

1 AGREEMENT FOR PROVISION OF  
2 RECOVERY EDUCATION INSTITUTE SERVICES  
3 BETWEEN  
4 COUNTY OF ORANGE  
5 AND  
6 PACIFIC CLINICS  
7 JULY 1, 2018 THROUGH JUNE 30, 2019  
8

9 THIS AGREEMENT entered into this 1st day of July 2018, which date is enumerated for purposes  
10 of reference only, is by and between the COUNTY OF ORANGE (COUNTY) and Pacific Clinics, a  
11 California (nonprofit corporation) (CONTRACTOR). This Agreement shall be administered by the  
12 County of Orange Health Care Agency (ADMINISTRATOR).  
13

14 **W I T N E S S E T H:**  
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16 WHEREAS, COUNTY wishes to contract with CONTRACTOR for the provision of Recovery  
17 Education Institute services described herein to the residents of Orange County; and

18 WHEREAS, CONTRACTOR is agreeable to the rendering of such services on the terms and  
19 conditions hereinafter set forth:

20 NOW, THEREFORE, IT IS MUTUALLY AGREED AS FOLLOWS:  
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**REFERENCED CONTRACT PROVISIONS**

**Term:** July 1, 2018 through June 30, 2019

**Maximum Obligation:** \$ 826,711

**Basis for Reimbursement:** Actual Cost

**Payment Method:** Monthly in Arrears

**CONTRACTOR DUNS Number:** 025-500125

**CONTRACTOR TAX ID Number:** 95-1644034

**Notices to COUNTY and CONTRACTOR:**

**COUNTY:** County of Orange  
Health Care Agency  
Contract Services  
405 West 5th Street, Suite 600  
Santa Ana, CA 92701-4637

**CONTRACTOR:** Pacific Clinics  
800 South Santa Anita Avenue  
Arcadia, CA 91006  
Contact Name: Kris Giordano  
Contact E-mail: Kgiordano@pacificclinics.org

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## I. ACRONYMS

The following standard definitions are for reference purposes only and may or may not apply in their entirety throughout this Agreement:

A. AA.	Alcoholics Anonymous
B. AB 109	Assembly Bill 109, 2011 Public Safety Realignment
C. ABC	Allied Behavioral Care
D. ACH	Acute Care Hospital
E. ADAS	Alcohol and Drug Abuse Services
F. ADL	Activities of Daily Living
G. ADP	Alcohol and Drug Program
H. AES	Advanced Encryption Standard
I. AFLP	Adolescent Family Life Program
J. AIDS	Acquired Immune Deficiency Syndrome
K. AIM	Access for Infants and Mothers
L. AMHS	Adult Mental Health Services
M. ARRA	American Recovery and Reinvestment Act of 2009
N. ASAM PPC	American Society of Addiction Medicine Patient Placement Criteria
O. ASI	Addiction Severity Index
P. ASIST	Applied Suicide Intervention Skills Training
Q. ASO	Administrative Services Organization
R. ASRS	Alcohol and Drug Programs Reporting System
S. BBS	Board of Behavioral Sciences
T. BCP	Business Continuity Plan
U. BH	Base Hospital
V. BHS	Behavioral Health Services
W. CalOMS	California Outcomes Measurement System
X. CalWORKs	California Work Opportunity and Responsibility for Kids
Y. CAP	Corrective Action Plan
Z. CAT	Centralized Assessment Team
AA. CCC	California Civil Code
AB. CCLD	(California) Community Care Licensing Division
AC. CCR	California Code of Regulations
AD. CDCR	California Department of Corrections and Rehabilitation
AE. CDSS	California Department of Social Services
AF. CERC	Children's Emergency Receiving Center
AG. CESI	Client Evaluation of Self at Intake
AH. CEST	Client Evaluation of Self and Treatment

1	AI.	CFDA	Catalog of Federal Domestic Assistance
2	AJ.	CFR	Code of Federal Regulations
3	AK.	CHDP	Child Health and Disability Prevention
4	AL.	CHHS	California Health and Human Services Agency
5	AM.	CHPP	COUNTY HIPAA Policies and Procedures
6	AN.	CHS	Correctional Health Services
7	AO.	CIPA	California Information Practices Act
8	AP.	CMPPA	Computer Matching and Privacy Protection Act
9	AQ.	COI	Certificate of Insurance
10	AR.	CPA	Certified Public Accountant
11	AS.	CSI	Client and Services Information
12	AT.	CSW	Clinical Social Worker
13	AU.	CYBHS	Children and Youth Behavioral Health Services
14	AV.	DATAR	Drug Abuse Treatment Access Report
15	AW.	DCR	Data Collection and Reporting
16	AX.	DD	Dually Diagnosed
17	AY.	DEA	Drug Enforcement Agency
18	AZ.	DHCS	California Department of Health Care Services
19	BA.	D/MC	Drug/Medi-Cal
20	BB.	DMV	California Department of Motor Vehicles
21	BC.	DoD	US Department of Defense
22	BD.	DPFS	Drug Program Fiscal Systems
23	BE.	DRC	Probation's Day Reporting Center
24	BF.	DRP	Disaster Recovery Plan
25	BG.	DRS	Designated Record Set
26	BH.	DSM	Diagnostic and Statistical Manual of Mental Disorders
27	BI.	DSM-IV	Diagnostic and Statistical Manual of Mental Disorders. 4th Edition
28	BJ.	DSM-V	Diagnostic and Statistical Manual of Mental Disorders. 5th Edition
29	BK.	EBP	Evidence-Based Practice
30	BL.	EDN	Electronic Disease Notification System
31	BM.	EEOC	Equal Employment Opportunity Commission
32	BN.	EHR	Electronic Health Records
33	BO.	ePHI	Electronic Protected Health Information
34	BP.	EPSDT	Early and Periodic Screening, Diagnosis, and Treatment
35	BQ.	ERC	Emergency Receiving Center
36	BR.	FFS	Fee For service
37	BS.	FIPS	Federal Information Processing Standards

1	BT. FQHC	Federally Qualified Health Center
2	BU. FSP	Full Service Partnership
3	BV. FTE	Full Time Equivalent
4	BW. GAAP	Generally Accepted Accounting Principles
5	BX. HAB	Federal HIV/AIDS Bureau
6	BY. HCA	County of Orange Health Care Agency
7	BZ. HHS	Federal Health and Human Services Agency
8	CA. HIPAA	Health Insurance Portability and Accountability Act of 1996, Public
9		Law 104-191
10	CB. HITECH Act	Health Information Technology for Economic and Clinical Health
11		Act, Public Law 111-005
12	CC. HIV	Human Immunodeficiency Virus
13	CD. HRSA	Federal Health Resources and Services Administration
14	CE. HSC	California Health and Safety Code
15	CF. IBNR	Incurred But Not Reported
16	CG. ID	Identification
17	CH. IEA	Information Exchange Agreement
18	CI. IMD	Institute for Mental Disease
19	CJ. IOM	Institute of Medicine
20	CK. IRIS	Integrated Records and Information System
21	CL. ISO	Insurance Services Office
22	CM. ITC	Indigent Trauma Care
23	CN. LCSW	Licensed Clinical Social Worker
24	CO. LGBTQI	Lesbian, Gay, Bisexual, Transgender, Questioning, and Intersex
25	CP. LPS	Lantermann/Petris/Short (Act)
26	CQ. LPT	Licensed Psychiatric Technician
27	CR. MAT	Medication Assisted Treatment
28	CS. MEDS	Medi-Cal Eligibility Determination System
29	CT. MFT	Marriage and Family Therapist
30	CU. MH	Mental Health
31	CV. MHIS	Mental Health Inpatient Services
32	CW. MIHS	Medical and Institutional Health Services
33	CX. MHP	Mental Health Plan
34	CY. MHRC	Mental Health Rehabilitation Centers
35	CZ. MHS	Mental Health Specialist
36	DA. MHSA	Mental Health Services Act
37	DB. MORS	Milestones of Recovery Scale

1	DC. MS	Mandatory Supervision
2	DD. MSN	Medical Safety Net
3	DE. MTP	Master Treatment Plan
4	DF. NA	Narcotics Anonymous
5	DG. NIATx	Network Improvement of Addiction Treatment
6	DH. NIH	National Institutes of Health
7	DI. NIST	National Institute of Standards and Technology
8	DJ. NOA	Notice of Action
9	DK. NP	Nurse Practitioner
10	DL. NPDB	National Provider Data Bank
11	DM. NPI	National Provider Identifier
12	DN. NPP	Notice of Privacy Practices
13	DO. OCEMS	Orange County Emergency Medical Services
14	DP. OCJS	Orange County Jail System
15	DQ. OC-MEDS	Orange County Medical Emergency Data System
16	DR. OCPD	Orange County Probation Department
17	DS. OCR	Federal Office for Civil Rights
18	DT. OCSD	Orange County Sheriff's Department
19	DU. OIG	Federal Office of Inspector General
20	DV. OMB	Federal Office of Management and Budget
21	DW. OPM	Federal Office of Personnel Management
22	DX. ORR	Federal Office of Refugee Resettlement
23	DY. P&P	Policy and Procedure
24	DZ. PA DSS	Payment Application Data Security Standard
25	EA. PAF	Partnership Assessment Form
26	EB. PAR	Prior Authorization Request
27	EC. PBM	Pharmaceutical Benefits Management
28	ED. PC	California Penal Code
29	EE. PCI DSS	Payment Card Industry Data Security Standard
30	EF. PCP	Primary Care Provider
31	EG. PCS	Post-Release Community Supervision
32	EH. PHI	Protected Health Information
33	EI. PI	Personal Information
34	EJ. PII	Personally Identifiable Information
35	EK. PRA	California Public Records Act
36	EL. PSAI/ACT	Perinatal Substance Abuse Services Initiative/Assessment and
37		Coordination Team



1	EM. PSC	Professional Services Contract
2	EN. PTRC	Paramedic Trauma Receiving Center
3	EO. QI	Quality Improvement
4	EP. QIC	Quality Improvement Committee
5	EQ. RHAP	Refugee Health Assessment Program
6	ER. RHEIS	Refugee Health Electronic Information System
7	ES. RN	Registered Nurse
8	ET. RSA	Remote Site Access
9	EU. SAPTBG	Substance Abuse Prevention and Treatment Block Grant
10	EV. SD/MC	Short-Doyle Medi-Cal
11	EW. SIR	Self-Insured Retention
12	EX. SMA	Statewide Maximum Allowable (rate)
13	EY. SNF	Skilled Nursing Facility
14	EZ. SR	Supervised Release
15	FA. SRP	Supervised Release Participant
16	FB. SSA	County of Orange Social Services Agency
17	FC. SSI	Supplemental Security Income
18	FD. STP	Special Treatment Program
19	FE. SUD	Substance Use Disorder
20	FF. TAR	Treatment Authorization Request
21	FG. TAY	Transitional Age Youth
22	FH. TB	Tuberculosis
23	FI. TBS	Therapeutic Behavioral Services
24	FJ. TRC	Therapeutic Residential Center
25	FK. TTY	Teletypewriter
26	FL. TUPP	Tobacco Use Prevention Program
27	FM. UMDAP	Uniform Method of Determining Ability to Pay
28	FN. UOS	Units of Service
29	FO. USC	United States Code
30	FP. VOLAGs	Volunteer Agencies
31	FQ. W&IC	California Welfare and Institutions Code
32	FR. WIC	Women, Infants and Children
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## **II. ALTERATION OF TERMS**

A. This Agreement, together with Exhibits A, B, and C attached hereto and incorporated herein, fully expresses the complete understanding of COUNTY and CONTRACTOR with respect to the subject matter of this Agreement.

B. Unless otherwise expressly stated in this Agreement, no addition to, or alteration of the terms of this Agreement or any Exhibits, whether written or verbal, made by the parties, their officers, employees or agents shall be valid unless made in the form of a written amendment to this Agreement, which has been formally approved and executed by both parties.

## **III. ASSIGNMENT OF DEBTS**

Unless this Agreement is followed without interruption by another Agreement between the parties hereto for the same services and substantially the same scope, at the termination of this Agreement, CONTRACTOR shall assign to COUNTY any debts owing to CONTRACTOR by or on behalf of persons receiving services pursuant to this Agreement. CONTRACTOR shall immediately notify by mail each of these persons, specifying the date of assignment, the County of Orange as assignee, and the address to which payments are to be sent. Payments received by CONTRACTOR from or on behalf of said persons, shall be immediately given to COUNTY.

## **IV. COMPLIANCE**

A. COMPLIANCE PROGRAM – ADMINISTRATOR has established a Compliance Program for the purpose of ensuring adherence to all rules and regulations related to federal and state health care programs.

1. ADMINISTRATOR shall provide CONTRACTOR with a copy of the policies and procedures relating to ADMINISTRATOR's Compliance Program, Code of Conduct and access to General Compliance and Annual Provider Trainings.

2. CONTRACTOR has the option to provide ADMINISTRATOR with proof of its own Compliance Program, Code of Conduct and any Compliance related policies and procedures. CONTRACTOR's Compliance Program, Code of Conduct and any related policies and procedures shall be verified by ADMINISTRATOR's Compliance Department to ensure they include all required elements by ADMINISTRATOR's Compliance Officer as described in in this Paragraph IV (COMPLIANCE). These elements include:

- a. Designation of a Compliance Officer and/or compliance staff.
- b. Written standards, policies and/or procedures.
- c. Compliance related training and/or education program and proof of completion.
- d. Communication methods for reporting concerns to the Compliance Officer.
- e. Methodology for conducting internal monitoring and auditing.

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1 f. Methodology for detecting and correcting offenses.

2 g. Methodology/Procedure for enforcing disciplinary standards.

3 3. If CONTRACTOR does not provide proof of its own Compliance program to  
4 ADMINISTRATOR, CONTRACTOR shall acknowledge to comply with ADMINISTRATOR's  
5 Compliance Program and Code of Conduct, the CONTRACTOR shall submit to the  
6 ADMINISTRATOR within thirty (30) calendar days of execution of this Agreement a signed  
7 acknowledgement that CONTRACTOR shall comply with ADMINISTRATOR's Compliance Program  
8 and Code of Conduct.

9 4. If CONTRACTOR elects to have its own Compliance Program, Code of Conduct and any  
10 Compliance related policies and procedures review by ADMINISTRATOR, then CONTRACTOR  
11 shall submit a copy of its compliance Program, code of Conduct and all relevant policies and  
12 procedures to ADMINISTRATOR within thirty (30) calendar days of execution of this Agreement.  
13 ADMINISTRATOR's Compliance Officer, or designee, shall review said documents within a  
14 reasonable time, which shall not exceed forty five (45) calendar days, and determine if  
15 CONTRACTOR's proposed compliance program and code of conduct contain all required elements to  
16 the ADMINISTRATOR's satisfaction as consistent with the HCA's Compliance Program and Code of  
17 Conduct. ADMINISTRATOR shall inform CONTRACTOR of any missing required elements and  
18 CONTRACTOR shall revise its compliance program and code of conduct to meet  
19 ADMINISTRATOR's required elements within thirty (30) calendar days after ADMINISTRATOR's  
20 Compliance Officer's determination and resubmit the same for review by the ADMINISTRATOR.

21 5. Upon written confirmation from ADMINISTRATOR's Compliance Officer that the  
22 CONTRACTOR's compliance program, code of conduct and any Compliance related policies and  
23 procedures contain all required elements, CONTRACTOR shall ensure that all Covered Individuals  
24 relative to this Agreement are made aware of CONTRACTOR's compliance program, code of conduct,  
25 related policies and procedures and contact information for the ADMINISTRATOR's Compliance  
26 Program.

27 B. SANCTION SCREENING – CONTRACTOR shall screen all Covered Individuals employed  
28 or retained to provide services related to this Agreement monthly to ensure that they are not designated  
29 as Ineligible Persons, as pursuant to this Agreement. Screening shall be conducted against the General  
30 Services Administration's Excluded Parties List System or System for Award Management, the Health  
31 and Human Services/Office of Inspector General List of Excluded Individuals/Entities, the California  
32 Medi-Cal Suspended and Ineligible Provider List, and the Social Security Administration's Death  
33 Master File and/or any other list of system as identified by ADMINISTRATOR.

34 1. For purposes of this Paragraph IV (COMPLIANCE), Covered Individuals includes all  
35 employees, interns, volunteers, contractors, subcontractors, agents, and other persons who provide  
36 health care items or services or who perform billing or coding functions on behalf of  
37 ADMINISTRATOR. Notwithstanding the above, this term does not include part-time or per-diem

employees, contractors, subcontractors, agents, and other persons who are not reasonably expected to work more than one hundred sixty (160) hours per year; except that any such individuals shall become Covered Individuals at the point when they work more than one hundred sixty (160) hours during the calendar year. CONTRACTOR shall ensure that all Covered Individuals relative to this Agreement are made aware of ADMINISTRATOR's Compliance Program, Code of Conduct and related policies and procedures (or CONTRACTOR's own compliance program, code of conduct and related policies and procedures if CONTRACTOR has elected to use its own).

2. An Ineligible Person shall be any individual or entity who:

a. is currently excluded, suspended, debarred or otherwise ineligible to participate in federal and state health care programs; or

b. has been convicted of a criminal offense related to the provision of health care items or services and has not been reinstated in the federal and state health care programs after a period of exclusion, suspension, debarment, or ineligibility.

3. CONTRACTOR shall screen prospective Covered Individuals prior to hire or engagement. CONTRACTOR shall not hire or engage any Ineligible Person to provide services relative to this Agreement.

4. CONTRACTOR shall screen all current Covered Individuals and subcontractors semi-annually to ensure that they have not become Ineligible Persons. CONTRACTOR shall also request that its subcontractors use their best efforts to verify that they are eligible to participate in all federal and State of California health programs and have not been excluded or debarred from participation in any federal or state health care programs, and to further represent to CONTRACTOR that they do not have any Ineligible Person in their employ or under contract.

5. Covered Individuals shall be required to disclose to CONTRACTOR immediately any debarment, exclusion or other event that makes the Covered Individual an Ineligible Person. CONTRACTOR shall notify ADMINISTRATOR immediately if a Covered Individual providing services directly relative to this Agreement becomes debarred, excluded or otherwise becomes an Ineligible Person.

6. CONTRACTOR acknowledges that Ineligible Persons are precluded from providing federal and state funded health care services by contract with COUNTY in the event that they are currently sanctioned or excluded by a federal or state law enforcement regulatory or licensing agency. If CONTRACTOR becomes aware that a Covered Individual has become an Ineligible Person, CONTRACTOR shall remove such individual from responsibility for, or involvement with, COUNTY business operations related to this Agreement.

7. CONTRACTOR shall notify ADMINISTRATOR immediately if a Covered Individual or entity is currently excluded, suspended or debarred, or is identified as such after being screened. Such individual or entity shall be immediately removed from participating in any activity associated with this Agreement. ADMINISTRATOR will determine appropriate repayment from, or

1 sanction(s) to CONTRACTOR for services provided by ineligible person or individual.  
 2 CONTRACTOR shall promptly return any overpayments within forty-five (45) business days after the  
 3 overpayment is verified by ADMINISTRATOR.

4 C. GENERAL COMPLIANCE TRAINING – ADMINISTRATOR shall make General  
 5 Compliance Training available to Covered Individuals.

6 1. CONTRACTORS that have acknowledged to comply with ADMINISTRATOR's  
 7 Compliance Program shall use its best efforts to encourage completion by all Covered Individuals;  
 8 provided, however, that at a minimum CONTRACTOR shall assign at least one (1) designated  
 9 representative to complete the General Compliance Training when offered.

10 2. Such training will be made available to Covered Individuals within thirty (30) calendar  
 11 days of employment or engagement.

12 3. Such training will be made available to each Covered Individual annually.

13 4. ADMINISTRATOR will track training completion while CONTRACTOR shall provide  
 14 copies of training certification upon request.

15 5. Each Covered Individual attending a group training shall certify, in writing, attendance at  
 16 compliance training. ADMINISTRATOR shall provide instruction on group training completion while  
 17 CONTRACTOR shall retain the training certifications. Upon written request by ADMINISTRATOR,  
 18 CONTRACTOR shall provide copies of the certifications.

## 19 20 **V. CONFIDENTIALITY**

21 A. CONTRACTOR shall maintain the confidentiality of all records, including billings and any  
 22 audio and/or video recordings, in accordance with all applicable federal, state and county codes and  
 23 regulations, as they now exist or may hereafter be amended or changed.

24 B. Prior to providing any services pursuant to this Agreement, all members of the Board of  
 25 Directors or its designee or authorized agent, employees, consultants, subcontractors, volunteers and  
 26 interns of the CONTRACTOR shall agree, in writing, with CONTRACTOR to maintain the  
 27 confidentiality of any and all information and records which may be obtained in the course of providing  
 28 such services. This Agreement shall specify that it is effective irrespective of all subsequent  
 29 resignations or terminations of CONTRACTOR members of the Board of Directors or its designee or  
 30 authorized agent, employees, consultants, subcontractors, volunteers and interns.

## 31 32 **VI. COST REPORT**

33 A. CONTRACTOR shall submit a Cost Report to COUNTY no later than sixty (60) calendar  
 34 days following termination of this Agreement. CONTRACTOR shall prepare the Cost Report in  
 35 accordance with all applicable federal, state and COUNTY requirements, GAAP and the Special  
 36 Provisions Paragraph of this Agreement. CONTRACTOR shall allocate direct and indirect costs to  
 37 and between programs, cost centers, services, and funding sources in accordance with such

1 requirements and consistent with prudent business practice, which costs and allocations shall be  
2 supported by source documentation maintained by CONTRACTOR, and available at any time to  
3 ADMINISTRATOR upon reasonable notice.

4 1. If CONTRACTOR fails to submit an accurate and complete Cost Report within the time  
5 period specified above, ADMINISTRATOR shall have sole discretion to impose one or both of the  
6 following:

7 a. CONTRACTOR may be assessed a late penalty of five hundred dollars (\$500) for  
8 each business day after the above specified due date that the accurate and complete Cost Report is not  
9 submitted. Imposition of the late penalty shall be at the sole discretion of the ADMINISTRATOR.  
10 The late penalty shall be assessed separately on each outstanding Cost Report due COUNTY by  
11 CONTRACTOR

12 b. ADMINISTRATOR may withhold or delay any or all payments due CONTRACTOR  
13 pursuant to any or all agreements between COUNTY and CONTRACTOR until such time that the  
14 accurate and complete Cost Report is delivered to ADMINISTRATOR.

15 2. CONTRACTOR may request, in advance and in writing, an extension of the due date of  
16 the Cost Report setting forth good cause for justification of the request. Approval of such requests  
17 shall be at the sole discretion of ADMINISTRATOR and shall not be unreasonably denied.

18 3. In the event that CONTRACTOR does not submit an accurate and complete Cost Report  
19 within one hundred and eighty (180) calendar days following the termination of this Agreement, and  
20 CONTRACTOR has not entered into a subsequent or new agreement for any other services with  
21 COUNTY, then all amounts paid to CONTRACTOR by COUNTY during the term of the Agreement  
22 shall be immediately reimbursed to COUNTY.

23 B. The Cost Report shall be the final financial and statistical report submitted by CONTRACTOR  
24 to COUNTY, and shall serve as the basis for final settlement to CONTRACTOR. CONTRACTOR  
25 shall document that costs are reasonable and allowable and directly or indirectly related to the services  
26 to be provided hereunder. The Cost Report shall be the final financial record for subsequent audits, if  
27 any.

28 C. Final settlement shall be based upon the actual and reimbursable costs for services hereunder,  
29 less applicable revenues and any late penalty, not to exceed COUNTY's Maximum Obligation as set  
30 forth in the Referenced Contract Provisions of this Agreement. CONTRACTOR shall not claim  
31 expenditures to COUNTY which are not reimbursable pursuant to applicable federal, state and  
32 COUNTY laws, regulations and requirements. Any payment made by COUNTY to CONTRACTOR,  
33 which is subsequently determined to have been for an unreimbursable expenditure or service, shall be  
34 repaid by CONTRACTOR to COUNTY in cash, or other authorized form of payment, within thirty  
35 (30) calendar days of submission of the Cost Report or COUNTY may elect to reduce any amount  
36 owed CONTRACTOR by an amount not to exceed the reimbursement due COUNTY.

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D. If the Cost Report indicates the actual and reimbursable costs of services provided pursuant to this Agreement, less applicable revenues and late penalty, are lower than the aggregate of interim monthly payments to CONTRACTOR, CONTRACTOR shall remit the difference to COUNTY. Such reimbursement shall be made, in cash, or other authorized form of payment, with the submission of the Cost Report. If such reimbursement is not made by CONTRACTOR within thirty (30) calendar days after submission of the Cost Report, COUNTY may, in addition to any other remedies, reduce any amount owed CONTRACTOR by an amount not to exceed the reimbursement due COUNTY.

E. If the Cost Report indicates the actual and reimbursable costs of services provided pursuant to this Agreement, less applicable revenues and late penalty, are higher than the aggregate of interim monthly payments to CONTRACTOR, COUNTY shall pay CONTRACTOR the difference, provided such payment does not exceed the Maximum Obligation of COUNTY.

F. All Cost Reports shall contain the following attestation, which may be typed directly on or attached to the Cost Report:

"I HEREBY CERTIFY that I have executed the accompanying Cost Report and supporting documentation prepared by \_\_\_\_\_ for the cost report period beginning \_\_\_\_\_ and ending \_\_\_\_\_ and that, to the best of my knowledge and belief, costs reimbursed through this Agreement are reasonable and allowable and directly or indirectly related to the services provided and that this Cost Report is a true, correct, and complete statement from the books and records of (provider name) in accordance with applicable instructions, except as noted. I also hereby certify that I have the authority to execute the accompanying Cost Report.

Signed \_\_\_\_\_  
 Name \_\_\_\_\_  
 Title \_\_\_\_\_  
 Date \_\_\_\_\_"

## **VII. DELEGATION, ASSIGNMENT AND SUBCONTRACTS**

A. CONTRACTOR may not delegate the obligations hereunder, either in whole or in part, without prior written consent of COUNTY. CONTRACTOR shall provide written notification of CONTRACTOR's intent to delegate the obligations hereunder, either in whole or part, to ADMINISTRATOR not less than sixty (60) calendar days prior to the effective date of the delegation. Any attempted assignment or delegation in derogation of this paragraph shall be void.

B. CONTRACTOR may not assign the rights hereunder, either in whole or in part, without the prior written consent of COUNTY.

1. If CONTRACTOR is a nonprofit organization, any change from a nonprofit corporation to any other corporate structure of CONTRACTOR, including a change in more than fifty percent (50%)

1 of the composition of the Board of Directors within a two (2) month period of time, shall be deemed an  
2 assignment for purposes of this paragraph, unless CONTRACTOR is transitioning from a community  
3 clinic/health center to a Federally Qualified Health Center and has been so designated by the Federal  
4 Government. Any attempted assignment or delegation in derogation of this subparagraph shall be void.

5 2. If CONTRACTOR is a for-profit organization, any change in the business structure,  
6 including but not limited to, the sale or transfer of more than ten percent (10%) of the assets or stocks  
7 of CONTRACTOR, change to another corporate structure, including a change to a sole proprietorship,  
8 or a change in fifty percent (50%) or more of Board of Directors or any governing body of  
9 CONTRACTOR at one time shall be deemed an assignment pursuant to this paragraph. Any attempted  
10 assignment or delegation in derogation of this subparagraph shall be void.

11 3. If CONTRACTOR is a governmental organization, any change to another structure,  
12 including a change in more than fifty percent (50%) of the composition of its governing body (i.e.  
13 Board of Supervisors, City Council, School Board) within a two (2) month period of time, shall be  
14 deemed an assignment for purposes of this paragraph. Any attempted assignment or delegation in  
15 derogation of this subparagraph shall be void.

16 4. Whether CONTRACTOR is a nonprofit, for-profit, or a governmental organization,  
17 CONTRACTOR shall provide written notification of CONTRACTOR's intent to assign the  
18 obligations hereunder, either in whole or part, to ADMINISTRATOR not less than sixty (60) calendar  
19 days prior to the effective date of the assignment.

20 5. Whether CONTRACTOR is a nonprofit, for-profit, or a governmental organization,  
21 CONTRACTOR shall provide written notification within thirty (30) calendar days to  
22 ADMINISTRATOR when there is change of less than fifty percent (50%) of Board of Directors or any  
23 governing body of CONTRACTOR at one time.

24 C. CONTRACTOR's obligations undertaken pursuant to this Agreement may be carried out by  
25 means of subcontracts, provided such subcontracts are approved in advance, in writing by  
26 ADMINISTRATOR, meet the requirements of this Agreement as they relate to the service or activity  
27 under subcontract, and include any provisions that ADMINISTRATOR may require.

28 1. After approval of a subcontract, ADMINISTRATOR may revoke the approval of a  
29 subcontract upon five (5) calendar days' written notice to CONTRACTOR if the subcontract  
30 subsequently fails to meet the requirements of this Agreement or any provisions that  
31 ADMINISTRATOR has required.

32 2. No subcontract shall terminate or alter the responsibilities of CONTRACTOR to  
33 COUNTY pursuant to this Agreement.

34 3. ADMINISTRATOR may disallow, from payments otherwise due CONTRACTOR  
35 amounts claimed for subcontracts not approved in accordance with this paragraph.

36 //

37 //



1           4. This provision shall not be applicable to service agreements usually and customarily  
2 entered into by CONTRACTOR to obtain or arrange for supplies, technical support, and professional  
3 services provided by consultants.

#### 4 5                           **VIII. EMPLOYEE ELIGIBILITY VERIFICATION**

6           CONTRACTOR warrants that it shall fully comply with all federal and state statutes and  
7 regulations regarding the employment of aliens and others and to ensure that employees,  
8 subcontractors, and consultants performing work under this Agreement meet the citizenship or alien  
9 status requirements set forth in federal statutes and regulations. CONTRACTOR shall obtain, from all  
10 employees, subcontractors, and consultants performing work hereunder, all verification and other  
11 documentation of employment eligibility status required by federal or state statutes and regulations  
12 including, but not limited to, the Immigration Reform and Control Act of 1986, 8 USC §1324 et seq.,  
13 as they currently exist and as they may be hereafter amended. CONTRACTOR shall retain all such  
14 documentation for all covered employees, subcontractors, and consultants for the period prescribed by  
15 the law.

#### 16 17                           **IX. EQUIPMENT**

18           A. Unless otherwise specified in writing by ADMINISTRATOR, Equipment is defined as all  
19 property of a Relatively Permanent nature with significant value, purchased in whole or in part by  
20 ADMINISTRATOR to assist in performing the services described in this Agreement. "Relatively  
21 Permanent" is defined as having a useful life of one year or longer. Equipment which costs \$5,000 or  
22 over, including freight charges, sales taxes, and other taxes, and installation costs are defined as Capital  
23 Assets. Equipment which costs between \$600 and \$5,000, including freight charges, sales taxes and  
24 other taxes, and installation costs, or electronic equipment that costs less than \$600 but may contained  
25 PHI or PII, are defined as Controlled Equipment. Controlled Equipment includes, but is not limited to  
26 phones, tablets, audio/visual equipment, computer equipment, and lab equipment. The cost of  
27 Equipment purchased, in whole or in part, with funds paid pursuant to this Agreement shall be  
28 depreciated according to GAAP.

29           B. CONTRACTOR shall obtain ADMINISTRATOR's prior written approval to purchase any  
30 Equipment with funds paid pursuant to this Agreement. Upon delivery of Equipment, CONTRACTOR  
31 shall forward to ADMINISTRATOR, copies of the purchase order, receipt, and other supporting  
32 documentation, which includes delivery date, unit price, tax, shipping and serial numbers.  
33 CONTRACTOR shall request an applicable asset tag for said Equipment and shall include each  
34 purchased asset in an Equipment inventory.

35           C. Upon ADMINISTRATOR's prior written approval, CONTRACTOR may expense to  
36 COUNTY the cost of the approved Equipment purchased by CONTRACTOR. To "expense," in  
37 //

1 relation to Equipment, means to charge the proportionate cost of Equipment in the fiscal year in which  
2 it is purchased. Title of expensed Equipment shall be vested with COUNTY.

3 D. CONTRACTOR shall maintain an inventory of all Equipment purchased in whole or in part  
4 with funds paid through this Agreement, including date of purchase, purchase price, serial number,  
5 model and type of Equipment. Such inventory shall be available for review by ADMINISTRATOR,  
6 and shall include the original purchase date and price, useful life, and balance of depreciated  
7 Equipment cost, if any.

8 E. CONTRACTOR shall cooperate with ADMINISTRATOR in conducting periodic physical  
9 inventories of all Equipment. Upon demand by ADMINISTRATOR, CONTRACTOR shall return any  
10 or all Equipment to COUNTY.

11 F. CONTRACTOR must report any loss or theft of Equipment in accordance with the procedure  
12 approved by ADMINISTRATOR and the Notices Paragraph of this Agreement. In addition,  
13 CONTRACTOR must complete and submit to ADMINISTRATOR a notification form when items of  
14 Equipment are moved from one location to another or returned to COUNTY as surplus.

15 G. Unless this Agreement is followed without interruption by another agreement between the  
16 parties for substantially the same type and scope of services, at the termination of this Agreement for  
17 any cause, CONTRACTOR shall return to COUNTY all Equipment purchased with funds paid through  
18 this Agreement.

## 19 20 **X. FACILITIES, PAYMENTS AND SERVICES**

21 A. CONTRACTOR agrees to provide the services, staffing, facilities, and supplies in accordance  
22 with this Agreement. COUNTY shall compensate, and authorize, when applicable, said services.  
23 CONTRACTOR shall operate continuously throughout the term of this Agreement with at least the  
24 minimum number and type of staff which meet applicable federal and state requirements, and which  
25 are necessary for the provision of the services hereunder

26 B. In the event that CONTRACTOR is unable to provide the services, staffing, facilities, or  
27 supplies as required, ADMINISTRATOR may, at its sole discretion, reduce the Maximum Obligation.  
28 The reduction to the Maximum Obligation shall be in an amount proportionate to the number of days in  
29 which CONTRACTOR was determined to be unable to provide services, staffing, facilities or supplies.

## 30 31 **XI. INDEMNIFICATION AND INSURANCE**

32 A. CONTRACTOR agrees to indemnify, defend with counsel approved in writing by COUNTY,  
33 and hold COUNTY, its elected and appointed officials, officers, employees, agents and those special  
34 districts and agencies for which COUNTY's Board of Supervisors acts as the governing Board  
35 ("COUNTY INDEMNITEES") harmless from any claims, demands or liability of any kind or nature,  
36 including but not limited to personal injury or property damage, arising from or related to the services,  
37 products or other performance provided by CONTRACTOR pursuant to this Agreement. If judgment

1 is entered against CONTRACTOR and COUNTY by a court of competent jurisdiction because of the  
 2 concurrent active negligence of COUNTY or COUNTY INDEMNITEES, CONTRACTOR and  
 3 COUNTY agree that liability will be apportioned as determined by the court. Neither Party shall  
 4 request a jury apportionment.

5 B. Prior to the provision of services under this Agreement, CONTRACTOR agrees to purchase  
 6 all required insurance at CONTRACTOR's expense, including all endorsements required herein,  
 7 necessary to satisfy COUNTY that the insurance provisions of this Agreement have been complied  
 8 with. CONTRACTOR agrees to keep such insurance coverage, Certificates of Insurance, and  
 9 endorsements on deposit with COUNTY during the entire term of this Agreement. In addition, all  
 10 subcontractors performing work on behalf of CONTRACTOR pursuant to this Agreement shall obtain  
 11 insurance subject to the same terms and conditions as set forth herein for CONTRACTOR.

12 C. CONTRACTOR shall ensure that all subcontractors performing work on behalf of  
 13 CONTRACTOR pursuant to this Agreement shall be covered under CONTRACTOR's insurance as an  
 14 Additional Insured or maintain insurance subject to the same terms and conditions as set forth herein  
 15 for CONTRACTOR. CONTRACTOR shall not allow subcontractors to work if subcontractors have  
 16 less than the level of coverage required by COUNTY from CONTRACTOR under this Agreement. It  
 17 is the obligation of CONTRACTOR to provide notice of the insurance requirements to every  
 18 subcontractor and to receive proof of insurance prior to allowing any subcontractor to begin work.  
 19 Such proof of insurance must be maintained by CONTRACTOR through the entirety of this  
 20 Agreement for inspection by COUNTY representative(s) at any reasonable time.

21 D. All SIRs and deductibles shall be clearly stated on the COI. If no SIRs or deductibles apply,  
 22 indicate this on the COI with a zero (0) by the appropriate line of coverage. Any SIR or deductible in  
 23 an amount in excess of \$50,000 (\$5,000 for automobile liability) shall specifically be approved by the  
 24 CEO/Office of Risk Management upon review of CONTRACTOR's current audited financial report. If  
 25 CONTRACTOR's SIR is approved, CONTRACTOR, in addition to, and without limitation of, any  
 26 other indemnity provision(s) in this Agreement, agrees to all of the following:

27 1. In addition to the duty to indemnify and hold the COUNTY harmless against any and all  
 28 liability, claim, demand or suit resulting from CONTRACTOR's, its agents, employee's or  
 29 subcontractor's performance of this Agreement, CONTRACTOR shall defend the COUNTY at its sole  
 30 cost and expense with counsel approved by Board of Supervisors against same; and

31 2. CONTRACTOR's duty to defend, as stated above, shall be absolute and irrespective of  
 32 any duty to indemnify or hold harmless; and

33 3. The provisions of California Civil Code Section 2860 shall apply to any and all actions to  
 34 which the duty to defend stated above applies, and the CONTRACTOR's SIR provision shall be  
 35 interpreted as though the CONTRACTOR was an insurer and the COUNTY was the insured.

36 E. If CONTRACTOR fails to maintain insurance as required in this Paragraph XI  
 37 (INDEMNIFICATION AND INSURANCE) for the full term of this Agreement, such failure shall

1 constitute a breach of CONTRACTOR's obligation hereunder and ground for COUNTY to terminate  
2 this Agreement.

### 3 F. QUALIFIED INSURER

4 1. The policy or policies of insurance must be issued by an insurer with a minimum rating of  
5 A- (Secure A.M. Best's Rating) and VIII (Financial Size Category as determined by the most current  
6 edition of the Best's Key Rating Guide/Property-Casualty/United States or ambest.com). It is  
7 preferred, but not mandatory, that the insurer be licensed to do business in the state of California  
8 (California Admitted Carrier).

9 2. If the insurance carrier does not have an A.M. Best Rating of A-/VIII, the CEO/Office of  
10 Risk Management retains the right to approve or reject a carrier after a review of the company's  
11 performance and financial ratings.

12 G. The policy or policies of insurance maintained by CONTRACTOR shall provide the minimum  
13 limits and coverage as set forth below:

14 <u>Coverage</u>	15 <u>Minimum Limits</u>
16 Commercial General Liability	17 \$1,000,000 per occurrence 18 \$2,000,000 aggregate
19 Automobile Liability including coverage 20 for owned, non-owned and hired vehicles	21 \$1,000,000 per occurrence
22 Workers' Compensation	23 Statutory
24 Employers' Liability Insurance	25 \$1,000,000 per occurrence
26 Network Security & Privacy Liability	27 \$1,000,000 per claims made
28 Professional Liability Insurance	29 \$1,000,000 per claims made 30 \$1,000,000 aggregate
31 Sexual Misconduct Liability	32 \$1,000,000 per occurrence
33 Employee Dishonesty	34 \$1,000,000 per occurrence

### 35 H. REQUIRED COVERAGE FORMS

36 1. The Commercial General Liability coverage shall be written on ISO form CG 00 01, or a  
37 substitute form providing liability coverage at least as broad.

2. The Business Automobile Liability coverage shall be written on ISO form CA 00 01, CA 00 05, CA 00 12, CA 00 20, or a substitute form providing coverage at least as broad.

#### I. REQUIRED ENDORSEMENTS

1. The Commercial General Liability policy shall contain the following endorsements, which shall accompany the COI:

a. An Additional Insured endorsement using ISO form CG 20 26 04 13 or a form at least as broad naming the County of Orange, its elected and appointed officials, officers, employees, and agents as Additional Insureds, or provide blanket coverage, which will state ***AS REQUIRED BY WRITTEN AGREEMENT.***

b. A primary non-contributing endorsement using ISO form CG 20 01 04 13, or a form at least as broad evidencing that the CONTRACTOR's insurance is primary and any insurance or self-insurance maintained by the County of Orange shall be excess and non-contributing.

2. The Network Security and Privacy Liability policy shall contain the following endorsements which shall accompany the Certificate of Insurance:

a. An Additional Insured endorsement naming the County of Orange, its elected and appointed officials, officers, agents and employees as Additional Insureds for its vicarious liability.

b. A primary and non-contributing endorsement evidencing that the Contractor's insurance is primary and any insurance or self-insurance maintained by the County of Orange shall be excess and non-contributing.

J. All insurance policies required by this Agreement shall waive all rights of subrogation against the County of Orange, its elected and appointed officials, officers, agents and employees when acting within the scope of their appointment or employment.

K. The Workers' Compensation policy shall contain a waiver of subrogation endorsement waiving all rights of subrogation against the County of Orange, its elected and appointed officials, officers, agents and employees, or provide blanket coverage, which will state ***AS REQUIRED BY WRITTEN AGREEMENT.***

L. CONTRACTOR shall notify COUNTY in writing within thirty (30) days of any policy cancellation and within ten (10) days for non-payment of premium and provide a copy of the cancellation notice to COUNTY. Failure to provide written notice of cancellation shall constitute a breach of CONTRACTOR's obligation hereunder and ground for COUNTY to terminate this Agreement.

M. If CONTRACTOR's Professional Liability, or Network Security & Privacy Liability are "Claims Made" policy(ies), CONTRACTOR shall agree to maintain coverage for two (2) years following the completion of the Agreement.

N. The Commercial General Liability policy shall contain a "severability of interests" clause also known as a "separation of insureds" clause (standard in the ISO CG 0001 policy).

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O. COUNTY expressly retains the right to require CONTRACTOR to increase or decrease insurance of any of the above insurance types throughout the term of this Agreement. Any increase or decrease in insurance will be as deemed by County of Orange Risk Manager as appropriate to adequately protect COUNTY.

P. COUNTY shall notify CONTRACTOR in writing of changes in the insurance requirements. If CONTRACTOR does not deposit copies of acceptable COIs and endorsements with COUNTY incorporating such changes within thirty (30) calendar days of receipt of such notice, such failure shall constitute a breach of CONTRACTOR's obligation hereunder and ground for termination of this Agreement by COUNTY.

Q. The procuring of such required policy or policies of insurance shall not be construed to limit CONTRACTOR's liability hereunder nor to fulfill the indemnification provisions and requirements of this Agreement, nor act in any way to reduce the policy coverage and limits available from the insurer.

#### R. SUBMISSION OF INSURANCE DOCUMENTS

1. The COI and endorsements shall be provided to COUNTY as follows:

- a. Prior to the start date of this Agreement.
- b. No later than the expiration date for each policy.
- c. Within thirty (30) calendar days upon receipt of written notice by COUNTY regarding changes to any of the insurance types as set forth in Subparagraph G, above.

2. The COI and endorsements shall be provided to the COUNTY at the address as specified in the Referenced Contract Provisions of this Agreement.

3. If CONTRACTOR fails to submit the COI and endorsements that meet the insurance provisions stipulated in this Agreement by the above specified due dates, ADMINISTRATOR shall have sole discretion to impose one or both of the following:

a. ADMINISTRATOR may withhold or delay any or all payments due CONTRACTOR pursuant to any and all Agreements between COUNTY and CONTRACTOR until such time that the required COI and endorsements that meet the insurance provisions stipulated in this Agreement are submitted to ADMINISTRATOR.

b. CONTRACTOR may be assessed a penalty of one hundred dollars (\$100) for each late COI or endorsement for each business day, pursuant to any and all Agreements between COUNTY and CONTRACTOR, until such time that the required COI and endorsements that meet the insurance provisions stipulated in this Agreement are submitted to ADMINISTRATOR.

c. If CONTRACTOR is assessed a late penalty, the amount shall be deducted from CONTRACTOR's monthly invoice.

4. In no cases shall assurances by CONTRACTOR, its employees, agents, including any insurance agent, be construed as adequate evidence of insurance. COUNTY will only accept valid COIs and endorsements, or in the interim, an insurance binder as adequate evidence of insurance coverage.

## **XII. INSPECTIONS AND AUDITS**

A. ADMINISTRATOR, any authorized representative of COUNTY, any authorized representative of the State of California, the Secretary of the United States Department of Health and Human Services, the Comptroller General of the United States, or any other of their authorized representatives, shall have access to any books, documents, and records, including but not limited to, financial statements, general ledgers, relevant accounting systems, medical and client records, of CONTRACTOR that are directly pertinent to this Agreement, for the purpose of responding to a beneficiary complaint or conducting an audit, review, evaluation, or examination, or making transcripts during the periods of retention set forth in the Records Management and Maintenance Paragraph of this Agreement. Such persons may at all reasonable times inspect or otherwise evaluate the services provided pursuant to this Agreement, and the premises in which they are provided.

B. CONTRACTOR shall actively participate and cooperate with any person specified in Subparagraph A. above in any evaluation or monitoring of the services provided pursuant to this Agreement, and shall provide the above-mentioned persons adequate office space to conduct such evaluation or monitoring.

### **C. AUDIT RESPONSE**

1. Following an audit report, in the event of non-compliance with applicable laws and regulations governing funds provided through this Agreement, COUNTY may terminate this Agreement as provided for in the Termination Paragraph or direct CONTRACTOR to immediately implement appropriate corrective action. A plan of corrective action shall be submitted to ADMINISTRATOR in writing within thirty (30) calendar days after receiving notice from ADMINISTRATOR.

2. If the audit reveals that money is payable from one party to the other, that is, reimbursement by CONTRACTOR to COUNTY, or payment of sums due from COUNTY to CONTRACTOR, said funds shall be due and payable from one party to the other within sixty (60) calendar days of receipt of the audit results. If reimbursement is due from CONTRACTOR to COUNTY, and such reimbursement is not received within said sixty (60) calendar days, COUNTY may, in addition to any other remedies provided by law, reduce any amount owed CONTRACTOR by an amount not to exceed the reimbursement due COUNTY.

D. CONTRACTOR shall retain a licensed certified public accountant, who will prepare and file with ADMINISTRATOR, an annual, independent, organization-wide audit of related expenditures as may be required during the term of this Agreement.

E. CONTRACTOR shall forward to ADMINISTRATOR a copy of any audit report within fourteen (14) calendar days of receipt. Such audit shall include, but not be limited to, management, financial, programmatic or any other type of audit of CONTRACTOR's operations, whether or not the cost of such operation or audit is reimbursed in whole or in part through this Agreement.

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### **XIII. LICENSES AND LAWS**

A. CONTRACTOR, its officers, agents, employees, affiliates, and subcontractors shall, throughout the term of this Agreement, maintain all necessary licenses, permits, approvals, certificates, accreditations, waivers, and exemptions necessary for the provision of the services hereunder and required by the laws, regulations and requirements of the United States, the State of California, COUNTY, and all other applicable governmental agencies. CONTRACTOR shall notify ADMINISTRATOR immediately and in writing of its inability to obtain or maintain, irrespective of the pendency of any hearings or appeals, permits, licenses, approvals, certificates, accreditations, waivers and exemptions. Said inability shall be cause for termination of this Agreement.

#### **B. ENFORCEMENT OF CHILD SUPPORT OBLIGATIONS**

1. CONTRACTOR certifies it is in full compliance with all applicable federal and State reporting requirements regarding its employees and with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignments and will continue to be in compliance throughout the term of the Agreement with the County of Orange. Failure to comply shall constitute a material breach of the Agreement and failure to cure such breach within sixty (60) calendar days of notice from the COUNTY shall constitute grounds for termination of the Agreement.

2. CONTRACTOR agrees to furnish to ADMINISTRATOR within thirty (30) calendar days of the award of this Agreement:

a. In the case of an individual CONTRACTOR, his/her name, date of birth, social security number, and residence address;

b. In the case of a CONTRACTOR doing business in a form other than as an individual, the name, date of birth, social security number, and residence address of each individual who owns an interest of ten percent (10%) or more in the contracting entity;

3. It is expressly understood that this data will be transmitted to governmental agencies charged with the establishment and enforcement of child support orders, or as permitted by federal and/or state statute

C. CONTRACTOR shall comply with all applicable governmental laws, regulations, and requirements as they exist now or may be hereafter amended or changed. These laws, regulations, and requirements shall include, but not be limited to, the following:

1. ARRA of 2009.
2. WIC, Division 5, Community Mental Health Services.
3. WIC, Division 6, Admissions and Judicial Commitments.
4. WIC, Division 7, Mental Institutions.
5. HSC, §§1250 et seq., Health Facilities.
6. PC, §§11164-11174.3, Child Abuse and Neglect Reporting Act.
7. CCR, Title 9, Rehabilitative and Developmental Services.
8. CCR, Title 17, Public Health.



9. CCR, Title 22, Social Security.
10. CFR, Title 42, Public Health.
11. CFR, Title 45, Public Welfare.
12. USC Title 42. Public Health and Welfare.
13. Federal Social Security Act, Title XVIII and Title XIX Medicare and Medicaid.
14. 42 USC §12101 et seq., Americans with Disabilities Act of 1990.
15. 42 USC §1857, et seq., Clean Air Act.
16. 33 USC 84, §308 and §§1251 et seq., the Federal Water Pollution Control Act.
17. 31 USC 7501.70, Federal Single Audit Act of 1984.
18. Policies and procedures set forth in Mental Health Services Act.
19. Policies and procedures set forth in DHCS Letters.
20. HIPAA privacy rule, as it may exist now, or be hereafter amended, and if applicable.
21. 31 USC 7501 – 7507, as well as its implementing regulations under 2 CFR Part 200, Uniform.
22. Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

#### **XIV. LITERATURE, ADVERTISEMENTS, AND SOCIAL MEDIA**

A. Any written information or literature, including educational or promotional materials, distributed by CONTRACTOR to any person or organization for purposes directly or indirectly related to this Agreement must be approved at least thirty (30) days in advance and in writing by ADMINISTRATOR before distribution. For the purposes of this Agreement, distribution of written materials shall include, but not be limited to, pamphlets, brochures, flyers, newspaper or magazine ads, and electronic media such as the Internet.

B. Any advertisement through radio, television broadcast, or the Internet, for educational or promotional purposes, made by CONTRACTOR for purposes directly or indirectly related to this Agreement must be approved in advance at least thirty (30) days and in writing by ADMINISTRATOR.

C. If CONTRACTOR uses social media (such as Facebook, Twitter, YouTube or other publicly available social media sites) in support of the services described within this Agreement, CONTRACTOR shall develop social media policies and procedures and have them available to ADMINISTRATOR upon reasonable notice. CONTRACTOR shall inform ADMINISTRATOR of all forms of social media used to either directly or indirectly support the services described within this Agreement. CONTRACTOR shall comply with COUNTY Social Media Use Policy and Procedures as they pertain to any social media developed in support of the services described within this Agreement. CONTRACTOR shall also include any required funding statement information on social media when required by ADMINISTRATOR.

D. Any information as described in Subparagraphs A. and B. above shall not imply endorsement by COUNTY, unless ADMINISTRATOR consents thereto in writing.

**XV. MAXIMUM OBLIGATION**

A. The Total Maximum Obligation of COUNTY for services provided in accordance with this Agreement, and the separate Maximum Obligations for each period under this Agreement, are as specified in the Referenced Contract Provisions of this Agreement, except as allowed for in Subparagraph B. below.

B. ADMINISTRATOR may amend the Maximum Obligation by an amount not to exceed ten percent (10%) of Period One funding for this Agreement.

**XVI. MINIMUM WAGE LAWS**

A. Pursuant to the United States of America Fair Labor Standards Act of 1938, as amended, and State of California Labor Code, §1178.5, CONTRACTOR shall pay no less than the greater of the federal or California Minimum Wage to all its employees that directly or indirectly provide services pursuant to this Agreement, in any manner whatsoever. CONTRACTOR shall require and verify that all its contractors or other persons providing services pursuant to this Agreement on behalf of CONTRACTOR also pay their employees no less than the greater of the federal or California Minimum Wage.

B. CONTRACTOR shall comply and verify that its contractors comply with all other federal and State of California laws for minimum wage, overtime pay, record keeping, and child labor standards pursuant to providing services pursuant to this Agreement.

C. Notwithstanding the minimum wage requirements provided for in this clause, CONTRACTOR, where applicable, shall comply with the prevailing wage and related requirements, as provided for in accordance with the provisions of Article 2 of Chapter 1, Part 7, Division 2 of the Labor Code of the State of California (§§1770, et seq.), as it now exists or may hereafter be amended.

**XVII. NONDISCRIMINATION****A. EMPLOYMENT**

1. During the term of this Agreement, CONTRACTOR and its Covered Individuals shall not unlawfully discriminate against any employee or applicant for employment because of his/her 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. Additionally, during the term of this Agreement, CONTRACTOR and its Covered Individuals shall require in its subcontracts that subcontractors shall not unlawfully discriminate against any employee or applicant for employment because of his/her 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.

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2. CONTRACTOR and its Covered Individuals shall not discriminate against employees or applicants for employment in the areas of employment, promotion, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rate of pay or other forms of compensation; and selection for training, including apprenticeship.

3. CONTRACTOR shall not discriminate between employees with spouses and employees with domestic partners, or discriminate between domestic partners and spouses of those employees, in the provision of benefits.

4. CONTRACTOR shall post in conspicuous places, available to employees and applicants for employment, notices from ADMINISTRATOR and/or the United States Equal Employment Opportunity Commission setting forth the provisions of the Equal Opportunity clause.

5. All solicitations or advertisements for employees placed by or on behalf of CONTRACTOR and/or subcontractor shall state that all qualified applicants will receive consideration for employment without regard to 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. Such requirements shall be deemed fulfilled by use of the term EOE.

6. Each labor union or representative of workers with which CONTRACTOR and/or subcontractor has a collective bargaining agreement or other contract or understanding must post a notice advising the labor union or workers' representative of the commitments under this Nondiscrimination Paragraph and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

**B. SERVICES, BENEFITS AND FACILITIES** – CONTRACTOR and/or subcontractor shall not discriminate in the provision of services, the allocation of benefits, or in the accommodation in facilities 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 in accordance with Title IX of the Education Amendments of 1972 as they relate to 20 USC §1681 - §1688; Title VI of the Civil Rights Act of 1964 (42 USC §2000d); the Age Discrimination Act of 1975 (42 USC §6101); Title 9, Division 4, Chapter 6, Article 1 (§10800, et seq.) of the California Code of Regulations; and Title II of the Genetic Information Nondiscrimination Act of 2008, 42 USC 2000ff, et seq., as applicable, and all other pertinent rules and regulations promulgated pursuant thereto, and as otherwise provided by state law and regulations, as all may now exist or be hereafter amended or changed. For the purpose of this Nondiscrimination paragraph, Discrimination includes, but is not limited to the following based on one or more of the factors identified above:

1. Denying a client or potential client any service, benefit, or accommodation.
2. Providing any service or benefit to a client which is different or is provided in a different manner or at a different time from that provided to other clients.

3. Restricting a client in any way in the enjoyment of any advantage or privilege enjoyed by others receiving any service or benefit.

4. Treating a client differently from others in satisfying any admission requirement or condition, or eligibility requirement or condition, which individuals must meet in order to be provided any service or benefit.

5. Assignment of times or places for the provision of services.

C. COMPLAINT PROCESS – CONTRACTOR shall establish procedures for advising all clients through a written statement that CONTRACTOR's and/or subcontractor's clients may file all complaints alleging discrimination in the delivery of services with CONTRACTOR, subcontractor, and ADMINISTRATOR or COUNTY's Patient Rights Office.

1. Whenever possible, problems shall be resolved informally and at the point of service. CONTRACTOR shall establish an internal informal problem resolution process for clients not able to resolve such problems at the point of service. Clients may initiate a grievance or complaint directly with CONTRACTOR either orally or in writing.

a. COUNTY shall establish a formal resolution and grievance process in the event informal processes do not yield a resolution.

b. Throughout the problem resolution and grievance process, client rights shall be maintained, including access to the Patients' Rights Office at any point in the process. Clients shall be informed of their right to access the Patients' Rights Office at any time.

2. Within the time limits procedurally imposed, the complainant shall be notified in writing as to the findings regarding the alleged complaint and, if not satisfied with the decision, may file an appeal.

D. PERSONS WITH DISABILITIES – CONTRACTOR and/or subcontractor agree to comply with the provisions of §504 of the Rehabilitation Act of 1973, as amended, (29 USC 794 et seq., as implemented in 45 CFR 84.1 et seq.), and the Americans with Disabilities Act of 1990 as amended (42 USC 12101 et seq.; as implemented in 29 CFR 1630), as applicable, pertaining to the prohibition of discrimination against qualified persons with disabilities in all programs or activities; and if applicable, as implemented in Title 45, CFR, §84.1 et seq., as they exist now or may be hereafter amended together with succeeding legislation.

E. RETALIATION – Neither CONTRACTOR nor subcontractor, nor its employees or agents shall intimidate, coerce or take adverse action against any person for the purpose of interfering with rights secured by federal or state laws, or because such person has filed a complaint, certified, assisted or otherwise participated in an investigation, proceeding, hearing or any other activity undertaken to enforce rights secured by federal or state law.

F. In the event of non-compliance with this paragraph or as otherwise provided by federal and state law, this Agreement may be canceled, terminated or suspended in whole or in part and

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1 CONTRACTOR or subcontractor may be declared ineligible for further contracts involving federal,  
2 state or county funds.

### 3 4 **XVIII. NOTICES**

5 A. Unless otherwise specified, all notices, claims, correspondence, reports and/or statements  
6 authorized or required by this Agreement shall be effective:

7 1. When written and deposited in the United States mail, first class postage prepaid and  
8 addressed as specified in the Referenced Contract Provisions of this Agreement or as otherwise  
9 directed by ADMINISTRATOR;

10 2. When faxed, transmission confirmed;

11 3. When sent by Email; or

12 4. When accepted by U.S. Postal Service Express Mail, Federal Express, United Parcel  
13 Service, or any other expedited delivery service.

14 B. Termination Notices shall be addressed as specified in the Referenced Contract Provisions of  
15 this Agreement or as otherwise directed by ADMINISTRATOR and shall be effective when faxed,  
16 transmission confirmed, or when accepted by U.S. Postal Service Express Mail, Federal Express,  
17 United Parcel Service, or any other expedited delivery service.

18 C. CONTRACTOR shall notify ADMINISTRATOR, in writing, within twenty-four (24) hours of  
19 becoming aware of any occurrence of a serious nature, which may expose COUNTY to liability. Such  
20 occurrences shall include, but not be limited to, accidents, injuries, or acts of negligence, or loss or  
21 damage to any COUNTY property in possession of CONTRACTOR.

22 D. For purposes of this Agreement, any notice to be provided by COUNTY may be given by  
23 ADMINISTRATOR.

### 24 25 **XIX. NOTIFICATION OF DEATH**

26 A. Upon becoming aware of the death of any person served pursuant to this Agreement,  
27 CONTRACTOR shall immediately notify ADMINISTRATOR.

28 B. All Notifications of Death provided to ADMINISTRATOR by CONTRACTOR shall contain  
29 the name of the deceased, the date and time of death, the nature and circumstances of the death, and the  
30 name(s) of CONTRACTOR's officers or employees with knowledge of the incident.

31 1. TELEPHONE NOTIFICATION – CONTRACTOR shall notify ADMINISTRATOR by  
32 telephone immediately upon becoming aware of the death due to non-terminal illness of any person  
33 served pursuant to this Agreement; provided, however, weekends and holidays shall not be included for  
34 purposes of computing the time within which to give telephone notice and, notwithstanding the time  
35 limit herein specified, notice need only be given during normal business hours.

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## 2. WRITTEN NOTIFICATION

a. NON-TERMINAL ILLNESS – CONTRACTOR shall hand deliver, fax, and/or send via encrypted email to ADMINISTRATOR a written report within sixteen (16) hours after becoming aware of the death due to non-terminal illness of any person served pursuant to this Agreement.

b. TERMINAL ILLNESS – CONTRACTOR shall notify ADMINISTRATOR by written report hand delivered, faxed, sent via encrypted email, and/or postmarked and sent via U.S. Mail within forty-eight (48) hours of becoming aware of the death due to terminal illness of any person served pursuant to this Agreement.

C. If there are any questions regarding the cause of death of any person served pursuant to this Agreement who was diagnosed with a terminal illness, or if there are any unusual circumstances related to the death, CONTRACTOR shall immediately notify ADMINISTRATOR in accordance with this Notification of Death Paragraph.

## **XX. NOTIFICATION OF PUBLIC EVENTS AND MEETINGS**

A. CONTRACTOR shall notify ADMINISTRATOR of any public event or meeting funded in whole or in part by the COUNTY, except for those events or meetings that are intended solely to serve clients or occur in the normal course of business.

B. CONTRACTOR shall notify ADMINISTRATOR at least thirty (30) business days in advance of any applicable public event or meeting. The notification must include the date, time, duration, location and purpose of the public event or meeting. Any promotional materials or event related flyers must be approved by ADMINISTRATOR prior to distribution.

## **XXI. RECORDS MANAGEMENT AND MAINTENANCE**

A. CONTRACTOR its officers, agents, employees and subcontractors shall, throughout the term of this Agreement, prepare, maintain and manage records appropriate to the services provided and in accordance with this Agreement and all applicable requirements.

B. CONTRACTOR shall implement and maintain administrative, technical and physical safeguards to ensure the privacy of PHI and prevent the intentional or unintentional use or disclosure of PHI in violation of the HIPAA, federal and state regulations and/or CHPP. CONTRACTOR shall mitigate to the extent practicable, the known harmful effect of any use or disclosure of PHI made in violation of federal or state regulations and/or COUNTY policies.

C. CONTRACTOR's participant, client, and/or patient records shall be maintained in a secure manner. CONTRACTOR shall maintain participant, client, and/or patient records and must establish and implement written record management procedures.

D. CONTRACTOR shall retain all financial records for a minimum of seven (7) years from the commencement of the contract, unless a longer period is required due to legal proceedings such as litigations and/or settlement of claims.

1 E. CONTRACTOR shall make records pertaining to the costs of services, participant fees,  
2 charges, billings, and revenues available at one (1) location within the limits of the County of Orange.

3 F. CONTRACTOR shall ensure all HIPAA (DRS) requirements are met. HIPAA requires that  
4 clients, participants and/or patients be provided the right to access or receive a copy of their DRS  
5 and/or request addendum to their records. Title 45 CFR §164.501, defines DRS as a group of records  
6 maintained by or for a covered entity that is:

7 1. The medical records and billing records about individuals maintained by or for a covered  
8 health care provider;

9 2. The enrollment, payment, claims adjudication, and case or medical management record  
10 systems maintained by or for a health plan; or

11 3. Used, in whole or in part, by or for the covered entity to make decisions about individuals.

12 G. CONTRACTOR may retain client, and/or patient documentation electronically in accordance  
13 with the terms of this Agreement and common business practices. If documentation is retained  
14 electronically, CONTRACTOR shall, in the event of an audit or site visit:

15 1. Have documents readily available within forty-eight (48) hour notice of a scheduled audit  
16 or site visit.

17 2. Provide auditor or other authorized individuals access to documents via a computer  
18 terminal.

19 3. Provide auditor or other authorized individuals a hardcopy printout of documents, if  
20 requested.

21 H. CONTRACTOR shall ensure compliance with requirements pertaining to the privacy and  
22 security of PII and/or PHI. CONTRACTOR shall notify COUNTY immediately by telephone call plus  
23 email or fax upon the discovery of a Breach of unsecured PHI and/or PII.

24 I. CONTRACTOR may be required to pay any costs associated with a Breach of privacy and/or  
25 security of PII and/or PHI, including but not limited to the costs of notification. CONTRACTOR shall  
26 pay any and all such costs arising out of a Breach of privacy and/or security of PII and/or PHI.

27 J. CONTRACTOR shall retain all client and/or patient medical records for seven (7) years  
28 following discharge of the client and/or patient, with the exception of non-emancipated minors for  
29 whom records must be kept for at least one (1) year after such minors have reached the age of eighteen  
30 (18) years, or for seven (7) years after the last date of service, whichever is longer.

## 31 **XXII. RESEARCH AND PUBLICATION**

32 CONTRACTOR shall not utilize information and/or data received from COUNTY, or arising out  
33 of, or developed, as a result of this Agreement for the purpose of personal or professional research, or  
34 for publication.  
35

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**XXIII. SEVERABILITY**

If a court of competent jurisdiction declares any provision of this Agreement or application thereof to any person or circumstances to be invalid or if any provision of this Agreement contravenes any federal, state or county statute, ordinance, or regulation, the remaining provisions of this Agreement or the application thereof shall remain valid, and the remaining provisions of this Agreement shall remain in full force and effect, and to that extent the provisions of this Agreement are severable.

**XXIV. SPECIAL PROVISIONS**

A. CONTRACTOR shall not use the funds provided by means of this Agreement for the following purposes:

1. Making cash payments to intended recipients of services through this Agreement.
2. Lobbying any governmental agency or official. CONTRACTOR shall file all certifications and reports in compliance with this requirement pursuant to Title 31, USC, §1352 (e.g., limitation on use of appropriated funds to influence certain federal contracting and financial transactions).
3. Fundraising.
4. Purchase of gifts, meals, entertainment, awards, or other personal expenses for CONTRACTOR's staff, volunteers, or members of the Board of Directors or governing body.
5. Reimbursement of CONTRACTOR's members of the Board of Directors or governing body for expenses or services.
6. Making personal loans to CONTRACTOR's staff, volunteers, interns, consultants, subcontractors, and members of the Board of Directors or governing body, or its designee or authorized agent, or making salary advances or giving bonuses to CONTRACTOR's staff.
7. Paying an individual salary or compensation for services at a rate in excess of the current Level I of the Executive Salary Schedule as published by the OPM. The OPM Executive Salary Schedule may be found at [www.opm.gov](http://www.opm.gov).
8. Severance pay for separating employees.
9. Paying rent and/or lease costs for a facility prior to the facility meeting all required building codes and obtaining all necessary building permits for any associated construction.
10. Supplanting current funding for existing services.

B. Unless otherwise specified in advance and in writing by ADMINISTRATOR, CONTRACTOR shall not use the funds provided by means of this Agreement for the following purposes:

1. Funding travel or training (excluding mileage or parking).
2. Making phone calls outside of the local area unless documented to be directly for the purpose of client care.

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3. Payment for grant writing, consultants, certified public accounting, or legal services.
4. Purchase of artwork or other items that are for decorative purposes and do not directly contribute to the quality of services to be provided pursuant to this Agreement.
5. Purchasing or improving land, including constructing or permanently improving any building or facility, except for tenant improvements.
6. Providing inpatient hospital services or purchasing major medical equipment.
7. Satisfying any expenditure of non-federal funds as a condition for the receipt of federal funds (matching).

## **XXV. STATUS OF CONTRACTOR**

CONTRACTOR is, and shall at all times be deemed to be, an independent contractor and shall be wholly responsible for the manner in which it performs the services required of it by the terms of this Agreement. CONTRACTOR is entirely responsible for compensating staff, subcontractors, and consultants employed by CONTRACTOR. This Agreement shall not be construed as creating the relationship of employer and employee, or principal and agent, between COUNTY and CONTRACTOR or any of CONTRACTOR's employees, agents, consultants, or subcontractors. CONTRACTOR assumes exclusively the responsibility for the acts of its employees, agents, consultants, or subcontractors as they relate to the services to be provided during the course and scope of their employment. CONTRACTOR, its agents, employees, consultants, or subcontractors, shall not be entitled to any rights or privileges of COUNTY's employees and shall not be considered in any manner to be COUNTY's employees.

## **XXVI. TERM**

A. The term of this Agreement shall commence as specified in the Referenced Contract Provisions of this Agreement or the execution date, whichever is later. This Agreement shall terminate as specified in the Referenced Contract Provisions of this Agreement unless otherwise sooner terminated as provided in this Agreement; provided, however, CONTRACTOR shall be obligated to perform such duties as would normally extend beyond this term, including but not limited to, obligations with respect to confidentiality, indemnification, audits, reporting and accounting.

B. Any administrative duty or obligation to be performed pursuant to this Agreement on a weekend or holiday may be performed on the next regular business day.

## **XXVII. TERMINATION**

A. Either party may terminate this Agreement, without cause, upon ninety (90) calendar days' written notice given the other party.

B. Unless otherwise specified in this Agreement, COUNTY may terminate this Agreement upon five (5) calendar days' written notice if CONTRACTOR fails to perform any of the terms of this

1 Agreement. At ADMINISTRATOR's sole discretion, CONTRACTOR may be allowed up to thirty  
2 (30) calendar days for corrective action.

3 C. COUNTY may terminate this Agreement immediately, upon written notice, on the occurrence  
4 of any of the following events:

- 5 1. The loss by CONTRACTOR of legal capacity.
- 6 2. Cessation of services.
- 7 3. The delegation or assignment of CONTRACTOR's services, operation or administration  
8 to another entity without the prior written consent of COUNTY.
- 9 4. The neglect by any physician or licensed person employed by CONTRACTOR of any duty  
10 required pursuant to this Agreement.
- 11 5. The loss of accreditation or any license required by the Licenses and Laws Paragraph of  
12 this Agreement.
- 13 6. The continued incapacity of any physician or licensed person to perform duties required  
14 pursuant to this Agreement.
- 15 7. Unethical conduct or malpractice by any physician or licensed person providing services  
16 pursuant to this Agreement; provided, however, COUNTY may waive this option if CONTRACTOR  
17 removes such physician or licensed person from serving persons treated or assisted pursuant to this  
18 Agreement.

19 D. CONTINGENT FUNDING

- 20 1. Any obligation of COUNTY under this Agreement is contingent upon the following:
  - 21 a. The continued availability of federal, state and county funds for reimbursement of  
22 COUNTY's expenditures, and
  - 23 b. Inclusion of sufficient funding for the services hereunder in the applicable budget(s)  
24 approved by the Board of Supervisors.
- 25 2. In the event such funding is subsequently reduced or terminated, COUNTY may suspend,  
26 terminate or renegotiate this Agreement upon thirty (30) calendar days' written notice given  
27 CONTRACTOR. If COUNTY elects to renegotiate this Agreement due to reduced or terminated  
28 funding, CONTRACTOR shall not be obligated to accept the renegotiated terms.

29 E. In the event this Agreement is suspended or terminated prior to the completion of the term as  
30 specified in the Referenced Contract Provisions of this Agreement, ADMINISTRATOR may, at its  
31 sole discretion, reduce the Maximum Obligation of this Agreement in an amount consistent with the  
32 reduced term of the Agreement.

33 F. In the event this Agreement is terminated by either party pursuant to Subparagraphs B., C. or  
34 D. above, CONTRACTOR shall do the following:

- 35 1. Comply with termination instructions provided by ADMINISTRATOR in a manner which  
36 is consistent with recognized standards of quality care and prudent business practice.

37 //

2. Obtain immediate clarification from ADMINISTRATOR of any unsettled issues of contract performance during the remaining contract term.

3. Until the date of termination, continue to provide the same level of service required by this Agreement.

4. If clients are to be transferred to another facility for services, furnish ADMINISTRATOR, upon request, all client information and records deemed necessary by ADMINISTRATOR to effect an orderly transfer.

5. Assist ADMINISTRATOR in effecting the transfer of clients in a manner consistent with client's best interests.

6. If records are to be transferred to COUNTY, pack and label such records in accordance with directions provided by ADMINISTRATOR.

7. Return to COUNTY, in the manner indicated by ADMINISTRATOR, any equipment and supplies purchased with funds provided by COUNTY.

8. To the extent services are terminated, cancel outstanding commitments covering the procurement of materials, supplies, equipment, and miscellaneous items, as well as outstanding commitments which relate to personal services. With respect to these canceled commitments, CONTRACTOR shall submit a written plan for settlement of all outstanding liabilities and all claims arising out of such cancellation of commitment which shall be subject to written approval of ADMINISTRATOR.

9. Provide written notice of termination of services to each client being served under this Agreement, within fifteen (15) calendar days of receipt of termination notice. A copy of the notice of termination of services must also be provided to ADMINISTRATOR within the fifteen (15) calendars day period.

G. The rights and remedies of COUNTY provided in this Termination Paragraph shall not be exclusive, and are in addition to any other rights and remedies provided by law or under this Agreement.

#### **XXVIII. THIRD PARTY BENEFICIARY**

Neither party hereto intends that this Agreement shall create rights hereunder in third parties including, but not limited to, any subcontractors or any clients provided services pursuant to this Agreement.

#### **XXIX. WAIVER OF DEFAULT OR BREACH**

Waiver by COUNTY of any default by CONTRACTOR shall not be considered a waiver of any subsequent default. Waiver by COUNTY of any breach by CONTRACTOR of any provision of this Agreement shall not be considered a waiver of any subsequent breach. Waiver by COUNTY of any default or any breach by CONTRACTOR shall not be considered a modification of the terms of this Agreement.

1 IN WITNESS WHEREOF, the parties have executed this Agreement, in the County of Orange,  
2 State of California.

3  
4 PACIFIC CLINICS

5  
6 DocuSigned by:  
7 BY: Chris Giordano DATED: 3/21/2018  
8 8DC7A39F787742D...  
9 TITLE: Chief Administrative Office/Exec VP

10  
11  
12  
13  
14 COUNTY OF ORANGE

15  
16  
17 BY: \_\_\_\_\_ DATED: \_\_\_\_\_  
18 HEALTH CARE AGENCY

19  
20  
21  
22  
23 APPROVED AS TO FORM  
24 OFFICE OF THE COUNTY COUNSEL  
25 ORANGE COUNTY, CALIFORNIA

26  
27 DocuSigned by:  
28 BY: Eric Divine DATED: 3/19/2018  
29 01E6986C1E6D4FD...  
30 DEPUTY

31  
32  
33  
34 If the contracting party is a corporation, two (2) signatures are required: one (1) signature by the Chairman of the Board, the  
35 President or any Vice President; and one (1) signature by the Secretary, any Assistant Secretary, the Chief Financial Officer  
36 or any Assistant Treasurer. If the contract is signed by one (1) authorized individual only, a copy of the corporate resolution  
37 or by-laws whereby the board of directors has empowered said authorized individual to act on its behalf by his or her  
signature alone is required by ADMINISTRATOR.

EXHIBIT A  
TO AGREEMENT FOR PROVISION OF  
RECOVERY EDUCATION INSTITUTE SERVICES  
BETWEEN  
COUNTY OF ORANGE  
AND  
PACIFIC CLINICS  
JULY 1, 2018 THROUGH JUNE 30, 2019

**I. COMMON TERMS AND DEFINITIONS**

A. The following standard definitions are for reference purposes only and may or may not apply in their entirety throughout the Agreement. The parties agree to the following terms and definitions, and to those terms and definitions which, for convenience, are set forth elsewhere in the Agreement.

1. Active means Consumer/family members who has participated in one or more courses from any component in the current academic year.

2. Classroom Training means classroom training provided to Consumers/Family Members that should impact information, skills, and competencies required for the performance of a particular job, project, or task. Classroom Training should be a skill-building activity that teaches Consumers/Family Members and carries the expectation that the Consumers/Family Members will take direct, purposeful action by applying the skills developed.

3. Classroom Training Site means the physical location of the provided Classroom Training in relation to the Agreement.

4. College Credit Course means a college credit course leading to either employment or educational advancement toward a degree offered by a regionally accredited post-secondary educational institution.

5. Consumer means a person, eighteen (18) years of age or older, who is a currently receiving services from ADMINTRATOR's behavioral health system of care.

6. Collaboration means a process of participation through which groups, agencies, coalitions, and/or task forces work together in a beneficial and well-defined relationship towards the service goals.

7. Extended Education Course means a credit/no credit course leading to either employment or educational advancement toward a degree by a regionally accredited post-secondary educational institution.

8. Evaluation means systematic collection, analysis, and use of program information for monitoring, improving programs, assessing Outcomes, planning, and policy-making.

9. Family Member means Family Member of a mental health Consumer.

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1           10. Mental Health Field means a business or service providing mental health outreach,  
2 assessment or treatment services to mental health Consumers, or providing housing, educational,  
3 counseling, employment, recreational or social services to mental health Consumers.

4           11. Mental Health Services Act (MHSA) means the law that provides funding for expanded  
5 community mental health services. It is also known as "Proposition 63."

6           12. Outcome means measurable change that occurs as a result of a project's overall performance  
7 in implementing its services. Outcomes are often separated out as to their expected effect along a time  
8 continuum, as immediate, intermediate and long-term Outcomes.

9           13. Pre-Vocational Course means a credit/no credit course, which may include but not be  
10 limited to topics such as interviewing and resume writing; study skills; developing computer literacy;  
11 recovery coaching; communication skills in counseling; English language training for multicultural  
12 Consumers/Family Members with limited English proficiency; and introduction to employee support.

13           14. Retention means enrollment in a college credit class for one or more semesters each  
14 academic year (i.e., Fall, Spring, Summer).

15           15. Workshop Course means an credit/no credit course which may include, but not be limited  
16 to, topics such as illness management; medication knowledge and management; personal financial  
17 management; household management; and discovering your interests.

18           B. CONTRACTOR and ADMINISTRATOR may mutually agree, in writing, to modify the  
19 Common Terms and Definitions Paragraph of this Exhibit A to the Agreement.

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A. COUNTY shall pay CONTRACTOR in accordance with the Payments paragraph of this Exhibit A to the Agreement and the following budget, which is set forth for informational purposes.

	<u>BUDGET</u>
ADMINISTRATIVE COST	
Indirect Costs	<u>\$107,832</u>
TOTAL ADMINISTRATIVE COST	\$107,832
PROGRAM COSTS	
Salaries	\$454,154
Benefits	\$127,163
Services and Supplies	\$ 45,634
Subcontractors	<u>\$ 91,928</u>
TOTAL PROGRAM COST	\$718,879
TOTAL GROSS COSTS	\$826,711
REVENUE	
MHSA	<u>\$826,711</u>
TOTAL REVENUE	\$826,711
TOTAL MAXIMUM OBLIGATION	\$826,711

B. BUDGET/STAFFING MODIFICATIONS - CONTRACTOR may request to shift funds between budgeted line items within a program, for the purpose of meeting specific program needs or for providing continuity of care to its Consumers, by utilizing a Budget/Staffing Modification Request form provided by ADMINISTRATOR. CONTRACTOR shall submit a properly completed Budget/Staffing Modification Request to ADMINISTRATOR for consideration, in advance, which will include a justification narrative specifying the purpose of the request, the amount of said funds to be shifted, and the sustaining annual impact of the shift as may be applicable to the current contract period and/or future contract periods. CONTRACTOR shall obtain written approval of any Budget/Staffing Modification Request(s) from ADMINISTRATOR prior to implementation by CONTRACTOR. Failure of CONTRACTOR to obtain written approval from ADMINISTRATOR for any proposed Budget/Staffing Modification Request(s) may result in disallowance of those costs.

C. FINANCIAL RECORDS - CONTRACTOR shall prepare and maintain accurate and complete financial records of its cost and operating expenses. Such records will reflect the actual cost of the type of service for which payment is claimed. Any apportionment of or distribution of costs, including

indirect costs, to or between programs or cost centers of CONTRACTOR shall be documented, and will be made in accordance with GAAP, and Medicare regulations. The Consumer eligibility determination and fee charged to and collected from Consumers, together with a record of all billings rendered and revenues received from any source, on behalf of Consumers treated pursuant to the Agreement, must be reflected in CONTRACTOR's financial records.

D. FINANCIAL AID and FEE WAIVERS – CONTRACTOR shall use financial aid waivers and other reimbursements received from contracted institutions to add additional courses in subsequent semesters of the same Fiscal Year, not to exceed the maximum obligation.

E. CONTRACTOR and ADMINISTRATOR may mutually agree, in writing, to modify the Budget Paragraph of this Exhibit A to the Agreement.

## **II. PAYMENTS**

A. COUNTY shall pay CONTRACTOR monthly, in arrears, at the provisional amount of \$68,892 per month. All payments are interim payments only, and subject to Final Settlement in accordance with the Cost Report Paragraph of the Agreement for which CONTRACTOR shall be reimbursed for the actual cost of providing the services hereunder; provided, however, the total of such payments does not exceed Maximum Obligation, as specified in the Referenced Contract Provisions of the Agreement, and provided further, CONTRACTOR's costs are reimbursable pursuant to federal, state and COUNTY regulations. ADMINISTRATOR may, at its discretion, pay supplemental billings for any month for which the provisional amount specified above has not been fully paid.

1. In support of the monthly invoice, CONTRACTOR shall submit a monthly Expenditure and Revenue Report as specified in the Reports Paragraph of this Exhibit A to the Agreement. ADMINISTRATOR shall use the Expenditure and Revenue Report to determine payment to CONTRACTOR as specified in Subparagraphs A.2. and A.3. below.

2. If, at any time, CONTRACTOR's Expenditure and Revenue Reports indicate that the provisional amount payments exceed the actual cost of providing services, ADMINISTRATOR may reduce COUNTY payments to CONTRACTOR by an amount not to exceed the difference between the year-to-date provisional amount payments to CONTRACTOR and the year-to-date actual cost incurred by CONTRACTOR.

3. If, at any time, CONTRACTOR's Expenditure and Revenue Reports indicate that the provisional amount payments are less than the actual cost of providing services, ADMINISTRATOR may authorize an increase in the provisional amount payment to CONTRACTOR by an amount not to exceed the difference between the year-to-date provisional amount payments to CONTRACTOR and the year-to-date actual cost incurred by CONTRACTOR.

B. CONTRACTOR's billing shall be on a form approved or supplied by COUNTY and provide such information as is required by ADMINISTRATOR. Invoices are due the tenth (10th) day of each month. Invoices received after the due date may not be paid within the same month. Payments to



1 CONTRACTOR should be released by COUNTY no later than thirty (30) calendar days after receipt of  
2 the correctly completed invoice.

3 C. All invoices to COUNTY shall be supported, at CONTRACTOR's facility, by source  
4 documentation including, but not limited to, ledgers, journals, time sheets, invoices, bank statements,  
5 cancelled checks, receipts, receiving records, and records of services provided.

6 D. ADMINISTRATOR may withhold or delay any payment, if CONTRACTOR fails to comply  
7 with any provision of the Agreement.

8 E. COUNTY shall not reimburse CONTRACTOR for services provided beyond the expiration  
9 and/or termination of the Agreement, except as may otherwise be provided under the Agreement, such  
10 as summer school courses, or specifically agreed upon in a subsequent Agreement.

11 F. CONTRACTOR and ADMINISTRATOR may mutually agree, in writing, to modify the  
12 Payments Paragraph of this Exhibit A to the Agreement.

### 13 **III. REPORTS**

14  
15 A. CONTRACTOR shall maintain records and make statistical reports as required by  
16 ADMINISTRATOR.

#### 17 **B. FISCAL**

18 1. CONTRACTOR shall submit monthly Expenditure and Revenue Reports to  
19 ADMINISTRATOR. These reports shall be on a form acceptable to, or provided by,  
20 ADMINISTRATOR and shall report actual costs and revenues for CONTRACTOR's program(s) or cost  
21 center(s) described in the Services Paragraph of this Exhibit A to the Agreement. Such reports shall  
22 include number of Consumers by program. The reports shall be received by ADMINISTRATOR no  
23 later than twenty (20) calendar days following the end of the month reported.

24 2. CONTRACTOR shall submit monthly Year-End Expenditure and Revenue Projection  
25 Reports to ADMINISTRATOR. These reports shall be on a form acceptable to, or provided by,  
26 ADMINISTRATOR and shall report anticipated year-end actual costs and revenues for  
27 CONTRACTOR's program(s) or cost center(s) described in the Services Paragraph of this Exhibit A to  
28 the Agreement. Such reports shall include actual monthly costs and revenue to date and anticipated  
29 monthly costs and revenue to the end of the fiscal year. Year-End Projection Reports shall be submitted  
30 in conjunction with the monthly Expenditure and Revenue Reports and shall include summer session  
31 expenditures.

32 C. STAFFING – CONTRACTOR shall submit monthly Staffing Reports to ADMINISTRATOR.  
33 These reports shall contain required information, and be on a form acceptable to, or provided by,  
34 ADMINISTRATOR. CONTRACTOR shall submit these reports no later than twenty (20) calendar days  
35 following the end of the month being reported. CONTRACTOR must request in writing any extensions  
36 to the due date of the monthly required reports. If an extension is approved by ADMINISTRATOR, the  
37 total extension will not exceed more than five (5) calendar days.

1 D. PROGRAMMATIC – CONTRACTOR shall submit monthly programmatic reports to  
 2 ADMINISTRATOR, which shall be received by ADMINISTRATOR no later than twenty (20) calendar  
 3 days following the end of the month being reported. Programmatic reports shall include a description of  
 4 CONTRACTOR's progress in implementing the provisions of the Agreement. CONTRACTOR shall  
 5 state whether it is or is not progressing satisfactorily in achieving all the terms of the Agreement.

6 E. SPECIAL INCIDENT REPORTS (SIR) – CONTRACTOR shall submit SIR to  
 7 ADMINISTRATOR in the format approved by ADMINISTRATOR with-in twenty-four (24) hours.  
 8 CONTRACTOR shall provide additional information as requested by ADMINISTRATOR in a timely  
 9 manner.

10 F. ADDITIONAL REPORTS – Upon ADMINISTRATOR's request, CONTRACTOR shall make  
 11 such additional reports as required by ADMINISTRATOR concerning CONTRACTOR's activities as  
 12 they affect the services hereunder. ADMINISTRATOR will be specific as to the nature of information  
 13 requested and allow thirty (30) calendar days for CONTRACTOR to respond.

14 G. CONTRACTOR and ADMINISTRATOR may mutually agree, in writing, to modify the  
 15 Reports Paragraph of this Exhibit A to the Agreement.

#### 16 **IV. SERVICES**

##### 17 **A. FACILITIES**

18 1. CONTRACTOR shall maintain one (1) facility at the following location or any other  
 19 location approved, in advanced and in writing, by ADMINISTRATOR:  
 20

21  
 22 401 S. Tustin Street, Bldg. A & B  
 23 Orange, CA 92866  
 24

25 2. CONTRACTOR shall maintain regularly scheduled service hours, five (5) days a week  
 26 throughout the year, and maintain the capability to provide services during evening hours on weekdays,  
 27 and on weekends, when necessary, in order to accommodate students.

28 a. CONTRACTOR's holiday schedule shall be consistent with COUNTY's holiday  
 29 schedule unless otherwise approved in advance and in writing by ADMINISTRATOR.

30 b. CONTRACTOR shall ensure that the all college credit courses are offered by a regionally  
 31 accredited post-secondary educational institution.

32 B. INDIVIDUALS TO BE SERVED – CONTRACTOR shall provide services to adult Consumers  
 33 who are currently receiving services with ADMINISTRATOR's behavioral health system of care and  
 34 their Family Members eighteen (18) years of age and older.

##### 35 **C. SERVICES TO BE PROVIDED**

36 1. CONTRACTOR shall develop course curriculums that are mutually agreed upon and  
 37 approved by ADMINISTRATOR.

2. CONTRACTOR shall provide a Recovery Education Institute Program that consists of four (4) basic components; Workshop Courses, Pre-Vocational Courses, College Credit Courses, Extended Education Courses, classes within each component may vary.

3. Provide a program component of Student Advisement that includes academic counseling, student code of conduct, a student grievance process, and student disciplinary procedures.

4. CONTRACTOR shall identify and assess potential Consumers identified as the target population unless written exception is granted by the ADMINISTRATOR.

5. CONTRACTOR shall provide culturally sensitive education to deaf and hard of hearing or mono-lingual students.

6. CONTRACTOR shall develop a recruitment process for recruiting students who are Consumers and/or Family Members of Consumers within the public mental health system.

7. CONTRACTOR shall provide structured educational methods within a yearly academic schedule to enable approximately five hundred (500) active Consumers and Family Members to learn how to recover, work, and build social supports.

8. CONTRACTOR shall offer a variety of certificated programs, such as computer literacy, Recovery coaching, and interviewing skills, that would be helpful in seeking work in the mental health system, as well as providing a pathway to entering an AA degree program.

9. CONTRACTOR shall establish a collaborative partnership with a community college to provide the full range of courses needed to prepare a student to enter an AA degree program.

10. CONTRACTOR shall establish policies and procedures for providing emergency evaluation and crisis intervention as well as internal incident reports.

11. CONTRACTOR shall maintain a student database to measure overall program effectiveness which includes but not limited to tracking student demographics and maintaining secure files with all student information.

D. CONTRACTOR shall make its best efforts to provide services pursuant to the Agreement in a manner that is culturally and linguistically appropriate for the population(s) served. CONTRACTOR shall maintain documentation of such efforts which may include, but not be limited to: records of participation in County sponsored or other applicable training; recruitment and hiring policies and procedures; copies of literature in multiple languages and formats, as appropriate; and descriptions of measures taken to enhance accessibility for, and sensitivity to, persons who are physically challenged.

E. CONTRACTOR shall ensure that all staff are trained and have a clear understanding of all CONTRACTOR and ADMINISTRATOR's P&Ps as related to the services provided in this Exhibit A to the Agreement. CONTRACTOR shall provide signature confirmation of the P&P training for each staff member and place in their personnel files.

F. CONTRACTOR shall ensure that all staff completes the ADMINISTRATOR's Annual Provider Training.

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1 G. ADMINISTRATOR shall provide, or cause to be provided, training and ongoing consultation to  
 2 CONTRACTOR's staff to assist CONTRACTOR in ensuring compliance with ADMINISTRATOR  
 3 Standards of Care practices, P&Ps, documentation standards and any state regulatory requirements.

4 H. CONTRACTOR shall provide effective administrative management of the budget, staffing,  
 5 recording, and reporting portion of the Agreement with the COUNTY. If administrative responsibilities  
 6 are delegated to subcontractors, CONTRACTOR must ensure that any subcontractor(s) possess the  
 7 qualifications and capacity to perform all delegated responsibilities.

8 I. CONTRACTOR shall attend monthly meetings with ADMINISTRATOR to discuss contractual  
 9 and other issues that include, but are not limited to compliance with P&Ps, statistics, and training  
 10 services.

11 J. CONTRACTOR shall not conduct any proselytizing activities, regardless of funding sources,  
 12 with respect to any individual(s) who are served by CONTRACTOR under the terms of the Agreement.  
 13 Further, CONTRACTOR agrees that the funds provided hereunder will not be used to promote, directly  
 14 or indirectly, any religion, religious creed or cult, denomination or sectarian institution, or religious  
 15 belief.

16 K. CONTRACTOR shall not engage in, or permit any of its employees or subcontractors, to  
 17 conduct research activity on program participants without obtaining prior written authorization from  
 18 ADMINISTRATOR.

19 L. PERFORMANCE OUTCOMES

20 1. CONTRACTOR shall complete Performance Outcome measures as required by State  
 21 and/or COUNTY. The expected Outcomes are to provide a quantifiable and repeatable measure to  
 22 assess overall program effectiveness. The CONTRACTOR will cooperate in data collection in order to  
 23 develop baseline figures for future Evaluation and report performance in terms of Consumer satisfaction  
 24 and quality of services.

25 2. COUNTY shall develop and provide CONTRACTOR with Performance Outcome measure  
 26 guidelines for the purpose of evaluating the impact or contribution of CONTRACTOR's services on the  
 27 well-being of the COUNTY residents being served under the terms of the Agreement.

28 3. CONTRACTOR shall at a minimum track and monitor:

29 a. Number of classes of each type (Workshop, Pre-Vocational and College Credit)  
 30 provided; as well as the percentage of students completing each Workshop, Pre-Vocational and College  
 31 Credit Courses. The goal is to maintain an overall course completion rate of seventy five percent (75%).

32 b. Number of students enrolled;

33 c. Number of students completing each type of class;

34 d. Number of success coach contacts;

35 e. Number of students receiving academic counseling.

36 f. Percent retention for students enrolled in college credit courses.

37 //

M. ADMINISTRATOR may conduct periodic reviews of CONTRACTOR to evaluate performance in meeting the terms of the Agreement. ADMINISTRATOR shall notify CONTRACTOR in writing of any issue(s) or concern(s) related to the provision of services pursuant to the Agreement, and request a plan of corrective action, which may include, but are not be limited to, adjusting the CONTRACTOR's Performance Outcomes. CONTRACTOR shall submit a written plan of corrective action for approval within thirty (30) calendar days of request by ADMINISTRATOR, or as directed by ADMINISTRATOR.

N. CONTRACTOR shall maintain a student database to track student demographics for coordination and reporting purposes.

O. CONTRACTOR shall maintain secure files which contain all student information.

P. CONTRACTOR and ADMINISTRATOR may mutually agree, in writing, to modify the Services Paragraph of this Exhibit A to the Agreement.

## **V. STAFFING**

A. CONTRACTOR shall, at minimum, provide the following staffing, expressed in FTEs, continuously throughout the term of the Agreement. One (1) FTE shall be equal to an average of forty (40) hours per week:

PROGRAM	<u>FTEs</u>
Associate Divisional Director	0.06
Data Entry Clerk	1.00
Administrative Assistant	1.00
Education Training Director	1.00
Academic Advisor	3.00
Success Coach	4.00
Assistant Education Director	<u>1.00</u>
TOTAL FTEs	11.06

## **B. WORKLOAD STANDARDS**

1. CONTRACTOR shall provide a minimum of seventy-five (75) Workshop Courses.
2. CONTRACTOR shall provide a minimum of forty (40) Pre-Vocational courses.
3. CONTRACTOR shall provide a minimum of sixteen (16) College Credit Courses.
4. CONTRACTOR shall provide fifteen (15) Extended Education Courses by Extended Education approved Instructors. In the event that the total number of Extended Education courses provided is less than fifteen (15), the total number of College Credit courses combined with Extended Education Courses will be at a minimum thirty (30).

1           5. CONTRACTOR shall include culturally and linguistically appropriate services to meet the  
2 needs of threshold languages as determined by ADMINISTRATOR.

3           6. CONTRACTOR shall recruit, hire, train and maintain staff who are Consumers, former  
4 Consumers or Family Members and who are qualified for the position(s) sought. CONTRACTOR shall  
5 maintain documentation which shall include, but not be limited to, the following: records attesting to  
6 efforts made in recruitment and hiring practices, and identification of measures taken to enhance  
7 accessibility for potential staff in these categories.

8           7. CONTRACTOR may augment the above paid staff with volunteers or student interns upon  
9 written approval of ADMINISTRATOR. CONTRACTOR shall meet minimum requirements for  
10 supervision of each student intern as required by the state Licensing Board and/or school program  
11 descriptions or work contracts.

12           8. CONTRACTOR shall maintain personnel files for each staff person, which shall include,  
13 but not be limited to, an application for employment, qualifications for the position, results of  
14 background checks, applicable licenses, waivers, registrations, documentation of bicultural/bilingual  
15 capabilities, status as a Consumer, former Consumer or Family Member, pay rate, training, and  
16 evaluations justifying pay increases.

17           9. All positions are required to maintain a log delineating hours worked and allocated to each  
18 program of CONTRACTOR.

19           C. CONTRACTOR and ADMINISTRATOR may mutually agree, in writing, to modify the  
20 Staffing Paragraph of this Exhibit A to the Agreement.

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EXHIBIT B  
TO AGREEMENT FOR PROVISION OF  
RECOVERY EDUCATION INSTITUTE SERVICES  
BETWEEN  
COUNTY OF ORANGE  
AND  
PACIFIC CLINICS  
JULY 1, 2018 THROUGH JUNE 30, 2019

**I. BUSINESS ASSOCIATE CONTRACT**

**A. GENERAL PROVISIONS AND RECITALS**

1. The parties agree that the terms used, but not otherwise defined in the Common Terms and Definitions Paragraph of Exhibit A to the Agreement or in Subparagraph B. below, shall have the same meaning given to such terms under HIPAA, the HITECH Act, and their implementing regulations at 45 CFR Parts 160 and 164 ("the HIPAA regulations") as they may exist now or be hereafter amended.

2. The parties agree that a business associate relationship under HIPAA, the HITECH Act, and the HIPAA regulations between the CONTRACTOR and COUNTY arises to the extent that CONTRACTOR performs, or delegates to subcontractors to perform, functions or activities on behalf of COUNTY pursuant to, and as set forth in, the Agreement that are described in the definition of "Business Associate" in 45 CFR § 160.103.

3. The COUNTY wishes to disclose to CONTRACTOR certain information pursuant to the terms of the Agreement, some of which may constitute PHI, as defined below in Subparagraph B.10, to be used or disclosed in the course of providing services and activities pursuant to, and as set forth, in the Agreement.

4. The parties intend to protect the privacy and provide for the security of PHI that may be created, received, maintained, transmitted, used, or disclosed pursuant to the Agreement in compliance with the applicable standards, implementation specifications, and requirements of HIPAA, the HITECH Act, and the HIPAA regulations as they may exist now or be hereafter amended.

5. The parties understand and acknowledge that HIPAA, the HITECH Act, and the HIPAA regulations do not pre-empt any state statutes, rules, or regulations that are not otherwise pre-empted by other Federal law(s) and impose more stringent requirements with respect to privacy of PHI.

6. The parties understand that the HIPAA Privacy and Security rules, as defined below in Subparagraphs B.9. and B.14., apply to the CONTRACTOR in the same manner as they apply to a covered entity (COUNTY). CONTRACTOR agrees therefore to be in compliance at all times with the terms of this Business Associate Contract, as it exists now or be hereafter updated with notice to CONTRACTOR, and the applicable standards, implementation specifications, and requirements of the

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1 Privacy and the Security rules, as they may exist now or be hereafter amended, with respect to PHI and  
2 electronic PHI created, received, maintained, transmitted, used, or disclosed pursuant to the Agreement.

3 B. DEFINITIONS

4 1. "Administrative Safeguards" are administrative actions, and policies and procedures, to  
5 manage the selection, development, implementation, and maintenance of security measures to protect  
6 electronic PHI and to manage the conduct of CONTRACTOR's workforce in relation to the protection  
7 of that information.

8 2. "Breach" means the acquisition, access, use, or disclosure of PHI in a manner not permitted  
9 under the HIPAA Privacy Rule which compromises the security or privacy of the PHI.

10 a. Breach excludes:

11 1) Any unintentional acquisition, access, or use of PHI by a workforce member or  
12 person acting under the authority of CONTRACTOR or COUNTY, if such acquisition, access, or use  
13 was made in good faith and within the scope of authority and does not result in further use or disclosure  
14 in a manner not permitted under the Privacy Rule.

15 2) Any inadvertent disclosure by a person who is authorized to access PHI at  
16 CONTRACTOR to another person authorized to access PHI at the CONTRACTOR, or organized health  
17 care arrangement in which COUNTY participates, and the information received as a result of such  
18 disclosure is not further used or disclosed in a manner not permitted under the HIPAA Privacy Rule.

19 3) A disclosure of PHI where CONTRACTOR or COUNTY has a good faith belief  
20 that an unauthorized person to whom the disclosure was made would not reasonably have been able to  
21 retain such information.

22 b. Except as provided in Subparagraph a. of this definition, an acquisition, access, use, or  
23 disclosure of PHI in a manner not permitted under the HIPAA Privacy Rule is presumed to be a breach  
24 unless CONTRACTOR demonstrates that there is a low probability that the PHI has been compromised  
25 based on a risk assessment of at least the following factors:

26 1) The nature and extent of the PHI involved, including the types of identifiers and the  
27 likelihood of re-identification;

28 2) The unauthorized person who used the PHI or to whom the disclosure was made;

29 3) Whether the PHI was actually acquired or viewed; and

30 4) The extent to which the risk to the PHI has been mitigated.

31 3. "Data Aggregation" shall have the meaning given to such term under the HIPAA Privacy  
32 Rule in 45 CFR § 164.501.

33 4. "DRS" shall have the meaning given to such term under the HIPAA Privacy Rule in  
34 45 CFR § 164.501.

35 5. "Disclosure" shall have the meaning given to such term under the HIPAA regulations in  
36 45 CFR § 160.103.

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6. "Health Care Operations" shall have the meaning given to such term under the HIPAA Privacy Rule in 45 CFR § 164.501.

7. "Individual" shall have the meaning given to such term under the HIPAA Privacy Rule in 45 CFR § 160.103 and shall include a person who qualifies as a personal representative in accordance with 45 CFR § 164.502(g).

8. "Physical Safeguards" are physical measures, policies, and procedures to protect CONTRACTOR's electronic information systems and related buildings and equipment, from natural and environmental hazards, and unauthorized intrusion.

9. "The HIPAA Privacy Rule" shall mean the Standards for Privacy of Individually Identifiable Health Information at 45 CFR Part 160 and Part 164, Subparts A and E.

10. "PHI" shall have the meaning given to such term under the HIPAA regulations in 45 CFR § 160.103.

11. "Required by Law" shall have the meaning given to such term under the HIPAA Privacy Rule in 45 CFR § 164.103.

12. "Secretary" shall mean the Secretary of the Department of Health and Human Services or his or her designee.

13. "Security Incident" means attempted or successful unauthorized access, use, disclosure, modification, or destruction of information or interference with system operations in an information system. "Security incident" does not include trivial incidents that occur on a daily basis, such as scans, "pings", or unsuccessful attempts to penetrate computer networks or servers maintained by CONTRACTOR.

14. "The HIPAA Security Rule" shall mean the Security Standards for the Protection of electronic PHI at 45 CFR Part 160, Part 162, and Part 164, Subparts A and C.

15. "Subcontractor" shall have the meaning given to such term under the HIPAA regulations in 45 CFR § 160.103.

16. "Technical safeguards" means the technology and the policy and procedures for its use that protect electronic PHI and control access to it.

17. "Unsecured PHI" or "PHI that is unsecured" means PHI that is not rendered unusable, unreadable, or indecipherable to unauthorized individuals through the use of a technology or methodology specified by the Secretary of Health and Human Services in the guidance issued on the HHS Web site.

18. "Use" shall have the meaning given to such term under the HIPAA regulations in 45 CFR § 160.103.

#### C. OBLIGATIONS AND ACTIVITIES OF CONTRACTOR AS BUSINESS ASSOCIATE:

1. CONTRACTOR agrees not to use or further disclose PHI COUNTY discloses to CONTRACTOR other than as permitted or required by this Business Associate Contract or as required by law.

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2. CONTRACTOR agrees to use appropriate safeguards, as provided for in this Business Associate Contract and the Agreement, to prevent use or disclosure of PHI COUNTY discloses to CONTRACTOR or CONTRACTOR creates, receives, maintains, or transmits on behalf of COUNTY other than as provided for by this Business Associate Contract.

3. CONTRACTOR agrees to comply with the HIPAA Security Rule at Subpart C of 45 CFR Part 164 with respect to ePHI COUNTY discloses to CONTRACTOR or CONTRACTOR creates, receives, maintains, or transmits on behalf of COUNTY.

4. CONTRACTOR agrees to mitigate, to the extent practicable, any harmful effect that is known to CONTRACTOR of a Use or Disclosure of PHI by CONTRACTOR in violation of the requirements of this Business Associate Contract.

5. CONTRACTOR agrees to report to COUNTY immediately any Use or Disclosure of PHI not provided for by this Business Associate Contract of which CONTRACTOR becomes aware. CONTRACTOR must report Breaches of Unsecured PHI in accordance with Subparagraph E. below and as required by 45 CFR § 164.410.

6. CONTRACTOR agrees to ensure that any Subcontractors that create, receive, maintain, or transmit PHI on behalf of CONTRACTOR agree to the same restrictions and conditions that apply through this Business Associate Contract to CONTRACTOR with respect to such information.

7. CONTRACTOR agrees to provide access, within fifteen (15) calendar days of receipt of a written request by COUNTY, to PHI in a DRS, to COUNTY or, as directed by COUNTY, to an Individual in order to meet the requirements under 45 CFR § 164.524. If CONTRACTOR maintains an EHR with PHI, and an individual requests a copy of such information in an electronic format, CONTRACTOR shall provide such information in an electronic format.

8. CONTRACTOR agrees to make any amendment(s) to PHI in a DRS that COUNTY directs or agrees to pursuant to 45 CFR § 164.526 at the request of COUNTY or an Individual, within thirty (30) calendar days of receipt of said request by COUNTY. CONTRACTOR agrees to notify COUNTY in writing no later than ten (10) calendar days after said amendment is completed.

9. CONTRACTOR agrees to make internal practices, books, and records, including P&Ps, relating to the use and disclosure of PHI received from, or created or received by CONTRACTOR on behalf of, COUNTY available to COUNTY and the Secretary in a time and manner as determined by COUNTY or as designated by the Secretary for purposes of the Secretary determining COUNTY's compliance with the HIPAA Privacy Rule.

10. CONTRACTOR agrees to document any Disclosures of PHI COUNTY discloses to CONTRACTOR or CONTRACTOR creates, receives, maintains, or transmits on behalf of COUNTY, and to make information related to such Disclosures available as would be required for COUNTY to respond to a request by an Individual for an accounting of Disclosures of PHI in accordance with 45 CFR § 164.528.

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1 11. CONTRACTOR agrees to provide COUNTY or an Individual, as directed by COUNTY, in  
2 a time and manner to be determined by COUNTY, that information collected in accordance with the  
3 Agreement, in order to permit COUNTY to respond to a request by an Individual for an accounting of  
4 Disclosures of PHI in accordance with 45 CFR § 164.528.

5 12. CONTRACTOR agrees that to the extent CONTRACTOR carries out COUNTY's  
6 obligation under the HIPAA Privacy and/or Security rules CONTRACTOR will comply with the  
7 requirements of 45 CFR Part 164 that apply to COUNTY in the performance of such obligation.

8 13. If CONTRACTOR receives Social Security data from COUNTY provided to COUNTY by  
9 a state agency, upon request by COUNTY, CONTRACTOR shall provide COUNTY with a list of all  
10 employees, subcontractors, and agents who have access to the Social Security data, including employees,  
11 agents, subcontractors, and agents of its subcontractors.

12 14. CONTRACTOR will notify COUNTY if CONTRACTOR is named as a defendant in a  
13 criminal proceeding for a violation of HIPAA. COUNTY may terminate the Agreement, if  
14 CONTRACTOR is found guilty of a criminal violation in connection with HIPAA. COUNTY may  
15 terminate the Agreement, if a finding or stipulation that CONTRACTOR has violated any standard or  
16 requirement of the privacy or security provisions of HIPAA, or other security or privacy laws are made  
17 in any administrative or civil proceeding in which CONTRACTOR is a party or has been joined.  
18 COUNTY will consider the nature and seriousness of the violation in deciding whether or not to  
19 terminate the Agreement.

20 15. CONTRACTOR shall make itself and any subcontractors, employees or agents assisting  
21 CONTRACTOR in the performance of its obligations under the Agreement, available to COUNTY at  
22 no cost to COUNTY to testify as witnesses, or otherwise, in the event of litigation or administrative  
23 proceedings being commenced against COUNTY, its directors, officers or employees based upon  
24 claimed violation of HIPAA, the HIPAA regulations or other laws relating to security and privacy,  
25 which involves inactions or actions by CONTRACTOR, except where CONTRACTOR or its  
26 subcontractor, employee, or agent is a named adverse party.

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

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1 a. CONTRACTOR does not promptly enter into negotiations to amend this Business  
2 Associate Contract when requested by COUNTY pursuant to this Subparagraph C.; or

3 b. CONTRACTOR does not enter into an amendment providing assurances regarding the  
4 safeguarding of PHI that COUNTY deems are necessary to satisfy the standards and requirements of  
5 HIPAA, the HITECH Act, and the HIPAA regulations.

6 17. CONTRACTOR shall work with COUNTY upon notification by CONTRACTOR to  
7 COUNTY of a Breach to properly determine if any Breach exclusions exist as defined in  
8 Subparagraph B.2.a. above.

9 D. SECURITY RULE

10 1. CONTRACTOR shall comply with the requirements of 45 CFR § 164.306 and establish  
11 and maintain appropriate Administrative, Physical and Technical Safeguards in accordance with  
12 45 CFR § 164.308, § 164.310, and § 164.312, with respect to electronic PHI COUNTY discloses to  
13 CONTRACTOR or CONTRACTOR creates, receives, maintains, or transmits on behalf of COUNTY.  
14 CONTRACTOR shall develop and maintain a written information privacy and security program that  
15 includes Administrative, Physical, and Technical Safeguards appropriate to the size and complexity of  
16 CONTRACTOR's operations and the nature and scope of its activities.

17 2. CONTRACTOR shall implement reasonable and appropriate policies and procedures to  
18 comply with the standards, implementation specifications and other requirements of  
19 45 CFR Part 164, Subpart C, in compliance with 45 CFR § 164.316. CONTRACTOR will provide  
20 COUNTY with its current and updated policies upon request.

21 3. CONTRACTOR shall ensure the continuous security of all computerized data systems  
22 containing electronic PHI COUNTY discloses to CONTRACTOR or CONTRACTOR creates, receives,  
23 maintains, or transmits on behalf of COUNTY. CONTRACTOR shall protect paper documents  
24 containing PHI COUNTY discloses to CONTRACTOR or CONTRACTOR creates, receives, maintains,  
25 or transmits on behalf of COUNTY. These steps shall include, at a minimum:

26 a. Complying with all of the data system security precautions listed under Subparagraph  
27 E., below;

28 b. Achieving and maintaining compliance with the HIPAA Security Rule, as necessary in  
29 conducting operations on behalf of COUNTY;

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

34 4. CONTRACTOR shall ensure that any subcontractors that create, receive, maintain, or  
35 transmit ePHI on behalf of CONTRACTOR agree through a contract with CONTRACTOR to the same  
36 restrictions and requirements contained in this Subparagraph D. of this Business Associate Contract.

37 //

1 5. CONTRACTOR shall report to COUNTY immediately any Security Incident of which it  
2 becomes aware. CONTRACTOR shall report Breaches of Unsecured PHI in accordance with  
3 Subparagraph E. below and as required by 45 CFR § 164.410.

4 6. CONTRACTOR shall designate a Security Officer to oversee its data security program who  
5 shall be responsible for carrying out the requirements of this paragraph and for communicating on  
6 security matters with COUNTY.

#### 7 E. DATA SECURITY REQUIREMENTS

##### 8 1. Personal Controls

9 a. Employee Training. All workforce members who assist in the performance of functions  
10 or activities on behalf of COUNTY in connection with Agreement, or access or disclose PHI COUNTY  
11 discloses to CONTRACTOR or CONTRACTOR creates, receives, maintains, or transmits on behalf of  
12 COUNTY, must complete information privacy and security training, at least annually, at  
13 CONTRACTOR's expense. Each workforce member who receives information privacy and security  
14 training must sign a certification, indicating the member's name and the date on which the training was  
15 completed. These certifications must be retained for a period of six (6) years following the termination  
16 of Agreement.

17 b. Employee Discipline. Appropriate sanctions must be applied against workforce  
18 members who fail to comply with any provisions of CONTRACTOR's privacy P&Ps, including  
19 termination of employment where appropriate.

20 c. Confidentiality Statement. All persons that will be working with PHI COUNTY  
21 discloses to CONTRACTOR or CONTRACTOR creates, receives, maintains, or transmits on behalf of  
22 COUNTY must sign a confidentiality statement that includes, at a minimum, General Use, Security and  
23 Privacy Safeguards, Unacceptable Use, and Enforcement Policies. The statement must be signed by the  
24 workforce member prior to access to such PHI. The statement must be renewed annually. The  
25 CONTRACTOR shall retain each person's written confidentiality statement for COUNTY inspection for  
26 a period of six (6) years following the termination of the Agreement.

27 d. Background Check. Before a member of the workforce may access PHI COUNTY  
28 discloses to CONTRACTOR or CONTRACTOR creates, receives, maintains, or transmits on behalf of  
29 COUNTY, a background screening of that worker must be conducted. The screening should be  
30 commensurate with the risk and magnitude of harm the employee could cause, with more thorough  
31 screening being done for those employees who are authorized to bypass significant technical and  
32 operational security controls. CONTRACTOR shall retain each workforce member's background check  
33 documentation for a period of three (3) years.

##### 34 2. Technical Security Controls

35 a. Workstation/Laptop encryption. All workstations and laptops that store PHI COUNTY  
36 discloses to CONTRACTOR or CONTRACTOR creates, receives, maintains, or transmits on behalf of  
37 COUNTY either directly or temporarily must be encrypted using a FIPS 140-2 certified algorithm which

1 is 128bit or higher, such as AES. The encryption solution must be full disk unless approved by the  
2 COUNTY.

3 b. Server Security. Servers containing unencrypted PHI COUNTY discloses to CONTRACTOR  
4 or CONTRACTOR creates, receives, maintains, or transmits on behalf of COUNTY must have  
5 sufficient administrative, physical, and technical controls in place to protect that data, based upon a risk  
6 assessment/system security review.

7 c. Minimum Necessary. Only the minimum necessary amount of PHI COUNTY discloses  
8 to CONTRACTOR or CONTRACTOR creates, receives, maintains, or transmits on behalf of COUNTY  
9 required to perform necessary business functions may be copied, downloaded, or exported.

10 d. Removable media devices. All electronic files that contain PHI COUNTY discloses to  
11 CONTRACTOR or CONTRACTOR creates, receives, maintains, or transmits on behalf of COUNTY  
12 must be encrypted when stored on any removable media or portable device (i.e. USB thumb drives,  
13 floppies, CD/DVD, Blackberry, backup tapes etc.). Encryption must be a FIPS 140-2 certified algorithm  
14 which is 128bit or higher, such as AES. Such PHI shall not be considered "removed from the premises"  
15 if it is only being transported from one of CONTRACTOR's locations to another of CONTRACTOR's  
16 locations.

17 e. Antivirus software. All workstations, laptops and other systems that process and/or  
18 store PHI COUNTY discloses to CONTRACTOR or CONTRACTOR creates, receives, maintains, or  
19 transmits on behalf of COUNTY must have installed and actively use comprehensive anti-virus software  
20 solution with automatic updates scheduled at least daily.

21 f. Patch Management. All workstations, laptops and other systems that process and/or  
22 store PHI COUNTY discloses to CONTRACTOR or CONTRACTOR creates, receives, maintains, or  
23 transmits on behalf of COUNTY must have critical security patches applied, with system reboot if  
24 necessary. There must be a documented patch management process which determines installation  
25 timeframe based on risk assessment and vendor recommendations. At a maximum, all applicable  
26 patches must be installed within thirty (30) calendar or business days of vendor release. Applications  
27 and systems that cannot be patched due to operational reasons must have compensatory controls  
28 implemented to minimize risk, where possible.

29 g. User IDs and Password Controls. All users must be issued a unique user name for  
30 accessing PHI COUNTY discloses to CONTRACTOR or CONTRACTOR creates, receives, maintains,  
31 or transmits on behalf of COUNTY. Username must be promptly disabled, deleted, or the password  
32 changed upon the transfer or termination of an employee with knowledge of the password, at maximum  
33 within twenty-four (24) hours. Passwords are not to be shared. Passwords must be at least eight  
34 characters and must be a non-dictionary word. Passwords must not be stored in readable format on the  
35 computer. Passwords must be changed every ninety (90) calendar or business days, preferably every  
36 sixty (60) calendar or business days. Passwords must be changed if revealed or compromised.

37 //

1 Passwords must be composed of characters from at least three (3) of the following four (4) groups from  
2 the standard keyboard:

- 3 1) Upper case letters (A-Z)
- 4 2) Lower case letters (a-z)
- 5 3) Arabic numerals (0-9)
- 6 4) Non-alphanumeric characters (punctuation symbols)

7 h. Data Destruction. When no longer needed, all PHI COUNTY discloses to  
8 CONTRACTOR or CONTRACTOR creates, receives, maintains, or transmits on behalf of COUNTY  
9 must be wiped using the Gutmann or US DoD 5220.22-M (7 Pass) standard, or by degaussing. Media  
10 may also be physically destroyed in accordance with NIST Special Publication 800-88. Other methods  
11 require prior written permission by COUNTY.

12 i. System Timeout. The system providing access to PHI COUNTY discloses to  
13 CONTRACTOR or CONTRACTOR creates, receives, maintains, or transmits on behalf of COUNTY  
14 must provide an automatic timeout, requiring re-authentication of the user session after no more than  
15 twenty (20) minutes of inactivity.

16 j. Warning Banners. All systems providing access to PHI COUNTY discloses to  
17 CONTRACTOR or CONTRACTOR creates, receives, maintains, or transmits on behalf of COUNTY  
18 must display a warning banner stating that data is confidential, systems are logged, and system use is for  
19 business purposes only by authorized users. User must be directed to log off the system if they do not  
20 agree with these requirements.

21 k. System Logging. The system must maintain an automated audit trail which can identify  
22 the user or system process which initiates a request for PHI COUNTY discloses to CONTRACTOR or  
23 CONTRACTOR creates, receives, maintains, or transmits on behalf of COUNTY, or which alters such  
24 PHI. The audit trail must be date and time stamped, must log both successful and failed accesses, must  
25 be read only, and must be restricted to authorized users. If such PHI is stored in a database, database  
26 logging functionality must be enabled. Audit trail data must be archived for at least three (3) years after  
27 occurrence.

28 l. Access Controls. The system providing access to PHI COUNTY discloses to  
29 CONTRACTOR or CONTRACTOR creates, receives, maintains, or transmits on behalf of COUNTY  
30 must use role based access controls for all user authentications, enforcing the principle of least privilege.

31 m. Transmission encryption. All data transmissions of PHI COUNTY discloses to  
32 CONTRACTOR or CONTRACTOR creates, receives, maintains, or transmits on behalf of COUNTY  
33 outside the secure internal network must be encrypted using a FIPS 140-2 certified algorithm which is  
34 128bit or higher, such as AES. Encryption can be end to end at the network level, or the data files  
35 containing PHI can be encrypted. This requirement pertains to any type of PHI in motion such as  
36 website access, file transfer, and E-Mail.

37 //

n. Intrusion Detection. All systems involved in accessing, holding, transporting, and protecting PHI COUNTY discloses to CONTRACTOR or CONTRACTOR creates, receives, maintains, or transmits on behalf of COUNTY that are accessible via the Internet must be protected by a comprehensive intrusion detection and prevention solution.

### 3. Audit Controls

a. System Security Review. CONTRACTOR must ensure audit control mechanisms that record and examine system activity are in place. All systems processing and/or storing PHI COUNTY discloses to CONTRACTOR or CONTRACTOR creates, receives, maintains, or transmits on behalf of COUNTY 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 PHI COUNTY discloses to CONTRACTOR or CONTRACTOR creates, receives, maintains, or transmits on behalf of COUNTY must have a routine procedure in place to review system logs for unauthorized access.

c. Change Control. All systems processing and/or storing PHI COUNTY discloses to CONTRACTOR or CONTRACTOR creates, receives, maintains, or transmits on behalf of COUNTY must have a documented change control procedure that ensures separation of duties and protects the confidentiality, integrity and availability of data.

### 4. Business Continuity/Disaster Recovery Control

a. Emergency Mode Operation Plan. CONTRACTOR must establish a documented plan to enable continuation of critical business processes and protection of the security of PHI COUNTY discloses to CONTRACTOR or CONTRACTOR creates, receives, maintains, or transmits on behalf of COUNTY kept in an electronic format 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 twenty four (24) hours.

b. Data Backup Plan. CONTRACTOR must have established documented procedures to backup such PHI to maintain retrievable exact copies of the PHI. The plan must include a regular schedule for making backups, storing backup 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. BCP for CONTRACTOR and COUNTY (e.g. the application owner) must merge with the DRP.

### 5. Paper Document Controls

a. Supervision of Data. PHI COUNTY discloses to CONTRACTOR or CONTRACTOR creates, receives, maintains, or transmits on behalf of COUNTY 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. Such PHI

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1 in paper form shall not be left unattended at any time in vehicles or planes and shall not be checked in  
2 baggage on commercial airplanes.

3 b. Escorting Visitors. Visitors to areas where PHI COUNTY discloses to  
4 CONTRACTOR or CONTRACTOR creates, receives, maintains, or transmits on behalf of COUNTY is  
5 contained shall be escorted and such PHI shall be kept out of sight while visitors are in the area.

6 c. Confidential Destruction. PHI COUNTY discloses to CONTRACTOR or  
7 CONTRACTOR creates, receives, maintains, or transmits on behalf of COUNTY must be disposed of  
8 through confidential means, such as cross cut shredding and pulverizing.

9 d. Removal of Data. PHI COUNTY discloses to CONTRACTOR or CONTRACTOR  
10 creates, receives, maintains, or transmits on behalf of COUNTY must not be removed from the premises  
11 of the CONTRACTOR except with express written permission of COUNTY.

12 e. Faxing. Faxes containing PHI COUNTY discloses to CONTRACTOR or  
13 CONTRACTOR creates, receives, maintains, or transmits on behalf of COUNTY shall not be left  
14 unattended and fax machines shall be in secure areas. Faxes shall contain a confidentiality statement  
15 notifying persons receiving faxes in error to destroy them. Fax numbers shall be verified with the  
16 intended recipient before sending the fax.

17 f. Mailing. Mailings containing PHI COUNTY discloses to CONTRACTOR or  
18 CONTRACTOR creates, receives, maintains, or transmits on behalf of COUNTY shall be sealed and  
19 secured from damage or inappropriate viewing of PHI to the extent possible. Mailings which include  
20 five hundred (500) or more individually identifiable records containing PHI COUNTY discloses to  
21 CONTRACTOR or CONTRACTOR creates, receives, maintains, or transmits on behalf of COUNTY in  
22 a single package shall be sent using a tracked mailing method which includes verification of delivery  
23 and receipt, unless the prior written permission of COUNTY to use another method is obtained.

#### 24 F. BREACH DISCOVERY AND NOTIFICATION

25 1. Following the discovery of a Breach of Unsecured PHI, CONTRACTOR shall notify  
26 COUNTY of such Breach, however both parties agree to a delay in the notification if so advised by a  
27 law enforcement official pursuant to 45 CFR § 164.412.

28 a. A Breach shall be treated as discovered by CONTRACTOR as of the first day on which  
29 such Breach is known to CONTRACTOR or, by exercising reasonable diligence, would have been  
30 known to CONTRACTOR.

31 b. CONTRACTOR shall be deemed to have knowledge of a Breach, if the Breach is  
32 known, or by exercising reasonable diligence would have known, to any person who is an employee,  
33 officer, or other agent of CONTRACTOR, as determined by federal common law of agency.

34 2. CONTRACTOR shall provide the notification of the Breach immediately to the COUNTY  
35 Privacy Officer. CONTRACTOR's notification may be oral, but shall be followed by written  
36 notification within twenty four (24) hours of the oral notification.

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1 3. CONTRACTOR's notification shall include, to the extent possible:

2 a. The identification of each Individual whose Unsecured PHI has been, or is reasonably  
3 believed by CONTRACTOR to have been, accessed, acquired, used, or disclosed during the Breach;

4 b. Any other information that COUNTY is required to include in the notification to  
5 Individual under 45 CFR §164.404 (c) at the time CONTRACTOR is required to notify COUNTY or  
6 promptly thereafter as this information becomes available, even after the regulatory sixty (60) day period  
7 set forth in 45 CFR § 164.410 (b) has elapsed, including:

8 1) A brief description of what happened, including the date of the Breach and the date  
9 of the discovery of the Breach, if known;

10 2) A description of the types of Unsecured PHI that were involved in the Breach (such  
11 as whether full name, social security number, date of birth, home address, account number, diagnosis,  
12 disability code, or other types of information were involved);

13 3) Any steps Individuals should take to protect themselves from potential harm  
14 resulting from the Breach;

15 4) A brief description of what CONTRACTOR is doing to investigate the Breach, to  
16 mitigate harm to Individuals, and to protect against any future Breaches; and

17 5) Contact procedures for Individuals to ask questions or learn additional information,  
18 which shall include a toll-free telephone number, an e-mail address, Web site, or postal address.

19 4. COUNTY may require CONTRACTOR to provide notice to the Individual as required in  
20 45 CFR § 164.404, if it is reasonable to do so under the circumstances, at the sole discretion of the  
21 COUNTY.

22 5. In the event that CONTRACTOR is responsible for a Breach of Unsecured PHI in violation  
23 of the HIPAA Privacy Rule, CONTRACTOR shall have the burden of demonstrating that  
24 CONTRACTOR made all notifications to COUNTY consistent with this Subparagraph F. and as  
25 required by the Breach notification regulations, or, in the alternative, that the acquisition, access, use, or  
26 disclosure of PHI did not constitute a Breach.

27 6. CONTRACTOR shall maintain documentation of all required notifications of a Breach or  
28 its risk assessment under 45 CFR § 164.402 to demonstrate that a Breach did not occur.

29 7. CONTRACTOR shall provide to COUNTY all specific and pertinent information about the  
30 Breach, including the information listed in Section E.3.b.(1)-(5) above, if not yet provided, to permit  
31 COUNTY to meet its notification obligations under Subpart D of 45 CFR Part 164 as soon as  
32 practicable, but in no event later than fifteen (15) calendar days after CONTRACTOR's initial report of  
33 the Breach to COUNTY pursuant to Subparagraph F.2. above.

34 8. CONTRACTOR shall continue to provide all additional pertinent information about the Breach  
35 to COUNTY as it may become available, in reporting increments of five (5) business days after the last report  
36 to COUNTY. CONTRACTOR shall also respond in good faith to any reasonable requests for further  
37 information, or follow-up information after report to COUNTY, when such request is made by COUNTY.

1 9. If the Breach is the fault of CONTRACTOR, CONTRACTOR shall bear all expense or  
2 other costs associated with the Breach and shall reimburse COUNTY for all expenses COUNTY incurs  
3 in addressing the Breach and consequences thereof, including costs of investigation, notification,  
4 remediation, documentation or other costs associated with addressing the Breach.

5 G. PERMITTED USES AND DISCLOSURES BY CONTRACTOR

6 1. CONTRACTOR may use or further disclose PHI COUNTY discloses to CONTRACTOR  
7 as necessary to perform functions, activities, or services for, or on behalf of, COUNTY as specified in  
8 the Agreement, provided that such use or Disclosure would not violate the HIPAA Privacy Rule if done  
9 by COUNTY except for the specific Uses and Disclosures set forth below.

10 a. CONTRACTOR may use PHI COUNTY discloses to CONTRACTOR, if necessary,  
11 for the proper management and administration of CONTRACTOR.

12 b. CONTRACTOR may disclose PHI COUNTY discloses to CONTRACTOR for the  
13 proper management and administration of CONTRACTOR or to carry out the legal responsibilities of  
14 CONTRACTOR, if:

15 1) The Disclosure is required by law; or

16 2) CONTRACTOR obtains reasonable assurances from the person to whom the PHI is  
17 disclosed that it will be held confidentially and used or further disclosed only as required by law or for  
18 the purposes for which it was disclosed to the person and the person immediately notifies  
19 CONTRACTOR of any instance of which it is aware in which the confidentiality of the information has  
20 been breached.

21 c. CONTRACTOR may use or further disclose PHI COUNTY discloses to  
22 CONTRACTOR to provide Data Aggregation services relating to the Health Care Operations of  
23 CONTRACTOR.

24 2. CONTRACTOR may use PHI COUNTY discloses to CONTRACTOR, if necessary, to  
25 carry out legal responsibilities of CONTRACTOR.

26 3. CONTRACTOR may use and disclose PHI COUNTY discloses to CONTRACTOR  
27 consistent with the minimum necessary policies and procedures of COUNTY.

28 4. CONTRACTOR may use or disclose PHI COUNTY discloses to CONTRACTOR as  
29 required by law.

30 H. PROHIBITED USES AND DISCLOSURES

31 1. CONTRACTOR shall not disclose PHI COUNTY discloses to CONTRACTOR or  
32 CONTRACTOR creates, receives, maintains, or transmits on behalf of COUNTY about an individual to  
33 a health plan for payment or health care operations purposes if the PHI pertains solely to a health care  
34 item or service for which the health care provider involved has been paid out of pocket in full and the  
35 individual requests such restriction, in accordance with 42 USC § 17935(a) and 45 CFR § 164.522(a).

36 2. CONTRACTOR shall not directly or indirectly receive remuneration in exchange for  
37 PHI COUNTY discloses to CONTRACTOR or CONTRACTOR creates, receives, maintains, or

1 transmits on behalf of COUNTY, except with the prior written consent of COUNTY and as permitted by  
2 42 USC § 17935(d)(2).

3 I. OBLIGATIONS OF COUNTY

4 1. COUNTY shall notify CONTRACTOR of any limitation(s) in COUNTY's notice of  
5 privacy practices in accordance with 45 CFR § 164.520, to the extent that such limitation may affect  
6 CONTRACTOR's Use or Disclosure of PHI.

7 2. COUNTY shall notify CONTRACTOR of any changes in, or revocation of, the permission  
8 by an Individual to use or disclose his or her PHI, to the extent that such changes may affect  
9 CONTRACTOR's Use or Disclosure of PHI.

10 3. COUNTY shall notify CONTRACTOR of any restriction to the Use or Disclosure of PHI  
11 that COUNTY has agreed to in accordance with 45 CFR § 164.522, to the extent that such restriction  
12 may affect CONTRACTOR's Use or Disclosure of PHI.

13 4. COUNTY shall not request CONTRACTOR to use or disclose PHI in any manner that  
14 would not be permissible under the HIPAA Privacy Rule if done by COUNTY.

15 J. BUSINESS ASSOCIATE TERMINATION

16 1. Upon COUNTY's knowledge of a material Breach or violation by CONTRACTOR of the  
17 requirements of this Business Associate Contract, COUNTY shall:

18 a. Provide an opportunity for CONTRACTOR to cure the material Breach or end the  
19 violation within thirty (30) business days; or

20 b. Immediately terminate the Agreement, if CONTRACTOR is unwilling or unable to  
21 cure the material Breach or end the violation within thirty (30) days, provided termination of the  
22 Agreement is feasible.

23 2. Upon termination of the Agreement, CONTRACTOR shall either destroy or return to  
24 COUNTY all PHI CONTRACTOR received from COUNTY or CONTRACTOR created, maintained,  
25 or received on behalf of COUNTY in conformity with the HIPAA Privacy Rule.

26 a. This provision shall apply to all PHI that is in the possession of Subcontractors or  
27 agents of CONTRACTOR.

28 b. CONTRACTOR shall retain no copies of the PHI.

29 c. In the event that CONTRACTOR determines that returning or destroying the PHI is not  
30 feasible, CONTRACTOR shall provide to COUNTY notification of the conditions that make return or  
31 destruction infeasible. Upon determination by COUNTY that return or destruction of PHI is infeasible,  
32 CONTRACTOR shall extend the protections of this Business Associate Contract to such PHI and limit  
33 further Uses and Disclosures of such PHI to those purposes that make the return or destruction  
34 infeasible, for as long as CONTRACTOR maintains such PHI.

35 3. The obligations of this Business Associate Contract shall survive the termination of the  
36 Agreement.

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EXHIBIT C  
TO AGREEMENT FOR PROVISION OF  
RECOVERY EDUCATION INSTITUTE SERVICES  
BETWEEN  
COUNTY OF ORANGE  
AND  
PACIFIC CLINICS  
JULY 1, 2018 THROUGH JUNE 30, 2019

**I. PERSONAL INFORMATION AND SECURITY CONTRACT**

Any reference to statutory, regulatory, or contractual language herein shall be to such language as in effect or as amended.

**A. DEFINITIONS**

1. "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.

2. "Breach of the security of the system" shall have the meaning given to such term under the CIPA, CCC § 1798.29(d).

3. "CMPPA Agreement" means the CMPPA Agreement between SSA and CHHS.

4. "DHCS PI" shall mean PI, as defined below, accessed in a database maintained by the COUNTY or DHCS, received by CONTRACTOR from the COUNTY or DHCS or acquired or created by CONTRACTOR in connection with performing the functions, activities and services specified in the Agreement on behalf of the COUNTY.

5. "IEA" shall mean the IEA currently in effect between SSA and DHCS.

6. "Notice-triggering PI" shall mean the PI identified in CCC § 1798.29(e) whose unauthorized access may trigger notification requirements under CCC § 1709.29. 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 a finger or voice print, a photograph or a biometric identifier. Notice-triggering PI includes PI in electronic, paper or any other medium.

7. "PII" shall have the meaning given to such term in the IEA and CMPPA.

8. "PI" shall have the meaning given to such term in CCC § 1798.3(a).

9. "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

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1 the production of information, including statutes or regulations that require such information if payment  
2 is sought under a government program providing public benefits.

3 10. "Security Incident" means the attempted or successful unauthorized access, use, disclosure,  
4 modification, or destruction of PI, or confidential data utilized in complying with this Agreement; or  
5 interference with system operations in an information system that processes, maintains or stores PI.

## 6 B. TERMS OF AGREEMENT

7 1. Permitted Uses and Disclosures of DHCS PI and PII by CONTRACTOR. Except as  
8 otherwise indicated in this Exhibit, CONTRACTOR may use or disclose DHCS PI only to perform  
9 functions, activities, or services for or on behalf of the COUNTY pursuant to the terms of the Agreement  
10 provided that such use or disclosure would not violate the CIPA if done by the COUNTY.

### 11 2. Responsibilities of CONTRACTOR

12 CONTRACTOR agrees:

13 a. Nondisclosure. Not to use or disclose DHCS PI or PII other than as permitted or  
14 required by this Personal Information Privacy and Security Contract or as required by applicable state  
15 and federal law.

16 b. Safeguards. To implement appropriate and reasonable administrative, technical, and  
17 physical safeguards to protect the security, confidentiality and integrity of DHCS PI and PII, to protect  
18 against anticipated threats or hazards to the security or integrity of DHCS PI and PII, and to prevent use  
19 or disclosure of DHCS PI or PII other than as provided for by this Personal Information Privacy and  
20 Security Contract. CONTRACTOR shall develop and maintain a written information privacy and  
21 security program that include administrative, technical and physical safeguards appropriate to the size  
22 and complexity of CONTRACTOR's operations and the nature and scope of its activities, which  
23 incorporate the requirements of Subparagraph c., below. CONTRACTOR will provide COUNTY with  
24 its current policies upon request.

25 c. Security. CONTRACTOR shall ensure the continuous security of all computerized  
26 data systems containing DHCS PI and PII. CONTRACTOR shall protect paper documents containing  
27 DHCS PI and PII. These steps shall include, at a minimum:

28 1) Complying with all of the data system security precautions listed in Subparagraph  
29 E. of the Business Associate Contract, Exhibit B to the Agreement; and

30 2) Providing a level and scope of security that is at least comparable to the level and  
31 scope of security established by the OMB in OMB Circular No. A-130, Appendix III-Security of Federal  
32 Automated Information Systems, which sets forth guidelines for automated information systems in  
33 Federal agencies.

34 3) If the data obtained by CONTRACTOR from COUNTY includes PII,  
35 CONTRACTOR shall also comply with the substantive privacy and security requirements in the  
36 CMPPA Agreement between SSA and CHHS and in the Agreement between SSA and DHCS, known as  
37 the IEA. The specific sections of the IEA with substantive privacy and security requirements to be

1 complied with are sections E, F, and G, and in Attachment 4 to the IEA, Electronic Information  
2 Exchange Security Requirements, Guidelines and Procedures for Federal, State and Local Agencies  
3 Exchanging Electronic Information with SSA. CONTRACTOR also agrees to ensure that any of  
4 CONTRACTOR's agents or subcontractors, to whom CONTRACTOR provides DHCS PII agree to the  
5 same requirements for privacy and security safeguards for confidential data that apply to  
6 CONTRACTOR with respect to such information.

7 d. Mitigation of Harmful Effects. To mitigate, to the extent practicable, any harmful  
8 effect that is known to CONTRACTOR of a use or disclosure of DHCS PI or PII by CONTRACTOR or  
9 its subcontractors in violation of this Personal Information Privacy and Security Contract.

10 e. CONTRACTOR's Agents and Subcontractors. To impose the same restrictions and  
11 conditions set forth in this Personal Information and Security Contract on any subcontractors or other  
12 agents with whom CONTRACTOR subcontracts any activities under the Agreement that involve the  
13 disclosure of DHCS PI or PII to such subcontractors or other agents.

14 f. Availability of Information. To make DHCS PI and PII available to the DHCS and/or  
15 COUNTY for purposes of oversight, inspection, amendment, and response to requests for records,  
16 injunctions, judgments, and orders for production of DHCS PI and PII. If CONTRACTOR receives  
17 DHCS PII, upon request by COUNTY and/or DHCS, CONTRACTOR shall provide COUNTY and/or  
18 DHCS with a list of all employees, contractors and agents who have access to DHCS PII, including  
19 employees, contractors and agents of its subcontractors and agents.

20 g. Cooperation with COUNTY. With respect to DHCS PI, to cooperate with and assist  
21 the COUNTY to the extent necessary to ensure the DHCS's compliance with the applicable terms of the  
22 CIPA including, but not limited to, accounting of disclosures of DHCS PI, correction of errors in DHCS  
23 PI, production of DHCS PI, disclosure of a security Breach involving DHCS PI and notice of such  
24 Breach to the affected individual(s).

25 h. Breaches and Security Incidents. During the term of the Agreement, CONTRACTOR  
26 agrees to implement reasonable systems for the discovery of any Breach of unsecured DHCS PI and PII  
27 or security incident. CONTRACTOR agrees to give notification of any Breach of unsecured DHCS PI  
28 and PII or security incident in accordance with Subparagraph F. of the Business Associate Contract,  
29 Exhibit B to the Agreement.

30 i. Designation of Individual Responsible for Security. CONTRACTOR shall designate an  
31 individual, (e.g., Security Officer), to oversee its data security program who shall be responsible for  
32 carrying out the requirements of this Personal Information Privacy and Security Contract and for  
33 communicating on security matters with the COUNTY.

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