

CONTRACT SUMMARY PAGE

BC _____

Complete data below, print, obtain signature of authorized departmental representative, and submit this form (and attachments) to the Clerk of the Board (>\$25,000) or Purchasing (<\$25,000). See also "Contracts for Services" policy. Form is not applicable to revenue contracts.

D1. Fiscal Year FY 06-07
 D2. Budget Unit Number 043
 D3. Requisition Number
 D4. Department Name..... ADMHS – Alcohol & Drug Program
 D5. Contact Person Al Rodriguez
 D6. Telephone..... (805) 681-5442

K1. Contract Type (check one): Personal Service Capital
 K2. Brief Summary of Contract Description/Purpose Contract for DMC treatment services
 K3. Original Contract Amount..... \$200,000
 K4. Contract Begin Date..... 07/01/2006
 K5. Original Contract End Date 06/30/2007
 K6. Amendment History

Seq#	Effective Date	ThisAmndtAmt	CumAmndtToDate	NewTotalAmt	NewEndDate	Purpose
1	07/01/2006			\$200,000	06/30/2007	06-07 term and funding

B1. Is this a Board Contract? (Yes/No) Yes
 B2. Number of Workers Displaced (if any) N/A
 B3. Number of Competitive Bids (if any) N/A
 B4. Lowest Bid Amount (if bid) N/A
 B5. If Board waived bids, show Agenda Date N/A
 and Agenda Item Number.....
 B6. Boilerplate Contract Text Unaffected? (Yes / or cite) Yes

F1. Encumbrance Transaction Code 1701
 F2. Current Year Encumbrance Amount..... \$200,000
 F3. Fund Number 0044
 F4. Department Number 043
 F5. Division Number (if applicable) 6
 F6. Account Number 7460
 F7. Cost Center number (if applicable) 6241 (Program Code)
 F8. Payment Terms Net 30

V1. Vendor Numbers (A=Auditor; P=Purchasing) 899940
 V2. Payee/Contractor Name Zona Seca
 V3. Mailing Address 26 W. Figueroa Street
 V4. City, State (two-letter) Zip (include +4 if known) Santa Barbara, CA 93101
 V5. Telephone Number 805-963-8961
 V6. Contractor's Federal Tax ID Number (EIN or SSN) 95-2655853
 V7. Contact Person Frank Banales
 V8. Workers Comp Insurance Expiration Date 04/01/2006
 V9. Liability Insurance Expiration Date[s] (G=Genl; G – 05/01/06
 V10. Professional License Number
 V11. Verified by (name of county staff) Jack Juntunen
 V12. Company Type (Check one): Sole Proprietorship Partnership Corporation

I certify information complete and accurate; designated funds available; required concurrences evidenced on signature page

Date: _____ Authorized Signature: Jack Juntunen, ADMHS- Departmental Analyst

FOR SERVICES OF INDEPENDENT CONTRACTOR

BC _____

THIS AGREEMENT (hereafter Agreement) is made by and between the County of Santa Barbara, a political subdivision of the State of California (hereafter **COUNTY**) and **Zona Seca, Inc.** having its principal place of business at Santa Barbara, California (hereafter **CONTRACTOR**) wherein **CONTRACTOR** agrees to provide and **COUNTY** agrees to accept the services specified herein.

THEREFORE, in consideration of the mutual covenants and conditions contained herein, the parties agree as follows:

1. **DESIGNATED REPRESENTATIVE:** Assistant Director – Alcohol and Drug Program (ADP) (telephone number 805-681-5440) is the representative of **COUNTY** and will administer this Agreement for and on behalf of **COUNTY**; Frank Banales (telephone number 805-963-8961) is the authorized representative for **CONTRACTOR**. Changes in designated representatives shall be made only after advance written notice to the other party.

2. **NOTICES.** Any notice or consent required or permitted to be given under this Agreement shall be given to the respective parties in writing, by first-class mail, postage prepaid, or hand delivered as follows:

A. To **COUNTY:** Director
Santa Barbara County
Alcohol, Drug, and Mental Health Services
300 N. San Antonio Road
Santa Barbara, CA 93110

B. To **CONTRACTOR:** Frank Banales, Executive Director
Zona Seca, Inc.
26 West Figueroa St.
Santa Barbara, CA 93101

or at such other address, or to such other person, that the parties may from time-to-time designate. Notices and consents under this section, which are sent by mail, shall be deemed to be received five (5) days following the deposit in the United States mail.

3. **SCOPE OF SERVICES.** **CONTRACTOR** agrees to provide services to **COUNTY** in accordance with Exhibit A attached hereto and incorporated herein by reference.

4. **TERM.** **CONTRACTOR** shall commence performance on **July 1, 2006**, and end performance upon completion, but no later than **June 30, 2007**, unless otherwise directed by **COUNTY** or unless earlier terminated.

5. **COMPENSATION OF CONTRACTOR.** **CONTRACTOR** shall be paid for performance under this Agreement in accordance with the terms of Exhibit B attached hereto and incorporated herein by reference. **CONTRACTOR** shall bill **COUNTY**, electronically for services on a monthly basis using an invoice supplied by **COUNTY**. Unless otherwise specified in Exhibit B, payment shall be made by **COUNTY** net thirty - (30) days from **COUNTY'S** final acceptance of invoice, per Exhibit B, Item 1B & 1C.
6. **INDEPENDENT CONTRACTOR.** **CONTRACTOR** shall perform all of its services under this Agreement as an independent **CONTRACTOR** and not as an employee of **COUNTY**. **CONTRACTOR** understands and acknowledges that it shall not be entitled to any of the benefits of a **COUNTY** employee, including but not limited to vacation, sick leave, administrative leave, health insurance, disability insurance, retirement, unemployment insurance, Workers' Compensation insurance, and protection of tenure.
7. **STANDARD OF PERFORMANCE.** **CONTRACTOR** represents that it has the skills, expertise, and licenses and/or permits necessary to perform the services required under this Agreement. Accordingly, **CONTRACTOR** shall perform all such services in the manner and according to the standards observed by a competent practitioner of the same profession in which **CONTRACTOR** is engaged. All products of whatsoever nature that **CONTRACTOR** delivers to **COUNTY**, pursuant to this Agreement, shall be prepared in a manner, which will conform to high standards of quality and shall conform to the standards of quality normally observed by a person practicing in **CONTRACTOR'S** profession. **CONTRACTOR** shall correct or revise any errors or omissions, at **COUNTY'S** request, without additional compensation. Permits and/or licenses shall be obtained and maintained by **CONTRACTOR** without additional compensation.
8. **TAXES.** **COUNTY** shall not be responsible for paying any taxes on **CONTRACTOR'S** behalf, and should **COUNTY** be required to do so by State, Federal, or local taxing agencies, **CONTRACTOR** agrees to reimburse **COUNTY** within one (1) week for the full value of such paid taxes plus interest and penalty, if any. These taxes shall include, but not be limited to, the following: FICA (Social Security), unemployment insurance contributions, income tax, disability insurance, and Workers' Compensation insurance.
9. **CONFLICT OF INTEREST.** **CONTRACTOR** covenants that **CONTRACTOR** presently has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of services required to be performed under this Agreement. **CONTRACTOR** further covenants that in the performance of this Agreement, no person having any such interest shall be employed by **CONTRACTOR**.
10. **RESPONSIBILITIES OF COUNTY.** **COUNTY** shall provide all information reasonably necessary by **CONTRACTOR** in performing the services provided herein.
11. **OWNERSHIP OF DOCUMENTS.** **COUNTY** shall be the owner of the following items incidental to this Agreement upon production, whether or not completed: all data collected and any material necessary for the practical use of the data and/or documents from the time of collection and/or production, whether or not performance under this Agreement is completed or terminated prior to completion. **CONTRACTOR** is the legal owner and Custodian of Records for all **COUNTY** client files generated by

this Agreement and shall comply with all Federal and State confidentiality laws, including Welfare and Institutions Code Section 5328, the Code of Federal Regulations, Title 45 Section 205.50, and Health Insurance Portability and Accountability Act (HIPAA) in the handling and maintenance of such files. **CONTRACTOR** shall inform all of its officers, employees, and agents of the confidentiality provisions of said statutes. **CONTRACTOR** further agrees to provide **COUNTY** with copies of all **COUNTY** client file documents resulting from this Agreement without requiring any further written release of information.

CONTRACTOR shall adhere to HIPAA regulations and develop and maintain comprehensive patient confidentiality policies and procedures, provide annual training of all staff regarding those policies and procedures, and demonstrate a reasonable effort to secure written and/or electronic data. **CONTRACTOR** shall anticipate that this Agreement will be modified as necessary for full compliance with HIPAA.

No materials produced in whole or in part under this Agreement shall be subject to copyright in the United States, or in any other country except as determined at the sole discretion of **COUNTY**. **COUNTY** shall have the unrestricted authority to publish, disclose, distribute, and/or otherwise use in whole or in part, any reports, data, documents or other materials prepared under this Agreement.

12. **RECORDS, AUDIT, AND REVIEW.** **CONTRACTOR** shall keep such business records pursuant to this Agreement as would be kept by a reasonably prudent practitioner of **CONTRACTOR's** profession and shall maintain such records in compliance with applicable Federal and State laws and in no event less than five (5) years following the termination of this Agreement. All accounting records shall be kept in accordance with generally accepted accounting practices. **COUNTY** shall have the right to audit and review all such documents and records at any time during **CONTRACTOR's** regular business hours or upon reasonable notice. **CONTRACTOR** shall comply with Federal and State confidentiality laws and codes with regard to maintaining and handling all records.
13. **INDEMNIFICATION AND INSURANCE.** **CONTRACTOR** shall agree to defend, indemnify and hold harmless the **COUNTY** and to procure and maintain insurance in accordance with the provisions of Exhibit C attached hereto and incorporated herein by reference.
14. **NON-DISCRIMINATION.** **COUNTY** hereby notifies **CONTRACTOR** that Santa Barbara County Unlawful Discrimination Ordinance (Article XIII of Chapter 2 of the Santa Barbara County Code) applies to this Agreement and is incorporated herein by this reference with the same force and effect as if the ordinance were specifically set out herein, and **CONTRACTOR** agrees to comply with said ordinance.

CONTRACTOR further certifies under the laws of the State of California that **CONTRACTOR** shall not unlawfully discriminate in the provision of services because of race, color, creed, national origin, sex, age, or physical or mental disability as provided by state and federal law and in accordance with Title VI of the Civil Rights Act of 1964 [42 USC 2000(d)]; Age Discrimination Act of 1975 (42 USC 6101); Rehabilitation Act of 1973 (29 USC 794); Education Amendments of 1972 (20 USC 1681); Americans with Disabilities Act of 1990 (42 USC 12132); Title 45 CFR, Part 84; provisions of the Fair Employment and Housing Act (Government Code Section 12900 et seq.); and

regulations promulgated there under (Title 2 CCR Section 7285.0 et seq.); Title 2, Division 3, Article 9.5 of the Government Code, commencing with Section 11135; and Title 9, Division 4, Chapter 6 of the CCR, commencing with Section 10800.

15. **NON-EXCLUSIVE AGREEMENT. CONTRACTOR** understands that this is not an exclusive Agreement and that **COUNTY** shall have the right to negotiate and enter into contracts with others providing the same or similar services as those provided by **CONTRACTOR** as the **COUNTY** desires.

16. **ASSIGNMENT. CONTRACTOR** shall not assign any of its rights nor transfer any of its obligations under this Agreement without the prior written consent of **COUNTY**. Any attempt to so assign or so transfer without such consent shall be void and without legal effect and shall constitute grounds for termination.

17. **TERMINATION.**

A. **BY COUNTY. COUNTY** may, by written notice to **CONTRACTOR**, terminate this Agreement in whole or in part at any time, whether for **County** convenience or because of the failure of **CONTRACTOR** to fulfill the obligations herein. Upon receipt of notice, **CONTRACTOR** shall immediately discontinue all services affected (unless the notice directs otherwise), and deliver to **COUNTY** all data, estimates, graphs, summaries, reports, and all other records, documents or papers as may have been accumulated or produced by **CONTRACTOR** in performing this Agreement, whether completed or in process.

1. For Convenience. **COUNTY** may terminate this Agreement upon thirty- (30) days written notice. At the end of the thirty - (30) day period, **CONTRACTOR** shall cease work and notify **COUNTY** as to the status of its performance.

a) Notwithstanding any other payment provision of this Agreement, **COUNTY** shall pay **CONTRACTOR** for service performed to the date of termination to include a prorated amount of compensation due hereunder less payments, if any, previously made. In no event shall **CONTRACTOR** be paid an amount in excess of the full price under this Agreement or for profit on unperformed portions of service. **CONTRACTOR** shall furnish to **COUNTY** such financial information as in the judgment of **COUNTY** is necessary to determine the reasonable value of the services rendered by **CONTRACTOR**.

In the event of a dispute as to the reasonable value of the services rendered by **CONTRACTOR**, the decision of **COUNTY** shall be final. The foregoing is cumulative and shall not affect any right or remedy which **COUNTY** may have in law or equity.

2. For Cause. Should **CONTRACTOR** default in the performance of this Agreement or materially breach any of its provisions, **COUNTY** may, at the **COUNTY's** sole option, terminate this Agreement by written notice which shall be effective upon receipt by **CONTRACTOR**.

B. **BY CONTRACTOR. CONTRACTOR** may, upon thirty – (30) days written notice to **COUNTY**, terminate this Agreement in whole or in part at any time, whether for

CONTRACTOR convenience or because of the failure of **COUNTY** to fulfill the obligations herein. At the end of the thirty - (30) day period, **CONTRACTOR** shall cease work and notify **COUNTY** as to the status of its performance.

18. **SECTION HEADINGS.** The headings of the several sections, and any table of contents appended hereto, shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof.
19. **SEVERABILITY.** If any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions hereof, and such invalidity, illegality or unenforceability shall not affect any other provision, hereof, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.
20. **REMEDIES NOT EXCLUSIVE.** No remedy herein conferred upon or reserved to the parties is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or otherwise.
21. **TIME IS OF THE ESSENCE.** Time is of the essence in this Agreement, and each covenant and term is a condition herein.
22. **NO WAIVER OF DEFAULT.** No delay or omission of the parties to exercise any right or power arising upon the occurrence of any event of default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Agreement to the parties shall be exercised from time-to-time and as often as may be deemed expedient in the sole discretion of either party.
23. **ENTIRE AGREEMENT, AMENDMENTS, AND MODIFICATIONS.** In conjunction with the matters considered herein, this Agreement contains the entire understanding and agreement of the parties. There have been no promises, representations, agreements, warranties or undertakings by any of the parties, either oral or written, of any character or nature hereafter binding except as set forth herein. **COUNTY** or **CONTRACTOR** may from time to time request this Agreement to be amended or modified. This Agreement may be amended or modified only by the written mutual consent of the parties hereto. Such an amendment or modification may include but is not limited to, an increase or decrease in the amount of **CONTRACTOR's** compensation, method of compensation, Consumer Price Index adjustments, and the scope of services to be performed hereunder and any such amendments or modifications, the result of which do not exceed ten percent (10%) of the contract's original dollar amount may be approved by the Director of Alcohol, Drug & Mental Health Services.

All other amendments and modifications must be approved by the Board of Supervisors of the County of Santa Barbara. Each party waives its future right to claim, contest or assert that this Agreement was modified, canceled, superseded, or changed by any oral Agreements, course of conduct, waiver or estoppel.

24. **SUCCESSORS AND ASSIGNS.** All representations, covenants and warranties set forth in this Agreement, by or on behalf of or for the benefit of any or all of the parties hereto, shall be binding upon and inure to the benefit of such party, its successors and assigns.
25. **COMPLIANCE WITH LAW. CONTRACTOR** shall, at his sole cost and expense, comply with all **COUNTY**, State and Federal ordinances and statutes now in force or which may hereafter be in force with regard to this Agreement. The judgment of any court of competent jurisdiction, or the admission of **CONTRACTOR** in any action or proceeding against **CONTRACTOR**, whether **COUNTY** be a party thereto or not, that **CONTRACTOR** has violated any such ordinance or statute, shall be conclusive of that fact as between **CONTRACTOR** and **COUNTY**.
26. **CALIFORNIA LAW.** This Agreement shall be governed by the laws of the State of California. Any litigation regarding this Agreement or its contents shall be filed in the County of Santa Barbara, if in State court, or in the Federal District Court nearest to Santa Barbara County, if in Federal court.
27. **EXECUTION OF COUNTERPARTS.** This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the parties shall preserve undestroyed, shall together constitute one and the same instrument.
28. **AUTHORITY.** All parties to this Agreement warrant and represent that they have the power and authority to enter into this Agreement in the names, titles and capacities herein stated and on behalf of any entities, persons, or firms represented or purported to be represented by such entity (ies), person(s), or firm(s) and have complied with all formal requirements necessary or required by any state and/or federal law in order to enter into this Agreement. Furthermore, by entering into this Agreement, **CONTRACTOR** hereby warrants that it shall not have breached the terms or conditions of any other contract or Agreement to which **CONTRACTOR** is obligated which breach would have a material effect hereon.
29. **PRECEDENCE.** In the event of conflict between the provisions contained in the numbered sections of this Agreement and the provisions contained in the Exhibits, the provisions of the Exhibits shall prevail over those in the numbered sections.
30. **DISPUTE RESOLUTION.** Any dispute or disagreement arising under this contract shall first be addressed and resolved at the lowest possible staff level between the appropriate representatives of the **CONTRACTOR** and of the **COUNTY**. If it cannot be resolved at this level, it is to be elevated to the **CONTRACTOR's** Program Manager and **COUNTY's** relevant Program Manager. If the Managers cannot resolve the dispute, they are to take the following actions:
- A. Decision - Each party shall reduce the dispute to writing and submit to the appropriate ADMHS Assistant Director. The Assistant Director shall assemble a team to investigate the dispute and to prepare a written decision. This decision shall be furnished to the **CONTRACTOR** within thirty - (30) days of receipt of the dispute documentation. This decision shall be final unless appealed within ten (10) days of receipt.

- B. Appeal –The **CONTRACTOR** may appeal the decision (Item A above) to the Santa Barbara County Alcohol, Drug, and Mental Health Services (ADMHS) – Director, or designee, at 300 N. San Antonio Road, Santa Barbara, CA 93110. The decision of the ADMHS-Director shall be put in writing within twenty - (20) days and a copy thereof mailed to the **CONTRACTOR's** address for notices. The decision of the ADMHS-Director shall be final.
 - C. Pending final decision of the dispute hereunder, **CONTRACTOR** shall proceed diligently with the performance of this Agreement.
 - D. The finality of appeal described herein is meant to imply only that recourse to resolution of disputes through this particular Dispute Resolution mechanism has been concluded. This is in no way meant to imply that the parties have agreed that this mechanism replaces either party's rights to have its disputes with the other party heard and adjudicated in a court of competent jurisdiction.
31. **COMMUNICATION.** **CONTRACTOR** shall acknowledge in any public announcement regarding the program that is the subject of this Agreement that the Santa Barbara County, Alcohol, Drug, and Mental Health Services Department provides all or some funding for the program. Any public announcement shall include and comply with the provisions under "No Unlawful Use or Unlawful Use messages Regarding Drugs or Alcohol, as set forth in Exhibit A, Item 15.
32. **NONAPPROPRIATION.** In the event that funds are not appropriated, budgeted, or otherwise made available in the consecutive year(s) of this Agreement, then **COUNTY** will immediately notify **CONTRACTOR** of such occurrence and the Agreement may be terminated by **COUNTY**. Subsequent to the termination of this Agreement under this provision, **COUNTY** shall have no obligation to make payments with regard to the remainder of the term.
33. **THIS AGREEMENT INCLUDES:**
- A. EXHIBIT A – Statement of Work
 - B. EXHIBIT B – Payment Arrangements
Exhibit B 1 – Schedule of Services
 - C. EXHIBIT C – Standard Indemnification and Insurance Provisions
 - D. EXHIBIT D – Appeal Processes
 - E. EXHIBIT E – HIPAA Privacy Business Associates Addendum

Agreement for Services of Independent **CONTRACTOR** between the County of Santa Barbara and ZONA SECA INC.

IN WITNESS WHEREOF, the parties have executed this Agreement to be effective on the date executed by **COUNTY**.

COUNTY OF SANTA BARBARA

By: _____

Chair, Board of Supervisors

Date: _____

CONTRACTOR

By: _____

Tax ID No. 95-2655853

ATTEST:
MICHAEL F. BROWN
CLERK OF THE BOARD

By: _____
Deputy

APPROVED AS TO FORM:
STEPHEN SHANE STARK
COUNTY COUNSEL

By: _____
Deputy County Counsel

APPROVED AS TO FORM:
ROBERT W GEIS, CPA
AUDITOR-CONTROLLER

By: _____
Deputy

APPROVED AS TO FORM:
ALCOHOL, DRUG, AND MENTAL HEALTH
SERVICES
JAMES L. BRODERICK, Ph.D.
DIRECTOR

By: _____
Director

APPROVED AS TO INSURANCE FORM:
RAY AROMATORIO
RISK PROGRAM ADMINISTRATOR

By: _____
Risk Program Administrator

EXHIBIT A STATEMENT OF WORK

1. **Zona Seca** agrees to provide the following substance abuse services, to Medi-Cal beneficiaries, which are covered by the Medi-Cal program when determined medically necessary. [Section 51303 of Title 22 CCR):

A. **OUTPATIENT DRUG FREE (ODF) TREATMENT SERVICES, and SUBSTANCE ABUSE CRIME PREVENTION ACT OF 2000 (SACPA) SERVICES:** Treatment / recovery or rehabilitative services where the client receives drug abuse or alcoholism treatment services including individual and group counseling and/or support services (non-Residential).

i. Project Services will be provided at the following certified Drug Medi-Cal (D/MC) sites

- a) 26 W. Figueroa Street, Santa Barbara, CA 93103 (D/MC Certified Site 4250); and
- b) 218 N. I Street, Lompoc, CA 93435 (DM/C Certified Site #4253).

ii. **CONTRACTOR** will provide individual and group counseling for eligible Medi-Cal and SACPA (Prop 36) beneficiaries (ages 18 and over) that present with alcohol and/or drug problems, and related co-occurring mental health or physical disorders.

2. D/MC SACPA SERVICES.

CONTRACTOR agrees to provide treatment and ancillary services related to drug abuse for Drug Medi-Cal-Substance Crime Prevention Act (SACPA) clients. Drug Medi-Cal shall be billed for SACPA clients when: 1) the SACPA client is Medi-Cal eligible; 2) the SACPA client meets Drug Medi-Cal admission criteria; and 3) the Program is Drug Medi-Cal certified.

CONTRACTOR further agrees, in providing services to Drug Medi-Cal-SACPA clients, to comply with Title 9 California Code of Regulations (CCR) Section 9505(12) which specifies the individuals that may lawfully provide family counseling: Any "family counseling" shall be provided by an individual licensed or certified in accordance with Business and Professions Code Sections 2836 (Psychiatric Nurse Practitioner), 2838.1 (Clinical Nurse Specialist), 2903 (Clinical Psychologist), 4980 (Marriage and Family Therapist), and 4996 (Licensed clinical Social Worker); or in accordance with Insurance Code Section 10176 (Mental Health Nurse); or by a psychiatrist certified by the American Board of Psychiatry and Neurology, Inc.; or by an intern providing services under the direct supervision of the holder of one of the aforementioned credentials

3. PROVIDER WORKBOOK.

CONTRACTOR and **COUNTY** will continually develop the Provider Workbook that may include a description of service, complete budget (including staff), program deliverables, list of Board of Directors, cultural competency plan for staff, and monitoring of client abstinence.

4. REQUIRED REVIEWS.

CONTRACTOR agrees to maintain and furnish to **COUNTY**, upon request, an internal review

process that ensures medical necessity, appropriateness and quality of care. This review process shall include, but is not limited to, the following: Client Files, Treatment Plans; Progress Notes; Consent to Treat; Clinical Records; Client Survey and Logs; and Release of Information.

CONTRACTOR further agrees that **COUNTY** contract monitoring staff, and/or **COUNTY** manager, or designee may review and investigate books, records, manuals, procedures, or the documents regarding performance of this contract. **COUNTY** will conduct monitoring and evaluation of **CONTRACTOR's** program on a regular ongoing basis, and **CONTRACTOR** agrees to participate fully in that process. Such record reviews conducted during the term of this agreement will be held with or without advance notice during normal business hours.

CONTRACTOR agrees to participate in state approved utilization control and quality assurance programs conducted by **COUNTY**.

5. **CERTIFICATION.**

CONTRACTOR certifies that neither **CONTRACTOR** nor **CONTRACTOR's** principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation by any Federal department or agency.

In providing Drug Medi-Cal services, as described above, **CONTRACTOR** shall maintain in force and effect licenses or certifications required by local, state or federal agencies and shall comply with the rules and regulations set forth by Section 9533, Title 9, California Code of Regulations (CCR) and Section 51341.1 Title 22 (CCR) – Drug Medi-Cal.

6. **REQUIRED NOTIFICATION.**

CONTRACTOR shall immediately notify **COUNTY** in the event:

- A. of any known or suspected misuse of funds under **CONTRACTOR's** control;
- B. of any known complaints against **CONTRACTOR's** licensed staff; any restrictions in practice or license as stipulated by the state or Federal Government; any criminal investigation being initiated, or any other action being instituted which affects **CONTRACTOR'S** license or practice (for example, sexual harassment accusations).
- C. any client experiencing side effects from substance abuse that induces behavior that puts themselves, staff or others in danger.

7. **CalOMS, DATAR AND WAITING LIST.**

CONTRACTOR agrees to submit to **COUNTY** by the 10th of the month following the date of service, 1) CalOMS (California Outcome Measurement System) electronic data, for each client in treatment; and 2) a completed DATAR (Drug & Alcohol Treatment Access Report) for each treatment site, per 45 CFR § 96.126 (See attachment Exhibit B, Item 1D).

CONTRACTOR further agrees to maintain a Waiting List Record (WLR) to identify specific categories of individuals awaiting treatment. The WLR information is only recorded for those individuals who would be placed in treatment except for lack of space in a program.

8. **UNION ORGANIZING.**

In accepting Federal or state funds, **CONTRACTOR** will not assist, promote, or deter union

organizing in accordance with California Government Code Sections 16645 through Section 16649.

9. **RESTRICTIONS ON SALARIES.**

CONTRACTOR agrees that no part of federal funds provided under this contract shall be used to pay the salary of an individual at a rate in excess of \$171,900 per year.

10. **LIMITATION OF USE OF FUNDS FOR PROMOTION OF LEGALIZATION OF CONTROLLED SUBSTANCES.**

CONTRACTOR may not use funds made available through this contract for the promotion of the legalization of any drug or other substance.

11. **CONFIDENTIALITY OF RECORDS.**

CONTRACTOR agrees that all information and records obtained in the course of providing services to clients shall be subject to the confidentiality and disclosure provisions pursuant to State statutes, Title 42, Code of Federal Regulations (CFR) Welfare & Institutions Code (W&IC) Section 14100.2; and Title 22 California Code of Regulations (CCR) Section 51009; and HIPAA.

CONTRACTOR shall ensure that no list of persons receiving services under this Agreement is published, disclosed, or used for any purpose except for the direct administration of this program or other uses authorized by law that are not in conflict with requirements for confidentiality contained in Title 42 CFR Part 2; W&IC Section 14100.2; Title 22 CCR Section 51009; and HIPAA.

12. **HIPAA BUSINESS ASSOCIATE.**

CONTRACTOR is a business associate under the Health Insurance Portability and Accountability Act (HIPAA). **CONTRACTOR** agrees with **COUNTY** to the terms set forth in the attached Exhibit E.

13. **DRUG / SMOKE FREE WORKPLACE.**

CONTRACTOR certifies under the laws of the State of California to comply within the requirements of the Drug Free Work Place Act of 1990 (Gov. Code § 8350 et seq.).

CONTRACTOR further agrees to comply with Public Law 103-227, also known as the Pro-Children Act of 1994, which requires that smoking not be permitted in any portion of any indoor facility owned or leased or contracted for by an entity and used routinely or regularly for the provision of health, day care, early childhood development services, education, or library services to children under the age of 18 if the services are funded by federal grant, contract, loan, or loan guarantee. The law also applies to children's services that are provided in indoor facilities that are constructed, operated, or maintained with such federal funds. The law does not apply to children's services provided in private residences; portions of facilities used for inpatient drug or alcohol treatment; services providers whose sole source of applicable federal funds is Medicare or Medicaid; or facilities where Women's Infant's, and Children (WIC) coupons are redeemed.

14. **NON-DISCRIMINATION.**

CONTRACTOR certifies under the laws of the State of California that **CONTRACTOR** shall not unlawfully discriminate in the provision of services because of race, color, creed, national origin, sex, age, or physical or mental disability as provided by state and federal law and in accordance with Title VI of the Civil Rights Act of 1964 [42 USC 2000(d)]; Age Discrimination Act of 1975 (42 USC

6101); Rehabilitation Act of 1973 (29 USC 794); Education Amendments of 1972 (20 USC 1681); Americans with Disabilities Act of 1990 (42 USC 12132); Title 45 CFR Part 84; provisions of the Fair Employment and Housing Act (Government Code Section 12900 et seq.); and regulations promulgated there under (Title 2 CCR Section 7285.0 et seq.); Title 2 Division 3 Article 9.5 of the Government Code, commencing with Section 11135; and Title 9 Division 4 Chapter 6 of the CCR, commencing with Section 10800.

15. **NO UNLAWFUL USE OR UNLAWFUL USE MESSAGES REGARDING DRUGS OR ALCOHOL.**

CONTRACTOR agrees that any information including written statements produced with these funds, and which pertains to drug-and alcohol-related projects, events or programs, shall contain a clearly written statement that there shall be no unlawful use of drugs or alcohol associated with the program. Additionally, no aspect of drugs or alcohol, or a drugs or alcohol related program shall include any message on the responsible use, if the use is unlawful. (Health and Safety Code Section 11999)

Exhibit B

PAYMENT ARRANGEMENTS

- I. For services to be rendered under this contract, **CONTRACTOR** shall be paid a total provisional amount, less the **COUNTY'S** administrative support costs, not to exceed **\$200,000**, for all Projects listed in Exhibit A.

- A. **ALLOWABLE COSTS AND ACTIVITIES.**

Payment for services and /or reimbursement of costs shall be made upon **CONTRACTOR's** satisfactory performance, based upon the scope and methodology contained in Exhibit A as determined by **COUNTY**. **CONTRACTOR** shall be reimbursed for allowable expenditures as established by federal regulation and by the State Department of Health Services for the costs of services rendered to Medi-Cal beneficiaries. Reimbursement for covered services shall be made in accordance with applicable provisions of Title 22 CCR Sections 51341.1, 51516.1, 51490.1, and all other currently applicable policies and procedures. In consideration of the services provided, **COUNTY** shall pay **CONTRACTOR** on a fee-for service basis on **CONTRACTOR's** actual reasonable, necessary, and allowable costs incurred for Medi-Cal reimbursable service units delivered to Medi-Cal beneficiaries for each Project during the term of this contract or up to the time of termination or cancellation of this contract or any Project contained herein, for the benefit of this Agreement in accordance with Exhibit A and in the manner provided by Exhibit B-1 attached hereto and by this reference made a part hereof.

The funds made available to **CONTRACTOR** under this contract shall be expended only for services as indicated in the Provider Workbook and described in Exhibit A. Such funds shall be the sole source of funds paying for the positions, staffing levels, and operational and other costs as contained in the services described in the Program Workbook. **CONTRACTOR** is specifically prohibited from using funds from any other source, public or private, to pay **CONTRACTOR's** actual reasonable and necessary costs incurred for each "Project" during the term of this contract or up to the time of termination or cancellation of this contract or any "Project" contained herein. Violation of this provision or use of **COUNTY's** funds for purposes other than described in Exhibit A shall constitute a material breach of this contract.

- B. **PAYMENT PROCESSING.**

For eligible clients receiving services reimbursable under Drug Medi-Cal, **COUNTY** shall pay **CONTRACTOR** at rate(s) not to exceed the maximum limit established under State authority, less **COUNTY's** administrative and support costs, and less the amount of any claim or portion of claim denied or disallowed by the State Department of Alcohol and Drug Program.

COUNTY reserves the right to negotiate a provisional treatment rate with **CONTRACTOR** that reflects the actual program costs, in the event that **CONTRACTOR's** year-end cost report fails to justify and support the use of the established State maximum allowable rate. If it is determined that the cost reported by the **CONTRACTOR** is less than the actual payments made by **COUNTY**, then **CONTRACTOR** shall reimburse **COUNTY** for the

overpayment. In the event Medi-Cal service levels are less than originally anticipated, and thus do not result in a full utilization of the amount allocated above, payments shall not exceed the aggregate total of reimbursement for services provided at the maximum rate described in the Provider Workbook.

This provisional amount is subject to change by contract amendment as herein authorized subsequent to increases or decrease in client visits for service. In the event services provided or claimed under this Agreement are disallowed or denied through utilization review, state or county claims process, or state or county error correction procedures, the amount of any such disallowance or denied claim shall be reimbursed by **CONTRACTOR** through direct payment to **COUNTY** or adjustment of subsequent payments made under this Agreement. Payment for covered services shall only be made pursuant to applicable provisions of Title XIX of the Social Security Act, the Welfare & Institutions code; California's Medicaid State Plan, and Section 51341.1, 51490.1, 51516.1, and 51532 of Title 22, CCR.

C. **PROPER INVOICE.**

On a monthly basis (by the fifth working day following the month of service), **CONTRACTOR** shall submit an electronic invoice to **COUNTY** ADMHS-Management Information Systems (MIS) for the services performed over the period specified.

COUNTY shall pay invoices within thirty- (30) days from the date of acceptance, subject to **COUNTY** having received the required monthly reports.

Failure to discover or object to any unsatisfactory work or billings prior to payment will not constitute a waiver of **COUNTY's** right to require **CONTRACTOR** to correct such work or billings or seek any other legal remedy.

D. **REQUIRED REPORTS FOR PAYMENT.**

Payment to **CONTRACTOR** is subject to **COUNTY** receiving the required monthly client and treatment service reports (Treatment Report, Provider Summary Report and DATAR report) due the 10th day following the month of service. Failure to submit these required treatment reports to **COUNTY** will result in a delay in payment to **CONTRACTOR** (See attachment Exhibit A, Item 7).

E. **ADMINISTRATIVE SUPPORT COST.**

The gross amount payable on the approved monthly invoice shall be automatically reduced by the agreed upon **COUNTY** Administrative Support Cost in accordance with Exhibit B-1 and the Provider Workbook. The net amount of the approved invoice shall be reimbursed to the **CONTRACTOR**.

F. **SHARE OF COST**

Except where a share of cost, as defined in Title 22 CCR Section 50090, is applicable, **CONTRACTOR** shall accept proof of eligibility for Drug Medi-Cal as payment in full for treatment services rendered. **CONTRACTOR** shall not charge fees to beneficiaries for access to Drug Medi-Cal substance abuse services or for admission to a Drug Medi-Cal treatment slot.

2. **AUDITS.**

A. **CONTRACTOR** agree to furnish **COUNTY** an audit report annually that is executed by a Certified Public Accountant or Public Accountant. Audits shall be conducted in accordance with generally accepted auditing standards [per Title 9 CCR Section 9545(b)] as described in but not limited to:

- i. "Government Auditing Standards (1994 Revision)"; published for the United States General Accounting Office by the Comptroller General of the United States and performed in accordance with Federal Office of Management and Budget (OMB) Circular A 133 (revised June 24, 1997), and
- ii. Federal OMB Circular A-122 which applies to nonprofit organizations.

B. **CONTRACTOR** agrees to provide **COUNTY** with copies of any findings from any outside financial audit report of **CONTRACTOR's** programs, pursuant to State of California, Federal OMB Circular A-133.

C. In the event **CONTRACTOR** received and expended \$300,000, or more in federal funds, **CONTRACTOR** is mandated to purchase and submit to **COUNTY** a single audit report, performed by a Certified Public Accountant or Public Accountant to ensure compliance with the SACPA provisions. (Authority: Title 9 CCR Section 9545, and Federal OMB Circular A 133).

Notwithstanding the above, if **CONTRACTOR** is required to obtain a single audit pursuant to Federal OMB Circular A-133, and/or if **CONTRACTOR** received funding under SACPA, **CONTRACTOR** shall ensure that the single audit addresses compliance with the requirements of Title 9 CCR Section 9545(g). **COUNTY** may rely on **CONTRACTOR's** single audit as fulfilling the audit responsibilities in Section 9545(a) of Title 9 CCR.

D. In receiving state and/or federal funds from **COUNTY**, including SACPA, **CONTRACTOR** agrees to submit audit work papers including supporting documents to **COUNTY** within 20 (twenty) days of completion, but no later than seven (7) months after the end of each fiscal year ending June 30, in accordance with Title 9 CCR Section 9545(h). Audits (including work papers supporting the report) shall be retained for a minimum of five- (5) years from the issuance of the audit report and will be available to the State upon request.

E. **COUNTY** shall retain all records documenting use of funds for a period of five- (5) years from the end of the fiscal year, or until completion of the State's annual

audit and resolution of any resulting audit issues if the audit is not resolved within five years in accordance with Title 9, CCR, Section 9535(e).

- F. **COUNTY** shall use the audit reports to establish whether **CONTRACTOR** expended funds in accordance with: the provisions of state and federal guidelines, the provisions of SACPA [Title 9, CCR Section 9545(b)], and the terms and conditions under which **COUNTY** awarded funds to **CONTRACTOR**.
- G. **COUNTY** shall establish a process to resolve disputed findings resulting from **COUNTY's** audit of **CONTRACTOR's** program. Should it be determined, based on any audit findings, that **CONTRACTOR** misspent funds, or reported costs fail to support costs that **COUNTY** already paid, **COUNTY** shall demand repayment from **CONTRACTOR** in the amount of such audit findings.

3. ANNUAL COST REPORT.

At the end of the fiscal year, (period of July 1 through June 30), or any portion thereof, **CONTRACTOR** shall prepare a cost report as pertinent to this or predecessor/successor contracts, detailing all the allowable costs that have actually been incurred by **CONTRACTOR** in the performance of the contract(s). Each "Project" contained herein shall be adequately identified and described in the cost report. Such cost report shall be prepared in accordance with the cost reporting requirements of the State ADP and in accordance with any other forms and written guidelines, which may be provided by **COUNTY**. At a minimum, such cost report shall reflect the actual expenditures relative to the original line item amounts declared in **CONTRACTOR's** budget(s) and workbook(s).

The cost report shall be submitted to **COUNTY** within sixty- (60) days following the end of the fiscal year, ending June 30.

- A. If this Agreement is terminated or canceled prior to the close of the fiscal year, the annual cost report shall be for that contract period which ends on the termination or cancellation date and copies of such report shall be submitted to **COUNTY** within sixty- (60) days after such termination or cancellation.
- B. If any "Project" contained in this Agreement is terminated or canceled prior to the close of the fiscal year, a separate cost report shall not be required; however, all cost information pertaining to the terminated or canceled "Project(s)" shall be contained in the annual cost report. Payment of all or part of **CONTRACTOR's** final invoice shall be held pending **COUNTY's** review and approval of the annual cost report.

4. ANNUAL COST REPORT SETTLEMENT.

COUNTY shall provide **CONTRACTOR** a copy of the final year-end cost report, within ninety (90) days from the date **COUNTY** submission of the report to the state, along with a formal letter of the findings.

- A. If the cost report shows that the allowable costs that have actually been incurred by **CONTRACTOR** under this agreement exceeds the payments made by **COUNTY**, subject nevertheless to the payment limit of this Agreement, **COUNTY** may remit any such excess amount to **CONTRACTOR**, provided that the payments made, together with any such excess amount, shall not exceed the total contract payment limit.

- B. If it is determined that the annual cost report, audit of the cost report, or **CONTRACTOR's** other financial records shows that under this Agreement: the payments made by **COUNTY** exceeded the allowable costs that have actually been incurred by **CONTRACTOR**, or **CONTRACTOR's** costs were disallowed; that costs are not supported by **CONTRACTOR's** service delivery and; that profit was realized on unperformed portions of **CONTRACTOR's** service, **CONTRACTOR** shall be required to remit any such excess amount to **COUNTY**, or **COUNTY** may credit such sum against any monies due **CONTRACTOR** under this or any other contract.

5. **FINAL COST REPORT ADJUSTMENTS TO CONTRACT.**

- A. **COUNTY** will review and evaluate each "Project" contracted under this Agreement and compare the cost of service (including rates, units of service, and provisional amounts) with **CONTRACTOR's** year-end cost report.
- B. **COUNTY** shall provide **CONTRACTOR** a copy of the audit findings and may schedule a meeting with **CONTRACTOR** to review the audit.
- C. If **CONTRACTOR's** actual cost for services fail to support the service delivered resulting in an over payment by **COUNTY**, then **CONTRACTOR** shall reimburse **COUNTY** for such overpayment.
- D. If **CONTRACTOR's** actual costs fail to justify the application of the State ADP maximum allowable rate guideline, then **COUNTY** reserves the right to negotiate a lower rate with **CONTRACTOR** that reflects the actual costs.
- E. In no event will **COUNTY** reimburse **CONTRACTOR** for services in excess of the published State ADP guidelines for Medi-Cal services.

EXHIBIT B-1

SCHEDULE OF SERVICES

Treatment services, as described in Exhibit A and in the Provider Workbook, will conform to the California Department of Alcohol and Drug Programs service code definition (Exhibit A). Treatment services shall be reimbursed according to the State Medi-Cal Guidelines (Title 22 CCR), or as negotiated with **COUNTY**.

It is agreed that **COUNTY** has provided a copy of the signed Provider Workbook to **CONTRACTOR**.

TYPE OF SERVICE Drug Medi-Cal (D/MC)	Provider Rate	Billing Rate (Maximum	County Administrative Cost	Total Estimated Revenue
D/MC - Outpatient Drug-Free Treatment consisting of individual (Including collateral sessions) and Group Counseling (including family sessions). (In accordance with Title 22 and the Perinatal Services Guidelines at certified sites per Exhibit A.)	The Drug Medi-Cal Rate shall follow the published State ADP guidelines, or as negotiated with COUNTY .			\$200,000
Total Drug Medi-Cal Funding				\$200,000

The Drug Medi-Cal maximum rate allowable, or the negotiated rate with **COUNTY**, is based upon **CONTRACTOR's** program budget, contained in the Provider Workbook, and **CONTRACTOR's** prior year cost report.

The Monthly Reimbursement is based on the number of 50 minute individual and 90 minute group (per person) counseling sessions delivered during the month (or pro-rated as needed). These services shall follow the D/MC guidelines and shall be reported electronically to ADMHS - MIS, per Exhibit B.

A **COUNTY** Administrative Support Cost shall be automatically deducted from the monthly reimbursement paid to **CONTRACTOR**, per Exhibit B. Based upon the total monthly amount billed to Drug Medi-Cal, **COUNTY** shall retain 15% for Administrative Support Cost and shall pay **CONTRACTOR** 85%.

EXHIBIT C
STANDARD INDEMNIFICATION AND INSURANCE PROVISIONS
for contracts REQUIRING professional liability insurance

INDEMNIFICATION

Indemnification pertaining to other than Professional Services:

CONTRACTOR shall defend, indemnify and save harmless the COUNTY, its officers, agents and employees from any and all claims, demands, damages, costs, expenses (including attorney's fees), judgments or liabilities arising out of this Agreement or occasioned by the performance or attempted performance of the provisions hereof; including, but not limited to, any act or omission to act on the part of the CONTRACTOR or his agents or employees or other independent contractors directly responsible to him; except those claims, demands, damages, costs, expenses (including attorney's fees), judgments or liabilities resulting from the sole negligence or willful misconduct of the COUNTY.

CONTRACTOR shall notify the COUNTY immediately in the event of any accident or injury arising out of or in connection with this Agreement.

Indemnification pertaining to Professional Services:

CONTRACTOR shall indemnify and save harmless the COUNTY, its officers, agents and employees from any and all claims, demands, damages, costs, expenses (including attorney's fees), judgments or liabilities arising out of the negligent performance or attempted performance of the provisions hereof; including any willful or negligent act or omission to act on the part of the CONTRACTOR or his agents or employees or other independent contractors directly responsible to him to the fullest extent allowable by law.

CONTRACTOR shall notify the COUNTY immediately in the event of any accident or injury arising out of or in connection with this Agreement.

INSURANCE

Without limiting the CONTRACTOR's indemnification of the COUNTY, CONTRACTOR shall procure the following required insurance coverages at its sole cost and expense. All insurance coverages are to be placed with insurers which (1) have a Best's rating of no less than A: VII, and (2) are admitted insurance companies in the State of California. All other insurers require the prior approval of the COUNTY. Such insurance coverage shall be maintained during the term of this Agreement. Failure to comply with the insurance requirements shall place CONTRACTOR in default. Upon request by the COUNTY, CONTRACTOR shall provide a certified copy of any insurance policy to the COUNTY within ten (10) working days.

1. Workers' Compensation Insurance: Statutory Workers' Compensation and Employers Liability Insurance shall cover all CONTRACTOR's staff while performing any work incidental to the performance of this Agreement. The policy shall provide that no cancellation, or expiration or reduction of coverage shall be effective or occur until at least thirty (30) days after receipt of such notice by the COUNTY. In the event CONTRACTOR is self-insured, it shall furnish a copy of Certificate of Consent to Self-Insure issued by the Department of Industrial Relations for the State of California. This provision does not apply if CONTRACTOR has no employees as defined in Labor Code Section 3350 et seq. during the entire period of this Agreement and CONTRACTOR submits a written statement to the COUNTY stating that fact.
2. General and Automobile Liability Insurance: The general liability insurance shall include bodily injury, property damage and personal injury liability coverage, shall afford coverage for all premises, operations, products and completed operations of CONTRACTOR and shall include contractual liability coverage sufficiently broad so as to include the insurable liability assumed by the CONTRACTOR in the indemnity and hold harmless provisions [above] of the Indemnification Section of this Agreement

between COUNTY and CONTRACTOR. The automobile liability insurance shall cover all owned, non-owned and hired motor vehicles that are operated on behalf of CONTRACTOR pursuant to CONTRACTOR's activities hereunder. CONTRACTORS shall require all subcontractors to be included under its policies or furnish separate certificates and endorsements to meet the standards of these provisions by each subcontractor. COUNTY, its officers, agents, and employees shall be Additional Insured status on any policy. A cross liability clause, or equivalent wording, stating that coverage will apply separately to each named or additional insured as if separate policies had been issued to each shall be included in the policies. A copy of the endorsement evidencing that the policy has been changed to reflect the Additional Insured status must be attached to the certificate of insurance. The limit of liability of said policy or policies for general and automobile liability insurance shall not be less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate. Any deductible or Self-Insured Retention {SIR} over \$10,000 requires approval by the COUNTY.

Said policy or policies shall include a severability of interest or cross liability clause or equivalent wording. Said policy or policies shall contain a provision of the following form:

"Such insurance as is afforded by this policy shall be primary and if the COUNTY has other valid and collectible insurance that other insurance shall be excess and non-contributory."

If the policy providing liability coverage is on a 'claims-made' form, the CONTRACTOR is required to maintain such coverage for a minimum of three years following completion of the performance or attempted performance of the provisions of this agreement. Said policy or policies shall provide that the COUNTY shall be given thirty (30) days written notice prior to cancellation or expiration of the policy or reduction in coverage.

3. Professional Liability Insurance. Professional liability insurance shall include coverage for the activities of CONTRACTOR's professional staff with a combined single limit of not less than \$1,000,000 per occurrence or claim and \$2,000,000 in the aggregate. Said policy or policies shall provide that COUNTY shall be given thirty (30) days written notice prior to cancellation, expiration of the policy, or reduction in coverage. If the policy providing professional liability coverage is an on 'claims-made' form, the CONTRACTOR is required to maintain such coverage for a minimum of three (3) years (ten years [10] for Construction Defect Claims) following completion of the performance or attempted performance of the provisions of this agreement.

CONTRACTOR shall submit to the office of the designated COUNTY representative certificate(s) of insurance documenting the required insurance as specified above prior to this Agreement becoming effective. COUNTY shall maintain current certificate(s) of insurance at all times in the office of the designated County representative as a condition precedent to any payment under this Agreement. Approval of insurance by COUNTY or acceptance of the certificate of insurance by COUNTY shall not relieve or decrease the extent to which the CONTRACTOR may be held responsible for payment of damages resulting from CONTRACTOR'S services of operation pursuant to the contract, nor shall it be deemed a waiver of COUNTY'S rights to insurance coverage hereunder.

In the event the CONTRACTOR is not able to comply with the COUNTY'S insurance requirements, COUNTY may, at their sole discretion and at the CONTRACTOR'S expense, provide compliant coverage.

The above insurance requirements are subject to periodic review by the COUNTY. The COUNTY's Risk Manager is authorized to change the above insurance requirements, with the concurrence of County Counsel, to include additional types of insurance coverage or higher coverage limits, provided that such change is reasonable based on changed risk of loss or in light of past claims against the COUNTY or inflation. This option may be exercised during any amendment of this Agreement that results in an increase in the nature of COUNTY's risk and such change of provisions will be in effect for the term of the amended Agreement. Such change pertaining to types of insurance coverage or higher coverage limits must be made by written amendment to this Agreement. CONTRACTOR agrees to execute any such amendment within thirty (30) days of acceptance of the amendment or modification.

EXHIBIT D

APPEAL PROCESSES

I. FINANCIAL AUDIT APPEALS.

The Department of General Services, Office of Administrative Hearings (OAH), provides an administrative hearing process for the State of California, Department of Alcohol and Drug Programs (State-ADP). This process is used only for appeals of financial disallowance of alcohol and/or drug program audits.

An appeal may be filed with State-ADP if **CONTRACTOR** disagrees with any financial finding. The appeal process consists of two parts, a pre-hearing conference and a formal hearing. The pre-hearing conference is scheduled for the purpose of resolving disagreements by exploring possibilities of settlement. If State-ADP and **CONTRACTOR** agree to settle all of the audit appeal issues, OAH will prepare and transmit a stipulation for State-ADP and **CONTRACTOR** to sign.

If the appeal cannot be resolved at the pre-hearing conference, OAH will immediately confer with State-ADP and **CONTRACTOR** to set a formal hearing date and location. At the formal hearing, an Administrative Law Judge will review all legal issues through oral and written testimony and issue a proposed decision to the Director of State-ADP for consideration.

A. The following process is required for requesting a pre-hearing conference:

1. **CONTRACTOR** shall prepare and submit a written statement, a Notice of Defense (which is a statement of disputed issues), to State-ADP specifying any objections to the financial findings;
 - a. The Notice must be received by State-ADP within sixty (60) calendar days from receipt of the Audit Report;
 - b. The notice shall include the signature and mailing address of an individual with authority to represent **CONTRACTOR**;
 - c. The Notice must be submitted to:
Audit Appeals Coordinator
Department of Alcohol and Drug Programs
1700 K Street
Sacramento, CA 95814
2. The individual representing **CONTRACTOR** at the pre-hearing conference must have the authority to agree to a binding decision;
3. State-ADP will notify **CONTRACTOR** regarding further arrangements after receipt of the Notice.

II. **ADMINISTRATIVE APPEALS.**

If **CONTRACTOR** wishes to appeal dispositions made by State-ADP or the Department of Health Services (DHS) concerning recoupment of specific Medi-Cal claims, the procedures included in California Code of Regulations (CCR) Title 22 Section 51015 must be followed. This section applies to Drug/Medi-Cal (D/MC) claims processing. **CONTRACTOR** may also appeal disapprovals by State-ADP for (re)certification requests.

A. The following process will apply to first-level grievances complaints:

1. **CONTRACTOR** shall initiate the action by submitting the grievance/complaint in writing to State-ADP:

- a. The grievance/complaint shall be submitted in the form of a letter on **CONTRACTOR's** official stationery and signed by an authorized representative;
- b. The document shall state that it is being submitted in accordance with CCR Title 22 Section 51015;
- c. The document shall identify the specific claim(s) involved and describe the disputed (in) action regarding the claims;

2. The appeal shall be submitted to the State-ADP within 30 calendar days from the date **CONTRACTOR** received written notification of the decision to disallow claims;

- a. Grievances/complaints shall be directed to:
Deputy Director
Program Operations Division
Department of Alcohol and Drug Programs
1700 K Street
Sacramento, CA 95814

3. State-ADP shall acknowledge the grievance/complaint within fifteen (15) calendar days of its receipt.

4. State-ADP shall act on the appeal and inform the **CONTRACTOR** of the State-ADP's decision, and the basis therefore, within fifteen (15) calendar days after State-ADP's notice of acknowledgement.

- a. State-ADP shall have the option of extending the decision response time if additional information is required from the **CONTRACTOR**. **CONTRACTOR** shall be notified if State-ADP extends the response time limit.

B. **CONTRACTOR** may initiate a second-level grievance/complaint for claims processing only. The grievance/complaint shall be directed to DHS. The second-level process may be pursued only after complying with the first-level grievance/complaint process and only under the following circumstances:

1. State-ADP failed to acknowledge the grievance/complaint within fifteen (15) days of receipt;
2. **CONTRACTOR** is dissatisfied with the action taken by State-ADP where the conclusion is based on State-ADP's own evaluation of the merits of the grievance/complaint;
3. The second-level appeal is submitted to DHS within thirty (30) calendar days from the date State-ADP failed to acknowledge the first-level appeal or from the date of the first-level appeal decision by State-ADP.

C. The following process will apply to second-level grievances/complaints:

1. **CONTRACTOR** shall refer the grievance/complaint to DHS to the attention of:

Chief
Medi-Cal Policy Division
Department of Health Services
714 P Street, Room 1516
Sacramento, CA 95814

2. The following information shall be submitted:

- a. A copy of the original written grievance/complaint that was sent to State-ADP;
- b. A copy of State-ADP's report to which the grievance/complaint applies; and
- c. A copy of State-ADP's response, specific finding(s), and conclusion(s) regarding the grievance/complaint with which **CONTRACTOR** is dissatisfied.

3. DHS shall review the written documents submitted in the grievance/complaint and send written report of its conclusions and reasons to the **CONTRACTOR** and State-ADP within sixty (60) days of receipt of the referral. DHS may request additional information and/or hold an informal meeting with the involved parties before rendering a decision.

- a. DHS shall have the option of extending the decision response time if additional information is required from the **CONTRACTOR**. The **CONTRACTOR** and State-ADP will be notified if DHS extends the response time limit.

III. **CLIENT RIGHT TO ADMINISTRATIVE DUE PROCESS.**

Each Medi-Cal beneficiary has the right to an administrative hearing regarding any action taken to deny, terminate, or reduce a beneficiary's receipt of D/MC benefits under CCR Title 22 and methadone treatment services under CCR Title 9. Procedures outlined in CCR Title 22 Sections 50951, 50953, and 51014.1; Welfare and Institutions Code Sections 10950 through 10965; and the Department of Social Services (DSS) Manual of Policy and Procedures, Chapter 22 will be followed by **CONTRACTOR**, and the beneficiary for D/MC benefits.

If an administrative hearing is requested, an explanation of the circumstances under which the D/MC service and payment shall be continued must be explained to the beneficiary. In preparation for a hearing, these must be followed:

- A. **CONTRACTOR** must inform the beneficiary in writing at least ten (10) days before the effective date of the intended action to terminate/reduce services under D/MC. The notice to the beneficiary shall include:
1. A statement of the action that **CONTRACTOR** intends to take;
 2. The reason for the intended action;
 3. Citation of the specific regulation(s) supporting the intended action(s);
 4. An explanation of the beneficiary's right to request an administrative hearing due to **CONTRACTOR's** decision; and
 5. An explanation of the procedure for the beneficiary to request a hearing. The beneficiary must submit the request to:
Administrative Adjudication's Division
Field Services Branch
Department of Social Services
744 P Street, Room 1750
Sacramento, CA 95814
 6. An explanation that **CONTRACTOR** shall continue treatment services pending a fair hearing decision only if the beneficiary appeals in writing to State-ADP for a hearing within ten (10) calendar days of the mailing or personal delivery of the notice of intended action;
 7. All fair hearings shall be conducted in accordance with CCR, Title 22, Section 50953.
- B. **CONTRACTOR** does not have the authority to terminate D/MC payment for services because of client violation of CCR Title 9 requirements. If the beneficiary does not comply with program rules and requirements according to Title 9, **CONTRACTOR** may terminate services however the beneficiary would have the right to a fair hearing under Title procedures.
- C. The findings and decision of the DSS hearing officer shall be submitted to the Director, DHS, for review in accordance with Title 22 Section 50953 (a). As Part of its review, DHS shall seek input from State-ADP; however, DHS retains sole authority for decision-making regarding Medi-Cal issues.

Exhibit E

HIPAA Privacy Business Associate Addendum

1. Use and Disclosure of Protected Health Information

Except as otherwise provided in this Amendment, the Contractor may use or disclose protected health information ("PHI") to perform functions, activities or services for or on behalf of the County, as specified in the underlying agreement, provided that such use or disclosure does not violate the Privacy Rule. The uses and disclosures of PHI may not exceed the limitations applicable to the County under the regulations except as authorized for management, administrative or legal responsibilities of the Contractor. [45 Code of Federal Regulations sections 164.502(e), 164.504(e)(2)(i)(A) and (B), 164.506, 164.508, 164.510, 164.512 and 164.514]

2. Further Disclosure of PHI

The Contractor shall not use or further disclose PHI other than as permitted or required by the underlying Agreement, or as required by law. [45 Code of Federal Regulations sections 164.502, 164.504(e)(2)(i) and (e)(2)(ii)(A), 164.506, 164.508, 164.510, 164.512 and 164.514]

3. Safeguarding PHI

The Contractor shall use appropriate safeguards to prevent use or disclosure of PHI other than as provided for by the underlying Agreement. [45 Code of Federal Regulations sections 164.504(e)(2)(ii)(B), 164.530(c)(2)]

4. Unauthorized use or Disclosure of PHI

The Contractor shall report to the County any use or disclosure of PHI not provided for by the underlying Agreement or otherwise in violation of the Privacy Rule. [45 Code of Federal Regulations sections 164.504(e)(2)(ii)(C)]

5. Agents and Subcontractors of the Business Associate

The Contractor shall ensure that any agent, including a subcontractor, to which the Contractor provides PHI received from, or created or received by the Contractor on behalf of the County, shall comply with the same restrictions and conditions that apply through the underlying Agreement to the Contractor with respect to such information. [45 Code of Federal regulations sections 164.504 (e)(2)(ii)(D)].

6. Access to PHI

At the request of the County, and in the time and manner designated by the County, the Contractor shall provide access to PHI in a Designated Record Set to an Individual or the County to meet the requirements of 45 Code of Federal section 164.524.

7. Amendments to Designated Record Sets

The Contractor shall make any amendment(s) to PHI in a designated Record Set that the County directs or at the request of the Individual, and in the time and manner designated by the county in accordance with 45 Code of Federal Regulations section 164.526.

8. Documentation of Uses and Disclosures

The Contractor shall document such disclosures of PHI and information related to such disclosures as would be required for the County to respond to a request by an Individual for an accounting of disclosures of PHI in accordance with 45 Code of Federal Regulations section 164.528. Contractor agrees to implement a process that allows for an accounting to be collected and maintained by

Contractor and its agents or subcontractors for at least six years prior to the request, but not before the compliance date of the Privacy Rule.

9. Accounting Disclosure

The Contractor shall provide to the County or an Individual, in the time and manner designated by the County, information collected in accordance with 45 Code of Federal regulations section 164.528, to permit the County to respond to a request by the Individual for an accounting of disclosures of PHI in accordance with 45 Code of Federal Regulations section 164.528.

10 Records Available to Covered Entity and Secretary

The Contractor shall make available records related to the use, disclosure, and privacy protection of PHI received from the County, or created or received by the Contractor on behalf of the County, to the County or to the Secretary of the United States Department of Health and Human Services for purposes of investigating or auditing the County's compliance with the privacy requirements, in the time and manner designated by the County or the Secretary.

11. Destruction of PHI

- a. Upon termination of the underlying Agreement for any reason, the Contractor shall:
 - (1) Return all PHI received from the County, or created or received by the Contractor on behalf of the County required to be retained by the Privacy Rule; or
 - (2) Return or destroy all other PHI received from the County, or created or received by the Contractor on behalf of the County.

This provision also shall apply to PHI in possession of subcontractors of agents of the Contractor. The contractor, its agents or subcontractors shall retain no copies of the PHI. However, Contractor, its agents or subcontractors shall retain all protected information throughout the term of the underlying Agreement and shall continue to maintain the information required under Section 8 of this Exhibit for a period of six years after termination of the underlying Agreement.

b. In the event the Contractor determines that returning or destroying the PHI is not feasible, the Contractor shall provide the County notification of the conditions that make return or destruction not feasible. If the County agrees that the return of the PHI is not feasible, the Contractor shall extend the protections of this Exhibit to such PHI and limit further use and disclosures of such PHI for so long as the Contractor, or any of its agents or subcontractors, maintains such PHI. [45 code of federal Regulations sections 164.504(e)(2)(ii)(I)]

12. Amendments

The Parties agree to take such action as is necessary to amend the underlying Agreement as necessary for the County to comply with the requirements of the Privacy Rule and its implementing regulations.

13. Mitigation of Disallowed Uses and Disclosures

The Contractor shall mitigate, to the extent practicable, any harmful effect that is know to the Contractor of a use or disclosure of PHI by the Contractor in violation of the requirements of the underlying Agreement or the Privacy Rule. [45 Code of Federal Regulations sections 164.530(f)]

14. Termination of Agreement

The County shall terminate the underlying Agreement upon knowledge of a material breach by the contractor of which the Contractor fails to cure. [45 code of Federal Regulations sections 164.504(e)(2)(iii)]

15. Definitions

Terms used, but not otherwise defined, in this Exhibit shall have the same meaning as those in the Privacy Rule.

16. Interpretation

Any ambiguity in this Exhibit shall be resolved to permit County to comply with the Privacy Rule.