

**APPLICATION/STANDARD AGREEMENT  
FOR  
CALIFORNIA HEALTHCARE FOR INDIGENTS PROGRAM FUNDING  
FOR  
FISCAL YEAR 2008-09**

The State of California, by and through the Department of Public Health (hereinafter called the "Department") and the County of Santa Barbara (hereinafter called the "County") in consideration of the covenants, conditions, agreements, and stipulations hereinafter expressed, do hereby agree as follows:

This Application/Standard Agreement is entered into pursuant to the provisions in Welfare and Institutions (W&I) Code, Section 16900 et seq. The definitions of terms used in this Application/Standard Agreement shall be determined under W&I Code Section 16900 et seq. In the event of a subsequent statutory amendment or Budget Act language to W&I Code Section 16900 et seq., the amended statute shall be controlling.

As a condition of receiving the California Healthcare for Indigents Program funds (hereinafter called CHIP funds), the County agrees to all of the following statutory provisions:

**GENERAL REQUIREMENTS**

1. (a) CHIP funds shall be expended to supplement existing levels of services provided and shall not be used to fund existing levels of services.  
(Section 23 of Chapter 199, Statutes of 1996 - Assembly Bill [AB] 3487)
- (b) CHIP funds shall not be used to support health services provided to persons detained in a county or city jail or other correctional facility.  
(W&I Code Section 16995)
- (c) All providers receiving any CHIP funds shall not require a fee or charge before they render medically necessary services to persons entitled to services supported by CHIP funds.  
(W&I Code Sections 16804.1 and 16942(a))
- (d) Accepting CHIP funds does not relieve the County of its obligation to provide indigent health care as required by W&I Code Section 17000.  
(W&I Code Section 16995.1)
- (e) Facilities receiving CHIP funds shall be required to provide individual notice at the time treatment is sought as to the availability of reduced cost health care and conspicuously post notices of the procedures for applying for reduced cost health care in all emergency rooms and patient waiting rooms for services supported by CHIP funds.  
(W&I Code Sections 16942(a) and 16818)

2. (a) As a condition of receiving CHIP funds, the County shall provide, or arrange and pay for, medically necessary follow-up treatment, including prescription drugs and necessary follow-up dental treatment at least equal in scope and frequency to dental services available to Medi-Cal eligible children of the same age, for any condition detected as part of a Child Health and Disability Prevention (CHDP) screen for any child eligible for services under Section 104395 of the Health and Safety Code, if the child was screened by the County, or upon referral by a CHDP Program provider, unless the child is eligible to receive care with no share of cost under the Medi-Cal Program, or is covered under another publicly funded program, or the services are payable under private insurance coverage.  
(W&I Code Sections 16970(a) and (c))
- (b) Noncounty hospitals which receive a formula allocation pursuant to paragraph 10, and physicians who receive payment from the Physician Services (PS) Account of the Emergency Medical Services (EMS) fund, established pursuant to paragraph 25, shall not be required to comply with the CHDP treatment provisions of paragraph 2(a) as a condition of receiving those allocations or payments.  
(W&I Code Section 16970(b)(1))
- (c) Only providers which contract with the receive payments of Noncounty Hospital Discretionary, Physician New Contracts, and Other Health Services funds specified in paragraphs 12, 30, and 31 may be required to comply with the CHDP treatment provisions of paragraph 2(a), as a condition of receiving those payments.  
(W&I Code Section 16970(b)(2))
- (d) The CHDP treatment provisions of paragraph 2(a) shall be implemented in consultation and coordination with the County's CHDP Programs.  
(W&I Code Section 16970(d))

### **ADMINISTRATION OF FUNDS**

3. Prior to transferring or expending any CHIP funds received, the County shall:
  - (a) Deposit the CHIP funds received in a special revenue fund or trust fund (hereinafter called the Fund) established solely for the purposes of the provisions of Part 4.7 (commencing with Section 16900) of Division 9 of the W&I Code.  
(W&I Code Sections 16909(a) and (b))

- (b) Establish a Hospital Services Account in the Fund and deposit all hospital funds received pursuant to paragraph 9 in that account. The County further assures that it shall establish a Noncounty Hospital Subaccount in the Hospital Services Account and deposit all Noncounty Hospital Formula and Discretionary funds received pursuant to paragraphs 10 and 12, in that subaccount. If the County owns and operates a county hospital, the County further assures that it shall establish a County Hospital Subaccount in the Hospital Services Account and deposit all County Hospital Discretionary funds received pursuant to paragraph 15, in that subaccount.  
(W&I Code Sections 16909(a) and (b))
- (c) Establish a PS Account in the Fund and deposit all PS funds received pursuant to paragraph 24 in that account. The County further assures that it shall establish an EMS Subaccount in the PS Account and deposit all PS funds proposed for expenditure pursuant to paragraph 25, in that subaccount prior to transferring the funds to any other account. If the County chooses to expend Physician New Contracts funds pursuant to paragraph 30, the County assures that it shall establish a Physician New Contracts Subaccount in the PS Account and deposit all Physician New Contracts funds proposed for expenditure pursuant to paragraph 30, in that subaccount.  
(W&I Code Sections 16909(a) and (b))
- (d) Establish an Other Health Services Account in the Fund and deposit all Other Health Services funds received pursuant to paragraph 31, in that subaccount.  
(W&I Code Sections 16909(a) and (b))

**INTEREST EARNINGS ON THE FUND**

- 4. (a) All interest earned on the Fund and on each account or subaccount shall be accrued to the benefit of the Fund, account, or subaccount, respectively, and all accrued interest shall be expended for the same purposes as the other funds in the Fund, accounts, or subaccounts, respectively.  
(W&I Code Section 16909(c)(1))
- (b) All interest or other increments earned on the Noncounty Hospitals Subaccount shall be expended on noncounty hospitals pursuant to the provisions of paragraphs 10 and 12.  
(W&I Code Section 16909(c)(2))

**ADMINISTRATIVE COSTS**

5. County administrative costs associated with the administration of the Fund and each account or subaccount shall be reimbursed from the Fund, account, or subaccount, respectively. The County further assures that it shall not reduce or utilize Noncounty Hospital Formula funds received pursuant to paragraph 10, to offset the costs of administering the Noncounty Hospital Services Subaccount.  
(W&I Code Sections 16909.1 and 16946(b)(1)(E))

**REPORTING**

6. (a) Information on programs and services which shall receive CHIP funds shall be included in the County's Description of Proposed Expenditures of CHIP Funds and shall be subject to review and approval by the Department for compliance with Part 4.7 (commencing with Section 16900) of Division 9 of the W&I Code.  
(W&I Code Section 16980(b)(1))
- (b) Indigent health care program demographic, expenditure, and utilization data shall be reported as specified by the Department pursuant to the provisions of W&I Code Section 16915 and the procedures specified by the Department.  
(W&I Code Section 16915)
- (c) Services, associated costs, and socio-demographic characteristics of persons served under W&I Code Section 17000 and persons supported in whole or in part by CHIP funds shall be incorporated into the reports required pursuant to W&I Code Section 16915.  
(W&I Code Section 16942(c))
- (d) The County shall include an estimate of, and the costs and funding arrangement for, dental services in its Description of Proposed Expenditures of CHIP Funds.  
(W&I Code Section 16980(b)(2))
- (e) The County shall submit reports which display cost and utilization data for each account in the Fund as specified in the W&I Code Section 16909 to the Department on a preliminary annual and a final annual basis, in a form prescribed by the Department.  
(W&I Code Section 16909(d))

- (f) The County shall provide the Department with information the Department deems necessary to determine compliance with the provisions of Part 4.7 (commencing with Section 16900) of Division 9 of the W&I Code. The information shall be provided according to the procedures and due dates established by the Department.  
(W&I Code Section 16981(a))

### **FISCAL ASSURANCES**

- 7. (a) CHIP funds shall be accounted for as revenue in the Description of Proposed Expenditures of CHIP Funds and in other information required by the Department.  
(W&I Code Sections 16990(c) and 16981)
- (b) CHIP funds shall not be used as county matching funds for any other program requiring a county match.  
(W&I Code Section 16990(c))
- (c) The County shall, at a minimum, maintain a level of financial support of county funds for health services as specified in W&I Code Section 16990. This amount shall not include any county funds expended pursuant to W&I Code Section 16809.3. Net disproportionate share hospital revenues shall be included in computing county financial maintenance of effort only as specified in the W&I Code Section 16990.5.  
(W&I Code Sections 16990 and 16990.5)
- (d) In accordance with procedures established by the Department, the County may, upon notifying the Department of the transfers authorized pursuant to W&I Code Section 17600.20, reduce the level of financial maintenance of effort specified in subparagraph (c) above by the amount of funds transferred from the Health Account of the Local Revenue Fund pursuant to W&I Code Section 17600.20 for FY 2008-09.  
(W&I Code Section 16990(a)(2))
- (e) If the County desires to use any of its CHIP allocation for programs and costs not associated with county health services as defined in W&I Code Section 16801, the County, as a condition of using its allocation for these purposes, shall maintain an amount of county funding for those programs and costs at least equal to FY 1988-89 levels.  
(W&I Code Section 16990(b))

**RECOUPMENT/WITHHOLD**

8. (a) In the event financial support of county funds for health services is less than the amount specified in paragraph 7(c), the Department shall recover the amount of the difference from the CHIP funds provided to the County proportionately from the Hospital Services Account, the PS Account, and the Other Health Services Account.  
(W&I Code Sections 16981(b) and 16990(d))
- (b) In the event financial support of county funds for programs and costs not associated with county health services as defined in W&I Code Section 16801 is less than the FY 1988-89 levels for those services, the Department shall recover the amount of the difference from the CHIP funds provided to the County.  
(W&I Code Sections 16981(b) and 16990(b))
- (c) CHIP funds shall be returned to the Department if they are not encumbered or expended within the fiscal year according to this Application/Standard Agreement, and the requirements of Chapter 5 (commencing with Section 16940) of Part 4.7 of Division 9 of the W&I Code.  
(W&I Code Section 16981(b))
- (d) The Department shall withhold payment of any funds specified in this Application/Standard Agreement and W&I Code Section 16900 et seq., if any of the reports specified in this Application/Standard Agreement and W&I Code Section 16900 et seq., have not been received from the County by the dates specified therein, unless an extension for submission of such reports is formally granted by the Department. Any funds withheld from the County pursuant to this Article shall be released upon receipt of the required reports by the Department.  
(W&I Code Sections 16916 and 16942)
- (e) The Department shall conduct fiscal and program reviews to ensure county compliance with the provisions of this Application/Standard Agreement. The Department may withhold funds, up to the total amount of funds allocated under this Application/Standard Agreement, if the county fails to correct deficiencies in the program after receiving written notice of noncompliance from the Department.  
(W&I Code Section 16981(a))

**HOSPITAL SERVICES**

9. The County agrees to expend all of its FY 2008-09 Hospital Services allocation received pursuant to W&I Code Section 16943 to support uncompensated services provided during FY 2008-09 by noncounty hospitals.  
(W&I Code Sections 16941 and 16943(b)(c)(e) and (f))

**NONCOUNTY HOSPITAL FORMULA FUNDS**

10. The County agrees to allocate all of its FY 2008-09 noncounty Hospital Formula allocation received pursuant to paragraph (1) of subdivision (b) of W&I Code Section 16946, to noncounty hospitals within the County in amounts determined pursuant to paragraph (1) of subdivision (b) of W&I Code Section 16946 for support of services provided by noncounty hospitals to any eligible patient treated at any time during the FY 2008-09.  
(W&I Code Sections 16945, 16946(a)(1) and (b)(1)(A))
11. (a) Each noncounty hospital's share of Noncounty Hospital Formula funds specified in paragraph 10 shall be distributed to each noncounty hospital within ten (10) working days of receipt of monthly CHIP payments.  
(W&I Code Section 16948(a))  
  
(b) Each noncounty hospital shall provide posted and individual notices pursuant to W&I Code Section 16818 for the duration of any quarter during which funds allocated pursuant to paragraph (1) of subdivision (b) of W&I Code Section 16946 are used.  
(W&I Code Section 16946(b)(1)(D))  
  
(c) Each noncounty hospital shall account for the funds on a quarterly basis.  
(W&I Code Section 16946(b)(1)(B))

**NONCOUNTY HOSPITAL DISCRETIONARY FUNDS**

12. The County agrees to distribute all of its FY 2008-09 Noncounty Hospital Discretionary allocation received pursuant to paragraph (2) of subdivision (b) of W&I Code Section 16946 to noncounty hospitals to maintain access to emergency care and to purchase other necessary hospital services provided during FY 2008-09.  
(W&I Code Sections 16945 and 16946(b)(2)(A)(i)) =
13. The funds specified in paragraph 12 shall be distributed only after consulting with those hospitals and considering the following:
  - (a) The historic and projected patterns of care provided by hospitals, by geographic catchment areas within both urban and nonurban areas.  
(W&I Code Section 16946(b)(2)(B)(i))
  - (b) The unique costs associated with treating disproportionate numbers of severely ill, indigent patients.  
(W&I Code Section 16946(b)(2)(B)(i))

- (c) The disproportionate losses sustained by hospitals in the provision of care.  
(W&I Code Section 16946(b)(2)(B)(i))
  - (d) The patterns of care of its residents provided by Level I trauma care hospitals in contiguous counties and the County may make proportionate allocations to those trauma centers.  
(W&I Code Section 16946(b)(2)(B)(ii))
  - (e) The use of those funds to meet emergency room patient needs and follow-up treatment, including the need for special hospital services.  
(W&I Code Section 16949(c))
14. When contracting with hospitals in neighboring counties for emergency care, the County shall not impose conditions to accept transfers that it does not impose on hospitals within its own boundaries.  
(W&I Code Section 16946(b)(2)(A)(ii))

#### **REQUIREMENTS**

15. As a condition of receiving the Hospital Services funds specified under paragraph 9, each noncounty hospital shall be required to do all of the following:
- (a) Maintain the same number and classification of emergency room permits and trauma facility designations as existed on January 1, 1990. This condition shall be deemed to be met for any hospital that maintained two special permits for basic emergency services on July 1, 1989, if each of the emergency rooms was located on separate campuses of the hospital and was located not more than two miles from the other emergency room. This condition shall also be deemed to be met even if one of the emergency room permits is surrendered after July 1, 1989.  
(W&I Code Sections 16946(d)(1)(A) and (B)(i) and (ii))
  - (b) In a county that comprises not more than one-half of one percent (1%) of the total state population and in which there is a county hospital and a noncounty hospital with emergency room permits located within two miles of each other, the county hospital may surrender its emergency room permit without penalty for violation of subparagraph (a) above provided all requirements of W&I Code Section 16946(h) are met. If the Department determines that the County is not in compliance with the requirements of subdivision (h) of W&I Code Section 16946 it shall require the County to recover funds and deny further payments pursuant to subdivision (e) of W&I Code Section 16946, until compliance is resumed.  
(W&I Code Section 16946(h))



- (c) Provide data and reports on the use and expenditure of all funds received in a form and according to procedures specified by the Department.  
(W&I Code Section 16946(d)(2))
  - (d) Assure that Noncounty Hospital Discretionary funds received pursuant to paragraphs 12 and 15 are used only for services for persons who cannot afford to pay for those services, and for whom payment shall not be made through any private coverage or by any program funded in whole or in part by the federal government.  
(W&I Code Section 16946(d)(3))
  - (e) Assure that Noncounty Hospital Formula funds allocated pursuant to paragraph 10 are used only for patients who cannot afford to pay or who meet the Office of Statewide Health Planning and Development's (OSHDPD) definition of charity care, as prescribed under subdivision (d) of Section 128740 of the Health and Safety Code and for whom payment shall not be made through any private coverage or by any program funded in whole or in part by the federal government.  
(W&I Code Sections 16946(d)(3) and 16908.5)
  - (f) Cease all current and waive all future collection efforts, by itself and by its agents, to obtain any payment from the patient with respect to whom the services funded with funds specified in paragraph 9 were rendered within ninety (90) days of the receipt of those funds.  
(W&I Code Section 16947(a))
  - (g) Notify the County if the hospital receives payment from a patient or responsible third-party payer and reimburse the County in an amount equal to the amount collected from the patient or third-party payer, but not more than the amount of the payment received from the County for the patient's care.  
(W&I Code Section 16947(c))
16. As a condition of receiving the hospital funds specified under paragraph 9, each noncounty hospital shall be required to report to the County within thirty (30) days after the receipt of Noncounty Hospital Formula funds distributed pursuant to paragraph 10, information on patients for whom the distributions shall be used, pursuant to the requirements of W&I Code Section 16909 (d) and (e).  
(W&I Code Section 16948(b))
17. Hospitals receiving Noncounty Hospital Discretionary funds under paragraph 12 shall be required to report to the OSHDPD on any reduction in hospital emergency room specialist capabilities below the level which was provided at that facility on October 2, 1989.  
(W&I Code Section 16949(d))

**RECOVERY, WITHHOLD, AND SUSPENSION OF PAYMENTS TO HOSPITALS**

18. The County shall recover from any county or noncounty hospital:
  - (a) That portion of funds received which equal the ratio of the number of months the hospital violates the provisions of paragraph 16(a) to twelve (12) months.  
(W&I Code Section 16946(e)(1)(A))
  - (b) All funds received if the hospital violates the provisions of paragraph 16(c).  
(W&I Code Section 16946(e)(1)(B))
  - (c) The difference between the amount received and the amount which the hospital can document that the funds were used according to the provisions of paragraphs 16(d) and 16(e) on a monthly basis.  
(W&I Code Section 16946(e)(1)(C))
19. Further payment of funds may be denied to a hospital which has violated the provisions of paragraphs 16 through 18 until the hospital demonstrates compliance.  
(W&I Code Section 16946(e)(2))
20. Payments to any noncounty hospital shall be suspended if the hospital fails to provide the information required in paragraph 17.  
(W&I Code Section 16948(c))

**REALLOCATION AND REDISTRIBUTION**

21. Funds withheld or recovered pursuant to paragraph 19 may be reallocated and distributed according to the Noncounty Hospital Discretionary provisions contained in paragraphs 12 and 13.  
(W&I Code Section 16946(f))
22. Noncounty Hospital Formula and Discretionary funds available for allocation or distribution pursuant to paragraphs 10 and 12, which are not expended because a hospital does not participate shall be redistributed pursuant to the Noncounty Hospital Discretionary provisions contained in paragraph 12. If no noncounty hospitals remain to participate, the County may distribute the unexpended funds pursuant to the County Hospital Discretionary provisions contained in paragraph 15.  
(W&I Code Section 16946(g))

**CONTRACTUAL CONSIDERATIONS AND LIMITATIONS**

23. The Department or County may terminate this Application/Standard Agreement by giving at least thirty (30) days written notice to the other party. The notification shall state the effective date of termination.

24. Nothing in this Application/Standard Agreement shall be interpreted to require additional expenditures of County funds for health services beyond those required herein. Also, nothing in this Application/Standard Agreement shall be interpreted to relieve the County of its other obligations to provide health care services to its residents.
25. The Application/Standard Agreement may be amended to conform to any applicable changes in the statutes governing the funds and programs covered in this Application/Standard Agreement.
26. Section 86 of SB 391 (Chapter 294, Statutes of 1997) is hereby incorporated by reference into this Application/Standard Agreement. Reductions in appropriations for CHIP pursuant to Section 86 shall be prorated among the CHIP Counties and the allocations under paragraphs 9, 10, 12, 15, 24, and 31 shall be reduced accordingly upon notification by the Department.

#### **DISPUTE RESOLUTION PROCESS**

27. A County grievance exists whenever the County believes there is a dispute arising from Department's action in the administration of an agreement. If the County believes there is a dispute or grievance between the Department, both parties shall follow the procedure outlined below.
  - (a) The County should first discuss the problem informally with the Department's program manager. If the problem cannot be resolved at this stage, the County shall direct its grievance together with any evidence, in writing, to the program Branch Chief. The grievance shall state the issues in dispute, the legal authority or other basis for the County's position and the remedy sought. The Branch Chief shall make a determination on the problem within ten (10) working days after receipt of the written communication from the County. The Branch Chief shall respond in writing to the County indicating the decision and reasons therefore. Should the County disagree with the Branch Chief's decision, the County may appeal to the second level.
  - (b) The County must prepare a letter indicating the reasons for disagreement with Branch Chief's decision. The County shall include with the letter a copy of the County's original statement of dispute with any supporting documents and a copy of the Branch Chief's response. This letter shall be sent to the Deputy Director of the division in which the branch is organized within ten (10) working days from receipt of the Branch Chief's decision. The Deputy Director of the division funding this agreement or his/her designee shall meet with the County to review the issues raised. A written decision signed by the Deputy Director of the division funding this agreement or his/her designee shall be returned to the County within twenty (20) working days of receipt of the County's letter.

28. Unless otherwise stipulated by Department, dispute, grievance and/or appeal correspondence shall be directed to the Department's program manager.

**THIS APPLICATION/STANDARD AGREEMENT FOR FUNDING HAS BEEN SIGNED BY THE COUNTY'S GOVERNING BODY AND IS HEREBY EXECUTED.**

<b>State of California</b>	<b>County of Santa Barbara</b>
<b>Signature:</b>	<b>Signature:</b>
<b>Name: Nancy E. Hayward</b>	<b>Name:</b>
<b>Title: Chief, Office of County Health Services</b>	<b>Title:</b>
<b>Date:</b>	<b>Date:</b>