9	<u>Case Management Services</u>	<u>101</u>
10	<u>Case Management Services (Forensic)</u>	<u>102</u>
11	<u>Case Management Services (Children & Youth)</u>	<u>103</u>
12	<u>Case Management/Brokerage Services (Rehab. Option)</u>	<u>104</u>
13	<u>Short-Term Crisis Residential Services (Forensic)</u>	<u>201</u>
14	<u>Crisis Stabilization Services (Rehab. Option)</u>	<u>202</u>
15	<u>Day Care Habilitative Services</u>	<u>301</u>
16	<u>Day Care Intensive Services</u>	<u>302</u>
17	<u>Day Care Intensive and Habilitative Services</u>	<u>303</u>
18	<u>Vocational Services</u>	<u>304</u>
19	<u>Day Care Intensive Services (Children & Youth)</u>	<u>306</u>
20	<u>Day Care Habilitative Services (Children & Youth)</u>	<u>307</u>
21	<u>Day Treatment Rehabilitation Services (Adult) (Rehab. Option)</u>	<u>308</u>
22	<u>Day Treatment Rehabilitation Services (Children/Adolescents) (Rehab. Option)</u>	<u>309</u>
23	<u>Day Treatment Intensive Services (Adult) (Rehab. Option)</u>	<u>310</u>
24	<u>Day Treatment Intensive Services (Children/Adolescents) (Rehab. Option)</u>	<u>311</u>
25	<u>Outpatient Services</u>	<u>401</u>
26	<u>Mental Health Services (Rehab. Option)</u>	<u>402</u>
27	<u>Medication Support Services (Rehab. Option)</u>	<u>403</u>
28	<u>Crisis Intervention Services (Rehab. Option)</u>	<u>404</u>
29	<u>Mental Health Service Treatment Patch (La Casa)</u>	<u>405</u>

DMH LEGAL ENTITY AGREEMENT ATTACHMENT IV

1		
2	<u>Therapeutic Behavioral Services</u>	<u>406</u>
3	<u>Outreach Services</u>	<u>501</u>
4	<u>Outreach Services (Suicide prevention Services)</u>	<u>502</u>
5	<u>Intensive Skilled Nursing Facility Services</u>	<u>601</u>
6	<u>Mental Health Rehabilitation Centers (La Casa Mental Health Rehabilitation Center)</u>	<u>602</u>
7	<u>Intensive Skilled Nursing Facility Services (La Paz)</u>	<u>603</u>
8	<u>Intensive Skilled Nursing Facility Services Forensic Treatment</u>	<u>604</u>
9	<u>Skilled Nursing Facilities (Psychiatric Services)</u>	<u>605</u>
10	<u>Intensive Skilled Nursing Facility Services (Sixty Days)</u>	<u>606</u>
11	<u>Intensive Skilled Nursing Facility Services (Long Term)</u>	<u>607</u>
12	<u>Skilled Nursing Facility – Special Treatment Program Services</u>	
13	<u>(SNF-STP/Psychiatric Services)</u>	<u>608</u>
14	<u>Intensive Skilled Nursing Facility Services – Enhanced Treatment Program (ETP)</u>	<u>609</u>
15	<u>Socialization Services</u>	<u>701</u>
16	<u>Life Support Service</u>	<u>801</u>
17	<u>Case Management Support Services</u>	<u>802</u>
18	<u>Case Management Support Services (Forensic)</u>	<u>803</u>
19	<u>Case Management Support Services (Children & Youth)</u>	<u>804</u>
20	<u>Life Support Services (Forensic)</u>	<u>805</u>
21	<u>Independent Living Services</u>	<u>901</u>
22	<u>Local Hospital Services</u>	<u>902</u>
23	<u>Long-Term Services</u>	<u>903</u>
24	<u>Semi-Supervised Living Services</u>	<u>904</u>
25	<u>Short-Term Crisis Residential Services (0-14 Days)</u>	<u>905</u>
26	<u>Short-Term Crisis Residential Services (14-30 Days)</u>	<u>906</u>

DMH LEGAL ENTITY AGREEMENT ATTACHMENT IV

1	<u>Transitional Residential Off-Site Services</u>	<u>907</u>	<u> </u>
2	<u>Transitional On-Site Services</u>	<u>908</u>	<u> </u>
3	<u>Transitional Residential On-Site Services (Forensic)</u>	<u>909</u>	<u> </u>
4	<u>Transitional Residential On-Site Services (Alcohol and Drug Abusing</u>		
5	<u>Mentally Ill Program (ADAMI))</u>	<u>910</u>	<u> </u>
6	<u>Crisis Residential Treatment Services (Adult) (Rehab. Option)</u>	<u>911</u>	<u> </u>
7	<u>Adult Residential Treatment Services (Transitional)</u>	<u>912</u>	<u> </u>
8	<u>Adult Residential Treatment Services (Long Term)</u>	<u>913</u>	<u> </u>
9	<u>Non-Hospital Acute Inpatient Services (La Casa PHF)</u>	<u>914</u>	<u> </u>
10	<u>Comprehensive Adult Residential Treatment Services (Bio-Psycho- Social Services)</u>	<u>915</u>	<u> </u>
11	<u>Comprehensive Integrated Mental Health Services (ISA Adults)</u>	<u>920</u>	<u> </u>
12	<u>Psychiatric Inpatient Hospital Services</u>	<u>930</u>	<u> </u>
13	<u>Primary Linkage and Coordinating Program</u>	<u>1001</u>	<u> </u>
14	<u>AB 34 Housing and Personal/Incidental Services</u>	<u>1002</u>	<u> </u>
15	<u>Service Provisions (Organizational Provider Only)</u>	<u>1003</u>	<u> </u>
16	<u>Service Provisions (Out-of-County Provider Only)</u>	<u>1004</u>	<u> </u>
17	<u>Consumer Run/Employment Program</u>	<u>1005</u>	<u> </u>
18	<u>Alcohol and Drug Abuse Counseling and Education Services</u>	<u>1006</u>	<u> </u>
19	<u>General Mental Health Services Exhibit (In Out-Of-State Residential Facilities)</u>	<u>1007</u>	<u> </u>
20	<u>AB 2034 State Demonstration Program (Housing Expenses)</u>	<u>1008</u>	<u> </u>
21	<u>AB 2034 State Demonstration Program (Personal and Incidental Expenses)</u>	<u>1009</u>	<u> </u>
22	<u>Client Supportive Services (Includes Attachment A (Reimbursement Procedures)</u>		
23	<u>and Attachment B (Monthly Claim for Cost Reimbursement)</u>	<u>1010</u>	<u> </u>

ATTACHMENT V
DMH Legal Entity Agreement

SECTION 1
THREE (3) MONTH CASH FLOW ADVANCE SCHEDULE

<u>Month of Service</u>		<u>Disbursement</u>	<u>Recovery of the CFA Payment</u>
Month 1	July	Cash Flow Advance (CFA) of 1/12th of the Maximum Contract Amount (MCA).	
Month 2	August	Cash Flow Advance (CFA) of 1/12th of the Maximum Contract Amount (MCA).	
Month 3	September	Cash Flow Advance (CFA) of 1/12th of the Maximum Contract Amount (MCA).	
Month 4	October	Contractor's State and County approved July claims minus the amount the July CFA exceeded the contractor's County and State approved July claims minus any remaining approved claims amounts that are in excess of 1/12th of the MCA.	The amount the July CFA exceeded the contractor's County and State approved July claims (July CFA minus July actual claims) plus any remaining approved claims amounts that are in excess of 1/12th of the MCA.
Month 5	November	Contractor's State and County approved August claims minus the amount the August CFA exceeded the contractor's County and State approved August claims minus any remaining approved claims amounts that are in excess of 1/12th of the MCA.	The amount the August CFA exceeded the contractor's County and State approved August claims (August CFA minus August actual claims) plus any remaining approved claims amounts that are in excess of 1/12th of the MCA.
Month 6	December	Contractor's State and County approved September claims minus the amount the September CFA exceeded the contractor's County and State approved September claims minus any remaining approved claims amounts that are in excess of 1/12th of the MCA.	The amount the September CFA exceeded the contractor's County and State approved September claims (September CFA minus September actual claims) plus any remaining approved claims amounts that are in excess of 1/12th of the MCA.
Month 7	January	Contractor's State and County approved October claims minus any approved claims amounts that are in excess of 1/12th of the MCA.	Any approved claims amounts that are in excess of 1/12th of the MCA. Recovery of any units of service deficiency.

ATTACHMENT V
DMH Legal Entity Agreement

SECTION 1
THREE (3) MONTH CASH FLOW ADVANCE SCHEDULE

Month 8	February	Contractor's State and County approved November claims minus any approved claims amounts that are in excess of 1/12th of the MCA.	Any approved claims amounts that are in excess of 1/12th of the MCA and recovery of any units of service deficiency.
Month 9	March	Contractor's State and County approved December claims minus any approved claims amounts that are in excess of 1/12th of the MCA.	Any approved claims amounts that are in excess of 1/12th of the MCA and recovery of any units of service deficiency.
Month 10	April	Contractor's State and County approved January claims minus any approved claims amounts that are in excess of 1/12th of the MCA.	Any approved claims amounts that are in excess of 1/12th of the MCA and recovery of any units of service deficiency.
Month 11	May	Contractor's State and County approved February claims minus any approved claims amounts that are in excess of 1/12th of the MCA.	Any approved claims amounts that are in excess of 1/12th of the MCA and recovery of any units of service deficiency.
Month 12	June	Contractor's State and County approved March claims minus any approved claims amounts that are in excess of 1/12th of the MCA.	Any approved claims amounts that are in excess of 1/12th of the MCA and recovery of any units of service deficiency.
Month 13	July	Contractor's State and County approved April claims minus any CFA unpaid balance.	Recovery of the CFA unpaid balance and any units of service deficiency.
Month 14	August	Contractor's State and County approved May claims minus any CFA unpaid balance.	Recovery of the CFA unpaid balance and any units of service deficiency.
Month 15	September	Contractor's State and County approved June claims minus any CFA unpaid balance.	Recovery of the CFA unpaid balance and any units of service deficiency.

SECTION 2
FIVE (5) MONTH CASH FLOW ADVANCE SCHEDULE

<u>Month of Service</u>		<u>Disbursement</u>	<u>Recovery of the CFA Payment</u>
Month 1	July	Cash Flow Advance (CFA) of 1/12th of the Maximum Contract Amount (MCA).	
Month 2	August	Cash Flow Advance (CFA) of 1/12th of the Maximum Contract Amount (MCA).	
Month 3	September	Cash Flow Advance (CFA) of 1/12th of the Maximum Contract Amount (MCA).	
Month 4	October	Contractor's State and County approved July claims plus a CFA in the amount of 1/12 th of the MCA for EPSDT-SGF multiplied by 2 minus any approved claims amounts that are in excess of 1/12th of the MCA. The total payments shall not exceed 1/12 th of the MCA.	Any approved claims amounts that are in excess of 1/12th of the MCA.
Month 5	November	Contractor's State and County approved August claims plus a CFA in the amount of 1/12 th of the MCA for EPSDT-SGF multiplied by 2 any approved claims amounts that are in excess of 1/12th of the MCA. The total payments shall not exceed 1/12 th of the MCA.	Any approved claims amounts that are in excess of 1/12th of the MCA.
Month 6	December	Contractor's State and County approved September claims minus the amount the July CFA exceeded the contractor's County and State approved July claims (July CFA minus July actual claims) minus any approved claims amounts that are in excess of 1/12th of the MCA.	The amount the July CFA exceeded the contractor's County and State approved July claims (July CFA minus July actual claims) plus any remaining approved claims amounts that are in excess of 1/12th of the MCA.
Month 7	January	Contractor's State and County approved October claims minus the amount the August CFA exceeded the contractor's County and State approved August claims (August CFA minus August actual claims) minus any approved claims amounts that are in excess of 1/12th of the MCA.	The amount the August CFA exceeded the contractor's County and State approved August claims (August CFA minus August actual claims) plus any remaining approved claims amounts that are in excess of 1/12th of the MCA.

ATTACHMENT V
DMH Legal Entity Agreement

SECTION 2
FIVE (5) MONTH CASH FLOW ADVANCE SCHEDULE

Month 8	February	Contractor's State and County approved November claims minus the amount the September CFA exceeded the contractor's County and State approved September claims minus any approved claims amounts that are in excess of 1/12th of the MCA.	The amount the September CFA exceeded the contractor's County and State approved September claims (September CFA minus September actual claims) plus any remaining approved claims amounts that are in excess of 1/12th of the MCA.
Month 9	March	Contractor's State and County approved December claims minus the amount the October CFA exceeded the contractor's County and State approved October claims (October CFA minus October actual claims) minus any approved claims amounts that are in excess of 1/12th of the MCA.	The amount the October CFA exceeded the contractor's County and State approved October claims (October CFA minus October actual claims) plus any remaining approved claims amounts that are in excess of 1/12th of the MCA.
Month 10	April	Contractor's State and County approved January claims minus the amount the November CFA exceeded the contractor's County and State approved November claims minus any approved claims amounts that are in excess of 1/12th of the MCA.	The amount the November CFA exceeded the contractor's County and State approved November claims (November CFA minus November actual claims) plus any remaining approved claims amounts that are in excess of 1/12th of the MCA.
Month 11	May	Contractor's State and County approved February claims minus any approved claims amounts that are in excess of 1/12th of the MCA.	Recovery of any CFA unpaid balance and any units of service deficiency.
Month 12	June	Contractor's State and County approved March claims minus any approved claims amounts that are in excess of 1/12th of the MCA.	Recovery of any CFA unpaid balance and any units of service deficiency.
Month 13	July	Contractor's State (FFP & EPSDT-SGF) and County approved April claims minus any CFA unpaid balance.	Recovery of any CFA unpaid balance and any units of service deficiency.
Month 14	August	Contractor's State (FFP & EPSDT-SGF) and County approved May claims minus any CFA unpaid balance.	Recovery of any CFA unpaid balance and any units of service deficiency.
Month 15	September	Contractor's State (FFP & EPSDT-SGF) and County approved June claims minus any CFA unpaid balance.	Recovery of any CFA unpaid balance and any units of service deficiency.

SECTION 3
CASH FLOW ADVANCE AND CLAIMS PAYMENT EXAMPLES

ATTACHMENT V
DMH Legal Entity Agreement

MCA = \$1,200,000; 1/12th of MCA = \$100,000

Disbursements - 3 Months

	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb.	March
				July MIS & approvals	August MIS & approvals	Sept. MIS & approvals	Oct. MIS & approvals)	Nov. MIS & approvals	Dec. MIS & approvals
1) CFA	100,000	100,000	100,000						
MIS - allocations				60,000	55,000	52,000	51,000	52,000	51,000
Pass through approvals				40,000	45,000	48,000	49,000	48,000	49,000
Total Disbursement				100,000	100,000	100,000	100,000	100,000	100,000
2) CFA	100,000	100,000	100,000						
MIS - allocations				45,000	50,000	52,000	52,000	50,000	51,000
Pass through approvals				40,000	43,000	46,000	46,000	45,000	49,000
(less July CFA-July Act, etc.*)				(15,000)	(7,000)	(2,000)	-	-	-
Total Disbursement				70,000	86,000	96,000	98,000	95,000	100,000
3) CFA	100,000	100,000	100,000						
MIS - allocations				55,000	58,000	60,000	64,000	68,000	70,000
Pass through approvals				50,000	52,000	55,000	61,000	65,000	68,000
less excess of 1/12th MCA **				(5,000)	(10,000)	(15,000)	(25,000)	(33,000)	(38,000)
Total Disbursement				100,000	100,000	100,000	100,000	100,000	100,000

Disbursements - 5 Months

	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb.	March
				July MIS & approvals	August MIS & approvals	Sept. MIS & approvals	Oct. MIS & approvals)	Nov. MIS & approvals	Dec. MIS & approvals
1) CFA	100,000	100,000	100,000	-	-	-	-	-	-
MIS - allocations				60,000	55,000	52,000	55,000	56,000	55,000
Pass through approvals				40,000	45,000	48,000	45,000	44,000	45,000
Total Disbursement				100,000	100,000	100,000	100,000	100,000	100,000
2) CFA	100,000	100,000	100,000	20,000	12,000	-	-	-	-
MIS - allocations				45,000	48,000	52,000	56,000	58,000	50,000
Pass through approvals				35,000	40,000	41,000	52,000	47,000	48,000
(less Oct... CFA)						(20,000)	(12,000)	(7,000)	-
Total Disbursement				100,000	100,000	73,000	96,000	98,000	98,000
3) CFA	100,000	100,000	100,000	10,000	-	-	-	-	-
MIS - allocations				48,000	52,000	60,000	65,000	68,000	75,000
Pass through approvals				42,000	48,000	48,000	62,000	65,000	72,000
less excess of 1/12th MCA**						(10,000)	(27,000)	(33,000)	(47,000)
Total Disbursement				100,000	100,000	98,000	100,000	100,000	100,000

* e.g. July CFA = \$100,000; July actuals = \$85,000; therefore, difference is \$15,000

** Once CFA is fully repaid, any claims are remitted to contractor

SECTION 3
CASH FLOW ADVANCE AND CLAIMS PAYMENT EXAMPLES

ATTACHMENT V
DMH Legal Entity Agreement

<u>Disbursements - 3 Months</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>Aug</u>	<u>Sept</u>
	Jan MIS & approvals	Feb. MIS & approvals	Mar. MIS & approvals			
1) CFA						
MIS - allocations	53,000	51,000	52,000			
Pass through approvals	47,000	49,000	48,000			
Total Disbursement	100,000	100,000	100,000	April, May, June MIS & approvals used to payback July, Aug, Sept. CFA		
2) CFA						
MIS - allocations	50,000	51,000	50,000			
Pass through approvals	48,000	49,000	49,000			
(less July CFA-July Act, etc.)*	-	-	-	May be holdback in April, May, and/or June due to low service level		
Total Disbursement	98,000	100,000	99,000	April, May, June MIS & approvals used to payback July, Aug, Sept. CFA		
3) CFA						
MIS - allocations	75,000	78,000	81,000			
Pass through approvals	72,000	76,000	78,000			
less excess of 1/12th MCA **	(47,000)	(68,000)	(59,000)	Once CFA has been fully repaid, April - June MIS & approvals will be paid up to MCA		
Total Disbursement	100,000	86,000	100,000			

<u>Disbursements - 5 Months</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>Aug</u>	<u>Sept</u>
	Jan MIS & approvals	Feb. MIS & approvals	Mar. MIS & approvals			
1) CFA						
MIS - allocations	57,000	55,000	58,000			
Pass through approvals	43,000	45,000	42,000			
Total Disbursement	100,000	100,000	100,000	April, May, June MIS & approvals used to payback July, Aug, Sept. CFA		
2) CFA						
MIS - allocations	49,000	51,000	51,000			
Pass through approvals	48,000	49,000	49,000			
(less Oct... CFA)	-	(2,000)	(3,000)	May be holdback in April, May, and/or June due to low service level		
Total Disbursement	97,000	98,000	97,000	April, May, June MIS & approvals used to payback July, Aug, Sept. CFA		
3) CFA						
MIS - allocations	81,000	84,000	89,000			
Pass through approvals	78,000	81,000	82,000			
less excess of 1/12th MCA**	(59,000)	(65,000)	(69,000)	Once CFA has been fully repaid, April - June MIS & approvals will be paid up to MCA		
Total Disbursement	100,000	100,000	102,000			



CALIFORNIA DEPARTMENT OF

Mental Health

1600 9th Street, Sacramento, CA 95814
(916) 654-2309

July 23, 1999

DMH LETTER NO.: 99-03

TO: LOCAL MENTAL HEALTH DIRECTORS
LOCAL MENTAL HEALTH PROGRAM CHIEFS
LOCAL MENTAL HEALTH ADMINISTRATORS
COUNTY ADMINISTRATIVE OFFICERS
CHAIRPERSONS, LOCAL MENTAL HEALTH BOARDS

SUBJECT: THERAPEUTIC BEHAVIORAL SERVICES

The Department of Mental Health (DMH) Information Notice 99-09 notified Mental Health Plans (MHPs) that Medi-Cal will now reimburse therapeutic behavioral service as an Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) supplemental specialty mental health service. Pursuant to a court order, this service activity is reimbursable for full-scope Medi-Cal beneficiaries under age 21 years who meet MHP medical necessity criteria, are a member of the certified class and meet the criteria for needing this service, as specified in this letter. This service activity is a component of and can be billed as a Mental Health Service when it meets the requirements established in this policy letter.

MHPs are responsible for determining the need for, ensuring access to and managing Medi-Cal specialty mental health services that now include therapeutic behavioral services. These requirements are consistent with the MHP's contract with DMH and the California Code of Regulations (CCR) Title 9, Chapter 11 and the preliminary injunction issued by U.S. District Court in the case of Emily Q. vs. Belshe.

The California Department of Health Services (DHS) will provide notifications to members of the class to inform them of procedures available for them to request and access therapeutic behavioral services. A copy of the notice will be provided to the MHPs prior to distribution to beneficiaries.

The terms and conditions of the permanent injunction in this case have not been established. In addition, the plaintiffs are requesting changes in the DMH requirements under the preliminary injunction for assessing children/youth in Institutions for Mental Disease (IMDs) where federal funds are not available. Modifications in this policy letter may be needed to implement any changes required by the court. Applicable information regarding changes will be distributed when it becomes available. These potential changes do not affect the MHPs' obligations to comply with this policy letter.

SUMMARY

Therapeutic behavioral services are an EPSDT supplemental service for children/youth with serious emotional problems who are experiencing a stressful transition or life crisis and need additional short-term support to prevent placement in a group home of Rate Classification Level (RCL) 12 through 14 or a locked facility for the treatment of mental health needs, including acute care; or to enable a transition from any of those levels to a lower level of residential care.

Therapeutic behavioral services are intended to supplement other specialty mental health services by addressing the target behavior(s) or symptom(s) that are jeopardizing the child/youth's current living situation or planned transition to a lower level of placement. The purpose of providing therapeutic behavioral services is to further the child/youth's overall treatment goals by providing additional therapeutic services during a short-term period.

Therapeutic behavioral services:

- 1) Provide critical, short-term supplemental support services for full-scope Medi-Cal children/youth for whom other intensive specialty mental health Medi-Cal reimbursable interventions and potentially in some cases, other human services, have not been, or are not expected to be, effective without additional supportive services;
- 2) Are targeted towards children/youth who, without this service, would require a more restrictive level of residential care and are designed to:
- 3)
 - a) Prevent placement of the child/youth in a more restrictive residential level of care for children/youth at imminent risk or expected to be at imminent risk of removal from the home or residential placement; or
 - b) Enable placement of the child/youth in a less restrictive residential level, such as enabling a discharge from acute care, a step down from a group home to a foster home or return to natural home, etc.;
- 4) Involve the MHP as the manager of this service;
- 5) Are consistent with system of care principles and the wraparound process*, (see Attachment 1 for more information on wraparound); and

*Although therapeutic behavioral services have been designed to be consistent with system of care and wraparound process, these strategies are not required in the implementation of this service.

- 6) Meet Medicaid, EPSDT regulations and lawsuit settlement requirements of T.L. vs. Belshe.

I. SERVICE DEFINITION

Therapeutic behavioral services are a one-to-one therapeutic contact between a mental health provider and a beneficiary for a specified short-term period of time which are designed to maintain the child/youth's residential placement at the lowest appropriate level by resolving target behaviors and achieving short-term treatment goals. A contact is considered therapeutic if it is intended to provide the child/youth with skills to effectively manage the behavior(s) or symptom(s) that is the barrier to achieving residence in the lowest appropriate level.

II. SERVICE DESCRIPTION

The person providing therapeutic behavioral services is available on-site to provide individualized one-to-one behavioral assistance and one-to-one interventions to accomplish outcomes specified in the written treatment plan. The critical distinction between therapeutic behavioral services and other rehabilitative Mental Health Services is that a significant component of this service activity is having the staff person on-site and immediately available to intervene for a specified period of time. The expectation is that the staff person would be with the child/youth for a designated time period and the entire time the mental health provider spends with the child/youth in accordance with the treatment plan would be reimbursable. These designated time periods may vary in length and may be up to 24 hours a day, depending upon the needs of the child/youth.

III. CRITERIA FOR MEDI-CAL REIMBURSEMENT OF THERAPEUTIC BEHAVIORAL SERVICES

To qualify for Medi-Cal reimbursement for this service, a child/youth must meet the criteria in Sections A, B, and C.

A. Eligibility for Therapeutic Behavioral Services—must meet criteria 1 and 2.

1. Full-scope Medi-Cal beneficiary under age 21 years.
2. Meets MHP medical necessity criteria.

B. Member of the Certified Class—must meet criteria 1, 2, 3, or 4.

1. Child/youth is placed in a group home facility of RCL 12 or above and/or a locked treatment facility for the treatment of mental health needs which is not an Institution for Mental Disease which disqualifies them from receiving federally reimbursed Medi-Cal services; or

2. Child/youth is being considered by the county for placement in a facility described in B.1. above; or
3. Child/youth has undergone at least one emergency psychiatric hospitalization related to their current presenting disability within the preceding 24 months; or
4. Child/youth previously received therapeutic behavioral services while a member of the certified class.

C. Need for Therapeutic Behavioral Services—must meet criteria 1 and 2.

1. The child/youth is receiving other specialty mental health services.
2. It is highly likely in the clinical judgment of the mental health provider that without the additional short-term support of therapeutic behavioral services that:
 - a) The child/youth will need to be placed in a higher level of residential care, including acute care because of a change in the child/youth's behaviors or symptoms which jeopardize continued placement in current facility; OR
 - b) The child/youth needs this additional support to transition to a lower level of residential placement. Although the child/youth may be stable in the current placement, a change in behavior or symptoms are expected and therapeutic behavioral services are needed to stabilize the child in the new environment. (The MHP or its provider must document the basis for the expectation that the behavior or symptoms will change.)

IV. CONDITIONS UNDER WHICH THERAPEUTIC BEHAVIORAL SERVICES ARE NOT REIMBURSABLE

1. When the need for therapeutic behavioral services are solely:
 - a) for the convenience of the family or other caregivers, physician, or teacher.
 - b) to provide supervision or to assure compliance with terms and conditions of probation.
 - c) to ensure the child/youth's physical safety or the safety of others, e.g., suicide watch,
or
 - d) to address conditions that is not part of the child/youth's mental health condition.

2. For children/youth who can sustain non-impulsive self-directed behavior, handle themselves appropriately in social situations with peers, and who are able to appropriately handle transitions during the day probably do not need these services.
3. For children/youth who will never be able to sustain non-impulsive self-directed behavior and engage in appropriate community activities without full-time supervision.
4. When the beneficiary is an inpatient of a hospital, psychiatric health facility, nursing facility, IMD, or crisis residential program.

V. SERVICE DELIVERY REQUIREMENTS

This service activity is focused on resolution of target behaviors or symptoms which jeopardize existing placements or which are a barrier to transitioning to a lower level of residential placement and completion of specific treatment goals. Therapeutic behavioral services must be expected in the clinical judgment of the MHP's provider to be effective in addressing the above focus to meet the goals of the treatment plan. Therapeutic behavioral services are to be decreased when indicated and discontinued when the identified behavioral benchmarks have been reached or when reasonable progress towards the behavioral benchmarks are not being achieved and are not reasonably expected in the clinical judgment of the MHP's provider to be achieved. They are intended to be short-term, time-limited services and not appropriate to maintain a child/youth at a specified level for the long-term.

The entity providing the services must meet the statewide provider selection criteria specified in CCR, Title 9, Chapter 11 Section 1810.435. Therapeutic behavioral services must be provided by a licensed practitioner of the healing arts or trained staff members who are under the direction of a licensed practitioner of the healing arts as defined in the contract between DMH and the MHP. The qualifications of organizational provider staff delivering this service will be determined by the MHP and may include non-licensed staff.

The individuals providing this service must be available on-site to intervene with the child/youth as needed. On-call time cannot be claimed as billable service time through Medi-Cal.

Attachment 2 provides examples of strategies/activities/interventions that may be included under therapeutic behavioral service.

Staff providing therapeutic behavioral services will follow requirements regarding restraint which are applicable to the child/youth's setting or program. Seclusion is not allowable as a component of therapeutic behavioral services.

VI. TREATMENT PLAN AND DOCUMENTATION REQUIREMENTS

There must be a written treatment plan for therapeutic behavioral services, as a component of an overall treatment plan for specialty mental health services, which identifies all of the following:

1. Specific target behaviors or symptoms that are jeopardizing the current placement or presenting a barrier to transitions, e.g., tantrums, property destruction, assaultive behavior in school.
2. Specific interventions to resolve the behaviors or symptoms, such as anger management techniques.
3. Specific outcome measures that can be used to demonstrate that the frequency of targeted behaviors has declined and has been replaced with adaptive behaviors.

The treatment plan that includes therapeutic behavioral services should be based on a comprehensive assessment of the child/youth and family, if applicable, strengths and needs. It should be developed with the family, if available, and appropriate.

The therapeutic behavioral service component of the plan must be reviewed monthly by the MHP or its designee to ensure that therapeutic behavioral services continue to be effective for the beneficiary in making progress towards the specified measurable outcomes. The therapeutic behavioral service component of the plan should be: 1) adjusted to identify new target behaviors, interventions and outcomes as necessary and appropriate; and 2) reviewed and updated as necessary whenever there is a change in the child/youth's residence.

Since this is a short-term service, each mental health treatment plan that includes therapeutic behavioral services must include a transition plan from the inception of this service to decrease and/or discontinue therapeutic behavioral services when they are no longer needed or appear to have reached a plateau in benefit effectiveness and, when applicable, a plan for transition to adult services when the beneficiary turns 21 years old and is no longer eligible for therapeutic behavioral services. This plan should address assisting parents and/or caregivers with skills and strategies to provide continuity of care when this service is discontinued.

If the therapeutic behavioral services are intensive and last for several months without observable improvement towards the treatment goals, the residential placement/living situation may not be appropriate and the child/youth shall be reevaluated for a more appropriate placement.

A progress note is required for each time period that a mental health provider spends with the child/youth. Significant interventions that address the goals of the treatment plan must be

documented. The progress notes do not have to justify staff intervention or activities for all billed minutes. In progress notes, the time of the service maybe noted by contact/shift, e.g., 8:00 a.m. to 1:30 p.m. However, the time must be converted to minutes for claiming purposes. All other components of the progress notes must meet the requirements specified in the contract between the MHP and DMH.

As with all Mental Health Services, the staff travel and documentation time are also Medi-Cal billable. On-call time for the staff person providing therapeutic behavioral services is not Medi-Cal billable.

VII. CLAIMING

Therapeutic behavioral services shall be claimed by the MHP through the SD/MC claiming system as a Mental Health Service using service function 12-58 for hospital outpatient programs and 18-58 for other outpatient programs. (It shall be reported as service function 15-58 to the Client and Services Information (CSI) system). Reimbursement will be provided by the state to the MHP consistent with other EPSDT specialty mental health services. Billing procedures, reimbursement amounts, cost reporting, and cost settlement procedures are identical to those used for other Mental Health Services.

VIII. MHP ROLES AND RESPONSIBILITIES

Consistent with the MHP's contract with the Department and Title 9, Chapter 11, the MHP is responsible for managing this EPSDT supplemental service, including providing access to and authorization of the service for their beneficiaries. The MHP will determine medical necessity, ensure the development of an individualized service plan and provide or arrange for the provision of therapeutic behavioral services. In urgent situations, MHPs are expected to be able to authorize and provide these services within their timeliness standards for urgent care. All beneficiary protections under Title 9, Chapter 11 are applicable to this service. This includes the notice of action, complaint, grievance and fair hearing processes.

As stated previously, therapeutic behavioral services are not Medi-Cal reimbursable in an IMD where federal funding is not available. However, consistent with the preliminary injunction, "while in such facilities, members of the plaintiff class will be able to establish their eligibility for therapeutic behavioral services immediately upon leaving the IMD." In such cases, the MHP is responsible for determining this eligibility as follows: 1) will the individual be eligible for Medi-Cal upon discharge; and 2) will the person be eligible for MHP services upon discharge.

The MHP is also responsible for ensuring that the Medi-Cal funding for therapeutic behavioral services does not duplicate other funding for the same service. For example, some group homes RCL 13 and 14 are required to provide one-to-one assistance as part of the mental health certification. If therapeutic behavioral services are provided in a group home with such a

requirement, the MHP must clearly specify that this service is in addition to and different from the services provided through the group home's one-to-one staffing. Additionally, if a group home or other provider is using their staff to provide therapeutic behavioral services, there must be a clear audit trail to ensure that there is not duplicate funding.

IX. MHP REPORTING REQUIREMENTS

A. MHP Implementation Description

Each MHP is required to submit to DMH, a brief, one page description of their plan for implementation of therapeutic behavioral services by September 1, 1999. Specifically, it must address whether county clinics, current contract providers or new providers will determine the need for and deliver this service, how and when the providers will be informed of these new responsibilities and an estimate of hourly rates to be paid to the staff persons providing therapeutic behavioral services. MHPs may choose to inform DMH of their technical assistance and training needs. A suggested format for providing this information is included as Attachment 3. DMH will review this information and forward requests for training to the Cathie Wright Technical Assistance Center.

B. Notification to DMH of Provision of Therapeutic Behavioral Services

Within 30 days of inception of the provision of therapeutic behavioral services to a beneficiary, the MHP shall submit the information specified in Attachment 4 to DMH in the required format. If the child/youth receives therapeutic behavioral service for more than three months, an update will be submitted quarterly.

Attachment 4 is an interim format for providing this information. DMH is developing an on-line system for reporting this data. More information about this system will be provided under separate cover when it is designed and ready for implementation.

A review of paid claims data for this service will be made to ensure information is submitted for every child/youth receiving therapeutic behavioral services. If the required data is not submitted for a beneficiary for whom therapeutic behavioral services are claimed, DMH will follow up with the county to ensure that the data is submitted. If the county still does not submit the information, then the claim may be disallowed.

C. Notices of Action (NOAs)

As indicated in Section VIII above, the MHP shall issue NOAs regarding therapeutic behavioral services consistent with the requirements of CCR, Title 9, Chapter 11, Section 1850.210. Within one month of being issued, copies of these NOAs shall be submitted to DMH.

D. Submission of Information

All the MHP reports should be faxed or sent to:

**Nancy Mengebier
Department of Mental Health
1600 9th Street, Room 100
Sacramento, CA 95814.
Fax (916) 653-9194**

DMH with DHS intends to use the information obtained as the basis for refining this policy letter as needed.

X. SUPPORT FOR DEVELOPMENT AND IMPLEMENTATION

The Cathie Wright Technical Assistance Center will provide support and training to assist in the development and implementation of this service to MHPs. Specific information about the availability of this support will be provided directly by the Center. For more information, call Bill Carter, Deputy Director, California Institute for Mental Health, Cathie Wright Technical Assistance Center, at (916) 566-3480.

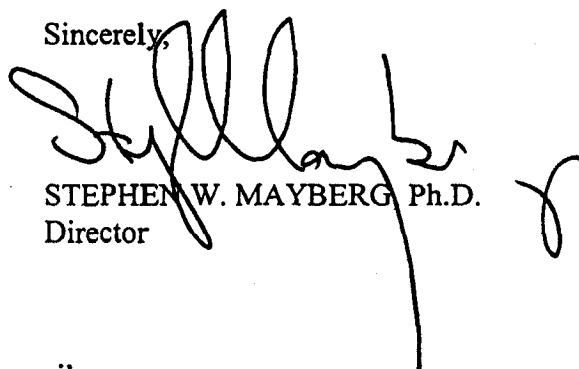
XI. STATE OVERSIGHT

Since this is a new service, DMH will closely monitor implementation for budget forecasting and to identify areas where there is a lack of clarity in policy or where technical assistance may be needed.

DMH will arrange for interviews of each MHP to determine if they have implemented or are ready to implement therapeutic behavioral services should the need arise. This interview will also ask the MHP if they have any technical assistance needs. The requests for technical assistance will be forwarded to the Cathie Wright Technical Assistance Center to establish priorities for the support and development of this program. DMH will follow-up with the MHP on any areas of potential non-compliance with this Policy Letter.

DHS, in collaboration with DMH, will ensure effective oversight of this service. Individual chart reviews and case audits to monitor compliance with the requirements of this letter may be performed. Based on these chart reviews and case audits, the state shall recoup payment of state and federal funds to the MHP of state and federal funds for therapeutic behavioral services if the requirements of this policy letter are not met.

Sincerely,

A handwritten signature in black ink, appearing to read 'Stephen W. Mayberg', is written over the typed name. The signature is fluid and cursive, with a long horizontal stroke at the end.

STEPHEN W. MAYBERG Ph.D.
Director

Enclosures

cc: California Mental Health Planning Council
Chief, Technical Assistance and Training

Attachment 1

RELATIONSHIP OF THE WRAPAROUND PROCESS TO
THERAPEUTIC BEHAVIORAL SERVICES

Therapeutic Behavioral Services are one type of a broad variety of individualized services that may be used in a "wraparound" process. The wraparound process is not a program or a type of services. It represents a fundamental change in the way services are designed and delivered, which is based on the individualized needs of the child and family rather than making available an array of services which should meet the needs of most individuals needing assistance. The guiding principle of the wraparound process is to do what you need to do when you need to do it to achieve the child/youth's treatment goals. Therefore, the wraparound process can include any combination of services and supports that may or may not be a Medi-Cal benefit under EPSDT. Health care, diagnostic services, treatment, and other measures, which are identified as eligible under federal Medicaid regulations, are services that are EPSDT benefits. Under a Mental Health Plan, the service must be necessary to correct or ameliorate mental illnesses and conditions to qualify as an EPSDT benefit. Intensive in-home treatment, crisis intervention, and family counseling to meet the child/youth's treatment goals can be components of a wraparound process that could be eligible as EPSDT benefits.

Attachment 2

EXAMPLES OF STRATEGIES/ACTIVITIES/INTERVENTIONS

The therapeutic behavioral services staff person provides behavioral modeling, structure and support, and immediate, frequent one-to-one behavioral interventions which assist the child/youth in engaging in appropriate activities, minimizing impulsivity, and increase social and community competencies by building or reinstating those daily living skills that will assist the child to live successfully in the community. The therapeutic behavioral services provider also serves as a positive role model and assists in developing the child/youth's ability to sustain self-directed appropriate behavior, internalize a sense of social responsibility, and/or enable participation proactively in community activities.

Individualized behavioral interventions that could be provided include but are not limited to: immediate behavioral reinforcements; time-structuring activities; inappropriate response prevention; positive reinforcement; appropriate time-out strategies and cognitive behavioral approaches, such as cognitive restructuring, use of hierarchies, and graduated exposure. The interventions also may include support for the family or foster family/support system's efforts to provide a positive environment for the child/youth and collaboration with other members of the mental health treatment team.

Examples of activities/interventions may include but are not limited to:

- Assisting the child/youth to engage in, or remain engaged in, appropriate activities
- Helping to minimize the child/youth's impulsive behavior
- Helping to increase the child/youth's social and community competencies by building or reinforcing those daily living skills that will assist the child/youth in living successfully at home and in the community
- Providing immediate behavioral reinforcements
- Providing time-structuring activities
- Preventing inappropriate responses
- Providing appropriate time-out strategies
- Providing cognitive behavioral approaches, such as cognitive restructuring, use of hierarchies, and graduated exposure
- Collaboration with and support for the family caregivers' efforts to provide a positive environment for the child

Attachment 3
THERAPEUTIC BEHAVIORAL SERVICES
IMPLEMENTATION PLAN SUGGESTED FORMAT

Mental Health Plan _____ Date _____

1) Which providers will determine the need for therapeutic behavioral services? (Check all that apply)

County Clinics _____
Current Contract Providers _____
New Contract Providers _____

2) Which providers will deliver therapeutic behavioral services? (Check all that apply)

County Clinics _____
Current Contract Providers _____
New Contract Providers _____

3) How and when will providers be informed of their new responsibilities with regards to therapeutic behavioral services? (Complete information for all that apply)

County Clinics

Current Contract Providers

New Contract Providers

4) Estimated Hourly Rate of Staff Persons Providing TBS _____

5) Training or Technical Assistance Requests (optional)

For more information about this plan, call

Name _____ Phone _____

SUBMIT THIS FORM by September 1, 1999 to:

Nancy Mengebier
Department of Mental Health
1600 9th Street, Room 100
Sacramento, CA 95814
Phone (916) 654-3486 FAX (916) 653-9194

*If form is handwritten, please make sure the handwriting is legible.

Attachment 4
NOTIFICATION TO DMH
REGARDING PROVISION OF THERAPEUTIC BEHAVIORAL SERVICES

Child/Youth's Name _____

Social Security Number or Beneficiary Identification Number _____

Beginning Date of Therapeutic Behavioral Services _____

County/MHP Code or Name _____ Date _____

Form Completed by (Name) _____ Phone _____

Primary Residences for Child/Youth While Receiving TBS (Check All That Apply)

- Family Home _____
- Foster Home _____
- Foster Family Agency _____
- Children's Shelter _____
- Group Home _____ specify RCL _____
- Other Specify _____

Class Membership (Check One)

- In RCL 12 or above _____
- Being Considered for RCL 12 or above _____
- One Psychiatric Hospitalization in Preceding 24 months _____
- Previously received TBS while Class Member _____

Service Need (Check One)

- To Prevent Placement in a Higher Level of Care _____
- To Enable Transition to a Lower Level of Care _____

TBS Service Plan

- Planned Average Hours of TBS per Week _____
- Estimated # Weeks of TBS _____

Initial Information _____ OR Quarterly Update _____

SUBMIT THIS FORM within the first thirty days of service and every quarter thereafter to:

**Nancy Mengebier
Department of Mental Health
1600 9th Street, Room 100
Sacramento, CA 95814
Phone (916) 654-3486**

If form is handwritten, please make sure the handwriting is legible.

