



**BOARD OF SUPERVISORS
AGENDA LETTER**

**Agenda
Number:**

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: CEO/Human Resources
Department No.: 064
For Agenda Of: June 2, 2009
Placement: Administrative
Estimated Time:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Susan Paul, Assistant CEO/HR, 568-2817
Director(s):
Contact Info: Jeri Muth, Assistant HR Director, 568-2816
Scott Turnbull, 884-8097
SUBJECT: Onsite Employee Health Clinic Program

County Counsel Concurrence

As to form: Yes

Other Concurrence:

As to form: Risk Management

Auditor-Controller Concurrence

As to form: Yes

Recommended Actions:

That the Board of Supervisors:

- 1) Approve and authorize the Chair to execute the attached contract between the County of Santa Barbara and Healthstat, Inc., to implement two onsite employee health clinics and disease management program designed to assist the County in reducing future health plan costs and in reducing employee lost time; and
- 2) Approve the transfer of funds in the amount of \$677,000 from the salary and benefits reduction designation to the Human Resources Department; and
- 3) Authorize the Assistant CEO/Human Resources Director to execute any additional related documents as necessary to implement the onsite employee health clinic program.

Summary Text:

The establishment of an onsite employee health clinic program was approved by the Board of Supervisors in May 2008 and came as a result of the Health Oversight Committee's recommendations to implement such a program in order to better manage and even reduce the rising cost of health care for both the County and its workforce. The program is being funded from a portion of the \$2.3 million in savings the County realized when it changed insurance carriers in 2008.

Approval of this contract will allow the County to establish an onsite employee health clinic program to provide employees with easy access to primary medical care, assist them with managing chronic medical conditions such as diabetes and heart disease, and reduce unnecessary emergency room visits, all of which contribute to increased health plan use and result in higher health benefits costs. Additionally, the onsite employee health clinic program is designed to reduce the lost time that occurs when employees access medical offices/urgent care during work hours. The overall benefit to employees and the County is the improved health of employees, reduced health care claim expenses, and the resulting lower health premium increases.

Background:

From July 2004 through June 2008, the County's health plans were insured by Blue Shield of California. Each of those years, CEO/Human Resources (CEO/HR), working with the County's Health Oversight Committee (HOC), which is comprised of the County's labor organizations, Retirement System representatives, and Auditor-Controller and CEO/HR staff, took aggressive negotiating positions in attempts to reduce Blue Shield's renewal rate proposals. The County and HOC were successful in lowering initial proposals; however, in spite of these efforts each year premium increases remained in the double digit range and were significantly more than the industry trend. These high premium increases were largely due to the high "claims experience" among County of Santa Barbara plan participants. Employees use County health plans at a rate that is higher than industry trends which results in higher premium costs for both employees and the employer.

In 2007 the County issued an RFP for its health plans and, as a result of the process, Aetna Health of California (Aetna) was selected as the County's new carrier, effective July 2008. Aetna was selected, in part, because of a bid that increased the overall cost of health plans by only 5.6% as compared to Blue Shield's proposed overall increase of 30.6%. The savings associated with the change in carriers was an estimated \$2.3 million.

Concurrent with efforts to transition to a more effective insurance carrier, the HOC also recommended the Board authorize the County to establish an onsite employee health clinic program as another means of reducing health plan costs for both the County and its workforce. When the Board approved Aetna as the County's insurance carrier on May 6, 2008, it also authorized CEO/HR to conduct a Request for Proposal (RFP) for an onsite employee health clinic program and to use a portion of the savings realized from the change in insurance carriers to establish the program.

How an Onsite Employee Health Clinic Works...

An onsite employee health clinic program typically brings professional medical personnel to the workplace to deliver chronic health risk and disease management services as well as primary and episodic medical care. The clinic, which is similar to a physician's exam room, is staffed by a nurse practitioner or physician's assistant whose services are overseen by a local physician in the community. Employees typically complete a Health Risk Appraisal (HRA) and take lab tests to evaluate their overall health for the presence of certain high risk factors and re-visit the clinic based on their risk levels. Most risk factors are related to blood pressure, levels of cholesterol, blood glucose, triglycerides, and BMI. Clinic services do not replace an employee's primary care provider but augment their care and help to improve the health of high-risk individuals. Participation in the program is voluntary and typically there is no cost to the employee.

By more effectively engaging employees at the workplace, providing them with convenient access to health care, and assisting them in making better health plan decisions and lifestyle changes, an onsite employee health clinic program helps reduce claims and thereby reduces health insurance premiums for both employees and the employer.

As a result of the RFP process which was conducted to identify a provider of an employee onsite health clinic program, it is recommended that the Board award a contract to Healthstat, Inc. to provide the program. The initial Healthstat cost proposal in the RFP was \$838,000 for the first year; however, CEO/HR renegotiated the cost of the program to between approximately \$626,000 and \$737,000, dependent upon the level of employee participation in the program. Staff is projecting a 60% participation rate in the first year and is requesting funding of \$677,000.

Healthstat has been in business since 2001 and has an excellent history of reducing healthcare costs for both small and large employers. In the surrounding areas, Healthstat clients include a multi-site agricultural grower with multiple onsite clinics and a computer repair and distribution business in Camarillo. Healthstat is expanding rapidly as an increasing number of employers are looking to onsite clinic programs as a means for controlling health benefit costs. Healthstat has historically demonstrated its ability to significantly improve the overall health of the employee population served, thereby reducing health benefit costs. In the Company's overall book of business, after the first 12 months following inception, Healthstat reports that its program has decreased inpatient hospital costs between 5% and 8% and has decreased outpatient hospital costs between 8% and 11% as well as reducing emergency room, specialty physician, and prescription drug costs. This has a direct impact on reducing employer and employee health benefit costs.

Proposed Onsite Clinic Program Plan Design...

The initial proposed clinic plan design would include two clinics - one in North County and one in South County - and would be available to County employees **only**. Specific location options are currently being finalized. The hours of operation will be tailored to serve the employee populations in each area.

Clinics will be staffed by Nurse Practitioners who will be employed by Healthstat and overseen by a local physician. A Medical Office Assistant will provide support to the Nurse Practitioners. Use of the health clinic is voluntary. All medical service records will be entirely confidential and stored on Healthstat proprietary computers and servers. Any physical materials will be in locked cabinets and will not be accessible to County employees. The County will receive only aggregated statistical information on clinic usage and results with no individually identifiable information.

Briefly, the core of the program involves administering a HRA to program participants and a fasting blood test to establish a baseline measurement of health. Individual claims history from Aetna can be obtained with signed releases from participating employees. Once all the initial HRAs and labs have been administered and evaluated, Healthstat will develop a plan for reducing employee risk factors (including medication, referrals, lifestyle changes, etc.). For employees with the most chronic conditions, regular visits to the Nurse Practitioner will be scheduled to monitor the employee's health status and provide health coaching. Care and advice is coordinated with an employee's primary provider and health information is shared and coordinated with Aetna's disease management unit.

In addition to health management, the clinic will be open for primary and episodic care needs such as ear infections, cold, flu, muscle strain, cuts and sprains, gastrointestinal issues, breathing difficulties, etc. Early intervention at the workplace can get employees more immediate medical care, help them recover more quickly, and return them to work sooner. The Nurse Practitioner will also work with employees to help them use their County health plans in the most cost-effective manner in order to reduce future health plan costs for both the County and its employees.

Prior to the clinic opening, several employee education sessions will be held in Santa Barbara and Santa Maria to explain the purpose of the program to employees, the advantages of using clinic services, and how the clinics will operate. CEO/HR/Employee Benefits will also launch an email campaign promoting the benefits of using the onsite health clinic program.

The recommended initial contract period is for a two-year term with annual renewals thereafter. The contract includes a guaranteed return on investment on a sliding scale based on the level of participation and resulting reduction in health costs for participating employees. After the first year of operation, Healthstat and the County will evaluate the results of the program and make any plan changes necessary to strengthen the program.

Fiscal and Facilities Impacts:

Budgeted: Yes – from savings realized from moving to Aetna as the County's health plan carrier.

Fiscal Analysis:

The anticipated first-year cost, based on a projected participation rate of 60% of eligible employees is \$677,000, which includes an implementation fee of \$41,300 and roughly \$10,000 for appropriately equipping clinic sites. The first year annual cost would increase if clinic utilization is higher; however, Healthstat's proposed costs are capped at a 75% participation rate or \$737,000. The County will manage participation rates and thereby manage the cost of the program to this level. The County and Healthstat understand that participation rates exceeding sixty percent (60%) will require CEO/HR to return to the Board. Future year costs will exclude the implementation fee. There is a maximum 4% cost increase built into the contract after the first year which is negotiated between the County and Healthstat.

The funding source is from the approximate \$2.3 million savings realized when the County changed to Aetna as its insurance carrier. \$677,000 of these savings will be transferred to a designation in the CEO/HR department budget for the implementation of the Healthstat contract to establish an onsite employee health clinic program.

It is anticipated that with Healthstat's proven record of reducing employers' health benefits costs through the provision of an onsite employee health clinic program that the County and its workforce will realize health plan benefit premium reductions in the future which can be used to finance the program into future years.

Staffing Impacts:

Legal Positions:

0

FTEs:

0

Special Instructions:

Return one signed contract to CEO/HR, Andreas Pyper, Employee Benefits Manager

Attachments:

- A. Healthstat Health Risk Management Agreement
- B. Budget Revision Request, Budget Journal Entry, Journal Entry

Authored by:

Scott Turnbull, CEO/HR – Employee Benefits

cc:

County Counsel

BC 09-120

Complete data below, print, obtain signature of authorized departmental representative, and submit this form (and attachments) to the Clerk of the Board (>\$100,000). If less than (<\$100,000) submit a Purchasing Requisition to the Purchasing Division of General Services.

D1. Fiscal Year: FY 2008-09
D2. Budget Unit Number (plus -Ship/-Bill codes in paren's): 1010
D3. Requisition Number: n/a
D4. Department Name: CEO / Human Resources
D5. Contact Person: Scott Turnbull
D6. Phone: 884-8097

K1. Contract Type (checkone): ☒ Personal Service ☐ Capital Project/Construction
K2. Brief Summary of Contract Description/Purpose: Establish and operate an onsite employee health clinic program staffed with a nurse practitioner that would provide employees with easy access to primary medical care, assist them with managing chronic medical conditions such as diabetes and heart disease and reduce lost time for off-site medical office and urgent care visits during work hours.

K3. Original Contract Amount: \$677,000

K4. Contract Begin Date: June 2, 2009

K5. Original Contract End Date: June 1, 2011

K6. Amendment History (leave blank if no prior amendments):

Seq#	EffectiveDate	ThisAmndtAmt	CumAmndtToDate	NewTotalAmt	NewEndDate
	Purpose(2-4 words)				
	\$ \$ \$				

K7. Department Project Number: n/a

B1. Is this a Board Contract? (Yes/No) : Yes

B2. Number of Workers Displaced (if any): None

B3. Number of Competitive Bids (if any): Six

B4. Lowest Bid Amount (if bid): \$838,000 Healthstat, final amount negotiated lower

B5. If Board waived bids, show Agenda Date: n/a

B6. ... and Agenda Item Number : # n/a

B7. Boilerplate Contract Text Unaffected? (Yes / or cite ¶¶): Yes

F1. Encumbrance Transaction Code : 1701

F2. Current Year Encumbrance Amount: \$677,000

F3. Fund Number: 0001

F4. Department Number: 064

F5. Division Number (if applicable): 3000

F6. Account Number : 7460

F7. Cost Center number (if applicable) : n/a

F8. Payment Terms: Net 30

V1. Vendor Numbers (A=uditor; P=urchasing): n/a

V2. Payee/Contractor Name: Healthstat, Inc.

V3. Mailing Address: 4601 Charlotte Park Dr., Suite 390

V4. City State (two-letter) Zip (include +4 if known): Charlotte, NC 28217

V5. Telephone Number: 805-347-1100

V6. Contractor's Federal Tax ID Number (EIN or SSN): 56-2273744

V7. Contact Person: Jim Apetz

V8. Workers Comp Insurance Expiration Date: n/a

V9. Liability Insurance Expiration Date[s] (G=enl; P=rofl): n/a

V10. Professional License Number: # n/a

V11. Verified by (name of County staff) : n/a

V12. Company Type (Check one): ☐ Individual ☐ Sole Proprietorship ☐ Partnership ☒ Corporation

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

Date: Authorized Signature:



ATTACHMENT A

HEALTH RISK MANAGEMENT AGREEMENT

This Health Risk Management Agreement ("Agreement") is made and entered into as of the 16^d day of June, 2009 (the "Effective Date") by and between Healthstat, Inc., a North Carolina Corporation ("HS") and County of Santa Barbara, ("County"), acting on behalf of County's collective insured health plans ("Plan"). All references to County in this Agreement shall be deemed to refer to it as acting in its capacity as Plan Administrator or on behalf of the Plan.

RECITALS

WHEREAS, County conducts business in the state of California and is headquartered with its principal offices located in Santa Barbara, CA.; and

WHEREAS, County desires to reduce Plan healthcare costs for its employees while improving the overall health of its employees, and is therefore entering into this Agreement for the benefit of the Plan; and

WHEREAS, HS has offered to assist County by establishing and operating nurse practitioner and/or physician's assistant ("NP") Clinics on the premises of County and by providing other value-added services, all designed to assist County in reducing Plan health care costs and decreasing lost productivity due to illness-related absences ("Benefits"); and

WHEREAS, HS has made County aware, and County acknowledges the success and effectiveness of the services offered by HS in achieving Benefits is greatly dependent upon the support and assistance County provides HS regarding educating and encouraging participation of County's employees, allowing sufficient Clinic hours of operation, and, providing suitable premises for a Clinic with convenient physical access;

NOW, THEREFORE, in consideration of the mutual premises, promises, covenants and conditions contained herein, and as hereinafter set forth, the parties agree as follows:

1. **HS Services.** HS shall provide the Plan the services set forth in this Agreement. County shall provide the assistance described hereafter to increase the Benefits achieved. County acknowledges that HS is not engaged in the practice of medicine.

For purposes of this Agreement the term "Clinic Participant" shall mean any County employee who completes a Release of Health Information Form and subsequently submits to a health risk assessment (HRA) under Section 1.3 or visits the Clinic for health services at least one time in any consecutive 12-month period.

1.1 *Establishment of NP Clinic(s).*

1.1.1 HS shall provide licensed and certified nurse practitioners (NP(s)) who are employed by HS and are supervised and overseen as described in the Collaborative Practice Agreement between the NP(s) and licensed physicians or physician practices (hereinafter

referred to as "Group" or "Groups" which term shall include an independent physician, sole physician practices, or practices with multiple physicians). The NP(s) shall provide services to eligible Clinic Participants consistent with reasonable and appropriate standards of community-based primary care providers. Each NP and the Group(s) shall be certified in their medical specialty and shall meet all state requirements for continuing education and peer review. Each NP and Group shall remain in good standing with the state licensing authority governing the practice of medicine within the state where each Clinic is located. Each Group shall supervise and oversee each NP at every Clinic location in accordance with applicable state law. Every HS contract with a Group shall contain provisions requiring the Group to comply with all applicable state laws in the provision of professional medical services at the Clinic(s) and, shall contain an agreement to indemnify County against all claims, losses, and liability sought or determined in connection with the provision of medical services at the Clinic unless such indemnity is prohibited by law. HS shall further require that each Group carry medical malpractice insurance.

- 1.1.2 County shall be responsible for establishing clinic facilities for use by HS according to the specifications provided in Exhibit E, attached hereto (referred to throughout this Agreement as the "Clinic(s)"). HS shall provide County with a design layout of the space to serve as the Clinic. All costs associated with renovating or preparing the physical space for the Clinic shall be borne by County.
- 1.1.3 The services to be provided under this Agreement, and, therefore, the success of HS in improving Benefits is initially dependent upon HS being able to locate and staff each Clinic(s). HS shall use its best efforts to locate and coordinate NPs in order to provide hours of service at the Clinic(s) as mutually agreed to by the parties and set forth in Exhibit A attached hereto, which may be amended from time to time.
- 1.1.4 County shall pay HS a good faith deposit equal to the sum of one month's administrative fees and staffing costs 30 days prior to the clinic opening date to help defray a portion of the cost incurred by HS in establishing the program. The full amount of the good faith deposit shall be credited to the County's first invoice once the Clinic(s) has been opened for a full month.
- 1.1.5 Each Clinic shall be opened at the location(s) described on Exhibit A by the date(s) set forth therein. In the event any Clinic is not opened on the date specified as a result of the failure of HS to provide a NP at a Clinic location, then HS shall return that portion of the good faith deposit attributed to that Clinic. In the event HS fails to open any Clinic(s) on the date(s) set forth on Exhibit A due to the

failure to provide a NP, County shall have the right to terminate this Agreement and receive a refund of the total good faith deposit.

1.1.6 HS shall provide NP(s) backup coverage for NP(s) absences based on the following schedule:

1.1.6.1 Unplanned NP(s) Absence(s) – in the event of an unplanned NP(s) absence, HS shall make a good faith effort to provide a fill-in NP upon immediate notice of the absence. HS Clinic shall be closed no more than 2 consecutive business days due to an unplanned absence. HS reserves the right to modify the regular Clinic schedule to accommodate the back-up coverage based on approval by County.

1.1.6.2 Planned NP(s) Absence(s) – in the event of a planned NP absence where HS is given at least 10 business days notice, HS shall provide a back-up NP (including the use of a physician at no extra charge to County). HS reserves the right to modify the regular Clinic schedule based on approval by County.

1.2 *Education of workforce about HS Services.* HS shall provide educational sessions at each HRA event described in Section 1.3 below. In each education session, HS shall provide education to County's employees about the services offered by HS and the benefits which employees, and eligible spouses and dependents, if included at a future date, may derive from using the services provided by HS. HS shall continue to work with County to encourage employees to participate in such HRA(s). At County's request, HS shall participate in an employee health fair and such other wellness activities as may be sponsored by County (at an additional cost to County for such services as agreed).

1.3 *Health Risk Assessment(s) (HRA(s)).* Once an employee has completed a Release of Health Information Form, an NP shall complete an initial HRA on each Clinic Participant that will include: a) the collection of certain baseline clinical data indices including cholesterol, triglycerides, and glucose; b) blood pressure evaluation and body weight indexing; and c) completion of a health survey. In addition, HS shall collect the clinical indices for the Prostate Screening Antigen (PSA) if County has selected this service as evidenced on Exhibit B attached hereto. The initial HRA of each Clinic Participant shall be completed before the opening of the Clinic(s). The next mass assessment shall be conducted no sooner than twelve (12) months and no later than eighteen (18) months after the Clinic opens, exact time to be agreed upon in writing by HS and County. Subsequent HRAs shall be completed once every twelve (12) months thereafter. Protected Health Information (PHI) obtained during each assessment shall be collected in accordance with HS business practices designed to ensure its privacy and security in accordance with the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") and the CA Confidentiality of Medical Information Act. PHI, including Clinic Participant medical records shall be stored electronically in HP's medical record database.

1.4 *Periodic Reports.* HS shall produce the following reports for County, Clinic Participants and County's group health insurance carriers as well as such other reports as County may request and HS has the programming capabilities to prepare. The form and substance of additional requested reports shall be as mutually agreed to by HS and County. All reports shall be HIPAA compliant.

- 1.4.1 Individual health profiles for Clinic Participants shall be compiled and distributed to each Clinic Participant only after each HRA.
- 1.4.2 Aggregate health risk report(s) for the entire Clinic Participant population on a de-identified basis shall be compiled and distributed to County after each mass HRA effort.
- 1.4.3 Provided the County's Plan and health insurer furnishes historical claims data in accordance with County's instruction pursuant to Section 2 of this Agreement, and after the Clinic has been opened no less than six (6) months, HS shall provide insurance cost claims impact statements four (4) times per twelve (12) month period.
- 1.4.4 After the Clinic has been open for two (2) consecutive quarters, HS shall provide quarterly Clinic utilization and activity reports and data to the County related to the Clinic Participants' compliance with the frequency guidelines recommended for the number of risk factors identified during the HRA(s).
- 1.4.5 Monthly activity reports summarizing the services furnished on-site at each Clinic in a de-identified format shall be provided to County.

No Personal Health Information contained in reports generated by HS shall be released to County except in a de-identified format by HS, or the Group(s) and NP(s) without the prior written consent of the Clinic Participants or in accordance with HIPAA and the CA Confidentiality of Medical Information Act.

1.5 *Interventions.* The NP at each Clinic, or an HS representative, shall contact each Clinic Participant who is identified as having two (2) or more high healthcare risk factors as defined below according to their HRA within six (6) months of the clinic opening or as soon as possible, if necessary. Each Clinic Participant with any risk factor(s) at panic levels as defined below shall be contacted by the NP within three (3) months of the Clinic opening or as soon as possible. The NP at each Clinic shall be available during regularly scheduled Clinic hours of operation to consult with and assist in the development of a program for each Clinic Participant contacted in accordance with this Section 1.5.

For purposes of this Agreement, the terms High Healthcare Risk Factors (HHRF) and Panic Values shall have the following meaning:

		<u>HHRF</u>	<u>Panic Value</u>
Blood Pressure greater than:	Systolic	140	180
	Diastolic	90	120

Blood Glucose equal to / greater than:	100	250
Cholesterol greater than:	240	350
LDL	160	200
HDL, Male less than:	40	25
HDL, Female less than:	45	25
Triglycerides equal to / greater than:	200	700
Body Mass Index (BMI) greater than:	30	40
Prostate Specific Antigen (PSA) (Males only)	4.0	

1.6. *Appointment of Account Manager.* HS shall appoint an Account Manager and provide notice to County of the appointment within ten (10) days of the date this Agreement is executed. In addition to overseeing the implementation of this program, the Account Manager shall be available to review and discuss the activities of and reports generated from each Clinic with County.

1.7 *Practitioner Selection.* HS shall present an NP who is trained and qualified to perform clinical services required in the Clinic. HS shall confer with the County regarding selection of the proposed NPs. However, HS shall make the final decision with respect to whether to contract with NP candidates. County understands that due to the limited availability of NP candidates in some geographic locations, the opening of the Clinic may be delayed if an NP candidate is rejected at County's request.

1.8 *Professional Conduct of NP.*

1.8.1 The professional conduct of the NP shall be governed by applicable state laws and the policies and procedures of the supervising Group. Neither HS nor the County shall control the professional judgment of the NP. Neither HS nor County shall intervene in any way or manner with the services provided by NP unless NP's actions are in violation of the policies, rules, or regulations of conduct governing employees at County's place of business. It is understood between the parties that the traditional, customary, usual and confidential relationship between a health care provider and a patient exist between NP and Clinic Participants and all authorized persons seeking the professional services of NP.

1.8.2 In the event County deems the performance of any NP disruptive to County's place of business, detrimental to the health or safety of members of County's workforce or any dependent family members, is in violation of the policies, rules or regulations of conduct governing employees of County, or County finds NP performance to be otherwise unsatisfactory, County may request that a NP be removed from the Clinic. When HS is notified of such a request by County, HS shall notify the NP and Group and HS shall place the NP on administrative leave with pay until a review of the matter is

completed within ten (10) calendar days. If after a review of the matter complained about, County or HS desire that the NP not return to the Clinic, HS shall immediately commence actions to recruit another NP to provide services at the Clinic and advise County when a substitute NP may be placed at the Clinic.

1.10 *MEDai Services.* HS has contracted with MEDai, Inc. to provide certain data aggregation, data analysis, medical guideline gap, predictive modeling, reporting and other services which shall be used to improve the value of the Clinic(s). As an additional benefit under this Agreement, HS shall provide the following information as compiled by the MEDai Predictive Modeling and Guideline Gaps Package:

- A Patient Profile report shall be provided to the NP on a monthly basis ;
- A Risk Navigator Clinical Summary shall be provided to County on a quarterly basis;
- A Risk Navigator Financial Summary shall be provided to County on an annual basis.

2. *Electronic Data Sharing.* County agrees to provide HS a demographic file for all eligible employees at least 21 days prior to the mass HRA in electronic format compatible with HS software systems for Clinic Participants. County will also provide HS with a base of health care information by directing its health insurers to supply the data mutually agreed to by HS and County in electronic format compatible with HS software systems for Clinic Participants. This delivery of data shall be complete thirty (30) days following the initial mass HRA and monthly thereafter. HS shall enter into a HIPAA Business Associate Agreement, attached to this Agreement as Exhibit C, with County and its health claims processing or insurance vendor. County shall instruct each third-party administrator, insurance vendor or other party responsible for managing County's Plan claims system to provide HS all historical claims data, including but not limited to, healthcare claims, pharmaceutical claims, and medical claims for all Clinic Participants that have provided prior written consent. HS shall use the data provided to establish and track Clinic Participant utilization trends and insurance cost impacts which shall be provided in the periodic reports generated and supplied to County. All costs associated with the transfer of data to the HS database, including but not limited to implementation of a software interface, shall be borne by County. **County acknowledges that the successful transfer of the data described herein is a condition precedent to the application of the guaranty described in Exhibit D.** All data transmitted pursuant to this Section must be in electronic non-facsimile format, ie. CD, floppy disk or direct electronic interface.

3. *Premises and Support Services of County.*

3.1 *Premises.* County shall provide HS access to the Clinic during County's normal business hours. County shall be responsible for maintaining and securing the safety and safekeeping of the Clinic and all the equipment therein. County shall provide heat and air conditioning, janitorial service, replace light bulbs as needed and maintain other supplies for the Clinic as described in Section II of Exhibit E attached hereto. County shall maintain the safe and proper operation of all equipment located within the Clinic.

3.2 *Clinic Area.* County shall dedicate no less than eighty (80) square feet to be used as the Clinic. The Clinic shall be in close proximity to toilet facilities and, to the extent reasonably practicable, shall be equipped with a sink. In the event County desires to offer NP services at the Clinic to spouses and dependents of employees, County shall, as practical, ensure access to the Clinic from the exterior of the facility through an administrative or otherwise convenient public access way. Privacy and accessibility for non-employee users offered the services of the Clinic is important for the overall success of its operation. The Benefits derived from HS services are partially dependent upon significant usage of the Clinic.

3.3 *Hours of Clinic Operation.* The weekly schedule for the hours of operation of the Clinic shall be mutually agreed upon by County and HS. Changes to the weekly schedule may be made only upon the mutual written consent of HS and County.

3.4 *Contact Person for Scheduling.* The Account Manager shall be responsible for scheduling all Clinic Participant appointments with the NP at the Clinic using the Medical Office Assistant (MOA) who staffs the Clinic. Scheduling of appointments for Clinic Participants shall be done in a manner compliant with HIPAA.

4. *Term and Termination.*

4.1 The term of this Agreement shall be for a period of twenty-four (24) calendar months beginning thirty (30) days before the date the first Clinic described on Exhibit A opens (the "Initial Term"). Thereafter, this Agreement shall automatically renew for two (2) successive one (1) year terms ("Renewal Term") unless earlier terminated in accordance with the terms of this Agreement, or unless either party gives sixty (60) days' prior written notice of non-renewal to the other party prior to the expiration of the Initial Term or any subsequent Renewal Term.

4.2 If either party defaults in the performance of any of its obligations hereunder, and such condition of default is not cured within thirty (30) days after delivery of written notice of such condition, the non-defaulting party may, at its option, terminate this Agreement by delivery of written notice of its intention to terminate seven (7) days after the expiration of the thirty (30) day cure period.

4.3 During the Initial Term of this Agreement, County may terminate this Agreement without cause upon ninety (90) days written notice to HS.

4.4 In the event a NP resigns, quits, is terminated or is otherwise unable or unwilling to continue at any Clinic location and HS is unable to find a suitable

replacement after employing reasonable commercial efforts, HS may terminate this Agreement.

4.5 Any outstanding invoices as of the date of termination shall be due and payable according to the terms set forth below. Termination of this Agreement shall not release or discharge either party from any obligation, debt or liability incurred hereunder nor shall termination release or excuse payment for services rendered.

5. Compensation.

5.1 HS shall be compensated for its services in accordance with Exhibit B attached hereto.

5.2 County shall remit payment within thirty (30) days of approval of each invoice issued by HS. In the event that payment is not received by HS within thirty (30) days of the approval of the invoice, a late payment penalty in the amount of one and one-half percent (1½ %) per month shall accrue on the unpaid balance for each month or fraction thereof that payment is late.

6. Confidentiality of Information. HS shall maintain the confidentiality of all data, information, and PHI gathered, delivered and/or exchanged during the term of this Agreement as further described in the HIPAA Business Associate Agreement attached as Exhibit C. Upon termination of this Agreement, HS shall contact each Clinic Participant and determine whether the Clinic Participant would like to have any information containing their PHI: a) returned to them at their home address; b) forwarded to a health care provider of their choosing; or c) destroyed and assurance of its destruction provided.

HS and County agree to return to the other all proprietary information of the other party, other than Clinic Participant PHI, in their possession including, without limitation, any documentation evidencing County's or HS' policies and procedures, or, give written assurances of its destruction.

7. Business Associate. The County is considered to be a "Hybrid Entity" under the Health Insurance Portability and Accountability Act (HIPAA), 42 U.S.C. 1320d et seq. and its implementing regulations including but not limited to 45 Code of Federal Regulations parts 142, 160, 162, and 164, ("Privacy Rule and Security Rule"). HS is considered to be a "Business Associate" under the Privacy Rule. HS must also comply with the Security Rule as a Business Associate, if under this Agreement, it receives, maintains or transmits any health information in electronic form in connection with a transaction covered by part 162 of title 45 of the Code of Federal Regulations.

The County and HS acknowledge that HIPAA mandates them to enter into a business associate agreement in order to safeguard protected health information that may be accessed during the performance of this Agreement. Accordingly, the parties agree to the terms and conditions set forth in Exhibit C - HIPAA Business Associate Agreement.

8. Indemnification and Insurance. HS agrees to defend, indemnify and save harmless the County and to procure and maintain insurance in accordance with the provisions of Exhibit F attached hereto.
9. Independent Contractors. It is mutually understood and agreed that HS, each NP, and Group (including any and all of their respective officers, agents, and employees) shall perform all of the services contemplated by this Agreement as independent contractors of the County and not as officers, agents, servants employees, joint ventures, partners or associates of County.
10. Consents. Any consent required or any discretion vested in a party to this Agreement shall not be unreasonably withheld or arbitrarily or capriciously exercised.
11. Governing Law. This Agreement shall be interpreted according to the laws of the State of California.
12. Notices. All notices and other communications required or permitted under this Agreement shall be effective upon receipt or rejection. Any notice shall be delivered to the parties as follows:

County: County of Santa Barbara
CEO/Human Resources Department
1226 Anacapa Street
Santa Barbara, CA 93101
Fax: 805-568-2833
Attn: Susan Paul, Asst. CEO/Human Resources Director

HS: Healthstat, Inc.
4601 Charlotte Park Dr., Suite 390
Charlotte, NC 28217
Fax: 704-529-6572
Attn: Crockett Dale, President

Copy to: Warren A. Hutton, Esq.
Sigmon Clark Mackie Hutton Hanvey & Ferrell P.A.
PO Drawer 1470
Hickory, NC 28603
Fax: 828-328-6876

13. Severability Clause. In the event any term or provision of this Agreement is found to be unenforceable or void, in whole in part, as drafted, then the offending term or provision shall be construed as valid and enforceable to the maximum extent permitted by law, and the balance of this Agreement shall remain in full force and effect.
14. Amendments. Amendments may be made to this Agreement but only after the mutual approval in writing by County and HS.

15. Assignment. This Agreement may not be assigned by either party without the prior written consent of the other party, which consent shall not unreasonably be withheld.
16. Nondiscrimination. County hereby notifies HS that County's 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 HS agrees to comply with said ordinance.
17. 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.
18. Compliance with Law. HS 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 HS in any action or proceeding against HS, whether County be a party thereto or not, that HS has violated any such ordinance or statute, shall be conclusive of that fact as between HS and County.
19. 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 that all formal requirements necessary or required by any state and/or federal law in order to enter into this Agreement have been fully complied with. Furthermore, by entering into this Agreement, HS hereby warrants that it shall not have breached the terms or conditions of any other contract or agreement to which HS is obligated, which breach would have a material effect hereon.
20. 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.
21. Waiver. The waiver by either party of a breach or violation of any provision of this Agreement shall not operate as or be construed to be a waiver of any such party's rights with respect to any subsequent breach thereof.
22. Entire Agreement. This Agreement supersedes all previous contracts and constitutes the entire agreement between the parties. HS and County shall be entitled to no benefit other than those specified herein. No oral statements or prior written material not specifically incorporated herein shall be of any force and effect and no changes in or additions to this Agreement shall be recognized unless and until made in writing signed by all parties hereto.
23. Use of County Name. HS shall not release any information pamphlets, notices, press releases, research reports, or similar public notices concerning the County or its projects without obtaining the prior written approval of County.

LIST OF EXHIBITS:

Exhibit "A": NP Clinic

Exhibit "B": Service Cost

Exhibit "C": HIPAA Business Associate Agreement

Exhibit "D": Guarantee Details

Exhibit "E": Premises

Exhibit "F": Insurance

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date set out above.

COUNTY OF SANTA BARBARA

ATTEST:
MICHAEL F. BROWN
CLERK OF THE BOARD

By: _____
Deputy

APPROVED AS TO FORM:
DENNIS MARSHALL
COUNTY COUNSEL

By: Celeste E. Anderson
Deputy County Counsel

APPROVED AS TO FORM:
DEPARTMENT OF HUMAN
RESOURCES
DIRECTOR

By: [Signature]
Director

By: _____
Chair, Board of Supervisors
Date: _____

HEALTHSTAT, INC.

By: [Signature]
Tax ID No. 56-2273744

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

By: [Signature]
Deputy

APPROVED AS TO INSURANCE FORM:
RAY AROMATORIO
RISK PROGRAM MANAGER

By: [Signature]
Risk Program Manager

ATTACHMENT A
EXHIBIT A

NP CLINIC

Initial Clinic: County of Santa Barbara

City and state: Santa Barbara, Ca. and Santa Maria, Ca.

Initial weekly hours requested :

Santa Barbara, Ca:	Forty (40) total Clinic hours per week.
Santa Maria, Ca:	Twenty (20) total Clinic hours per week.

The Clinic will be closed on the following days: New Year's Day; Martin Luther King's Birthday; President's Day; Memorial Day; Independence Day; Labor Day; Thanksgiving Day and the day following; Veteran's Day; and Christmas Day.

Except as outlined in Section 1.1.6, the Clinic will be closed for the following periods in any given 52-week term: 2 Weeks for Vacation; and 1 Week for Continuing Medical Education.

The Clinic(s) will open no later than 120 days from the Effective Date of this Agreement.

EXHIBIT B

SERVICE COST

Service Cost Limit. For Healthstat services to be rendered under this contract, Healthstat shall be paid a total contract amount, including cost reimbursements, not to exceed \$677,000 in the first year which is equal to sixty percent (60%) of the maximum cost proposed, unless amended with authorization from County Board of Supervisors.

Program Administration Fees. During the Initial Term of this Agreement, County shall pay HS a fee of \$ 6.12 per Clinic Participant per month to cover the cost of effective on-going operation of the program. This fee is calculated based on the actual number of Clinic Participants but will not be less than \$10,386 per month or more than \$15,417 per month, based on 3,393 eligible Clinic Participants. HS will bill this fee on a monthly basis beginning the month in which the initial scheduled Implementation Meeting is held by County and the HS Account Manager. After 12 months of clinic operation, the County and HS will review the clinic operations and discuss the appropriateness of an increase in the program administrative fees of not more than 4%.

Initial HRA including Blood Draw, & Analysis. The basic HRA blood analysis panel shall include a lipid panel and glucose test and will be billed at a rate of \$ 40.00 per HRA Participant within 30 days of the scheduled assessment. Additional blood tests may be included with County approval and the cost of such tests will be paid by County. At the beginning of each subsequent contract year, this fee shall increase by 4%.

Nurse Practitioner Hourly Fee. The hourly cost to staff the Clinic by a NP shall be paid by County as agreed. At the beginning of each subsequent year, upon review by County and HS this fee may increase by up to 4%. \$ 100.00 per hour for NP hours scheduled is estimated.

Medical Office Assistant (MOA) Hourly Fee. The hourly cost to staff the Clinic by a MOA shall be paid by County as agreed. At the beginning of each subsequent year, upon review by County and HS this fee may increase by up to 4%. \$ 25.00 per hour for MOA hours scheduled is estimated.

Medical & Administrative Supplies. HS shall order and County shall be billed the cost of the initial supplies and minor equipment required for the establishment of each Clinic including the cost of obtaining required Clinical Laboratory Improvement Amendments (CLIA) waivers and medical waste disposal services unless provided by the County Public Health Department. All supplies and equipment required for the on-going operation of the Clinic(s) shall be ordered and paid for by County. County shall have the option to utilize the Healthstat Master Contract or contracts negotiated by County independently for medical and administrative supplies purchased for the Clinics. County will also be billed the one-time cost of \$2,000 for the Licensing Fee associated with the Electronic Medical Record System.

Reference Lab, Pathology Services and Medical Records. County shall pay HS based on a consolidated monthly Invoice for any reference laboratory and pathology services furnished to Clinic Participants. Unit prices for such services shall be based on a percentage of the Medicare Fee Schedule. All lab services will be itemized by accession numbers and totaled each month and submitted to County on one invoice for payment.

ATTACHMENT A

EXHIBIT C

HIPAA Business Associate Agreement

1. Use and Disclosure of Protected Health Information

Except as otherwise provided in this Exhibit, the Contractor may use or disclose Protected Health Information ("PHI")¹ 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 HIPAA, CMIA or other state or federal laws. 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. PHI includes without limitation "Electronic Protected Health Information" ("EPHI").

2. Business Associates Held to the Same Standards as Covered Entities

The Business Associate/Contractor understands that HIPAA and CMIA hold the Business Associate to the same standards of responsibility and liability for the protection of confidential medical information as those required of the Covered Entity.

3. Applicable Laws

Laws which will apply to the Business Associate, include, but are not limited to: the Health Insurance Portability and Accountability Act (HIPAA), a federal law; the California Confidential Medical Information Act (CMIA), a state law; other federal and state laws pertaining to the protection of patient/client privacy and the security of confidential medical information.

4. Requirement to Train Own Employees

The Contractor has a responsibility to provide effective training for all members of its workforce (including its own employees, management, staff, volunteers and independent contractors) who will or who are likely to have any access to or exposure to PHI or EPHI. Members of the Contractor's workforce, who use, disclose, handle, view, process, distribute, access, audit, create, receive or have any exposure to PHI or EPHI must receive training on both the HIPAA Privacy Rule and the HIPAA Security Rule. Privacy Rule Training shall meet the requirements of 45 Code of Federal Regulations Section 164.530 (b). Security Rule Training shall meet the requirements of 45 Code of Federal Regulations Section 164.308 (a)(5).

5. 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.

¹ "Protected Health Information" means individually identifiable health information including, without limitation, all information, data, documentation and materials, including without limitation, demographic, medical and financial information, that relates to the past, present, or future physical or mental health or condition of an individual; the provision of health care to an individual; or the past, present, or future payment for the provision of health care to an individual; and that identifies the individual or with respect to which there is a reasonable basis to believe the information can be used to identify the individual.

² "Electronic Protected Health Information" means Protected Health Information, which is transmitted by Electronic Media (as defined in the HIPAA Security and Privacy Rule) or maintained in Electronic Media.

ATTACHMENT A

6. Safeguarding PHI

The Contractor shall use appropriate safeguards to prevent use or disclosure of PHI other than as provided for by the underlying Agreement. Contractor shall implement administrative, physical and technical safeguards that reasonably and appropriately protect the confidentiality, integrity and availability of EPHI that Contractor creates, receives, maintains or transmits on behalf of County. The actions taken by the Contractor to safeguard EPHI shall include, but may not be limited to:

- a. EPHI that it stores(protected by firewall access and user security) and transmits(always encrypted);
- b. Implementing strong access controls, including physical locks, firewalls, and strong passwords;
- c. Using antivirus/antispyware software that is upgraded regularly;
- d. Adopting contingency planning policies and procedures, including data backup which is always encrypted and disaster recovery plans; and
- e. Conducting periodic privacy and security training.

7. Unauthorized Use or Disclosure of PHI

The Contractor shall report to the County any use or disclosure of the PHI not provided for by the underlying Agreement or otherwise in violation of the HIPAA Privacy Rule, the HIPAA Security Rule, or CMIA. Contractor shall report to County any privacy or security incidents within 2 days of becoming aware of such incidents. For purposes of this paragraph, "security incident" shall mean the attempted or successful unauthorized access, use, disclosure, modification, or destruction of information or interference with systems operations in an information system. The Business Associate shall also be compliant with all HIPAA and CMIA reporting requirements (to federal or state authorities) pertaining to any privacy or security breaches of confidential medical information.

8. 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. The Contractor shall ensure that any agent to whom it provides PHI, including a subcontractor, agrees to implement reasonable and appropriate safeguards to protect such PHI. Contractor shall not use subcontractors or agents, unless it receives prior written consent from County.

9. Access to PHI

At the request of the County, and in the time and manner mutually agreed upon , 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 Regulations Section 164.524.

10. 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 mutually agreed upon in accordance with 45 Code of Federal Regulations Section 164.526.

11. 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

ATTACHMENT A

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.

12. Accounting of Disclosures

The Contractor shall provide to the County or an Individual, at a time and manner mutually agreed upon, 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.

13. Records Available to Covered Entity and Secretary

The Contractor shall make available records related to the use, disclosure, security 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 State Department of Health and Human Services for purposes of investigating or auditing the County's compliance with the HIPAA privacy and security regulations, in the time and manner designated by the County or the Secretary.

14. 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 or 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 9 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. The Contractor will maintain all medical records in accordance with HIPAA (Health Care Provider Provisions) for a period of not less than 7 years. Data will not be used for any other purpose after the termination of the contract. If requested the contractor will return aggregate data in a format that can be used by the by the County.

15. 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.

16. Mitigation of Disallowed Uses and Disclosures

The Contractor shall mitigate, to the extent practical, any harmful effect that is known to the Contractor of a use, disclosure or exposure of PHI by the Contractor in violation of the requirements of the underlying Agreement or of the HIPAA Privacy and Security Rules or CMIA.

ATTACHMENT A

17. 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.

18. Definitions

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

19. Interpretation

Any ambiguity in this Exhibit shall be resolved to permit County to comply with the HIPAA Privacy Rule, the HIPAA Security Rule and CMIA.

EXHIBIT D

GUARANTEE DETAILS

HS guarantees a return on investment of 1 : 1 over the first 18 months of the NP Clinics' operation at the County based on a reduction in claims cost for Clinic Participants vs. the administrative fees for those Clinic Participants according to the formula set forth below. If HS fails to meet this standard, HS guarantees to reduce by up to 50% of the program administration fees paid by County for the NP Clinic, based on the floating scale shown below. The amount of fees at risk to be refunded to the County will be determined based on the actual return on investment results calculated at the end of the first 18 months of Clinic operation. The return on investment for all County on-site clinics will be calculated based on the following schedule:

Return on Investment Results	Percentage of Administrative Fees at Risk to be Refunded	At 50% Clinic Participation \$62,314 maximum of Administrative Fees at Risk	At 75% Clinic Participation \$92,500 maximum of Administrative Fees at Risk
1.0 or greater : 1	0%	\$0	\$0
0.9 : 1	10%	\$6,231	\$9,250
0.8 : 1	20%	\$12,463	\$18,500
0.7 : 1	30%	\$18,694	\$27,750
0.6 : 1	40%	\$24,926	\$37,000
0.5 : 1	50%	\$31,157	\$46,250
0.4 : 1	60%	\$37,388	\$55,500
0.3 : 1	70%	\$43,620	\$64,750
0.2 : 1	80%	\$49,851	\$74,000
0.1 : 1	90%	\$56,083	\$83,250
0.0 : 1	100 %	\$62,314	\$92,500

In order to qualify for the guarantee, the County must satisfy the following terms and conditions:

1. County management staff shall make every reasonable effort to encourage employee usage of the Clinic and shall encourage County departments to support the Clinic program.
2. County shall use its best efforts to encourage all eligible employees to attend at least one (1) introductory education session facilitated by a Healthstat associate detailing the Clinic program.
3. County shall provide access to the Clinic at no cost to the Clinic Participant during the first 12-months of the operation of the Clinic.
4. Clinic Participants shall not be required to use uncompensated personal time and may use personal sick leave or other accrued leave balances while using the Clinic.
5. County, on behalf of the Plan, agrees to provide HS detailed medical and prescription drug claims information and employee demographic data for at least the 12-month period prior to

the Clinics opening and on a monthly basis after the opening date of the Clinic. Such information shall be provided directly by County's health insurers to Healthstat and shall not be sent to County.

Amount of Fees at Risk

Clinic Participation is defined as the employee's involvement in the HRA and compliance with the recommended Clinic visitation frequency schedule based on each person's risk profile. The following table reflects the frequency guidelines for individuals with High Healthcare Risk Factors and Panic Values:

Risk Factor/Panic Value*	Frequency of Visits
Any Panic Value	Once every 90 days
4 to 8 Risk Factors	Once every 90 days
1 to 3 Risk Factors	Once every 180 days
0 Risk Factors	Once every 360 days

* High Healthcare Risk Factors and Panic Values are defined in Section 1.5, Interventions, above.

County and Healthstat agree to the following formula that will be used to measure the financial impact of the Clinic on medical and prescription drug claims prior to the opening of the On-Site Clinic:

Healthstat shall:

1. Determine medical & RX claims per Clinic Participant per year effective on the date the Clinic opened – excluding all claimants who had expenses paid in excess of \$75,000 by analyzing the actual cost the Health Care Plan paid over the most-recent 12-month period.
2. Determine the anticipated health care trend over the first 18 months after the Clinic opens (for Counties with less than 2,000 participants, health care trend is defined by the County's Health Plan Administrator (i.e., Aetna).
3. Determine the actual medical & RX claims per Clinic Participant per year over the 18-month period following the Clinic opening date – excluding all claimants who had expenses paid in excess of \$75,000 over the most recent 18 month period.
4. Analyze the difference between the actual per Clinic Participant per year cost and the trended per Clinic Participant per year cost to determine the per Clinic Participant per year cost avoidance.
5. Multiply the difference between actual claims paid and the anticipated trended claims by the number of Clinic participants (see definition of Participant in #2 above).
6. Compare the cost avoidance to the actual amount paid for the On-Site Clinic Program to determine the Return on Investment.

EXHIBIT E

Premises

Client Check List Room Specs & Supplies for the Healthstat Clinic

I. Room Specifications:

- Private Room with Lock (windows must be covered), preferably with access through a non-production facility
- Sound and vibration proofing
- 8' x 10' minimum
- Electrical Outlets
- Heated/air conditioned
- Sink, or in very close proximity
- Restrooms in very close proximity
- Telephone
- High Speed Internet Connection with all Firewall and connectivity issues being the responsibility of the County

II. Clinic Supplies

- Examination table
- Cabinet (preferably with doors for Medical Supplies)
- Table for Blood Drawing Station & Supplies
- Mini-Refrigerator with freezer
- Desk
- Rolling Chair for NP/PA
- Chair for counseling Clinic Participant
- Locking File Cabinet
- Secure Shredder dedicated to the Clinic
- Secure Fax/Printer/Scanner Machine (preferably in the Clinic or a secure area that is HIPAA compliant)
- Phone list w/ extensions
- Access to a copy machine
- Paper towels
- Anti-bacterial Soap for NP/PA

*****County will be responsible for ALL Clinic office supplies, Clinic lab/medical supplies for the initial set-up*****

EXHIBIT F

Indemnification and Insurance

INDEMNIFICATION

Indemnification pertaining to Professional Services:

HS 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 HS or its agents or employees or other independent contractors directly responsible to it to the fullest extent allowable by law.

HS shall notify the County immediately in the event of any accident or injury arising out of or in connection with this Agreement

INSURANCE

As a part of the Request for Proposal process used by County to select the company to administer the On-Site Clinic, County required certain insurance coverage be provided by HS. HS agrees to secure and maintain the following coverage and name County as a Named Insured on the coverage:

Without limiting HS indemnification of the County, HS shall procure the following required insurance coverage's 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 HS in default. Upon request by the County, HS 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 Employer's Liability Insurance shall cover all HS'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 HS 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 HS has no employees as defined in Labor Code Section 3350 et seq. during the entire period of this Agreement and HS 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 HS and shall include contractual liability coverage sufficiently broad so as to include the insurable liability assumed by HS in the indemnity and hold harmless provisions [above] of the Indemnification Section of this Agreement between County and HS. The automobile liability insurance shall cover all owned, non-owned and hired motor vehicles that are operated on behalf of HS pursuant to HS' activities hereunder. HS 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 contain 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 non-contributory to the full limits stated in the declarations, and if the County has other valid and collectible insurance for a loss covered by this policy, that other insurance shall be excess only."

If the policy providing liability coverage is on a 'claims-made' form, the HS 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 HS's professional staff with a combined single limit of not less than \$3,000,000 per occurrence or claim and \$3,000,000 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 on a 'claims-made' form, then HS 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.

HS 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 HS may be held responsible for payment of damages resulting from HS' 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 HS is not able to comply with the County's insurance requirements, County may, at their sole discretion and at the HS' expense, provide compliant coverage.

The above insurance requirements are subject to periodic review by the County. The County's Risk Program Administrator 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. HS agrees to execute any such amendment within thirty (30) days of acceptance of the amendment or modification.

ATTACHMENT B

Budget Revision Request

Gov. Code Sec. 29125 & 29130

BJE 2007752

Budget Journal Entry #

JE 2255260

Related Journal Entry #

Subject / Title: Provide a **short description** for this budget revision request. For example: "Designate funds for zoning ordinance amendments" or "Distribute proceeds from sale of 2005 COPS".

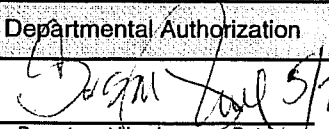

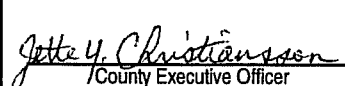
CEO/Human Resources: This revision releases \$677,000 of salary designation and designates it in the CEO/HR budget to fund the implementation of the Employee Onsite Medical Clinic in FY 2009-2010

Justification: For all changes: explain what the change is for and why it is needed. Attach additional justification, board Letters or spreadsheet, if appropriate. When moving Appropriation: explain why it's available. When Revenue is adjusted: explain the reason for the increase or decrease. For adjustments to General Fund Contingency: explain why no other alternative funding source is available.

The establishment of an onsite employee health clinic program was approved by the Board of Supervisors in May 2008 and came as a result of the Health Oversight Committee's recommendations to implement such a program in order to better manage and even reduce the rising cost of health care for both the County and its workforce. The program is being funded from a portion of the \$2.3 million in savings the County realized when it changed insurance carriers in 2008. This revision transfers funds from the Salary and Benefits Reduction designation into a designation in the CEO/HR budget and will be expended in FY 2009-2010.

Financial Summary

Increase or (Decrease) in Appropriation for / Uses:	Department / Fund 064 / 0001	Department / Fund /	Department / Fund /	Department / Fund /
Salaries & Benefits	00	00	00	00
Services & Supplies	00	00	00	00
Other Charges	00	00	00	00
Fixed Assets	00	00	00	00
Other Financing Uses	00	00	00	00
Intrafund Transfers	00	00	00	00
Reserve or Designation	677,000 00	00	00	00
Sources:				
Revenue	00	00	00	00
Other Financing Sources	00	00	00	00
Intrafund Transfers	00	00	00	00
Reserve or Designation	677,000 00	00	00	00
Effect on Contingency / RE	00	00	00	00

Departmental Authorization	Auditor-Controller	CEO's Recommendation	Board of Supervisor's Action
 Department Head _____ Date <u>5/19/08</u>	 Auditor-Controller _____	<input checked="" type="checkbox"/> Approve <input type="checkbox"/> Disapprove Date <u>5-27-09</u> Transfer/Revision in Accordance with Board Policy dated 8/3/93.  County Executive Officer _____	<input type="checkbox"/> Approved <input type="checkbox"/> Disapproved Date _____ Agenda Item _____ Clerk of the Board of Supervisors _____

Batch ID: 000-108-9824

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2255260

[illegible]

1,347,000.00

1,354,000.00

Descr ID	Description
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A	Rel desig for Employee on-site Health Clinic
B	Designate Funds for EE on-site Health Clinic

Form Prepared By

Phone #

Departmental Authorized Signature

5/27/09

Date _____

Posted By

Date

County of Santa Barbara, FIN