

**PERSONAL SERVICES AGREEMENT BETWEEN THE COUNTY OF SHASTA AND
AEGIS TREATMENT CENTERS, LLC.**

This agreement is entered into between the County of Shasta, a political subdivision of the State of California, through its Health and Human Services Agency ("County"), and Aegis Treatment Centers, LLC., a California limited liability company ("Provider"), (collectively, the "Parties" and individually a "Party"), for the purpose of daily dose of methadone and individual counseling services ("Replacement Narcotic Therapy Services").

RECITALS

WHEREAS, County and Provider believe it is in the best interest of the people of the County of Shasta to provide a structured program for those who have the need to receive Replacement Narcotic Therapy Services, operating solely as a Medication Unit for daily dose of methadone; and

WHEREAS, County and Provider believe it is in the best interest of the people of the County of Shasta to provide a structured program for those who have the need to receive Replacement Narcotic Therapy Services, including the complete range of Narcotic Treatment Program services at Provider's Comprehensive Facility.

NOW, THEREFORE, in consideration of the promises and of the mutual covenants and conditions set forth in this agreement, County and Provider, agree as follows:

Section 1. DEFINITIONS.

For the purposes of this agreement, the following definitions shall apply:

- A. **California Outcomes Measurement System ("CalOMS")** is a system of collecting data to comply with State and federal regulations regarding the services and outcome of treatment for County's beneficiaries.
- B. **CalOMS Treatment Data Collection Guide** is a document intended for use by county and direct provider staff who collect and report CalOMS treatment data to the Department of Health Care Services ("DHCS").
- C. **Client** means a person who has been determined eligible for Medi-Cal ("beneficiary"), maintains residency in Shasta County, and is not prohibited from benefits under federal law by virtue of institutionalization. A Medi-Cal beneficiary eligible for Drug Medi-Cal ("DMC") services must have a substance-related disorder according to the Diagnostic and Statistical Manual of Mental Disorders ("DSM"), DSM-III-R, DSM-IV and/or DSM-V criteria, and meet the admission criteria for Covered Services; and could be a defendant, probationer, parolee, and any other individual eligible to receive services pursuant to this agreement.
- D. **Comprehensive Facility** means a narcotic treatment facility where a complete range of NTP Services are available and are rendered by Provider in accordance with the requirements set forth in Chapter 4 commencing with section 10000 of Title 9, CCR.
- E. **Controlled Substance Utilization Review and Evaluation System ("CURES")** is a database of Schedule II, III and IV controlled substance prescriptions dispensed in

California serving the public health, regulatory oversight agencies, and law enforcement.

- F. **Covered Services** are DMC services authorized by Title XIX of the Social Security Act and specified in Title 22, California Code of Regulations (“CCR”), §51341.1; California Health & Safety Code (“HSC”) §11758.46; the Welfare and Institutions Code (“WIC”); and California’s Medicaid State Plan. Covered services are Naltrexone treatment, outpatient drug free treatment, narcotic treatment, day care rehabilitative, and perinatal residential substance abuse treatment (excluding room and board).
- G. **Director** means Shasta County’s HHSA Director, any HHSA Branch Director designated by the HHSA Director, or the Alcohol and Drug Program Administrator.
- H. **Drug and Alcohol Treatment Access Report (“DATAR”)** is the DHCS system used to collect data on substance use disorder treatment capacity and waiting lists; provides essential information about the capacity of California’s publicly-funded substance use disorder treatment system to meet the demand for services.
- I. **DMC Program** is the State program wherein eligible Clients receive Covered Services from DMC certified substance abuse treatment providers that are reimbursed for services with Local Revenue Fund of 2011 DMC subaccount funds and federal Medicaid funds, also referred to as Federal Financial Participation.
- J. **Drug Treatment Program** means a program licensed and certified by the State of California (“State”) pursuant to Chapter 10.5 (commencing with §11750) of the HSC.
- K. **Final Settlement** is the permanent settlement based on verification of approved Units of Service at the lower of per capita Uniform Statewide Daily Reimbursement (“USDR”) rate or the Provider’s usual and customary charge to non-DMC beneficiaries for the same or similar services.
- L. **Interim Settlement** means temporary settlement of actual allowable costs or expenditures reflected in the Provider’s year-end cost report settlement. For the purposes of this agreement, Interim Settlement shall include, but not be limited to, determining the total allowable reimbursement using approved Units of Service at the lower of the USDR rate or the Provider’s usual and customary daily charge.
- M. **Medication Unit** means a narcotic treatment facility, established by a program sponsor as part of a maintenance treatment program, from which licensed private practitioners and community pharmacists are permitted to administer and dispense medications used in replacement narcotic therapy. Medication units may also collect patient body specimens for testing or analysis of samples for illicit drug use.
- N. **Narcotic Replacement Therapy Services (“NRTS”)** means comprehensive treatment with synthetic opiates approved by the United States Food and Drug Administration for opiate-addicted patients.
- O. **Narcotic Treatment Program (“NTP”)** means any opiate addiction treatment modality, whether inpatient or outpatient, which offers replacement narcotic therapy in maintenance, detoxification, or other services in conjunction with that replacement narcotic therapy.

- P. **NTP Services** include intake, treatment planning, medical direction, body specimen screening, physician and nursing services related to substance abuse, medical psychotherapy, individual/group counseling, admission physical examinations and laboratory tests, medication services, and the provision of methadone and/or levoalphacetyl-methadol, as prescribed by a physician to alleviate the symptoms of withdrawal from opiates. NTP services must be rendered in accordance with the requirements set forth in Chapter 4 commencing with §10000 of Title 9, CCR.
- Q. **Performance** means providing services in accordance with the NTP Provider Service Summary Budget; complying with the terms of the expenditures associated with allowable costs; and abiding by the terms of this agreement including all applicable local, state and federal statutes, regulations, and standards in expending funds for the provision of alcohol and drug treatment services.
- R. **Projected Units of Service** means the number of reimbursable DMC Units of Service the Provider expects to provide on an annual basis, based on historical data.
- S. **Revenue** means income from sources other than this agreement.
- T. **Service Element** is the specific type of service performed within the more general service modalities. A description of Service Element codes is described in the State Documents Reference Manual, "Service Code Descriptions and Unit Information."
- U. **Uniform Statewide Daily Reimbursement ("USDR")** rate for a NTP is a Unit of Service that is a daily treatment service provided pursuant to Title 22, §51341.1, and Chapter 4 commencing with §10000 of Title 9, CCR. [See Title 22, CCR, §51516.1, for NTP-specific services] The rates covered under this agreement include rates for group and individual counseling in ten minute increments. While these rates are approved by the State, they are subject to change by DHCS and/or in the regulation process. If services are necessary and appropriate, NTP providers may be reimbursed for a maximum of 200 minutes (20, ten minute increments) of individual and/or group counseling per calendar month per Client.
- V. **Unit of Service** is the type of unit used to quantify the service modalities/Service Elements. Outpatient drug free services, day care rehabilitative, perinatal residential, and Naltrexone treatment services means face-to-face contact on a calendar day. Only one face-to-face service contact per calendar day is covered by DMC except for emergencies when additional face-to-face contact may be covered for intake crisis intervention or collateral service. To count as a Unit of Service, the second contact shall not duplicate the services provided on the first contact, and each contact shall be clearly documented in the Client's record.
- W. **Utilization** means the total actual Units of Service used by Clients.

Section 2. RESPONSIBILITIES OF PROVIDER.

- A. Pursuant to the terms and conditions of this agreement, Provider shall:
1. Be authorized by the State to administer NRTS Programs and/or Alcohol and Drug Prevention or Treatment Programs and certified by the State as meeting applicable standards for participation in the DMC Program as set forth in "DMC Certification

Standards for Substance Abuse clinics and Standards for Drug Treatment Programs.”

2. Ensure each Client is a Shasta County Medi-Cal beneficiary who maintains residency in Shasta County.
3. Require all Clients to sign a **Shasta County Alcohol and Drug Consent for Treatment, Exhibit G**, attached and incorporated herein, on an annual basis. If Clients refuse to sign, County shall suspend payment(s) to Provider, pursuant to section 5.F, Suspension of Payments, until a Client signature is captured.
4. Provide NTP Services to Clients at Provider’s Drug Medi-Cal certified facilities throughout the State of California, with primary facilities for contract services located at:
 - a. 1147 Hartnell Avenue, Redding, CA 96002, and
 - b. 590 Rio Lindo Avenue, Chico, CA 95326.
5. Have written policies that assure that:
 - a. Buprenorphine/naloxone (e.g. Suboxone) is prescribed whenever buprenorphine-containing medication is indicated for opioid medication-assisted treatment (MAT) (with the rare exception of a medical provider-documented contraindication to naloxone, e.g. anaphylactic allergy to naloxone);
 - b. Contractor medical staff will check CA Department of Justice’s CURES prescription drug monitoring program for each Client at intake and regularly thereafter, at least monthly, to detect multiple opioid (or benzodiazepine) prescriptions, especially from multiple prescribers and/or pharmacies;
 - c. Naloxone nasal spray (opioid overdose reversal medication) with proper training, will be provided to Clients, for all appropriate clients or household members interested;
 - d. Contractor will refer all Clients enrolled in Medi-Cal to Partnership Health Plan of California to be assigned a primary care provider if they do not have one;
 - e. Contractor will solicit a release of information permissions from every Clients in order to communicate with the patients’ primary care provider (PCP) and/or psychiatrist regarding opiate addiction treatment. If release of information is granted, communication with PCP/psychiatrist will occur at least quarterly in the form of a FAX and will address any:
 - i. change in MAT opioid dose,
 - ii. change in treatment plan,
 - iii. change in consistency of urine toxicology results, and
 - iv. CURES report concerns.
6. Provide services to each Client referred to Provider within two weeks of referral date.
7. Provide services regardless of the Client’s ability to pay or source of payment.

8. Submit data to County in a secure electronic and/or paper format pre-approved by County. Data shall include but not be limited to:
 - a. CalOMS treatment data in accordance with the format preferred in the CalOMS Treatment Data Collection Guide; and
 - b. Services pursuant to section 2.A.4.
9. Be solely liable and responsible for all data and information submitted to County in support of all claims for services. Provider shall process all service data within the time frame prescribed by the County. County shall have no liability for Provider's failure to comply with County time frames.
10. Provide a representative liaison, knowledgeable in all program services, to attend meetings of the Shasta County Mental Health Alcohol and Drug Advisory Board ("MHADAB") at a minimum of once every six months and other meetings as the County may require.
11. Notwithstanding any other provision of this agreement, Provider shall be responsible for:
 - a. The accuracy of all data and information on all claims for services which County or Provider may electronically upload into the County's data systems;
 - b. The accuracy of all data and information which Provider furnishes to the State; and
 - c. Ensuring that all services are performed appropriately within the local, state, and federal guidelines, regulations, code, statutes, and law, including but not limited to, administration, Utilization review, documentation, and staffing.

B. Performance Objectives.

Provider shall be evaluated on successful completion of treatment which shall include, but not be limited to, at a minimum:

1. Fifty percent of all discharged Clients were in treatment at least 90 days,
2. Sixty percent of Clients are illicit opiate free within 90 days of admission, and
3. Attendance in individual counseling sessions monthly.

C. Operation and Administration.

1. Director shall have the authority to administer this agreement on behalf of County as prescribed in section 44 Provider shall designate in writing a Contract Manager who shall function as liaison with County regarding Provider's Performance hereunder.
2. This agreement shall be based on verification of approved Units of Service at the lower of per capita USDR rate or the Provider's usual and customary charge. The Projected Units of Service shall be based on historical data and Provider's current capacity as reported to the County. In order for the Director to administer and monitor Provider's Performance, Provider shall submit to the Director, a written quarterly report of Units of Service delivered throughout the term of this agreement.

- a. In the event Provider's referrals exceed the number of Clients, or Units of Service, which can be reasonably served within the allocated financial provisions, the Provider shall notify the County in writing within 10 working days. Provider shall bear all financial responsibility for services and cost provided beyond the terms of this agreement.
- b. Provider hereby certifies that Provider can provide services within the scope and limitation of this agreement.
3. Provider agrees to furnish all space, facilities, equipment and supplies necessary for its proper operation, maintenance, and compliance with the agreement terms and conditions.
4. Any printed material or video media, directly related to the services provided pursuant to this agreement, shall be reviewed and approved by the Director prior to public distribution.

D. Program Monitoring and Review.

1. Provider shall provide accessible and appropriate services in accordance with federal and state statutes and regulations to all eligible persons. The Provider shall assure that in planning for the provision of services, the following are considered and addressed:
 - a. Lack of educational materials or other resources for the provision of services;
 - b. Geographic isolation and transportation needs of persons seeking services and/or remoteness of services;
 - c. Institutional or cultural barriers;
 - d. Language barriers;
 - e. Lack of service advocates; and
 - f. Failure to survey or otherwise identify the barriers to service accessibility.
2. In addition to the above program monitoring and pursuant to the Federal Office of Management and Budget ("OMB") Circular A-133, the County is required to monitor the activities of the Provider to ensure that federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of the contracts or grant agreements, and that Performance goals are achieved. County shall ensure that a Provider who expends more than the \$500,000 in total federal funds in a year comply with OMB Circular A-133. Limited scope audits, on-site visits, and reviews of documentation supporting requests for reimbursement are monitoring procedures that are acceptable to OMB in meeting County monitoring objectives.
 - a. Limited scope audits as they are defined in the OMB Circular A-133, only include agreed-upon engagements that are (1) conducted in accordance with either the American Institute of Certified Public Accountants generally accepted auditing standards or attestation standards; (2) paid for and arranged by pass-through entities (counties); and (3) address only one or more of the following types of compliance requirements: (a) activities allowed or

disallowed; (b) allowable costs/cost principles; (c) eligibility; (d) matching, level of effort and earmarking; and (e) reporting.

- b. On-site visits focus on compliance and controls over compliance areas. The County's reviewer must make site visits to the Provider's location(s), and documents the visits using a checklist or program focusing on the compliance areas. All findings noted during the on-site monitoring shall be handled in the same manner as any exceptions noted during single or program-specific audits.
- c. Reviews of supporting documentation submitted by Providers include, but are not limited to, reviews of copies of invoices, canceled checks, and time sheets. Prior to reimbursement the County's reviewer shall determine if the costs are allowable under the terms of the Federal award.
- d. Failure to comply with the above provisions shall constitute grounds for the County to suspend or recover payments made, subject to the Provider's right of appeal as referenced, or may result in termination of the agreement or both.
3. In the event County finds any deficiencies with regard to Provider's Performance, County shall provide to Provider notification of such deficiencies. Provider shall respond in writing to the County Contract Manager within the time specified in the notification either acknowledging the reported deficiencies or presenting contrary evidence, and in addition, Provider shall submit a written plan of correction for all deficiencies to the Director.
4. In the event of a state audit of this agreement, if state auditors disagree with County's written instructions to Provider in its Performance of this agreement, and if such disagreement results in a state disallowance of any of Provider's costs hereunder, then County shall be liable for Provider's disallowed costs as determined by the state.
5. To assure compliance with this agreement and for any other reasonable purpose relating to Performance of this agreement, and subject to the provisions of state and federal law, authorized local, state, and/or federal representatives and designees shall have the right to enter Provider's premises (including all other places where duties under this agreement are being performed), with or without notice, to inspect monitor and/or audit Provider's facilities, programs and procedures, or to otherwise evaluate the work performed or being performed; review and copy any records and supporting documentation pertaining to the Performance of this agreement; and elicit information regarding the Performance of this agreement or any related work. The representatives and designees of such agencies may examine, audit and copy such records at the site at which they are located. Provider shall provide access to facilities and shall cooperate and assist local, state, and/or federal representatives and designees in the Performance of their duties. Unless otherwise agreed upon in writing, Provider must provide specified data upon request by local, state, and/or federal representatives and designees within 10 state working days for monitoring purposes.
- E. Failure to comply with the terms of section 2.D. may constitute breach of this agreement if not corrected, and may result in withholding payment per the terms of section 5.F. In the event that Provider does not correct deficiencies within the required timeframe, then the Director at their sole discretion may request Provider to immediately return any and

all amounts paid by County to Provider for the services performed under this agreement. Provider shall be required to pay County according to the method described in section 5.G.1.

- F. As required by Government Code §7550, each document or report prepared by Provider for or under the direction of County pursuant to this agreement shall contain the numbers and dollar amount of the agreement and all subcontracts under the agreement relating to the preparation of the document or written report. If multiple documents or written reports are the subject of the agreement or subcontracts, the disclosure section may also contain a statement indicating that the total agreement amount represents compensation for multiple documents or written reports. Provider shall label the bottom of the last page of the document or report as follows: department name, agreement number, and dollar amount. If more than one document or report is produced under this agreement, Provider shall add: "This [document or report] is one of [number] produced under this agreement."
- G. Acknowledge the funding source of all activities undertaken pursuant to this agreement including in any educational and training materials, audio visual aids, interviews with the press, flyers, or publications with the following statement: "This activity (or program) has been funded (or sponsored) by the County of Shasta through the California Department of Health Care Services."

Section 3. RESPONSIBILITIES OF COUNTY.

Pursuant to the terms and conditions of this agreement, County shall:

- A. Designate a County Contract Manager.
- B. Monitor the kind, quality, appropriateness, timeliness, and amount of services, and the criteria for determining the persons to be served. Monitoring shall include, but not be limited to, whether:
 - 1. The quantity of services identified in **NTP Provider Service Summary Budget, Exhibit B**, attached and incorporate herein, are being performed;
 - 2. Provider has established quality standards and is monitoring them; and
 - 3. Provider is meeting the minimum program requirements as per **Monitoring Checklist for NTP Provider, Exhibit A**, attached and incorporated herein.
- C. Compensate Provider as prescribed in sections 4 and 5 of this agreement.

Section 4. COMPENSATION.

- A. County shall compensate Provider for services rendered pursuant to this agreement in accordance with the rates as set forth in **Exhibit B**. In no event shall maximum compensation exceed \$3,000,000 during the entire term of this agreement.
- B. Provider's violation or breach of agreement terms may result in fiscal penalties, withholding of compensation, or termination of this agreement.

Section 5. BILLING AND PAYMENT.

- A. Provider shall submit to HHSA Business and Support Services, Attn: Accounts Payable, P.O. Box 496005, Redding, CA. 96049-6005, monthly by the 15th of each month following the month of service, an invoice or billhead normally used in the conduct of Provider's business and an itemized statement that details expenditures and charges for services rendered ("Service Summary"). County shall make payment within 30 days of receipt of Provider's correct and approved invoice or billhead and itemized statement. For purposes of effectuating payment of compensation, this provision shall survive the termination, expiration, or cancellation of this agreement.

B. Overpayment.

1. Provider shall repay to County the amount, if any, paid by County to Provider for any services which are found by local, state, and/or federal governments to be non-reimbursable.
2. For federal audit exceptions, federal audit appeal processes shall be followed. County recovery of federal overpayment shall be made in accordance with all applicable Federal laws, regulations, manuals, guidelines, and directives.
3. For state audit exceptions, upon state notice to County of overpayment, County shall immediately recover any overpayment from Provider.
4. For County audit exceptions, County shall notify Provider in writing of the audit settlement. The Provider shall have 30 calendar days from receipt of notification of audit settlement to appeal the audit settlement. If Provider intends to appeal said notice, either in whole or in part, the County's Provider Appeal Process shall be followed. The County's Provider Appeal Process may be obtained by contacting the County at the address and/or phone number as shown in section 21 of this agreement.
5. Overpayment recovery shall be handled in accordance with Title 22, CCR, §51341.1(m) regarding DMC Substance Abuse Services.

C. Shift of Funds.

1. County, state, and/or federal funds shall be limited to and shall not exceed the respective amounts shown in **Exhibit B**.
2. Control of funds shall be for each Service Element identified and in the amounts shown in **Exhibit B**. With Director's prior written approval, Provider may shift funds, on a dollar for dollar basis, from one Service Element to another Service Element within the applicable Fiscal Year (FY).
3. Provider shall request, in advance and in writing, within the applicable FY for Director's approval of a shift of funds between respective Service Elements. Director shall provide written approval or denial of request to shift funds after a program review and within ten working days of receipt of Provider's written request. Pursuant to section 8.B, a formal amendment shall be executed to reflect any Service Element shifts approved by the Director.

4. During the Final Settlement Process, County may shift funds between Service Elements at the Director's discretion, without requiring an amendment to the agreement.

D. Client Fees, Third Party Revenue.

1. Pursuant to Title 9, CCR, §9532(b)(1), Clients placed in NTPs shall be assessed by Provider to determine their ability to pay in accordance with HSC §11991.5.
2. Provider retains contractual responsibility for determination of Client fees, and for the billing and collection of such fees.

E. Claims Reimbursement.

1. County shall make provisional reimbursement to Provider based on the rate as reflected in **Exhibit B** less all other Revenue, interest and return collected by Provider from services/activities delivered under this agreement for the State approved NRTS. Provisional reimbursement shall be based upon services provided as shown on County's reports. Provider shall certify that all Units of Service claimed by Provider on a provisional reimbursement basis are true and accurate claims for reimbursement.
 - a. Final reimbursement/settlement to Provider shall be based upon State approved Units of Service, the Annual Cost Report for those approved units and/or the USDR.
 - b. Further, Provider agrees to hold harmless both the state, federal, County and Client in the event County cannot or will not pay for services performed by Provider pursuant to this agreement.
2. On the basis of this monthly claim and after County review and approval of the monthly claim, Provider shall receive from County provisional reimbursement of Provider's claimed amount, resulting from services provided hereunder, including, but not limited to any other Revenue, interest, and return. The monthly claim and subsequent payment shall be made in accordance with County policies and procedures and terms of this agreement. If a claim is not submitted as required by County, then payment shall be withheld until County is in receipt of a complete and correct claim and such claim has been reviewed and approved by Director.
3. All monthly claims shall be subject to adjustment based upon the data systems reports, audits or disallowances, and/or Provider's Annual Cost Report, which shall supersede and take precedence over all claims.
4. All monthly claims shall be based on NRTS provided as shown on County's data systems reports. Provider certifies that all Units of Service reported by Provider are true and accurate claims for reimbursement.
5. Claims for NRTS, provided to Clients, will be paid to Provider, only for the period of time Provider is licensed and/or certified by DMC as a NTP Provider, and only to the extent required by local, state, and federal laws, regulations, manuals, guidelines, and directives.
6. Provider shall submit all claims for services delivered as per this agreement within 30 days of agreement termination. County shall not pay claims received after 30

days of agreement termination date unless County pre-approves time extension and/or claims are approved by the Director.

F. Suspension of Payments.

1. At the sole discretion of Director payments to Provider under this agreement may be suspended for good cause. Notice of such suspension shall be given to Provider, including a statement of reason(s) for such suspension. Following receipt of notice, Provider may, within 15 days, request reconsideration of the Director's decision.
2. In the event County suspends or withholds payment to Provider pending receipt of Provider Service Summary, CalOMS, DATAR or other data as required, Provider shall hold County harmless for any/all claims not submitted for payment within the time frames prescribed by local, state, and federal government. Claims, which exceed the time frames for claiming, will be considered denied and County shall have no liability for Provider's failure to comply with county, state, and federal time frames.

G. Additional Payment Provisions.

1. Payments Due to County/Method of Payment: Within 10 calendar days after written notification by County to Provider of any amount due by Provider to County, Provider shall notify County as to which of the following six payment options Provider requests be used as the method by which such amount shall be recovered by County. Any payments due to the County shall be: (a) paid in one cash payment by Provider to County, (b) offset against prior year(s) liability(ies), (c) deducted from future claims over a period not to exceed three months, (d) paid by cash payment(s) by Provider to County over a period not to exceed three months, or (e) a combination of any or all of the above. Regardless of Provider preferred method, final determination of payment option shall be at the sole discretion of Director.
2. Interest Charges on Delinquent Payments: If Provider, without good cause as determined in the sole judgment of Director, fails to pay County any amount due to County under this agreement within 60 days after the due date, then Director, in his/her sole discretion and after written notice to Provider, may assess interest charges at a rate equal to County's Treasury Rate, as reported by County's Treasurer-Tax Collector, per day on the delinquent amount due commencing on the 61st day after the due date. Provider shall have an opportunity to present to Director information bearing on the issue of whether there is a good cause justification for Provider's failure to pay County within 60 days after the due date. The interest charges shall be: (a) paid by Provider to County by cash payment upon demand, and/or (b) at the sole discretion of Director, deducted from any amounts due by County to Provider.
3. Accrual of Interest: Providers are not allowed to retain more than \$100 in interest earned on federal funds per year per Title 45, CFR, §92.21(i). Interest earned in excess of this amount is to be returned to the County. Any interest retained by Provider must be used for administrative expenses.
4. Revenue Collection: Provider shall conform to the Revenue collection requirements in Division 10.5, HSC, §11841.
5. Financial Solvency: Provider shall maintain adequate provisions against the risk of insolvency.

- H. Compensation under this agreement shall be reduced by applicable Provider Revenues. The term “applicable Provider Revenues” refers to those receipts or reductions in expenditures or costs which operate to offset or reduce expense or cost items that are allocable to Provider’s compensation under this agreement (such as but not limited to: purchase discounts, rebates or allowances, insurance refunds and adjustments or overpayments, or other erroneous charges). To the extent that applicable Provider Revenues, accruing or received by Provider relate to allowable costs, they shall be credited to County either as a reduction or a cash refund, as appropriate.
- I. Should County, or the state or federal government, disallow any amount claimed by Provider, Provider shall reimburse County, or the state or federal government, as directed by County, for such disallowed cost.

Section 6. TERM OF AGREEMENT.

- A. This agreement shall commence on February 1, 2017 and shall end on June 30, 2019.
- B. Notwithstanding the foregoing, County shall not be obligated for payments hereunder for any future County fiscal year unless or until County’s Board of Supervisors appropriates funds for this agreement in County’s budget for that County fiscal year. In the event that funds are not appropriated for this agreement, then this agreement shall end as of June 30 of the last County fiscal year for which funds for this agreement were appropriated. For the purposes of this agreement, the County fiscal year commences on July 1 and ends on June 30 of the following year.

Section 7. TERMINATION OF AGREEMENT.

- A. If Provider materially fails to perform Provider’s responsibilities under this agreement to the satisfaction of County, or if Provider fails to fulfill in a timely and professional manner Provider’s responsibilities under this agreement, or if Provider violates any of the terms or provisions of this agreement, then County shall have the right to terminate this agreement for cause effective immediately upon the County giving written notice thereof to Provider. If termination for cause is given by County to Provider and it is later determined that Provider was not in default or the default was excusable, then the notice of termination shall be deemed to have been given without cause pursuant to paragraph B of this section.
- B. County may terminate this agreement without cause on 30 days written notice to Provider.
- C. County may terminate this agreement immediately upon oral notice should funding cease or be materially decreased during the term of this agreement.

- D. Either Party may terminate this agreement immediately upon oral notice should either Party be unable to comply with the obligations of this agreement due to any material cause which is beyond the reasonable control of said Party, including, but not limited to: fire, explosion, power outages, strikes or labor disputes, acts of God, civil disturbances, acts of civil or military authorities, acts of terrorism, fuel or energy shortages, acts and/or omissions by third party communications carriers, or any other cause beyond Party's control.
- E. County's right to terminate this agreement may be exercised by the County's County Executive Officer, HHSA Director, or any HHSA Branch Director designated by the HHSA Director.
- F. Should this agreement be terminated, Provider shall promptly provide to County any and all finished and unfinished reports, data, studies, photographs, charts, and other documents prepared by Provider pursuant to this agreement.
- G. If this agreement is terminated, Provider shall only be paid for services satisfactorily completed and provided prior to the effective date of termination.

Section 8. ENTIRE AGREEMENT; AMENDMENTS; HEADINGS; EXHIBITS/APPENDICES.

- A. This agreement supersedes all previous agreements relating to the subject of this agreement and constitutes the entire understanding of the Parties hereto. Provider shall be entitled to no other benefits other than those specified herein. Provider specifically acknowledges that in entering into and executing this agreement, Provider relies solely upon the provisions contained in this agreement and no others.
- B. No changes, amendments, or alterations to this agreement shall be effective unless in writing and signed by both Parties. However, in addition to the provisions of section 5.C. of this agreement, minor amendments that do not result in a substantial or functional change to the original intent of this agreement and do not cause an increase to the maximum amount payable under this agreement may be agreed to in writing between Provider and the HHSA Director or any HHSA Branch Director designated by the HHSA Director, provided that the amendment is in substantially the same format as the County's standard format amendment contained in the Shasta County Contracts Manual (Administrative Policy 6-101).
- C. The headings that appear in this agreement are for reference purposes only and shall not affect the meaning or construction of this agreement.
- D. If any ambiguity, inconsistency, or conflict exists or arises between the provisions of this agreement and the provisions of any of this agreement's exhibits or appendices, the provisions of this agreement shall govern.

Section 9. NONASSIGNMENT OF AGREEMENT; NON-WAIVER.

Inasmuch as this agreement is intended to secure the specialized services of Provider, Provider may not assign, transfer, delegate, or sublet any interest herein without the prior written consent of County. The waiver by County of any breach of any requirement of this agreement shall not be deemed to be a waiver of any other breach.

Section 10. EMPLOYMENT STATUS OF PROVIDER.

Provider shall, during the entire term of this agreement, be construed to be an independent contractor, and nothing in this agreement is intended nor shall be construed to create an employer-employee relationship, a joint venture relationship, or to allow County to exercise discretion or control over the professional manner in which Provider performs the work or services that are the subject matter of this agreement; provided, however, that the work or services to be provided by Provider shall be provided in a manner consistent with the professional standards applicable to such work or services. The sole interest of County is to insure that the work or services shall be rendered and performed in a competent, efficient, and satisfactory manner. Provider shall be fully responsible for payment of all taxes due to the State of California or the federal government that would be withheld from compensation if Provider were a County employee. County shall not be liable for deductions for any amount for any purpose from Provider's compensation. Provider shall not be eligible for coverage under County's workers' compensation insurance plan nor shall Provider be eligible for any other County benefit. Provider must issue W-2 and 941 Forms for income and employment tax purposes, for all of Provider's assigned personnel under the terms and conditions of this agreement.

Section 11. INDEMNIFICATION.

To the fullest extent permitted by law, Provider shall indemnify and hold harmless County, its elected officials, officers, employees, agents, and volunteers against all claims, suits, actions, costs, expenses (including, but not limited to, reasonable attorney's fees of County Counsel and counsel retained by County, expert fees, litigation costs, and investigation costs), damages, judgments, or decrees arising from the work or the provision of services undertaken pursuant to this agreement by Provider, or by any of Provider's subcontractors, any person employed under Provider, or under any subcontractor, or in any capacity, except when the injury or loss is caused by the sole negligence or intentional wrongdoing of County. Provider shall also, at Provider's own expense, defend the County, its elected officials, officers, employees, agents, and volunteers, against any claim, suit, action, or proceeding brought against County, its elected officials, officers, employees, agents, and volunteers, arising from the work or the provision of services undertaken pursuant to this agreement by Provider, or any of Provider's subcontractors, any person employed under Provider, or under any Subcontractor, or in any capacity. Provider shall also defend and indemnify County for any adverse determination made by the Internal Revenue Service or the State Franchise Tax Board and/or any other taxing or regulatory agency and shall defend, indemnify, and hold harmless County with respect to Provider's "independent contractor" status that would establish a liability on County for failure to make social security deductions or contributions or income tax withholding payments, or any other legally mandated payment. The provisions of this paragraph are intended to be interpreted as broadly as permitted by applicable law. This provision shall survive the termination, expiration, or cancellation of this agreement.

Section 12. INSURANCE COVERAGE.

A. Without limiting Provider's duties of defense and indemnification, Provider and any subcontractor shall obtain, from an insurance carrier authorized to transact business in

the State of California, and maintain continuously during the term of this agreement Commercial General Liability Insurance, including coverage for owned and non-owned automobiles, and other insurance necessary to protect the County and the public with limits of liability of not less than \$1 million combined single limit bodily injury and property damage; such insurance shall be primary as to any other insurance maintained by County.

- B. Provider and any subcontractor shall obtain and maintain continuously required Workers' Compensation and Employer's Liability Insurance to cover Provider, subcontractor, Provider's partner(s), subcontractor's partner(s), Provider's employees, and subcontractor's(s') employees with an insurance carrier authorized to transact business in the State of California covering the full liability for compensation for injury to those employed by Provider or subcontractor. Each such policy shall be endorsed to state that the Workers' Compensation carrier waives its right of subrogation against the County, its elected officials, officers, employees, agents, and volunteers which might arise in connection with this agreement. Provider hereby certifies that Provider is aware of the provisions of §3700 of the Labor Code, which requires every employer to insure against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of the Labor Code, and Provider shall comply with such provisions before commencing the Performance of the work or the provision of services pursuant to this agreement.
- C. Provider shall obtain and maintain continuously a policy of Errors and Omissions coverage with limits of liability of not less than \$1 million per incident or occurrence, \$3 million aggregate.
- D. Provider shall require subcontractors to furnish satisfactory proof to County that liability and workers' compensation and other required types of insurance have been obtained and are maintained similar to that required of Provider pursuant to this agreement.
- E. With regard to all insurance coverage required by this agreement:
 - (1) Any deductible or self-insured retention exceeding \$25,000 for Provider or subcontractor shall be disclosed to and be subject to approval by the County Risk Manager prior to the effective date of this agreement.
 - (2) If any insurance coverage required hereunder is provided on a "claims made" rather than "occurrence" form, Provider or subcontractor shall maintain such insurance coverage with an effective date earlier or equal to the effective date of this agreement and continue coverage for a period of three years after the expiration of this agreement and any extensions thereof. In lieu of maintaining post-agreement expiration coverage as specified above, Provider or subcontractor may satisfy this provision by purchasing tail coverage for the claims-made policy. Such tail coverage shall, at a minimum, provide the insurance coverage required hereunder for claims received and reported three years after the expiration date of this agreement.
 - (3) All insurance (except workers' compensation and professional liability) shall include an endorsement or an amendment to the policy of insurance which names *Shasta County, its elected officials, officers, employees, agents, and volunteers as additional insureds* and provides that coverage shall not be reduced or canceled

without 30 days written prior notice certain to the County. Any available insurance proceeds in excess of the specified minimum limits and coverage pursuant to the terms of this agreement shall be applicable to the Additional Insured. The additional insureds coverage shall be equal to Insurance Service Office endorsement CG 20 10 for on-going operations, and CG 20 37 for completed operations.

- (4) Each insurance policy (except for workers' compensation and professional liability policies), or an endorsement thereto, shall contain a "separation of insureds" clause which shall read:

"Separation of Insureds.

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this Coverage Part to the first Named Insured, this insurance applies:

- a. As if each Named Insured were the only Named Insured; and
 - b. Separately to each suit insured against whom a claim is made or suit is brought."
- (5) Provider shall provide the County with an endorsement or amendment to Provider's policy of insurance as evidence of insurance protection before the effective date of this agreement.
 - (6) The insurance coverage required herein shall be in effect at all times during the term of this agreement. In the event any insurance coverage expires at any time during the term of this agreement, Provider shall provide, at least 20 days prior to said expiration date, a new endorsement or policy amendment evidencing insurance coverage as provided for herein for not less than the remainder of the term of this agreement or for a period of not less than one year. In the event Provider fails to keep in effect at all times insurance coverage as herein provided and a renewal endorsement or policy amendment is not provided within 10 days of the expiration of the endorsement or policy amendment in effect at inception of this agreement, County may, in addition to any other remedies it may have, terminate this agreement upon the occurrence of such event.
 - (7) If the endorsement or amendment does not reflect the limits of liability provided by the policy of insurance, Provider shall provide County a certificate of insurance reflecting those limits.
 - (8) Any of Provider's Excess Insurance shall contain a provision that such coverage shall also apply on a primary and non-contributory basis for the benefit of the County.

Section 13. NOTICE OF CLAIM; APPLICABLE LAW; VENUE.

- A. If any claim for damages is filed with Provider or if any lawsuit is instituted concerning Provider's Performance under this agreement and that in any way, directly or indirectly, contingently or otherwise, affects or might reasonably affect County, Provider shall give prompt and timely notice thereof to County. Notice shall be prompt and timely if given within 30 days following the date of receipt of a claim or 10 days following the

date of service of process of a lawsuit. This provision shall survive the termination, expiration, or cancellation of this agreement.

- B. This agreement shall be governed by, and construed in accordance with, the laws of the State of California. Provider agrees and consents to the exclusive jurisdiction of the courts of the State of California for all purposes regarding this agreement and further agrees and consents that venue of any action brought hereunder shall be exclusively in the County of Shasta, California. Further, this agreement shall be governed by, and construed in accordance with, all laws, regulations, and contractual obligations of County under its agreement with the State.

Section 14. COMPLIANCE WITH LAWS; NON-DISCRIMINATION.

- A. During the Performance of this agreement, Provider and its subcontractors shall not deny the agreement's benefits to any person on the basis of race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, genetic information, marital status, sex, gender, gender identity, gender expression, age, sexual orientation, or military and veteran status, nor shall they discriminate unlawfully against any employees and applicants for employment because of race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, genetic information, marital status, sex, gender, gender identity, gender expression, age, sexual orientation, or military and veteran status. Provider shall insure that the evaluation and treatment of employees and applicants for employment are free of such discrimination. Provider and subcontractors shall comply with the provisions of the Fair Employment and Housing Act (Gov. Code §12900 et seq.), the regulations promulgated thereunder (Cal. Code Regs., tit. 2, §11000 et seq.), the provisions of Article 9.5, Chapter 1, Part 1, Division 3, Title 2 of the Government Code (Gov. Code §§11135-11139.5), and the regulations or standards adopted by the awarding state agency to implement such article. Provider shall permit access by representatives of the Department of Fair Employment and Housing and the awarding state agency upon reasonable notice at any time during normal business hours, but in no case less than 24 hours' notice, to such books, records, accounts, and all other sources of information and its facilities as said Department or Agency shall require to ascertain compliance with this clause. Provider and its subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement. (See Cal. Code Regs., tit. 2, §11105.)
- B. Consultant shall comply with Section 1352 of Title 31, U.S.C. and no funds expended pursuant to this agreement shall be used to pay any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with any of the following covered federal actions: the awarding of any federal contract or agreement, the making of any federal grant, the making of any federal loan, entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract or agreement, grant, loan, or cooperative agreement. All services rendered by Consultant pursuant to this agreement shall be in compliance with Section 1352 of Title 31, U.S.C., and in conjunction therewith Consultant shall execute **EXHIBIT D, CERTIFICATION REGARDING LOBBYING**, attached and incorporated herein.

- C. No funds or compensation received by Provider under this agreement shall be used by Provider for sectarian worship, instruction, or proselytization. No funds or compensation received by Provider under this agreement shall be used to provide direct, immediate, or substantial support to any religious activity.
- D. In addition to any other provisions of this agreement, Provider shall be solely responsible for any and all damages caused, and/or penalties levied, as the result of Provider noncompliance with the provisions of this section.
- E. All references in this agreement and written arrangements by the designated County Alcohol and Drug Program Administrator, to the California Government Code, Health and Safety Code, Welfare and Institutions Code, and to any other laws, regulations, and policies may from time to time be changed by appropriate authority during the term of this agreement, and are agreed to be binding upon the Provider and the County.

Section 15. ACCESS TO RECORDS; RECORDS RETENTION.

- A. County, federal, and state officials shall have access to any books, documents, papers, and records of Provider that are directly pertinent to the subject matter of this agreement for the purpose of auditing or examining the activities of Provider or County. Except where longer retention is required by federal or state law, Provider shall maintain all records for five years after County makes final payment hereunder. This provision shall survive the termination, expiration, or cancellation of this agreement.
- B. Provider shall maintain appropriate records to insure a proper accounting of all funds and expenditures pertaining to the work performed or the services provided pursuant to this agreement. Provider shall maintain records providing information that account for all funds and expenses related to the provision of services provided pursuant to this agreement. Access to these records shall be provided to County during working days, 8:00 a.m. to 5:00 p.m. and at other times upon reasonable notice by County, and upon request of state and federal agencies charged with the administration of programs related to the work or services to be provided pursuant to this agreement.
- C. Provider agrees to accept responsibility for receiving, replying to, and/or complying with any audit exception by appropriate federal, state, or County audit directly related to the provisions of this Agreement. Provider agrees to repay County the full amount of payment received for duplicate billings, erroneous billings, audit exceptions, or false or deceptive claims. Provider agrees that County may withhold any money due and recover through any appropriate method any money erroneously paid under this agreement if evidence exists of less than full compliance with this agreement including, but not limited to, exercising a right of set-off against any compensation payable to Provider.

Section 16. AUDIT COMPLIANCE

- A. Pursuant to OMB Circular A-133, the County shall require and ensure that Providers expending \$500,000 or more in Federal Awards in a fiscal year have a single or program-specific audit performed.

- B. An audit shall be performed in accordance with the most recent version OMB Circular A-133 (Revised June 2003), Audits of States, Local Governments, and Non-Profit Organizations.
1. The audit shall be conducted in accordance with generally accepted auditing standards and Government Auditing Standards, 1994 Revision, issued by the Comptroller General of the United States.
 2. A copy of the audit shall be submitted to the County within 15 days of completion, but no later than nine months following the end of the County fiscal year.
 3. Where apportionment of the audit cost is necessary, such apportionment shall be made in accordance with generally accepted accounting principles, but shall not exceed the proportionate amount that the federal award funding represents of the Provider's total revenue.
 4. The Provider, in coordination with and as pre-approved by the County, is responsible for developing a corrective action plan and follow-up on any material audit findings in the single or program-specific audit report.
- C. All expenditures of State and federal funds furnished to the Provider and the Provider's subcontractors are subject to audit by the County, State and/or Federal government. Pursuant to Title 9, CCR, §9545(a), 9545(d), 9545(g), and 9545(h), the written audit reports shall establish whether the Provider expended funds in accordance with the provisions of the regulations and requirements of Substance Use Disorder Services Funding Agreement Number 17-94105. Such audits shall consider and build upon external independent audits performed pursuant to audit requirements of the OMB Circular A-133 (Revised June 2003). Objectives of such audits may include, but is not limited to, the following:
1. Determining whether Units of Service claimed/reported are properly documented by service records and accurately accumulated for claiming/reporting;
 2. Validating data reported by the Provider for prospective contract negotiations;
 3. Providing technical assistance in addressing current year activities and providing recommendations on internal controls, accounting procedures, financial records, and compliance with laws and regulations;
 4. Determining the cost of services, net of related Client fees, third party payments, and other related Revenues and funds;
 5. Determining that expenditures are made in accordance with applicable state and federal laws and regulations and contract requirements; and/or
 6. Determining the facts in relation to analysis of data, complaints, or allegations, which may be indicative of fraud, abuse, willful misrepresentation, or failure to achieve the contract objectives.
- D. The refusal of a Provider or subcontractor to permit access to and inspection of books, records, and facilities as described in this section 16 constitutes an express and immediate breach of this agreement and will be sufficient basis to terminate the agreement for cause or default.

- E. Pursuant to OMB Circular A-133, the state or federal government and/or County may impose sanctions against a Provider for not submitting required single or program-specific audit reports, or failure to comply with all other audit requirements.
- F. Audit reports by the state or federal government or County shall reflect all findings, recommendations, adjustments, and corrective action as a result of its findings in any areas.
- G. The Provider shall be responsible for any disallowances taken by the federal government, the state, or the Bureau of State Audits, or the County as a result of any audit exception that is related to the Provider's responsibilities herein. Provider shall not use funds administered by the County to repay one federal funding source with funds provided by another federal funding source, to repay federal funds with state funds, or to repay state funds with federal funds. The Provider agrees to develop and implement any corrective action plans in a manner acceptable to the state or County in order to comply with recommendations contained in the audit report. Such corrective action plans shall include time-specific objectives to allow for measurement of progress and are subject to verification by the County within one year from the date of County's receipt of the plan.
- H. If differences cannot be resolved between state, County or Provider regarding the terms of the final audit settlements for funds expended, Provider may request an appeal in accordance with the appeal process described in **DHCS Audit Appeals Process, Exhibit C**, attached and incorporated herein.
- I. **Post-Contract Audit Settlement.**
 - 1. In the event that a post-contract audit conducted by local, state, and/or federal agencies, determines that the amounts paid by County to Provider for any NRTS furnished hereunder are more than the amounts allowable pursuant to this agreement, then the difference shall be due by Provider to County.
 - 2. For Cost Reimbursed services, if the post-contract audit conducted by local, state, and/or federal personnel determines that the amounts paid by County to Provider for any Cost Reimbursed state approved Units of Service furnished hereunder are less than the allowable pursuant to this agreement, then the difference shall be paid by County to Provider.
 - 3. Audit Appeals After Post-Contract Audit Settlement: For County audit exceptions, County shall notify Provider in writing of the Audit Settlement. The Provider shall have 30 calendar days from receipt of notification of the Audit Settlement to appeal Audit Settlement. All appeals for County audit exceptions shall be handled in accordance with County's Provider Appeal Process. The County's Provider Appeal Process may be obtained by Contacting the County at the address and/or phone number as shown in section 20, of this agreement. If Provider appeals any audit report, the appeal shall not prevent the post-contract audit settlement.

Section 17. COMPLIANCE WITH CHILD, FAMILY, AND SPOUSAL SUPPORT REPORTING OBLIGATIONS.

Provider's failure to comply with state and federal child, family, and spousal support reporting requirements regarding Provider's employees or failure to implement lawfully

served wage and earnings assignment orders or notices of assignment relating to child, family, and spousal support obligations shall constitute a default under this agreement. Provider's failure to cure such default within 90 days of notice by County shall be grounds for termination of this agreement.

Section 18. LICENSES AND PERMITS.

- A. Provider shall obtain and maintain in effect during the term of this agreement, all licenses, permits, registrations, accreditations, and certificates including, but not limited to, certification as a NTP Provider as required by all present and future federal, state, and local laws, ordinances, rules, regulations, manuals, guidelines, and directives, which are applicable to Provider's facility(ies) and services under this agreement. Provider shall further ensure that all of its officers, employees, and agents, who perform services hereunder, shall obtain and maintain in effect during the term of this agreement all licenses, permits, registrations, accreditations, and certificates which are applicable to their Performance hereunder. A copy of each such license, permit, registration, accreditation, and certificate including, but not limited to, certification as a DMC provider as required by all applicable federal, state, and local laws, ordinances, rules, regulations, manuals, guidelines and directives, shall be provided, in duplicate, to County's Contract Manager. Failure to maintain the licenses, permits, certificates, and credentials shall be deemed a breach of this agreement and constitutes grounds for termination of this agreement by County.
- B. Provider shall immediately advise County of any investigation or adverse action taken against it, or against its officers, employees, and agents providing services pursuant to this agreement, by state or federal agencies and/or professional licensing organizations.
- C. Provider shall keep fully informed of all current DMC Policy Letters, including, but not limited to, procedures for maintaining Medi-Cal certification of all its facilities.
- D. Provider shall ensure that any reduction of covered services or relocation of services are not implemented until approval is issued by the State. Provider shall notify County immediately in writing upon intent for reduction in covered services or relocation. Within 35 days of County's receiving notification of Provider's intent to reduce covered services or relocate, the Provider shall submit a DMC certification application to the State. The DMC certification application must be submitted to the State 60 days prior to the desired effective date of the reduction of covered services or relocation.

Section 19. PERFORMANCE STANDARDS.

Provider shall perform the work or services required by this Agreement in accordance with the industry and/or professional standards applicable to Provider's work or services.

Section 20. CONFLICTS OF INTEREST.

Provider and Provider's officers and employees shall not have a financial interest, or acquire any financial interest, direct or indirect, in any business, property, or source of income that could be financially affected by or otherwise conflict in any manner or degree with the performance of the work or services required under this agreement.

Section 21. NOTICES.

- A. Except as provided in section 7.C and 7.D. of this agreement (oral notice of termination), any notices required or permitted pursuant to the terms and provisions of this agreement shall be given to the appropriate Party at the address specified below or at such other address as the Party shall specify in writing. Such notice shall be deemed given: (1) upon personal delivery; or (2) if sent by first class mail, postage prepaid, two days after the date of mailing.

If to County: Branch Director
 HHSA Adult Services Branch
 Attn: Contracts Unit
 P.O. Box 496005
 Redding, CA 96049-6005
 Phone: 530-225-5900
 Fax: 530-225-5977

If to Provider: President & CEO
 Aegis Treatment Centers, LLC
 7246 Remmet Avenue
 Canoga Park, CA 91303
 Phone: 818-206-0360

- B. Any oral notice authorized by this agreement shall be given to the persons specified in section 21.A and shall be deemed to be effective immediately.

Section 22. AGREEMENT PREPARATION.

It is agreed and understood by the Parties that this agreement has been arrived at through negotiation and that neither Party is to be deemed the Party which created any uncertainty in this agreement within the meaning of §1654 of the Civil Code.

Section 23. COMPLIANCE WITH POLITICAL REFORM ACT.

Provider shall comply with the California Political Reform Act (Government Code, §81000, *et seq.*), with all regulations adopted by the Fair Political Practices Commission pursuant thereto, and with the County's Conflict of Interest Code, with regard to any obligation on the part of Provider to disclose financial interests and to recuse from influencing any County decision which may affect Provider's financial interests. If required by the County's Conflict of Interest Code, Provider shall comply with the ethics training requirements of Government Code §53234, *et seq.*

Section 24. PROPERTY TAXES.

Provider represents and warrants that Provider, on the date of execution of this agreement, (1) has paid all property taxes for which Provider is obligated to pay, or (2) is current in

payments due under any approved property tax payment arrangement. Provider shall make timely payment of all property taxes at all times during the term of this agreement.

Section 25. SEVERABILITY.

If any portion of this agreement or application thereof to any person or circumstance is declared invalid by a court of competent jurisdiction or if it is found in contravention of any federal or state statute or regulation or County ordinance, the remaining provisions of this agreement, or the application thereof, shall not be invalidated thereby and shall remain in full force and effect to the extent that the provisions of this agreement are severable.

Section 26. COUNTY'S RIGHT TO SETOFF.

To the fullest extent permitted by law, County shall have the right but not the obligation, to setoff, in whole or in part, against any compensation owed to Provider or any of its subsidiaries under any contract with the County, any amount of any Federal or State audit liability owed by or claimed or asserted against the County or any amounts owed to County by Provider or its subsidiaries.

Section 27. CONFIDENTIALITY.

During the term of this agreement, both Parties may have access to information that is confidential or proprietary in nature. Both Parties agree to preserve the confidentiality of and to not disclose any such information to any third party without the express written consent of the other Party or as required by law. This provision shall survive the termination, expiration, or cancellation of this agreement.

Section 28. CONFIDENTIALITY AND SECURITY.

- A. Provider shall comply with all applicable state and federal statutes and regulations regarding confidentiality and security, including, but not limited to, the confidentiality and security of information requirements in the following:
 - a. 42 United States Code §290dd-2
 - b. Title 42, Code of Federal Regulations ("CFR"), Part 2
 - c. Title 45, CFR §96.132(e)
 - d. WIC §14100.2
 - e. HSC §11845.5
 - f. Title 22, CCR §51009
 - g. Civil Code §56 – 56.37 (Confidentiality of Medical Information Act)
 - h. HSC §123100 – 123149.5 (Patient Access to Medical Records)
- B. Any security incidents or breaches of unsecured Personal Health Information, Electronic Personal Health Information, or Personally Identifiable Information shall be reported to the County Privacy Officer at hipaaprivacy@co.shasta.ca.us, or (530) 225-5995.

Section 29. HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT.

The Parties acknowledge the Health Insurance Portability and Accountability Act of 1996 and its implementing regulations ("HIPAA"). Provider understands and agrees that, as a provider of medical treatment services, it is a "covered entity" under HIPAA and, as such, has obligations with respect to the confidentiality, privacy, and security of patients' medical information, and must take certain steps to preserve the confidentiality of this information, both internally and externally, including the training of staff and the establishment of proper procedures for the release of such information. The Parties acknowledge their separate and independent obligations with respect to HIPAA, and that such obligations relate to transactions and code sets, privacy, and security. Provider understands and agrees that it is independently responsible for compliance with HIPAA and agrees to take all necessary actions to comply with the requirements of HIPAA related to transactions and code sets, privacy, and security. Provider agrees that, should it fail to comply with its obligations under HIPAA, it shall indemnify and hold harmless County (including County's officers, employees, and agents), for damages that are attributable to such failure. The indemnification provided for in this section is in addition to, and does not in any way limit, the hold harmless, indemnification, and defense obligations of Provider that are provided for in section 11.

Section 30. HIPAA ADDENDUM.

Attached to this agreement, and incorporated by reference, is an Addendum that constitutes a Business Associate agreement as required by the federal Health Insurance Portability and Accountability Act.

Section 31. SCOPE AND OWNERSHIP OF WORK.

All research data, reports, and every other work product of any kind or character arising from or relating to this agreement shall become the property of the County and be delivered to the County upon completion of its authorized use pursuant to this agreement. County may use such work products for any purpose whatsoever. All works produced under this agreement shall be deemed works produced by a contractor for hire, and all copyright with respect thereto shall vest in the County without payment of royalty or any other additional compensation. Notwithstanding anything to the contrary contained in this agreement, Provider shall retain all of Provider's rights in Provider's own proprietary information, including, without limitation, Provider's methodologies and methods of analysis, ideas, concepts, expressions, know how, methods, techniques, skills, knowledge, and experience possessed by Provider prior to, or acquired by Provider during the performance of this agreement and Provider shall not be restricted in any way with respect thereto.

Section 32. RESTRICTION ON DISTRIBUTION OF STERILE NEEDLES.

No funds or compensation received by Provider under this agreement shall be used to carry out any program of distributing sterile needles or syringes for the hypodermic injection of any illegal drug unless the state chooses to implement a demonstration syringe services program for injecting drug users with Substance Abuse Prevention and Treatment Block Grant funds.

Section 33. NO UNLAWFUL USE OR UNLAWFUL USE OF MESSAGES REGARDING DRUGS.

In accordance with §11999 of the HSC, Provider shall not provide any material, curricula, teachings, or promotions of the responsible use, if unlawful, of drugs or alcohol in connection with any messages or information pertaining to Provider's programs undertaken pursuant to this agreement. Provider shall include in any material, curricula, teachings, or promotions produced pursuant to this agreement and agrees to display a clearly written statement that there shall be no unlawful use of drugs or alcohol associated with any of Provider's programs undertaken pursuant to this agreement. Additionally, no aspect of a drug or alcohol-related program undertaken pursuant to this agreement shall include any message on the responsible use, if the use is unlawful, of drugs or alcohol.

Section 34. LIMITATION ON USE OF FUNDS FOR PROMOTION OF LEGALIZATION OF CONTROLLED SUBSTANCES.

No funds or compensation received by Provider under this agreement shall be used for any activity that promotes the legalization of any drug or other substance included in Schedule I of §202 of the Controlled Substances Act (21 U.S.C. §812).

Section 35. DRUG FREE WORKPLACE.

Provider shall comply with the requirements of the Drug-Free Work Place Act of 1990 (Government Code, §8350, et seq.) and Title 45 CFR, Part 76. This compliance includes, but is not limited to Provider providing drug-free workplaces by taking the following actions:

- A. Publishing a statement notifying all employees that the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited in the person's or organization's workplace and specifying the actions that will be taken against employees for violations of the prohibitions as required by subdivision (a)(1) of §8355 of the Government Code.
- B. Establishing a drug-free awareness program as required by subdivision (a)(2) of §8355 of the Government Code to inform all employees about all of the following:
 - A. The dangers of drug abuse in the work place;
 - B. The organization's policy of maintaining a drug-free work place;
 - C. Any available drug counseling, rehabilitation, and employee assistance programs; and
 - D. The penalties that may be imposed upon employees for drug abuse violations.
- C. Ensuring, as required by subdivision (a)(3) of §8355 of the Government Code, that every employee or volunteer/intern engaged in the Performance of this agreement:
 - A. Be given a copy of Provider's drug-free policy statement; and
 - B. As a condition of employment under this agreement, agree to abide by the terms of the Provider's drug-free policy statement.

Section 36. PROVIDER'S EXCLUSION FROM PARTICIPATION IN A FEDERALLY FUNDED PROGRAM.

- A. Provider hereby warrants that neither it nor any of its staff members is restricted or excluded from providing services under any health care program funded by the Federal or State government, directly or indirectly, in whole or in part, and that Provider will notify Director in writing within 30 calendar days from receipt of the fully executed agreement of:
 - 1. Any event that would require Provider or a staff member's mandatory exclusion from participation in a Federally or State funded health care program; and
 - 2. Any exclusionary action taken by any agency of the Federal or State government against Provider or one or more staff members barring it or the staff members from participation in a Federally or State funded health care program, whether such bar is direct or indirect, or whether such bar is in whole or in part.
- B. Provider shall screen all staff employed, or interns/volunteers retained to provide services related to this agreement to ensure that they are not designated as "Ineligible" or "Excluded" as defined hereunder. Screening shall be conducted against both the California "Medi-Cal Suspended and Ineligible List", and the United States, Health and Human Services, Office of Inspector General "List of Excluded Individuals/Entities". Provider shall screen prospective staff prior to hire or engagement.
- C. Provider shall screen all current staff or volunteers/interns at least monthly, and will notify Director in writing that Provider and Provider's staff are eligible to participate in Federally funded programs. This notification shall be performed by completing **Attestation Regarding Federally Funded Programs, Exhibit C**, attached and incorporated herein by this reference.
- D. Provider and staff shall be required to disclose to the Director immediately any debarment, exclusion or other event that makes any individual an Ineligible or Excluded person. If the Provider becomes aware that a staff member has become an Ineligible or Excluded person, Provider shall remove such individual from responsibility for, or involvement with, County business operations related to this agreement.
- E. The Office of the Inspector General ("OIG") determines when an entity or and individual will be excluded from participating in a Federally funded health care program. Persons controlling or managing excluded entities who knew of the conduct leading to the exclusion can themselves be excluded, and entities, which are owned and controlled by excluded individuals, can also be excluded. The type of exclusion, mandatory or permissive, is at the sole discretion of the OIG.
 - A. Mandatory exclusion may be based on:
 - a. Felony convictions for program related crimes, including fraud or false claims, or for offenses related to the dispensing or use of controlled substances, and/or
 - b. Convictions related to patient abuse.
 - B. Permissive exclusion may be based on:

- a. Conviction of a misdemeanor related to fraud or financial misconduct involving a government program;
 - b. Obstructing an investigation;
 - c. Failing to provide access to documents or premises as required by federal healthcare program officials;
 - d. Conviction of a misdemeanor related to controlled substances;
 - e. Failing to disclose information about the entity itself, its subcontractors or its significant business transactions;
 - f. Loss of a state license to practice a healthcare profession;
 - g. Default on a student loan given in connection with education in a health profession;
 - h. Charging excessive amounts to a Federally funded health care program or furnishing services of poor quality or which are substantially in excess of the needs of the patients; and/or
 - i. Paying a kickback or submitting a false or fraudulent claim.
- F. Failure by Provider to meet the requirements of this section shall constitute a material breach of agreement upon which County may immediately terminate or suspend this agreement.

Section 37. LOBBYING AND RESTRICTIONS AND DISCLOSURE CERTIFICATION.

- A. Provider who receives a contract which is subject to §1352 of the 31, U.S.C., and which exceeds \$100,000, shall file a certification as set forth in **Exhibit D, Certification Regarding Lobbying**, attached and incorporated herein, that the Provider has not made, and will not make, any payment prohibited by section 1352 of Title 31, U.S.C.
- B. File a disclosure as set forth in **Exhibit E, Disclosure of Lobbying Activities**, attached and incorporated herein, if such Provider has made or has agreed to make any payment using non-appropriated funds (to include profits from any covered federal action) in connection with an agreement or any amendment of that agreement, which would be prohibited under section 1352 of Title 31, U.S.C. if paid for with appropriated funds.
- C. Provider shall file a disclosure form at the end of each calendar quarter in which there occurs any event that requires disclosure or that materially affect the accuracy of the information contained in any disclosure form previously filed under subsection A. or B. of this section. An event that materially affects the accuracy of the information reported includes:
 - A. A cumulative increase of \$25,000 or more in the amount paid or expected to be paid for influencing or attempting to influence a covered federal action;
 - B. A change in the person(s) or individual(s) influencing or attempting to influence a covered federal action; or

- C. A change in the officer(s), employee(s), or member(s) contacted for the purpose of influencing or attempting to influence a covered federal action.

Section 38. CLINICAL RECORDS.

- A. Direct Service and Indirect Service Records: Provider shall maintain a record of all direct services and indirect services rendered by all the various professional, para-professional, intern, student, volunteer and other personnel to fully document all services provided under this agreement to permit review for fiscal audits, program compliance and client complaints. All such records shall be maintained, retained, and made immediately available for inspection, program review, and/or audit during County's normal business hours by authorized representatives of County, State, and/or Federal governments during the term of this agreement for a minimum of five years following discharge of the client or termination of services, or until County, State or Federal audit findings applicable to such services are fully resolved, whichever is later. Such access shall include regular and special reports from Provider.
 - 1. Failure to comply with the terms of this section may constitute breach of this agreement if not corrected and may result in suspension of payment per the terms of section 5.F. In the event that Provider does not correct deficiencies within the required timeframe, then Director at their sole discretion may request Provider to immediately return any and all amounts paid by County to Provider for the provision of services under this agreement. Provider shall be required to pay County according to the method described in section 5.G.1.
- B. Client Records: Provider shall maintain treatment and other records of all direct services in accordance with all applicable local, state and federal requirements on each individual Client. Each Client receiving services under the terms of this agreement shall have on file a completed:
 - 1. Client Registration and Payor Financial Information;
 - 2. Initial Assessment within seven days of intake;
 - 3. Episode Opening – Episode Closing to be completed as soon as feasible, but no later than the end of the month in the month the Client enters the Provider's program. Episode Closing to be submitted no later than the end of the month of the last billable date of service;
 - 4. Discharge Assessment immediately upon Client discharge but no later than seven days from date of discharge;
 - 5. Consent for Treatment;
 - 6. Release of Information;
 - 7. Client Plan completed no later than seven days from the date of intake for new Clients and updated every six weeks thereafter; and
 - 8. Completed Treatment Plans and Progress Notes to identify Client participation, integration, and principals learned.

- C. Copies of Records: shall be provided to County from Provider and to Provider from County as necessary for the delivery and monitoring of services.

Section 39. FINANCIAL RECORDS.

- A. Provider shall prepare and maintain sufficient books, records, documents, and other evidence necessary for the County and/or State to audit contract Performance and contract compliance. The Provider shall make these records available to the County and/or State or Federal, upon request, to evaluate the quality and quantity of services, accessibility and appropriateness of services, and to ensure fiscal accountability. Regardless of the location or ownership of such records, records shall be sufficient to determine the reasonableness, allowability, and allocation of cost incurred by the Provider. All records must be capable of verification by qualified auditors.
- B. In the event the Provider contracts with an audit firm, Provider shall include a clause in the contract to permit access by the County and/or State or Federal government to the working papers of the external independent auditor, and copies shall be made available as is reasonable and necessary.
- C. Provider shall keep adequate and sufficient financial records and statistical data to support the monthly, quarterly, and year-end documents filed with the County. Provider's records must be capable of verification by qualified auditors.
- D. Provider shall retain accounting records and supporting documents for a five-year period from the date the year-end cost settlement report was approved by the County for Interim Settlement. When an audit has been started before the expiration of the five-year period, the records shall be retained until completion of the audit and final resolution of all issues that arise in the audit pursuant to Title 9, CCR, §9535(e). Final settlement shall be made at the end of the audit and appeal process. If an audit has not begun within three years, the Interim Settlement shall be considered as the final settlement.
- E. Financial records shall be kept so that they clearly reflect the source of funding for each type of service for which reimbursement is claimed. These documents include, but are not limited to, all ledgers, books, vouchers, time sheets, payrolls, appointment schedules, client data cards, and schedules for allocating costs.
- F. The Provider shall follow the statutory requirements contained in the State Administrative Manual (SAM) as noted in Title 45 CFR, Part 96, Block Grants, Subpart C, Financial Management, §96.30, Fiscal and Administrative Requirements, which states in part, "Except where otherwise required by Federal law or regulation, a State shall obligate and expend block grant funds in accordance with the laws and procedures applicable to the obligation and expenditure of its own funds."

Section 40. FINANCIAL REPORTING.

- A. Provider shall provide financial information and/or records pertaining to Provider's agency including, but not limited to: audited financial statement from audit prepared in accordance with OMB Circular No. A-133 and performed by a qualified Certified Public Accountant (submitted annually to County within 30 days of Provider's receipt of financial statement); IRS form 990 and all supporting schedules (submit to County

within 30 days of filing); notice to County of any tax delinquency including but not limited to property, sales, income, and payroll taxes (submit to County within 10 days of receipt of notice or knowledge of delinquency). All financial information shall be submitted to Shasta County HHSA, Business and Support Services Branch, Attention: HHSA Fiscal Manager, P.O. Box 496005, Redding, CA 96049-6005. Provider shall provide additional financial information as requested by County within 30 days of receiving such request. Provider shall fully cooperate with County in providing any financial information and/or records requested by County concerning this agreement. This section shall survive the termination, expiration or cancellation of this agreement for the period of time necessary to submit all required financial reporting to County as prescribed herein

- B. Fiscal forms, are required in accordance with the County's drug and alcohol fiscal reporting system requirements. The Provider agrees to submit an **Exhibit B** with the original agreement and with each contract amendment.
- C. The Provider agrees to submit fiscal and billing information, as applicable, in accordance with the services as referenced in sections 2.A.2 and 2.A.3 and **Exhibit B**. Documentation shall include, but is not limited to:
 - 1. Monthly claims reflecting the number of services, type of service, multiplied by the rate as reflected in **Exhibit B**, pursuant to section 5.A.
 - 2. Rosters, indicating clients' attendance in dosing. Rosters shall be submitted on a monthly basis, along with invoice/claim for payment, in format of **Dosing Record, Exhibit F**, attached and incorporated herein.
 - 3. CalOMS Participant Records including Client admission, discharge and registration information, submitted monthly, no later than five days after the report month.
 - 4. DATAR to the State – monthly, no later than 10 days after the report month.
 - 5. National Survey of Substance Abuse Treatment Services – Annually to the State (If County has questions or Provider needs additional blank forms, contact Mathematical Policy Research, Inc. 1-888-324-8337).
 - 6. DMC Performance Reports: A DMC Performance Report ("Performance Report") must be submitted in a format prescribed by the DHCS for the purposes of Short Doyle Medi-Cal reimbursement of total costs for all programs. Provider shall report services under their approved legal entity number established during the DMC certification process.
 - a. Total units of service reported on the Performance Report will be compared to units of service entered by Provider into County's data system. Provider will be required to correct discrepancies and resubmit to County prior to County's final acceptance of the Performance Report.
- D. The Provider agrees by signing this agreement to submit data requested pursuant to this section in a manner identified or on forms provided by the County, and to submit data by the due dates.

Section 41. ANNUAL PERFORMANCE REPORT.

- A. Provider shall, during the term of this agreement, submit to County within 30 days of receipt of annual Performance Report Form from the County, or within 30 days of the termination, expiration or cancellation date of this agreement, an accurate and detailed Annual Cost Report and also a separate and complete financial statement in a format approved by County for the preceding County Fiscal Year. Annual Cost Report forms will be provided by County to Provider within 15 days of receipt by County of the DHCS Cost Report Forms and Instructions, or within 15 days of the termination, expiration or cancellation date of this agreement. The Annual Cost Report shall be submitted in accordance with the State fiscal reporting system.

B. Year End Expenditure Report.

1. For each Fiscal Year or portion thereof that this agreement is in effect, Provider shall provide County with one copy of an accurate and complete annual Performance Report, with a statement of expenses and Revenue. The annual Performance Report will be submitted in accordance with the instructions from County and shall be broken out into the respective Service Elements identified in **Exhibit B** within each legal entity. Such report shall be due within 60 days following the end of such Fiscal Year. In the event Provider ceases to do business, the final annual Performance Report will be due no later than 60 days following the effective date of business closure. The annual Performance Report shall be prepared by Provider in accordance with the requirements set forth in the State's Fiscal Reporting System requirements. Written guidelines may be provided to Provider by the County by July 31 following the Fiscal Year for which the annual Performance Report is to be prepared.
2. In the event that Provider is unable to complete the annual Performance Report by the date specified within this section, then Provider shall submit to the Director a written extension request giving good cause justification and a revised completion date. The Director will review each request and prepare a written response to be provided to Provider within ten days of receiving Provider's extension request.
3. If Provider fails to submit an accurate and complete annual Performance Report by such due date, then County may not, at the sole discretion of Director, make any further payments to Provider under this agreement until the accurate and complete annual Performance Report is submitted.
4. In the event that Provider does not submit an accurate and complete annual Performance Report by the following end of each Fiscal Year, then all amounts covered by the outstanding annual Performance Report and paid by County to Provider in the Fiscal Year for which the annual Performance Report is outstanding shall be due by Provider to County.

C. Adjustment and Final Settlement.

Based on the annual Performance Report submitted pursuant to section 41.B, at the end of each Fiscal Year or portion thereof that this agreement is in effect the final settlement shall be adjusted as follows:

1. Reimbursement - based on verification of State approved Units of Service at the lower of per capital, USDR rate or the Provider's usual and customary charge not to exceed maximum amount as shown in section 4.A, and in **Exhibit B**, provided that reimbursement for services shall be consistent with the amounts authorized by State law and State's Medicaid Plan not to exceed the USDR rate in effect at the time of service delivery.
2. Once submitted with signed Letter of Certification the annual Performance Report shall be considered "provider certified" as to expenses and Units of Service. County shall review Provider's annual Performance Report before submission to the State and may modify certain aspects of the report as required by the State and Federal law, the State's Drug and Alcohol Fiscal Reporting System requirements or this agreement. These modifications may include Units of Service, funding sources, and usual and customary charges. County shall not change expenses or total Units of Service unless instructed to do so by Provider.
3. Upon County approval, Provider's annual Performance Report shall be deemed as final and not subject to change except by audit exception, which may include units later disallowed during a County, State, and/or Federal audit. Provider shall notify County promptly in writing if at any time Provider becomes aware of errors in the submitted annual Performance Report. County shall notify Provider promptly in writing if at any time County becomes aware of errors in the submitted annual Performance Report.
4. Provider shall have 30 calendar days from receipt of notification of final settlement to appeal the settlement. All annual Performance Report appeals shall be handled in accordance with **DHCS Audit Appeals Process, Exhibit H**, attached and incorporated herein. The County's Provider Appeal Process may be obtained by contacting the County at the address and/or phone number as shown in section 21 of this agreement.

Section 42. ADDITIONAL REPORTS.

The Provider agrees to submit in accordance with HSC, §11758.12(d), information required by the County and/or State. The information shall include, but is not limited to, Utilization reports, compliance reports, financial reports, treatment and prevention services reports, demographic characteristics of service recipients, and data as required by County.

Section 43. PERSONNEL.

- A. If vacancies occur in any of Provider's staff that would reduce Provider's ability to perform any services under the agreement, Provider shall promptly notify Director of such vacancies.
- B. During the term of this agreement, Provider shall have available and shall provide upon request to County, a list of all persons by name, title, professional degree, and experience, who are providing any services under this agreement.

- C. Provider shall train and maintain appropriate supervision of all persons providing services under this agreement with particular emphasis on the supervision of para-professionals, interns, students, and volunteers. Provider shall be responsible for the training of all appropriate staff on the State's Drug and Alcohol/NTP Fiscal Reporting System requirements, and other policies and procedures that County may reasonably require.
- D. Provider shall furnish such qualified professional personnel as prescribed in Title 9 of the CCR for the type of services to be provided as set forth in section 2 of this agreement.
- E. Any counselor providing intake, assessment of need for services, treatment or recovery planning, individual or group counseling to participants, patients, or residents in a DHCS licensed or certified program is required to be certified according to Title 9, CCR, Division 4, Chapter 8.
- F. Provider shall ensure that at least 30% of staff providing counseling services shall be licensed or certified by State-approved certifying bodies.
- G. No part of any federal funds provided under this agreement shall be used by Provider to pay the salary of an individual in excess of the amount set by the Federal National Institute of Health.

Section 44. AGREEMENT SUPERVISION.

The Director shall be the County representative authorized and assigned to represent the interests of the County and to determine if the terms and conditions of this agreement are carried out.

Section 45. APPLICATION OF OTHER AGREEMENTS.

Provider and Provider's officers, agents, employees, and volunteers, and any of Provider's subcontractors shall comply with all terms and provisions imposed upon any subcontractor of County by the Substance Use Disorder Services Funding Agreement Number 17-94105 ("SUDS 17-94105") between the County of Shasta and DHCS, attached to this agreement and incorporated by this reference. Furthermore, Provider shall, as specifically applicable under SUDS 17-94105, comply with all of their obligations pursuant to the following numbered provisions of SUDS 17-94105 Exhibit D(F), section 5(j): 1, 2, 3, 4, 5, 6, 7, 8, 10, 11, 12, 13, 14, 17, 19, 20, 24, and 31 or other numbered provisions of SUDS 17-94106 Exhibit D(F) that are deemed applicable.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, County and Provider have executed this agreement on the dates set forth below. By their signatures below, each signatory represents that he/she has the authority to execute this agreement and to bind the Party on whose behalf his/her execution is made.

COUNTY OF SHASTA

Date: _____

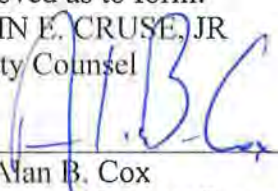
DAVID A. KEHOE, CHAIRMAN
Board of Supervisors
County of Shasta
State of California

ATTEST:


LAWRENCE G. LEES
Clerk of the Board of Supervisors

By: _____
Deputy

Approved as to form:
RUBIN E. CRUSE, JR.
County Counsel

By:  11/21/17
Alan B. Cox
Deputy County Counsel

RISK MANAGEMENT APPROVAL

By:  11/22/17
James Johnson
Risk Management Analyst

PROVIDER

Date: 11/28/17



Alex Dodd, President & CFO
Aegis Treatment Centers, LLC

Tax I.D.#: On File

Monitoring Checklist for NTP Provider

Program	Yes	No	Improvement needed
1. Is the program currently licensed and certified with the State Department of Alcohol and Drug Programs?			
2. Did this program assist beneficiaries in completing treatment plans utilizing the results of the ASI and client input?			
3. Did 50% of all discharged Behavioral Health beneficiaries successfully complete treatment?			
4. Did 75% of beneficiaries meet aftercare goals for three months?			
5. Have 50% of beneficiaries who have successfully completed treatment either gained employment, enrolled in an educational program, and/or involved in community service?			
6. Did this program call/contact BCDBH/probation if beneficiaries left treatment or were found to be under the influence of drugs and/or alcohol?			
7. Are agreed upon staffing levels maintained at all times?			
8. Are client satisfaction forms being completed, and reported in aggregate every 6 months?			
9. At discharge, did this agency contact Behavioral Health with ongoing recommendations for treatment and a discharge plan?			
10. Was a written treatment plan completed within the first ten days of treatment, and reviewed every 14 days?			
11. Was the contract agreed upon treatment activities, including group, individual, and case management delivered?			
12. Are status reports provided as requested for ongoing treatment and court compliance?			
13. Are all treatment groups provided at the residential certified site?			
14. Do the staff treatment counselors meet the contract agreed upon experience/certification requirements (2 years' experience & certified AOD counselor for day/evening shifts; 1 year experience & working toward certification for overnight [after 9 PM] staff)?			
Fiscal			
15. Is the year-end Performance Report submitted in complete form within 60 days after the close of the fiscal year?			
16. Are budgets and Performance Reports submitted as needed?			
17. Are billings submitted on a monthly basis for current Behavioral Health client caseloads with billing source identified and client treatment days listed on monthly roster?			
18. Are management staff attending meetings with BCDBH staff as needed to discuss fiscal and treatment issues?			
Comments:			

NTP Provider Service Summary Budget

Medication Unit Facility	
County:	Shasta
Provider:	Aegis Treatment Center, LLC
Medi-Cal Provider #:	TBD
Provider #:	TBD
NPI#:	1760922207
Taxonomy:	261QM2800X
Services Provided:	Daily Dose - Methadone

Comprehensive Facility	
County:	Butte
Provider:	Aegis Treatment Center, LLC
Medi-Cal Provider #:	498
Provider #:	40499
NPI#:	1497817183
Taxonomy:	261QM2800X
Services Provided:	Daily Dose – Methadone, and Individual Counseling

Unit of Service Rate	Provider Rate		
	*FY 2016-17 120 slots	FY 2017-18 150 slots	FY 2018-19 150 slots
Daily Dose – Methadone Non-Perinatal	\$11.95	\$13.11	\$13.11
Daily Dose – Methadone Perinatal	\$13.80	\$14.11	\$14.11
Individual Counseling @ 10 minutes Non-Perinatal	\$13.90	\$15.37	\$15.37
Individual Counseling @ 10 minutes Perinatal	\$18.43	\$16.39	\$16.39
Group Counseling @ 10 minutes Non-Perinatal	\$ 3.05	\$ 3.43	\$ 3.43
Group Counseling @ 10 minutes Perinatal	\$ 6.07	\$ 4.28	\$ 4.28
Proposed Number of Units of Service	Regular		
	*FY 2016-17	FY 2017-18	FY 2018-19
Daily Dose – Methadone	18,000	54,750	54,750
Individual Counseling @ 10 minutes	12,000	36,000	36,000
Group Counseling @ 10 minutes	0	0	0
Total Proposed Budget†	Regular		
	*FY 2016-17	FY 2017-18	FY 2018-19
Daily Dose – Methadone	\$216,765	\$720,509	\$720,509
Individual Counseling @ 10 minutes	169,518	\$555,156	\$555,156
Group Counseling @ 10 minutes	0	0	0
PROJECTION TOTALS	\$386,283	\$1,275,665	\$1,275,665

* FY 2016-17 represents a five-month fiscal year. Effective start date is February 1, 2017

† Assumes 5 percent Perinatal

Attestation Regarding Federally Funded Programs

In accordance with the Replacement Narcotic Therapy Services Agreement's Section 36 (PROVIDER'S EXCLUSION FROM PARTICIPATION IN A FEDERALLY FUNDED PROGRAM):


I, the undersigned certify that I am not presently excluded from participation in federally funded health care programs, nor is there an investigation presently pending or recently concluded of me which is likely to result in my exclusion from any federally funded health care program, nor am I otherwise likely to be found by a federal or state agency to be ineligible to provide goods or services under the federally funded health care programs.

I further certify as the official responsible for the administration of Aegis Treatment Centers, LLC., (hereinafter "Provider") that all of its officers, employees, agents and/or subcontractors are not presently excluded from participation in any federally funded health care programs, nor is there an investigation presently pending or recently concluded of any such officers, employees, agents and/or sub-contractors which is likely to result in an exclusion from any federally funded health care program, nor are any of its officers, employees, agents and/or sub-contractors otherwise likely to be found by a federal or state agency to be ineligible to provide goods or services under the federally funded health care programs.

I understand and certify that I will notify Director immediately, in writing of:

- Any event that would require Provider or any of its officers, employees, agents and/or sub-contractors exclusion or suspension under federally funded health care programs, or
- Any suspension or exclusionary action taken by an agency of the federal or state government against Provider, or one or more of its officers, employees, agents and/or sub-contractors, barring it or its officers, employees, agents and/or sub-contractors from providing goods or services for which federally funded healthcare program payment may be made.

Name and Title of authorized official Alex Dodd, President and CEO

Signature of authorized official  Date 11/28/17

Certification Regarding Lobbying

The undersigned certifies, to the best of his or her knowledge and belief, that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the making, awarding or entering into of this Federal contract, Federal grant, or cooperative agreement, and the extension, continuation, renewal, amendment, or modification of this Federal contract, grant, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency of the United States Government, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, or cooperative agreement, the undersigned shall complete and submit Standard Form LLL, "Disclosure of Lobbying Activities" in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontractors, subgrants, and contracts under grants and cooperative agreements) of \$100,000 or more, and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by §1352, Title 31, U.S.C., any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

Aegis Treatment Center, LLC

Name of Provider

Alex Dodd

Printed Name of Person Signing for Provider

2618-6-2017-01

Contract / Grant Number



Signature of Person Signing for Provider

11/28/17

Date

President / CEO

Title

Disclosure of Lobbying Activities

Complete this form to disclose lobbying activities pursuant to 31 U.S.C. 1352 0348-0046

1. Type of Federal Action: a. contract b. grant c. cooperative agreement d. loan e. loan guarantee f. loan insurance	2. Status of Federal Action: a. bid/offer/application b. initial award c. post-award	3. Report Type: a. initial filing b. material change For Material Change Only: Year _____ quarter _____ date of last report _____
4. Name and Address of Reporting Entity: Prime _____ Subawardee _____ Tier _____, if known: Congressional District, if known: _____		5. If Reporting Entity in No. 4 is a Subawardee, Enter Name and Address of Prime: Congressional District, if known: _____
6. Federal Department/Agency:	7. Federal Program Name/Description: CFDA Number, if applicable: _____	
8. Federal Action Number, if known:	9. Award Amount, if known: \$ _____	
10.a. Name and Address of Lobbying Registrant (if individual, last name, first name, MI):	b. Individuals Performing Services (including address if different from No. 10a) (Last name, First name, MI)	
11. Information requested through this form is authorized by title 31 U.S.C. section 1352. This disclosure of lobbying activities is a material representation of fact upon which reliance was placed by the tier above when this transaction was made or entered into. This disclosure is required pursuant to 31 U.S.C. 1352. This information will be available for public inspection. Any person who fails to file the required disclosure shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.	Signature: _____ Printed Name: _____ Title: _____ Telephone No.: _____ Date: _____	
Federal Use Only:		Authorized for Local Reproduction Standard Form LLL (Rev. 7-97)

Dosing Record

Elig County		SFC	20		26		Grand Total	
Butte (4)	Reg Pt		29	\$380.19	17	\$261.29	46	\$641.48
Total			29	\$380.19	17	\$261.29	46	\$641.48

ClaimId	ClientId	Pl County Id	Admit	Disch	Member #	DOB	Sex	SFC	Svc StartDate	Svc EndDate	Units	Billed Amt	Delay Code	Counselor
3393696	3603		11/01/13		97277562c	12/24/84	F	20	07/01/17	07/03/17	3	\$39.33		
3393699	3603		11/01/13		97277562c	12/24/84	F	20	07/05/17	07/14/17	10	\$131.10		
3393700	3603		11/01/13		97277562c	12/24/84	F	20	07/16/17	07/31/17	16	\$209.76		
3395017	3603		11/01/13		97277562c	12/24/84	F	26	07/07/17	07/07/17	2	\$30.74		Morton, Charlie
3395231	3603		11/01/13		97277562c	12/24/84	F	26	07/11/17	07/11/17	1	\$15.37		Allison, Cassandra
3395643	3603		11/01/13		97277562c	12/24/84	F	26	07/17/17	07/17/17	1	\$15.37		Allison, Cassandra
3395900	3603		11/01/13		97277562c	12/24/84	F	26	07/20/17	07/20/17	2	\$30.74		Allison, Cassandra
3396107	3603		11/01/13		97277562c	12/24/84	F	26	07/24/17	07/24/17	1	\$15.37		Allison, Cassandra
3396295	3603		11/01/13		97277562c	12/24/84	F	26	07/26/17	07/26/17	3	\$46.11		Borham, Melissa
3396387	3603		11/01/13		97277562c	12/24/84	F	26	07/27/17	07/27/17	5	\$76.85		Allison, Cassandra
3396471	3603		11/01/13		97277562c	12/24/84	F	26	07/28/17	07/28/17	2	\$30.74		Russ, Michael
300578														

Elig County		SFC	20		26		Grand Total	
Butte (4)	Reg Pt		28	\$367.08	15	\$230.55	43	\$597.63
Total			28	\$367.08	15	\$230.55	43	\$597.63

ClaimId	ClientId	Pl County Id	Admit	Disch	Member #	DOB	Sex	SFC	Svc StartDate	Svc EndDate	Units	Billed Amt	Delay Code	Counselor
3393680	3471		05/10/13		94367197a	08/24/89	F	20	07/01/17	07/07/17	7	\$91.77		
3393681	3471		05/10/13		94367197a	08/24/89	F	20	07/11/17	07/31/17	21	\$275.31		
3393235	3471		05/10/13		94367197a	08/24/89	F	26	07/11/17	07/11/17	8	\$92.22		Long, Tami
3395744	3471		05/10/13		94367197a	08/24/89	F	26	07/18/17	07/18/17	4	\$61.48		Long, Tami
3395235			0/13		94367197a	08/24/89	F	26	07/25/17	07/25/17	5	\$76.85		Long, Tami
298466														

Elig County		SFC	20		26		Grand Total	
Butte (4)	Reg Pt		31	\$406.41	12	\$184.44	43	\$590.85
Total			31	\$406.41	12	\$184.44	43	\$590.85

Shasta County Alcohol and Drug Consent for Treatment

I, _____, authorize Aegis Treatment Centers, LLC, to disclose to Shasta County Health and Human Services Agency/Mental Health and Alcohol and Drug Programs (SCMHADP) the following information:

- My Name, Address, City, State and Zip
- Insurance Coverage, if any
- Diagnosis and financial information
- Participation in treatment, including my opening/closing dates, California Outcome Measurement Service (CalOMS) information
- Daily Activity Log(s)

This sharing of information is for the purpose of coordinating services and billing third party payors, such as Medi-Cal, Blue Cross, Blue Shield, etc. I understand SCMHADP is an integrated mental health and substance use treatment program, which includes integrated record-keeping, treatment planning, and treatment provision. Staff providing substance use and/or mental health services will have access to my records to the extent it is required to effectively perform their jobs.

By signing below, I understand SCMHADP will know I am enrolled, or may have been enrolled, in substance abuse treatment services. We provide this information to SCMHADP for reimbursement purposes. SCMHADP are bound by federal and state confidentiality laws. They will not have access to my substance abuse treatment progress notes or other information related to my care and treatment, and my substance abuse treatment provider will not have access to my mental health treatment progress notes, except where otherwise required or permitted by law.

I must specifically authorize access to this information.

My alcohol and/or drug treatment records are protected by federal regulations governing Confidentiality of Alcohol and Drug Abuse Patient Records, 42 CFR Part 2, and by the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and cannot be disclosed without my written consent unless otherwise provided for in the regulations. I may revoke this consent at any time except to the extent that action has been taken in reliance on it, and that in any event this consent expires **one year** after the above information being initially shared with SCMHADP or on the following date: _____

Client/Guardian Signature: _____

Print Name: _____

Date: _____

DEPARTMENT OF HEALTH CARE SERVICES AUDIT APPEALS PROCESS

The Office of Administrative Hearings and Appeals (OAHA), provides an audit appeal process for the DHCS. This is the process used to appeal financial findings that involve Drug Medi-Cal (DMC) funds or both DMC and non-DMC funds.

An appeal may be filed with OAHA if a county or a direct service provider disagrees with any financial audit finding.

If an appeal is filed with OAHA, an informal review will be scheduled by OAHA to resolve the facts and issues in dispute. The results of the informal review will be provided to both Parties in the form of a written Report of Findings and will be considered as final unless a request for a formal hearing is filed with OAHA.

In formal hearings conducted by OAHA, a hearing officer will consider all pertinent legal issues through oral and written testimony of the Parties. Subsequently, a proposed decision by the hearing officer will be issued for consideration and approval of the Director of DHCS.

The following process is required to initiate an appeal process:

1. A written notice of disagreement must be received by the Department within 60 calendar days from the day you receive this letter. A copy of this notice should be sent to:

United States Postal Service (USPS)

Assistant Chief Counsel
Department of Health Care Services
Office of Legal Services
MS 0010
PO Box 997413
Sacramento, CA 95899

Courier (UPS, FedEx, etc.)

Assistant Chief Counsel
Department of Health Care Services
Office of Legal Services
MS 0010
1501 Capitol Avenue, Suite 71.5001
Sacramento, CA 95814
(916) 440-7700

2. The notice (referred to as a Statement of Disputed Issues) need not be formal, but it must be specific as to the issues in dispute, stating the specific grounds upon which objection to the specific item is based, and the estimated amount each issue involves.
3. The notice may incorporate by reference or paraphrase written disputes submitted to the county by a subrecipient/provider audited by DHCS. If incorporated by reference, a copy of the subrecipient/provider's written disputes should be attached.
4. The notice must be signed by an individual with the authority to represent the county or direct service provider, and the mailing address of that individual must be identified.
5. The Audit Appeals Coordinator will be responsible for further arrangements after receipt of the request.
6. A written Notice of Hearing of the time and place of the appeal proceedings will be mailed to each Party at least 30 calendar days before the date of these proceedings.

ADDENDUM TO CONTRACT/AGREEMENT
(HIPAA Business Associate Agreement)
(Revised 5/9/13)

This Addendum is attached to, and incorporated into the agreement for the purposes of daily dose of methadone and individual counseling services ("Replacement Narcotic Therapy Services"), between the County of Shasta and Aegis Treatment Centers, LLC., effective the date of the agreement.

Definitions.

All terms and phrases used, but not otherwise defined in this Addendum, shall have the same meaning as those terms are defined in 45 CFR, subtitle A, subchapter C, parts 160 and 164. All section references in this Addendum are to Title 45 of the CFR unless otherwise specified.

- a) *Business Associate.* "Business Associate" shall mean the party with whom County of Shasta is contracting, as referenced above.
- b) *Underlying Agreement.* "Underlying Agreement" shall mean the agreement or contract between the County of Shasta and the Business Associate, to which this Addendum is attached and incorporated.
- c) *Covered Entity.* "Covered Entity" shall mean the covered components of the County of Shasta hybrid entity which are subject to the standards for privacy and security of Title 45, CFR, subchapter C, Parts 160 and 164.

Obligations and Activities of Business Associate.

Business Associate shall:

- a) Not use or disclose Protected Health Information (PHI), or Electronic Protected Health Information (EPHI), other than as permitted or required by this Addendum or as required by law.
- b) Use appropriate safeguards and comply with Subpart C of Title 45, CFR, Part 164 with respect to EPHI, to prevent use or disclosure of PHI or EPHI other than as provided for by this Addendum and the Underlying Agreement.
- c) If a pattern of activity or practice of an agent, including a subcontractor, constitutes a material breach or violation of the requirements of this Addendum and/or the Underlying Agreement, cure the breach or end the violation, as applicable, and if such steps are unsuccessful, terminate the subcontract or other agreement.

- d) Report, as soon as reasonably practicable, to Covered Entity's Privacy and or Security Officer any use or disclosure of PHI or EPHI not provided for by this Addendum and/or the Underlying Agreement of which it becomes aware, including breaches of unsecured PHI as required in Section 164.410. This report will include at least the following information: (a) the nature of the non-permitted or violating use or disclosure or Security Incident; and (b) the PHI and EPHI used or disclosed. This does not relieve Business Associate of his/her/their continuing obligations under the agreement or any State or Federal reporting requirements.
- e) Ensure that any agent, including a subcontractor, to whom it provides PHI or EPHI received from, or created or received by Business Associate on behalf of Covered Entity, agrees to the same restrictions and conditions that apply through this Addendum and the Underlying Agreement to Business Associate with respect to such information.
- f) Provide access, at the request of Covered Entity, and in the time and manner designated by Covered Entity, to PHI and EPHI information in a designated record set, to Covered Entity or, as directed by Covered Entity, to an individual in order to meet the requirements under Section 164.524.
- g) Make any amendment(s) to PHI and EPHI in a designated record set that the Covered Entity directs or agrees to make pursuant to Section 164.526 at the request of Covered Entity or an individual, and in the time and manner designated by Covered Entity.
- h) Make internal practices, books, and records, including policies and procedures and PHI and EPHI, relating to the use and disclosure of PHI and EPHI received from, or created or received by Business Associate on behalf of, Covered Entity available to the Covered Entity, or to the Secretary (i.e., the Secretary of Health and Human Services [HHS], or to any officer or employee of HHS to the authority involved has been delegated), in a time and manner designated by the Covered Entity or the Secretary, for purposes of the Secretary determining Covered Entity's compliance with the law.
- i) Document disclosures of PHI and EPHI and information related to such disclosures as would be required for Covered Entity to respond to a request by an individual for an accounting of disclosures in accordance with Section 164.528.
- j) Provide to Covered Entity or an individual, in the time and manner designated by Covered Entity, information collected of disclosures of PHI and EPHI, to permit Covered Entity to respond to a request by an individual for an accounting of disclosures in accordance with Section 164.528.
- k) Implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of PHI and EPHI that it creates, receives, maintains, or transmits on behalf of the Covered Entity, as required by law. In addition, Business Associate shall ensure that any agent, including a subcontractor, to whom it provides PHI or EPHI agrees to implement reasonable and appropriate safeguards to protect it.

- l) Ensure that all employees of Business Associate that handle or access PHI or EPHI undergo annual training regarding the safeguarding of PHI and EPHI.
- m) To the extent Business Associate is to carry out one or more of Covered Entity's obligation(s) under Subpart E of Title 45, CFR, Part 164, comply with the requirements of Subpart E that apply to Covered Entity in the performance of such obligations.

Permitted Uses and Disclosures by Business Associate.

Except as otherwise limited in this Addendum and the Underlying Agreement, Business Associate may use or disclose PHI and EPHI to perform functions, activities, or services for, or on behalf of, Covered Entity as specified in the Underlying Agreement, provided that such use or disclosure would not violate the law if done by Covered Entity or the minimum necessary policies and procedures of the Covered Entity.

Obligations of Covered Entity.

- a) Covered Entity shall notify Business Associate of any limitation(s) in its notice of privacy practices of Covered Entity in accordance with Section 164.520, to the extent that such limitation(s) may affect Business Associate's use or disclosure of PHI and EPHI.
- b) Covered Entity shall notify Business Associate of any changes in, or revocation of, permission by Individual to use or disclose PHI and EPHI, to the extent that such changes may affect Business Associate's use or disclosure of PHI and EPHI.
- c) Covered Entity shall notify Business Associate of any restriction to the use or disclosure of PHI and EPHI that Covered Entity has agreed to in accordance with Section 164.522, to the extent that such restriction may affect Business Associate's use or disclosure of PHI and EPHI.

Permissible Requests by Covered Entity.

Covered Entity shall not request Business Associate to use or disclose PHI and EPHI in any manner that would not be permissible under the law if done by Covered Entity.

Term and Termination.

The provisions of this Addendum shall supersede the provisions of the Underlying Agreement insofar as they relate to the term and termination of the Underlying Agreement.

- a) Term. The provisions of this Addendum shall be effective as of the Effective Date of the Underlying Agreement and shall terminate when all of the PHI and EPHI provided by Covered Entity to Business Associate, or created or received by Business Associate on behalf of Covered Entity, is destroyed or returned to Covered Entity or, if it is infeasible to

return or destroy, protections are extended to such information, in accordance with the termination provisions in this Addendum.

- b) Termination for Cause. Upon County of Shasta's knowledge of a material breach by Business Associate of the provisions of this Addendum, County of Shasta may terminate this Addendum and the Underlying Agreement immediately upon oral notice.
- c) Effect of Termination.
 - 1. Except as provided in paragraph (2) of this provision, upon termination of this Addendum and the Underlying Agreement, for any reason, Business Associate shall return or destroy, in a confidential manner, all PHI and EPHI received from Covered Entity, or created or received by Business Associate on behalf of Covered Entity. This provision shall apply to PHI and EPHI that is in the possession of subcontractors or agents of Business Associate. Business Associate shall retain no copies of said PHI and EPHI.
 - 2. In the event that Business Associate determines that returning or destroying the PHI and EPHI is infeasible, Business Associate shall provide to Covered Entity notification of the conditions that make return or destruction infeasible. Upon the agreement of Covered Entity that return or destruction is infeasible, Business Associate shall extend the protections of this Addendum to such PHI and EPHI and limit further uses and disclosures to those purposes that make the return or destruction infeasible, for so long as Business Associate maintains such PHI and EPHI.

Miscellaneous

- a) Amendment. The Parties agree to take such action as is necessary to amend this Addendum and the Underlying Agreement from time to time as is necessary for Covered Entity to comply with the requirements of the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191, and the regulations enacted pursuant thereto. Any such amendment may be signed on behalf of the County of Shasta by the County Executive Officer, or his or her designee(s).
- b) Survival. The respective rights and obligations of Business Associate under the provision of this Addendum entitled "Effect of Termination" shall survive the termination of the Underlying Agreement.

Interpretation. Any ambiguity in this Addendum and the Underlying Agreement shall be resolved to permit Covered Entity to comply with the Privacy Rule.

STATE OF CALIFORNIA
STANDARD AGREEMENT
STD 213_DHCS (Rev. 06/16)

REGISTRATION NUMBER

AGREEMENT NUMBER

17-94105

1. This Agreement is entered into between the State Agency and the Contractor named below:

STATE AGENCY'S NAME

(Also known as DHCS, CDHS, DHS or the State)

Department of Health Care Services

CONTRACTOR'S NAME

(Also referred to as Contractor)

County of Shasta

2. The term of this Agreement is: July 1, 2017
through June 30, 2020

3. The maximum amount of this Agreement is: \$ 4,669,851
Four Million, Six Hundred Sixty-Nine Thousand, Eight Hundred Fifty-One Dollars

4. The parties agree to comply with the terms and conditions of the following exhibits, which are by this reference made a part of this Agreement.

Exhibit A – Scope of Work

2 pages

Exhibit A, Attachment I – Program Specifications

25 pages

Exhibit B – Budget Detail and Payment Provisions

13 pages

Exhibit B, Attachment I – Funding Amounts

1 page

Exhibit C * – General Terms and Conditions

GTC 04/2017

Exhibit D (F) – Special Terms and Conditions

26 pages

Exhibit E – Additional Provisions

4 pages

Exhibit F – Privacy and Information Security Provisions

28 pages

Exhibit F, Attachment I – Social Security Administration Agreement

101 pages

APPROVED AS TO FORM
SHASTA COUNTY COUNSEL

RISK MANAGEMENT APPROVAL

BY:

[Signature] 11/22/17
James Johnson

Risk Management Analyst

IT Approved:

[Signature] 11-22-2017
Thomas Schreiber, CIO

[Signature] 11/21/17
Alan B. Cox
Deputy County Counsel

Items shown above with an Asterisk (*), are hereby incorporated by reference and made part of this agreement as if attached hereto.
These documents can be viewed at <http://www.dgs.ca.gov/ols/Resources/StandardContractLanguage.aspx>.

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

CONTRACTOR

CONTRACTOR'S NAME (if other than an individual, state whether a corporation, partnership, etc.)

County of Shasta

BY (Authorized Signature)

[Signature]

DATE SIGNED (Do not type)

PRINTED NAME AND TITLE OF PERSON SIGNING

David A. Kehoe, Chairman, Board of Supervisors

ADDRESS

P.O. Box 496005
Redding, CA 96049-6005

STATE OF CALIFORNIA

AGENCY NAME

Department of Health Care Services

BY (Authorized Signature)

[Signature]

DATE SIGNED (Do not type)

PRINTED NAME AND TITLE OF PERSON SIGNING

Don Rodriguez, Chief, Contract Management Unit

ADDRESS

1501 Capitol Avenue, Suite 71.2048, MS 1400, P.O. Box 997413,
Sacramento, CA 95899-7413

*California Department of
General Services Use Only*

☒ Exempt per: DGS memo dated
07/10/96 and Welfare and Institutions
Code 14087.4

**Exhibit A
Scope of Work**

1. Service Overview

Contractor agrees to provide to the California Department of Health Care Services (DHCS) the services described herein.

DHCS and the Contractor enter into this contract pursuant to Section 14124.21 of the Welfare and Institutions Code (hereinafter referred to as W&I Code), and section 11772 of the Health and Safety Code (hereinafter referred to as HSC), DHCS and the Contractor identified in the Standard Agreement are the only parties to this Contract. This Contract is not intended, nor shall it be construed, to confer rights on any third party.

DHCS and the Contractor enter into this contract for the purpose of identifying and providing for covered Drug Medi-Cal services for substance use treatment in the Contractor's service area pursuant to Sections 11848.5(a) and (b) of the HSC, Sections 14021.51 – 14021.53, and 14124.20 – 14124.25 of the W&I Code, and Title 22 of the California Code of Regulations (hereinafter referred to as Title 22), Sections 51341.1, 51490.1, and 51516.1.

The objective is to make substance use treatment services available to Medi-Cal beneficiaries through utilization of federal and state funds available pursuant to Title XIX and Title XXI of the Social Security Act for reimbursable covered services rendered by certified DMC providers.

2. Service Location

The services shall be performed at applicable Drug Medi-Cal certified facilities in the County of Shasta.

3. Service Hours

The services shall be provided during the working hours and days as defined by the Contractor.

4. Project Representatives

A. The project representatives during the term of this Contract will be:

Department of Health Care Services	County of Shasta
Contract/Grant Manager: Sandy Yien Telephone: (916) 327-2757 Fax: (916) 322-1176 Email: Sandy.Yien@dhcs.ca.gov	Donnell Ewert, MPH, Director of Mental Health Telephone: (530) 245-6269 Fax: (530) 225-5903

**Exhibit A
Scope of Work**

B. Direct all inquiries to:

Department of Health Care Services	County of Shasta
Department of Health Care Services SUD PPFD - PSGMB Attention: Robert Strom Mail Station Code 2624 P.O. Box 997413 Sacramento, CA, 95899-7777 Telephone: (916) 327-2701 Fax: (916) 323-1176 Email: Robert.Strom@dhcs.ca.gov	Shasta Behavioral Health Care Services Attention: Donnell Ewert, MPH, Director of Mental Health P.O. Box 496005 Redding, CA 96001 Telephone: (530) 245-6269 Fax: (530) 225-5903

C. Either party may make changes to the information above by giving written notice to the other party. Said changes shall not require an amendment to this Contract.

5. Americans with Disabilities Act

Contractor agrees to ensure that deliverables developed and produced, pursuant to this Contract shall comply with the accessibility requirements of Section 508 of the Rehabilitation Act and the Americans with Disabilities Act of 1973 as amended (29 U.S.C. § 794 (d), and regulations implementing that act as set forth in Part 1194 of Title 36 of the Federal Code of Regulations. In 1998, Congress amended the Rehabilitation Act of 1973 to require Federal agencies to make their electronic and information technology (EIT) accessible to people with disabilities. California Government Code section 11135 codifies section 508 of the Act requiring accessibility of electronic and information technology.

6. See Exhibit A, Attachment I, for a detailed description of the services to be performed.

**Exhibit A, Attachment I
Program Specifications**

Part I: Drug Medi-Cal Treatment Program Substance Use Disorder Services

Section 1: Formation and Purpose

- A. This Exhibit A, Attachment I, Part I of the Contract is entered into by and between the Department of Health Care Services (DHCS) and the Contractor for the purpose of identifying and providing for covered Drug Medi-Cal (DMC) services for Substance Use Disorder (SUD) treatment in the Contractor's service area pursuant to Sections 11848.5(a) and (b) of the Health and Safety Code (hereinafter referred to as HSC), Sections 14021.51 – 14021.53, and 14124.20 – 14124.25 of the Welfare & Institution Code (hereinafter referred to as W&I Code), and Title 22 of the California Code of Regulations (hereinafter referred to as Title 22), Sections 51341.1, 51490.1, and 51516.1.
- B. It is further agreed this Contract is controlled by applicable provisions of: (a) the W&I Code, Chapter 7, Sections 14000, et seq., in particular, but not limited to, Sections 14100.2, 14021, 14021.5, 14021.6, 14043, et seq., (b) Title 22, including but not limited to Sections 51490.1, 51341.1 and 51516.1; and (c) Division 4 of Title 9 of the California Code of Regulations (hereinafter referred to as Title 9).
- C. It is understood and agreed that nothing contained in this Contract shall be construed to impair the single state agency authority of DHCS.
- D. The objective of this Contract is to make SUD treatment services available to Medi-Cal beneficiaries through utilization of federal and state funds available pursuant to Title XIX or Title XXI of the Social Security Act for reimbursable covered services rendered by certified DMC providers.

Section 2: Covered Services

- A. Covered Services
 - 1. Contractor shall establish assessment and referral procedures and shall arrange, provide, or subcontract for covered services in the Contractor's service area. Covered services include:
 - a) Outpatient drug-free treatment
 - b) Narcotic replacement therapy
 - c) Naltrexone treatment
 - d) Intensive Outpatient Treatment
 - e) Perinatal Residential Substance Abuse Services (excluding room and board)
 - 2. In accordance with W&I Code, Section 14124.22, in addition to Narcotic Treatment Program (NTP) services, an NTP provider that is also enrolled as a Medi-Cal provider may provide medically necessary treatment of concurrent health conditions within the scope of the provider's practice, to Medi-Cal beneficiaries who are not enrolled in managed care plans. Medi-Cal beneficiaries enrolled in managed care plans shall be referred to those

**Exhibit A, Attachment I
Program Specifications**

plans for receipt of medically necessary medical treatment of concurrent health conditions.

Diagnosis and treatment of concurrent health conditions of Medi-Cal beneficiaries not enrolled in managed care plans by a NTP provider may be provided within the Medi-Cal coverage limits. When the services are not part of the SUD treatment reimbursed pursuant to W&I Code, Section 14021.51, services shall be reimbursed in accordance with the Medi-Cal program. Services reimbursable under this section shall include, but not limited to, all of the following:

- a) Medical treatment visits
- b) Diagnostic blood, urine, and X-rays
- c) Psychological and psychiatric tests and services
- d) Quantitative blood and urine toxicology assays
- e) Medical supplies

An NTP provider, enrolled as a Medi-Cal fee-for-service provider, shall not seek reimbursement from a beneficiary for substance abuse treatment services, if services for treatment of concurrent health conditions are billed to the Medi-Cal fee-for-service program.

- 3. In the event of a conflict between the definition of services contained in this Section of the Contract, and the definition of services in Title 22, Sections 51341.1, 51490.1, and 51516.1, the provisions of Title 22 shall govern.
- 4. Contractor, to the extent applicable, shall comply with "Sobky v. Smoley" (Document 2A), 855 F. Supp. 1123 (E.D. Cal 1994), incorporated by this reference.
- 5. Contractor shall comply with federal and state mandates to provide alcohol and other drug treatment services deemed medically necessary for Medi-Cal eligible: (1) pregnant and postpartum women and (2) youth under age 21 who are eligible under the Early and Periodic Screening, Diagnostic and Treatment (EPSDT) Program.
 - a) If DMC services are provided to minor consent beneficiaries, Contractor shall comply with California Family Code Section 6929, and Title 22, Sections 50147.1, 50030, 50063.5, 50157(f)(3), 50167(a)(6)(D), and 50195(d).

B. Access to Services

- 1. Subject to DHCS provider enrollment certification requirements, Contractor shall maintain continuous availability and accessibility of covered services and facilities, service sites, and personnel to provide the covered services through use of DMC-certified providers. Such services shall not be limited due to budgetary constraints.
 - a) When a request for covered services is made by a beneficiary, Contractor shall require services to be initiated with reasonable promptness. Contractor shall have a documented system for monitoring and evaluating accessibility of care, including a system for addressing problems that develop regarding waiting times and appointments.

**Exhibit A, Attachment I
Program Specifications**

- b) Contractor shall authorize residential services in accordance with the medical necessity criteria specified in Title 22, Section 51303 and the coverage provisions of the approved state Medi-Cal Plan. Room and board are not reimbursable DMC services. If services are denied, the provider shall inform the beneficiary in accordance with Title 22, Section 51341.1 (p).
 - c) Contractor shall require that treatment programs are accessible to people with disabilities in accordance with Title 45, Code of Federal Regulations (hereinafter referred to as CFR), Part 84 and the Americans with Disabilities Act.
 - 2. Covered services, whether provided directly by the Contractor or through subcontractors with DMC certified and enrolled programs, shall be provided to beneficiaries without regard to the beneficiaries' county of residence.
 - 3. The failure of the Contractor, or its subcontractors, to comply with Section B of this Part will be deemed a breach of this Contract sufficient to terminate this Contract for cause. In the event the Contract is terminated, the provision of this Exhibit A, Attachment I, Part II, Section B, shall apply.
- C. Payment for Services
- 1. DHCS shall make the appropriate payments set forth in Exhibit B and take all available steps to secure and pay Federal Financial Participation Funds (FFP) and State General Funds (SGF) to the Contractor, once DHCS receives FFP and SGF, for claims submitted by the Contractor. DHCS shall notify Contractor and allow Contractor an opportunity to comment to DHCS when questions are posed by Centers for Medicare and Medicaid Services (CMS), or when there is a federal deferral, withholding, or disallowance with respect to claims made by the Contractor.
 - 2. Contractor shall amend its subcontracts for covered services in order to provide sufficient funds to match allowable Federal Medicaid reimbursements for any increase in provider DMC services to beneficiaries.
 - 3. In the event that the Contractor fails to provide covered services in accordance with the provisions of this Contract, at the discretion of DHCS, Contractor may be required to forfeit its county realignment funds pursuant to Government Code Section 30027.10 (a) through (d) from the Behavioral Health Subaccount that is set aside for DMC services and surrender its authority to function as the administrator of covered services in its service area.
 - 4. Contractor shall require all subcontractors to comply with 45 CFR 162.410(a)(1) for any subpart that would be a covered health care provider if it were a separate legal entity. For purposes of this paragraph, a covered health care provider shall have the same definition as set forth in 45 CFR 160.103. DHCS shall make payments for covered services only if Contractor is in compliance with federal regulations.

Section 3: Drug Medi-Cal Certification and Continued Certification

- A. DMC Certification and Enrollment
- 1. DHCS will certify eligible providers to participate in the DMC program.

**Exhibit A, Attachment I
Program Specifications**

2. DHCS shall certify any county operated or non-governmental providers. This certification shall be performed prior to the date on which the Contractor begins to deliver services under this Contract at these sites.
3. The Contractor shall require that providers of perinatal DMC services are properly certified to provide these services and comply with the requirements contained in Title 22, Section 51341.1, Services for Pregnant and Postpartum Women.
4. Contractor shall require all the subcontracted providers of services to be licensed, registered, DMC certified and/or approved in accordance with applicable laws and regulations. The Contractor's subcontracts shall require that providers comply with the following regulations and guidelines:
 - a) Title 21, CFR Part 1300, et seq., Title 42, CFR, Part 8
 - b) Title 22, CCR, Sections 51341.1, 51490.1, and 51516.1, (Document 2C)
 - c) Minimum Quality Treatment Standards, (Document 2F(a))
 - d) Title 9, CCR, Division 4, Chapter 4, Subchapter 1, Sections 10000, et seq
 - e) Title 22, CCR, Division 3, Chapter 3, sections 51000 et. seq.

In the event of conflicts, the provisions of Title 22 shall control if they are more stringent.

5. Contractor shall notify Provider Enrollment Division (PED) of an addition or change of information in a provider's pending DMC certification application within 35 days of receiving notification from the provider. The Contractor must ensure that a new DMC certification application is submitted to PED reflecting the change.
6. Contractor is responsible for ensuring that any reduction of covered services or relocations by providers are not implemented until approval is issued by DHCS. Within 35 days of receiving notification of a provider's intent to reduce covered services or relocate, the Contractor shall submit, or require the provider to submit, a DMC certification application to PED. The DMC certification application must be submitted to PED 60 days prior to the desired effective date of the reduction of covered services or relocation.
7. If, at any time, a subcontractor's license, registration, certification, or approval to operate a substance use treatment program or provide a covered service is revoked, suspended, modified, or not renewed by entities other than DHCS, the Contractor must notify DHCS Program Support and Grants Management Branch by e-mail at DHCSMPF@dhcs.ca.gov within two business days of learning of the revocation, suspension, modification, or non-renewal.
 - a) A provider's certification to participate in the DMC program shall automatically terminate in the event that the provider or its owners, officers or directors are convicted of Medi-Cal fraud, abuse or malfeasance. For purposes of this section, a conviction shall include a plea of guilty or nolo contendere.

**Exhibit A, Attachment I
Program Specifications**

B. Continued Certification

1. All DMC certified providers shall be subject to continuing certification requirements at least once every five years.
2. DHCS may allow the provider to continue delivering covered services to beneficiaries at a site subject to on-site review by DHCS as part of the recertification process prior to the date of the on-site review, provided the site is operational, the certification remains valid, and has all required fire clearances.
3. DHCS will conduct recertification on-site visits at clinics for circumstances identified in W&I Code, Sections 14043.37, 14043.4, and 14043.7.

Section 4: Monitoring

A. State Monitoring

1. DHCS Monitoring Reviews and Financial Audits of Contractor

DHCS shall monitor the Contractor's operations for compliance with the provisions of this Contract, and applicable federal and state law and regulations. Such monitoring activities shall include, but not be limited to, inspection and auditing of Contractor services, management systems and procedures, and books and records, as DHCS deems appropriate, at any time during the Contractor's or facility's normal business hours. When monitoring activities identify areas of non-compliance, DHCS shall issue reports to the Contractor detailing findings, recommendations, and corrective action.

2. Postservice Postpayment Utilization Reviews

- a) After the DMC services have been rendered and paid, DHCS shall conduct Postservice Postpayment (PSPP) Utilization Reviews of the subcontracted DMC providers to determine whether the DMC services were provided in accordance with Title 22, Section 51341.1. Any claimed DMC service may be reviewed for compliance with all applicable standards, regulations and program coverage after services are rendered and the claim paid.
- b) DHCS shall issue the PSPP report to the Contractor with a copy to any subcontracted DMC provider. The Contractor shall be responsible for ensuring their subcontracted providers and county-run program's deficiencies are remediated pursuant to Sections 1 and 2 herein. The Contractor shall attest the deficiencies have been remediated and are complete, pursuant to Section 4(A), Paragraph (c), herein.
- c) DHCS shall take appropriate steps in accordance with Title 22, CCR, Section 51341.1 to recover payments made if subsequent investigation uncovers evidence that the claim(s) should not have been paid or that DMC services have been improperly utilized, and/or shall take the corrective action as appropriate. If programmatic or fiscal deficiencies are identified, the provider shall be required to submit a Corrective Action Plan (CAP) to the Contractor for review and approval prior to submission to DHCS for final approval.

**Exhibit A, Attachment I
Program Specifications**

- i. Pursuant to CCR, Title 22, Section 51341.1(o), all deficiencies identified by the PSPP review, whether or not a recovery of funds results, shall be corrected and the entity that provided the services shall submit a Contractor-approved CAP to the PSPP Unit within 60 days of the date of the PSPP report.

1) The plan shall:

- a. Address each demand for recovery of payment and/or programmatic deficiency
- b. Provide a specific description of how the deficiency shall be corrected
- c. Specify the date of implementation of the corrective action
- d. Identify who will be responsible for correction and who will be responsible for on-going compliance

- 2) DHCS will provide written approval of the CAP to the Contractor with a copy to the provider. If DHCS does not approve the CAP, DHCS will provide guidance on the deficient areas and request an updated CAP from the Contractor with a copy to the provider. The entity that provided the services must submit an updated CAP to the DMC PSPP Unit within 30 days of notification.

If the entity that provided the services, does not submit a CAP, or, does not implement the approved CAP provisions within the designated timeline, then DHCS may withhold funds from the Contractor until the entity that provided the services is in compliance with Exhibit A, Attachment I, Part I, Section 4(A)(2). DHCS shall inform the Contractor when funds will be withheld.

- d) Contractor and/or subcontractor may appeal DMC dispositions concerning demands for recovery of payment and/or programmatic deficiencies of specific claims. Such appeals shall be handled pursuant to Title 22, CCR, Section 51341.1(q). This section shall not apply to those grievances or complaints arising from the financial findings of an audit or examination made by or on behalf of DHCS pursuant to Exhibit B, Part III, Section 2, of this Contract.
- e) DHCS shall monitor the subcontractor's compliance with PSPP utilization review requirements in accordance with Title 22. Contractor shall also monitor the subcontractor's compliance in accordance with Section 4, Paragraph (A)(2), of this Contract. The federal government may also review the existence and effectiveness of DHCS's utilization review system.
- f) Contractor shall implement and maintain compliance with the system of review described in Title 22, Section 51341.1(k), for the purposes of reviewing the utilization, quality, and appropriateness of covered services and ensuring that all applicable Medi-Cal requirements are met.
- g) Contractor shall assure that subcontractor sites keep a record of the clients/patients being treated at each location. Contractor shall retain client records for a minimum of three years after the completion of the final settlement process. When an audit by the

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Federal Government or DHCS has been started before the expiration of the three-year period, the client records shall be maintained until completion of the audit and the final resolution of all issues as a result of the audit.

3. Training

- a) Contractor shall ensure subcontractors receive training on the requirements of Title 22 regulations and DMC program requirements at least annually from either DHCS's SUD Program, Policy and Fiscal Division (SUD PPFD) or the Contractor. Documented attendance of annual trainings offered by DHCS shall suffice to meet the requirements of this provision. Contractor shall report compliance to DHCS' e-mail address SUDCOUNTYREPORTS@dhcs.ca.gov annually as part of the DHCS Contractor monitoring process.
- b) Contractor may request additional technical assistance or training from SUD PPFD on an ad hoc basis.

B. Contractor Monitoring

- 1. Program Integrity: Contractor is responsible for ensuring program integrity of its services and its subcontracted providers through a system of oversight, which shall include at least the following:

- a) Compliance with state and federal law and regulations, including, but not limited to, 42 CFR 433.32, 42 CFR 433.51, 42 CFR 431.800 et. seq., 42 CFR 440.230, 42 CFR 440.260, 42 CFR 455 et. seq., 42 CFR 456 et. seq., 42 CFR 456.23, 22 CCR 51490, 22 CCR 51490.1, 22 CCR 51341.1, 22 CCR 51159, WIC 14124.1, WIC 14124.2, 42 CFR 438.320, 42 CFR 438.416, 42 CFR 438.10, and 42 CFR 438.206.
- b) Contractor shall conduct, at least annually, a utilization review of DMC providers to assure covered services are being appropriately rendered. The annual review must include an on-site visit of the service provider. Reports of the annual review shall be provided to DHCS's Performance Management Branch at:

Substance Use Disorders Program, Policy and Fiscal Division,
Performance Management Branch
Department of Health Care Services
PO Box 997413, MS-2621
Sacramento, CA 95899-7413:

Or by secure, encrypted email to: SUDCountyReports@dhcs.ca.gov

Review reports shall be provided to DHCS within 2 weeks of completion by the Contractor.

Technical assistance is available to counties from DHCS SUD PPFD.

- c) Contractor shall ensure that Drug and Alcohol Treatment Access Report (DATAR) submissions, detailed in Part III, Paragraph E of this contract are complied with by all treatment providers and subcontracted treatment providers. Contractor shall attest that

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each subcontracted provider is enrolled in DATAR at the time of execution of the subcontract.

- d) Contractor must monitor and attest compliance and/or completion by providers with CAP requirements (detailed in Section 4, Paragraph (A)(2)(c)) of this Exhibit as required by any PSPP review. Contractor shall attest to DHCS, using the form developed by DHCS that the requirements in the CAP have been completed by the Contractor and/or the provider. Submission of DHCS Form 8049, as identified in this section, by Contractor must be accomplished within the timeline specified in the approved CAP, as noted by DHCS.
- e) Contractor shall certify the DMC claims submitted to DHCS represent expenditures eligible for FFP and attest that the submitted claims have been subject to review and verification process for accuracy and legitimacy (42 CFR 430.30, 433.32, and 433.51). Contractor shall not knowingly submit claims for services rendered to any beneficiary after the beneficiary's date of death, or from uncertified or decertified providers.

2. Training to DMC Subcontractors

- a) Contractor shall ensure that all subcontractors receive training on the requirements of Title 22 regulations and DMC requirements at least annually. Documented attendance of any subcontracted provider at the annual trainings offered by DHCS (specified in Section 4, paragraph (A)(3) of this Contract) shall suffice to meet the requirements of this provision. Contractor shall report compliance with this section to DHCS annually as part of the DHCS County monitoring process.

3. Monthly Monitoring

- a) Contractor shall check the status of all providers monthly to ensure that they are continuing active participation in the DMC program. Any subcontracted provider that surrenders its certification or closes its facility must be reported by the Contractor to DHCSMPF@dhcs.ca.gov within two business days of notification or discovery.
- b) During the monthly status check, the Contractor shall monitor for a triggering recertification event (change in ownership, change in scope of services, remodeling of facility, or change in location) and report any triggering events to DHCS' County Monitoring Unit within two business days of notification or discovery.

4. Program Complaints

- a) All complaints received by Contractor regarding a DMC certified facility shall be forwarded to the SUD Compliance Division, Complaints Unit within two business days of receipt as follows.

DMC Complaints are to be submitted to:

Department of Health Care Services
Substance Use Disorder Services
P.O. Box 997413

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MS# 2601
Sacramento, CA 95899-7413

Fax form to: (916) 440-5094
Call the Hotline Phone Toll-Free: (800) 822-6222

Complaints for Residential Adult Alcoholism or Drug Abuse Recovery or Treatment Facilities may also be made by telephoning the appropriate licensing branch listed below:

SUD Compliance Division:

Public Number: (916) 322-2911
Toll Free Number: (877) 685-8333

The Complaint Form is available and can be submitted online at:
<http://www.dhcs.ca.gov/individuals/Pages/Sud-Complaints.aspx>.

- b) Contractor shall be responsible for investigating complaints and providing the results of all investigations to DHCS's e-mail address by secure, encrypted e-mail to: SUDCountyReports@dhcs.ca.gov within two business days of completion.

5. Record Retention

- a) Contractor shall include instructions on record retention in any subcontract with providers and mandate all providers to keep and maintain records for each service rendered, to whom it was rendered, and the date of service, pursuant to W&I Code, Section 14124.1 and 42 CFR Section 433.32, and 22 CCR Section 51341.1.

6. Subcontract Termination

- a) Contractor shall notify their assigned DHCS' County Monitoring Unit analyst through e-mail of the termination of any contract with a certified subcontracted provider, and the basis for termination of the contract, within two business days.

7. Corrective Action Plan

- a) If the Contractor fails to ensure any of the foregoing oversight through an adequate system of monitoring, utilization review, and fiscal and programmatic controls, DHCS may request a CAP from the Contractor to address these deficiencies and a timeline for implementation. Failure to submit a CAP or adhere to the provisions in the CAP may result in a withholding of funds allocated to Contractor for the provision of services, and/or termination of this Contract for cause.
- b) Failure to comply with monitoring requirements shall result in:
 - i. DHCS shall issue a report to Contractor after conducting monitoring, utilization, or fiscal auditing reviews of the Contractor. When the DHCS report identifies non-compliant services or processes, it shall require a CAP. Contractor shall submit a CAP to DHCS within the timeframes required by DHCS.

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- 1) The CAP shall include:
 - a. A statement of the deficiency
 - b. A list of action steps to be taken to correct the deficiency
 - c. Target date for implementation of each corrective action
 - d. Who will be responsible for correction and ongoing compliance
- ii. DHCS will provide written approval of the CAP to the Contractor. If DHCS does not approve the CAP submitted by the Contractor, DHCS will provide guidance on the deficient areas and request an updated CAP from the Contractor with a new deadline for submission.
- iii. If the Contractor does not submit a CAP, or, does not implement the approved CAP provisions within the designated timeline, DHCS may withhold funds until the Contractor is in compliance. DHCS shall inform the Contractor 30 calendar days in advance of when funds will be withheld.

Section 5: Investigations and Confidentiality of Administrative Actions

- A. Contractor acknowledges that if a DMC provider is under investigation by DHCS or any other state, local or federal law enforcement agency for fraud or abuse, DHCS may temporarily suspend the provider from the DMC program, pursuant to W&I Code, Section 14043.36(a). Information about a provider's administrative sanction status is confidential until such time as the action is either completed or resolved. DHCS may also issue a Payment Suspension to a provider pursuant to W&I Code, Section 14107.11 and 42 CFR Section 455.23. Contractor is to withhold payments from a DMC provider during the time a Payment Suspension is in effect.

Contractor shall execute the Confidentiality Agreement, attached as Document 5A. The Confidentiality Agreement permits DHCS to communicate with Contractor concerning subcontracted providers that are subject to administrative sanctions.

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Part II - General

A. Additional Contract Restrictions

This Contract is subject to any additional restrictions, limitations, or conditions enacted by the Congress, or any statute enacted by the Congress, which may affect the provisions, terms, or funding of this Contract in any manner.

B. Nullification of this Contract

The parties agree that if the Contractor fails to comply with the provisions of W&I Code Section 14124.24, all areas related to the DMC Treatment Program SUD services this Contract shall be null and void.

C. No Unlawful Use or Unlawful Use Messages Regarding Drugs

Contractor agrees that information produced through these funds, and which pertains to drugs and alcohol - related programs, shall contain a clearly written statement that there shall be no unlawful use of drugs or alcohol associated with the program. Additionally, no aspect of a drug or alcohol related program shall include any message on the responsible use, if the use is unlawful, of drugs or alcohol (HSC Section 11999-11999.3). By signing this Contract, Contractor agrees that it will enforce, and will require its subcontractors to enforce, these requirements.

D. Noncompliance with Reporting Requirements

Contractor agrees that DHCS has the right to withhold payments until Contractor has submitted any required data and reports to DHCS, as identified in Exhibit A, Attachment I, Part III – Reporting Requirements, or as identified in Document 1F(a), Reporting Requirements Matrix for Counties.

E. Health Insurance Portability and Accountability Act (HIPAA) of 1996

If any of the work performed under this Contract is subject to the HIPAA, Contractor shall perform the work in compliance with all applicable provisions of HIPAA. As identified in Exhibit F, DHCS and County shall cooperate to assure mutual agreement as to those transactions between them, to which this provision applies. Refer to Exhibit F for additional information.

1. Trading Partner Requirements

- a) No Changes. Contractor hereby agrees that for the personal health information (Information), it will not change any definition, data condition or use of a data element or segment as proscribed in the Federal HHS Transaction Standard Regulation (45 CFR 162.915 (a)).
- b) No Additions. Contractor hereby agrees that for the Information, it will not add any data elements or segments to the maximum data set as proscribed in the HHS Transaction Standard Regulation (45 CFR 162.915 (b)).
- c) No Unauthorized Uses. Contractor hereby agrees that for the Information, it will not use

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any code or data elements that either are marked “not used” in the HHS Transaction’s Implementation specification or are not in the HHS Transaction Standard’s implementation specifications (45 CFR 162.915 (c)).

- d) No Changes to Meaning or Intent. Contractor hereby agrees that for the Information, it will not change the meaning or intent of any of the HHS Transaction Standard’s implementation specification (45 CFR 162.915 (d)).

2. Concurrence for Test Modifications to HHS Transaction Standards

Contractor agrees and understands that there exists the possibility that DHCS or others may request an extension from the uses of a standard in the HHS Transaction Standards. If this occurs, Contractor agrees that it will participate in such test modifications.

3. Adequate Testing

Contractor is responsible to adequately test all business rules appropriate to their types and specialties. If the Contractor is acting as a clearinghouse for enrolled providers, Contractor has obligations to adequately test all business rules appropriate to each and every provider type and specialty for which they provide clearinghouse services.

4. Deficiencies

Contractor agrees to correct transactions, errors or deficiencies identified by DHCS, and transactions errors or deficiencies identified by an enrolled provider if the Contractor is acting as a clearinghouse for that provider. When County is a clearinghouse, Contractor agrees to properly communicate deficiencies and other pertinent information regarding electronic transactions to enrolled providers for which they provide clearinghouse services.

5. Code Set Retention

Both parties understand and agree to keep open code sets being processed or used in this Contract for at least the current billing period or any appeal period, whichever is longer.

6. Data Transmission Log

Both parties shall establish and maintain a Data Transmission Log, which shall record any and all Data Transmissions taking place between the Parties during the term of this Contract. Each party will take necessary any reasonable steps to ensure that such Data Transmission Logs constitute a current, accurate, complete, and unaltered record of any and all Data Transmissions between the parties, and shall be retained by each party for no less than twenty-four (24) months following the date of the Data Transmission. The Data Transmission Log may be maintained on computer media or other suitable means provided that, if it is necessary to do so, the information contained in the Data Transmission Log may be retrieved in a timely manner and presented in readable form.

F. Counselor Certification

Any counselor or registrant providing intake, assessment of need for services, treatment or recovery planning, individual or group counseling to participants, patients, or residents in a

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DHCS licensed or certified program is required to be registered or certified as defined in Title 9, CCR, Division 4, Chapter 8 (Document 3H).

G. Cultural and Linguistic Proficiency

To ensure equal access to quality care by diverse populations, each service provider receiving funds from this Contract shall adopt the Federal Office of Minority Health Culturally and Linguistically Appropriate Service (CLAS) national standards (Document 3V).

L. Trafficking Victims Protection Act of 2000

Contractor and its subcontractors that provide services covered by this Contract shall comply with the Trafficking Victims Protection Act of 2000 (22 USC 7104(g)), as amended by section 1702 of Pub. L. 112-239.

H. Tribal Communities and Organizations

Contractor shall regularly assess (e.g. review population information available through Census, compare to information obtained in CalOMS Treatment to determine whether population is being reached, survey Tribal representatives for insight in potential barriers) the substance use service needs of the American Indian/Alaskan Native (AI/AN) population within the County geographic area and shall engage in regular and meaningful consultation and collaboration with elected officials of the tribe, Rancheria, or their designee for the purpose of identifying issues/barriers to service delivery and improvement of the quality, effectiveness and accessibility of services available to AI/NA communities within the County.

I. Youth Treatment Guidelines

Contractor will follow the guidelines in Document 1V, incorporated by this reference, "Youth Treatment Guidelines," in developing and implementing youth treatment programs funded under this Exhibit, until such time new Youth Treatment Guidelines are established and adopted. No formal amendment of this Contract is required for new guidelines to be incorporated into this Contract.

J. Nondiscrimination in Employment and Services

By signing this Contract, Contractor certifies that under the laws of the United States and the State of California, incorporated into this Contract by reference and made a part hereof as if set forth in full, Contractor will not unlawfully discriminate against any person.

K. Federal Law Requirements:

1. Title VI of the Civil Rights Act of 1964, Section 2000d, as amended, prohibiting discrimination based on race, color, or national origin in federally funded programs.
2. Title VIII of the Civil Rights Act of 1968 (42 USC 3601 et seq.) prohibiting discrimination on the basis of race, color, religion, sex, handicap, familial status or national origin in the sale or rental of housing.
3. Age Discrimination Act of 1975 (45 CFR Part 90), as amended (42 USC Sections 6101 – 6107), which prohibits discrimination on the basis of age.

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4. Age Discrimination in Employment Act (29 CFR Part 1625).
 5. Title I of the Americans with Disabilities Act (29 CFR Part 1630) prohibiting discrimination against the disabled in employment.
 6. Title II of the Americans with Disabilities Act (28 CFR Part 35) prohibiting discrimination against the disabled by public entities.
 7. Title III of the Americans with Disabilities Act (28 CFR Part 36) regarding access.
 8. Section 504 of the Rehabilitation Act of 1973, as amended (29 USC Section 794), prohibiting discrimination on the basis of individuals with disabilities.
 9. Executive Order 11246, 42 USC 2000e et seq., and 41 CFR Part 60 regarding nondiscrimination in employment under federal contracts and construction contracts greater than \$10,000 funded by federal financial assistance.
 10. Executive Order 13166 (67 FR 41455) to improve access to federal services for those with limited English proficiency.
 11. The Drug Abuse Office and Treatment Act of 1972, as amended, relating to nondiscrimination on the basis of drug abuse
 12. Confidentiality of Alcohol and Drug Abuse Patient Records (42 CFR Part 2, Subparts A – E).
- L. State Law Requirements:
1. Fair Employment and Housing Act (Government Code Section 12900 et seq.) and the applicable regulations promulgated thereunder (2 CCR 7285.0 et seq.).
 2. Title 2, Division 3, Article 9.5 of the Government Code, commencing with Section 11135.
 3. Title 9, Division 4, Chapter 8 of the CCR, commencing with Section 13000.
 4. No state, federal, or County Realignment funds shall be used by the Contractor or its subcontractors for sectarian worship, instruction, or proselytization. No state funds shall be used by the Contractor or its subcontractors to provide direct, immediate, or substantial support to any religious activity.
 5. Noncompliance with the requirements of nondiscrimination in services shall constitute grounds for DHCS to withhold payments under this Contract or terminate all, or any type, of funding provided hereunder.

M. Additional Contract Restrictions

This Contract is subject to any additional restrictions, limitations, or conditions enacted by the federal or state governments that affect the provisions, terms, or funding of this Contract in any manner.

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N. Information Access for Individuals with Limited English Proficiency

1. Contractor shall comply with all applicable provisions of the Dymally-Alatorre Bilingual Services Act (Government Code sections 7290-7299.8) regarding access to materials that explain services available to the public as well as providing language interpretation services.
2. Contractor shall comply with the applicable provisions of Section 1557 of the Affordable Care Act (45 CFR Part 92), including, but not limited to, 45 CFR 92.201, when providing access to:
 - a) Materials explaining services available to the public
 - b) Language assistance
 - c) Language interpreter and translation services
 - d) Video remote language interpreting services

O. Subcontract Provisions

Contractor shall include the foregoing Part II general provisions in all of its subcontracts.

P. Participation of County Behavioral Health Director's Association of California.

The County Alcohol and Other Drug (AOD) Program Administrator shall participate and represent the County in meetings of the County Behavioral Health Director's Association of California for the purposes of representing the counties in their relationship with DHCS with respect to policies, standards, and administration for alcohol and other drug abuse services.

The County AOD Program Administrator shall attend any special meetings called by the Director of DHCS. Participation and representation shall also be provided by the County Behavioral Health Director's Association of California.

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Part III – Reporting Requirements

Contractor agrees that DHCS has the right to withhold payments until Contractor submits any required data and reports to DHCS, as identified in this Exhibit A, Attachment I or as identified in Document 1F (a), Reporting Requirement Matrix for Counties.

A. Year-End Cost Settlement Reports

Pursuant to W&I Code, Section 14124.24 (g) (1) Contractor shall submit to DHCS, on November 1 of each year, the following year-end cost settlement documents, for itself and its subcontracted providers, by paper or electronic format, as prescribed by DHCS, submission for the previous fiscal year:

1. Document 2P, County Certification Year-End Claim for Reimbursement
2. Document 2P(a), Drug Medi-Cal Provider Cost Report Excel Workbook

B. Drug Medi-Cal Claims and Reports

Contractors or providers that bill DHCS or the County for services identified in Section 51516.1 of Title 22 shall submit claims in accordance with DHCS's DMC Provider Billing Manual (Document 2G).

Contractors and subcontractors that provide DMC services shall be responsible for verifying the Medi-Cal eligibility of each client for each month of service prior to billing for DMC services to that client for that month. Medi-Cal eligibility verification should be performed prior to rendering service, in accordance with and as described in DHCS' DMC Provider Billing Manual. Options for verifying the eligibility of a Medi-Cal beneficiary are described in the DHCS' DMC Provider Billing Manual.

Claims for DMC reimbursement shall include only those services covered under Title 22, Section 51341.1(c-d) and administrative charges that are allowed under W&I Code, Sections 14132.44 and 14132.47.

1. Contractor shall submit the "Certified Expenditure" form, reflecting either: (1) the approved amount of the 837P claim file, after the claims have been adjudicated or (2) the claimed amount identified on the 837P claim file, which could account for both approved and denied claims. Contractor shall submit the SHCS Drug Medi-Cal Certification Form DHCS Form DHCS 100224A (Document 4D) to DHCS for each 837P transaction approved for reimbursement of the federal Medicaid funds.
2. DMC service claims shall be submitted electronically in a Health Insurance Portability and Accountability Act (HIPAA) compliant format (837P). All adjudicated claim information must be retrieved by the Contractor via an 835 HIPAA compliant format (Health Care Claim Payment/Advice).
3. The following forms shall be prepared as needed and retained by the provider for review by DHCS:

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- a) Multiple Billing Override Certification (MC 6700), Document 2K.
- b) Good Cause Certification (6065A), Document 2L(a).
- c) Good Cause Certification (6065B), Document 2L(b).

In the absence of good cause documented on the Good Cause Certification (6065A or 6065B) form, claims that are not submitted within 30 days of the end of the month of service shall be denied. The existence of good cause shall be determined by DHCS in accordance with Title 22, CCR, Sections 51008 and 51008.5.

4. Certified Public Expenditure County Administration

Separate from direct service claims as identified in this section above, county may submit an invoice for administrative costs for administering the DMC program on a quarterly basis. The form requesting reimbursement shall be submitted to DHCS.

- 5. If while completing the Utilization Review and Quality Assurance requirements of this Exhibit A, Attachment I, Part I, Section 4, any of the Contractor's skilled professional medical and personnel directly supporting staff meet the criteria set forth in 42 CFR 432.50(d)(1), then the Contractor shall submit a written request that specifically demonstrates how the skilled professional medical personnel and directly supporting staff meet all of the applicable criteria set forth in 42 C.F.R. 432.50(d)(1) and outline the duties they will perform to assist DHCS, or DHCS' skilled professional medical personnel, in activities that are directly related to the administration of the DMC Program. DHCS shall respond to the Contractor's written request within 20 days with either a written agreement pursuant to 42 CFR 432.50(d) (2) approving the request, or a written explanation as to why DHCS does not agree that the Contractor's skilled professional medical personnel and directly supporting staff do not meet the criteria set forth in 42 CFR 432.50(d)(1).

C. California Outcomes Measurement System (CalOMS) for Treatment (CalOMS-Tx)

The CalOMS-Tx Business Rules and Requirements are:

- 1. Contractor shall contract with a software vendor that complies with the CalOMS-Tx data collection system requirements for submission of CalOMS-Tx data. A Business Associate Agreement (BAA) shall be established between the Contractor and the software vendor. The BAA shall state that DHCS is allowed to return the processed CalOMS-Tx data to the vendor that supplied the data to DHCS.
- 2. Contractor shall conduct information technology (IT) systems testing and pass DHCS certification testing before commencing submission of CalOMS-Tx data. If the Contractor subcontracts with vendor for IT services, Contractor is responsible for ensuring that the subcontracted IT system is tested and certified by the DHCS prior to submitting CalOMS-Tx data. If Contractor changes or modifies the CalOMS-Tx IT system, then Contractor shall re-test and pass DHCS re-certification prior to submitting data from a new or modified system.
- 3. Electronic submission of CalOMS-Tx data shall be submitted by Contractor within 45 days from the end of the last day of the report month.

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4. Contractor shall comply with data collection and reporting requirements established by the DHCS CalOMS-Tx Data Collection Guide (Document 3J) and all former Department of Alcohol and Drug Programs Bulletins and DHCS Information Notices relevant to CalOMS-Tx data collection.
5. Contractor shall submit CalOMS-Tx admission, discharge, annual update, resubmissions of records containing errors or in need of correction, and “provider no activity” report records in an electronic format approved by DHCS.
6. Contractor shall comply with the CalOMS-Tx Data Compliance Standards established by DHCS identified in Document 3S for reporting data content, data quality, data completeness, reporting frequency, reporting deadlines, and reporting method.
7. Contractor shall participate in CalOMS-Tx informational meetings, trainings, and conference calls.
8. Contractor shall implement and maintain a system for collecting and electronically submitting CalOMS-Tx data.
9. Contractor shall meet the requirements as identified in Exhibit F, Privacy and Information Security Provisions and Exhibit F, Attachment I – Social Security Administration Agreement.

D. CalOMS-Tx General Information

1. If the Contractor experiences system or service failure or other extraordinary circumstances that affect its ability to timely submit CalOMS-Tx, and or meet other CalOMS-Tx data compliance requirements, Contractor shall report the problem in writing by secure, encrypted email to: DHCS by e-mail at ITServiceDesk@dhcs.ca.gov before the established data submission deadlines. The written notice shall include a remediation plan that is subject to review and approval by DHCS. DHCS may, at its sole discretion, grant a grace period of up to 60 days for the Contractor to resolve the problem.
2. If DHCS experiences system or service failure, an extension equal to the number of business days will be granted for Contractor data submission.
3. Contractor shall comply with the treatment data quality standards established by DHCS. Failure to meet these standards on an ongoing basis may result in withholding DMC funds.
4. If the Contractor submits data after the established deadlines, due to a delay or problem, Contractor is still responsible for collecting and reporting data from time of delay or problem.

E. Drug and Alcohol Treatment Access Report (DATAR)

The DATAR business rules and requirements are:

1. The Contractor shall be responsible for ensuring that the Contractor-operated treatment services and all treatment providers, with whom Contractor makes a contract or otherwise pays for the services, submit a monthly DATAR report in an electronic copy format as provided by DHCS.

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In instances where the Contractor maintains, either directly or indirectly, a central intake unit or equivalent, which provides intake services including a waiting list, the Contractor shall identify and begin submitting monthly DATAR reports for the central intake unit by a date to be specified by DHCS.

2. Contractor shall ensure that all DATAR reports are submitted by either Contractor-operated treatment services and by each subcontracted treatment provider to DHCS by the 10th of the month following the report activity month.
 3. Contractor shall ensure that all applicable providers are enrolled in DHCS' web-based DATARWeb program for submission of data, accessible on the DHCS website when executing the subcontract.
 4. If the Contractor or its subcontractor experiences system or service failure or other extraordinary circumstances that affect its ability to timely submit a monthly DATAR report, and/or to meet data compliance requirements, the Contractor shall report the problem in writing by secure, encrypted email to: DHCS by e-mail at ITServiceDesk@dhcs.ca.gov before the established data submission deadlines. The written notice shall include a corrective action plan that is subject to review and approval by DHCS. A grace period of up to sixty days may be granted, at DHCS' sole discretion, for the Contractor to resolve the problem before DMC payments are withheld (See Exhibit B, Part II, Section 2).
 5. If DHCS experiences system or service failure, no penalties will be assessed to Contractor for late data submission.
 6. The Contractor shall be considered compliant if a minimum of 95% of required DATAR reports from the Contractor's treatment providers are received by the due date.
- F. Failure to meet required reporting requirements shall result in:
1. DHCS shall issue a Notice of Deficiency (Deficiencies) to Contractor regarding specified providers with a deadline to submit the required data and a request for a CAP to ensure timely reporting in the future. DHCS will approve or reject the CAP or request revisions to the CAP, which shall be resubmitted to DHCS within 30 days.
 2. If the Contractor has not ensured compliance with the data submission or CAP request within the designated timeline, then DHCS may withhold funds until all data is submitted. DHCS shall inform the Contractor 30 calendar days in advance of when funds will be withheld.

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Part IV – Definitions

Section 1 - General Definitions

The words and terms of this Contract are intended to have their usual meanings unless a particular or more limited meaning is associated with their usage pursuant to Division 10.5 of HSC, Section 11750 et seq., and Title 9, CCR, Section 9000 et seq.

- A. **"Available Capacity"** means the total number of units of service (bed days, hours, slots, etc.) that a Contractor actually makes available in the current fiscal year.
- B. **"Contractor"** means the county identified in the Standard Agreement or authorized by the County Board of Supervisors to administer SUD programs.
- C. **"Corrective Action Plan" (CAP)** means the written plan of action document which the Contractor or its subcontracted service provider develops and submits to DHCS to address or correct a deficiency or process that is non-compliant with laws, regulations or standards.
- D. **"County"** means the county in which the Contractor physically provides covered SUD treatment services.
- E. **"County Realignment Funds"** means Behavioral Health Subaccount funds received by the County as per Government Code Section 30025.
- F. **"Days"** means calendar days, unless otherwise specified.
- G. **"Final Settlement"** means permanent settlement of the Contractor's actual allowable costs or expenditures as determined at the time of audit, which shall be completed within three years of the date the year-end cost settlement report was accepted for interim settlement by the DHCS. If the audit is not completed within three years, the interim settlement shall be considered as the final settlement.
- H. **"Interim Settlement"** means temporary settlement of actual allowable costs or expenditures reflected in the Contractor's year-end cost settlement report.
- I. **"Key points of contact"** means common points of access to substance use treatment services from the county, including but not limited to the county's beneficiary problem resolution process, county owned or operated or contract hospitals, and any other central access locations established by the county.
- J. **"Maximum Payable"** means the encumbered amount reflected on the Standard Agreement of this Contract and supported by Exhibit B, Attachment I.
- K. **"Modality"** means those necessary overall general service activities to provide SUD services as described in Division 10.5 of the HSC.
- L. **"Performance"** means providing the dedicated capacity in accordance with Exhibit B, Attachment I, and abiding by the terms of this Exhibit, including all applicable state and federal statutes, regulations, and standards, including Alcohol and/or Other Drug Certification Standards (Document 1P), in expending funds for the provision of substance use services hereunder.

**Exhibit A, Attachment I
Program Specifications**

- M. "Revenue"** means Contractor's income from sources other than DHCS allocation.
- N. "Service Area"** means the geographical area under Contractor's jurisdiction.
- O. "Service Element"** is the specific type of service performed within the more general service modalities.
- P. "State"** means the Department of Health Care Services or DHCS.
- Q. "Utilization"** means the total actual units of service used by clients and participants.

Section 2 – Definitions Specific to Drug Medi-Cal

The words and terms of this Contract are intended to have their usual meaning unless a specific or more limited meaning is associated with their usage pursuant to the HSC, CCR Title 9, and/or CCR Title 22. Definitions of covered treatment modalities and services are found in Title 22 (Document 2C) and are incorporated by this reference.

- A. "Administrative Costs"** means the Contractor's actual direct costs, as recorded in the Contractor's financial records and supported by source documentation, to administer the program or an activity to provide service to the DMC program. Administrative costs do not include the cost of treatment or other direct services to the beneficiary. Administrative costs may include, but are not limited to, the cost of training, programmatic and financial audit reviews, and activities related to billing. Administrative costs may include Contractor's overhead per the approved indirect cost rate proposal pursuant to OMB Circular A-87 and the State Controller's Office Handbook of Cost Plan Procedures.
- B. "Authorization"** is the approval process for DMC Services prior to the submission of a DMC claim.
- C. "Beneficiary"** means a person who: (a) has been determined eligible for Medi-Cal; (b) is not institutionalized; (c) has a substance-related disorder per the "Diagnostic and Statistical Manual of Mental Disorders IV (DSM)", or DSM V criteria; and (d) meets the admission criteria to receive DMC covered services.
- D. "Certified Provider"** means a SUD clinic location that has received certification to be reimbursed as a DMC clinic by the DHCS to provide services as described in Title 22, California Code of Regulations, Section 51341.1.
- E. "Covered Services"** means those DMC services authorized by Title XIX or Title XXI of the Social Security Act, Title 22 Section 51341.1, W&I Code, Section 14124.24, and California's Medicaid State Plan.
- F. "Direct Provider Contract"** means a contract established between the DHCS and a DMC certified provider entered into pursuant to this Agreement for the provision of DMC services.
- G. "Drug Medi-Cal Program"** means the state system wherein beneficiaries receive covered services from DMC-certified SUD treatment providers.

**Exhibit A, Attachment I
Program Specifications**

- H. **"Drug Medi-Cal Termination of Certification"** means the provider is no longer certified to participate in the DMC program upon DHCS issuance of a DMC certification termination notice.
- I. **"Early and Periodic Screening, Diagnosis, and Treatment Program (EPSDT)"** means the federally mandated Medicaid benefit that entitles full-scope Medi-Cal-covered beneficiaries less than 21 years of age to receive any Medicaid service necessary to correct or ameliorate a defect, mental illness, or other condition, such as a substance-related disorder, that is discovered during a health screening.
- J. **"Federal Financial Participation (FFP)"** means the share of Federal Medicaid funds for reimbursement of DMC services.
- K. **"Medical Necessity"** means those substance use treatment services that are reasonable and necessary to protect life, prevent significant illness or disability, or alleviate severe pain through the diagnosis and treatment of a disease, illness, or injury or in the case of EPSDT services that meet the criteria specified in Title 22, Sections 51303 and 51340.1.
- L. **"Minor Consent DMC Services"** are those covered services that, pursuant to Family Code Section 6929, may be provided to persons 12-20 years old without parental consent.
- M. **"Narcotic Treatment Program"** means an outpatient clinic licensed by DHCS to provide narcotic replacement therapy directed at stabilization and rehabilitation of persons who are opiate-addicted and have a substance use diagnosis.
- N. **"Payment Suspension"** means the DMC certified provider has been issued a notice pursuant to W&I Code, Section 14107.11 and is not authorized to receive payments after the payment suspension date for DMC services, regardless of when the service was provided.
- O. **"Perinatal DMC Services"** means covered services as well as mother/child habilitative and rehabilitative services, services access (i.e., provision or arrangement of transportation to and from medically necessary treatment), education to reduce harmful effects of alcohol and drugs on the mother and fetus or infant, and coordination of ancillary services (Title 22, Section 51341.1(c) (4)).
- P. **"Postpartum"**, as defined for DMC purposes, means the 60-day period beginning on the last day of pregnancy, regardless of whether other conditions of eligibility are met. Eligibility shall end on the last day of the calendar month in which the 60th day occurs.
- Q. **"Post Service Post Payment (PSPP) Utilization Review"** means the review for program compliance and medical necessity conducted by DHCS after service was rendered and paid. DHCS may recover prior payments of federal and DHCS funds if such review determines that the services did not comply with the applicable statutes, regulations, or standards (CCR, Title 22, Section 51341.1 (k)).
- R. **"Projected Units of Service"** means the number of reimbursable DMC units of service, based on historical data and current capacity, the Contractor expects to provide on an annual basis.
- S. **"Provider Certification"** means the provider must be certified by the Provider Enrollment Division of DHCS in order to participate in the Medi-Cal program.

**Exhibit A, Attachment I
Program Specifications**

- T. "Provider of DMC Services"** means any person or entity that provides direct substance use treatment services and has been certified by the DHCS in accordance with CCR, Title 22, Section 51000.30-Medi-Cal Provider Application for Enrollment, Continued Enrollment, or Enrollment at a New, Additional, or Change in Location.
- U. "Re-certification"** means the process by which the DMC certified clinic program is required to submit an application and specified documentation, as determined by DHCS, to remain eligible to participate in and be reimbursed in through the DMC program. Re-certification shall occur no less than every five years from the date of previous DMC certification or re-certification.
- V. "Statewide Maximum Allowances (SMA)"** means the maximum amount authorized to be paid by DMC for each covered unit of service for outpatient drug free, intensive outpatient treatment, perinatal residential, and Naltrexone treatment services. While the rates are approved by DHCS, they are subject to change through the regulation process. The SMA for FY 2017-18 is listed in the "Unit of Service" table in Exhibit B, Part 2, Section 2.
- W. "Subcontract"** means an agreement between the Contractor and its subcontractors. A subcontractor shall not delegate its obligation to provide covered services or otherwise subcontract for the provision of direct patient/client services.
- X. "Subcontractor"** means an individual or entity that is DMC certified and has entered into an agreement with the Contractor to be a provider of covered services. It may also mean a vendor who has entered into a procurement agreement with the Contractor to provide any of the administrative functions related to fulfilling the Contractor's obligations under the terms of this Exhibit A, Attachment I.
- Y. "Temporary Suspension"** means the provider is temporarily suspended from participating in the DMC program as authorized by W&I Code, Section 14043.36(a). The provider cannot bill for DMC services from the effective date of the temporary suspension.

**Exhibit A, Attachment I
Program Specifications**

DOCUMENTS INCORPORATED BY REFERENCE

The following documents are hereby incorporated by reference into the County contract though they may not be physically attached to the contract but will be issued in a CD under separate cover:

- Document 1F(a): Reporting Requirement Matrix – County Submission Requirements for the Department of Health Care Services
- Document 1K: Drug and Alcohol Treatment Access Report (DATAR) User Manual
<http://www.dhcs.ca.gov/provgovpart/Pages/DATAR.aspx>
- Document 1P: Alcohol and/or Other Drug Program Certification Standards (March 15, 2004)
http://www.dhcs.ca.gov/provgovpart/Pages/Facility_Certification.aspx
- Document 1V: Youth Treatment Guidelines
http://www.dhcs.ca.gov/individuals/Documents/Youth_Treatment_Guidelines.pdf
- Document 2A: Sobky v. Smoley, Judgment, Signed February 1, 1995
- Document 2C: Title 22, California Code of Regulations
<http://ccr.oal.ca.gov>
- Document 2F(a): Minimum Quality Treatment Standards for DMC
- Document 2G: Drug Medi-Cal Billing Manual
http://www.dhcs.ca.gov/formsandpubs/Documents/DMC_Billing_Manual_2017-Final.pdf
- Document 2K: Multiple Billing Override Certification (MC 6700)
- Document 2L(a): Good Cause Certification (6065A)
- Document 2L(b): Good Cause Certification (6065B)
- Document 2P: County Certification - Cost Report Year-End Claim for Reimbursement
- Document 2P(a): Drug Medi-Cal Provider Cost Report Excel Workbook
- Document 3G: California Code of Regulations, Title 9 – Rehabilitation and Developmental Services, Division 4 – Department of Alcohol and Drug Programs, Chapter 4 – Narcotic Treatment Programs
<http://www.calregs.com>

**Exhibit A, Attachment I
Program Specifications**

- Document 3H: California Code of Regulations, Title 9 – Rehabilitation and Developmental Services, Division 4 – Department of Alcohol and Drug Programs, Chapter 8 – Certification of Alcohol and Other Drug Counselors

<http://www.calregs.com>
- Document 3J: CalOMS Treatment Data Collection Guide

[http://www.dhcs.ca.gov/provgovpart/Documents/CalOMS Tx Data Collection Guide JAN%202014.pdf](http://www.dhcs.ca.gov/provgovpart/Documents/CalOMS_Tx_Data_Collection_Guide_JAN%202014.pdf)
- Document 3S: CalOMS Treatment Data Compliance Standards

[http://www.dhcs.ca.gov/provgovpart/Documents/CalOMS Data Compliance%20Standards%202014.pdf](http://www.dhcs.ca.gov/provgovpart/Documents/CalOMS_Data_Compliance%20Standards%202014.pdf)
- Document 3T: Non-Drug Medi-Cal and Drug Medi-Cal DHCS Local Assistance Funding Matrix
- Document 3V: Culturally and Linguistically Appropriate Services (CLAS) National Standards

<https://minorityhealth.hhs.gov/omh/browse.aspx?lvl=2&lvlid=53>
- Document 4A: Drug Medi-Cal Claim Submission Certification – County Contracted Provider – DHCS Form MC 100186 with Instructions
- Document 4B: Drug Medi-Cal Claim Submission Certification – County Operated Provider – DHCS Form MC 100187 with Instructions
- Document 4D: Drug Medi-Cal Certification for Federal Reimbursement (DHCS 100224A)
- Document 4E: Treatment Standards for Substance Use Diagnosis: A Guide for Services (Spring 2010)
- Document 4F: Drug Medi-Cal (DMC) Services Quarterly Claim for Reimbursement of County Administrative Expenses (Form #MC 5312)
- Document 5A: Confidentiality Agreement

Exhibit B
Budget Detail and Payment Provisions

Part I – General Fiscal Provisions

Section 1 – General Fiscal Provisions

A. Fiscal Provisions

For services satisfactorily rendered, and upon receipt and approval of documentation as identified in Exhibit A, Attachment I, Part III, the Department of Health Care Services (DHCS) agrees to compensate the Contractor for actual expenditures incurred in accordance with the rates and/or allowable costs specified herein.

B. Use of State General Funds

Contractor may not use allocated Drug Medi-Cal (DMC) State General Funds to pay for any non-Drug Medi-Cal services.

C. Funding Authorization

Contractor shall bear the financial risk in providing any substance use disorder services covered by this Contract.

D. Availability of Funds

It is understood that, for the mutual benefit of both parties, this Contract may have been written before ascertaining the availability of congressional appropriation of funds in order to avoid program and fiscal delays that would occur if this Contract were not executed until after that determination. In this event, DHCS may amend the amount of funding provided for in this Contract based on the actual congressional appropriation.

E. Subcontractor Funding Limitations

Contractor shall reimburse its subcontractors that receive a combination of DMC funding and other federal or county realignment funding for the same service element and location based on the subcontractor's actual costs in accordance with Medicaid reimbursement requirements as specified in Title XIX or of the Social Security Act, Section 51516.1 of California Code of Regulations Title 22, and the Medicaid state plan. Payments at negotiated rates shall be settled to actual cost at year-end.

F. Budget Contingency Clause

It is mutually agreed that if the Budget Act of the current year and/or any subsequent years covered under this Contract does not appropriate sufficient funds for the program, this Contract shall be of no further force and effect. In this event, DHCS shall have no liability to pay any funds whatsoever to Contractor or to furnish any other considerations under this Contract and Contractor shall not be obligated to perform any provisions of this Contract.

If funding for any fiscal year is reduced or deleted by the Budget Act for purposes of this program, DHCS shall solely have the option to either cancel this Contract with no liability occurring to DHCS, or offer an amended contract to Contractor to reflect the reduced amount.

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Budget Detail and Payment Provisions

G. Expense Allowability / Fiscal Documentation

1. Invoices, received from a Contractor and accepted and/or submitted for payment by DHCS, shall not be deemed evidence of allowable contract costs.
2. Contractor shall maintain for review and audit and supply to DHCS upon request, adequate documentation of all expenses claimed pursuant to this Contract to permit a determination of expense allowability.
3. If the allowability or appropriateness of an expense cannot be determined by DHCS because invoice detail, fiscal records, or backup documentation is nonexistent or inadequate according to generally accepted accounting principles, and generally accepted governmental audit standards, all questionable costs may be disallowed and payment may be withheld by DHCS. Upon receipt of adequate documentation supporting a disallowed or questionable expense, reimbursement may resume for the amount substantiated and deemed allowable.
4. Costs and/or expenses deemed unallowable shall not be reimbursed or, if mistakenly reimbursed, those costs and/or expenses shall be subject to recovery by DHCS pursuant to Title 22, CCR Section 51458.1.

H. Effective the date of execution of this Contract, nothing in this Contract waives the protections provided to Contractor under Section 36 of article XIII of the California Constitution ("Proposition 30"). Except where specifically stated in the terms of this contract, Contractor's performance of any additional legal requirements, including, but not limited to court-ordered requirements and statutory or regulatory amendments, is subject to Proposition 30's funding requirements.

Section 2 – General Fiscal Provisions – Drug Medi-Cal

A. Return of Unexpended Funds

Contractor assumes the total cost of providing covered services on the basis of the payments delineated in this Exhibit B, Part II. Any State General Funds or Federal Medicaid funds paid to the Contractor, but not expended for DMC services shall be returned to DHCS.

B. Amendment or Cancellation Due to Insufficient Appropriation

This Contract is valid and enforceable only if sufficient funds are made available to DHCS by the United States Government for the purpose of the DMC program. It is mutually agreed that if the Congress does not appropriate sufficient funds for this program, DHCS solely has the option to void this Contract or to amend the Contract to reflect any reduction of funds.

C. Exemptions

Exemptions to the provisions of Item B above, of this Exhibit, may be granted by the California Department of Finance provided that the Director of DHCS certifies in writing that federal funds are available for the term of the Contract.

Exhibit B
Budget Detail and Payment Provisions

D. Allowable costs

Allowable costs, as used in Section 51516.1 of California Code of Regulations (CCR) Title 22 shall be determined in accordance with Title 42, Code of Federal Regulations (CFR), Chapter IV, Subchapter B, Parts 405 and 413, and Centers for Medicare and Medicaid Services (CMS), "Medicare Provider Reimbursement Manual (Publication Number 15)," which can be obtained from the Centers for Medicare & Medicaid Services, or www.cms.hhs.gov. In accordance with Welfare and Institutions (W&I) Code Sections 14132.44 and 14132.47, funds allocated to the Contractor for DMC services, including funding for alcohol and other drug services for pregnant and postpartum women pursuant to Title 22, CCR Section 51341.1(c), may not be used as match for targeted case management services or for DMC administrative activities.

Exhibit B
Budget Detail and Payment Provisions

Part II – Reimbursements

Section 1. General Reimbursement

A. Prompt Payment Clause

Payment will be made in accordance with, and within the time specified in, Government Code Chapter 4.5, commencing with Section 927.

B. Amounts Payable

1. The amount payable under this Contract shall not exceed the amount identified on the State of California Standard Agreement form STD 213_DHCS (Rev. 06/16).
2. Reimbursement shall be made for allowable expenses up to the amount annually encumbered commensurate with the state fiscal year in which services are performed and/or goods are received.
3. The funds identified for the fiscal years covered by under this Section, within this Exhibit, are subject to change depending on the availability and amount of funds appropriated by the Legislature and the Federal Government. The amount of funds available for expenditure by the Contractor shall be limited to the amount identified in the final allocations issued by DHCS for that fiscal year. Changes to allocated funds will require written amendment to the Contract.
4. For each fiscal year, DHCS may settle costs for services to the Contractor and its subcontractors based on each fiscal year-end cost settlement report as the final amendment for the specific fiscal year cost settlement report to the approved single State/County contract.

Section 2. Drug Medi-Cal

- A. To the extent that the Contractor provides the covered services in a satisfactory manner in accordance with the terms and conditions of this Contract, DHCS agrees to pay the Contractor Federal Medicaid funds according to Exhibit A, Attachment I, Part III. Subject to the availability of such funds, Contractor shall receive Federal Medicaid funds and/or State General Funds for allowable expenditures as established by the Federal Government and approved by DHCS, for the cost of services rendered to beneficiaries.
- B. Any payment for covered services rendered pursuant to Exhibit A, Attachment I, Part I, shall only be made pursuant to applicable provisions of Title XIX or Title XXI of the Social Security Act, the W&I Code, the HSC, California's Medicaid State Plan, and Title 22, CCR, Sections 51341.1, 51490.1, 51516.1, and 51532.
- C. It is understood and agreed that failure by the Contractor or its subcontractors to comply with applicable federal and state requirements in rendering covered services shall be sufficient cause for DHCS to deny payments to and/or recover payments from the Contractor and/or terminate the Contractor or its subcontractor from DMC program participation. If DHCS or the Department of Health and Human Services (DHHS) disallows or denies payments for any claim, Contractor shall repay to DHCS the Federal Medicaid funds and/or State General Funds

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Budget Detail and Payment Provisions

it received for all claims so disallowed or denied. The overpayment shall be recovered by any of the methods allowed in Title 22, CCR, Sections 51047(a) and (b).

- D. Before such denial, recoupment, or disallowances are made, DHCS shall provide the Contractor with written notice of its proposed action. Such notice shall include the reason for the proposed action and shall allow the Contractor 60 days to submit additional information before the proposed action is taken, as required in Title 22, CCR, Section 51047(a). This requirement does not apply to the DMC Post Service Post Payment Utilization Reviews.
- E. DHCS shall refund to the Contractor any recovered Federal DMC overpayment that is subsequently determined to have been erroneously collected, together with interest, in accordance with Title 22, CCR, Section 51047(e).
- F. Contractor shall be reimbursed by DHCS on the basis of its actual net reimbursable cost, not to exceed the unit of service maximum rate.
- G. Claims submitted to the Contractor by a subcontracted provider that is not certified or whose certification has been suspended pursuant to the W&I Code section 14107.11 and 42 CFR 455.23, shall not be certified or processed for federal or state reimbursement by the Contractor. Payments for any DMC services shall be held by the Contractor until the payment suspension is resolved.
- H. In the event a contract amendment is required pursuant to the preceding paragraph, Contractor shall submit to DHCS information as identified in Exhibit E, Section 1(D). To the extent the Contractor is notified of DHCS Budget Act allocation prior to the execution of the Contract, DHCS and the Contractor may agree to amend the contract after the issuance of the first revised allocation.
- I. Reimbursement for covered services, other than Narcotic Treatment Program (NTP) services, shall be limited to the lower of:
 - 1. The provider's usual and customary charges to the general public for the same or similar services.
 - 2. The provider's actual allowable costs.
 - 3. The DMC Statewide Maximum Allowance (SMA) for the modality.
- J. Reimbursement to NTP's shall be limited to the lower of either the Uniform Statewide Daily Reimbursement (USDR) rate, pursuant to W&I Code Section 14021.51(h), or the provider's usual and customary charge to the general public for the same or similar service. However, reimbursement paid by a county to an NTP provider for services provided to any person subject to Penal Code Sections 1210.1 or 3063.1 and for which the individual client is not liable to pay, does not constitute a usual or customary charge to the general public for the purpose of this section. (W&I Code Section 14021.51(h)(2)(A)).
- K. DHCS shall reimburse the Contractor the State General Funds and/or Federal Medicaid amount of the approved DMC claims and documents submitted in accordance with Exhibit A, Attachment I, Part III.

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Budget Detail and Payment Provisions

- L. DHCS will adjust subsequent reimbursements to the Contractor to actual allowable costs. Actual allowable costs are defined in the Medicare Provider Reimbursement Manual (CMS-Pub.15), which can be obtained from the Centers for Medicare & Medicaid Services, Baltimore, Maryland, or www.cms.hhs.gov.
- M. Contractors and subcontractors must accept, as payment in full, the amounts paid by DHCS in accordance with Title 22, CCR, Section 51516.1, plus any cost sharing charges (deductible, coinsurance, or copayment) required to be paid by the client. However, Contractors and subcontractors may not deny services to any client eligible for DMC services on account of the client's inability to pay or location of eligibility. Contractors and subcontractors may not demand any additional payment from DHCS, client, or other third party payers.

Section 3. Drug Medi-Cal Direct Provider Contracts

- A. Pursuant to W&I Code 14124.21, DHCS shall contract with qualified DMC providers within the county when a county does not contract to operate DMC services, in whole or in part.
- B. DHCS will invoice the County for the county realignment share of approved DMC claims received by DHCS from DHCS's direct contractor providers. The County shall reimburse DHCS for the county realignment share of the approved DMC claims within 30 days of receipt of the invoice. If the County does not reimburse DHCS within 30 days of receipt of the invoice, DHCS may offset the amount owed from any other funding owed to the County by DHCS or any other State agency. The parties acknowledge that DHCS's direct contractor providers shall be responsible for repayment of any disallowed claims. However, in no event shall DHCS be liable for Medicaid reimbursement for any disallowed claims.
 - 1. Any Contractor contracting with DHCS for the provision of services through NTP providers may receive reimbursement of the NTP administrative rate.
 - 2. As a result of the direct contract provider's settled cost report, any County Realignment funds owed to the direct contract provider will be handled through an invoice process to the Contractor. Additionally, as a result of the direct contract provider's settled cost report, any County Realignment funds owed to DHCS will be returned to the Contractor.

Exhibit B
Budget Detail and Payment Provisions

Part III - Financial Audit Requirements

Section 1. General Fiscal Audit Requirements

- A. In addition to the requirements identified below, the Contractor and its subcontractors are required to meet the audit requirements as delineated in Exhibit C, General Terms and Conditions, and Exhibit D(F), Special Terms and Conditions, of this Contract.
- B. All expenditures of county realignment funds, state and federal funds furnished to the Contractor and its subcontractors pursuant to this Contract are subject to audit by DHCS. Objectives of such audits may include, but not limited to, the following:
 - 1. To determine whether units of service claimed/reported are properly documented by service records and accurately accumulated for claiming/reporting.
 - 2. To validate data reported by the Contractor for prospective contract negotiations.
 - 3. To provide technical assistance in addressing current year activities and providing recommendation on internal controls, accounting procedures, financial records, and compliance with laws and regulations.
 - 4. To determine the cost of services, net of related patient and participant fees, third-party payments, and other related revenues and funds.
 - 5. To determine that expenditures are made in accordance with applicable state and federal laws and regulations and contract requirements.
 - 6. To determine the facts in relation to analysis of data, complaints, or allegations, which may be indicative of fraud, abuse, willful misrepresentation, or failure to achieve the Contract objectives of Exhibit C and D(F).
- C. Unannounced visits may be made at the discretion of the DHCS to the Contractor and/or its subcontractors.
- D. The refusal of the Contractor or its subcontractors to permit access to and inspection of electronic or print books and records, physical facilities, and/or refusal to permit interviews with employees, as described in this part constitutes an express and immediate material breach of this Contract and will be sufficient basis to terminate the Contract for cause or default.
- E. Reports of audits conducted by DHCS shall reflect all findings, recommendations, adjustments and corrective action as a result of its finding in any areas.

Section 2. Drug Medi-Cal Financial Audits

- A. In addition to the audit requirements set forth in Exhibit D(F), DHCS may also conduct financial audits of DMC programs, exclusive of NTP services, to accomplish any of, but not limited to, the following audit objectives:
 - 1. To review reported costs for validity, appropriate allocation methodology, and compliance with Medicaid laws and regulations.

Exhibit B
Budget Detail and Payment Provisions

2. To ensure that only the cost of allowable DMC activities are included in reported costs.
 3. To determine the provider's usual and customary charge to the general public in accordance with CMS (The Medicare Provider Reimbursement Manual) (CMS-Pub.15), which can be obtained from the Centers for Medicare & Medicaid Services, Baltimore, Maryland, or www.cms.hhs.gov, for comparison to the DMC cost per unit.
 4. To review documentation of units of service and determine the final number of approved units of service.
 5. To determine the amount of clients' third-party revenue and Medi-Cal share of cost to offset allowable DMC reimbursement.
 6. To compute final settlement based on the lower of actual allowable cost, the usual and customary charge, or the maximum allowance, in accordance with Title 22, Section 51516.1.
- B. In addition to the audit requirements set forth in Exhibit D(F), DHCS may conduct financial audits of NTP programs. For NTP services, the audits will address items A(3) through A(5) above, except that the comparison of the provider's usual and customary charge in A(3) will be to the DMC USDR rate in lieu of DMC cost per unit. In addition, these audits will include, but not be limited to:
1. For those NTP providers required to submit a cost report pursuant to W&I Code Section 14124.24, a review of cost allocation methodology between NTP and other service modalities, and between DMC and other funding sources.
 2. A review of actual costs incurred for comparison to services claimed.
 3. A review of counseling claims to ensure that the appropriate group or individual counseling rate has been used and that counseling sessions have been billed appropriately.
 4. A review of the number of clients in group sessions to ensure that sessions include no less than two and no more than twelve clients at the same time, with at least one Medi-Cal client in attendance.
 5. Computation of final settlement based on the lower of Uniform Statewide Daily Reimbursement Rate or the provider's usual and customary charge to the general public.
 6. A review of supporting service, time, financial, and patient records to verify the validity of counseling claims.
- C. Contractor shall be responsible for any disallowances taken by the Federal Government, DHCS, or the Bureau of State Audits as a result of any audit exception that is related to its responsibilities. Contractor shall not use funds administered by DHCS to repay one federal funding source with funds provided by another federal funding source, or to repay federal funds with state funds, or to repay state funds with federal funds.

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Budget Detail and Payment Provisions

D. Contractor agrees to promptly develop and implement any corrective action plans in a manner acceptable to DHCS in order to comply with recommendations contained in any audit report. Such corrective action plans shall include time-specific objectives to allow for measurement of progress and are subject to verification by DHCS within six months from the date of the plan.

E. Contractor, in coordination with DHCS, shall provide follow-up on all significant findings in the audit report, including findings relating to a subcontractor, and submit the results to DHCS.

If differences cannot be resolved between DHCS and the Contractor regarding the terms of the final financial audit settlements for funds expended under Exhibit B, Contractor may request an appeal in accordance with the appeal process described in the Title 22, CCR , Section 51341.1(q). When a financial audit is conducted by the Federal Government, DHCS, or the Bureau of State Audits directly with a subcontractor of the Contractor, and if the subcontractor disagrees with audit disallowances related to its programs, claims or services, Contractor shall, at the subcontractor's request, request an appeal to DHCS in accordance with Title 22, CCR , Section 51341.1(q). Contractor shall include a provision in its subcontracts regarding the process by which a subcontractor may file an audit appeal via the Contractor.

F. Providers of DMC services shall, upon request, make available to DHCS their fiscal and other records to assure that such provider have adequate recordkeeping capability and to assure that reimbursement for covered DMC services are made in accordance with Title 22, CCR, Section 51516.1. These records include, but are not limited to, matters pertaining to:

1. Provider ownership, organization, and operation
2. Fiscal, medical, and other recordkeeping systems
3. Federal income tax status
4. Asset acquisition, lease, sale, or other action
5. Franchise or management arrangements
6. Patient service charge schedules
7. Costs of operation
8. Cost allocation methodology
9. Amounts of income received by source and purpose
10. Flow of funds and working capital

G. Contractor shall retain records of utilization review activities required in Exhibit A, Attachment I Part I, Section 4(B) herein for a minimum of three years.

Exhibit B
Budget Detail and Payment Provisions

Part IV – Records

Section 1. General Provisions

A. Maintenance of Records

Contractor shall maintain sufficient books, records, documents, and other evidence necessary for DHCS to audit contract performance, contract compliance and fiscal. Contractor shall make these records available to DHCS, upon request, to evaluate the quality and quantity of services, accessibility and appropriateness of services, and to ensure fiscal accountability. Regardless of the location or ownership of such records, they shall be sufficient to determine if costs incurred by Contractor are reasonable, allowable and allocated appropriately. All records must be capable of verification by qualified auditors.

1. Contractor and subcontractors shall include in any contract with an audit firm a clause to permit access by DHCS to the working papers of the external independent auditor, and require that copies of the working papers shall be made for DHCS at its request.
2. Contractor and subcontractors shall keep adequate and sufficient financial records and statistical data to support the year-end documents filed with DHCS. All records must be capable of verification by qualified auditors.
3. Accounting records and supporting documents shall be retained for a three-year period from the date the year-end cost settlement report was approved by DHCS for interim settlement. When an audit by the Federal Government, DHCS, or the California State Auditor has been started before the expiration of the three-year period, the records shall be retained until completion of the audit and final resolution of all issues that arise in the audit. Final settlement shall be made at the end of the audit and appeal process. If an audit has not been completed within three years, the interim settlement shall be considered as the final settlement.
4. Financial records shall be kept so that they clearly reflect the source of funding for each type of service for which reimbursement is claimed. These documents include, but are not limited to, all ledgers, books, vouchers, time sheets, payrolls, appointment schedules, client data cards, and schedules for allocating costs. All records must be capable of verification by qualified auditors.
5. Contractor's subcontracts shall require that all subcontractors comply with the requirements of Exhibit A, Attachment I, Part I, Section 3.
6. Should a subcontractor discontinue its contractual agreement with the Contractor, or cease to conduct business in its entirety, Contractor shall be responsible for retaining the subcontractor's fiscal and program records for the required retention period. DHCS Administrative Manual (SAM) contains statutory requirements governing the retention, storage, and disposal of records pertaining to state funds. Contractor shall follow SAM requirements located at <http://sam.dgs.ca.gov/TOC/1600.aspx>.

The Contractor shall retain all records required by W&I Code section 14124.1, 42 CFR 433.32, and 22 CCR 51341.1 for reimbursement of services and financial audit purposes.

Exhibit B
Budget Detail and Payment Provisions

7. In the expenditure of funds hereunder, Contractor shall comply with the requirements of SAM and the laws and procedures applicable to the obligation and expenditure of federal and state funds.

B. Dispute Resolution Process

1. In the event of a dispute under this Exhibit A, Attachment I, Part I, other than an audit dispute, Contractor shall provide written notice of the particulars of the dispute to DHCS before exercising any other available remedy. Written notice shall include the contract number. The Director (or designee) of DHCS and the County Drug or Alcohol Program Administrator (or designee) shall meet to discuss the means by which they can effect an equitable resolution to the dispute. Contractor shall receive a written response from DHCS within 60 days of the notice of dispute. The written response shall reflect the issues discussed at the meeting and state how the dispute will be resolved.
2. As stated in Part III, Section 2, of this Exhibit, in the event of a dispute over financial audit findings between DHCS and the Contractor, Contractor may appeal the audit in accordance with Title 22, CCR , Section 51341.1(q). When a financial audit by the Federal Government, DHCS, or the California State Auditor is conducted directly with a subcontractor of the Contractor, and if the subcontractor disagrees with audit disallowances related to its programs, claims or services, Contractor shall, at the subcontractor's request, request an appeal to DHCS in accordance with Title 22, CCR , Section 51341.1(q). Contractor shall include a provision in its subcontracts regarding the process by which a subcontractor may file an audit appeal via the Contractor.
3. Contractors that conduct financial audits of subcontractors, other than a subcontractor whose funding consists entirely of non-Department funds, shall develop a process to resolve disputed financial findings and notify subcontractors of their appeal rights pursuant to that process. This section shall not apply to those grievances or compliances arising from the financial findings of an audit or examination made by or on behalf of DHCS pursuant to Part III of this Exhibit.
4. To ensure that necessary corrective actions are taken, financial audit findings are either uncontested or upheld after appeal may be used by DHCS during prospective contract negotiations.

Exhibit B
Budget Detail and Payment Provisions

Part V. Drug Medi-Cal Reimbursement Rates

- A. "Uniform Statewide Daily Reimbursement Rate (USDR)"** means the rate for NTP services based on a unit of service that is a daily treatment service provided pursuant to Title 22, CCR, Sections 51341.1 and 51516.1 and Title 9, CCR, commencing with Section 10000 (Document 3G), or the rate for individual or group counseling. The following table shows USDR rates.

Service	Type of Unit of Service (UOS)	Non-Perinatal (Regular) Rate Per UOS	Perinatal Rate Per UOS
NTP-Methadone Dosing	Daily	\$13.11	\$14.11
NTP-Individual Counseling (*)	One 10-minute increment	\$15.37	\$16.39
NTP Group Counseling (*)	One 10-minute increment	\$3.43	\$4.28

(*) The NTP Contractors may be reimbursed for up to 200 minutes (20 ten-minute increments) of individual and/or group counseling per calendar month. If a medical necessity determination is made that requires additional NTP counseling beyond 200 minutes per calendar month, NTP Contractors may bill and be reimbursed for additional counseling (in 10-minute increments). Medical justification for the additional counseling must be clearly documented in the patient record.

Reimbursement for covered NTP services shall be limited to the lower of the NTP's usual and customary charge to the general public for the same or similar services or the USDR rate.

Exhibit B
Budget Detail and Payment Provisions

- B. “Unit of Service”** means a face-to-face contact on a calendar day for outpatient drug free, intensive outpatient treatment, perinatal residential, and Naltrexone treatment services. Only one face-to-face service contact per day is covered by DMC except in the case of emergencies when an additional face-to-face contact may be covered for intake crisis intervention or collateral service. To count as a unit of service, the second contact shall not duplicate the services provided on the first contact, and each contact shall be clearly documented in the beneficiary’s record. While the rates are approved by DHCS, they are subject to change through the regulation process. Units of service are identified in the following table.

Service	Type of Unit of Service (UOS)	Non-Perinatal (Regular) Rate Per UOS	Perinatal Rate Per UOS
Intensive Outpatient Treatment	Face-to-Face Visit	\$58.53	\$84.43
Naltrexone Treatment	Face-to-Face Visit	19.06	NA
Outpatient Drug Free	Face-to Face Visit – Individual (per person)	\$76.91	\$81.93
	Face-to-Face Visit – Group (per person)	\$30.89	\$38.56
Perinatal Residential	Daily – Residential Day	NA	\$90.14

Exhibit B, Attachment I - Funding for Fiscal Year 2017-18 through FY 2019-20

Version: Original	
Date: 7/1/2017	

Contract Number:	17-94105
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County:	Shasta
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Fiscal Year 2018-19	2018-19 Funding Amount	Original
State General Funds (7/1/18 to 6/30/19)		
- DMC Non Perinatal SGF		69,953
- DMC Perinatal SGF		7,772
TOTAL		77,725
Drug Medi-Cal Federal Share (7/1/18 to 6/30/19)		
- Non Perinatal Federal Share		1,333,236
- Perinatal Federal Share		145,656
TOTAL		1,478,892
GRAND TOTAL		1,556,617

Fiscal Year 2017-18	2017-18 Funding Amount	Original
State General Funds (7/1/17 to 6/30/18)		
- DMC Non Perinatal SGF		69,953
- DMC Perinatal SGF		7,772
TOTAL		77,725
Drug Medi-Cal Federal Share (7/1/17 to 6/30/18)		
- Non Perinatal Federal Share		1,333,236
- Perinatal Federal Share		145,656
TOTAL		1,478,892
GRAND TOTAL		1,556,617

ORIGINAL THREE-YEAR TOTAL	4,669,851
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Fiscal Year 2019-20	2019-20 Funding Amount	Original
State General Funds (7/1/19 to 6/30/20)		
- DMC Non Perinatal SGF		69,953
- DMC Perinatal SGF		7,772
TOTAL		77,725
Drug Medi-Cal Federal Share (7/1/19 to 6/30/20)		
- Non Perinatal Federal Share		1,333,236
- Perinatal Federal Share		145,656
TOTAL		1,478,892
GRAND TOTAL		1,556,617

EXHIBIT C

GENERAL TERMS AND CONDITIONS

1. **APPROVAL**: This Agreement is of no force or effect until signed by both parties and approved by the Department of General Services, if required. Contractor may not commence performance until such approval has been obtained.
2. **AMENDMENT**: No amendment or variation of the terms of this Agreement shall be valid unless made in writing, signed by the parties and approved as required. No oral understanding or Agreement not incorporated in the Agreement is binding on any of the parties.
3. **ASSIGNMENT**: This Agreement is not assignable by the Contractor, either in whole or in part, without the consent of the State in the form of a formal written amendment.
4. **AUDIT**: Contractor agrees that the awarding department, the Department of General Services, the Bureau of State Audits, or their designated representative shall have the right to review and to copy any records and supporting documentation pertaining to the performance of this Agreement. Contractor agrees to maintain such records for possible audit for a minimum of three (3) years after final payment, unless a longer period of records retention is stipulated. Contractor agrees to allow the auditor(s) access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. Further, Contractor agrees to include a similar right of the State to audit records and interview staff in any subcontract related to performance of this Agreement. (Gov. Code §8546.7, Pub. Contract Code §10115 et seq., CCR Title 2, Section 1896).
5. **INDEMNIFICATION**: Contractor agrees to indemnify, defend and save harmless the State, its officers, agents and employees from any and all claims and losses accruing or resulting to any and all contractors, subcontractors, suppliers, laborers, and any other person, firm or corporation furnishing or supplying work services, materials, or supplies in connection with the performance of this Agreement, and from any and all claims and losses accruing or resulting to any person, firm or corporation who may be injured or damaged by Contractor in the performance of this Agreement.
6. **DISPUTES**: Contractor shall continue with the responsibilities under this Agreement during any dispute.
7. **TERMINATION FOR CAUSE**: The State may terminate this Agreement and be relieved of any payments should the Contractor fail to perform the requirements of this Agreement at the time and in the manner herein provided. In the event of such termination the State may proceed with the work in any manner deemed proper by the State. All costs to the State shall be deducted from any sum due the Contractor under this Agreement and the balance, if any, shall be paid to the Contractor upon demand.

8. INDEPENDENT CONTRACTOR: Contractor, and the agents and employees of Contractor, in the performance of this Agreement, shall act in an independent capacity and not as officers or employees or agents of the State.

9. RECYCLING CERTIFICATION: The Contractor shall certify in writing under penalty of perjury, the minimum, if not exact, percentage of post consumer material as defined in the Public Contract Code Section 12200, in products, materials, goods, or supplies offered or sold to the State regardless of whether the product meets the requirements of Public Contract Code Section 12209. With respect to printer or duplication cartridges that comply with the requirements of Section 12156(e), the certification required by this subdivision shall specify that the cartridges so comply (Pub. Contract Code §12205).

10. NON-DISCRIMINATION CLAUSE: During the performance of this Agreement, Contractor and its subcontractors shall not deny the contract's benefits to any person on the basis of race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, genetic information, marital status, sex, gender, gender identity, gender expression, age, sexual orientation, or military and veteran status, nor shall they discriminate unlawfully against any employee or applicant for employment because of race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, genetic information, marital status, sex, gender, gender identity, gender expression, age, sexual orientation, or military and veteran status. Contractor shall insure that the evaluation and treatment of employees and applicants for employment are free of such discrimination. Contractor and subcontractors shall comply with the provisions of the Fair Employment and Housing Act (Gov. Code §12900 et seq.), the regulations promulgated thereunder (Cal. Code Regs., tit. 2, §11000 et seq.), the provisions of Article 9.5, Chapter 1, Part 1, Division 3, Title 2 of the Government Code (Gov. Code §§11135-11139.5), and the regulations or standards adopted by the awarding state agency to implement such article. Contractor shall permit access by representatives of the Department of Fair Employment and Housing and the awarding state agency upon reasonable notice at any time during the normal business hours, but in no case less than 24 hours' notice, to such of its books, records, accounts, and all other sources of information and its facilities as said Department or Agency shall require to ascertain compliance with this clause. Contractor and its subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement. (See Cal. Code Regs., tit. 2, §11105.)

Contractor shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under the Agreement.

11. CERTIFICATION CLAUSES: The CONTRACTOR CERTIFICATION CLAUSES contained in the document CCC 04/2017 are hereby incorporated by reference and made a part of this Agreement by this reference as if attached hereto.

12. TIMELINESS: Time is of the essence in this Agreement.

13. COMPENSATION: The consideration to be paid Contractor, as provided herein, shall be in compensation for all of Contractor's expenses incurred in the performance hereof, including travel, per diem, and taxes, unless otherwise expressly so provided.

14. GOVERNING LAW: This contract is governed by and shall be interpreted in accordance with the laws of the State of California.

15. ANTITRUST CLAIMS: The Contractor by signing this agreement hereby certifies that if these services or goods are obtained by means of a competitive bid, the Contractor shall comply with the requirements of the Government Codes Sections set out below.

a. The Government Code Chapter on Antitrust claims contains the following definitions:

1) "Public purchase" means a purchase by means of competitive bids of goods, services, or materials by the State or any of its political subdivisions or public agencies on whose behalf the Attorney General may bring an action pursuant to subdivision (c) of Section 16750 of the Business and Professions Code.

2) "Public purchasing body" means the State or the subdivision or agency making a public purchase. Government Code Section 4550.

b. In submitting a bid to a public purchasing body, the bidder offers and agrees that if the bid is accepted, it will assign to the purchasing body all rights, title, and interest in and to all causes of action it may have under Section 4 of the Clayton Act (15 U.S.C. Sec. 15) or under the Cartwright Act (Chapter 2 (commencing with Section 16700) of Part 2 of Division 7 of the Business and Professions Code), arising from purchases of goods, materials, or services by the bidder for sale to the purchasing body pursuant to the bid. Such assignment shall be made and become effective at the time the purchasing body tenders final payment to the bidder. Government Code Section 4552.

c. If an awarding body or public purchasing body receives, either through judgment or settlement, a monetary recovery for a cause of action assigned under this chapter, the assignor shall be entitled to receive reimbursement for actual legal costs incurred and may, upon demand, recover from the public body any portion of the recovery, including treble damages, attributable to overcharges that were paid by the assignor but were not paid by the public body as part of the bid price, less the expenses incurred in obtaining that portion of the recovery. Government Code Section 4553.

d. Upon demand in writing by the assignor, the assignee shall, within one year from such demand, reassign the cause of action assigned under this part if the assignor has been or may have been injured by the violation of law for which the cause of action arose and (a) the assignee has not been injured thereby, or (b) the assignee declines to file a court action for the cause of action. See Government Code Section 4554.

16. CHILD SUPPORT COMPLIANCE ACT: For any Agreement in excess of \$100,000, the contractor acknowledges in accordance with Public Contract Code 7110, that:

a. The contractor recognizes the importance of child and family support obligations and shall fully comply with all applicable state and federal laws relating to child and family support

enforcement, including, but not limited to, disclosure of information and compliance with earnings assignment orders, as provided in Chapter 8 (commencing with section 5200) of Part 5 of Division 9 of the Family Code; and

b. The contractor, to the best of its knowledge is fully complying with the earnings assignment orders of all employees and is providing the names of all new employees to the New Hire Registry maintained by the California Employment Development Department.

17. UNENFORCEABLE PROVISION: In the event that any provision of this Agreement is unenforceable or held to be unenforceable, then the parties agree that all other provisions of this Agreement have force and effect and shall not be affected thereby.

18. PRIORITY HIRING CONSIDERATIONS: If this Contract includes services in excess of \$200,000, the Contractor shall give priority consideration in filling vacancies in positions funded by the Contract to qualified recipients of aid under Welfare and Institutions Code Section 11200 in accordance with Pub. Contract Code §10353.

19. SMALL BUSINESS PARTICIPATION AND DVBE PARTICIPATION REPORTING REQUIREMENTS:

a. If for this Contract Contractor made a commitment to achieve small business participation, then Contractor must within 60 days of receiving final payment under this Contract (or within such other time period as may be specified elsewhere in this Contract) report to the awarding department the actual percentage of small business participation that was achieved. (Govt. Code § 14841.)

b. If for this Contract Contractor made a commitment to achieve disabled veteran business enterprise (DVBE) participation, then Contractor must within 60 days of receiving final payment under this Contract (or within such other time period as may be specified elsewhere in this Contract) certify in a report to the awarding department: (1) the total amount the prime Contractor received under the Contract; (2) the name and address of the DVBE(s) that participated in the performance of the Contract; (3) the amount each DVBE received from the prime Contractor; (4) that all payments under the Contract have been made to the DVBE; and (5) the actual percentage of DVBE participation that was achieved. A person or entity that knowingly provides false information shall be subject to a civil penalty for each violation. (Mil. & Vets. Code § 999.5(d); Govt. Code § 14841.)

20. LOSS LEADER:

If this contract involves the furnishing of equipment, materials, or supplies then the following statement is incorporated: It is unlawful for any person engaged in business within this state to sell or use any article or product as a "loss leader" as defined in Section 17030 of the Business and Professions Code. (PCC 10344(e).)

Special Terms and Conditions

(For federally funded service contracts or agreements and grant agreements)

The use of headings or titles throughout this exhibit is for convenience only and shall not be used to interpret or to govern the meaning of any specific term or condition.

The terms "contract", "Contractor" and "Subcontractor" shall also mean, "agreement", "grant", "grant agreement", "Grantee" and "Subgrantee" respectively.

The terms "California Department of Health Care Services", "California Department of Health Services", "Department of Health Care Services", "Department of Health Services", "CDHCS", "DHCS", "CDHS", and "DHS" shall all have the same meaning and refer to the California State agency that is a party to this Agreement.

This exhibit contains provisions that require strict adherence to various contracting laws and policies. Some provisions herein are conditional and only apply if specified conditions exist (i.e., agreement total exceeds a certain amount; agreement is federally funded, etc.). The provisions herein apply to this Agreement unless the provisions are removed by reference on the face of this Agreement, the provisions are superseded by an alternate provision appearing elsewhere in this Agreement, or the applicable conditions do not exist.

Index of Special Terms and Conditions

1. Federal Equal Employment Opportunity Requirements	17. Human Subjects Use Requirements
2. Travel and Per Diem Reimbursement	18. Novation Requirements
3. Procurement Rules	19. Debarment and Suspension Certification
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6. Income Restrictions	22. Payment Withholds
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	33. Lobbying Restrictions and Disclosure Certification

1. Federal Equal Opportunity Requirements

(Applicable to all federally funded agreements entered into by the Department of Health Care Services)

- a. The Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, national origin, physical or mental handicap, disability, age or status as a disabled veteran or veteran of the Vietnam era. The Contractor will take affirmative action to ensure that qualified applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, national origin, physical or mental handicap, disability, age or status as a disabled veteran or veteran of the Vietnam era. Such action shall include, but not be limited to the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and career development opportunities and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Federal Government or DHCS, setting forth the provisions of the Equal Opportunity clause, Section 503 of the Rehabilitation Act of 1973 and the affirmative action clause required by the Vietnam Era Veterans' Readjustment Assistance Act of 1974 (38 U.S.C. 4212). Such notices shall state the Contractor's obligation under the law to take affirmative action to employ and advance in employment qualified applicants without discrimination based on their race, color, religion, sex, national origin physical or mental handicap, disability, age or status as a disabled veteran or veteran of the Vietnam era and the rights of applicants and employees.
- b. The Contractor will, in all solicitations or advancements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, national origin physical or mental handicap, disability, age or status as a disabled veteran or veteran of the Vietnam era.
- c. The Contractor will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding a notice, to be provided by the Federal Government or the State, advising the labor union or workers' representative of the Contractor's commitments under the provisions herein and shall post copies of the notice in conspicuous places available to employees and applicants for employment.
- d. The Contractor will comply with all provisions of and furnish all information and reports required by Section 503 of the Rehabilitation Act of 1973, as amended, the Vietnam Era Veterans' Readjustment Assistance Act of 1974 (38 U.S.C. 4212) and of the Federal Executive Order No. 11246 as amended, including by Executive Order 11375, 'Amending Executive Order 11246 Relating to Equal Employment Opportunity,' and as supplemented by regulation at 41 CFR part 60, "Office of the Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor," and of the rules, regulations, and relevant orders of the Secretary of Labor.
- e. The Contractor will furnish all information and reports required by Federal Executive Order No. 11246 as amended, including by Executive Order 11375, 'Amending Executive Order 11246 Relating to Equal Employment Opportunity,' and as supplemented by regulation at 41 CFR part 60, "Office of the Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor," and the Rehabilitation Act of 1973, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records, and accounts by the State and its designated representatives and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.
- f. In the event of the Contractor's noncompliance with the requirements of the provisions herein or with any federal rules, regulations, or orders which are referenced herein, this Agreement may be cancelled, terminated, or suspended in whole or in part and the Contractor may be declared ineligible for further federal and state contracts in accordance with procedures authorized in Federal Executive Order No. 11246 as amended and such other sanctions may be imposed and remedies invoked as provided in Federal Executive Order No. 11246 as amended, including by Executive Order 11375, 'Amending Executive Order 11246 Relating to Equal Employment Opportunity,' and as supplemented by regulation at 41 CFR part 60, "Office of the Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor," or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

- g. The Contractor will include the provisions of Paragraphs a through g in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Federal Executive Order No. 11246 as amended, including by Executive Order 11375, 'Amending Executive Order 11246 Relating to Equal Employment Opportunity,' and as supplemented by regulation at 41 CFR part 60, "Office of the Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor," or Section 503 of the Rehabilitation Act of 1973 or (38 U.S.C. 4212) of the Vietnam Era Veteran's Readjustment Assistance Act, so that such provisions will be binding upon each subcontractor or vendor. The Contractor will take such action with respect to any subcontract or purchase order as the Director of the Office of Federal Contract Compliance Programs or DHCS may direct as a means of enforcing such provisions including sanctions for noncompliance provided, however, that in the event the Contractor becomes involved in, or is threatened with litigation by a subcontractor or vendor as a result of such direction by DHCS, the Contractor may request in writing to DHCS, who, in turn, may request the United States to enter into such litigation to protect the interests of the State and of the United States.

2. Travel and Per Diem Reimbursement

(Applicable if travel and/or per diem expenses are reimbursed with agreement funds.)

Reimbursement for travel and per diem expenses from DHCS under this Agreement shall, unless otherwise specified in this Agreement, be at the rates currently in effect, as established by the California Department of Human Resources (CalHR), for nonrepresented state employees as stipulated in DHCS' Travel Reimbursement Information Exhibit. If the CalHR rates change during the term of the Agreement, the new rates shall apply upon their effective date and no amendment to this Agreement shall be necessary. Exceptions to CalHR rates may be approved by DHCS upon the submission of a statement by the Contractor indicating that such rates are not available to the Contractor. No travel outside the State of California shall be reimbursed without prior authorization from DHCS. Verbal authorization should be confirmed in writing. Written authorization may be in a form including fax or email confirmation.

3. Procurement Rules

(Applicable to agreements in which equipment/property, commodities and/or supplies are furnished by DHCS or expenses for said items are reimbursed by DHCS with state or federal funds provided under the Agreement.)

a. Equipment/Property definitions

Wherever the term equipment and/or property is used, the following definitions shall apply:

- (1) **Major equipment/property:** A tangible or intangible item having a base unit cost of **\$5,000 or more** with a life expectancy of one (1) year or more and is either furnished by DHCS or the cost is reimbursed through this Agreement. Software and videos are examples of intangible items that meet this definition.
 - (2) **Minor equipment/property:** A tangible item having a base unit cost of **less than \$5,000** with a life expectancy of one (1) year or more and is either furnished by DHCS or the cost is reimbursed through this Agreement.
- b. **Government and public entities** (including state colleges/universities and auxiliary organizations), whether acting as a contractor and/or subcontractor, may secure all commodities, supplies, equipment and services related to such purchases that are required in performance of this Agreement. Said procurements are subject to Paragraphs d through h of Provision 3. Paragraph c of Provision 3 shall also apply, if equipment/property purchases are delegated to subcontractors that are nonprofit organizations or commercial businesses.
- c. **Nonprofit organizations and commercial businesses**, whether acting as a contractor and/or subcontractor, may secure commodities, supplies, equipment/property and services related to such purchases for performance under this Agreement.

- (1) Equipment/property purchases shall not exceed \$50,000 annually.

To secure equipment/property above the annual maximum limit of \$50,000, the Contractor shall

make arrangements through the appropriate DHCS Program Contract Manager, to have all remaining equipment/property purchased through DHCS' Purchasing Unit. The cost of equipment/property purchased by or through DHCS shall be deducted from the funds available in this Agreement. Contractor shall submit to the DHCS Program Contract Manager a list of equipment/property specifications for those items that the State must procure. DHCS may pay the vendor directly for such arranged equipment/property purchases and title to the equipment/property will remain with DHCS. The equipment/property will be delivered to the Contractor's address, as stated on the face of the Agreement, unless the Contractor notifies the DHCS Program Contract Manager, in writing, of an alternate delivery address.

- (2) All equipment/property purchases are subject to Paragraphs d through h of Provision 3. Paragraph b of Provision 3 shall also apply, if equipment/property purchases are delegated to subcontractors that are either a government or public entity.
- (3) Nonprofit organizations and commercial businesses shall use a procurement system that meets the following standards:
 - (a) Maintain a code or standard of conduct that shall govern the performance of its officers, employees, or agents engaged in awarding procurement contracts. No employee, officer, or agent shall participate in the selection, award, or administration of a procurement, or bid contract in which, to his or her knowledge, he or she has a financial interest.
 - (b) Procurements shall be conducted in a manner that provides, to the maximum extent practical, open, and free competition.
 - (c) Procurements shall be conducted in a manner that provides for all of the following:
 - [1] Avoid purchasing unnecessary or duplicate items.
 - [2] Equipment/property solicitations shall be based upon a clear and accurate description of the technical requirements of the goods to be procured.
 - [3] Take positive steps to utilize small and veteran owned businesses.
- d. Unless waived or otherwise stipulated in writing by DHCS, prior written authorization from the appropriate DHCS Program Contract Manager will be required before the Contractor will be reimbursed for any purchase of \$5,000 or more for commodities, supplies, equipment/property, and services related to such purchases. The Contractor must provide in its request for authorization all particulars necessary, as specified by DHCS, for evaluating the necessity or desirability of incurring such costs. The term "purchase" excludes the purchase of services from a subcontractor and public utility services at rates established for uniform applicability to the general public.
- e. In special circumstances, determined by DHCS (e.g., when DHCS has a need to monitor certain purchases, etc.), DHCS may require prior written authorization and/or the submission of paid vendor receipts for any purchase, regardless of dollar amount. DHCS reserves the right to either deny claims for reimbursement or to request repayment for any Contractor and/or subcontractor purchase that DHCS determines to be unnecessary in carrying out performance under this Agreement.
- f. The Contractor and/or subcontractor must maintain a copy or narrative description of the procurement system, guidelines, rules, or regulations that will be used to make purchases under this Agreement. The State reserves the right to request a copy of these documents and to inspect the purchasing practices of the Contractor and/or subcontractor at any time.
- g. For all purchases, the Contractor and/or subcontractor must maintain copies of all paid vendor invoices, documents, bids and other information used in vendor selection, for inspection or audit. Justifications supporting the absence of bidding (i.e., sole source purchases) shall also be maintained on file by the Contractor and/or subcontractor for inspection or audit.
- h. DHCS may, with cause (e.g., with reasonable suspicion of unnecessary purchases or use of inappropriate purchase practices, etc.), withhold, cancel, modify, or retract the delegated purchase authority granted under Paragraphs b and/or c of Provision 3 by giving the Contractor no less than 30 calendar days written notice.

4. Equipment/Property Ownership / Inventory / Disposition

(Applicable to agreements in which equipment/property is furnished by DHCS and/or when said items are purchased or reimbursed by DHCS with state or federal funds provided under the Agreement.)

- a. Wherever the term equipment and/or property is used in Provision 4, the definitions in Paragraph a of Provision 3 shall apply.

Unless otherwise stipulated in this Agreement, all equipment and/or property that is purchased/reimbursed with agreement funds or furnished by DHCS under the terms of this Agreement shall be considered state equipment and the property of DHCS.

- (1) **Reporting of Equipment/Property Receipt** - DHCS requires the reporting, tagging and annual inventorying of all equipment and/or property that is furnished by DHCS or purchased/reimbursed with funds provided through this Agreement.

Upon receipt of equipment and/or property, the Contractor shall report the receipt to the DHCS Program Contract Manager. To report the receipt of said items and to receive property tags, Contractor shall use a form or format designated by DHCS' Asset Management Unit. If the appropriate form (i.e., Contractor Equipment Purchased with DHCS Funds) does not accompany this Agreement, Contractor shall request a copy from the DHCS Program Contract Manager.

- (2) **Annual Equipment/Property Inventory** - If the Contractor enters into an agreement with a term of more than twelve months, the Contractor shall submit an annual inventory of state equipment and/or property to the DHCS Program Contract Manager using a form or format designated by DHCS' Asset Management Unit. If an inventory report form (i.e., Inventory/Disposition of DHCS-Funded Equipment) does not accompany this Agreement, Contractor shall request a copy from the DHCS Program Contract Manager. Contractor shall:

- (a) Include in the inventory report, equipment and/or property in the Contractor's possession and/or in the possession of a subcontractor (including independent consultants).
 - (b) Submit the inventory report to DHCS according to the instructions appearing on the inventory form or issued by the DHCS Program Contract Manager.
 - (c) Contact the DHCS Program Contract Manager to learn how to remove, trade-in, sell, transfer or survey off, from the inventory report, expired equipment and/or property that is no longer wanted, usable or has passed its life expectancy. Instructions will be supplied by either the DHCS Program Contract Manager or DHCS' Asset Management Unit.
- b. Title to state equipment and/or property shall not be affected by its incorporation or attachment to any property not owned by the State.
- c. Unless otherwise stipulated, DHCS shall be under no obligation to pay the cost of restoration, or rehabilitation of the Contractor's and/or Subcontractor's facility which may be affected by the removal of any state equipment and/or property.
- d. The Contractor and/or Subcontractor shall maintain and administer a sound business program for ensuring the proper use, maintenance, repair, protection, insurance and preservation of state equipment and/or property.
- (1) In administering this provision, DHCS may require the Contractor and/or Subcontractor to repair or replace, to DHCS' satisfaction, any damaged, lost or stolen state equipment and/or property. In the event of state equipment and/or miscellaneous property theft, Contractor and/or Subcontractor shall immediately file a theft report with the appropriate police agency or the California Highway Patrol and Contractor shall promptly submit one copy of the theft report to the DHCS Program Contract Manager.
- e. Unless otherwise stipulated by the Program funding this Agreement, equipment and/or property purchased/reimbursed with agreement funds or furnished by DHCS under the terms of this Agreement, shall only be used for performance of this Agreement or another DHCS agreement.

- f. Within sixty (60) calendar days prior to the termination or end of this Agreement, the Contractor shall provide a final inventory report of equipment and/or property to the DHCS Program Contract Manager and shall, at that time, query DHCS as to the requirements, including the manner and method, of returning state equipment and/or property to DHCS. Final disposition of equipment and/or property shall be at DHCS expense and according to DHCS instructions. Equipment and/or property disposition instructions shall be issued by DHCS immediately after receipt of the final inventory report. At the termination or conclusion of this Agreement, DHCS may at its discretion, authorize the continued use of state equipment and/or property for performance of work under a different DHCS agreement.

g. **Motor Vehicles**

(Applicable only if motor vehicles are purchased/reimbursed with agreement funds or furnished by DHCS under this Agreement.)

- (1) If motor vehicles are purchased/reimbursed with agreement funds or furnished by DHCS under the terms of this Agreement, within thirty (30) calendar days prior to the termination or end of this Agreement, the Contractor and/or Subcontractor shall return such vehicles to DHCS and shall deliver all necessary documents of title or registration to enable the proper transfer of a marketable title to DHCS.
- (2) If motor vehicles are purchased/reimbursed with agreement funds or furnished by DHCS under the terms of this Agreement, the State of California shall be the legal owner of said motor vehicles and the Contractor shall be the registered owner. The Contractor and/or a subcontractor may only use said vehicles for performance and under the terms of this Agreement.
- (3) The Contractor and/or Subcontractor agree that all operators of motor vehicles, purchased/reimbursed with agreement funds or furnished by DHCS under the terms of this Agreement, shall hold a valid State of California driver's license. In the event that ten or more passengers are to be transported in any one vehicle, the operator shall also hold a State of California Class B driver's license.
- (4) If any motor vehicle is purchased/reimbursed with agreement funds or furnished by DHCS under the terms of this Agreement, the Contractor and/or Subcontractor, as applicable, shall provide, maintain, and certify that, at a minimum, the following type and amount of automobile liability insurance is in effect during the term of this Agreement or any extension period during which any vehicle remains in the Contractor's and/or Subcontractor's possession:

Automobile Liability Insurance

- (a) The Contractor, by signing this Agreement, hereby certifies that it possesses or will obtain automobile liability insurance in the amount of \$1,000,000 per occurrence for bodily injury and property damage combined. Said insurance must be obtained and made effective upon the delivery date of any motor vehicle, purchased/reimbursed with agreement funds or furnished by DHCS under the terms of this Agreement, to the Contractor and/or Subcontractor.
- (b) The Contractor and/or Subcontractor shall, as soon as practical, furnish a copy of the certificate of insurance to the DHCS Program Contract Manager. The certificate of insurance shall identify the DHCS contract or agreement number for which the insurance applies.
- (c) The Contractor and/or Subcontractor agree that bodily injury and property damage liability insurance, as required herein, shall remain in effect at all times during the term of this Agreement or until such time as the motor vehicle is returned to DHCS.
- (d) The Contractor and/or Subcontractor agree to provide, at least thirty (30) days prior to the expiration date of said insurance coverage, a copy of a new certificate of insurance evidencing continued coverage, as indicated herein, for not less than the remainder of the term of this Agreement, the term of any extension or continuation thereof, or for a period of not less than one (1) year.
- (e) The Contractor and/or Subcontractor, if not a self-insured government and/or public entity, must provide evidence, that any required certificates of insurance contain the following provisions:

- [1] The insurer will not cancel the insured's coverage without giving thirty (30) calendar days prior written notice to the State (California Department of Health Care Services).
 - [2] The State of California, its officers, agents, employees, and servants are included as additional insureds, but only with respect to work performed for the State under this Agreement and any extension or continuation of this Agreement.
 - [3] The insurance carrier shall notify the California Department of Health Care Services (DHCS), in writing, of the Contractor's failure to pay premiums; its cancellation of such policies; or any other substantial change, including, but not limited to, the status, coverage, or scope of the required insurance. Such notices shall contain a reference to each agreement number for which the insurance was obtained.
- (f) The Contractor and/or Subcontractor is hereby advised that copies of certificates of insurance may be subject to review and approval by the Department of General Services (DGS), Office of Risk and Insurance Management. The Contractor shall be notified by DHCS, in writing, if this provision is applicable to this Agreement. If DGS approval of the certificate of insurance is required, the Contractor agrees that no work or services shall be performed prior to obtaining said approval.
- (g) In the event the Contractor and/or Subcontractor fails to keep insurance coverage, as required herein, in effect at all times during vehicle possession, DHCS may, in addition to any other remedies it may have, terminate this Agreement upon the occurrence of such event.

5. Subcontract Requirements

(Applicable to agreements under which services are to be performed by subcontractors including independent consultants.)

- a. Prior written authorization will be required before the Contractor enters into or is reimbursed for any subcontract for services costing \$5,000 or more. Except as indicated in Paragraph a(3) herein, when securing subcontracts for services exceeding \$5,000, the Contractor shall obtain at least three bids or justify a sole source award.
- (1) The Contractor must provide in its request for authorization, all information necessary for evaluating the necessity or desirability of incurring such cost.
 - (2) DHCS may identify the information needed to fulfill this requirement.
 - (3) Subcontracts performed by the following entities or for the service types listed below are exempt from the bidding and sole source justification requirements:
 - (a) A local governmental entity or the federal government,
 - (b) A State college or State university from any State,
 - (c) A Joint Powers Authority,
 - (d) An auxiliary organization of a California State University or a California community college,
 - (e) A foundation organized to support the Board of Governors of the California Community Colleges,
 - (f) An auxiliary organization of the Student Aid Commission established under Education Code § 69522,
 - (g) Firms or individuals proposed for use and approved by DHCS' funding Program via acceptance of an application or proposal for funding or pre/post contract award negotiations,
 - (h) Entities and/or service types identified as exempt from advertising and competitive bidding in State Contracting Manual Chapter 5 Section 5.80 Subsection B.2. View this publication at the following Internet address: <http://www.dgs.ca.gov/ols/Resources/StateContractManual.aspx>.
- b. DHCS reserves the right to approve or disapprove the selection of subcontractors and with advance written notice, require the substitution of subcontractors and require the Contractor to terminate subcontracts entered into in support of this Agreement.

- (1) Upon receipt of a written notice from DHCS requiring the substitution and/or termination of a subcontract, the Contractor shall take steps to ensure the completion of any work in progress and select a replacement, if applicable, within 30 calendar days, unless a longer period is agreed to by DHCS.
- c. Actual subcontracts (i.e., written agreement between the Contractor and a subcontractor) of \$5,000 or more are subject to the prior review and written approval of DHCS. DHCS may, at its discretion, elect to waive this right. All such waivers shall be confirmed in writing by DHCS.
- d. Contractor shall maintain a copy of each subcontract entered into in support of this Agreement and shall, upon request by DHCS, make copies available for approval, inspection, or audit.
- e. DHCS assumes no responsibility for the payment of subcontractors used in the performance of this Agreement. Contractor accepts sole responsibility for the payment of subcontractors used in the performance of this Agreement.
- f. The Contractor is responsible for all performance requirements under this Agreement even though performance may be carried out through a subcontract.
- g. The Contractor shall ensure that all subcontracts for services include provision(s) requiring compliance with applicable terms and conditions specified in this Agreement.
- h. The Contractor agrees to include the following clause, relevant to record retention, in all subcontracts for services:

"(Subcontractor Name) agrees to maintain and preserve, until three years after termination of (Agreement Number) and final payment from DHCS to the Contractor, to permit DHCS or any duly authorized representative, to have access to, examine or audit any pertinent books, documents, papers and records related to this subcontract and to allow interviews of any employees who might reasonably have information related to such records."
- i. Unless otherwise stipulated in writing by DHCS, the Contractor shall be the subcontractor's sole point of contact for all matters related to performance and payment under this Agreement.
- j. Contractor shall, as applicable, advise all subcontractors of their obligations pursuant to the following numbered provisions of this Exhibit: 1, 2, 3, 4, 5, 6, 7, 8, 10, 11, 12, 13, 14, 17, 19, 20, 24, 32 and/or other numbered provisions herein that are deemed applicable.

6. Income Restrictions

Unless otherwise stipulated in this Agreement, the Contractor agrees that any refunds, rebates, credits, or other amounts (including any interest thereon) accruing to or received by the Contractor under this Agreement shall be paid by the Contractor to DHCS, to the extent that they are properly allocable to costs for which the Contractor has been reimbursed by DHCS under this Agreement.

7. Audit and Record Retention

(Applicable to agreements in excess of \$10,000.)

- a. The Contractor and/or Subcontractor shall maintain books, records, documents, and other evidence, accounting procedures and practices, sufficient to properly reflect all direct and indirect costs of whatever nature claimed to have been incurred in the performance of this Agreement, including any matching costs and expenses. The foregoing constitutes "records" for the purpose of this provision.
- b. The Contractor's and/or subcontractor's facility or office or such part thereof as may be engaged in the performance of this Agreement and his/her records shall be subject at all reasonable times to inspection, audit, and reproduction.
- c. Contractor agrees that DHCS, the Department of General Services, the Bureau of State Audits, or their designated representatives including the Comptroller General of the United States shall have the right to review and to copy any records and supporting documentation pertaining to the performance of this

Agreement. Contractor agrees to allow the auditor(s) access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. Further, the Contractor agrees to include a similar right of the State to audit records and interview staff in any subcontract related to performance of this Agreement. (GC 8546.7, CCR Title 2, Section 1896).

- d. The Contractor and/or Subcontractor shall preserve and make available his/her records (1) for a period of three years from the date of final payment under this Agreement, and (2) for such longer period, if any, as is required by applicable statute, by any other provision of this Agreement, or by subparagraphs (1) or (2) below.
 - (1) If this Agreement is completely or partially terminated, the records relating to the work terminated shall be preserved and made available for a period of three years from the date of any resulting final settlement.
 - (2) If any litigation, claim, negotiation, audit, or other action involving the records has been started before the expiration of the three-year period, the records shall be retained until completion of the action and resolution of all issues which arise from it, or until the end of the regular three-year period, whichever is later.
- e. The Contractor and/or Subcontractor shall comply with the above requirements and be aware of the penalties for violations of fraud and for obstruction of investigation as set forth in Public Contract Code § 10115.10, if applicable.
- f. The Contractor and/or Subcontractor may, at its discretion, following receipt of final payment under this Agreement, reduce its accounts, books and records related to this Agreement to microfilm, computer disk, CD ROM, DVD, or other data storage medium. Upon request by an authorized representative to inspect, audit or obtain copies of said records, the Contractor and/or Subcontractor must supply or make available applicable devices, hardware, and/or software necessary to view, copy and/or print said records. Applicable devices may include, but are not limited to, microfilm readers and microfilm printers, etc.
- g. The Contractor shall, if applicable, comply with the Single Audit Act and the audit reporting requirements set forth in OMB Circular A-133.

8. Site Inspection

The State, through any authorized representatives, has the right at all reasonable times to inspect or otherwise evaluate the work performed or being performed hereunder including subcontract supported activities and the premises in which it is being performed. If any inspection or evaluation is made of the premises of the Contractor or Subcontractor, the Contractor shall provide and shall require Subcontractors to provide all reasonable facilities and assistance for the safety and convenience of the authorized representatives in the performance of their duties. All inspections and evaluations shall be performed in such a manner as will not unduly delay the work.

9. Federal Contract Funds

(Applicable only to that portion of an agreement funded in part or whole with federal funds.)

- a. It is mutually understood between the parties that this Agreement may have been written before ascertaining the availability of congressional appropriation of funds, for the mutual benefit of both parties, in order to avoid program and fiscal delays which would occur if the Agreement were executed after that determination was made.
- b. This agreement is valid and enforceable only if sufficient funds are made available to the State by the United States Government for the fiscal years covered by the term of this Agreement. In addition, this Agreement is subject to any additional restrictions, limitations, or conditions enacted by the Congress or any statute enacted by the Congress which may affect the provisions, terms or funding of this Agreement in any manner.

- c. It is mutually agreed that if the Congress does not appropriate sufficient funds for the program, this Agreement shall be amended to reflect any reduction in funds.
- d. DHCS has the option to invalidate or cancel the Agreement with 30-days advance written notice or to amend the Agreement to reflect any reduction in funds.

10. Intellectual Property Rights

a. Ownership

- (1) Except where DHCS has agreed in a signed writing to accept a license, DHCS shall be and remain, without additional compensation, the sole owner of any and all rights, title and interest in all Intellectual Property, from the moment of creation, whether or not jointly conceived, that are made, conceived, derived from, or reduced to practice by Contractor or DHCS and which result directly or indirectly from this Agreement.
- (2) For the purposes of this Agreement, Intellectual Property means recognized protectable rights and interest such as: patents, (whether or not issued) copyrights, trademarks, service marks, applications for any of the foregoing, inventions, trade secrets, trade dress, logos, insignia, color combinations, slogans, moral rights, right of publicity, author's rights, contract and licensing rights, works, mask works, industrial design rights, rights of priority, know how, design flows, methodologies, devices, business processes, developments, innovations, good will and all other legal rights protecting intangible proprietary information as may exist now and/or here after come into existence, and all renewals and extensions, regardless of whether those rights arise under the laws of the United States, or any other state, country or jurisdiction.
 - (a) For the purposes of the definition of Intellectual Property, "works" means all literary works, writings and printed matter including the medium by which they are recorded or reproduced, photographs, art work, pictorial and graphic representations and works of a similar nature, film, motion pictures, digital images, animation cells, and other audiovisual works including positives and negatives thereof, sound recordings, tapes, educational materials, interactive videos and any other materials or products created, produced, conceptualized and fixed in a tangible medium of expression. It includes preliminary and final products and any materials and information developed for the purposes of producing those final products. Works does not include articles submitted to peer review or reference journals or independent research projects.
- (3) In the performance of this Agreement, Contractor will exercise and utilize certain of its Intellectual Property in existence prior to the effective date of this Agreement. In addition, under this Agreement, Contractor may access and utilize certain of DHCS' Intellectual Property in existence prior to the effective date of this Agreement. Except as otherwise set forth herein, Contractor shall not use any of DHCS' Intellectual Property now existing or hereafter existing for any purposes without the prior written permission of DHCS. **Except as otherwise set forth herein, neither the Contractor nor DHCS shall give any ownership interest in or rights to its Intellectual Property to the other Party.** If during the term of this Agreement, Contractor accesses any third-party Intellectual Property that is licensed to DHCS, Contractor agrees to abide by all license and confidentiality restrictions applicable to DHCS in the third-party's license agreement.
- (4) Contractor agrees to cooperate with DHCS in establishing or maintaining DHCS' exclusive rights in the Intellectual Property, and in assuring DHCS' sole rights against third parties with respect to the Intellectual Property. If the Contractor enters into any agreements or subcontracts with other parties in order to perform this Agreement, Contractor shall require the terms of the Agreement(s) to include all Intellectual Property provisions. Such terms must include, but are not limited to, the subcontractor assigning and agreeing to assign to DHCS all rights, title and interest in Intellectual Property made, conceived, derived from, or reduced to practice by the subcontractor, Contractor or DHCS and which result directly or indirectly from this Agreement or any subcontract.
- (5) Contractor further agrees to assist and cooperate with DHCS in all reasonable respects, and execute all documents and, subject to reasonable availability, give testimony and take all further acts reasonably necessary to acquire, transfer, maintain, and enforce DHCS' Intellectual Property rights and interests.

b. Retained Rights / License Rights

- (1) Except for Intellectual Property made, conceived, derived from, or reduced to practice by Contractor or DHCS and which result directly or indirectly from this Agreement, Contractor shall retain title to all of its Intellectual Property to the extent such Intellectual Property is in existence prior to the effective date of this Agreement. Contractor hereby grants to DHCS, without additional compensation, a permanent, non-exclusive, royalty free, paid-up, worldwide, irrevocable, perpetual, non-terminable license to use, reproduce, manufacture, sell, offer to sell, import, export, modify, publicly and privately display/perform, distribute, and dispose Contractor's Intellectual Property with the right to sublicense through multiple layers, for any purpose whatsoever, to the extent it is incorporated in the Intellectual Property resulting from this Agreement, unless Contractor assigns all rights, title and interest in the Intellectual Property as set forth herein.
- (2) Nothing in this provision shall restrict, limit, or otherwise prevent Contractor from using any ideas, concepts, know-how, methodology or techniques related to its performance under this Agreement, provided that Contractor's use does not infringe the patent, copyright, trademark rights, license or other Intellectual Property rights of DHCS or third party, or result in a breach or default of any provisions of this Exhibit or result in a breach of any provisions of law relating to confidentiality.

c. Copyright

- (1) Contractor agrees that for purposes of copyright law, all works [as defined in Paragraph a, subparagraph (2)(a) of this provision] of authorship made by or on behalf of Contractor in connection with Contractor's performance of this Agreement shall be deemed "works made for hire". Contractor further agrees that the work of each person utilized by Contractor in connection with the performance of this Agreement will be a "work made for hire," whether that person is an employee of Contractor or that person has entered into an agreement with Contractor to perform the work. Contractor shall enter into a written agreement with any such person that: (i) all work performed for Contractor shall be deemed a "work made for hire" under the Copyright Act and (ii) that person shall assign all right, title, and interest to DHCS to any work product made, conceived, derived from, or reduced to practice by Contractor or DHCS and which result directly or indirectly from this Agreement.
- (2) All materials, including, but not limited to, visual works or text, reproduced or distributed pursuant to this Agreement that include Intellectual Property made, conceived, derived from, or reduced to practice by Contractor or DHCS and which result directly or indirectly from this Agreement, shall include DHCS' notice of copyright, which shall read in 3mm or larger typeface: "© [Enter Current Year e.g., 2010, etc.], California Department of Health Care Services. This material may not be reproduced or disseminated without prior written permission from the California Department of Health Care Services." This notice should be placed prominently on the materials and set apart from other matter on the page where it appears. Audio productions shall contain a similar audio notice of copyright.

d. Patent Rights

With respect to inventions made by Contractor in the performance of this Agreement, which did not result from research and development specifically included in the Agreement's scope of work, Contractor hereby grants to DHCS a license as described under Section b of this provision for devices or material incorporating, or made through the use of such inventions. If such inventions result from research and development work specifically included within the Agreement's scope of work, then Contractor agrees to assign to DHCS, without additional compensation, all its right, title and interest in and to such inventions and to assist DHCS in securing United States and foreign patents with respect thereto.

e. Third-Party Intellectual Property

Except as provided herein, Contractor agrees that its performance of this Agreement shall not be dependent upon or include any Intellectual Property of Contractor or third party without first: (i) obtaining DHCS' prior written approval; and (ii) granting to or obtaining for DHCS, without additional compensation, a license, as described in Section b of this provision, for any of Contractor's or third-party's Intellectual Property in existence prior to the effective date of this Agreement. If such a license upon the these terms is unattainable, and DHCS determines that the Intellectual Property should be included in or is required

for Contractor's performance of this Agreement, Contractor shall obtain a license under terms acceptable to DHCS.

f. Warranties

(1) Contractor represents and warrants that:

- (a) It is free to enter into and fully perform this Agreement.
- (b) It has secured and will secure all rights and licenses necessary for its performance of this Agreement.
- (c) Neither Contractor's performance of this Agreement, nor the exercise by either Party of the rights granted in this Agreement, nor any use, reproduction, manufacture, sale, offer to sell, import, export, modification, public and private display/performance, distribution, and disposition of the Intellectual Property made, conceived, derived from, or reduced to practice by Contractor or DHCS and which result directly or indirectly from this Agreement will infringe upon or violate any Intellectual Property right, non-disclosure obligation, or other proprietary right or interest of any third-party or entity now existing under the laws of, or hereafter existing or issued by, any state, the United States, or any foreign country. There is currently no actual or threatened claim by any such third party based on an alleged violation of any such right by Contractor.
- (d) Neither Contractor's performance nor any part of its performance will violate the right of privacy of, or constitute a libel or slander against any person or entity.
- (e) It has secured and will secure all rights and licenses necessary for Intellectual Property including, but not limited to, consents, waivers or releases from all authors of music or performances used, and talent (radio, television and motion picture talent), owners of any interest in and to real estate, sites, locations, property or props that may be used or shown.
- (f) It has not granted and shall not grant to any person or entity any right that would or might derogate, encumber, or interfere with any of the rights granted to DHCS in this Agreement.
- (g) It has appropriate systems and controls in place to ensure that state funds will not be used in the performance of this Agreement for the acquisition, operation or maintenance of computer software in violation of copyright laws.
- (h) It has no knowledge of any outstanding claims, licenses or other charges, liens, or encumbrances of any kind or nature whatsoever that could affect in any way Contractor's performance of this Agreement.

(2) DHCS MAKES NO WARRANTY THAT THE INTELLECTUAL PROPERTY RESULTING FROM THIS AGREEMENT DOES NOT INFRINGE UPON ANY PATENT, TRADEMARK, COPYRIGHT OR THE LIKE, NOW EXISTING OR SUBSEQUENTLY ISSUED.

g. Intellectual Property Indemnity

- (1) Contractor shall indemnify, defend and hold harmless DHCS and its licensees and assignees, and its officers, directors, employees, agents, representatives, successors, and users of its products, ("Indemnitees") from and against all claims, actions, damages, losses, liabilities (or actions or proceedings with respect to any thereof), whether or not rightful, arising from any and all actions or claims by any third party or expenses related thereto (including, but not limited to, all legal expenses, court costs, and attorney's fees incurred in investigating, preparing, serving as a witness in, or defending against, any such claim, action, or proceeding, commenced or threatened) to which any of the Indemnitees may be subject, whether or not Contractor is a party to any pending or threatened litigation, which arise out of or are related to (i) the incorrectness or breach of any of the representations, warranties, covenants or agreements of Contractor pertaining to Intellectual Property; or (ii) any Intellectual Property infringement, or any other type of actual or alleged infringement claim, arising out of DHCS' use, reproduction, manufacture, sale, offer to sell, distribution, import, export, modification, public and private performance/display, license, and disposition of the Intellectual Property made, conceived, derived from, or reduced to practice by

Contractor or DHCS and which result directly or indirectly from this Agreement. This indemnity obligation shall apply irrespective of whether the infringement claim is based on a patent, trademark or copyright registration that issued after the effective date of this Agreement. DHCS reserves the right to participate in and/or control, at Contractor's expense, any such infringement action brought against DHCS.

- (2) Should any Intellectual Property licensed by the Contractor to DHCS under this Agreement become the subject of an Intellectual Property infringement claim, Contractor will exercise its authority reasonably and in good faith to preserve DHCS' right to use the licensed Intellectual Property in accordance with this Agreement at no expense to DHCS. DHCS shall have the right to monitor and appear through its own counsel (at Contractor's expense) in any such claim or action. In the defense or settlement of the claim, Contractor may obtain the right for DHCS to continue using the licensed Intellectual Property; or, replace or modify the licensed Intellectual Property so that the replaced or modified Intellectual Property becomes non-infringing provided that such replacement or modification is functionally equivalent to the original licensed Intellectual Property. If such remedies are not reasonably available, DHCS shall be entitled to a refund of all monies paid under this Agreement, without restriction or limitation of any other rights and remedies available at law or in equity.
- (3) Contractor agrees that damages alone would be inadequate to compensate DHCS for breach of any term of this Intellectual Property Exhibit by Contractor. Contractor acknowledges DHCS would suffer irreparable harm in the event of such breach and agrees DHCS shall be entitled to obtain equitable relief, including without limitation an injunction, from a court of competent jurisdiction, without restriction or limitation of any other rights and remedies available at law or in equity.

h. Federal Funding

In any agreement funded in whole or in part by the federal government, DHCS may acquire and maintain the Intellectual Property rights, title, and ownership, which results directly or indirectly from the Agreement; except as provided in 37 Code of Federal Regulations part 401.14; however, the federal government shall have a non-exclusive, nontransferable, irrevocable, paid-up license throughout the world to use, duplicate, or dispose of such Intellectual Property throughout the world in any manner for governmental purposes and to have and permit others to do so.

i. Survival

The provisions set forth herein shall survive any termination or expiration of this Agreement or any project schedule.

11. Air or Water Pollution Requirements

Any federally funded agreement and/or subcontract in excess of \$100,000 must comply with the following provisions unless said agreement is exempt under 40 CFR 15.5.

- a. Government contractors agree to comply with all applicable standards, orders, or requirements issued under section 306 of the Clean Air Act [42 U.S.C. 1857(h)], section 508 of the Clean Water Act (33 U.S.C. 1368), Executive Order 11738, and Environmental Protection Agency regulations (40 CFR part 15).
- b. Institutions of higher education, hospitals, nonprofit organizations and commercial businesses agree to comply with all applicable standards, orders, or requirements issued under the Clean Air Act (42 U.S.C. 7401 et seq.), as amended, and the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.), as amended.

12. Prior Approval of Training Seminars, Workshops or Conferences

Contractor shall obtain prior DHCS approval of the location, costs, dates, agenda, instructors, instructional materials, and attendees at any reimbursable training seminar, workshop, or conference conducted pursuant to this Agreement and of any reimbursable publicity or educational materials to be made available for distribution. The Contractor shall acknowledge the support of the State whenever publicizing the work under this Agreement in any media. This provision does not apply to necessary staff meetings or training sessions held for the staff of the Contractor or Subcontractor to conduct routine business matters.

13. Confidentiality of Information

- a. The Contractor and its employees, agents, or subcontractors shall protect from unauthorized disclosure names and other identifying information concerning persons either receiving services pursuant to this Agreement or persons whose names or identifying information become available or are disclosed to the Contractor, its employees, agents, or subcontractors as a result of services performed under this Agreement, except for statistical information not identifying any such person.
- b. The Contractor and its employees, agents, or subcontractors shall not use such identifying information for any purpose other than carrying out the Contractor's obligations under this Agreement.
- c. The Contractor and its employees, agents, or subcontractors shall promptly transmit to the DHCS Program Contract Manager all requests for disclosure of such identifying information not emanating from the client or person.
- d. The Contractor shall not disclose, except as otherwise specifically permitted by this Agreement or authorized by the client, any such identifying information to anyone other than DHCS without prior written authorization from the DHCS Program Contract Manager, except if disclosure is required by State or Federal law.
- e. For purposes of this provision, identity shall include, but not be limited to name, identifying number, symbol, or other identifying particular assigned to the individual, such as finger or voice print or a photograph.
- f. As deemed applicable by DHCS, this provision may be supplemented by additional terms and conditions covering personal health information (PHI) or personal, sensitive, and/or confidential information (PSCI). Said terms and conditions will be outlined in one or more exhibits that will either be attached to this Agreement or incorporated into this Agreement by reference.

14. Documents, Publications and Written Reports

(Applicable to agreements over \$5,000 under which publications, written reports and documents are developed or produced. Government Code Section 7550.)

Any document, publication or written report (excluding progress reports, financial reports and normal contractual communications) prepared as a requirement of this Agreement shall contain, in a separate section preceding the main body of the document, the number and dollar amounts of all contracts or agreements and subcontracts relating to the preparation of such document or report, if the total cost for work by nonemployees of the State exceeds \$5,000.

15. Dispute Resolution Process

- a. A Contractor grievance exists whenever there is a dispute arising from DHCS' action in the administration of an agreement. If there is a dispute or grievance between the Contractor and DHCS, the Contractor must seek resolution using the procedure outlined below.
 - (1) The Contractor should first informally discuss the problem with the DHCS Program Contract Manager. If the problem cannot be resolved informally, the Contractor shall direct its grievance together with any evidence, in writing, to the program Branch Chief. The grievance shall state the issues in dispute, the legal authority or other basis for the Contractor's position and the remedy sought. The Branch Chief shall render a decision within ten (10) working days after receipt of the written grievance from the Contractor. The Branch Chief shall respond in writing to the Contractor indicating the decision and reasons therefore. If the Contractor disagrees with the Branch Chief's decision, the Contractor may appeal to the second level.
 - (2) When appealing to the second level, the Contractor must prepare an appeal indicating the reasons for disagreement with Branch Chief's decision. The Contractor shall include with the appeal a copy of the Contractor's original statement of dispute along with any supporting evidence and a copy of the Branch Chief's decision. The appeal shall be addressed to the Deputy Director of the division in which the branch is organized within ten (10) working days from receipt of the Branch Chief's

decision. The Deputy Director of the division in which the branch is organized or his/her designee shall meet with the Contractor to review the issues raised. A written decision signed by the Deputy Director of the division in which the branch is organized or his/her designee shall be directed to the Contractor within twenty (20) working days of receipt of the Contractor's second level appeal.

- b. If the Contractor wishes to appeal the decision of the Deputy Director of the division in which the branch is organized or his/her designee, the Contractor shall follow the procedures set forth in Health and Safety Code Section 100171.
- c. Unless otherwise stipulated in writing by DHCS, all dispute, grievance and/or appeal correspondence shall be directed to the DHCS Program Contract Manager.
- d. There are organizational differences within DHCS' funding programs and the management levels identified in this dispute resolution provision may not apply in every contractual situation. When a grievance is received and organizational differences exist, the Contractor shall be notified in writing by the DHCS Program Contract Manager of the level, name, and/or title of the appropriate management official that is responsible for issuing a decision at a given level.

16. Financial and Compliance Audit Requirements

- a. The definitions used in this provision are contained in Section 38040 of the Health and Safety Code, which by this reference is made a part hereof.
- b. Direct service contract means a contract or agreement for services contained in local assistance or subvention programs or both (see Health and Safety [H&S] Code Section 38020). Direct service contracts shall not include contracts, agreements, grants, or subventions to other governmental agencies or units of government nor contracts or agreements with regional centers or area agencies on aging (H&S Code Section 38030).
- c. The Contractor, as indicated below, agrees to obtain one of the following audits:
 - (1) ***If the Contractor is a nonprofit organization (as defined in H&S Code Section 38040) and receives \$25,000 or more from any State agency under a direct service contract or agreement;*** the Contractor agrees to obtain an annual single, organization wide, financial and compliance audit. Said audit shall be conducted according to Generally Accepted Auditing Standards. This audit does not fulfill the audit requirements of Paragraph c(3) below. The audit shall be completed by the 15th day of the fifth month following the end of the Contractor's fiscal year, **and/or**
 - (2) ***If the Contractor is a nonprofit organization (as defined in H&S Code Section 38040) and receives less than \$25,000 per year from any State agency under a direct service contract or agreement,*** the Contractor agrees to obtain a biennial single, organization wide financial and compliance audit, unless there is evidence of fraud or other violation of state law in connection with this Agreement. This audit does not fulfill the audit requirements of Paragraph c(3) below. The audit shall be completed by the 15th day of the fifth month following the end of the Contractor's fiscal year, **and/or**
 - (3) ***If the Contractor is a State or Local Government entity or Nonprofit organization (as defined by the Federal Office of Management and Budget [OMB] Circular A-133) and expends \$500,000 or more in Federal awards,*** the Contractor agrees to obtain an annual single, organization wide, financial and compliance audit according to the requirements specified in OMB Circular A-133 entitled "Audits of States, Local Governments, and Non-Profit Organizations". An audit conducted pursuant to this provision will fulfill the audit requirements outlined in Paragraphs c(1) and c(2) above. The audit shall be completed by the end of the ninth month following the end of the audit period. The requirements of this provision apply if:
 - (a) The Contractor is a recipient expending Federal awards received directly from Federal awarding agencies, or
 - (b) The Contractor is a subrecipient expending Federal awards received from a pass-through entity such as the State, County or community based organization.

- (4) If the Contractor submits to DHCS a report of an audit other than an OMB A-133 audit, the Contractor must also submit a certification indicating the Contractor has not expended \$500,000 or more in federal funds for the year covered by the audit report.
- d. Two copies of the audit report shall be delivered to the DHCS program funding this Agreement. The audit report must identify the Contractor's legal name and the number assigned to this Agreement. The audit report shall be due within 30 days after the completion of the audit. Upon receipt of said audit report, the DHCS Program Contract Manager shall forward the audit report to DHCS' Audits and Investigations Unit if the audit report was submitted under Section 16.c(3), unless the audit report is from a City, County, or Special District within the State of California whereby the report will be retained by the funding program.
 - e. The cost of the audits described herein may be included in the funding for this Agreement up to the proportionate amount this Agreement represents of the Contractor's total revenue. The DHCS program funding this Agreement must provide advance written approval of the specific amount allowed for said audit expenses.
 - f. The State or its authorized designee, including the Bureau of State Audits, is responsible for conducting agreement performance audits which are not financial and compliance audits. Performance audits are defined by Generally Accepted Government Auditing Standards.
 - g. Nothing in this Agreement limits the State's responsibility or authority to enforce State law or regulations, procedures, or reporting requirements arising thereto.
 - h. Nothing in this provision limits the authority of the State to make audits of this Agreement, provided however, that if independent audits arranged for by the Contractor meet Generally Accepted Governmental Auditing Standards, the State shall rely on those audits and any additional audit work and shall build upon the work already done.
 - i. The State may, at its option, direct its own auditors to perform either of the audits described above. The Contractor will be given advance written notification, if the State chooses to exercise its option to perform said audits.
 - j. The Contractor shall include a clause in any agreement the Contractor enters into with the audit firm doing the single organization wide audit to provide access by the State or Federal Government to the working papers of the independent auditor who prepares the single organization wide audit for the Contractor.
 - k. Federal or state auditors shall have "expanded scope auditing" authority to conduct specific program audits during the same period in which a single organization wide audit is being performed, but the audit report has not been issued. The federal or state auditors shall review and have access to the current audit work being conducted and will not apply any testing or review procedures which have not been satisfied by previous audit work that has been completed.

The term "expanded scope auditing" is applied and defined in the U.S. General Accounting Office (GAO) issued Standards for *Audit of Government Organizations, Programs, Activities and Functions*, better known as the "yellow book".

17. Human Subjects Use Requirements

(Applicable only to federally funded agreements/grants in which performance, directly or through a subcontract/subaward, includes any tests or examination of materials derived from the human body.)

By signing this Agreement, Contractor agrees that if any performance under this Agreement or any subcontract or subagreement includes any tests or examination of materials derived from the human body for the purpose of providing information, diagnosis, prevention, treatment or assessment of disease, impairment, or health of a human being, all locations at which such examinations are performed shall meet the requirements of 42 U.S.C. Section 263a (CLIA) and the regulations thereunder.

18. Novation Requirements

If the Contractor proposes any novation agreement, DHCS shall act upon the proposal within 60 days after receipt of the written proposal. DHCS may review and consider the proposal, consult and negotiate with the Contractor, and accept or reject all or part of the proposal. Acceptance or rejection of the proposal may be made orally within the 60-day period and confirmed in writing within five days of said decision. Upon written acceptance of the proposal, DHCS will initiate an amendment to this Agreement to formally implement the approved proposal.

19. Debarment and Suspension Certification

(Applicable to all agreements funded in part or whole with federal funds.)

- a. By signing this Agreement, the Contractor/Grantee agrees to comply with applicable federal suspension and debarment regulations including, but not limited to 7 CFR Part 3017, 45 CFR 76, 40 CFR 32 or 34 CFR 85.
- b. By signing this Agreement, the Contractor certifies to the best of its knowledge and belief, that it and its principals:
 - (1) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any federal department or agency;
 - (2) Have not within a three-year period preceding this application/proposal/agreement been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
 - (3) Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in Paragraph b(2) herein; and
 - (4) Have not within a three-year period preceding this application/proposal/agreement had one or more public transactions (Federal, State or local) terminated for cause or default.
 - (5) Shall not knowingly enter into any lower tier covered transaction with a person who is proposed for debarment under federal regulations (i.e., 48 CFR part 9, subpart 9.4), debarred, suspended, declared ineligible, or voluntarily excluded from participation in such transaction, unless authorized by the State.
 - (6) Will include a clause entitled, "Debarment and Suspension Certification" that essentially sets forth the provisions herein, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.
- c. If the Contractor is unable to certify to any of the statements in this certification, the Contractor shall submit an explanation to the DHCS Program Contract Manager.
- d. The terms and definitions herein have the meanings set out in the Definitions and Coverage sections of the rules implementing Federal Executive Order 12549.
- e. If the Contractor knowingly violates this certification, in addition to other remedies available to the Federal Government, the DHCS may terminate this Agreement for cause or default.

20. Smoke-Free Workplace Certification

(Applicable to federally funded agreements/grants and subcontracts/subawards, that provide health, day care, early childhood development services, education or library services to children under 18 directly or through local governments.)

- a. Public Law 103-227, also known as the Pro-Children Act of 1994 (Act), requires that smoking not be permitted in any portion of any indoor facility owned or leased or contracted for by an entity and used routinely or regularly for the provision of health, day care, early childhood development services, education or library services to children under the age of 18, if the services are funded by federal programs either directly or through state or local governments, by federal grant, contract, loan, or loan guarantee. The law also applies to children's services that are provided in indoor facilities that are constructed, operated, or maintained with such federal funds. The law does not apply to children's services provided in private residences; portions of facilities used for inpatient drug or alcohol treatment; service providers whose sole source of applicable federal funds is Medicare or Medicaid; or facilities where WIC coupons are redeemed.
- b. Failure to comply with the provisions of the law may result in the imposition of a civil monetary penalty of up to \$1,000 for each violation and/or the imposition of an administrative compliance order on the responsible party.
- c. By signing this Agreement, Contractor or Grantee certifies that it will comply with the requirements of the Act and will not allow smoking within any portion of any indoor facility used for the provision of services for children as defined by the Act. The prohibitions herein are effective December 26, 1994.
- d. Contractor or Grantee further agrees that it will insert this certification into any subawards (subcontracts or subgrants) entered into that provide for children's services as described in the Act.

21. Covenant Against Contingent Fees

(Applicable only to federally funded agreements.)

The Contractor warrants that no person or selling agency has been employed or retained to solicit/secure this Agreement upon an agreement of understanding for a commission, percentage, brokerage, or contingent fee, except *bona fide* employees or *bona fide* established commercial or selling agencies retained by the Contractor for the purpose of securing business. For breach or violation of this warranty, DHCS shall have the right to annul this Agreement without liability or in its discretion to deduct from the Agreement price or consideration, or otherwise recover, the full amount of such commission, percentage, and brokerage or contingent fee.

22. Payment Withholds

(Applicable only if a final report is required by this Agreement. Not applicable to government entities.)

Unless waived or otherwise stipulated in this Agreement, DHCS may, at its discretion, withhold 10 percent (10%) of the face amount of the Agreement, 50 percent (50%) of the final invoice, or \$3,000 whichever is greater, until DHCS receives a final report that meets the terms, conditions and/or scope of work requirements of this Agreement.

23. Performance Evaluation

(Not applicable to grant agreements.)

DHCS may, at its discretion, evaluate the performance of the Contractor at the conclusion of this Agreement. If performance is evaluated, the evaluation shall not be a public record and shall remain on file with DHCS. Negative performance evaluations may be considered by DHCS prior to making future contract awards.

24. Officials Not to Benefit

No members of or delegate of Congress or the State Legislature shall be admitted to any share or part of this Agreement, or to any benefit that may arise therefrom. This provision shall not be construed to extend to this Agreement if made with a corporation for its general benefits.

25. Four-Digit Date Compliance

(Applicable to agreements in which Information Technology (IT) services are provided to DHCS or if IT equipment is procured.)

Contractor warrants that it will provide only Four-Digit Date Compliant (as defined below) Deliverables and/or services to the State. "Four Digit Date compliant" Deliverables and services can accurately process, calculate, compare, and sequence date data, including without limitation date data arising out of or relating to leap years and changes in centuries. This warranty and representation is subject to the warranty terms and conditions of this Contract and does not limit the generality of warranty obligations set forth elsewhere herein.

26. Prohibited Use of State Funds for Software

(Applicable to agreements in which computer software is used in performance of the work.)

Contractor certifies that it has appropriate systems and controls in place to ensure that state funds will not be used in the performance of this Agreement for the acquisition, operation or maintenance of computer software in violation of copyright laws.

27. Use of Small, Minority Owned and Women's Businesses

(Applicable to that portion of an agreement that is federally funded and entered into with institutions of higher education, hospitals, nonprofit organizations or commercial businesses.)

Positive efforts shall be made to use small businesses, minority-owned firms and women's business enterprises, whenever possible (i.e., procurement of goods and/or services). Contractors shall take all of the following steps to further this goal.

- (1) Ensure that small businesses, minority-owned firms, and women's business enterprises are used to the fullest extent practicable.
- (2) Make information on forthcoming purchasing and contracting opportunities available and arrange time frames for purchases and contracts to encourage and facilitate participation by small businesses, minority-owned firms, and women's business enterprises.
- (3) Consider in the contract process whether firms competing for larger contracts intend to subcontract with small businesses, minority-owned firms, and women's business enterprises.
- (4) Encourage contracting with consortiums of small businesses, minority-owned firms and women's business enterprises when a contract is too large for one of these firms to handle individually.
- (5) Use the services and assistance, as appropriate, of such organizations as the Federal Small Business Administration and the U.S. Department of Commerce's Minority Business Development Agency in the solicitation and utilization of small businesses, minority-owned firms and women's business enterprises.

28. Alien Ineligibility Certification

(Applicable to sole proprietors entering federally funded agreements.)

By signing this Agreement, the Contractor certifies that he/she is not an alien that is ineligible for state and local benefits, as defined in Subtitle B of the Personal Responsibility and Work Opportunity Act. (8 U.S.C. 1601, et seq.)

29. Union Organizing

(Applicable only to grant agreements.)

Grantee, by signing this Agreement, hereby acknowledges the applicability of Government Code Sections 16645 through 16649 to this Agreement. Furthermore, Grantee, by signing this Agreement, hereby certifies that:

- a. No state funds disbursed by this grant will be used to assist, promote or deter union organizing.
- b. Grantee shall account for state funds disbursed for a specific expenditure by this grant, to show those funds were allocated to that expenditure.
- c. Grantee shall, where state funds are not designated as described in b herein, allocate, on a pro-rata basis, all disbursements that support the grant program.
- d. If Grantee makes expenditures to assist, promote or deter union organizing, Grantee will maintain records sufficient to show that no state funds were used for those expenditures, and that Grantee shall provide those records to the Attorney General upon request.

30. Contract Uniformity (Fringe Benefit Allowability)

(Applicable only to nonprofit organizations.)

Pursuant to the provisions of Article 7 (commencing with Section 100525) of Chapter 3 of Part 1 of Division 101 of the Health and Safety Code, DHCS sets forth the following policies, procedures, and guidelines regarding the reimbursement of fringe benefits.

- a. As used herein fringe benefits shall mean an employment benefit given by one's employer to an employee in addition to one's regular or normal wages or salary.
- b. As used herein, fringe benefits do not include:
 - (1) Compensation for personal services paid currently or accrued by the Contractor for services of employees rendered during the term of this Agreement, which is identified as regular or normal salaries and wages, annual leave, vacation, sick leave, holidays, jury duty and/or military leave/training.
 - (2) Director's and executive committee member's fees.
 - (3) Incentive awards and/or bonus incentive pay.
 - (4) Allowances for off-site pay.
 - (5) Location allowances.
 - (6) Hardship pay.
 - (7) Cost-of-living differentials
- c. Specific allowable fringe benefits include:
 - (1) Fringe benefits in the form of employer contributions for the employer's portion of payroll taxes (i.e., FICA, SUI, SDI), employee health plans (i.e., health, dental and vision), unemployment insurance, worker's compensation insurance, and the employer's share of pension/retirement plans, provided they are granted in accordance with established written organization policies and meet all legal and Internal Revenue Service requirements.
- d. To be an allowable fringe benefit, the cost must meet the following criteria:
 - (1) Be necessary and reasonable for the performance of the Agreement.
 - (2) Be determined in accordance with generally accepted accounting principles.
 - (3) Be consistent with policies that apply uniformly to all activities of the Contractor.
- e. Contractor agrees that all fringe benefits shall be at actual cost.

f. Earned/Accrued Compensation

- (1) Compensation for vacation, sick leave and holidays is limited to that amount earned/accrued within the agreement term. Unused vacation, sick leave and holidays earned from periods prior to the agreement term cannot be claimed as allowable costs. See Provision f (3)(a) for an example.
- (2) For multiple year agreements, vacation and sick leave compensation, which is earned/accrued but not paid, due to employee(s) not taking time off may be carried over and claimed within the overall term of the multiple years of the Agreement. Holidays cannot be carried over from one agreement year to the next. See Provision f (3)(b) for an example.
- (3) For single year agreements, vacation, sick leave and holiday compensation that is earned/accrued but not paid, due to employee(s) not taking time off within the term of the Agreement, cannot be claimed as an allowable cost. See Provision f (3)(c) for an example.

(a) **Example No. 1:**

If an employee, John Doe, earns/accrues three weeks of vacation and twelve days of sick leave each year, then that is the maximum amount that may be claimed during a one year agreement. If John Doe has five weeks of vacation and eighteen days of sick leave at the beginning of an agreement, the Contractor during a one-year budget period may only claim up to three weeks of vacation and twelve days of sick leave as actually used by the employee. Amounts earned/accrued in periods prior to the beginning of the Agreement are not an allowable cost.

(b) **Example No. 2:**

If during a three-year (multiple year) agreement, John Doe does not use his three weeks of vacation in year one, or his three weeks in year two, but he does actually use nine weeks in year three; the Contractor would be allowed to claim all nine weeks paid for in year three. The total compensation over the three-year period cannot exceed 156 weeks (3 x 52 weeks).

(c) **Example No. 3:**

If during a single year agreement, John Doe works fifty weeks and used one week of vacation and one week of sick leave and all fifty-two weeks have been billed to DHCS, the remaining unused two weeks of vacation and seven days of sick leave may not be claimed as an allowable cost.

31. Suspension or Stop Work Notification

- a. DHCS may, at any time, issue a notice to suspend performance or stop work under this Agreement. The initial notification may be a verbal or written directive issued by the funding Program's Contract Manager. Upon receipt of said notice, the Contractor is to suspend and/or stop all, or any part, of the work called for by this Agreement.
- b. Written confirmation of the suspension or stop work notification with directions as to what work (if not all) is to be suspended and how to proceed will be provided within 30 working days of the verbal notification. The suspension or stop work notification shall remain in effect until further written notice is received from DHCS. The resumption of work (in whole or part) will be at DHCS' discretion and upon receipt of written confirmation.
 - (1) Upon receipt of a suspension or stop work notification, the Contractor shall immediately comply with its terms and take all reasonable steps to minimize or halt the incurrence of costs allocable to the performance covered by the notification during the period of work suspension or stoppage.
 - (2) Within 90 days of the issuance of a suspension or stop work notification, DHCS shall either:
 - (a) Cancel, extend, or modify the suspension or stop work notification; or
 - (b) Terminate the Agreement as provided for in the Cancellation / Termination clause of the Agreement.

- c. If a suspension or stop work notification issued under this clause is canceled or the period of suspension or any extension thereof is modified or expires, the Contractor may resume work only upon written concurrence of funding Program's Contract Manager.
- d. If the suspension or stop work notification is cancelled and the Agreement resumes, changes to the services, deliverables, performance dates, and/or contract terms resulting from the suspension or stop work notification shall require an amendment to the Agreement.
- e. If a suspension or stop work notification is not canceled and the Agreement is cancelled or terminated pursuant to the provision entitled Cancellation / Termination, DHCS shall allow reasonable costs resulting from the suspension or stop work notification in arriving at the settlement costs.
- f. DHCS shall not be liable to the Contractor for loss of profits because of any suspension or stop work notification issued under this clause.

32. Contractor vs. Subrecipient

The Contractor is considered a contractor, and not a subrecipient, for the purposes of U.S. Office of Management and Budget Uniform Guidance (Title 2 of the Code of Federal Regulations, Part 200, and, specifically, 2 CFR 200.330).

33. Lobbying Restrictions and Disclosure Certification

(Applicable to federally funded agreements in excess of \$100,000 per Section 1352 of the 31, U.S.C.)

a. Certification and Disclosure Requirements

- (1) Each person (or recipient) who requests or receives a contract or agreement, subcontract, grant, or subgrant, which is subject to Section 1352 of the 31, U.S.C., and which exceeds \$100,000 at any tier, shall file a certification (in the form set forth in Attachment 1, consisting of one page, entitled "Certification Regarding Lobbying") that the recipient has not made, and will not make, any payment prohibited by Paragraph b of this provision.
- (2) Each recipient shall file a disclosure (in the form set forth in Attachment 2, entitled "Standard Form-LLL 'disclosure of Lobbying Activities'") if such recipient has made or has agreed to make any payment using nonappropriated funds (to include profits from any covered federal action) in connection with a contract, or grant or any extension or amendment of that contract, or grant, which would be prohibited under Paragraph b of this provision if paid for with appropriated funds.
- (3) Each recipient shall file a disclosure form at the end of each calendar quarter in which there occurs any event that requires disclosure or that materially affect the accuracy of the information contained in any disclosure form previously filed by such person under Paragraph a(2) herein. An event that materially affects the accuracy of the information reported includes:
 - (a) A cumulative increase of \$25,000 or more in the amount paid or expected to be paid for influencing or attempting to influence a covered federal action;
 - (b) A change in the person(s) or individuals(s) influencing or attempting to influence a covered federal action; or
 - (c) A change in the officer(s), employee(s), or member(s) contacted for the purpose of influencing or attempting to influence a covered federal action.
- (4) Each person (or recipient) who requests or receives from a person referred to in Paragraph a(1) of this provision a contract or agreement, subcontract, grant or subgrant exceeding \$100,000 at any tier under a contract or agreement, or grant shall file a certification, and a disclosure form, if required, to the next tier above.

- (5) All disclosure forms (but not certifications) shall be forwarded from tier to tier until received by the person referred to in Paragraph a(1) of this provision. That person shall forward all disclosure forms to DHCS Program Contract Manager.

b. Prohibition

Section 1352 of Title 31, U.S.C., provides in part that no appropriated funds may be expended by the recipient of a federal contract or agreement, grant, loan, or cooperative agreement to pay any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with any of the following covered federal actions: the awarding of any federal contract or agreement, the making of any federal grant, the making of any federal loan, entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract or agreement, grant, loan, or cooperative agreement.

Attachment 1
State of California
Department of Health Care Services

CERTIFICATION REGARDING LOBBYING

The undersigned certifies, to the best of his or her knowledge and belief, that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the making, awarding or entering into of this Federal contract, Federal grant, or cooperative agreement, and the extension, continuation, renewal, amendment, or modification of this Federal contract, grant, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency of the United States Government, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, or cooperative agreement, the undersigned shall complete and submit Standard Form LLL, "Disclosure of Lobbying Activities" in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontractors, subgrants, and contracts under grants and cooperative agreements) of \$100,000 or more, and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S.C., any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

County of Shasta	David A. Kehoe
Name of Contractor	Printed Name of Person Signing for Contractor
17-94105	
Contract / Grant Number	Signature of Person Signing for Contractor
	Chairman, Board of Supervisors
Date	Title

After execution by or on behalf of Contractor, please return to:

California Department of Health Care Services

DHCS reserves the right to notify the contractor in writing of an alternate submission address.

Attachment 2

CERTIFICATION REGARDING LOBBYING

Complete this form to disclose lobbying activities pursuant to 31 U.S.C. 1352
(See reverse for public burden disclosure)

Approved by OMB

0348-0046

1. Type of Federal Action: [] a. contract b. grant c. cooperative agreement d. loan e. loan guarantee f. loan insurance	2. Status of Federal Action: [] a. bid/offer/application b. initial award c. post-award	3. Report Type: [] a. initial filing b. material change For Material Change Only: Year ____ quarter ____ date of last report _____.
4. Name and Address of Reporting Entity: <input type="checkbox"/> Prime <input type="checkbox"/> Subawardee Tier ____, if known: Congressional District, If known:	5. If Reporting Entity in No. 4 is Subawardee, Enter Name and Address of Prime: Congressional District, If known:	
6. Federal Department/Agency	7. Federal Program Name/Description: CDFA Number, if applicable: ____	
8. Federal Action Number, if known:	9. Award Amount, if known: \$	
10.a. Name and Address of Lobbying Registrant <i>(If individual, last name, first name, MI):</i>	b. Individuals Performing Services <i>(including address if different from 10a. (Last name, First name, MI):</i>	
11. Information requested through this form is authorized by title 31 U.S.C. section 1352. This disclosure of lobbying activities is a material representation of fact upon which reliance was placed by the tier above when this transaction was made or entered into. This disclosure is required pursuant to 31 U.S.C. 1352. This information will be available for public inspection. Any person that fails to file the required disclosure shall be subject to a not more than \$100,000 for each such failure.	Signature: _____ Print Name: _____ Title: _____ Telephone No.: _____ Date: _____	
Federal Use Only		Authorized for Local Reproduction Standard Form-LLL (Rev. 7-97)

INSTRUCTIONS FOR COMPLETION OF SF-LLL, DISCLOSURE OF LOBBYING ACTIVITIES

This disclosure form shall be completed by the reporting entity, whether subawardee or prime Federal recipient, at the initiation or receipt of a covered Federal action, or a material change to a previous filing, pursuant to title 31 U.S.C. section 1352. The filing of a form is required for each payment or agreement to make payment to any lobbying entity for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with a covered Federal action. Complete all items that apply for both the initial filing and material change report. Refer to the implementing guidance published by the Office of Management and Budget for additional information.

1. Identify the type of covered Federal action for which lobbying activity is and/or has been secured to influence the outcome of a covered Federal action.
2. Identify the status of the covered Federal action.
3. Identify the appropriate classification of this report. If this is a followup report caused by a material change to the information previously reported, enter the year and quarter in which the change occurred. Enter the date of the last previously submitted report by this reporting entity for this covered Federal action.
4. Enter the full name, address, city, State and zip code of the reporting entity. Include Congressional District, if known. Check the appropriate classification of the reporting entity that designates if it is, or expects to be, a prime or subaward recipient. Identify the tier of the subawardee, e.g., the first subawardee of the prime is the 1st tier. Subawards include but are not limited to subcontracts, subgrants and contract awards under grants.
5. If the organization filing the report in item 4 checks "Subawardee," then enter the full name, address, city, State and zip code of the prime Federal recipient. Include Congressional District, if known.
6. Enter the name of the Federal agency making the award or loan commitment. Include at least one organizational level below agency name, if known. For example, Department of Transportation, United States Coast Guard.
7. Enter the Federal program name or description for the covered Federal action (item 1). If known, enter the full Catalog of Federal Domestic Assistance (CFDA) number for grants, cooperative agreements, loans, and loan commitments.
8. Enter the most appropriate Federal identifying number available for the Federal action identified in item 1 (e.g., Request for Proposal (RFP) number; Invitation for Bid (IFB) number; grant announcement number; the contract, grant, or loan award number; the application/proposal control number assigned by the Federal agency). Include prefixes, e.g., "RFP-DE-90-001".
9. For a covered Federal action where there has been an award or loan commitment by the Federal agency, enter the Federal amount of the award/loan commitment for the prime entity identified in item 4 or 5.
10. (a) Enter the full name, address, city, State and zip code of the lobbying registrant under the Lobbying Disclosure Act of 1995 engaged by the reporting entity identified in item 4 to influence the covered Federal action.
 (b) Enter the full names of the individual(s) performing services, and include full address if different from 10 (a). Enter Last Name, First Name, and Middle Initial (MI).
11. The certifying official shall sign and date the form, print his/her name, title, and telephone number.

According to the Paperwork Reduction Act, as amended, no persons are required to respond to a collection of information unless it displays a valid OMB Control Number. The valid OMB control number for this information collection is OMB No. 0348-0046. Public reporting burden for this collection of information is estimated to average 10 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0046), Washington, DC 20503.

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Additional Provisions

1. Amendment Process

- A. The Department of Health Care Services (DHCS) may amend the Contract.
- B. Should either party, during the term of this Contract, desire a change or amendment to the terms of this Contract, such changes or amendments shall be proposed in writing to the other party, who will respond in writing as to whether the proposed changes/amendments are accepted or rejected. If accepted and after negotiations are concluded, the agreed upon changes shall be made through the DHCS's official contract amendment process. No amendment will be considered binding on either party until it is formally approved by the both parties and the Department of General Services (DGS), if DGS approval is required.
- C. A contract amendment shall be required to change encumbered amounts for each year of a multi-year Contract period.
- D. The Contractor may request Contract amendments until May 1 of each of the Contract's fiscal years. An amendment proposed by either the Contractor or DHCS shall be forwarded in writing to the other party.
 - 1) The Contractor's proposed amendment shall include the proposed changes and a statement of the reason for the proposed change.
 - 2) Amendments shall be duly approved by the County Board of Supervisors or its authorized designee, and signed by a duly authorized representative.
- E. Contractor shall return an executed Contract amendment to DHCS within 90 calendar days from the date of its issuance.
- F. Contractor acknowledges that any newly allocated funds that are in excess of the initial amount for each fiscal year shall not be encumbered if DHCS does not receive a fully executable Contract amendment on or before June 30, 2020.
- G. DHCS shall settle costs for substance use disorder services based on the year-end cost settlement report as the final amendment to the approved single State/County Contract.

2. Cancellation / Termination

- A. This Contract may be cancelled by DHCS without cause upon 30 calendar days advance written notice to the Contractor.
- B. DHCS reserves the right to cancel or terminate this Contract immediately for cause.
- C. The term "for cause" shall mean that the Contractor fails to meet the terms, conditions, and/or responsibilities of this Contract.
- D. Contract termination or cancellation shall be effective as of the date indicated in DHCS' notification to the Contractor. The notice shall stipulate any final performance, invoicing or payment requirements.
- E. Upon receipt of a notice of termination or cancellation, the Contractor shall take immediate steps to stop performance and to cancel or reduce subsequent Contract costs.

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- F. In the event of early termination or cancellation, the Contractor shall be entitled to payment for all allowable costs authorized under this Contract and incurred up to the date of termination or cancellation, including authorized non-cancelable obligations, provided such expenses do not exceed the stated maximum amounts payable.
- G. In the event of changes in law that affect provisions of this Contract, the parties agree to amend the affected provisions to conform to the changes in law retroactive to the effective date of such changes in law. The parties further agree that the terms of this Contract are severable and in the event that changes in law render provisions of the Contract void, the unaffected provisions and obligations of this Contract will remain in full force and effect.
- H. The following additional provisions regarding termination apply to this Contract:
- 1) In the event the Federal Department of Health and Human Services (hereinafter referred to as DHHS), or DHCS determines Contractor does not meet the requirements for participation in the Drug Medi-Cal (DMC) Treatment Program, DHCS will terminate payments for services provided pursuant to Exhibit A, Attachment I, Part I, of this Contract for cause.
 - 2) Contractor's obligations to provide covered services under this Contract shall automatically terminate on the effective date of any termination of this Contract. Contractor shall be responsible for providing or arranging for covered services to beneficiaries until the effective date of termination or expiration of the Contract.

Contractor shall be responsible for processing and paying invoices and statements for covered services and utilization reviews until the effective date of termination or expiration of the Contract.
 - 3) In the event this Contract is terminated, Contractor shall refer DMC clients to providers who are certified to provide the type(s) of services the client has been receiving.
- I. In the event this Contract is terminated, Contractor shall deliver its entire fiscal and program records pertaining to the performance of this Contract to DHCS, which will retain the records for the required retention period.

3. Avoidance of Conflicts of Interest by Contractor

- A. DHCS intends to avoid any real or apparent conflict of interest on the part of the Contractor, subcontractors, or employees, officers and directors of the Contractor or subcontractors. Thus, DHCS reserves the right to determine, at its sole discretion, whether any information, assertion or claim received from any source indicates the existence of a real or apparent conflict of interest; and, if a conflict is found to exist, to require the Contractor to submit additional information or a plan for resolving the conflict, subject to DHCS review and prior approval.
- B. Conflicts of interest include, but are not limited to:
- 1) An instance where the Contractor or any of its subcontractors, or any employee, officer, or director of the Contractor or any subcontractor has an interest, financial or otherwise, whereby the use or disclosure of information obtained while performing

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services under the Contract would allow for private or personal benefit or for any purpose that is contrary to the goals and objectives of the Contract.

- 2) An instance where the Contractor's or any subcontractor's employees, officers, or directors use their positions for purposes that are, or give the appearance of being, motivated by a desire for private gain for themselves or others, such as those with whom they have family, business or other ties.
- C. If DHCS is or becomes aware of a known or suspected conflict of interest, the Contractor will be given an opportunity to submit additional information or to resolve the conflict. A Contractor with a suspected conflict of interest will have five (5) working days from the date of notification of the conflict by DHCS to provide complete information regarding the suspected conflict. If a conflict of interest is determined to exist by DHCS and cannot be resolved to the satisfaction of DHCS, the conflict will be grounds for terminating the Contract. DHCS may, at its discretion upon receipt of a written request from the Contractor, authorize an extension of the timeline indicated herein.
- D. Contractor acknowledges that state laws on conflict of interest, found in the Political Reform Act (Government Code Section 81000 et seq.), Public Contract Code Section 10365.5, and Government Code Section 1090, apply to this Contract.

4. Freeze Exemptions

- A. Contractor agrees that any hiring freeze not mandated by the State during the term of this Contract shall not be applied to the positions funded, in whole or part, by this Contract.
- B. Contractor agrees not to implement any personnel policy, which may adversely affect performance or the positions funded, in whole or part, by this Contract.
- C. Contractor agrees that any travel freeze or travel limitation policy adopted by the Contractor during the term of this Contract shall not restrict travel funded, in whole or part, by this Contract.
- D. Contractor agrees that any purchasing freeze or purchase limitation policy adopted by the Contractor during the term of this Contract shall not restrict or limit purchases funded, in whole or part, by this Contract.

5. Domestic Partners

This provision supersedes and replaces Provision 7 (Domestic Partners) in the Department of General Services' Contractor Certification Clauses incorporated by reference within the General Terms and Conditions (GTC) cited on the face of the Contract. Based upon an existing program exemption from Chapter 2 of Part 2 of Division 2 of the Public Contract Code that applies to this Contract, DHCS concludes that this Contract is not subject to the requirements of Public Contract Code Section 10295.3 governing domestic partners.

6. Force Majeure

Neither party shall be responsible for delays or failures in performance resulting from acts beyond the control of the offending party. Such acts shall include but not be limited to acts of God, fire, flood, earthquake, other natural disaster, nuclear accident, strike, lockout, riot, freight-embargo, related-utility, or governmental statutes or regulations super-imposed after the fact. If a delay or

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failure in performance by the Contractor arises out of a default of its subcontractor, and if such default of its subcontractor, arises out of causes beyond the control of both the Contractor and subcontractor, and without the fault or negligence of either of them, the Contractor shall not be liable for damages of such delay or failure, unless the supplies or services to be furnished by the subcontractor were obtainable from other sources in sufficient time to permit the Contractor to meet the required performance schedule.

Exhibit F
Privacy and Information Security Provisions

This Exhibit F is intended to protect the privacy and security of specified Department information that the Contractor may access, receive, or transmit under this Agreement. The Department information covered under this Exhibit F consists of: (1) Protected Health Information as defined under the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191 ("HIPAA")(PHI) and (2) Personal Information (PI) as defined under the California Information Practices Act (CIPA), at California Civil Code Section 1798.3. Personal Information may include data provided to the Department by the Social Security Administration.

Exhibit F consists of the following parts:

1. Exhibit F-1, HIPAA Business Associate Addendum, which provides for the privacy and security of PHI.
2. Exhibit F-2, which provides for the privacy and security of PI in accordance with specified provisions of the Agreement between the Department and the Social Security Administration, known as the Information Exchange Agreement (IEA) and the Computer Matching and Privacy Protection Act Agreement between the Social Security Administration and the California Health and Human Services Agency (Computer Agreement) to the extent Contractor access, receives, or transmits PI under these Agreements. Exhibit F-2 further provides for the privacy and security of PI under Civil Code Section 1798.3(a) and 1798.29.
3. Exhibit F-3, Miscellaneous Provision, sets forth additional terms and conditions that extend to the provisions of Exhibit F in its entirety.

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Privacy and Information Security Provisions

F1
HIPAA Business Associate Addendum

1. Recitals.

- A. A business associate relationship under the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191 ("HIPAA"), the Health Information Technology for Economic and Clinical Health Act, Public Law 111-005 ("the HITECH Act"), 42 U.S.C. Section 17921 et seq., and their implementing privacy and security regulations at 45 CFR Parts 160 and 164 ("the HIPAA regulations") and the Final Omnibus Rule of 2013 between Department and Contractor arises only to the extent that Contractor creates, receives, maintains, transmits, uses or discloses PHI or ePHI on the Department's behalf, or provides services, arranges, performs, or assists in the performance of functions or activities on behalf of the Department that are included in the definition of "business associate" in 45 CFR. 160.103 where the provision of the service involves the disclosure of PHI or ePHI from the Department, including but not limited to, utilization review, quality assurance, or benefit management. To the extent Contractor performs these services, functions, and activities on behalf of Department, Contractor is the Business Associate of the Department, acting on the Department's behalf. The Department and Contractor are each a party to this Agreement and are collectively referred to as the "parties." A business associate is also directly liable and subject to civil penalties for failing to safeguard electronic protected health information in accordance with the HIPAA Security Rule. A "business associate" also is a subcontractor that creates, receives, maintains, or transmits protected health information on behalf of another business associate. Business Associate shall incorporate, when applicable, the relevant provisions of this Addendum into each subcontract or sub-award to such agents, subcontractors and vendors, including the requirement that any security incidents or breaches of unsecured PHI or PI be reported to Business Associate.
- B. The Department wishes to disclose to Contractor certain information pursuant to the terms of this Agreement, some of which may constitute Protected Health Information ("PHI"), including protected health information in electronic media ("ePHI"), under Federal law, to be used or disclosed in the course of providing services and activities as set forth in Section 1.A. of Exhibit F-1 of this Agreement. This information is hereafter referred to as "Department PHI".
- C. The purpose of this Exhibit F-1 is to protect the privacy and security of the PHI and ePHI that may be created, received, maintained, transmitted, used or disclosed pursuant to this Agreement, and to comply with certain standards and requirements of HIPAA, the HITECH Act, and the HIPAA regulations and the Final Omnibus Rule of 2013, including, but not limited to, the requirement that the Department must enter into a contract containing specific requirements

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with Contractor prior to the disclosure of PHI to Contractor, as set forth in 45 CFR Parts 160 and 164 and the HITECH Act and the Final Omnibus Rule of 2013. To the extent that data is both PHI or ePHI and Personally Identifying Information, both Exhibit F-2 (including Attachment I, the SSA Agreement between SSA, CHHS and DHCS, referred to in Exhibit F-2) and this Exhibit F-1 shall apply.

- D. The terms used in this Exhibit F-1, but not otherwise defined, shall have the same meanings as those terms have in the HIPAA regulations. Any reference to statutory or regulatory language shall be to such language as in effect or as amended.

2. Definitions.

- A. Breach shall have the meaning given to such term under HIPAA, the HITECH Act, the HIPAA regulations and the Final Omnibus Rule of 2013.
- B. Business Associate shall have the meaning given to such term under HIPAA, the HITECH Act, the HIPAA regulations and the Final Omnibus Rule of 2013.
- C. Covered Entity shall have the meaning given to such term under HIPAA, the HITECH Act, HIPAA regulations and the Final Omnibus of 2013.
- D. Department PHI shall mean Protected Health Information or Electronic Protected Health Information, as defined below, accessed by Contractor in a database maintained by the Department, received by Contractor from the Department or acquired or created by Contractor in connection with performing the functions, activities and services on behalf of the Department as specified in Section 1.A. of Exhibit F-1 of this Agreement. The terms PHI as used in this document shall mean Department PHI.
- E. Electronic Health Records shall have the meaning given to such term in the HITECH Act, including, but not limited to, 42 U.S.C. Section 17921 and implementing regulations.
- F. Electronic Protected Health Information (ePHI) means individually identifiable health information transmitted by electronic media or maintained in electronic media, including but not limited to electronic media as set forth under 45 CFR section 160.103.
- G. Individually Identifiable Health Information means health information, including demographic information collected from an individual, that is created or received by a health care provider, health plan, employer, or health care clearinghouse, and relates to the past, present, or future physical or mental health or condition of an individual, the provision of health care to an individual, or the past, present, or future payment for the provision of health care to an individual, that identifies the individual or where there is a reasonable basis to

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believe the information can be used to identify the individual, as set forth under 45 CFR Section 160.103.

- H. Privacy Rule shall mean the HIPAA Regulations that are found at 45 CFR Parts 160 and 164, subparts A and E.
- I. Protected Health Information (PHI) means individually identifiable health information that is transmitted by electronic media, maintained in electronic media, or is transmitted or maintained in any other form or medium, as set forth under 45 CFR Section 160.103 and as defined under HIPAA.
- J. Required by law, as set forth under 45 CFR Section 164.103, means a mandate contained in law that compels an entity to make a use or disclosure of PHI that is enforceable in a court of law. This includes, but is not limited to, court orders and court-ordered warrants, subpoenas or summons issued by a court, grand jury, a governmental or tribal inspector general, or an administrative body authorized to require the production of information, and a civil or an authorized investigative demand. It also includes Medicare conditions of participation with respect to health care providers participating in the program, and statutes or regulations that require the production of information, including statutes or regulations that require such information if payment is sought under a government program providing public benefits.
- K. Secretary means the Secretary of the U.S. Department of Health and Human Services ("HHS") or the Secretary's designee.
- L. Security Incident means the attempted or successful unauthorized access, use, disclosure, modification, or destruction of Department PHI, or confidential data utilized by Contractor to perform the services, functions and activities on behalf of Department as set forth in Section 1.A. of Exhibit F-1 of this Agreement; or interference with system operations in an information system that processes, maintains or stores Department PHI.
- M. Security Rule shall mean the HIPAA regulations that are found at 45 CFR Parts 160 and 164.
- N. Unsecured PHI shall have the meaning given to such term under the HITECH Act, 42 U.S.C. Section 17932(h), any guidance issued by the Secretary pursuant to such Act and the HIPAA regulations.

3. Terms of Agreement.

A. Permitted Uses and Disclosures of Department PHI by Contractor.

Except as otherwise indicated in this Exhibit F-1, Contractor may use or disclose Department PHI only to perform functions, activities, or services specified in Section 1.A of Exhibit F-1 of this Agreement, for, or on behalf of the Department,

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provided that such use or disclosure would not violate the HIPAA regulations or the limitations set forth in 42 CFR Part 2, or any other applicable law, if done by the Department. Any such use or disclosure, if not for purposes of treatment activities of a health care provider as defined by the Privacy Rule, must, to the extent practicable, be limited to the limited data set, as defined in 45 CFR Section 164.514(e)(2), or, if needed, to the minimum necessary to accomplish the intended purpose of such use or disclosure, in compliance with the HITECH Act and any guidance issued pursuant to such Act, and the HIPAA regulations.

- B. **Specific Use and Disclosure Provisions.** Except as otherwise indicated in this Exhibit F-1, Contractor may:
- 1) **Use and Disclose for Management and Administration.** Use and disclose Department PHI for the proper management and administration of the Contractor's business, provided that such disclosures are required by law, or the Contractor obtains reasonable assurances from the person to whom the information is disclosed, in accordance with section D(7) of this Exhibit F-1, that it will remain confidential and will be used or further disclosed only as required by law or for the purpose for which it was disclosed to the person, and the person notifies the Contractor of any instances of which it is aware that the confidentiality of the information has been breached.
 - 2) **Provision of Data Aggregation Services.** Use Department PHI to provide data aggregation services to the Department to the extent requested by the Department and agreed to by Contractor. Data aggregation means the combining of PHI created or received by the Contractor, as the Business Associate, on behalf of the Department with PHI received by the Business Associate in its capacity as the Business Associate of another covered entity, to permit data analyses that relate to the health care operations of the Department
- C. **Prohibited Uses and Disclosures**
- 1) Contractor shall not disclose Department PHI about an individual to a health plan for payment or health care operations purposes if the Department PHI pertains solely to a health care item or service for which the health care provider involved has been paid out of pocket in full and the individual requests such restriction, in accordance with 42 U.S.C. Section 17935(a) and 45 CFR Section 164.522(a).
 - 2) Contractor shall not directly or indirectly receive remuneration in exchange for Department PHI.

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D. Responsibilities of Contractor

Contractor agrees:

- 1) **Nondisclosure.** Not to use or disclose Department PHI other than as permitted or required by this Agreement or as required by law, including but not limited to 42 CFR Part 2.
- 2) **Compliance with the HIPAA Security Rule.** To implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the Department PHI, including electronic PHI, that it creates, receives, maintains, uses or transmits on behalf of the Department, in compliance with 45 CFR Sections 164.308, 164.310 and 164.312, and to prevent use or disclosure of Department PHI other than as provided for by this Agreement. Contractor shall implement reasonable and appropriate policies and procedures to comply with the standards, implementation specifications and other requirements of 45 CFR Section 164, subpart C, in compliance with 45 CFR Section 164.316. Contractor shall develop and maintain a written information privacy and security program that includes administrative, technical and physical safeguards appropriate to the size and complexity of the Contractor's operations and the nature and scope of its activities, and which incorporates the requirements of section 3, Security, below. Contractor will provide the Department with its current and updated policies upon request.
- 3) **Security.** Contractor shall take any and all steps necessary to ensure the continuous security of all computerized data systems containing PHI and/or PI, and to protect paper documents containing PHI and/or PI. These steps shall include, at a minimum:
 - a. Complying with all of the data system security precautions listed in Attachment A, Data Security Requirements.
 - b. Achieving and maintaining compliance with the HIPAA Security Rule (45 CFR Parts 160 and 164), as necessary in conducting operations on behalf of DHCS under this Agreement.
 - c. Providing a level and scope of security that is at least comparable to the level and scope of security established by the Office of Management and Budget in OMB Circular No. A-130, Appendix III- Security of Federal Automated Information Systems, which sets forth guidelines for automated information systems in Federal agencies.
- 4) **Security Officer.** Contractor shall designate a Security Officer to oversee its data security program who shall be responsible for carrying out the requirements of this section and for communicating on security matters with

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the Department.

- 5) **Mitigation of Harmful Effects.** To mitigate, to the extent practicable, any harmful effect that is known to Contractor of a use or disclosure of Department PHI by Contractor or its subcontractors in violation of the requirements of this Exhibit F.
- 6) **Reporting Unauthorized Use or Disclosure.** To report to Department any use or disclosure of Department PHI not provided for by this Exhibit F of which it becomes aware.
- 7) **Contractor's Agents and Subcontractors.**
 - a. To enter into written agreements with any agents, including subcontractors and vendors to whom Contractor provides Department PHI, that impose the same restrictions and conditions on such agents, subcontractors and vendors that apply to Contractor with respect to such Department PHI under this Exhibit F, and that require compliance with all applicable provisions of HIPAA, the HITECH Act the HIPAA regulations, and the Final Omnibus Rule of 2013 including the requirement that any agents, subcontractors or vendors implement reasonable and appropriate administrative, physical, and technical safeguards to protect such PHI. As required by HIPAA, the HITECH Act, the HIPAA regulations and the Final Omnibus Rule of 2013 , including 45 CFR Sections 164.308 and 164.314, Contractor shall incorporate, when applicable, the relevant provisions of this Exhibit F-1 into each subcontract or sub-award to such agents, subcontractors and vendors, including the requirement that any security incidents or breaches of unsecured PHI be reported to Contractor.
 - b. In accordance with 45 CFR Section 164.504(e)(1)(ii), upon Contractor's knowledge of a material breach or violation by its subcontractor of the agreement between Contractor and the subcontractor, Contractor shall:
 - i) Provide an opportunity for the subcontractor to cure the breach or end the violation and terminate the agreement if the subcontractor does not cure the breach or end the violation within the time specified by the Department; or
 - ii) Immediately terminate the agreement if the subcontractor has breached a material term of the agreement and cure is not possible.

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- 8) **Availability of Information to the Department and Individuals to Provide Access and Information:**
- a. To provide access as the Department may require, and in the time and manner designated by the Department (upon reasonable notice and during Contractor's normal business hours) to Department PHI in a Designated Record Set, to the Department (or, as directed by the Department), to an Individual, in accordance with 45 CFR Section 164.524. Designated Record Set means the group of records maintained for the Department health plan under this Agreement that includes medical, dental and billing records about individuals; enrollment, payment, claims adjudication, and case or medical management systems maintained for the Department health plan for which Contractor is providing services under this Agreement; or those records used to make decisions about individuals on behalf of the Department. Contractor shall use the forms and processes developed by the Department for this purpose and shall respond to requests for access to records transmitted by the Department within fifteen (15) calendar days of receipt of the request by producing the records or verifying that there are none.
 - b. If Contractor maintains an Electronic Health Record with PHI, and an individual requests a copy of such information in an electronic format, Contractor shall provide such information in an electronic format to enable the Department to fulfill its obligations under the HITECH Act, including but not limited to, 42 U.S.C. Section 17935(e) and the HIPAA regulations.
- 9) **Confidentiality of Alcohol and Drug Abuse Patient Records.** Contractor agrees to comply with all confidentiality requirements set forth in Title 42 Code of Federal Regulations, Chapter I, Subchapter A, Part 2. Contractor is aware that criminal penalties may be imposed for a violation of these confidentiality requirements.
- 10) **Amendment of Department PHI.** To make any amendment(s) to Department PHI that were requested by a patient and that the Department directs or agrees should be made to assure compliance with 45 CFR Section 164.526, in the time and manner designated by the Department, with the Contractor being given a minimum of twenty days within which to make the amendment.
- 11) **Internal Practices.** To make Contractor's internal practices, books, and records relating to the use and disclosure of Department PHI available to the Department or to the Secretary, for purposes of determining the Department's compliance with the HIPAA regulations. If any information

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needed for this purpose is in the exclusive possession of any other entity or person and the other entity or person fails or refuses to furnish the information to Contractor, Contractor shall provide written notification to the Department and shall set forth the efforts it made to obtain the information.

- 12) **Documentation of Disclosures.** To document and make available to the Department or (at the direction of the Department) to an individual such disclosures of Department PHI, and information related to such disclosures, necessary to respond to a proper request by the subject Individual for an accounting of disclosures of such PHI, in accordance with the HITECH Act and its implementing regulations, including but not limited to 45 CFR Section 164.528 and 42 U.S.C. Section 17935(c). If Contractor maintains electronic health records for the Department as of January 1, 2009 and later, Contractor must provide an accounting of disclosures, including those disclosures for treatment, payment or health care operations. The electronic accounting of disclosures shall be for disclosures during the three years prior to the request for an accounting.
- 13) **Breaches and Security Incidents.** During the term of this Agreement, Contractor agrees to implement reasonable systems for the discovery and prompt reporting of any breach or security incident, and to take the following steps:

- a. **Initial Notice to the Department.** (1) To notify the Department **immediately by telephone call or email or fax** upon the discovery of a breach of unsecured PHI in electronic media or in any other media if the PHI was, or is reasonably believed to have been, accessed or acquired by an unauthorized person. (2) To notify the Department **within 24 hours (one hour if SSA data) by email or fax** of the discovery of any suspected security incident, intrusion or unauthorized access, use or disclosure of PHI in violation of this Agreement or this Exhibit F-1 or potential loss of confidential data affecting this Agreement. A breach shall be treated as discovered by Contractor as of the first day on which the breach is known, or by exercising reasonable diligence would have been known, to any person (other than the person committing the breach) who is an employee, officer or other agent of Contractor.

Notice shall be provided to the Information Protection Unit, Office of HIPAA Compliance. If the incident occurs after business hours or on a weekend or holiday and involves electronic PHI, notice shall be provided by calling the Information Protection Unit (916) 445-4646, (866) 866-0602 or by emailing privacyofficer@dhcs.ca.gov. Notice shall be made using the DHCS "Privacy Incident Report" form, including all information known at the time. Contractor shall use the most

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current version of this form, which is posted on the DHCS Information Security Officer website (www.dhcs.ca.gov, then select "Privacy" in the left column and then "Business Partner" near the middle of the page) or use this link:
<http://www.dhcs.ca.gov/formsandpubs/laws/priv/Pages/DHCSBusinessAssociatesOnly.aspx>

Upon discovery of a breach or suspected security incident, intrusion or unauthorized access, use or disclosure of Department PHI, Contractor shall take:

- i) Prompt corrective action to mitigate any risks or damages involved with the breach and to protect the operating environment.
 - ii) Any action pertaining to such unauthorized disclosure required by applicable Federal and State laws and regulations.
- b. **Investigation and Investigation Report.** To immediately investigate such suspected security incident, security incident, breach, or unauthorized access, use or disclosure of PHI. Within 72 hours of the discovery, Contractor shall submit an updated "Privacy Incident Report" containing the information marked with an asterisk and all other applicable information listed on the form, to the extent known at that time, to the Information Protection Unit.
- c. **Complete Report.** To provide a complete report of the investigation to the Department Program Contract Manager and the Information Protection Unit within ten working days of the discovery of the breach or unauthorized use or disclosure. The report shall be submitted on the "Privacy Incident Report" form and shall include an assessment of all known factors relevant to a determination of whether a breach occurred under applicable provisions of HIPAA, the HITECH Act, and the HIPAA regulations. The report shall also include a full, detailed corrective action plan, including information on measures that were taken to halt and/or contain the improper use or disclosure. If the Department requests information in addition to that listed on the "Privacy Incident Report" form, Contractor shall make reasonable efforts to provide the Department with such information. If, because of the circumstances of the incident, Contractor needs more than ten working days from the discovery to submit a complete report, the Department may grant a reasonable extension of time, in which case Contractor shall submit periodic updates until the complete report is submitted. If necessary, a Supplemental Report may be used to submit revised

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or additional information after the completed report is submitted, by submitting the revised or additional information on an updated "Privacy Incident Report" form. The Department will review and approve the determination of whether a breach occurred and whether individual notifications and a corrective action plan are required.

- d. **Responsibility for Reporting of Breaches.** If the cause of a breach of Department PHI is attributable to Contractor or its agents, subcontractors or vendors, Contractor is responsible for all required reporting of the breach as specified in 42 U.S.C. section 17932 and its implementing regulations, including notification to media outlets and to the Secretary (after obtaining prior written approval of DHCS). If a breach of unsecured Department PHI involves more than 500 residents of the State of California or under its jurisdiction, Contractor shall first notify DHCS, then the Secretary of the breach immediately upon discovery of the breach. If a breach involves more than 500 California residents, Contractor shall also provide, after obtaining written prior approval of DHCS, notice to the Attorney General for the State of California, Privacy Enforcement Section. If Contractor has reason to believe that duplicate reporting of the same breach or incident may occur because its subcontractors, agents, or vendors may report the breach or incident to the Department in addition to Contractor, Contractor shall notify the Department, and the Department and Contractor may take appropriate action to prevent duplicate reporting.
- e. **Responsibility for Notification of Affected Individuals.** If the cause of a breach of Department PHI is attributable to Contractor or its agents, subcontractors or vendors and notification of the affected individuals is required under state or Federal law, Contractor shall bear all costs of such notifications as well as any costs associated with the breach. In addition, the Department reserves the right to require Contractor to notify such affected individuals, which notifications shall comply with the requirements set forth in 42U.S.C. section 17932 and its implementing regulations, including, but not limited to, the requirement that the notifications be made without unreasonable delay and in no event later than 60 calendar days after discovery of the breach. The Department Privacy Officer shall approve the time, manner and content of any such notifications and their review and approval must be obtained before the notifications are made. The Department will provide its review and approval expeditiously and without unreasonable delay.
- f. **Department Contact Information.** To direct communications to the above referenced Department staff, the Contractor shall

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initiate contact as indicated herein. The Department reserves the right to make changes to the contact information below by giving written notice to the Contractor. Said changes shall not require an amendment to this Addendum or the Agreement to which it is incorporated.

Department Program Contract Manager	DHCS Privacy Officer	DHCS Information Security Officer
See the Exhibit A, Scope of Work for Program Contract Manager information	Information Protection Unit c/o: Office of HIPAA Compliance Department of Health Care Services P.O. Box 997413, MS 4722 Sacramento, CA 95899-7413 (916) 445-4646; (866) 866-0602 Email: privacyofficer@dhcs.ca.gov Fax: (916) 440-7680	Information Security Officer DHCS Information Security Office P.O. Box 997413, MS 6400 Sacramento, CA 95899-7413 Email: iso@dhcs.ca.gov Telephone: ITSD Service Desk (916) 440-7000; (800) 579-0874 Fax: (916) 440-5537

- 14) **Termination of Agreement.** In accordance with Section 13404(b) of the HITECH Act and to the extent required by the HIPAA regulations, if Contractor knows of a material breach or violation by the Department of this Exhibit F-1, it shall take the following steps:
- a. Provide an opportunity for the Department to cure the breach or end the violation and terminate the Agreement if the Department does not cure the breach or end the violation within the time specified by Contractor or
 - b. Immediately terminate the Agreement if the Department has breached a material term of the Exhibit F-1 and cure is not possible.
- 15) **Sanctions and/or Penalties.** Contractor understands that a failure to comply with the provisions of HIPAA, the HITECH Act and the HIPAA regulations that are applicable to Contractors may result in the imposition of sanctions and/or penalties on Contractor under HIPAA, the HITECH Act and the HIPAA regulations.

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E. Obligations of the Department.

The Department agrees to:

- 1) **Permission by Individuals for Use and Disclosure of PHI.** Provide the Contractor with any changes in, or revocation of, permission by an Individual to use or disclose Department PHI, if such changes affect the Contractor's permitted or required uses and disclosures.
- 2) **Notification of Restrictions.** Notify the Contractor of any restriction to the use or disclosure of Department PHI that the Department has agreed to in accordance with 45 CFR Section 164.522, to the extent that such restriction may affect the Contractor's use or disclosure of PHI.
- 3) **Requests Conflicting with HIPAA Rules.** Not request the Contractor to use or disclose Department PHI in any manner that would not be permissible under the HIPAA regulations if done by the Department.
- 4) **Notice of Privacy Practices.** Provide Contractor with the web link to the Notice of Privacy Practices that DHCS produces in accordance with 45 CFR Section 164.520, as well as any changes to such notice. Visit the DHCS website to view the most current Notice of Privacy Practices at: <http://www.dhcs.ca.gov/formsandpubs/laws/priv/Pages/NoticeofPrivacyPractices.aspx> or the DHCS website at www.dhcs.ca.gov (select "Privacy in the right column and "Notice of Privacy Practices" on the right side of the page).

F. Audits, Inspection and Enforcement

If Contractor is the subject of an audit, compliance review, or complaint investigation by the Secretary or the Office for Civil Rights, U.S. Department of Health and Human Services, that is related to the performance of its obligations pursuant to this HIPAA Business Associate Exhibit F-1, Contractor shall immediately notify the Department. Upon request from the Department, Contractor shall provide the Department with a copy of any Department PHI that Contractor, as the Business Associate, provides to the Secretary or the Office of Civil Rights concurrently with providing such PHI to the Secretary. Contractor is responsible for any civil penalties assessed due to an audit or investigation of Contractor, in accordance with 42 U.S.C. Section 17934(c).

G. Termination.

- 1) **Term.** The Term of this Exhibit F-1 shall extend beyond the termination of the Agreement and shall terminate when all Department PHI is destroyed or returned to the Department, in accordance with 45 CFR Section 164.504(e)(2)(ii)(J).
- 2) **Termination for Cause.** In accordance with 45 CFR Section 164.504(e)(1)(iii), upon the Department's knowledge of a material breach or

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violation of this Exhibit F-1 by Contractor, the Department shall:

- a. Provide an opportunity for Contractor to cure the breach or end the violation and terminate this Agreement if Contractor does not cure the breach or end the violation within the time specified by the Department or
- b. Immediately terminate this Agreement if Contractor has breached a material term of this Exhibit F-1 and cure is not possible.

F-2

**Privacy and Security of Personal Information and Personally Identifiable Information Not
Subject to HIPAA**

1. Recitals.

- A. In addition to the Privacy and Security Rules under the Health Insurance Portability and Accountability Act of 1996 (HIPAA) the Department is subject to various other legal and contractual requirements with respect to the personal information (PI) and personally identifiable information (PII) it maintains. These include:
 - 1) The California Information Practices Act of 1977 (California Civil Code §§1798 et seq.).
 - 2) The Agreement between the Social Security Administration (SSA) and the Department, known as the Information Exchange Agreement (IEA), which incorporates the Computer Matching and Privacy Protection Act Agreement (CMPPA) between the SSA and the California Health and Human Services Agency. The IEA, including the CMPPA is attached to this Exhibit F as Attachment I and is hereby incorporated in this Agreement.
 - 3) Title 42 CFR, Chapter I, Subchapter A, Part 2.
- B. The purpose of this Exhibit F-2 is to set forth Contractor's privacy and security obligations with respect to PI and PII that Contractor may create, receive, maintain, use, or disclose for, or on behalf of Department, pursuant to this Agreement. Specifically this Exhibit applies to PI and PII which is not Protected Health Information (PHI) as defined by HIPAA and therefore is not addressed in Exhibit F-1 of this Agreement, the HIPAA Business Associate Addendum; however, to the extent that data is both PHI or ePHI and PII, both Exhibit F-1 and this Exhibit F-2 shall apply.
- C. The IEA Agreement referenced in A. 2) above requires the Department to extend its substantive privacy and security terms to subcontractors who receive data provided to DHCS by the Social Security Administration. If Contractor receives data from DHCS that includes data provided to DHCS by the Social Security Administration, Contractor must comply with the following specific sections of the IEA Agreement: E. Security Procedures, F. Contractor/Agent Responsibilities,

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and G. Safeguarding and Reporting Responsibilities for Personally Identifiable Information ("PII"), and in Attachment 4 to the IEA, Electronic Information Exchange Security Requirements, Guidelines and Procedures for Federal, State and Local Agencies Exchanging Electronic Information with the Social Security Administration. Contractor must also ensure that any agents, including a subcontractor, to whom it provides DHCS data that includes data provided by the Social Security Administration, agree to the same requirements for privacy and security safeguards for such confidential data that apply to Contractor with respect to such information.

- D. The terms used in this Exhibit F-2, but not otherwise defined, shall have the same meanings as those terms have in the above referenced statute and Agreement. Any reference to statutory, regulatory, or contractual language shall be to such language as in effect or as amended.

2. Definitions.

- A. "Breach" shall have the meaning given to such term under the IEA and CMPPA. It shall include a "PII loss" as that term is defined in the CMPPA.
- B. "Breach of the security of the system" shall have the meaning given to such term under the California Information Practices Act, Civil Code section 1798.29(f).
- C. "CMPPA Agreement" means the Computer Matching and Privacy Protection Act Agreement between the Social Security Administration and the California Health and Human Services Agency (CHHS).
- D. "Department PI" shall mean Personal Information, as defined below, accessed in a database maintained by the Department, received by Contractor from the Department or acquired or created by Contractor in connection with performing the functions, activities and services specified in this Agreement on behalf of the Department.
- E. "IEA" shall mean the Information Exchange Agreement currently in effect between the Social Security Administration (SSA) and the California Department of Health Care Services (DHCS).
- F. "Notice-triggering Personal Information" shall mean the personal information identified in Civil Code section 1798.29 whose unauthorized access may trigger notification requirements under Civil Code section 1798.29. For purposes of this provision, identity shall include, but not be limited to, name, address, email address, identifying number, symbol, or other identifying particular assigned to the individual, such as a finger or voice print, a photograph or a biometric identifier. Notice-triggering Personal Information includes PI in electronic, paper or any other medium.
- G. "Personally Identifiable Information" (PII) shall have the meaning given to such term in the IEA and CMPPA.

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- H. "Personal Information" (PI) shall have the meaning given to such term in California Civil Code Section 1798.3(a).
- I. "Required by law" means a mandate contained in law that compels an entity to make a use or disclosure of PI or PII that is enforceable in a court of law. This includes, but is not limited to, court orders and court-ordered warrants, subpoenas or summons issued by a court, grand jury, a governmental or tribal inspector general, or an administrative body authorized to require the production of information, and a civil or an authorized investigative demand. It also includes Medicare conditions of participation with respect to health care providers participating in the program, and statutes or regulations that require the production of information, including statutes or regulations that require such information if payment is sought under a government program providing public benefits.
- J. "Security Incident" means the attempted or successful unauthorized access, use, disclosure, modification, or destruction of PI, or confidential data utilized in complying with this Agreement; or interference with system operations in an information system that processes, maintains or stores PI.

3. Terms of Agreement

A. Permitted Uses and Disclosures of Department PI and PII by Contractor

Except as otherwise indicated in this Exhibit F-2, Contractor may use or disclose Department PI only to perform functions, activities or services for or on behalf of the Department pursuant to the terms of this Agreement provided that such use or disclosure would not violate the California Information Practices Act (CIPA) if done by the Department.

B. Responsibilities of Contractor

Contractor agrees:

- 1) **Nondisclosure.** Not to use or disclose Department PI or PII other than as permitted or required by this Agreement or as required by applicable state and Federal law.
- 2) **Safeguards.** To implement appropriate and reasonable administrative, technical, and physical safeguards to protect the security, confidentiality and integrity of Department PI and PII, to protect against anticipated threats or hazards to the security or integrity of Department PI and PII, and to prevent use or disclosure of Department PI or PII other than as provided for by this Agreement. Contractor shall develop and maintain a written information privacy and security program that include administrative, technical and physical safeguards appropriate to the size and complexity of Contractor's operations and the nature and scope of its activities, which

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incorporate the requirements of section 3, Security, below. Contractor will provide DHCS with its current policies upon request.

- 3) **Security.** Contractor shall take any and all steps necessary to ensure the continuous security of all computerized data systems containing PHI and/or PI, and to protect paper documents containing PHI and/or PI. These steps shall include, at a minimum:
- a. Complying with all of the data system security precautions listed in Attachment A, Business Associate Data Security Requirements;
 - b. Providing a level and scope of security that is at least comparable to the level and scope of security established by the Office of Management and Budget in OMB Circular No. A-130, Appendix III- Security of Federal Automated Information Systems, which sets forth guidelines for automated information systems in Federal agencies; and
 - c. If the data obtained by Contractor from DHCS includes PII, Contractor shall also comply with the substantive privacy and security requirements in the Computer Matching and Privacy Protection Act Agreement between the SSA and the California Health and Human Services Agency (CHHS) and in the Agreement between the SSA and DHCS, known as the Information Exchange Agreement, which are attached as Attachment I and incorporated into this Agreement. The specific sections of the IEA with substantive privacy and security requirements to be complied with are sections E, F, and G, and in Attachment 4 to the IEA, Electronic Information Exchange Security Requirements, Guidelines and Procedures for Federal, State and Local Agencies Exchanging Electronic Information with the SSA. Contractor also agrees to ensure that any agents, including a subcontractor to whom it provides DHCS PII, agree to the same requirements for privacy and security safeguards for confidential data that apply to Contractor with respect to such information.
- 4) **Mitigation of Harmful Effects.** To mitigate, to the extent practicable, any harmful effect that is known to Contractor of a use or disclosure of Department PI or PII by Contractor or its subcontractors in violation of this Exhibit F-2.
- 5) **Contractor's Agents and Subcontractors.** To impose the same restrictions and conditions set forth in this Exhibit F-2 on any subcontractors or other agents with whom Contractor subcontracts any activities under this Agreement that involve the disclosure of Department PI or PII to the subcontractor.
- 6) **Availability of Information to DHCS.** To make Department PI and PII available to the Department for purposes of oversight, inspection,

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amendment, and response to requests for records, injunctions, judgments, and orders for production of Department PI and PII. If Contractor receives Department PII, upon request by DHCS, Contractor shall provide DHCS with a list of all employees, contractors and agents who have access to Department PII, including employees, contractors and agents of its subcontractors and agents.

- 7) **Cooperation with DHCS.** With respect to Department PI, to cooperate with and assist the Department to the extent necessary to ensure the Department's compliance with the applicable terms of the CIPA including, but not limited to, accounting of disclosures of Department PI, correction of errors in Department PI, production of Department PI, disclosure of a security breach involving Department PI and notice of such breach to the affected individual(s).
- 8) **Confidentiality of Alcohol and Drug Abuse Patient Records.** Contractor agrees to comply with all confidentiality requirements set forth in Title 42 Code of Federal Regulations, Chapter I, Subchapter A, Part 2. Contractor is aware that criminal penalties may be imposed for a violation of these confidentiality requirements.
- 9) **Breaches and Security Incidents.** During the term of this Agreement, Contractor agrees to implement reasonable systems for the discovery and prompt reporting of any breach or security incident, and to take the following steps:
 - a. Initial Notice to the Department. (1) To notify the Department **immediately by telephone call or email or fax** upon the discovery of a breach of unsecured Department PI or PII in electronic media or in any other media if the PI or PII was, or is reasonably believed to have been, accessed or acquired by an unauthorized person, or upon discovery of a suspected security incident involving Department PII. (2) To notify the Department **within one (1) hour by email or fax** if the data is data subject to the SSA Agreement; and **within 24 hours by email or fax** of the discovery of any suspected security incident, intrusion or unauthorized access, use or disclosure of Department PI or PII in violation of this Agreement or this Exhibit F-1 or potential loss of confidential data affecting this Agreement. A breach shall be treated as discovered by Contractor as of the first day on which the breach is known, or by exercising reasonable diligence would have been known, to any person (other than the person committing the breach) who is an employee, officer or other agent of Contractor.
 - b. Notice shall be provided to the Information Protection Unit, Office of HIPAA Compliance. If the incident occurs after business hours or on a weekend or holiday and involves electronic Department PI or PII, notice shall be provided by calling the Department

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Information Security Officer. Notice shall be made using the DHCS "Privacy Incident Report" form, including all information known at the time. Contractor shall use the most current version of this form, which is posted on the DHCS Information Security Officer website (www.dhcs.ca.gov, then select "Privacy" in the left column and then "Business Partner" near the middle of the page) or use this link: <http://www.dhcs.ca.gov/formsandpubs/laws/priv/Pages/DHCSBusinessAssociatesOnly.aspx> .

- c. Upon discovery of a breach or suspected security incident, intrusion or unauthorized access, use or disclosure of Department PI or PII, Contractor shall take:
 - i. Prompt corrective action to mitigate any risks or damages involved with the breach and to protect the operating environment and
 - ii. Any action pertaining to such unauthorized disclosure required by applicable Federal and State laws and regulations.
- d. **Investigation and Investigation Report.** To immediately investigate such suspected security incident, security incident, breach, or unauthorized access, use or disclosure of PHI. Within 72 hours of the discovery, Contractor shall submit an updated "Privacy Incident Report" containing the information marked with an asterisk and all other applicable information listed on the form, to the extent known at that time, to the Department Information Security Officer.
- e. **Complete Report.** To provide a complete report of the investigation to the Department Program Contract Manager and the Information Protection Unit within ten working days of the discovery of the breach or unauthorized use or disclosure. The report shall be submitted on the "Privacy Incident Report" form and shall include an assessment of all known factors relevant to a determination of whether a breach occurred. The report shall also include a full, detailed corrective action plan, including information on measures that were taken to halt and/or contain the improper use or disclosure. If the Department requests information in addition to that listed on the "Privacy Incident Report" form, Contractor shall make reasonable efforts to provide the Department with such information. If, because of the circumstances of the incident, Contractor needs more than ten working days from the discovery to submit a complete report, the Department may grant a reasonable extension of time, in which case Contractor shall submit periodic updates until the complete report is submitted. If necessary, a Supplemental Report may be used to submit revised or additional information after the

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completed report is submitted, by submitting the revised or additional information on an updated "Privacy Incident Report" form. The Department will review and approve the determination of whether a breach occurred and whether individual notifications and a corrective action plan are required.

- f. Responsibility for Reporting of Breaches.** If the cause of a breach of Department PI or PII is attributable to Contractor or its agents, subcontractors or vendors, Contractor is responsible for all required reporting of the breach as specified in CIPA, section 1798.29 and as may be required under the IEA. Contractor shall bear all costs of required notifications to individuals as well as any costs associated with the breach. The Privacy Officer shall approve the time, manner and content of any such notifications and their review and approval must be obtained before the notifications are made. The Department will provide its review and approval expeditiously and without unreasonable delay.
- g.** If Contractor has reason to believe that duplicate reporting of the same breach or incident may occur because its subcontractors, agents or vendors may report the breach or incident to the Department in addition to Contractor, Contractor shall notify the Department, and the Department and Contractor may take appropriate action to prevent duplicate reporting.
- h. Department Contact Information.** To direct communications to the above referenced Department staff, the Contractor shall initiate contact as indicated herein. The Department reserves the right to make changes to the contact information below by giving written notice to the Contractor. Said changes shall not require an amendment to this Addendum or the Agreement to which it is incorporated.

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Department Program Contract Manager	DHCS Privacy Officer	DHCS Information Security Officer
See the Exhibit A, Scope of Work for Program Contract Manager information	Information Protection Unit c/o: Office of HIPAA Compliance Department of Health Care Services P.O. Box 997413, MS 4722 Sacramento, CA 95899-7413 (916) 445-4646 Email: privacyofficer@dhcs.ca.gov Telephone:(916) 445-4646 Fax: (916) 440-7680	Information Security Officer DHCS Information Security Office P.O. Box 997413, MS 6400 Sacramento, CA 95899-7413 Email: iso@dhcs.ca.gov Telephone: ITSD Service Desk (916) 440-7000 or (800) 579-0874 Fax: (916) 440-5537

10) Designation of Individual Responsible for Security

Contractor shall designate an individual, (e.g., Security Officer), to oversee its data security program who shall be responsible for carrying out the requirements of this Exhibit F-2 and for communicating on security matters with the Department.

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F-3
Miscellaneous Terms and Conditions

Applicable to Exhibit F

- 1) **Confidentiality of Alcohol and Drug Abuse Patient Records.** Contractor agrees to comply with all confidentiality requirements set forth in Title 42 Code of Federal Regulations, Chapter I, Subchapter A, Part 2. Contractor is aware that criminal penalties may be imposed for a violation of these confidentiality requirements.
- 2) **Disclaimer.** The Department makes no warranty or representation that compliance by Contractor with this Exhibit F, HIPAA or the HIPAA regulations will be adequate or satisfactory for Contractor's own purposes or that any information in Contractor's possession or control, or transmitted or received by Contractor, is or will be secure from unauthorized use or disclosure. Contractor is solely responsible for all decisions made by Contractor regarding the safeguarding of the Department PHI, PI and PII.
- 3) **Amendment.** The parties acknowledge that federal and state laws relating to electronic data security and privacy are rapidly evolving and that amendment of this Exhibit F may be required to provide for procedures to ensure compliance with such developments. The parties specifically agree to take such action as is necessary to implement the standards and requirements of HIPAA, the HITECH Act, and the HIPAA regulations, and other applicable state and Federal laws. Upon either party's request, the other party agrees to promptly enter into negotiations concerning an amendment to this Exhibit F embodying written assurances consistent with the standards and requirements of HIPAA, the HITECH Act, and the HIPAA regulations, and other applicable state and Federal laws. The Department may terminate this Agreement upon thirty (30) days written notice in the event:
 - a) Contractor does not promptly enter into negotiations to amend this Exhibit F when requested by the Department pursuant to this section; or
 - b) Contractor does not enter into an amendment providing assurances regarding the safeguarding of Department PHI that the Department deems is necessary to satisfy the standards and requirements of HIPAA and the HIPAA regulations.
- 4) **Judicial or Administrative Proceedings.** Contractor will notify the Department if it is named as a defendant in a criminal proceeding for a violation of HIPAA or other security or privacy law. The Department may terminate this Agreement if Contractor is found guilty of a criminal violation of HIPAA. The Department may terminate this Agreement if a finding or stipulation that the Contractor has violated any standard or requirement of HIPAA, or other security or privacy laws is made in any administrative or civil proceeding in which the Contractor is a party or has been joined. DHCS will

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consider the nature and seriousness of the violation in deciding whether or not to terminate the Agreement.

- 5) **Assistance in Litigation or Administrative Proceedings.** Contractor shall make itself and any subcontractors, employees, or agents assisting Contractor in the performance of its obligations under this Agreement, available to the Department at no cost to the Department to testify as witnesses, or otherwise, in the event of litigation or administrative proceedings being commenced against the Department, its directors, officers or employees based upon claimed violation of HIPAA, or the HIPAA regulations, which involves inactions or actions by the Contractor, except where Contractor or its subcontractor, employee or agent is a named adverse party.
- 6) **No Third-Party Beneficiaries.** Nothing expressed or implied in the terms and conditions of this Exhibit F is intended to confer, nor shall anything herein confer, upon any person other than the Department or Contractor and their respective successors or assignees, any rights, remedies, obligations or liabilities whatsoever.
- 7) **Interpretation.** The terms and conditions in this Exhibit F shall be interpreted as broadly as necessary to implement and comply with HIPAA, the HITECH Act, and the HIPAA regulations. The parties agree that any ambiguity in the terms and conditions of this Exhibit F shall be resolved in favor of a meaning that complies and is consistent with HIPAA, the HITECH Act and the HIPAA regulations, and, if applicable, any other relevant state and Federal laws.
- 8) **Conflict.** In case of a conflict between any applicable privacy or security rules, laws, regulations or standards the most stringent shall apply. The most stringent means that safeguard which provides the highest level of protection to PHI, PI and PII from unauthorized disclosure. Further, Contractor must comply within a reasonable period of time with changes to these standards that occur after the effective date of this Agreement.
- 9) **Regulatory References.** A reference in the terms and conditions of this Exhibit F to a section in the HIPAA regulations means the section as in effect or as amended.
- 10) **Survival.** The respective rights and obligations of Contractor under Section 3, Item D of Exhibit F-1, and Section 3, Item B of Exhibit F-2, Responsibilities of Contractor, shall survive the termination or expiration of this Agreement.
- 11) **No Waiver of Obligations.** No change, waiver, or discharge of any liability or obligation hereunder on any one or more occasions shall be deemed a waiver of performance of any continuing or other obligation, or shall prohibit enforcement of any obligation, on any other occasion.

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- 12) **Audits, Inspection and Enforcement.** From time to time, and subject to all applicable Federal and state privacy and security laws and regulations, the Department may conduct a reasonable inspection of the facilities, systems, books and records of Contractor to monitor compliance with this Exhibit F. Contractor shall promptly remedy any violation of any provision of this Exhibit F. The fact that the Department inspects, or fails to inspect, or has the right to inspect, Contractor's facilities, systems and procedures does not relieve Contractor of its responsibility to comply with this Exhibit F. The Department's failure to detect a non-compliant practice, or a failure to report a detected non-compliant practice to Contractor does not constitute acceptance of such practice or a waiver of the Department's enforcement rights under this Agreement, including this Exhibit F.
- 13) **Due Diligence.** Contractor shall exercise due diligence and shall take reasonable steps to ensure that it remains in compliance with this Exhibit F and is in compliance with applicable provisions of HIPAA, the HITECH Act and the HIPAA regulations, and other applicable state and Federal law, and that its agents, subcontractors and vendors are in compliance with their obligations as required by this Exhibit F.
- 14) **Term.** The Term of this Exhibit F-1 shall extend beyond the termination of the Agreement and shall terminate when all Department PHI is destroyed or returned to the Department, in accordance with 45 CFR Section 164.504(e)(2)(ii)(I), and when all Department PI and PII is destroyed in accordance with Attachment A.
- 14) **Effect of Termination.** Upon termination or expiration of this Agreement for any reason, Contractor shall return or destroy all Department PHI, PI and PII that Contractor still maintains in any form, and shall retain no copies of such PHI, PI or PII. If return or destruction is not feasible, Contractor shall notify the Department of the conditions that make the return or destruction infeasible, and the Department and Contractor shall determine the terms and conditions under which Contractor may retain the PHI, PI or PII. Contractor shall continue to extend the protections of this Exhibit F to such Department PHI, PI and PII, and shall limit further use of such data to those purposes that make the return or destruction of such data infeasible. This provision shall apply to Department PHI, PI and PII that is in the possession of subcontractors or agents of Contractor.

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Attachment I
Business Associate Data Security Requirements

I. Personnel Controls

- A. *Employee Training.*** All workforce members who assist in the performance of functions or activities on behalf of DHCS, or access or disclose DHCS PHI or PI must complete information privacy and security training, at least annually, at Business Associate's expense. Each workforce member who receives information privacy and security training must sign a certification, indicating the member's name and the date on which the training was completed. These certifications must be retained for a period of six (6) years following contract termination.
- B. *Employee Discipline.*** Appropriate sanctions must be applied against workforce members who fail to comply with privacy policies and procedures or any provisions of these requirements, including termination of employment where appropriate.
- C. *Confidentiality Statement.*** All persons that will be working with DHCS PHI or PI must sign a confidentiality statement that includes, at a minimum, General Use, Security and Privacy Safeguards, Unacceptable Use, and Enforcement Policies. The statement must be signed by the workforce member prior to access to DHCS PHI or PI. The statement must be renewed annually. The Contractor shall retain each person's written confidentiality statement for DHCS inspection for a period of six (6) years following contract termination.
- D. *Background Check.*** Before a member of the workforce may access DHCS PHI or PI, a thorough background check of that worker must be conducted, with evaluation of the results to assure that there is no indication that the worker may present a risk to the security or integrity of confidential data or a risk for theft or misuse of confidential data. The Contractor shall retain each workforce member's background check documentation for a period of three (3) years following contract termination.

II. Technical Security Controls

- A. *Workstation/Laptop encryption.*** All workstations and laptops that process and/or store DHCS PHI or PI must be encrypted using a FIPS 140-2 certified algorithm which is 128bit or higher, such as Advanced Encryption Standard (AES). The encryption solution must be full disk unless approved by the DHCS Information Security Office.
- B. *Server Security.*** Servers containing unencrypted DHCS PHI or PI must have sufficient administrative, physical, and technical controls in place to protect that data, based upon a risk assessment/system security review.
- C. *Minimum Necessary.*** Only the minimum necessary amount of DHCS PHI or PI required to perform necessary business functions may be copied, downloaded, or exported.

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

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

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

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

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

H. *Data Destruction.* When no longer needed, all DHCS PHI or PI must be cleared, purged, or destroyed consistent with NIST Special Publication 800-88, Guidelines for Media Sanitization such that the PHI or PI cannot be retrieved.

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

J. *Warning Banners.* All systems providing access to DHCS PHI or PI must display a warning banner stating that data is confidential, systems are logged, and system use is for business purposes only by authorized users. User must be directed to log off the system if they do not agree with these requirements.

K. *System Logging.* The system must maintain an automated audit trail which can identify the user or system process which initiates a request for DHCS PHI or PI, or which alters DHCS PHI or PI. The audit trail must be date and time stamped, must log both successful and failed accesses, must be read only, and must be restricted to

Exhibit F
Privacy and Information Security Provisions

authorized users. If DHCS PHI or PI is stored in a database, database logging functionality must be enabled. Audit trail data must be archived for at least 3 years after occurrence.

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

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

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

III. Audit Controls

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

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

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

IV. Business Continuity / Disaster Recovery Controls

A. Emergency Mode Operation Plan. Contractor must establish a documented plan to enable continuation of critical business processes and protection of the security of electronic DHCS PHI or PI in the event of an emergency. Emergency means any circumstance or situation that causes normal computer operations to become unavailable for use in performing the work required under this Agreement for more than 24 hours.

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

Exhibit F
Privacy and Information Security Provisions

V. Paper Document Controls

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

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

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

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

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

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

**INFORMATION EXCHANGE AGREEMENT
BETWEEN
THE SOCIAL SECURITY ADMINISTRATION (SSA)
AND
THE CALIFORNIA DEPARTMENT OF HEALTH CARE SERVICES**

- A. PURPOSE:** The purpose of this Information Exchange Agreement (“IEA”) is to establish terms, conditions, and safeguards under which SSA will disclose to the State Agency certain information, records, or data (herein “data”) to assist the State Agency in administering certain federally funded, state-administered benefit programs (including state-funded, state supplementary payment programs under Title XVI of the Social Security Act) identified in this IEA. By entering into this IEA, the State Agency agrees to comply with:
- the terms and conditions set forth in the Computer Matching and Privacy Protection Act Agreement (“CMPPA Agreement”) attached as **Attachment 1**, governing the State Agency’s use of the data disclosed from SSA’s Privacy Act System of Records; and
 - all other terms and conditions set forth in this IEA and Attachments 2 through 6.
- B. PROGRAMS AND DATA EXCHANGE SYSTEMS:** (1) The State Agency will use the data received or accessed from SSA under this IEA for the purpose of administering the federally funded, state-administered programs identified in **Table 1** below. In **Table 1**, the State Agency has identified: (a) each federally funded, state-administered program that it administers; and (b) each SSA data exchange system to which the State Agency needs access in order to administer the identified program. The list of SSA’s data exchange systems is attached as **Attachment 2**. **Attachment 2** provides a brief explanation of each system, as well as use parameters, as necessary.

TABLE 1

FEDERALLY FUNDED BENEFIT PROGRAMS	
Program	SSA Data Exchange System(s)
<input checked="" type="checkbox"/> Medicaid	BENDEX/SDX/SVES IV/SOLQ/SVES-1-Citizenship/Quarters of Coverage/PUPS
<input type="checkbox"/> Temporary Assistance to Needy Families (TANF)	
<input type="checkbox"/> Supplemental Nutrition Assistance Program (SNAP- formally Food Stamps)	
<input type="checkbox"/> Unemployment Compensation	
<input type="checkbox"/> State Child Support Agency	
<input type="checkbox"/> Low-Income Home Energy Assistance Program (LI-HEAP)	
<input type="checkbox"/> Workers Compensation	
<input type="checkbox"/> Vocational Rehabilitation Services	



<input type="checkbox"/> Foster Care (IV-E)	
<input checked="" type="checkbox"/> State Children's Health Insurance Program (CHIP)	BENDEX/SDX/SVES IV, SVES-1 Citizenship
<input type="checkbox"/> Women, Infants and Children (W.I.C.)	
<input checked="" type="checkbox"/> Medicare Savings Programs (MSP)	LIS File
<input checked="" type="checkbox"/> Medicare 1144 (Outreach)	Medicare 1144 Outreach File
<input checked="" type="checkbox"/> Other Federally Funded, State-Administered Programs (List Below)	
Program	SSA Data Exchange System(s)
Medi-Cal Access Program (MCAP)	BENDEX/SDX/SVES IV

(2) The State Agency will use each identified data exchange system *only* for the purpose of administering the specific program for which access to the data exchange system is provided. SSA data exchange systems are protected by the Privacy Act and Federal law prohibits the use of SSA's data for any purpose other than the purpose of administering the specific program for which such data is disclosed. In particular, the State Agency will:

- a) use the **tax return data** disclosed by SSA only to determine individual eligibility for, or the amount of, assistance under a program listed in 26 U.S.C. § 6103(1)(7) and (8).
- b) use **citizenship status data** disclosed by SSA only to determine entitlement of *new applicants* to: (a) the Medicaid program and CHIP pursuant to the Children's Health Insurance Program Reauthorization Act of 2009, Pub. L. 111-3; or (b) federally funded, state-administered health or income maintenance programs approved by SSA to receive the *SSA Data Set* through the Centers for Medicare & Medicaid Services' (CMS) Federal Data Services Hub (Hub).

Applicants for Social Security numbers (SSN) report their citizenship data at the time they apply for their SSNs; there is no obligation for an individual to report to SSA a change in his or her immigration status until he or she files a claim for benefits.

C. PROGRAM QUESTIONNAIRE: Prior to signing this IEA, the State Agency will complete and submit to SSA a program questionnaire for each of the federally funded, state-administered programs checked in **Table 1** above. SSA will not disclose any data under this IEA until it has received and approved the completed program questionnaire for each of the programs identified in **Table 1** above.

D. TRANSFER OF DATA: SSA will transmit the data to the State Agency under this IEA using the data transmission method identified in **Table 2** below:

TABLE 2

TRANSFER OF DATA
<input type="checkbox"/> Data will be transmitted directly between SSA and the State Agency.
<input checked="" type="checkbox"/> Data will be transmitted directly between SSA and The California Office of Technology (State Transmission/Transfer Component ("STC")) by File Transfer Management System (FTMS), a secure mechanism approved by SSA. The STC will serve as the conduit between SSA and the State Agency pursuant to the State STC Agreement.
<input type="checkbox"/> Data will be transmitted directly between SSA and CMS' Hub by a secure method of transfer approved by SSA. CMS will transmit the <i>SSA Data Set</i> between SSA and the State Agency pursuant to an agreement between SSA and CMS regarding the use of the Hub.
<input type="checkbox"/> Data will be transmitted [<i>select one: directly between SSA and the Interstate Connection Network ("ICON") or through the [name of STC Agency/Vendor] as the conduit between SSA and the Interstate Connection Network ("ICON")</i>]. ICON is a wide area telecommunications network connecting state agencies that administer the state unemployment insurance laws. When receiving data through ICON, the State Agency will comply with the "Systems Security Requirements for SSA Web Access to SSA Information Through the ICON," attached as Attachment 3 .

E. SECURITY PROCEDURES: The State Agency will comply with limitations on use, treatment, and safeguarding of data under the Privacy Act of 1974 (5 U.S.C. § 552a), as amended by the Computer Matching and Privacy Protection Act of 1988, related Office of Management and Budget guidelines, the Federal Information Security Management Act of 2002 (44 U.S.C. § 3541, et seq.), and related National Institute of Standards and Technology guidelines. In addition, the State Agency will comply with SSA's "Electronic Information Exchange Security Requirements and Procedures for State and Local Agencies Exchanging Electronic Information with the Social Security Administration," attached as **Attachment 4**, as well as the Security Certification Requirements for use of the *SSA Data Set* transmitted via CMS' Hub, attached as **Attachment 5**. The SSA security controls identified under **Attachment 4** of this IEA prevail for all SSA data received by the State Agency, as identified in Table 1 of this IEA. For any tax return data, the State Agency will also comply with the "Tax Information Security Guidelines for Federal, State and Local Agencies," Publication 1075, published by the Secretary of the Treasury and available at the following Internal Revenue Service (IRS) website: <http://www.irs.gov/pub/irs-pdf/p1075.pdf>. This IRS Publication 1075 is incorporated by reference into this IEA.

F. STATE AGENCY'S RESPONSIBILITIES: The State Agency will not direct individuals to SSA field offices to obtain data that the State Agency is authorized to receive under this IEA in accordance with Table 1. Where disparities exist between individual-supplied data and SSA's data, the State Agency will take the following steps before referring the individual to an SSA field office:



- Check its records to be sure that the data of the original submission has not changed (e.g., last name recently changed);
- Contact the individual to verify the data submitted is accurate; and,
- Consult with the SSA Regional Office Contact to discuss options before advising individuals to contact SSA for resolution. The Regional Office Contact will inform the State Agency of the current protocol through which the individual should contact SSA, i.e., visiting the field office, calling the national network service number, or creating an online account via *my* Social Security.

G. CONTRACTOR/AGENT RESPONSIBILITIES: The State Agency will restrict access to the data obtained from SSA to only those authorized State employees, contractors, and agents who need such data to perform their official duties in connection with purposes identified in this IEA. At SSA's request, the State Agency will obtain from each of its contractors and agents a current list of the employees of its contractors and agents who have access to SSA data disclosed under this IEA. The State Agency will require its contractors, agents, and all employees of such contractors or agents with authorized access to the SSA data disclosed under this IEA, to comply with the terms and conditions set forth in this IEA, and not to duplicate, disseminate, or disclose such data without obtaining SSA's prior written approval. In addition, the State Agency will comply with the limitations on use, duplication, and redisclosure of SSA data set forth in Section IX. of the CMPPA Agreement, especially with respect to its contractors and agents.

H. SAFEGUARDING AND REPORTING RESPONSIBILITIES FOR PERSONALLY IDENTIFIABLE INFORMATION ("PII"):

1. The State Agency will ensure that its employees, contractors, and agents:
 - a. properly safeguard PII furnished by SSA under this IEA from loss, theft, or inadvertent disclosure;
 - b. understand that they are responsible for safeguarding this information at all times, regardless of whether or not the State employee, contractor, or agent is at his or her regular duty station;
 - c. ensure that laptops and other electronic devices/media containing PII are encrypted and/or password protected;
 - d. send emails containing PII only if encrypted or if to and from addresses that are secure; and
 - e. limit disclosure of the information and details relating to a PII loss only to those with a need to know.
2. If an employee of the State Agency or an employee of the State Agency's contractor or agent becomes aware of suspected or actual loss of PII, he or she must immediately contact the State Agency official responsible for Systems Security designated below or his or her delegate. That State Agency official or delegate must then notify the SSA Regional Office Contact and the SSA Systems Security Contact identified below. If, for any reason, the responsible State Agency official or delegate is unable to notify the SSA Regional Office or the SSA Systems Security Contact within 1 hour, the responsible State Agency official or delegate must report the incident by contacting SSA's National Network Service Center at 1-877-697-4889. The responsible State Agency official or delegate will use the worksheet, attached as **Attachment 6**, to quickly gather and



organize information about the incident. The responsible State Agency official or delegate must provide to SSA timely updates as any additional information about the loss of PII becomes available.

3. SSA will make the necessary contact within SSA to file a formal report in accordance with SSA procedures. SSA will notify the Department of Homeland Security's United States Computer Emergency Readiness Team if loss or potential loss of PII related to a data exchange under this IEA occurs.
4. If the State Agency experiences a loss or breach of data, it will determine whether or not to provide notice to individuals whose data has been lost or breached and bear any costs associated with the notice or any mitigation.

I. POINTS OF CONTACT:

FOR SSA

San Francisco Regional Office:

Nancy Borjon
Data Exchange Coordinator
Frank Hagel Federal Building
1221 Nevin Avenue
Richmond, CA 94801
Phone: (510) 970-8256
Fax: (510) 970-8101
Email: Nancy.Borjon@ssa.gov

Data Exchange Issues:

Sarah Reagan
Government Information Specialist
Office of the General Counsel
Office of Privacy and Disclosure
617 Altmeyer
6401 Security Boulevard
Baltimore, MD 21235
Phone: (410) 965-9127
Fax: (410) 594-0115
Email: Sarah.Reagan@ssa.gov

Program and Policy Issues:

Michael Wilkins
State Liaison Program Manager
Office of Retirement and Disability Policy
Office of Data Exchange and Policy
Publications
Office of Data Exchange
3609 Annex Building
6401 Security Boulevard
Baltimore, MD 21235
Phone: (410) 966-4965
Fax: (410) 966-4054
Email: Michael.Wilkins@ssa.gov

Systems Security Issues:

Sean Hagan, Acting Director
Division of Compliance and
Assessments
Office of Information Security
Office of Systems
Social Security Administration
3829 Annex Building
6401 Security Boulevard
Baltimore, MD 21235
Phone: (410) 965-4519
Fax: (410) 597-0845
Email: Sean.Hagan@ssa.gov

Systems Issues:

Michelle J. Anderson, Branch Chief
DBIAE/Data Exchange and Verification
Branch



Office of Information Technology Business
Support
Office of Systems
3-D-1 Robert M. Ball Building
6401 Security Boulevard
Baltimore, MD 21235
Phone: (410) 965-5943
Fax: (410) 966-3147
Email: Michelle.J.Anderson@ssa.gov

FOR STATE AGENCY

Agreement Issues:

Rocky Evans
Chief, Eligibility Administration Section
Program Review Branch
Medi-Cal Eligibility Division (MCED)
1501 Capitol Avenue
Sacramento, CA 95814
Phone: (916) 319-8434
Fax: (916) 552-9477
Email: Rocky.Evans@dhcs.ca.gov

Technical Issues:

YK Chalamcherla
Chief, Application Development &
Support Branch
Enterprise Innovative Technology
Services (EITS)
1501 Capitol Avenue
Sacramento, CA 95814
Phone: (916) 322-8044
Fax: (916) 440-7065
Email: YK.Chalamcherla@dhcs.ca.gov

Sean Wieland
Chief, Business & Application
Integration Section
Enterprise Innovative Technology
Services (EITS)
1501 Capitol Avenue
Sacramento, CA 95814
Phone: (916) 550-7088
Fax: (916) 440-7065
Email: Sean.Wieland@dhcs.ca.gov

- J. DURATION:** The effective date of this IEA is March 6, 2017. This IEA will remain in effect for as long as: (1) a CMPPA Agreement governing this IEA is in effect between SSA and the State or the State Agency; and (2) the State Agency submits a certification in accordance with Section K. below at least 30 days before the expiration and renewal of such CMPPA Agreement.
- K. CERTIFICATION AND PROGRAM CHANGES:** At least 30 days before the expiration and renewal of the State CMPPA Agreement governing this IEA, the State Agency will certify in writing to SSA that: (1) it is in compliance with the terms and conditions of this IEA; (2) the data exchange processes under this IEA have been and will be conducted without change; and (3) it will, upon SSA's request, provide audit reports or other documents that demonstrate review and oversight activities. If there are substantive changes in any of the programs or data exchange processes listed in this IEA, the parties will modify the IEA in



accordance with Section L. below and the State Agency will submit for SSA's approval new program questionnaires under Section C. above describing such changes prior to using SSA's data to administer such new or changed program.

- L. MODIFICATION:** Modifications to this IEA must be in writing and agreed to by the parties.
- M. TERMINATION:** The parties may terminate this IEA at any time upon mutual written consent. In addition, either party may unilaterally terminate this IEA upon 90 days advance written notice to the other party. Such unilateral termination will be effective 90 days after the date of the notice, or at a later date specified in the notice.

SSA may immediately and unilaterally suspend the data flow under this IEA, or terminate this IEA, if SSA, in its sole discretion, determines that the State Agency (including its employees, contractors, and agents) has: (1) made an unauthorized use or disclosure of SSA-supplied data; or (2) violated or failed to follow the terms and conditions of this IEA or the CMPPA Agreement.

- N. INTEGRATION:** This IEA, including all attachments, constitutes the entire agreement of the parties with respect to its subject matter. There have been no representations, warranties, or promises made outside of this IEA. This IEA shall take precedence over any other document that may be in conflict with it.

ATTACHMENTS

- 1 – CMPPA Agreement
- 2 – SSA Data Exchange Systems
- 3 – Systems Security Requirements for SSA Web Access to SSA Information Through ICON
- 4 – Electronic Information Exchange Security Requirements and Procedures for State and Local Agencies Exchanging Electronic Information with the Social Security Administration
- 5 – Security Certification Requirements for use of the *SSA Data Set* Transmitted via CMS' Hub
- 6 – PII Loss Reporting Worksheet



- O. AUTHORIZED SIGNATURES:** The signatories below warrant and represent that they have competent authority on behalf of their respective agency to enter into the obligations set forth in this IEA.

SOCIAL SECURITY ADMINISTRATION
REGION IX



Grace M. Kim
Regional Commissioner

05/03/2017

Date

THE CALIFORNIA DEPARTMENT OF HEALTH CARE SERVICES



Jennifer Kent
Director, California Department of Health Care Services

4/7/17

Date



**CERTIFICATION OF COMPLIANCE
FOR
THE INFORMATION EXCHANGE AGREEMENT
BETWEEN
THE SOCIAL SECURITY ADMINISTRATION (SSA)
AND
THE CALIFORNIA DEPARTMENT OF HEALTH CARE SERVICES (STATE
AGENCY)
(State Agency Level)**

In accordance with the terms of the Information Exchange Agreement (IEA/F) between SSA and the State Agency, the State Agency, through its authorized representative, hereby certifies that, as of the date of this certification:

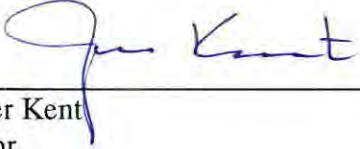
1. The State Agency is in compliance with the terms and conditions of the IEA/F;
2. The State Agency has conducted the data exchange processes under the IEA/F without change, except as modified in accordance with the IEA/F;
3. The State Agency will continue to conduct the data exchange processes under the IEA/F without change, except as may be modified in accordance with the IEA/F;
4. Upon SSA's request, the State Agency will provide audit reports or other documents that demonstrate compliance with the review and oversight activities required under the IEA/F and the governing Computer Matching and Privacy Protection Act Agreement; and
5. In compliance with the requirements of the "Electronic Information Exchange Security Requirements and Procedures for State and Local Agencies Exchanging Electronic Information with the Social Security Administration," (last updated July 2015) Attachment 4 to the IEA/F, as periodically updated by SSA, the State Agency has not made any changes in the following areas that could potentially affect the security of SSA data:
 - General System Security Design and Operating Environment
 - System Access Control
 - Automated Audit Trail
 - Monitoring and Anomaly Detection
 - Management Oversight
 - Data and Communications Security
 - Contractors of Electronic Information Exchange Partners
 - Cloud Service Providers for Electronic Information Exchange Partners

The State Agency will submit an updated Security Design Plan at least 30 days prior to making any changes to the areas listed above and provide updated contractor employee lists before allowing new employees' access to SSA provided data.

6. The State Agency agrees that use of computer technology to transfer the data is more economical, efficient, and faster than using a manual process. As such, the State Agency will continue to utilize data exchange to obtain data it needs to administer the programs for which it is authorized, under the IEA/F. Further, before directing an individual to an SSA field office to obtain data, the State Agency will verify that the information it submitted to SSA via data exchange is correct, and verify with the individual that the information he/she supplied is accurate. The use of electronic data exchange expedites program administration and limits SSA field office traffic.

The signatory below warrants and represents that he or she is a representative of the State Agency duly authorized to make this certification on behalf of the State Agency.

DEPARTMENT OF HEALTH CARE SERVICES OF CALIFORNIA



Jennifer Kent
Director

5/17/17

Date

ATTACHMENT 1

**COMPUTER MATCHING AND PRIVACY PROTECTION ACT AGREEMENT
(CMPPA)**

COMPUTER MATCHING AND PRIVACY PROTECTION ACT AGREEMENT
BETWEEN
THE SOCIAL SECURITY ADMINISTRATION
AND
THE HEALTH AND HUMAN SERVICES AGENCY
OF CALIFORNIA

I. Purpose and Legal Authority

A. Purpose

This Computer Matching and Privacy Protection Act (CMPPA) Agreement (Agreement) between the Social Security Administration (SSA) and the Health and Human Services Agency of California (State Agency) sets forth the terms and conditions governing disclosures of records, information, or data (collectively referred to herein as “data”) made by SSA to the State Agency that administers federally funded benefit programs, including those under various provisions of the Social Security Act (Act), such as section 1137 (42 U.S.C. § 1320b-7), as well as the state-funded state supplementary payment programs under Title XVI of the Act. The terms and conditions of this Agreement ensure that SSA makes such disclosures of data, and the State Agency uses such disclosed data, in accordance with the requirements of the Privacy Act of 1974, as amended by the CMPPA of 1988, 5 U.S.C. § 552a.

Under section 1137 of the Act, the State Agency is required to use an income and eligibility verification system to administer specified federally funded benefit programs, including the state-funded state supplementary payment programs under Title XVI of the Act. To assist the State Agency in determining entitlement to and eligibility for benefits under those programs, as well as other federally funded benefit programs, SSA discloses certain data about applicants (and in limited circumstances, members of an applicant’s household), for state benefits from SSA Privacy Act Systems of Records (SOR) and verifies the Social Security numbers (SSN) of the applicants.

B. Legal Authority

SSA’s authority to disclose data and the State Agency’s authority to collect, maintain, and use data protected under SSA SORs for specified purposes is:

- Sections 453, 1106(b), and 1137 of the Act (42 U.S.C. §§ 653, 1306(b), and 1320b-7) (income and eligibility verification data);
- 26 U.S.C. § 6103(l)(7) and (8) (tax return data);
- Section 202(x)(3)(B)(iv) of the Act (42 U.S.C. § 402(x)(3)(B)(iv)) and Section 1611(e)(1)(I)(iii) of the Act (42 U.S.C. § 1382(e)(1)(I)(iii)) (prisoner data);

- Section 205(r)(3) of the Act (42 U.S.C. § 405(r)(3)) and the Intelligence Reform and Terrorism Prevention Act of 2004, Pub. L. 108-458, § 7213(a)(2) (death data);
- Sections 402, 412, 421, and 435 of Pub. L. 104-193 (8 U.S.C. §§ 1612, 1622, 1631, and 1645) (quarters of coverage data);
- Children's Health Insurance Program Reauthorization Act of 2009 (CHIPRA), Pub. L. 111-3 (citizenship data); and
- Routine use exception to the Privacy Act, 5 U.S.C. § 552a(b)(3) (data necessary to administer other programs compatible with SSA programs).

This Agreement further carries out section 1106(a) of the Act (42 U.S.C. § 1306), the regulations promulgated pursuant to that section (20 C.F.R. Part 401), the Privacy Act of 1974 (5 U.S.C. § 552a), as amended by the CMPPA, related Office of Management and Budget (OMB) guidelines, the Federal Information Security Management Act of 2002 (FISMA) (44 U.S.C. § 3541, et seq.), as amended by the Federal Information Security Modernization Act of 2014 (Pub. L. 113-283); and related National Institute of Standards and Technology (NIST) guidelines, which provide the requirements that the State Agency must follow with regard to use, treatment, and safeguarding of data.

II. Scope

- A. The State Agency will comply with the terms and conditions of this Agreement and the Privacy Act, as amended by the CMPPA.
- B. The State Agency will execute an Information Exchange Agreement (IEA) with SSA, documenting additional terms and conditions applicable to those specific data exchanges, including the particular benefit programs administered by the State Agency, the data elements that will be disclosed, and the data protection requirements implemented to assist the State Agency in the administration of those programs.
- C. The State Agency will use the SSA data governed by this Agreement to determine entitlement and eligibility of individuals for one or more of the following programs, which are specifically identified in the IEA:
 1. Temporary Assistance to Needy Families (TANF) program under Part A of Title IV of the Act;
 2. Medicaid provided under an approved State plan or an approved waiver under Title XIX of the Act;
 3. State Children's Health Insurance Program (CHIP) under Title XXI of the Act, as amended by the Children's Health Insurance Program Reauthorization Act of 2009;

4. Supplemental Nutritional Assistance Program (SNAP) under the Food Stamp Act of 1977 (7 U.S.C. § 2011, et seq.);
 5. Women, Infants and Children Program (WIC) under the Child Nutrition Act of 1966 (42 U.S.C. § 1771, et seq.);
 6. Medicare Savings Programs (MSP) under 42 U.S.C. § 1396a(10)(E);
 7. Unemployment Compensation programs provided under a state law described in section 3304 of the Internal Revenue Code of 1954;
 8. Low Income Heating and Energy Assistance (LIHEAP or home energy grants) program under 42 U.S.C. § 8621;
 9. State-administered supplementary payments of the type described in section 1616(a) of the Act;
 10. Programs under a plan approved under Titles I, X, XIV, or XVI of the Act;
 11. Foster Care and Adoption Assistance under Title IV of the Act;
 12. Child Support Enforcement programs under section 453 of the Act (42 U.S.C. § 653);
 13. Other applicable federally funded programs administered by the State Agency under Titles I, IV, X, XIV, XVI, XVIII, XIX, XX, and XXI of the Act; and
 14. Any other federally funded programs administered by the State Agency that are compatible with SSA's programs.
- D. The State Agency will ensure that SSA data disclosed for the specific purpose of administering a particular federally funded benefit program is used only to administer that program.

III. Justification and Expected Results

A. Justification

This Agreement and related data exchanges with the State Agency are necessary for SSA to assist the State Agency in its administration of federally funded benefit programs by providing the data required to accurately determine entitlement and eligibility of individuals for benefits provided under these programs. SSA uses computer technology to transfer the data because it is more economical, efficient, and faster than using manual processes.

B. Expected Results

The State Agency will use the data provided by SSA to improve public service and program efficiency and integrity. The use of SSA data expedites the application process and ensures that benefits are awarded only to applicants that satisfy the State Agency's program criteria. A cost-benefit analysis for the exchange made under this Agreement is not required in accordance with the determination by the SSA Data Integrity Board (DIB) to waive such analysis pursuant to 5 U.S.C. § 552a(u)(4)(B).

IV. Record Description

A. Systems of Records (SOR)

SSA SORs used for purposes of the subject data exchanges include:

- 60-0058 -- Master Files of SSN Holders and SSN Applications;
- 60-0059 -- Earnings Recording and Self-Employment Income System;
- 60-0090 -- Master Beneficiary Record;
- 60-0103 -- Supplemental Security Income Record (SSR) and Special Veterans Benefits (SVB);
- 60-0269 -- Prisoner Update Processing System (PUPS); and
- 60-0321 -- Medicare Part D and Part D Subsidy File.

The State Agency will only use the tax return data contained in **SOR 60-0059** (Earnings Recording and Self-Employment Income System) in accordance with 26 U.S.C. § 6103.

B. Data Elements

Data elements disclosed in computer matching governed by this Agreement are Personally Identifiable Information (PII) from specified SSA SORs, including names, SSNs, addresses, amounts, and other information related to SSA benefits and earnings information. Specific listings of data elements are available at:

<http://www.ssa.gov/dataexchange/>

C. Number of Records Involved

The maximum number of records involved in this matching activity is the number of records maintained in SSA's SORs listed above in Section IV.A.

V. Notice and Opportunity to Contest Procedures

A. Notice to Applicants

The State Agency will notify all individuals who apply for federally funded, state-administered benefits that any data they provide are subject to verification through computer matching with SSA. The State Agency and SSA will provide such notice through appropriate language printed on application forms or separate handouts.

B. Notice to Beneficiaries/Recipients/Annuitants

The State Agency will provide notice to beneficiaries, recipients, and annuitants under the programs covered by this Agreement informing them of ongoing computer matching with SSA. SSA will provide such notice through publication in the Federal Register and periodic mailings to all beneficiaries, recipients, and annuitants describing SSA's matching activities.

C. Opportunity to Contest

The State Agency will not terminate, suspend, reduce, deny, or take other adverse action against an applicant for or recipient of federally funded, state-administered benefits based on data disclosed by SSA from its SORs until the individual is notified in writing of the potential adverse action and provided an opportunity to contest the planned action. "Adverse action" means any action that results in a termination, suspension, reduction, or final denial of eligibility, payment, or benefit. Such notices will:

1. Inform the individual of the match findings and the opportunity to contest these findings;
2. Give the individual until the expiration of any time period established for the relevant program by a statute or regulation for the individual to respond to the notice. If no such time period is established by a statute or regulation for the program, a 30-day period will be provided. The time period begins on the date on which notice is mailed or otherwise provided to the individual to respond; and
3. Clearly state that, unless the individual responds to the notice in the required time period, the State Agency will conclude that the SSA data are correct and will effectuate the planned action or otherwise make the necessary adjustment to the individual's benefit or entitlement.

VI. Records Accuracy Assessment and Verification Procedures

Pursuant to 5 U.S.C. § 552a(p)(1)(A)(ii), SSA's DIB has determined that the State Agency may use SSA's benefit data without independent verification. SSA has independently assessed the accuracy of its benefits data to be more than 99 percent accurate when the benefit record is created.

Prisoner and death data, some of which is not independently verified by SSA, does not have the same degree of accuracy as SSA's benefit data. Therefore, the State Agency must independently verify these data through applicable State verification procedures and the notice and opportunity to contest procedures specified in Section V of this Agreement before taking any adverse action against any individual.

Based on SSA's Office of Quality Review "Fiscal Year 2014 Enumeration Accuracy Report," the SSA Enumeration System database (the Master Files of SSN Holders and SSN Applications System) used for SSN matching is 99 percent accurate for records updated by SSA employees.

Individuals applying for SSNs report their citizenship status at the time they apply for their SSNs. There is no obligation for an individual to report to SSA a change in his or her immigration status until he or she files for a Social Security benefit. The State Agency must independently verify citizenship data through applicable State verification procedures and the notice and opportunity to contest procedures specified in Section V of this Agreement before taking any adverse action against any individual.

VII. Disposition and Records Retention of Matched Items

- A. The State Agency will retain all data received from SSA to administer programs governed by this Agreement only for the required processing times for the applicable federally funded benefit programs and will then destroy all such data.
- B. The State Agency may retain SSA data in hardcopy to meet evidentiary requirements, provided that they retire such data in accordance with applicable state laws governing the State Agency's retention of records.
- C. The State Agency may use any accretions, deletions, or changes to the SSA data governed by this Agreement to update their master files of federally funded, state-administered benefit program applicants and recipients and retain such master files in accordance with applicable state laws governing the State Agency's retention of records.
- D. The State Agency may not create separate files or records comprised solely of the data provided by SSA to administer programs governed by this Agreement.
- E. SSA will delete electronic data input files received from the State Agency after it processes the applicable match. SSA will retire its data in accordance with the Federal Records Retention Schedule (44 U.S.C. § 3303a).

VIII. Security Procedures

SSA and the State Agency will comply with the security and safeguarding requirements of the Privacy Act, as amended by the CMPPA, related OMB guidelines, FISMA, related NIST guidelines, and the current revision of Internal Revenue Service (IRS) Publication 1075, *Tax Information Security Guidelines for Federal, State and Local Agencies*, available at <http://www.irs.gov>. In addition, SSA

and the State Agency will have in place administrative, technical, and physical safeguards for the matched data and results of such matches. Additional administrative, technical, and physical security requirements governing all data SSA provides electronically to the State Agency, including SSA's *Electronic Information Exchange Security Requirements and Procedures for State and local Agencies Exchanging Electronic Information with SSA*, as well as specific guidance on safeguarding and reporting responsibilities for PII, are set forth in the IEAs.

SSA has the right to monitor the State Agency's compliance with FISMA, the terms of this Agreement, and the IEA and to make onsite inspections of the State Agency for purposes of auditing compliance, if necessary, during the lifetime of this Agreement or of any extension of this Agreement. This right includes onsite inspection of any entity that receives SSA information from the State Agency under the terms of this Agreement, if SSA determines it is necessary.

IX. Records Usage, Duplication, and Redisclosure Restrictions

- A. The State Agency will use and access SSA data and the records created using that data only for the purpose of verifying eligibility for the specific federally funded benefit programs identified in the IEA.
- B. The State Agency will comply with the following limitations on use, duplication, and redisclosure of SSA data:
 - 1. The State Agency will not use or redisclose the data disclosed by SSA for any purpose other than to determine eligibility for, or the amount of, benefits under the state-administered income/health maintenance programs identified in this Agreement.
 - 2. The State Agency will not extract information concerning individuals who are neither applicants for, nor recipients of, benefits under the state-administered income/health maintenance programs identified in this Agreement. In limited circumstances that are approved by SSA, the State Agency may extract information about an individual other than the applicant/recipient when the applicant/recipient has provided identifying information about the individual and the individual's income or resources affect the applicant's/recipient's eligibility for such program.
 - 3. The State Agency will not disclose to an applicant/recipient information about another individual (i.e., an applicant's household member) without the written consent from the individual to whom the information pertains.
 - 4. The State Agency will use the Federal tax information (FTI) disclosed by SSA only to determine individual eligibility for, or the amount of, assistance under a state plan pursuant to section 1137 programs and child support enforcement

programs in accordance with 26 U.S.C. § 6103(l)(7) and (8). The State Agency receiving FTI will maintain all FTI from IRS in accordance with 26 U.S.C. § 6103(p)(4) and the IRS Publication 1075. Contractors and agents acting on behalf of the State Agency will only have access to tax return data where specifically authorized by 26 U.S.C. § 6103 and the current revision IRS Publication 1075.

5. The State Agency will use the citizenship status data disclosed by SSA only to determine entitlement of new applicants to: (a) the Medicaid program and CHIP pursuant to CHIPRA, Pub. L. 111-3; or (b) federally funded, state-administered health or income maintenance programs approved by SSA. The State Agency will further comply with additional terms and conditions regarding use of citizenship data, as set forth in the State Agency's IEA.
6. The State Agency will restrict access to the data disclosed by SSA to only those authorized State employees, contractors, and agents who need such data to perform their official duties in connection with the purposes identified in this Agreement.
7. The State Agency will enter into a written agreement with each of its contractors and agents who need SSA data to perform their official duties whereby such contractor or agent agrees to abide by all relevant Federal laws, restrictions on access, use, and disclosure, and security requirements in this Agreement. The State Agency will provide its contractors and agents with copies of this Agreement, related IEAs, and all related attachments before initial disclosure of SSA data to such contractors and agents. Prior to signing this Agreement, and thereafter at SSA's request, the State Agency will obtain from its contractors and agents a current list of the employees of such contractors and agents with access to SSA data and provide such lists to SSA.
8. If the State Agency is authorized or required – pursuant to an applicable law, regulation, or intra-governmental documentation – to provide SSA data to another State or local government entity for the administration of the federally funded, state-administered programs covered by this Agreement, the State Agency must ensure that the State or local government entity, including its employees, abides by all relevant Federal laws, restrictions on access, use, and disclosure, and security requirements in this Agreement and the IEA. At SSA's request, the State Agency will provide copies of any applicable law, regulation, or intra-governmental documentation that authorizes the intra-governmental relationship with the State or local government entity. Upon request from SSA, the State Agency will also establish how it ensures that State or local government entity complies with the terms of this Agreement and the IEA.
9. The State Agency's employees, contractors, and agents who access, use, or disclose SSA data in a manner or purpose not authorized by this Agreement

may be subject to civil and criminal sanctions pursuant to applicable Federal statutes.

10. The State Agency will conduct triennial compliance reviews of its contractor(s) and agent(s) no later than three years after the initial approval of the security certification to SSA. The State Agency will share documentation of its recurring compliance reviews with its contractor(s) and agent(s) with SSA. The State Agency will provide documentation to SSA during its scheduled compliance and certification reviews or upon request.
- C. The State Agency will not duplicate in a separate file or disseminate, without prior written permission from SSA, the data governed by this Agreement for any purpose other than to determine entitlement to, or eligibility for, federally funded benefits. The State Agency proposing the redisclosure must specify in writing to SSA what data are being disclosed, to whom, and the reasons that justify the redisclosure. SSA will not give permission for such redisclosure unless the redisclosure is required by law or essential to the conduct of the matching program and authorized under a routine use. To the extent SSA approves the requested redisclosure, the State Agency will ensure that any entity receiving the redisclosed data will comply with the procedures and limitations on use, duplication, and redisclosure of SSA data, as well as all administrative, technical, and physical security requirements governing all data SSA provides electronically to the State Agency including specific guidance on safeguarding and reporting responsibilities for PII, as set forth in this Agreement and the accompanying IEAs.

X. Comptroller General Access

The Comptroller General (the Government Accountability Office) may have access to all records of the State Agency that the Comptroller General deems necessary to monitor and verify compliance with this Agreement in accordance with 5 U.S.C. § 552a(o)(1)(K).

XI. Duration, Modification, and Termination of the Agreement

A. Duration

1. This Agreement is effective from July 1, 2017 (Effective Date) through December 31, 2018 (Expiration Date).
2. In accordance with the CMPPA, SSA will: (a) publish a Computer Matching Notice in the Federal Register at least 30 days prior to the Effective Date; (b) send required notices to the Congressional committees of jurisdiction under 5 U.S.C. § 552a(o)(2)(A)(i) at least 40 days prior to the

Effective Date; and (c) send the required report to OMB at least 40 days prior to the Effective Date.

3. Within 3 months prior the Expiration Date, the SSA DIB may, without additional review, renew this Agreement for a period not to exceed 12 months, pursuant to 5 U.S.C. § 552a(o)(2)(D), if:
 - the applicable data exchange will continue without any change; and
 - SSA and the State Agency certify to the DIB in writing that the applicable data exchange has been conducted in compliance with this Agreement.
4. If either SSA or the State Agency does not wish to renew this Agreement, it must notify the other party of its intent not to renew at least 3 months prior to the Expiration Date.

B. Modification

Any modification to this Agreement must be in writing, signed by both parties, and approved by the SSA DIB.

C. Termination

The parties may terminate this Agreement at any time upon mutual written consent of both parties. Either party may unilaterally terminate this Agreement upon 90 days advance written notice to the other party; such unilateral termination will be effective 90 days after the date of the notice, or at a later date specified in the notice.

SSA may immediately and unilaterally suspend the data flow or terminate this Agreement if SSA determines, in its sole discretion, that the State Agency has violated or failed to comply with this Agreement.

XII. Reimbursement

In accordance with section 1106(b) of the Act, the Commissioner of SSA has determined not to charge the State Agency the costs of furnishing the electronic data from the SSA SORs under this Agreement.

XIII. Disclaimer

SSA is not liable for any damages or loss resulting from errors in the data provided to the State Agency under any IEAs governed by this Agreement. Furthermore, SSA

is not liable for any damages or loss resulting from the destruction of any materials or data provided by the State Agency.

The performance or delivery by SSA of the goods and/or services described herein and the timeliness of said delivery are authorized only to the extent that they are consistent with proper performance of the official duties and obligations of SSA and the relative importance of this request to others. If for any reason SSA delays or fails to provide services, or discontinues the services or any part thereof, SSA is not liable for any damages or loss resulting from such delay or for any such failure or discontinuance.

XIV. Points of Contact

A. SSA Point of Contact

San Francisco Regional Office:

Jamie Lucero, Director

San Francisco Regional Office, Center for Disability and Programs Support

1221 Nevin Ave., 6th Floor

Richmond, CA 94801

Phone: 510-970-8297

Fax: 510-970-8101

Email: Jamie.Lucero@ssa.gov

B. State Agency Point of Contact

Sonia Herrera

California Health and Human Services Agency

1600 Ninth Street

Sacramento, CA 95814

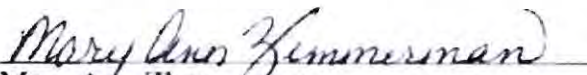
Phone: 916-654-3459 / Fax: 916-440-5001

Email: Sonia.Herrera@chhs.ca.gov

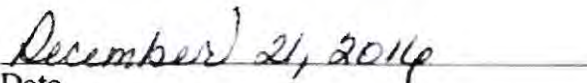
XV. SSA and Data Integrity Board Approval of Model CMPPA Agreement

The signatories below warrant and represent that they have the competent authority on behalf of SSA to approve the model of this CMPPA Agreement.

SOCIAL SECURITY ADMINISTRATION



Mary Ann Zimmerman
Acting Deputy Executive Director
Office of Privacy and Disclosure
Office of the General Counsel


Date

I certify that the SSA Data Integrity Board approved the model of this CMPPA Agreement.



Glenn Sklar
Acting Chair
SSA Data Integrity Board


Date

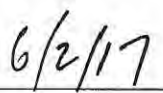
XVI. Authorized Signatures

The signatories below warrant and represent that they have the competent authority on behalf of their respective agency to enter into the obligations set forth in this Agreement.

SOCIAL SECURITY ADMINISTRATION

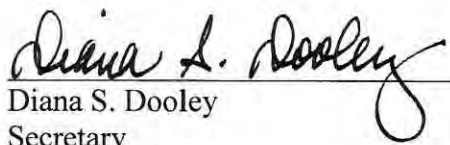


Grace M. Kim
Regional Commissioner
San Francisco

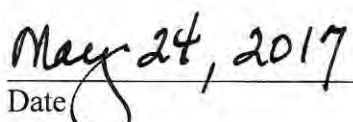


Date

HEALTH AND HUMAN SERVICES AGENCY



Diana S. Dooley
Secretary



Date

ATTACHMENT 2

AUTHORIZED DATA EXCHANGE SYSTEM(S)

Attachment 2

Authorized Data Exchange System(s)

BEER (Beneficiary Earnings Exchange Record): Employer data for the last calendar year.

BENDEX (Beneficiary and Earnings Data Exchange): Primary source for Title II eligibility, benefit and demographic data.

LIS (Low-Income Subsidy): Data from the Low-Income Subsidy Application for Medicare Part D beneficiaries -- used for Medicare Savings Programs (MSP).

Medicare 1144 (Outreach): Lists of individuals on SSA roles, who may be eligible for medical assistance for: payment of the cost of Medicare cost-sharing under the Medicaid program pursuant to Sections 1902(a)(10)(E) and 1933 of the Act; transitional assistance under Section 1860D-31(f) of the Act; or premiums and cost-sharing subsidies for low-income individuals under Section 1860D-14 of the Act.

PUPS (Prisoner Update Processing System): Confinement data received from over 2000 state and local institutions (such as jails, prisons, or other penal institutions or correctional facilities) -- PUPS matches the received data with the MBR and SSR benefit data and generates alerts for review/action.

QUARTERS OF COVERAGE (QC): Quarters of Coverage data as assigned and described under Title II of the Act -- The term "quarters of coverage" is also referred to as "credits" or "Social Security credits" in various SSA public information documents, as well as to refer to "qualifying quarters" to determine entitlement to receive Food Stamps.

SDX (SSI State Data Exchange): Primary source of Title XVI eligibility, benefit and demographic data as well as data for Title VIII Special Veterans Benefits (SVB).

SOLQ/SOLQ-I (State On-line Query/State On-line Query-Internet): A real-time online system that provides SSN verification and MBR and SSR benefit data similar to data provided through SVES.

Attachment 2

SVES (State Verification and Exchange System): A batch system that provides SSN verification, MBR benefit information, and SSR information through a uniform data response based on authorized user-initiated queries. The SVES types are divided into five different responses as follows:

SVES I:	This batch provides strictly SSN verification.
SVES I/Citizenship*	This batch provides strictly SSN verification and citizenship data.
SVES II:	This batch provides strictly SSN verification and MBR benefit information
SVES III:	This batch provides strictly SSN verification and SSR/SVB.
SVES IV:	This batch provides SSN verification, MBR benefit information, and SSR/SVB information, which represents all available SVES data.

** Citizenship status data disclosed by SSA under the Children's Health Insurance Program Reauthorization Act of 2009, Pub. L. 111-3 is only for the purpose of determining entitlement to Medicaid and CHIP program for new applicants.*

ATTACHMENT 3

SYSTEM SECURITY REQUIREMENTS THROUGH THE ICON SYSTEM

Not Applicable

Attachment 3

Systems Security Requirements for SWA Access to SSA Information Through the ICON System

12/9/2016

Systems Security Requirements for SWA Access to SSA Information Through the ICON System

A. General Systems Security Standards

SWA's that request and receive information from SSA through the ICON system must comply with the following general systems security standards concerning access to and control of SSA information. The SWA must restrict access to the information to authorized employees who need it to perform their official duties. Similar to IRS requirements, information retrieved from SSA must be stored in a manner that is physically and electronically secure from access by unauthorized persons during both duty and non-duty hours, or when not in use. SSA information must be processed under the immediate supervision and control of authorized personnel. The SWA must employ both physical and electronic safeguards to ensure that unauthorized personnel cannot retrieve SSA information by means of computer, remote terminal or other means.

All persons who will have access to any SSA information must be advised of the confidentiality of the information, the safeguards required to protect the information, and the civil and criminal sanctions for non-compliance contained in the applicable Federal and State laws. SSA may, at its discretion, make on-site inspections or other provisions to ensure that adequate safeguards are being maintained by the SWA.

B. System Security Requirements for SWA's

SWA's that receive SSA information through the ICON system must comply with the following systems security requirements which must be met before DOL will approve a request from an SWA for online access to SSA information through the ICON system. The SWA system security design and procedures must conform to these requirements. They must be documented by the SWA and subsequently certified by either DOL or by an Independent Verification and Validation (IV&V) contractor prior to initiating transactions to and from SSA through the ICON.

No specific format for submitting this documentation to DOL is required. However, regardless of how it is presented, the information should be submitted to DOL in both hardcopy and electronic format, and the hardcopy should be submitted over the signature of an official representative of the SWA. Written documentation should address each of the following security control areas:

1. General System Security Design and Operating Environment

The SWA must provide a written description of its' system configuration and security features. This should include the following:

- a. A general description of the major hardware, software and communications platforms currently in use, including a description of the system's security design features and user access controls; and
- b. A description of how SSA information will be obtained by and presented to SWA users, including sample computer screen presentation formats and an explanation of whether the SWA system will request information from SSA by means of systems generated or user initiated transactions; and
- c. A description of the organizational structure and relationships between systems managers, systems security personnel, and users, including an estimate of the number of users that will have access to SSA data within the SWA system and an explanation of their job descriptions.

Meeting this Requirement

SWA's must explain in their documentation the overall design and security features of their system. During onsite certification, the IV&V contractor, or other certifier, will use the SWA's design documentation and discussion of the additional systems security requirements (following) as their guide for conducting the onsite certification and for verifying that the SWA systems and procedures conform to SSA requirements.

Following submission to the DOL in connection with the initial certification process, the documentation must be updated any time significant architectural changes are made to the system or to its' security features. During its future compliance reviews (see below), the SSA will ask to review the updated design documentation as needed.

2. Automated Audit Trail

SWA's receiving SSA information through the ICON system must implement and maintain a fully automated audit trail system capable of data collection, data retrieval and data storage. At a minimum, data collected through the audit trail system must associate each query transaction to its initiator and relevant business purpose (i.e. the SWA client record for which SSA data was requested), and each transaction must be time and date stamped. Each query transaction must be stored

in the audit file as a separate record, not overlaid by subsequent query transactions.

Access to the audit file must be restricted to authorized users with a “need to know” and audit file data must be unalterable (read only) and maintained for a minimum of three (preferably seven) years. Retrieval of information from the automated audit trail may be accomplished online or through batch access. This requirement must be met before DOL will approve the SWA’s request for access to SSA information through the ICON system.

If SSA-supplied information is retained in the SWA system, or if certain data elements within the SWA system will indicate to users that the information has been verified by SSA, the SWA system also must capture an audit trail record of any user who views SSA information stored within the SWA system. The audit trail requirements for these inquiry transactions are the same as those outlined above for SWA transactions requesting information directly from SSA.

Meeting this Requirement

The SWA must include in their documentation a description of their audit trail capability and a discussion of how it conforms to SSA’s requirements. During onsite certification, the IV&V contractor, or other certifier, will request a demonstration of the system’s audit trail and retrieval capability. The SWA must be able to identify employee’s who initiate online requests for SSA information (or, for systems generated transaction designs, the SWA case that triggered the transaction), the time and date of the request, and the purpose for which the transaction was originated. The certifier, or IV&V contractor, also will request a demonstration of the system’s audit trail capability for tracking the activity of SWA employees that are permitted to view SSA supplied information within the SWA system, if applicable.

During its future compliance reviews (see below), the SSA also will test the SWA audit trail capability by requesting verification of a sample of transactions it has processed from the SWA after implementation of access to SSA information through the ICON system.

3. System Access Control

The SWA must utilize and maintain technological (logical) access controls that limit access to SSA information to only those users authorized for such access based on their official duties. The SWA must use a recognized user access security software package (e.g. RAC-F, ACF-2, TOP SECRET) or an equivalent security software design. The access control software must utilize personal identification numbers (PIN) and passwords (or biometric identifiers) in combination with the user’s system identification code. The SWA must have

management control and oversight of the function of authorizing individual user access to SSA information, and over the process of issuing and maintaining access control PINs and passwords for access to the SWA system.

Meeting this Requirement

The SWA must include in their documentation a description of their technological access controls, including identifying the type of software used, an overview of the process used to grant access to protected information for workers in different job categories, and a description of the function responsible for PIN/password issuance and maintenance.

During onsite certification, the IV&V contractor, or other certifier, will meet with the individual(s) responsible for these functions to verify their responsibilities in the SWA's access control process and will observe a demonstration of the procedures for logging onto the SWA system and for accessing SSA information.

4. Monitoring and Anomaly Detection

The SWA's system must include the capability to prevent employees from browsing (i.e. unauthorized access or use of SSA information) SSA records for information not related to an SWA client case (e.g. celebrities, SWA employees, relatives, etc.) If the SWA system design is transaction driven (i.e. employees cannot initiate transactions themselves, rather, the SWA system triggers the transaction to SSA), or if the design includes a "permission module" (i.e. the transaction requesting information from SSA cannot be triggered by an SWA employee unless the SWA system contains a record containing the client's Social Security Number), then the SWA needs only minimal additional monitoring and anomaly detection. If such designs are used, the SWA only needs to monitor any attempts by their employees to obtain information from SSA for clients not in their client system, or attempts to gain access to SSA data within the SWA system by employees not authorized to have access to such information.

If the SWA design does not include either of the security control features described above, then the SWA must develop and implement compensating security controls to prevent their employees from browsing SSA records. These controls must include monitoring and anomaly detection features, either systematic, manual, or a combination thereof. Such features must include the capability to detect anomalies in the volume and/or type of queries requested by individual SWA employees, and systematic or manual procedures for verifying that requests for SSA information are in compliance with valid official business purposes. The SWA system must produce reports providing SWA management and/or supervisors with the capability to appropriately monitor user activity, such as:

- User ID exception reports

This type of report captures information about users who enter incorrect user ID's when attempting to gain access to the system or to the transaction that initiates requests for information from SSA, including failed attempts to enter a password.

- Inquiry match exception reports

This type of report captures information about users who may be initiating transactions for Social Security Numbers that have no client case association within the SWA system.

- System error exception reports

This type of report captures information about users who may not understand or be following proper procedures for access to SSA information through the ICON system.

- Inquiry activity statistical reports

This type of report captures information about transaction usage patterns among authorized users, which would provide SWA management a tool for monitoring typical usage patterns compared to extraordinary usage.

The SWA must have a process for distributing these monitoring and exception reports to appropriate local managers/supervisors, or to local security officers, to ensure that the reports are used by those whose responsibilities include monitoring the work of the authorized users.

Meeting this Requirement

The SWA must explain in their documentation how their system design will monitor and/or prevent their employees from browsing SSA information. If the design is based on a "permission module" (see above), a similar design, or is transaction driven (i.e. no employee initiated transactions) then the SWA does not need to implement additional systematic and/or managerial oversight procedures to monitor their employees access to SSA information. The SWA only needs to monitor user access control violations. The documentation should clearly explain how the system design will prevent SWA employees from browsing SSA records.

If the SWA system design permits employee initiated transactions that are uncontrolled (i.e. no systematically enforced relationship to an SWA client), then the SWA must develop and document the monitoring and anomaly detection process they will employ to deter their employees from browsing SSA

information. The SWA should include sample report formats demonstrating their capability to produce the types of reports described above, and the SWA should include a description of the process that will be used to distribute these reports to managers/supervisors, and the management controls that will ensure the reports are used for their intended purpose.

During onsite certification, the IV&V contractor, or other certifier, will request a demonstration of the SWA's monitoring and anomaly detection capability.

- If the design is based on a permission module or similar design, or is transaction driven, the SWA will demonstrate how the system triggers requests for information from SSA.
- If the design is based on a permission module, the SWA will demonstrate the process by which requests for SSA information are prevented for Social Security Numbers not present in the SWA system (e.g. by attempting to obtain information from SSA using at least one, randomly created, fictitious number not known to the SWA system.)
- If the design is based on systematic and/or managerial monitoring and oversight, the SWA will provide copies of anomaly detection reports and demonstrate the report production capability.

During onsite certification, the IV&V contractor, or other certifier, also will meet with a sample of managers and/or supervisors responsible for monitoring ongoing compliance to assess their level of training to monitor their employee's use of SSA information, and for reviewing reports and taking necessary action.

5. Management Oversight and Quality Assurance

The SWA must establish and/or maintain ongoing management oversight and quality assurance capabilities to ensure that only authorized employees have access to SSA information through the ICON system, and to ensure there is ongoing compliance with the terms of the SWA's data exchange agreement with SSA. The management oversight function must consist of one or more SWA management officials whose job functions include responsibility for assuring that access to and use of SSA information is appropriate for each employee position type for which access is granted.

This function also should include responsibility for assuring that employees granted access to SSA information receive adequate training on the sensitivity of the information, safeguards that must be followed, and the penalties for misuse, and should perform periodic self-reviews to monitor ongoing usage of the online access to SSA information. In addition, there should be the capability to randomly sample work activity involving online requests for SSA information to

determine whether the requests comply with these guidelines. These functions should be performed by SWA employees whose job functions are separate from those who request or use information from SSA.

Meeting this Requirement

The SWA must document that they will establish and/or maintain ongoing management oversight and quality assurance capabilities for monitoring the issuance and maintenance of user ID's for online access to SSA information, and oversight and monitoring of the use of SSA information within the SWA business process. The outside entity should describe how these functions will be performed within their organization and identify the individual(s) or component(s) responsible for performing these functions.

During onsite certification, the IV&V contractor, or other certifier, will meet with the individual(s) responsible for these functions and request a description of how these responsibilities will be carried out.

6. Security Awareness and Employee Sanctions

The SWA must establish and/or maintain an ongoing function that is responsible for providing security awareness training for employees that includes information about their responsibility for proper use and protection of SSA information, and the possible sanctions for misuse. Security awareness training should occur periodically or as needed, and should address the Privacy Act and other Federal and State laws governing use and misuse of protected information. In addition, there should be in place a series of administrative procedures for sanctioning employees who violate these laws through the unlawful disclosure of protected information.

Meeting this Requirement

The SWA must document that they will establish and/or maintain an ongoing function responsible for providing security awareness training for employees that includes information about their responsibility for proper use and protection of SSA information, and the possible sanctions for misuse of SSA information. The SWA should describe how these functions will be performed within their organization, identify the individual(s) or component(s) responsible for performing the functions, and submit copies of existing procedures, training material and employee acknowledgment statements.

During onsite certification, the IV&V contractor, or other certifier, will meet with the individuals responsible for these functions and request a description of how these responsibilities are carried out. The IV&V contractor, or other certifier, also will meet with a sample of SWA employees to assess their level of training and

understanding of the requirements and potential sanctions applicable to the use and misuse of SSA information.

7. Data and Communications Security

The encryption method employed must meet acceptable standards designated by the National Institute of Standards and Technology (NIST). The recommended encryption method to secure data in transport for use by SSA is the Advanced Encryption Standard (AES) or triple DES (DES3) if AES is unavailable.

D. Onsite Systems Security Certification Review

The SWA must obtain and participate in an onsite review and compliance certification of their security infrastructure and implementation of these security requirements prior to being permitted to submit online transaction to SSA through the ICON system. DOL will require an initial onsite systems security certification review to be performed by either an independent IV&V contractor, or other DOL approved certifier. The onsite certification will address each of the requirements described above and will include, where appropriate, a demonstration of the SWA's implementation of each requirement. The review will include a walkthrough of the SWA's data center to observe and document physical security safeguards, a demonstration of the SWA's implementation of online access to SSA information through the ICON system, and discussions with managers/supervisors. The IV&V contractor, or other certifier, also will visit at least one of the SWA's field offices to discuss the online access to SSA information with a sample of line workers and managers to assess their level of training and understanding of the proper use and protection of SSA information.

The IV&V contractor, or other certifier, will separately document and certify SWA compliance with each SSA security requirement. To fully comply with SSA's security requirements and be certified to connect to SSA through the ICON system, the SWA must submit to DOL a complete package of documentation as described above and a complete certification from an independent IV&V contractor, or other DOL approved certifier, that the SWA system design and infrastructure is in agreement with the SWA documentation and consistent with SSA requirements. Any unresolved or unimplemented security control features must be resolved by the SWA before DOL will authorize their connection to SSA through the ICON system.

Following initial certification and authorization from DOL to connect to SSA through the ICON system, SSA is responsible for future systems security compliance reviews. SSA conducts such reviews approximately once every three years, or as needed if there is a significant change in the SWA's computing platform, or if there is a violation of any of SSA's systems security requirements or an unauthorized disclosure of SSA information by the SWA. The format of those reviews generally consists of

reviewing and updating the SWA compliance with the systems security requirements described above.

You may request a copy of State of California,
Department of Health Care Services,
Agreement Number 17-94105, Exhibit F,
Attachment I – Social Security Administration
Agreement, by calling HHSA Adult Services
Branch at (530) 225-5900.

ATTACHMENT 5

SYSTEM CERTIFICATION REQUIREMENTS FOR THE CMS HUB

Not Applicable

Security Certification Requirements for use of the SSA Data Set via the Centers for Medicare & Medicaid Services' (CMS) Hub

The Social Security Administration (SSA) does not allow new data exchange partners to begin receiving data electronically until the Authorized State Agency submits an approved Security Design Plan (SDP). SSA's Office of Information Security (OIS) usually performs an onsite security review to verify and validate that the management, operational, and technical controls conform to the requirements of the signed agreements between SSA and the Authorized State Agency, as well as applicable Federal law and SSA's technical systems security requirements (Attachment 4 to the Information Exchange Agreement (IEA)). As it concerns the use of the *SSA Data Set* via the Hub, OIS will waive the initial SDP/Certification for an existing Authorized State Agency if it meets all the following criteria:

1. The Authorized State Agency already has a functioning CMS-approved Integrated Eligibility Verification System (IEVS).
2. The Authorized State Agency is already receiving data from the Hub to support the Medicaid program and/or the Children's Health Insurance Program (CHIP).
3. The Authorized State Agency will only process requests for the *SSA Data Set* for administration of health or income maintenance programs approved by SSA through the Hub in conjunction with Insurance Affordability Programs eligibility determinations.
4. The Authorized State Agency agrees that the SSA security controls identified in the IEA and Attachment 4 to the IEA will prevail for all SSA data received by the State Agency, including the *SSA Data Set*.
5. The Authorized State Agency agrees that a significant vulnerability or risk in a security control, a data loss, or a security breach may result in a suspension or termination of the *SSA Data Set* through the Hub. In this case, at SSA's request, the Authorized State Agency agrees to immediately cease using the *SSA Data Set* for all SSA authorized health or income maintenance programs until the State Agency sufficiently mitigates or eliminates such risk(s) and/or vulnerabilities to SSA's data.
6. The Authorized State Agency agrees not to process verification requests through the Hub from a standalone application for health or income maintenance program requests that have no connection to Insurance Affordability Programs eligibility determinations.

In the event that an Authorized State Agency decides to implement a new integrated eligibility system or use a different Authorized State Agency to implement the health or income maintenance data exchange process through the Hub, the Authorized State Agency will submit to SSA's OIS an SDP and be approved/certified prior to receipt of the *SSA Data Set* through the Hub. The Authorized State Agency will adhere to the following criteria, in addition to those stated in the IEA, section C, Program Questionnaire:

1. The Authorized State Agency agrees to provide an attestation to SSA that it has received certification through the CMS Hub approval MARS-E process.
2. The Authorized State Agency attests that it operates and has a CMS-approved IEVS and the IEVS initiates the request for the *SSA Data Set* for the State Agency's administration of health or income maintenance programs approved by SSA through the Hub in conjunction with Insurance Affordability Programs eligibility determinations.

3. The Authorized State Agency uses a streamlined multi-benefit application. The Authorized State Agency agrees not to process verification requests through the Hub from a standalone application for health or income maintenance program requests that have no connection to Insurance Affordability Programs eligibility determinations.
4. The Authorized State Agency will not request the *SSA Data Set* through the Hub until it has successfully begun using the Hub for administration of Insurance Affordability Programs eligibility determinations. SSA will begin sending the *SSA Data Set* to the Authorized State Agency after the State Agency verifies that the Hub process works, as required by the CMS Hub approval MARS-E process.
5. The Authorized State Agency agrees to participate in SSA's SDP/Certification process prior to transmitting requests for the *SSA Data Set* through the Hub and to participate in SSA's triennial security compliance reviews on an ongoing basis.
6. The Authorized State Agency agrees that a significant vulnerability or risk in a security control, a data loss, or a security breach may result in a suspension or termination of the *SSA Data Set* through Hub. In this case, at SSA's request, the Authorized State Agency agrees to immediately cease using the *SSA Data Set* for all SSA authorized health or income maintenance programs until the State Agency sufficiently mitigates or eliminates such risk(s) and/or vulnerabilities to SSA's data.

ATTACHMENT 6

**WORKSHEET FOR REPORTING LOSS OR PORTENTIAL LOSS
OF PERSONALLY INDETIFIABLE INFORMATION**

09/27/06

Worksheet for Reporting Loss or Potential Loss of Personally Identifiable Information

1. Information about the individual making the report to the NCSC:

Name:					
Position:					
Deputy Commissioner Level Organization:					
Phone Numbers:					
Work:		Cell:		Home/Other:	
E-mail Address:					
Check one of the following:					
Management Official		Security Officer		Non-Management	

2. Information about the data that was lost/stolen:

Describe what was lost or stolen (e.g., case file, MBR data):

Which element(s) of PII did the data contain?

Name		Bank Account Info	
SSN		Medical/Health Information	
Date of Birth		Benefit Payment Info	
Place of Birth		Mother's Maiden Name	
Address		Other (describe):	

Estimated volume of records involved:

3. How was the data physically stored, packaged and/or contained?

Paper or Electronic? (circle one):

If Electronic, what type of device?

Laptop		Tablet		Backup Tape		Blackberry	
Workstation		Server		CD/DVD		Blackberry Phone #	
Hard Drive		Floppy Disk		USB Drive			
Other (describe):							

09/27/06

Additional Questions if Electronic:

	<u>Yes</u>	<u>No</u>	<u>Not Sure</u>
a. Was the device encrypted?			
b. Was the device password protected?			
c. If a laptop or tablet, was a VPN SmartCard lost?			
Cardholder's Name:			
Cardholder's SSA logon PIN:			
Hardware Make/Model:			
Hardware Serial Number:			

Additional Questions if Paper:

	<u>Yes</u>	<u>No</u>	<u>Not Sure</u>
a. Was the information in a locked briefcase?			
b. Was the information in a locked cabinet or drawer?			
c. Was the information in a locked vehicle trunk?			
d. Was the information redacted?			
e. Other circumstances:			

4. **If the employee/contractor who was in possession of the data or to whom the data was assigned is not the person making the report to the NCSC (as listed in #1), information about this employee/contractor:**

Name:					
Position:					
Deputy Commissioner Level Organization:					
Phone Numbers:					
Work:		Cell:		Home/Other:	
E-mail Address:					

5. **Circumstances of the loss:**
- When was it lost/stolen?
 - Brief description of how the loss/theft occurred:
 - When was it reported to SSA management official (date and time)?
6. **Have any other SSA components been contacted? If so, who? (Include deputy commissioner level, agency level, regional/associate level component names)**

09/27/06

7. Which reports have been filed? (include FPS, local police, and SSA reports)

Report Filed	<u>Yes</u>	<u>No</u>	<u>Report Number</u>
Federal Protective Service			
Local Police			
	Yes	No	
SSA-3114 (Incident Alert)			
SSA-342 (Report of Survey)			
Other (describe)			

8. Other pertinent information (include actions under way, as well as any contacts with other agencies, law enforcement or the press):

CCC 04/2017

CERTIFICATION

I, the official named below, CERTIFY UNDER PENALTY OF PERJURY that I am duly authorized to legally bind the prospective Contractor to the clause(s) listed below. This certification is made under the laws of the State of California.

<i>Contractor/Bidder Firm Name (Printed)</i> <i>County of Shasta</i>		<i>Federal ID Number</i> <i>94-6000535</i>
<i>By (Authorized Signature)</i>		
<i>Printed Name and Title of Person Signing</i> <i>David A. Kehoe, Chairman, Board of Supervisors</i>		
<i>Date Executed</i>	<i>Executed in the County of</i> <i>Shasta</i>	

CONTRACTOR CERTIFICATION CLAUSES

1. **STATEMENT OF COMPLIANCE**: Contractor has, unless exempted, complied with the nondiscrimination program requirements. (Gov. Code §12990 (a-f) and CCR, Title 2, Section 11102) (Not applicable to public entities.)

2. **DRUG-FREE WORKPLACE REQUIREMENTS**: Contractor will comply with the requirements of the Drug-Free Workplace Act of 1990 and will provide a drug-free workplace by taking the following actions:

a. Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations.

b. Establish a Drug-Free Awareness Program to inform employees about:

- 1) the dangers of drug abuse in the workplace;
- 2) the person's or organization's policy of maintaining a drug-free workplace;
- 3) any available counseling, rehabilitation and employee assistance programs; and,
- 4) penalties that may be imposed upon employees for drug abuse violations.

c. Every employee who works on the proposed Agreement will:

- 1) receive a copy of the company's drug-free workplace policy statement; and,
- 2) agree to abide by the terms of the company's statement as a condition of employment on the Agreement.

Failure to comply with these requirements may result in suspension of payments under the Agreement or termination of the Agreement or both and Contractor may be ineligible for award of any future State agreements if the department determines that any of the following has occurred: the Contractor has made false certification, or violated the

certification by failing to carry out the requirements as noted above. (Gov. Code §8350 et seq.)

3. NATIONAL LABOR RELATIONS BOARD CERTIFICATION: Contractor certifies that no more than one (1) final unappealable finding of contempt of court by a Federal court has been issued against Contractor within the immediately preceding two-year period because of Contractor's failure to comply with an order of a Federal court, which orders Contractor to comply with an order of the National Labor Relations Board. (Pub. Contract Code §10296) (Not applicable to public entities.)

4. CONTRACTS FOR LEGAL SERVICES \$50,000 OR MORE- PRO BONO REQUIREMENT: Contractor hereby certifies that Contractor will comply with the requirements of Section 6072 of the Business and Professions Code, effective January 1, 2003.

Contractor agrees to make a good faith effort to provide a minimum number of hours of pro bono legal services during each year of the contract equal to the lesser of 30 multiplied by the number of full time attorneys in the firm's offices in the State, with the number of hours prorated on an actual day basis for any contract period of less than a full year or 10% of its contract with the State.

Failure to make a good faith effort may be cause for non-renewal of a state contract for legal services, and may be taken into account when determining the award of future contracts with the State for legal services.

5. EXPATRIATE CORPORATIONS: Contractor hereby declares that it is not an expatriate corporation or subsidiary of an expatriate corporation within the meaning of Public Contract Code Section 10286 and 10286.1, and is eligible to contract with the State of California.

6. SWEATFREE CODE OF CONDUCT:

a. All Contractors contracting for the procurement or laundering of apparel, garments or corresponding accessories, or the procurement of equipment, materials, or supplies, other than procurement related to a public works contract, declare under penalty of perjury that no apparel, garments or corresponding accessories, equipment, materials, or supplies furnished to the state pursuant to the contract have been laundered or produced in whole or in part by sweatshop labor, forced labor, convict labor, indentured labor under penal sanction, abusive forms of child labor or exploitation of children in sweatshop labor, or with the benefit of sweatshop labor, forced labor, convict labor, indentured labor under penal sanction, abusive forms of child labor or exploitation of children in sweatshop labor. The contractor further declares under penalty of perjury that they adhere to the Sweatfree Code of Conduct as set forth on the California Department of Industrial Relations website located at www.dir.ca.gov, and Public Contract Code Section 6108.

b. The contractor agrees to cooperate fully in providing reasonable access to the contractor's records, documents, agents or employees, or premises if reasonably required by authorized officials of the contracting agency, the Department of Industrial Relations,

or the Department of Justice to determine the contractor's compliance with the requirements under paragraph (a).

7. DOMESTIC PARTNERS: For contracts of \$100,000 or more, Contractor certifies that Contractor is in compliance with Public Contract Code section 10295.3.

8. GENDER IDENTITY: For contracts of \$100,000 or more, Contractor certifies that Contractor is in compliance with Public Contract Code section 10295.35.

DOING BUSINESS WITH THE STATE OF CALIFORNIA

The following laws apply to persons or entities doing business with the State of California.

1. CONFLICT OF INTEREST: Contractor needs to be aware of the following provisions regarding current or former state employees. If Contractor has any questions on the status of any person rendering services or involved with the Agreement, the awarding agency must be contacted immediately for clarification.

Current State Employees (Pub. Contract Code §10410):

1). No officer or employee shall engage in any employment, activity or enterprise from which the officer or employee receives compensation or has a financial interest and which is sponsored or funded by any state agency, unless the employment, activity or enterprise is required as a condition of regular state employment.

2). No officer or employee shall contract on his or her own behalf as an independent contractor with any state agency to provide goods or services.

Former State Employees (Pub. Contract Code §10411):

1). For the two-year period from the date he or she left state employment, no former state officer or employee may enter into a contract in which he or she engaged in any of the negotiations, transactions, planning, arrangements or any part of the decision-making process relevant to the contract while employed in any capacity by any state agency.

2). For the twelve-month period from the date he or she left state employment, no former state officer or employee may enter into a contract with any state agency if he or she was employed by that state agency in a policy-making position in the same general subject area as the proposed contract within the 12-month period prior to his or her leaving state service.

If Contractor violates any provisions of above paragraphs, such action by Contractor shall render this Agreement void. (Pub. Contract Code §10420)

Members of boards and commissions are exempt from this section if they do not receive payment other than payment of each meeting of the board or commission, payment for preparatory time and payment for per diem. (Pub. Contract Code §10430 (e))

2. LABOR CODE/WORKERS' COMPENSATION: Contractor needs to be aware of the provisions which require every employer to be insured against liability for Worker's Compensation or to undertake self-insurance in accordance with the provisions, and Contractor affirms to comply with such provisions before commencing the performance of the work of this Agreement. (Labor Code Section 3700)

3. AMERICANS WITH DISABILITIES ACT: Contractor assures the State that it complies with the Americans with Disabilities Act (ADA) of 1990, which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant to the ADA. (42 U.S.C. 12101 et seq.)

4. CONTRACTOR NAME CHANGE: An amendment is required to change the Contractor's name as listed on this Agreement. Upon receipt of legal documentation of the name change the State will process the amendment. Payment of invoices presented with a new name cannot be paid prior to approval of said amendment.

5. CORPORATE QUALIFICATIONS TO DO BUSINESS IN CALIFORNIA:

a. When agreements are to be performed in the state by corporations, the contracting agencies will be verifying that the contractor is currently qualified to do business in California in order to ensure that all obligations due to the state are fulfilled.

b. "Doing business" is defined in R&TC Section 23101 as actively engaging in any transaction for the purpose of financial or pecuniary gain or profit. Although there are some statutory exceptions to taxation, rarely will a corporate contractor performing within the state not be subject to the franchise tax.

c. Both domestic and foreign corporations (those incorporated outside of California) must be in good standing in order to be qualified to do business in California. Agencies will determine whether a corporation is in good standing by calling the Office of the Secretary of State.

6. RESOLUTION: A county, city, district, or other local public body must provide the State with a copy of a resolution, order, motion, or ordinance of the local governing body which by law has authority to enter into an agreement, authorizing execution of the agreement.

7. AIR OR WATER POLLUTION VIOLATION: Under the State laws, the Contractor shall not be: (1) in violation of any order or resolution not subject to review promulgated by the State Air Resources Board or an air pollution control district; (2) subject to cease and desist order not subject to review issued pursuant to Section 13301 of the Water Code for violation of waste discharge requirements or discharge prohibitions; or (3) finally determined to be in violation of provisions of federal law relating to air or water pollution.

8. PAYEE DATA RECORD FORM STD. 204: This form must be completed by all contractors that are not another state agency or other governmental entity.

CALIFORNIA CIVIL RIGHTS LAWS CERTIFICATION

Pursuant to Public Contract Code section 2010, if a bidder or proposer executes or renews a contract over \$100,000 on or after January 1, 2017, the bidder or proposer hereby certifies compliance with the following:

1. CALIFORNIA CIVIL RIGHTS LAWS: For contracts over \$100,000 executed or renewed after January 1, 2017, the contractor certifies compliance with the Unruh Civil Rights Act (Section 51 of the Civil Code) and the Fair Employment and Housing Act (Section 12960 of the Government Code); and
2. EMPLOYER DISCRIMINATORY POLICIES: For contracts over \$100,000 executed or renewed after January 1, 2017, if a Contractor has an internal policy against a sovereign nation or peoples recognized by the United States government, the Contractor certifies that such policies are not used in violation of the Unruh Civil Rights Act (Section 51 of the Civil Code) or the Fair Employment and Housing Act (Section 12960 of the Government Code).

CERTIFICATION

I, the official named below, certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.		<i>Federal ID Number</i>
<i>Proposer/Bidder Firm Name (Printed)</i> County of Shasta		94-6000535
<i>By (Authorized Signature)</i> 		
<i>Printed Name and Title of Person Signing</i> David A. Kehoe, Chairman, Board of Supervisors		
<i>Date Executed</i> 	<i>Executed in the County and State of</i> County of Shasta, California	

You may request a copy of State of California,
Department of Health Care Services,
Agreement Number 17-94105, Exhibit F,
Attachment I – Social Security Administration
Agreement, by calling HHSA Adult Services
Branch at (530) 225-5900.