

AGREEMENT FOR PROVISION OF  
HOSPITAL SERVICES  
FOR  
CORRECTIONAL HEALTH SERVICES  
BETWEEN  
COUNTY OF ORANGE  
AND

WMC-A, INC., dba WESTERN MEDICAL CENTER-ANAHEIM, A WHOLLY OWNED  
SUBSIDIARY OF INTEGRATED HEALTHCARE HOLDINGS INC.

JULY 1, ~~2013~~ 2014 THROUGH JUNE 30, ~~2014~~ 2015

THIS AGREEMENT entered into this 1st day of July ~~2013~~ 2014, which date is enumerated for purposes of reference only, is by and between the COUNTY OF ORANGE (COUNTY) and WMC-A, INC., dba WESTERN MEDICAL CENTER-ANAHEIM, A WHOLLY OWNED SUBSIDIARY OF INTEGRATED HEALTHCARE HOLDINGS INC., a California for profit corporation (CONTRACTOR). This Agreement shall be administered by the County of Orange Health Care Agency (ADMINISTRATOR).

W I T N E S S E T H:

WHEREAS, COUNTY issued a Solicitation of Interest for Inpatient Hospital Services for the Correctional Health Services Program; and

WHEREAS, CONTRACTOR responded and represented that its proposed services meet or exceed the requirements and specifications of the solicitation; and

WHEREAS, COUNTY wishes to contract with CONTRACTOR for the provision of Hospital Services for covered persons of Orange County Correctional Health Services Program described herein; and

WHEREAS, COUNTY has entered into a separate agreement with a physician group for provision of physician services for Correctional Health Services Program (Physician Group); and

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

NOW, THEREFORE, IT IS MUTUALLY AGREED AS FOLLOWS:

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**REFERENCED CONTRACT PROVISIONS**

**Term:** July 1, ~~2013~~2014 through June 30, ~~2014~~2015

**Maximum Obligation:** \$6,~~380,000~~379,980

**Basis for Reimbursement:** ~~—~~ Negotiated Amount

**Payment Method(s):** ~~—~~ Negotiated Amount

~~—~~ Fee-For-Service

**Notices to COUNTY and CONTRACTOR:**

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

**CONTRACTOR:** Attention: ~~Kenneth K. Westbrook, President~~Suzanne Richards, CEO  
WMC-A, Inc., dba Western Medical Center – Anaheim, a wholly owned subsidiary  
of Integrated Health Care Holdings Inc.  
1025 S. Anaheim Blvd  
Anaheim, CA 92805  
Lloyd B. Wilensky, Vice President, Government and Payer Affairs  
[Lloyd.wilensky@ihhioc.com](mailto:Lloyd.wilensky@ihhioc.com)

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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. ARRA	American Recovery and Reinvestment Act
B. ASRS	Alcohol and Drug Programs Reporting System
C. CCC	California Civil Code
D. CCR	California Code of Regulations
E. CEO	County Executive Office
F. CFR	Code of Federal Regulations
G. CHPP	COUNTY HIPAA Policies and Procedures
H. CHS	Correctional Health Services
I. COI	Certificate of Insurance
J. D/MC	Drug/Medi-Cal
K. DHCS	Department of Health Care Services
L. DPFS	Drug Program Fiscal Systems
M. DRS	Designated Record Set
N. ePHI	Electronic Protected Health Information
O. GAAP	Generally Accepted Accounting Principles
P. HCA	Health Care Agency
Q. HHS	Health and Human Services
R. HIPAA	Health Insurance Portability and Accountability Act of 1996, Public Law 104-191
S. HSC	California Health and Safety Code
T. ISO	Insurance Services Office
U. MHP	Mental Health Plan
V. OCJS	Orange County Jail System
W. OCPD	Orange County Probation Department
X. OCR	Office for Civil Rights
Y. OCSD	Orange County Sheriff's Department
Z. OIG	Office of Inspector General
AA. OMB	Office of Management and Budget
AB. OPM	Federal Office of Personnel Management
AC. PA DSS	Payment Application Data Security Standard
AD. PC	State of California Penal Code
AE. PCI DSS	Payment Card Industry Data Security Standard
AF. PHI	Protected Health Information
AG. PII	Personally Identifiable Information

1	AH. PRA	Public Record Act
2	AI. SIR	Self-Insured Retention
3	AJ. The HITECH Act	The Health Information Technology for Economic and Clinical Health
4		Act, Public Law 111-005
5	AK. USC	United States Code
6	AL. WIC	State of California Welfare and Institutions Code

## **II. ALTERATION OF TERMS**

A. This Agreement, together with Exhibits A and B 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. COMPLIANCE**

A. 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 relevant HCA policies and procedures relating to HCA's Compliance Program, HCA's Code of Conduct and General Compliance Trainings.

2. CONTRACTOR has the option to adhere to HCA's Compliance Program and Code of Conduct or establish its own, provided CONTRACTOR's Compliance Program and Code of Conduct have been verified to include all required elements by ADMINISTRATOR's Compliance Officer as described in subparagraphs below.

3. If CONTRACTOR elects to adhere to HCA's Compliance Program and Code of Conduct; the CONTRACTOR shall submit to the ADMINISTRATOR within thirty (30) calendar days of award of this Agreement a signed acknowledgement that CONTRACTOR shall comply with HCA's Compliance Program and Code of Conduct.

4. If CONTRACTOR elects to have its own Compliance Program and Code of Conduct then it shall submit a copy of its Compliance Program, Code of Conduct and relevant policies and procedures to ADMINISTRATOR within thirty (30) calendar days of award of this Agreement. ADMINISTRATOR's Compliance Officer shall determine if CONTRACTOR Compliance Program and Code of Conduct contains all required elements. CONTRACTOR shall take necessary action to meet said standards or shall be asked to acknowledge and agree to the HCA's Compliance Program and Code

of Conduct if the CONTRACTOR's Compliance Program and Code of Conduct does not contain all required elements.

5. Upon written confirmation from ADMINISTRATOR's Compliance Officer that the CONTRACTOR Compliance Program and Code of Conduct contains all required elements, CONTRACTOR shall ensure that all Covered Individuals relative to this Agreement are made aware of CONTRACTOR's Compliance Program, Code of Conduct and related policies and procedures.

6. Failure of CONTRACTOR to submit its Compliance Program, Code of Conduct and relevant policies and procedures shall constitute a material breach of this Agreement. Failure to cure such breach within sixty (60) calendar days of such notice from ADMINISTRATOR shall constitute grounds for termination of this Agreement as to the non-complying party.

B. SANCTION SCREENING – CONTRACTOR shall adhere to all screening policies and procedures and screen all Covered Individuals employed or retained to provide services related to this Agreement to ensure that they are not designated as Ineligible Persons, as pursuant to this Agreement. Screening shall be conducted against the General Services Administration's Excluded Parties List System or System for Award Management, the Health and Human Services/Office of Inspector General List of Excluded Individuals/Entities, and the California Medi-Cal Suspended and Ineligible Provider List and/or any other as identified by the ADMINISTRATOR.

1. Covered Individuals includes all contractors, subcontractors, agents, and other persons who provide health care items or services or who perform billing or coding functions on behalf of HCA. 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.

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

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

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

C. COMPLIANCE TRAINING – ADMINISTRATOR shall make General Compliance Training and Provider Compliance Training, where appropriate, available to Covered Individuals.

1. CONTRACTOR shall use its best efforts to encourage completion by Covered Individuals; provided, however, that at a minimum CONTRACTOR shall assign at least one (1) designated representative to complete all Compliance Trainings when offered.

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

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

4. Each Covered Individual attending training shall certify, in writing, attendance at compliance training. CONTRACTOR shall retain the certifications. Upon written request by ADMINISTRATOR, CONTRACTOR shall provide copies of the certifications.

D. MEDICAL BILLING, CODING, AND DOCUMENTATION COMPLIANCE STANDARDS

1. CONTRACTOR shall take reasonable precaution to ensure that the coding of health care claims, billings and/or invoices for same are prepared and submitted in an accurate and timely manner and are consistent with federal, state and county laws and regulations.



2. CONTRACTOR shall not submit any false, fraudulent, inaccurate and/or fictitious claims for payment or reimbursement of any kind.

3. CONTRACTOR shall bill only for those eligible services actually rendered which are also fully documented. When such services are coded, CONTRACTOR shall use accurate billing codes which accurately describes the services provided and must ensure compliance with all billing and documentation requirements.

4. CONTRACTOR shall act promptly to investigate and correct any problems or errors in coding of claims and billing, if and when, any such problems or errors are identified.

5. CONTRACTOR shall promptly return any overpayments within forty-five (45) business days after the overpayment is verified by the ADMINISTRATOR.

#### **IV. CONFIDENTIALITY**

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

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

#### **V. 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%) of the composition of the Board of Directors within a two (2) month period of time, shall be deemed an assignment for purposes of this paragraph, unless CONTRACTOR is transitioning from a community clinic/health center to a Federally Qualified Health Center and has been so designated by the Federal

Government. Any attempted assignment or delegation in derogation of this subparagraph shall be void.

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

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

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

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

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

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

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

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

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

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## **VI. EMPLOYEE ELIGIBILITY VERIFICATION**

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

## **VII. EXPENDITURE AND REVENUE REPORT**

A. No later than sixty (60) calendar days following termination of this Agreement, CONTRACTOR shall submit to ADMINISTRATOR, for informational purposes only, an Expenditure Report for the preceding fiscal year, or portion thereof. Such report shall be prepared in accordance with the procedure that is provided by ADMINISTRATOR and GAAP.

B. CONTRACTOR may be required to submit periodic Expenditure Reports throughout the term of this Agreement.

## **VIII. FACILITIES, PAYMENTS AND SERVICES**

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

## **IX. INDEMNIFICATION AND INSURANCE**

A. CONTRACTOR agrees to indemnify, defend with counsel approved in writing by COUNTY, and hold COUNTY, its elected and appointed officials, officers, employees, agents and those special districts and agencies for which COUNTY's Board of Supervisors acts as the governing Board (COUNTY INDEMNITEES) harmless from any claims, demands or liability of any kind or nature, including but not limited to personal injury or property damage, arising from or related to the services, products or other performance provided by CONTRACTOR pursuant to this Agreement. If judgment is entered against CONTRACTOR and COUNTY by a court of competent jurisdiction because of the concurrent active negligence of COUNTY or COUNTY INDEMNITEES, CONTRACTOR and COUNTY agree that liability will be apportioned as determined by the court. Neither party shall request



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

<u>Coverage</u>	<u>Minimum Limits</u>
Commercial General Liability	\$5,000,000 per occurrence \$5,000,000 aggregate
Automobile Liability including coverage for owned, non-owned and hired vehicles	\$1,000,000 per occurrence
Workers' Compensation	Statutory
Employers' Liability Insurance	\$1,000,000 per occurrence
Professional Liability Insurance	\$3,000,000 per claims made or per occurrence
Sexual Misconduct Liability	\$1,000,000 per occurrence

~~H. REQUIRED COVERAGE FORMS~~

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

~~H 2. The Business Auto Liability coverage shall be written on ISO form CA 00 01, CA 00 05, CA 0012, CA 00 20, or a substitute form providing coverage at least as broad.~~

~~I. REQUIRED ENDORSEMENTS~~ – The Commercial General Liability policy shall contain the following endorsements, which shall accompany the COI:

1. An Additional Insured endorsement using ISO form CG 2010 or CG 2033 or a form at least as broad naming the County of Orange, its elected and appointed officials, officers, employees, agents as Additional Insureds.

2. A primary 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.

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

~~KJ.~~ The Workers' Compensation policy shall contain a waiver of subrogation endorsement waiving

all rights of subrogation against the County of Orange, and members of the Board of Supervisors, its elected and appointed officials, officers, agents and employees.

~~L~~K. All insurance policies required by this Agreement shall give COUNTY thirty (30) calendar days notice in the event of cancellation and ten (10) calendar days notice for non-payment of premium. This shall be evidenced by policy provisions or an endorsement separate from the COI.

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~~L~~. If CONTRACTOR's Professional Liability policy is a "claims made" policy, CONTRACTOR shall agree to maintain professional liability coverage for two years following completion of Agreement.

~~N~~M. 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).

~~O~~N. COUNTY expressly retains the right to require ~~CONTRACTOR~~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~~O. COUNTY shall notify CONTRACTOR in writing of changes in the insurance requirements. If CONTRACTOR does not deposit copies of acceptable COI's and endorsements with COUNTY incorporating such changes within thirty (30) calendar days of receipt of such notice, this Agreement may be in breach without further notice to CONTRACTOR, and COUNTY shall be entitled to all legal remedies.

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~~Q~~P. 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~~Q. SUBMISSION OF INSURANCE DOCUMENTS

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

- Prior to the start date of this Agreement.
- No later than the expiration date for each policy.
- 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 F. of this Agreement.

2. The COI and endorsements shall be provided to the COUNTY at the address as referenced 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:

- 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 COI's and endorsements, or in the interim, an insurance binder as adequate evidence of insurance.

~~S. 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.~~

## **X. 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 employ a licensed certified public accountant, who will prepare and file with ADMINISTRATOR, an annual, independent, organization-wide audit of related expenditures 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.

## **XI. 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 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;

c. A certification that CONTRACTOR has fully complied with all applicable federal and state reporting requirements regarding its employees;

d. A certification that CONTRACTOR has fully complied with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment, and will continue to so comply.

2. Failure of CONTRACTOR to timely submit the data and/or certifications required by Subparagraphs 1.a., 1.b., 1.c., or 1.d. above, or to comply with all federal and state employee reporting

requirements for child support enforcement, or to comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment, shall constitute a material breach of this Agreement; and failure to cure such breach within sixty (60) calendar days of notice from COUNTY shall constitute grounds for termination of this Agreement.

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.~~

~~D. CONTRACTOR attests that all CONTRACTOR physicians providing services under this Agreement are and will continue to be as long as this Agreement remains in effect, the holders of currently valid licenses to practice medicine in the State of California and are members in good standing of the medical staff of CONTRACTOR's facility.~~

## **XII. MAXIMUM OBLIGATION**

The Maximum Obligation of COUNTY for services provided in accordance with this Agreement as specified in the Referenced Contract Provisions of this Agreement.

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## **XIII. 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 ethnic group identification, race, religion, ancestry, color, creed, sex, marital status, national origin, age (40 and over), sexual orientation, medical condition, or physical or mental disability. 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 ethnic group identification, race, religion, ancestry, color, creed, sex, marital status, national origin, age (40 and over), sexual orientation, medical condition, or physical or mental disability.

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 ethnic group identification, race, religion, ancestry, color, creed, sex, marital status, national origin, age (40 and over), sexual orientation, medical condition, or physical or mental disability. 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 ethnic group identification, race, religion, ancestry, color, creed, sex, marital status, national origin, age (40 and over), sexual orientation, medical condition, or physical or mental disability 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); and Title 9, Division 4, Chapter 6, Article 1 (§10800, et seq.) of the California Code of Regulations,) 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 and/or subcontractor's clients may file all complaints alleging discrimination in the delivery of services with CONTRACTOR, subcontractor, and

ADMINISTRATOR.

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.

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 (42 USC 12101 et seq.), 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 CONTRACTOR or subcontractor may be declared ineligible for further contracts involving federal, state or county funds.

#### XIV. NOTICES

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

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

2. When faxed, transmission confirmed;

3. When sent by Email; or

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

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

C. Within sixteen (16) hours of initial notification, CONTRACTOR shall provide ADMINISTRATOR, CHS Medical Director, and Orange County Sheriff written notification of the

Special Incident

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

## **XV. NOTIFICATION OF DEATH**

A. Upon becoming aware of the death of any person served pursuant to this Agreement, CONTRACTOR shall immediately notify on-premises Sheriff's Deputy, CHS Director and ADMINISTRATOR.

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

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

### **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

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to the death, CONTRACTOR shall immediately notify ADMINISTRATOR in accordance with this Notification of Death Paragraph.

## **XVI. 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 ensure appropriate financial records related to cost reporting,~~



~~expenditure, revenue, billings, etc., are prepared and maintained accurately and appropriately.~~

~~— C. CONTRACTOR shall ensure all appropriate state and federal standards of documentation, preparation, and confidentiality of records related to participant, client and/or patient records are met at all times.~~

~~**B** 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.~~

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

~~— F. If CONTRACTOR is unable to meet the record location criteria above, ADMINISTRATOR may provide written approval to CONTRACTOR to maintain records in a single location, identified by CONTRACTOR.~~

~~— G. CONTRACTOR may be required to retain all records involving litigation proceedings and settlement of claims for a longer term which will be directed by the ADMINISTRATOR.~~

~~— H. CONTRACTOR shall notify ADMINISTRATOR of any PRA requests related to, or arising out of, this Agreement, within forty-eight (48) hours. CONTRACTOR shall provide ADMINISTRATOR all information that is requested by the PRA request.~~

~~— I. 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.~~

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~~— **J** **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.~~

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

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

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

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

3. Used, in whole or in part, by or for the covered entity to make decisions about individuals. ~~L.G.~~ CONTRACTOR may retain participant, client, and/or patient documentation electronically in accordance with the terms of this Agreement and common business practices. If documentation is retained electronically, CONTRACTOR shall, in the event of an audit or site visit:

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

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

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

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

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

~~O.I.~~ CONTRACTOR shall retain all participant, client, and/or patient medical records including mental health records for ~~seven (7)~~ten (10) years following discharge of the participant, client and/or patient, with the exception of non-emancipated minors for whom records must be kept for at least one (1) year after such minors have reached the age of eighteen (18) years, or for ~~seven (7)~~ten (10) years after the last date of service, or until the minors have reached the age of twenty-five (25), whichever is longer.

K. If CONTRACTOR is unable to meet the record location criteria above, ADMINISTRATOR may provide written approval to CONTRACTOR to maintain records in a single location, identified by CONTRACTOR.

L. CONTRACTOR may be required to retain all records involving litigation proceedings and settlement of claims for a longer term which will be directed by the ADMINISTRATOR.

M. CONTRACTOR shall notify ADMINISTRATOR of any PRA requests related to, or arising out of, this Agreement, within forty-eight (48) hours. CONTRACTOR shall provide ADMINISTRATOR all information that is requested by the PRA request.

## **XVII. RESEARCH AND PUBLICATION**

CONTRACTOR shall not utilize information and data received from COUNTY or developed as a result of this Agreement for the purpose of personal publication.

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**XVIII. RIGHT TO WORK AND MINIMUM WAGE LAWS**

A. In accordance with the United States Immigration Reform and Control Act of 1986, CONTRACTOR shall require its employees directly or indirectly providing service pursuant to this Agreement, in any manner whatsoever, to verify their identity and eligibility for employment in the United States. CONTRACTOR shall also require and verify that its contractors, subcontractors, or any other persons providing services pursuant to this Agreement, in any manner whatsoever, verify the identity of their employees and their eligibility for employment in the United States.

B. Pursuant to the United States of America Fair Labor Standard 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.

C. 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.

D. 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 exists or may hereafter be amended.

**XIX. 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.

**XX. 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.
  5. Reimbursement of CONTRACTOR's members of the Board of Directors for expenses or services.
  6. Making personal loans to CONTRACTOR's staff, volunteers, interns, consultants, subcontractors, and members of the Board of Directors 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.
- 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.
  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.

## **XXI. 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.

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**XXII. TERM**

A. The term of this Agreement shall commence ~~and~~ 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.

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**XXIII. TERMINATION**

A. CONTRACTOR may terminate this Agreement only for Special Circumstance. "Termination for Special Circumstance" means termination of this Agreement by CONTRACTOR because CONTRACTOR has, in fact, sold its hospital facility to a buyer, and that such sale is conditioned upon termination of the provision of the services to be provided pursuant to this Agreement. CONTRACTOR may terminate this Agreement for Special Circumstance only if all of the following conditions are met:

1. CONTRACTOR has notified COUNTY, in writing, at least sixty (60) calendar days in advance of the close of escrow for a pending sale of its hospital facility, and included with such notice, written evidence that a prospective buyer has made a bonafide offer, and that the buyer has expressed, in writing, that it is averse to continuing the services specified herein under the same terms and conditions, and that purchase of the hospital facility is fully conditioned upon termination of this Agreement.

2. CONTRACTOR shall use its best effort to encourage the prospective buyer to continue to provide services on the terms and conditions specified herein, and to facilitate discussion between COUNTY and the buyer.

3. CONTRACTOR shall provide COUNTY documented evidence of the facility sale and terms and conditions required by the buyer regarding termination of this Agreement and the Notice of Termination for Special Circumstance not less than twelve (12) months before the effective date set by CONTRACTOR for such termination.

4. Upon receipt of Notice of Termination for Special Circumstance, COUNTY shall make its best effort to vacate the Unit before the effective date of termination.

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

C. COUNTY may terminate this Agreement immediately, upon written notice, on the occurrence

of any of the following events:

1. The loss by CONTRACTOR of legal capacity.
2. Cessation of services.
3. The delegation or assignment of CONTRACTOR'S services, operation or administration to another entity without the prior written consent of COUNTY.
4. The habitual neglect by any licensed person employed by CONTRACTOR of any duty required pursuant to this Agreement; provided, however, COUNTY may waive this option if CONTRACTOR removes such licensed person from serving persons treated or assisted pursuant to this Agreement.
5. The loss of accreditation or any license required by the Licenses and Law paragraph of this Agreement.
6. The continued incapacity of any licensed person to perform duties required pursuant to this Agreement; provided, however, COUNTY may waive this option if CONTRACTOR removes such licensed person from serving persons treated or assisted pursuant to this Agreement.
7. Unethical conduct or malpractice by any physician or licensed person providing services pursuant to this Agreement; provided, however, COUNTY may waive this option if CONTRACTOR removes such physician or licensed person from serving persons treated or assisted pursuant to this Agreement.

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

#### E. CONTINGENT FUNDING

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

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

G. In the event this Agreement is terminated by either party pursuant to Subparagraphs B. through

F. above, CONTRACTOR shall do the following:

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

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.

H. 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.

#### **XXIV. 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.

#### **XXV. 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.

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

WMC-A, INC., dba WESTERN MEDICAL CENTER-ANAHEIM, A WHOLLY OWNED  
SUBSIDIARY OF INTEGRATED HEALTHCARE HOLDINGS INC.

BY: \_\_\_\_\_ DATED: \_\_\_\_\_

TITLE: \_\_\_\_\_

BY: \_\_\_\_\_ DATED: \_\_\_\_\_

TITLE: \_\_\_\_\_

COUNTY OF ORANGE

BY: \_\_\_\_\_ DATED: \_\_\_\_\_

HEALTH CARE AGENCY

APPROVED AS TO FORM  
OFFICE OF THE COUNTY COUNSEL  
ORANGE COUNTY, CALIFORNIA

BY: \_\_\_\_\_ DATED: \_\_\_\_\_

DEPUTY

If the contracting party is a corporation, two (2) signatures are required: one (1) signature by the Chairman of the Board, the President or any Vice President; and one (1) signature by the Secretary, any Assistant Secretary, the Chief Financial Officer or any Assistant Treasurer. If the contract is signed by one (1) authorized individual only, a copy of the corporate resolution 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  
HOSPITAL SERVICES  
BETWEEN  
COUNTY OF ORANGE  
AND

WMC-A, INC., dba WESTERN MEDICAL CENTER-ANAHEIM, A WHOLLY OWNED  
SUBSIDIARY OF INTEGRATED HEALTHCARE HOLDINGS INC.

JULY 1, ~~2013~~2014 THROUGH JUNE 30, ~~2014~~2015

**I. DEFINITIONS**

The parties agree to the following terms and definitions, and to those terms and definitions which, for convenience, are set forth elsewhere in this Agreement.

A. “Ancillary Services” means those support services other than room, board, and medical and nursing services that are provided by CONTRACTOR to Custody Patients during the course of their care and include such services as laboratory, pharmacy, and physical therapy services. They are generally distinguished from a Clinic Service by the absence of a corresponding Physician or Specialty Physician Service.

B. “Bed Day” means one (1) calendar day during which CONTRACTOR provides Medical Services described hereunder, which day shall begin at twelve o’clock midnight. A bed day shall include the day of admission and exclude the day of discharge, unless admission and discharge occur on the same day.

C. “Clinic Services” means ambulatory care provided on an outpatient basis to Custody Patients for diagnosis or treatment, usually by a specialty physician.

~~D. “CMS” means the Health Care Agency’s Correctional Medical Services Program.~~

~~—E. “CMH” means the Health Care Agency’s Correctional Mental Health Program.~~

~~—F. “CMS”~~ “CHS Medical Director” means the Health Care Agency’s Correctional ~~Medical~~ Health Services Medical Director.

~~G.~~ “Correctional Health Services” or “CHS” means the Health Care Agency’s Correctional Health Services which is the division which encompasses and oversees the ~~CMS, CMH and JHS~~ adult and juvenile detention health services Programs.

~~H.~~ “CHS Pool” means funding, in addition to the Maximum Obligations as set forth in the Referenced Contract Provisions of this Agreement, for services provided in accordance with Paragraph IV of this Exhibit A to Agreement which shall be made available to CONTRACTOR by submitting claims to the Intermediary in accordance with Paragraph II of Exhibit A to this Agreement.

~~I.~~ “Cost to Charge Ratio” means the most recent OSHPD published cost to charge ratio for CONTRACTOR’S facility.

~~J.~~  
H. “County Health Care Professional” means physicians, nurses, health officers or other persons or classes of persons designated by ADMINISTRATOR to perform the treatment authorization functions specified in this Agreement.

~~K.I.~~ “Custody Patient” means any of the following:

1. An Orange County Jail inmate referred to CONTRACTOR for treatment by any CHS Program Health Professional or Orange County Deputy.

2. A person brought to CONTRACTOR for treatment by ~~ana~~ an Orange County Deputy who has already been booked into the Orange County Jail.

3. A person brought to CONTRACTOR’S emergency department by ~~a~~ an Orange County Deputy for medical clearance prior to booking after being deferred directly from the COUNTY’S Intake and Release Center.

4. A minor, brought to CONTRACTOR for treatment, who is under the care and custody of the Orange County Probation Department pursuant to, or pending the filing of, a petition under the Welfare and Institutions Code.

5. Any requirement by this Agreement for the provision of services to Custody Patients shall also be deemed to be a requirement to provide services to infants, only until discharge, born to any person identified in subparagraphs 1. through 4. above. Such infants shall be designated as “Newborns” for the purposes of this Agreement.

~~6. Custody Patients shall exclude those held solely pursuant to Section 5150 of the Welfare and Institutions Code.~~

~~7.~~ 6. It is understood by the parties that Custody Patients excludes those persons, who, at the time of service, are escorted by local/city law enforcement (non-county custody personnel), housed or subsequently booked into a city jail.

~~L.J.~~ “Deputy” means a sworn officer of the Orange County Sheriff’s Department.

~~M.K.~~ “Emergency” means the sudden and unexpected onset of a symptom, illness, or injury which, in the judgment of a physician, requires immediate diagnosis and/or treatment in order to alleviate or attempt to prevent severe pain, permanent disability, serious medical complications or loss of life.

~~N.L.~~ “Fiscal Intermediary” or “Intermediary” means an independent company that has a contract with COUNTY to maintain a custody database of all services provided to Custody Patients and to receive and adjudicate claims submitted by CONTRACTOR or other third party Medical Services providers on behalf of the COUNTY, which at the execution of this Agreement is Advanced Medical Management, Inc.

~~O.M.~~ “Fiscal Year” means the period from July 1 through the following June 30.

~~P.N.~~ “Hospital Services” means all means all Medical Services provided by CONTRACTOR pursuant to this Agreement, excluding Physician Services.

~~Q~~Q. “Inpatient” means a Custody Patient admitted to CONTRACTOR’S hospital for the purpose of receiving Medical Services, with the expectation of remaining hospitalized at least overnight.

~~R~~P. “JHS” means the Health Care Agency’s Juvenile Health Services Program.

~~S~~Q. “Medi-Cal Program” means that program of medical assistance established by the Medi-Cal Act as contained in Chapter 7, Part 3, Division 9 of the Welfare and Institutions Code (commencing with Section 14000) including applicable regulations promulgated under and pursuant to said law, as now in existence or as hereafter amended or changed.

~~T~~R. “Medical Services” means any diagnostic, treatment, or supportive services, ~~excluding TB screenings~~, which are determined by ADMINISTRATOR to be medically necessary to protect life or prevent significant disability, and/or to diagnose and treat illness or injuries which require treatment to prevent serious deterioration of health. Medical Services include any service or examination authorized in accordance with this Agreement.

~~U~~S. “OSHDP” means the Office of Statewide Health and Planning Development.

~~V~~T. “Outpatient Services” means any Clinic Services or Ancillary Services provided to Custody Patients which do not require an admission into CONTRACTOR’S facility.

~~W~~U. “Pharmacy Services” means the dispensing by CONTRACTOR of any medications prescribed by persons providing Medical Services at CONTRACTOR’S facility.

~~X~~V. “Physician Services” means all Medical Services provided by physicians pursuant to either one of two separate Agreements with the COUNTY:

1. For the purposes of this Agreement, Physician Services shall mean those services provided by physicians, through a separate Agreement with COUNTY, to Custody Patients within CONTRACTOR’S facility, which at the execution of this Agreement shall be Correctional Managed Care Medical Corporation. These services shall include those provided by CONTRACTOR’S hospital-based physicians.

2. “In House Physician Services” means those services provided by physicians and specialty physicians, through a separate Agreement with COUNTY, to Custody Patients within the COUNTY’S CHS facilities, ~~which at the execution of this Agreement shall be American Correctional Services.~~

~~Y~~W. “TAR” means Treatment Authorization Request.

~~Z~~X. “Unit” means a secure separate patient care area, which is dedicated for the treatment of Type II Maximum Security Outpatient and Inpatient Custody Patients referred by COUNTY.

~~A~~A.Y. “Vendor” means a provider of services which are outside of CONTRACTOR’S normal scope of services offered to the general public, but are deemed medically necessary for a Custody Patient. Services outside CONTRACTOR’S normal scope of services include but are not limited to: Pediatric HIV Services; Radiation Therapy; Lithotripsy; MRI; MRA; MRV; MRCP; Mammogram; Optometry; Ophthalmic Surgery; PET Scans; Nuclear PET Scans; Specialized Plastic Surgery; High Risk OB; Transplants; Specialized Radiology; Chemo Therapy, most Quaternary and Tertiary hospital services.

## II. PAYMENT AND BILLINGS

~~A.~~ A. As compensation for Medical Services provided in accordance with Paragraph III of this Exhibit A to the Agreement, COUNTY shall reimburse CONTRACTOR monthly, in advance, the following amounts; provided, however, that the total of all such monthly payments shall not exceed the Total Maximum Obligation, as specified in the Referenced Contract Provisions section of the Agreement:

1. Fixed Unit Costs: \$ 166,665
2. Guaranteed flat rate for eight (8) acute care beds within the Unit: \$ 365,000 which shall be paid regardless of occupancy.

B. In addition to the monthly payments as identified in this Paragraph II.A.1 and II.A.2 above, COUNTY shall pay CONTRACTOR, through the Intermediary, as compensation for Inpatients receiving Medical Services provided within the Unit that exceed the guaranteed eight (8) beds per calendar day, at a rate of two thousand seven hundred dollars (\$2,700) per additional Bed Day.

C. As compensation for Medical Services provided in accordance with Paragraph IV of this Exhibit A to the Agreement, reimbursement shall be from the CHS Pool through claims submitted to the Intermediary as follows:

1. For all other services provided directly by CONTRACTOR, CONTRACTOR shall be reimbursed at a rate equal to one hundred ten percent (110%) of the hospital's actual costs according to the most recent Hospital Annual Financial Data report issued by OSHPD, as calculated using a cost-to-charge ratio. It is understood by the parties that data reported to OSHPD for a calendar year is not available for that calendar year until October of the following year. As a result, CONTRACTOR'S most recent costs may not be accurately reflected in this data. CONTRACTOR may present its current cost data, and ADMINISTRATOR, at ADMINISTRATOR'S sole discretion, may consider information presented by CONTRACTOR and direct the Fiscal Intermediary to adjust the rate for services reimbursed in accordance with this subparagraph.

2. For Vendor services secured by CONTRACTOR on behalf of Custody Patients, Vendors shall be reimbursed at the rate(s) as negotiated by CONTRACTOR and approved in advance by ADMINISTRATOR.

- a. CONTRACTOR shall make every effort to negotiate reasonable reimbursement rates with Vendors.

- b. CONTRACTOR shall submit to ADMINISTRATOR for approval, within ten (10) working days from the effective date of this Agreement and by July 1 for each Period thereafter, a listing and proposed rate schedule for the most common Vendor services. CONTRACTOR shall provide an update of this schedule to ADMINISTRATOR each time an established Vendor rate for a service is due for review/negotiation.

- c. ADMINISTRATOR and CONTRACTOR shall agree on one of following reimbursement processes for each Vendor specified on CONTRACTOR'S schedule. For Vendor

services not on CONTRACTOR'S schedule, CONTRACTOR shall propose the reimbursement process at the same time the negotiated rate(s) with Vendor is submitted to ADMINISTRATOR for approval. At ADMINISTRATOR'S sole discretion, any designated reimbursement process may be modified upon written notification to CONTRACTOR and Vendor.

1) CONTRACTOR may request Vendors submit invoices directly to the Fiscal Intermediary for processing and payment.

2) CONTRACTOR may reimburse Vendor directly and submit an invoice to the Fiscal Intermediary to recover payment equal to Vendor's invoiced cost.

3) At ADMINISTRATOR'S sole discretion, ADMINISTRATOR may direct the Fiscal Intermediary to advance an initial amount, as determined by ADMINISTRATOR, to CONTRACTOR for the purpose of reimbursing Vendors. This advance shall be referred to as the "Reimbursement Account" and CONTRACTOR shall maintain an accounting of Vendors paid with these funds in accordance with the Report Paragraph of this Exhibit A to the Agreement and shall submit said accounting to ADMINISTRATOR and Fiscal Intermediary with any request for additional funds to replenish the Reimbursement Account. No funds shall be advanced for the Reimbursement Account until the Capital Credit, as specified in Paragraph II.D below, is deducted in full.

a) CONTRACTOR shall submit a monthly reconciliation of the Reimbursement Account to Administrator. CONTRACTOR shall require vendors to submit claims to CONTRACTOR within ninety (90) days, or less, of the date services were provided. If CONTRACTOR'S Vendors do not submit or correct claims information as required by this Agreement, the costs of Vendor's services shall not be claimable by CONTRACTOR and which shall be reflected in the monthly reconciliation.

b) No later than May 15<sup>th</sup> of each Period, CONTRACTOR and ADMINISTRATOR shall agree on the amount required to reimburse claims received by CONTRACTOR from Vendors for the Period through September 30. If additional funds are needed, CONTRACTOR may submit an invoice to Intermediary.

c) After September 30, any funds remaining in the Reimbursement Account for the prior Period shall be either; paid to COUNTY, paid to Intermediary, deposited into the Reimbursement Account for the current Period, or applied by COUNTY as payment on any obligation by COUNTY to CONTRACTOR.

D. CONTRACTOR shall arrange for staffing privileges at its hospital facility for up to three (3) COUNTY medical staff as designated by ADMINISTRATOR so as to allow them to coordinate the care of Custody Patients. ~~ADMINISTRATOR shall reimburse CONTRACTOR for the fees associated with securing staffing privileges through COUNTY'S Fiscal Intermediary from the CHS Pool.~~ COUNTY agrees that any staff member provided privileges at CONTRACTOR's hospital shall abide by all required Medical Staff privileges/bylaws as now written or may be amended.

E. For reimbursement of services for the guaranteed eight (8) beds within the Unit as provided in accordance with Paragraph III of this Exhibit A to the Agreement, CONTRACTOR shall submit its



invoices to ADMINISTRATOR. CONTRACTOR'S invoice shall be on a form approved or supplied by ADMINISTRATOR and provide such information as is required by ADMINISTRATOR. Payments to CONTRACTOR should be released by COUNTY no later than twenty one (21) days after receipt of the correctly completed invoice form.

F. For reimbursement of the remaining three (3) inpatient beds within the Unit and services provided in accordance with Paragraph IV of this Exhibit A to the Agreement, CONTRACTOR and or Vendor invoices shall be submitted to Intermediary no later than ninety (90) days following the date of service and shall provide such information as is required by ADMINISTRATOR. Invoices and claims received later than ninety (90) days after the date of service are not guaranteed to be paid by Intermediary.

~~G. THIRD PARTY REVENUE — As of the execution of this Agreement, the parties understand there is pending federal legislation which would provide for the ability for CONTRACTOR to bill Medi-Cal and/or Medicare for services provided to Custody Patients in accordance with this Agreement. If this legislation is enacted, upon the effective date:~~

~~1. ADMINISTRATOR shall make every reasonable effort to provide CONTRACTOR the Custody Patient information necessary to bill such third parties.~~

~~2. CONTRACTOR shall make every reasonable effort to obtain all available third party reimbursement for which persons served hereunder may be eligible. Charges to insurance carriers shall be on the basis of CONTRACTOR'S usual and customary charges.~~

~~3. For services provided in accordance with Paragraph III, ADMINISTRATOR shall deduct from CONTRACTOR'S invoice, amounts equal to the revenue collected as reported in subparagraph H.5 below.~~

~~4. For services provided in accordance with Paragraph IV of this Exhibit A to the Agreement, CONTRACTOR shall also advise its Vendors of any and all third party funding available for any Custody Patient and shall require its Vendors to bill for such reimbursement prior to seeking reimbursement from CONTRACTOR and/or COUNTY. If third party funding is available for a Custody Patient, COUNTY shall instruct Intermediary to only reimburse CONTRACTOR and/or Vendor for those claims for services to said Custody Patients if CONTRACTOR and/or Vendor have received a denial of payment from the third party payor.~~

#### 5. G. FINANCIAL CONTROLS

1. CONTRACTOR shall maintain internal financial controls which adequately ensure proper billing and collection procedures. CONTRACTOR'S procedures shall specifically provide for the identification of delinquent accounts and methods for pursuing such accounts. CONTRACTOR shall provide ADMINISTRATOR, monthly, a written report specifying the current status of fees which are billed, collected, transferred to a collection agency or deemed by CONTRACTOR to be uncollectible.

2. In consideration of payments made by COUNTY through its Intermediary for Hospital Services provided to Custody Patients pursuant to the Agreement, COUNTY's obligation to



CONTRACTOR and persons for whom it may have any legal obligation to provide Hospital Services shall be satisfied.

3. As a condition of reimbursement through the Agreement, all claims for reimbursement of Custody Patient Services provided to Custody Patients shall be:

a. Claims for Hospital Services provided during the Agreement, as enumerated in the Referenced Contract Provisions,

b. Submitted electronically and completed in accordance with the Agreement. Paper claims shall not be accepted without prior authorization of ADMINISTRATOR,

c. Initially received by the Intermediary no later than ninety (90) calendar days following the date of service;

4. CONTRACTOR shall be notified, in writing, of the reason for a denial of any claim(s). Notice shall be deemed effective:

a. Three (3) calendar days from the date written notice is deposited in the United States mail, first class postage prepaid; or

b. When faxed, transmission confirmed; or

c. When accepted by U.S. Postal Service Express Mail, Federal Express, United Parcel Service, or other expedited delivery service.

5. CONTRACTOR may resubmit denied claims to the Intermediary; provided, however, CONTRACTOR shall complete any necessary corrective action, and resubmit the claim no later than thirty (30) calendar days after notification of the rejection.

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6. CONTRACTOR may appeal claims denied by the Intermediary to the Intermediary in accordance with procedures set forth by ADMINISTRATOR. Such appeal shall be made, in writing, no later than thirty (30) calendar days after notification of denial.

7. If all information necessary to review the appeal is submitted as required to the Intermediary, Intermediary shall respond to the appeal within thirty (30) calendar days.

8. If the appeal is subsequently denied by the Intermediary, CONTRACTOR within thirty (30) calendar days of receipt of the denied appeal, may submit an appeal to the CHS Director.

9. If a denied claim is not resubmitted and/or appealed in writing to the Intermediary and/or CHS Director within thirty (30) calendar days after notification of denial, the Intermediary's determination shall be final, and CONTRACTOR shall have no right to further review of the claim.

H. ADMINISTRATOR may withhold or delay any payment if CONTRACTOR fails to comply with any provision of this Agreement.

I. COUNTY shall not reimburse CONTRACTOR for services provided beyond the expiration and/or termination of this Agreement, except as may otherwise be provided under this Agreement, or specifically agreed upon in a subsequent Agreement.

### III. UNIT SERVICES

~~A.~~ A. Within the Unit at CONTRACTOR'S facility, CONTRACTOR shall provide Medical Services for Custody Patients as requested or required by ADMINISTRATOR or any other person authorized in accordance with this Agreement.

1. Within the Unit, CONTRACTOR shall provide, at a minimum, the following for Custody Patients:

a. Eleven (11) Licensed acute hospital inpatient beds in five (5) rooms, and shall be capable of being used as an isolation room for one (1) Custody Patient who requires Inpatient Services;

b. Two (2) Licensed Outpatient examination and treatment rooms, and

c. Four (4) Telemetry beds.

2. Unless otherwise specified in this Agreement, the cost of all Medical Services provided in accordance with this Paragraph III shall be deemed included in COUNTY'S Maximum Obligation to CONTRACTOR.

~~3.~~ 3. Services to be provided by CONTRACTOR on the Unit shall include, but not be limited to Inpatient Non-Critical Care, Gynecology, ~~Postpartum~~, I.V., and Rehabilitation Services including all nursing, ancillary, diagnostic, routine, and other Medical Services. The parties agree that all ancillary services are included, whether or not those services are provided on the Unit.

4. CONTRACTOR shall accept transfers of Custody Patients who have been hospitalized at another facility for emergency and scope of service purposes when the medical condition of the patient allows for transfer to CONTRACTOR.

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5. Custody Patients may be admitted to the Unit directly from CONTRACTOR'S emergency department. For these admissions, the emergency department visit and charges shall be deemed to be included with the Medical Services and charges of the first Bed Day on the Unit.

6. The parties agree that Custody Patients admitted to the Unit who require surgery, other than Open Heart Surgery, outside the Unit, are still deemed to be on the Unit during the course of that care.

a. If a Custody Patient requires admission to another area in CONTRACTOR'S facility after surgery, such as the Intensive Care Unit, that admission shall be deemed part of the Unit stay if the Custody Patient is discharged back to the Unit prior to midnight.

b. If a Custody Patient requires admission to another area in CONTRACTOR'S facility after surgery, such as the Intensive Care Unit, and the Custody Patient is not discharged back to the Unit before midnight, then CONTRACTOR may bill Intermediary for each Bed Day the Custody Patient is off the Unit in accordance with subparagraph I.C.1 of this Exhibit A to the Agreement.

~~7. If a person brought into CONTRACTOR'S emergency department is admitted and then becomes a Custody Patient after the admission, CONTRACTOR shall transfer such persons to the Unit as soon as medically appropriate. Bed Days provided prior to the transfer to the Unit may be billed by CONTRACTOR to the Intermediary in accordance with subparagraph I.C.1 of this Exhibit A to the~~

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~~Agreement. For these admissions, the emergency department visit and charges shall be deemed to be included with the Medical Services and charges of the first Bed Day.~~

~~8~~ 7. It is expected that most services required by Custody Patients shall be provided directly by CONTRACTOR. In the event that CONTRACTOR is unable to provide any requested specialty services required by this Paragraph III, CONTRACTOR shall refer such Custody Patients to appropriate Vendors, upon the order of a physician providing Physician Services. COUNTY shall reimburse the Vendors in accordance with subparagraph II.C.2 of this Exhibit A to the Agreement.

9 ~~8~~. It is expected by the parties that most Medical Services required by Custody Patients, as defined in subparagraph I.J.4 of this Exhibit A to the Agreement, will not require a pediatric specialty. In the event CONTRACTOR is unable to provide any requested specialty services required by this Paragraph III, CONTRACTOR shall refer such Custody Patients to appropriate Vendors, with ADMINISTRATOR'S prior approval. COUNTY shall reimburse the Vendors in accordance with subparagraph II.C.2 of this Exhibit A.

~~B. Unit Census The parties agree that at any time should the census on the Unit reach eight (8) or more Custody Patients, Utilization Review (UR) personnel for both COUNTY and CONTRACTOR shall evaluate each Custody Patient's medical necessity to remain on the Unit based on InterQual acute care criteria, and determine if any patient(s) no longer meet said requirements for acute care level services. COUNTY shall use its best efforts to discharge any patient(s) from within the Unit to a lower level of care based on the availability of such services either within the Jail system or at another facility providing the required lower level of care service(s).~~

~~C~~ B. CONTRACTOR agrees to work with COUNTY'S contracted provider for CHS Physician Services, hereafter referred to as "Physician Group," with respect to patient care, obtaining hospital privileges, and in resolving any other issues and/or barriers that relate to the ensuring the provision of Medical Services in accordance with this Agreement.

~~D~~ C. CONTRACTOR shall provide regular maintenance and upkeep to the Unit, including but not limited to painting and ensuring reasonable and routine replacement of all equipment, including computers used by CONTRACTOR staff.

~~E~~ D. CONTRACTOR shall lock and secure the Unit in accordance with requirements established by the Orange County Sheriff's Department.

~~F~~ E. CONTRACTOR shall provide staff located within the Unit whose duties include, but are not limited to, the following:

1. Appointment and admission scheduling and cancellations.
2. Receiving and routing of treatment authorizations. As of the execution of this Agreement, Treatment Authorizations are currently provided in a manual paper format. CONTRACTOR agrees to collaborate with ADMINISTRATOR in the implementation of an electronic Treatment Authorization system for better coordination and monitoring of service utilization. CONTRACTOR also agrees to

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collaborate with ADMINISTRATOR to streamline and automate any and all processes as they related to scheduling Custody Patients for services at CONTRACTOR'S facility or elsewhere as appropriate.

~~3. Establishing, providing, inputting, and maintaining medical records, including components in the CMS automated medical record as may be required by ADMINISTRATOR.~~

~~4. Receiving and forwarding telephonic, computerized, and written communications between hospital and physician staff, and COUNTY personnel, including ADMINISTRATOR'S on-site Utilization Review~~ Case Management Nurse, Deputies, and ADMINISTRATOR'S other off-site medical and administrative staff.

54. Providing clinical and clerical support for physicians performing outpatient treatment and examinations during scheduled outpatient clinic hours. A registration clerk shall be assigned to the Unit during the hours that Clinics are operating.

65. Requesting tests and procedures ordered by outpatient physicians, and routing of test results to appropriate medical staff.

76. Providing inpatient nursing.— The nurse responsible for supporting physicians during Outpatient Clinics and other outpatient services shall not be required to provide nursing support to the inpatients on the Unit.

~~GF.~~ CONTRACTOR shall provide parking for three (3) COUNTY vans or automobiles, immediately adjacent to the Unit, marked specifically for COUNTY use.

~~HG.~~ CONTRACTOR shall provide phones within the Unit including phones and phone lines capable of making calls both within and outside of the hospital. One (1) phone shall be located at the security desk, and two (2) at the nursing station. In addition, provision shall be made for one (1) pay phone to be located within the Unit where inpatient services are provided to Custody Patients. The pay phone, with the Orange County Sheriff's concurrence, may be equipped for calling card usage only.

~~IH.~~ CONTRACTOR shall provide support services within the Unit including space, a telephone, and access to equipment for COUNTY'S ~~Utilization Review Nurse~~ Case Management Nurse, for hospital support staff, and for physicians who may record charting, dictate medical transcripts, prepare orders, and make necessary phone calls.

1. For transmission and updating of clinic appointment schedules, treatment authorizations, medical reports and other time-critical documentation between the referring and receiving medical units, such equipment shall include a facsimile machine within the Unit, available to COUNTY and CONTRACTOR staff working within the Unit.

2. CONTRACTOR staff shall have a computer and shall cooperate with ADMINISTRATOR in the development of electronic processes to replace facsimile forms, including training of CONTRACTOR staff on new procedures.

~~IJ.~~ CONTRACTOR shall provide or cause to be provided any authorized Medical Services, required by JHS Custody Patients.

~~11~~ #  
~~22~~ —~~K~~ J. Unit visitors shall follow procedures established by the Orange County Sheriff who is  
~~33~~ responsible for security and access to the Unit.

~~44~~ ~~L~~ K. A minimum of one (1) Deputy will be on duty in the Unit at all times during which Custody  
~~55~~ Patients are present in the Unit. A Deputy will accompany Custody Patients while such patients are  
~~66~~ receiving care or diagnostic services outside the Unit.

~~77~~ ~~M~~ L. CONTRACTOR shall provide, at its sole expense, all repair, maintenance, and janitorial  
~~88~~ supplies and services to the Unit and adjacent parking lot. Janitorial supplies and services shall be  
~~99~~ provided on a seven (7) day per week basis and shall include, but not be limited to, the supplying of  
~~100~~ liners for waste and rubbish containers, replacement light bulbs and fluorescent tubes, and rest room  
~~111~~ expendables (i.e., toilet tissue, paper towels, toilet seat covers, and hand soap). Janitorial service shall be  
~~122~~ provided at a level at least equal to that provided in CONTRACTOR'S contiguous inpatient facility.

~~133~~ ~~N~~ M. Scheduling by CONTRACTOR of all repair, maintenance and painting, including janitorial  
~~144~~ service, shall be made in conjunction with COUNTY staff, including the designee of the Orange County  
~~155~~ Sheriff.

~~166~~ ~~O~~ N. CONTRACTOR shall be responsible for all charges for utilities supplied to the Unit.

~~177~~ ~~P~~ O. CONTRACTOR shall designate a person or persons to coordinate all services related to this  
~~188~~ Agreement with COUNTY staff.

#### IV. OFF UNIT AND OTHER SERVICES

~~221~~ A. Unless otherwise specified herein, the cost of all following Medical Services provided in  
~~232~~ accordance with this Paragraph IV shall not be deemed to be included in COUNTY'S Maximum  
~~243~~ Obligation to CONTRACTOR ~~for each Period~~ and shall be reimbursed on a per services basis in  
~~254~~ accordance with subparagraph II.C. of this Exhibit A to the Agreement.

~~265~~ B. Off Unit Medical Services – COUNTY will make every effort to ensure that Custody Patients  
~~276~~ requiring Medical Services as specified herein remain on the Unit. However, the parties agree that  
~~287~~ certain services may be medically necessary to provide in other areas of CONTRACTOR'S hospital (Off  
~~298~~ Unit) either due to the Custody Patient's medical condition, or due to the census and/or ~~census~~ custody  
~~309~~ classification mix on the Unit.

~~320~~ 1. For any services that should be provided on the Unit, but are provided Off Unit due to  
~~331~~ census count and/or ~~census~~ custody classification mix, unless otherwise specified herein, COUNTY shall  
~~342~~ reimburse CONTRACTOR per Bed Day that a Custody Patient is Off Unit in accordance with  
~~353~~ subparagraph II.C.1 of this Exhibit A to the Agreement.

~~364~~ a. These services shall include Off Unit Bed Days for accepted transfers of Custody  
~~375~~ Patients who have been hospitalized at another facility for emergency or scope of service purposes when  
~~386~~ the medical condition of the patient allows for transfer to CONTRACTOR. It is not the intent of  
~~397~~ ADMINISTRATOR to require CONTRACTOR to accept transfers from other hospitals if the Custody



1 Patient is medically appropriate to be admitted to the Unit, but the Unit has no available beds.

2 b. Persons admitted Off Unit ~~through the emergency department~~ who become Custody  
3 Patients following their admission.

4 c. Inpatient Services as specified in subparagraphs III.A.6.b and III.A.7.

5 2. The parties agree the following Inpatient Services cannot be accommodated on the Unit due  
6 to level of medical care required:

7 a. Inpatient Newborn including all nursing, ancillary, diagnostic, routine, and other  
8 Medical Services. COUNTY anticipates CONTRACTOR shall bill appropriate third-party payors for  
9 these Bed Days, therefore, COUNTY shall not provide reimbursement for Inpatient Newborn Bed Days.

10 b.

11 ~~———— b. DOU/Telemetry including all routine Medical Services required for Bed Days Off Unit~~  
12 ~~including but not limited to all medical supplies, central service items, and nursing support or care.~~

13 c. ICU/CCU including all routine Medical Services required for Bed Days Off Unit  
14 including but not limited to all medical supplies, central service items, and nursing support or care.

15 d. 23 Hour Stay in the emergency department, including all routine Medical Services  
16 required including, but not limited to medical supplies, central service items, and nursing support or  
17 care.

18 e. Open Heart Surgery including all routine Medical Services required during the Surgery  
19 including but not limited to all medical supplies, central service items, and nursing support or care  
20 during the course of the Surgery.

21 f. Labor~~and~~, Delivery, and Post Partum including all nursing, ancillary, diagnostic,  
22 routine, and other Medical Services.

23 C. Other Off Unit Outpatient Services - COUNTY shall reimburse CONTRACTOR for the  
24 following Off Unit Services provided to Custody Patients during an Outpatient or Clinic Visit in  
25 accordance with subparagraph II.C.1 of this Exhibit A to the Agreement.

26 1. Emergency Department Visit Services including all routine, general, laboratory, diagnostic  
27 including Radiology, C.T. Scan, and M.R.I. Scan services, and other Medical Services required by a  
28 Custody Patient during the visit including, but not limited to all medical and pharmaceutical supplies,  
29 central service items, and nursing support or care during the Visit.

30 2. Pre-Booking Medical Clearance Visits – Only those patients presenting in  
31 CONTRACTOR'S emergency department meeting all of the following criteria:

32 a. Accompanied by an Orange County Deputy; and

33 b. taken first to the COUNTY'S Intake and Release Center and required by  
34 ADMINISTRATOR'S staff to seek medical clearance before booking; and

35 c. Are subsequently booked into the Orange County Jail System.

36 3. Radiology Visit Services including any C.T. Scan and M.R.I Scan services and including  
37 technical component services.



4. ED/Radiology Visit Services including services stipulated for Emergency Department Visits and Radiology Visits, above, including any C.T. Scan and M.R.I Scan services which may be provided during an Emergency Department Visit as identified in C.1 and C.3 above.

5. Dialysis including all routine Medical Services required during the Outpatient Visit including but not limited to all medical supplies, ~~central service items~~ and central service items. If CONTRACTOR subcontracts for dialysis services, charges will not exceed the lowest negotiated rate for CONTRACTOR. CONTRACTOR will pass subcontractor charges directly to CHS without additional surcharges.

6. Outpatient Surgery/Procedures including all routine Medical Services required during the Outpatient Visit including but not limited to all medical supplies, central service items, and nursing support or care.

7. Cardiac Catheterization and other invasive and non-invasive cardiac out-patient procedures including all routine Medical Services required during the Visit including but not limited to all medical supplies, central service items, and nursing support or care.

~~8. Cardiology Services including all routine Medical Services required during the Outpatient Visit including but not limited to all medical supplies, central service items, and nursing support or care.~~

~~9. Endoscopy/GI Lab Services~~ including all routine Medical Services required during the Outpatient Visit including but not limited to all medical supplies, central service items, and nursing support or care.

~~10. NeuroDiagnostics/EEG~~ including all routine Medical Services required during the Outpatient Visit including but not limited to all medical supplies, central service items, and nursing support or care.

~~11. Respiratory Services including all routine Medical Services required during the Outpatient Visit including but not limited to all medical supplies, central service items, and nursing support or care.~~

~~12. 10. Other Diagnostic Services~~ including all routine Medical Services required during the Outpatient Visit including but not limited to all medical supplies, central service items, and nursing support or care.

~~13. Other Therapeutic Services including all routine Medical Services required during the Outpatient Visit including but not limited to all medical supplies, central service items, and nursing support or care.~~

D. In Unit Clinic Services – CONTRACTOR shall be reimbursed for In Unit Clinic Services in accordance with subparagraph ~~H.C.1~~ III.A.2 of this Exhibit A to the Agreement.

1. Outpatient Clinic, Outpatient Physical, Occupational, or Rehabilitation Therapy including all ancillary, diagnostic, routine, general, and other Medical Services required by a Custody Patient during the Outpatient Visit, including all medical supplies, central service items, and nursing support or

care during the course of the Outpatient Visit.

2. Outpatient Specialty Services Clinics CONTRACTOR shall provide the following Outpatient Specialty Services Clinics, with nursing support, within the Unit. “PRN” means the Clinic should be provided within seventy-two (72) hours of request by ADMINISTRATOR or Physician Group, unless precluded by Sheriff’s transportation issues.

a. Outpatient Services may be provided within COUNTY’S CHS facilities at the sole discretion of ADMINISTRATOR. As Outpatient Services are transitioned to the CHS facilities, the parties agree to monitor the volume of Outpatient Visits and review support services provided by CONTRACTOR to identify any cost saving opportunities for CONTRACTOR and maintain the level of clinic support required by ADMINISTRATOR in a manner consistent with the declining Outpatient Visit volume.

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b. Orthopedics	2 times per week
Plastic Surgery	PRN
Neurology	2 times per month
General Surgery	<del>2 times per month</del> Weekly
ENT	1 time per week
Oral Surgery	2 times per month
<u>Gastroenterology</u>	<u>2 times per month</u>
Internal Medicine	PRN
Pulmonary Medicine	PRN
Cardiology	PRN
Obstetrics/Gynecology	<u>2-4 times per month or weekly and</u> PRN
Ophthalmology	<del>1 time</del> <u>4 times</u> per month <u>and PRN</u>
Dermatology	PRN
Nephrology	PRN
Urology	PRN
Endocrinology	PRN

c. ADMINISTRATOR and CONTRACTOR may mutually agree, in writing, to adjust the number of clinics to be provided per week or per month based on patient utilization trends to more effectively and efficiently utilize CONTRACTOR’S facility and services.

3. CONTRACTOR shall receive prior written approval before providing any non-emergency elective medical procedures to Custody Patients referred by COUNTY, unless explicitly authorized by the ~~CMS~~ CHS Medical Director or designee, which authorization shall be followed with appropriate

documentation. ~~CONTRACTOR, the Physician Group Medical Director and the CMS Medical Director shall maintain written protocols for the provision of outpatient medical procedures.~~

#### E. Vendor Services

1. It is expected that most services required by Custody Patients shall be provided directly by CONTRACTOR. In the event that CONTRACTOR is unable to provide any requested specialty services as required by this Paragraph IV, CONTRACTOR shall refer such Custody Patients to appropriate Vendors, with ADMINISTRATOR'S prior approval. COUNTY shall reimburse the Vendors in accordance with subparagraph II.C.2 of this Exhibit A to the Agreement.

2. If Services for Custody Patients could be provided at other CONTRACTOR owned facilities, the Parties agree to mutually identify such Service, ~~as well as the rate of~~ with reimbursement, ~~which shall be formalized through a Letter of Agreement executed by the Parties.~~ not to exceed 110% of OSHPD rates. CONTRACTOR shall bill

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for these Service through the Intermediary in accordance with Paragraph II.G of this Exhibit A to the Agreement.

3. It is expected by the parties that most Medical Services required by Custody Patients, as defined in subparagraph I.J.4 of this Exhibit A to the Agreement, will not require a pediatric specialty. In the event CONTRACTOR is unable to provide any requested specialty services as required by this Paragraph IV, CONTRACTOR shall refer such Custody Patients to appropriate Vendors, with ADMINISTRATOR'S prior approval. COUNTY shall reimburse the Vendors in accordance with subparagraph II.C.2 of this Exhibit A.

### V. UTILIZATION REVIEW/QUALITY REVIEW

A. CONTRACTOR, the ~~CMS~~ CHS Medical Director and/or CHS Administrative Nurse Practitioner, and/or ~~CMS Assistant Medical Director~~ other CHS designee, and a representative of the Physician Group shall ~~develop written Utilization Review (UR)~~ collaborate regarding hospital utilization and Quality Assurance (QA) procedures which are specific to Custody Patients, both on and off the Unit, and which recognized the challenges of discharging a Custody Patient to a correctional environment vs. home or lower level of care as may be the case for patients not in custody. Such programs shall meet the requirements of all appropriate Federal and State laws and regulations, including standards of the Joint Commission, and various Correctional state and federal authorities and such other guidelines as may be developed by CHS in conjunction with the ~~CONTRACTOR with the CMS Medical Director.~~ These ~~written UR and QA~~ utilization procedures shall be reviewed ~~annually~~ quarterly and updated as needed and appropriate.

B. CONTRACTOR'S ~~UR~~ Case Management personnel shall perform concurrent UR for both Hospital and Inpatient Physician Services provided to Custody Patients receiving Medical Services in conjunction with COUNTY'S ~~UR~~ Case Management Nurse.

1. CONTRACTOR and ADMINISTRATOR'S ~~Utilization Review (UR)~~ Case Management staff shall ~~meet~~ discuss hospitalized patients weekly and shall evaluate the following:

a. Each Custody Patient's medical necessity to remain on the Unit ~~based on InterQual acute care criteria to determine if any patient(s) no longer meet said requirements for acute care level services.~~

versus return to the jail. b. A ~~weekly~~ daily summary report created by the CONTRACTOR staff shall be submitted to the following: ~~Contract Officers, CMS~~ CHS Medical Director, ~~CMS Assistant Medical Director, CMS~~ CHS Administrative Nurse Practitioner, CHS Director of Nursing, CHS Chief of Operations, CHS Director, CONTRACTOR'S Chief Executive Officer, CONTRACTOR'S Chief Nursing Officer, Physician Group Medical Director, ~~CHS Division Manager, the MIHS Deputy Agency Director, and the Fiscal Intermediary.~~

c. COUNTY shall use its best efforts to discharge any patient(s) from within the Unit to a lower level of care based on the availability of such services either within the Jail system or at another facility providing the required service(s).

2. CONTRACTOR and ADMINISTRATOR'S ~~Utilization Review (UR)~~ Management and Case Management staff shall meet ~~monthly~~ quarterly and shall evaluate the inpatient admissions/status,, outpatient clinic schedule and services including, but not limited to, a ~~review~~ areview of appointments kept; appointments missed, including reasons; requested follow-up visits are consistent with diagnosis/services, and trends in Clinic and Outpatient Visit volume.

a. A monthly summary statistical report created by the CONTRACTOR staff shall be submitted to the following: ~~Contract Officers, CMS~~ CHS Medical Director, ~~CMS Assistant Medical Director, CMS~~ CHS Administrative Nurse Practitioner, CHS Director of Nursing, CHS Chief of Operations, CHS Director, CONTRACTOR'S Chief Executive Officer, CONTRACTOR'S Chief Nursing Officer, Physician Group Medical Director, ~~CHS Division Manager, CMS Administrative Manager, the MIHS Deputy Agency Director, and the COUNTY'S Assistant Sheriff of Custody Operations.~~

b. The monthly summary statistical report shall include, when appropriate, recommendations regarding reducing missed clinic appointments and analysis regarding volume trends for Clinic and Outpatient Visits.

C. During the term of this Agreement, representatives of CONTRACTOR and ADMINISTRATOR, which shall include the Contract Officers, shall meet at least quarterly to discuss CONTRACTOR'S and COUNTY'S administrative and programmatic progress and performance.

## VI. DATA REPORTING REQUIREMENTS

A. CONTRACTOR shall submit to COUNTY'S Fiscal Intermediary, via electronic data interface and within ninety (90) days of the date of service all utilization data for Custody Patients receiving Medical Services in accordance with Paragraph III of this Exhibit A to the Agreement, consistent with the data structure and requirements in accordance with direction provided by ADMINISTRATOR. The parties agree that this data is essential to monitoring the services provided by CONTRACTOR on behalf of COUNTY.

1. Intermediary shall perform an initial audit of claims data submitted by CONTRACTOR, including, but not limited to: confirming custody verification, ensuring there are no duplicate claims, verifying use of valid diagnosis and procedure codes.

2. Data from claims passing the audit process shall be included in ~~an~~ CHS Custody Database.

3. A report of claims that do not pass the audit process shall be submitted to ADMINISTRATOR and CONTRACTOR for review/correction by CONTRACTOR. CONTRACTOR shall have thirty (30) days to provide such corrections so that the data may be appended to the CHS Custody Database.

4. COUNTY shall not be responsible for consideration of any data not submitted or corrected by CONTRACTOR in accordance with this Agreement.

B. For services provided in accordance with Paragraph IV of this Exhibit A to the Agreement, CONTRACTOR shall ensure that regardless of the choice(s) of reimbursement mechanism(s) for Vendors as detailed in subparagraph I.I.C.2, CONTRACTOR shall ensure that either CONTRACTOR submits data consistent with that specified in subparagraph A above or require that Vendor submit the claims and data consistent with that specified in subparagraph A above to COUNTY'S Intermediary. CONTRACTOR shall require, when possible, for Vendors claiming to the Intermediary directly to submit their claims and data electronically. Claims and claims data not received within ninety (90) days of the date of service ~~are will~~ not ~~guaranteed to~~ be paid by the Intermediary.

C. Data reporting requirements set forth in this Agreement may be modified by mutual written agreement of the parties' designated Contract Officers.

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## VII. RECORDS

A. CONTRACTOR shall maintain records that are adequate to substantiate the services for which claims are submitted for reimbursement under this Agreement and the charges thereto. Such records shall include, but not be limited to, individual patient charts and utilization review records.

1. CONTRACTOR shall keep and maintain records of each service rendered to each Custody Patient, the Custody Patient to whom the service was rendered, the date the service was rendered, and such additional information as COUNTY may require.

2. CONTRACTOR shall maintain books, records, documents, and other evidence, accounting



procedures, and practices sufficient to reflect properly all direct and indirect cost of whatever nature claimed to have been incurred in the performance of this Agreement and in accordance with Medicare principles of reimbursement and generally accepted accounting principles.

3. CONTRACTOR shall ensure the maintenance of medical records required by Sections 70747 through and including 70751 of the California Code of Regulations, as they exist now or may hereafter be amended, and other records related to the services rendered, the medical necessity of the service, and the quality of the care provided. Records shall be maintained in accordance with Section 51476 of Title 22 of the California Code of Regulations, as it exists now or may hereafter be amended.

#### B. Records Retention

1. All financial records connected with the performance of this Agreement shall be retained by the parties, at a location in the County of Orange unless otherwise approved in advance and in writing by ADMINISTRATOR, for a period of seven (7) years after termination of this Agreement.

2. All patient records connected with the performance of this Agreement shall be retained by the parties, at a location in the County of Orange unless otherwise approved in advance and in writing by ADMINISTRATOR, for a period of seven (7) years after termination of this Agreement.

3. Records which relate to litigation or settlement of claims arising out of the performance of this Agreement, or costs and expenses of this Agreement as to which exception has been taken by COUNTY or State or Federal governments, shall be retained by CONTRACTOR until disposition of such appeals, litigation, claims or exceptions is completed.

#### C. Report Distribution

1. Upon CONTRACTOR'S request, COUNTY may provide or cause the Fiscal Intermediary to provide, a complete copy of any data and reports prepared by the Fiscal Intermediary in accordance with the Agreement between COUNTY and the Fiscal Intermediary for services relating to the Institutional Health Services Program.

2. CONTRACTOR shall not be entitled to any patient identifying information under this subparagraph. Said patient identifying information shall mean for purposes of this Agreement, services provided to any Custody Patient at any other health care facility, including COUNTY'S CHS facilities. Nothing in this subparagraph shall affect the ability of CONTRACTOR to examine records it submits to

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the Fiscal Intermediary or COUNTY. This section is not intended to include information needed for continuity of Custody Patient Care.

D. CONTRACTOR shall provide those medical reports required by COUNTY for Custody Patients provided services pursuant to this Agreement. Upon request, CONTRACTOR shall report the status to COUNTY of the condition of any Custody Patient receiving Inpatient Services.

E. CONTRACTOR shall provide access by COUNTY to any medical records of Custody Patients in accordance with all applicable laws and regulations as they now exist or may hereafter be changed.

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EXHIBIT B

TO AGREEMENT FOR PROVISION OF

HOSPITAL SERVICES

FOR

~~INSTITUTIONAL~~ CORRECTIONAL HEALTH SERVICES ~~PROGRAMS~~

BETWEEN

COUNTY OF ORANGE

AND

-A, INC., dba WESTERN MEDICAL CENTER-ANAHEIM, A WHOLLY OWNED

SUBSIDIARY OF INTEGRATED HEALTHCARE HOLDINGS INC.

JULY 1, ~~2013~~ 2014 THROUGH JUNE 30, ~~2014~~ 2015

## I. EXTERNALLY REVIEWED ANNUAL PROFIT AND LOSS STATEMENT

### METHODOLOGY

A. In accordance with Paragraph VI of this Agreement, the following data shall be included in, and shall be the basis of, both the annual Expenditure and Revenue Reports due from the CONTRACTOR thirty (30) days following each Period and the Externally Reviewed Annual Profit and Loss Statement due from CONTRACTOR ninety (90) days following each Period.

B. The Revenues and Expenses shall include those associated with Custody Patients housed in the Unit.

C. FORMAT:

Western Medical Center – Anaheim

Custody Unit – Expenditure and Revenue Report

Period Ending: \_\_\_\_\_

Patient Days	-3,135
Net Revenue	\$5,000,000
Expenses	
Salaries Wages Benefits	\$1,269,753
Supplies	\$ 43,179
Overhead	\$ 702,240
Unit Cost	\$2,015,172
Ancillary Cost	\$2,840,310
Total Expenses	\$4,855,482
Net Margin	\$ 144,518

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1. Patient Days are incurred in the Unit only and do not include patients transferred to other departments within CONTRACTOR'S facility. The data above represents patient days on the Unit from April ~~2008~~2012 through March ~~2009~~2013.

2. Net Revenue shall be the actual amount received by CONTRACTOR from COUNTY, which amount is anticipated to be COUNTY'S Maximum Obligation ~~for each Period~~ as shown on the Reference Page ~~3~~ of this Agreement ~~for Period One and as calculated in accordance with Paragraph XI of this Agreement for Periods Two through Four.~~ The amount above is the Maximum Obligation ~~for Period One.~~

4. Salaries, Wages and Benefits shall be for those for staff assigned to the Unit only. The data above represents patient days on the Unit from April ~~2008~~2012 through March ~~2009~~2013.

5. Supplies shall be for those that are administered on the Unit only. The data above represents patient days on the Unit from April ~~2008~~2012 through March ~~2009~~2013.

6. Overhead shall be calculated from the most recent Medicare/Medi-Cal Cost Report on a cost to charge ratio basis. The data above represents calendar year ~~2007~~2012, un-inflated.

7. Ancillary costs shall be calculated from the most recent Medicare/Medi-Cal Cost Report on a cost to charge ratio basis. The data above represents calendar year ~~2007~~2012, un-inflated.

#### D. METHODOLOGY:

1. Revenue shall consist of the actual payments received by CONTRACTOR from COUNTY for services provided in accordance with Paragraph III of this Agreement. The external review shall verify those payments from check documentation.

2. Expenses shall consist of the costs of operating the Unit, Overhead Expenses and Ancillary Services Expenses as follows:

a. Unit Expenses shall consist of the nursing salaries, supplies and other expenses charged to the Unit cost center, with the addition of hospital and corporate overhead allocation applicable to the Unit. The external review shall verify these numbers are accurately presented based on documentation of the expenses reflected on the CONTRACTOR'S Unit cost center financial statements, the support of those numbers down to the level of payroll documents, journal entries and/or accounts payable documentation specifying the nature and cost of supplies and services charged to the Unit and the application of the overhead allocation from the Medicare/Medi-Cal Cost Reports. Numbers generated from the Medicare/Medi-Cal cost reports shall be inflated by the Consumer Price Index calculated herein for years between the cost report and the end of the Period.

b. Ancillary Services expenses for Custody In-Patients housed on the Unit shall be based on the Medicare and Medi-Cal Cost Report Medical Surgical ancillary costs. These costs will be allocated to patients on the Unit by:

1) Calculating Medical Surgical Ancillary cost per day by multiplying the Cost Report ancillary services cost to charges ratios times the charges generated by CONTRACTOR'S Medical Surgical patients, aggregated to a total Medical Surgical Ancillary services cost; the aggregated Medical

Surgical Ancillary costs are then divided by the number of Medical Surgical Days which generated the Ancillary costs per Medical Surgical day.

2) The Ancillary cost per Medical Surgical day is then multiplied by the Custody Patient Days on the Unit to determine the Ancillary costs of Custody Patients on the Unit, and multiplied by the Consumer Price Index Percent Increase here-in calculated for the years between the Cost Report and the end of the Period

3) The Cost Report Ancillary cost to charges ratios include allocated hospital and corporate overhead for the Ancillary services.

4) The external review of Ancillary costs shall include verification of the above process down to the level of data pulled from the Medicare/Medi-Cal Cost Report.

5) The Custody Patient days on the Unit shall be based on patient level Length of Stay data generated by CONTRACTOR, and validated by claims data submitted by CONTRACTOR to the Fiscal Intermediary.

3. The Net Margin or Profit, shall be the result of subtracting the Expenses from the Revenues.

E. The Independent Reviewer shall be Certified Public Accountant licensed to practice in the State of California.

1. The Independent Reviewer's report shall verify that the above methodology has been followed.

2. The Independent Reviewer shall have access to CONTRACTOR'S proprietary information and may be required by CONTRACTOR to sign CONTRACTOR'S provided Non-Disclosure Agreement. The Independent Reviewer may not leave CONTRACTOR'S premises with any CONTRACTOR documents or copies there-of not authorized by CONTRACTOR, at CONTRACTOR'S sole discretion.

F. CONTRACTOR asserts that, as a publically traded company, the financial documents or information provided by CONTRACTOR to COUNTY in accordance with the required Expenditure and Revenue Reports are proprietary and shall remain the sole property of CONTRACTOR. The information contained in such documents and any data obtained by virtue thereof are considered confidential and shall not be released by COUNTY to any third party without the written consent of CONTRACTOR. CONTRACTOR acknowledges that, pursuant to California law, all information contained in this Agreement is public record subject to disclosure to any member of the public who requests it. COUNTY will attempt to notify CONTRACTOR if disclosure is requested of information that CONTRACTOR has indicated is proprietary/trade secret information, in order to give CONTRACTOR an opportunity to seek a court order prohibiting disclosure of such information. However, due to the short statutory time period of COUNTY'S responses to request for public records, COUNTY will be able to give CONTRACTOR only a short period of time in which to seek such a court order before COUNTY will be required to disclose the requested information. Further, it is entirely CONTRACTOR'S responsibility to assert that information CONTRACTOR believes is proprietary/trade

~~1~~1 secret information should not be disclosed; COUNTY will not make such a claim for CONTRACTOR,  
~~2~~2 but will obey a valid court order obtained by CONTRACTOR prohibiting disclosure of such  
~~3~~3 information.

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