

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
ACTION AGENDA SUMMARY

DEPT: Health Services Agency

BOARD AGENDA # *B-3

Urgent Routine *AKS*
CEO Concurs with Recommendation YES NO
(Information Attached)

AGENDA DATE August 6, 2013

4/5 Vote Required YES NO

SUBJECT:

Approval for the Health Services Agency to Pursue an Intergovernmental Transfer Arrangement with the California Department of Health Care Services Enabling Federal Matching Funds for Medi-Cal Related Services

STAFF RECOMMENDATIONS:

1. Authorize the Health Services Agency to pursue an Intergovernmental Transfer with the California Department of Health Care Services.
2. Authorize the Health Services Agency Managing Director or her designee to execute an Intergovernmental Agreement regarding the transfer of Public Funds with the California Department of Health Care Services in the approximate amount of \$1,500,000 and related documents.

(Continued on Page 2)

FISCAL IMPACT:

The Adopted Proposed Budget for Fiscal Year 2013-2014 for the Clinics and Ancillary Services division of the Health Services Agency (Agency) is approximately \$42 million. This budget includes a General Fund contribution of \$3.1 million, however at this level, an estimated unmet need of approximately \$2.5 million exists. As indicated in the budget document, various initiatives being explored by the Agency were

(Continued on Page 2)

BOARD ACTION AS FOLLOWS:

No. 2013-395

On motion of Supervisor O'Brien, Seconded by Supervisor Monteith

and approved by the following vote,

Ayes: Supervisors: O'Brien, Withrow, Monteith, De Martini and Chairman Chiesa

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

1) X Approved as recommended

2) _____ Denied

3) _____ Approved as amended

4) _____ Other:

MOTION:

Christine Ferraro

ATTEST: CHRISTINE FERRARO TALLMAN, Clerk

File No.

STAFF RECOMMENDATIONS (Continued):

3. Authorize the Health Services Agency Managing Director or her designee to execute an Intergovernmental Transfer Assessment Fee Agreement with the California Department of Health Care Services in the amount of \$283,350 from the Health Services Agency to the California Department of Health Care Services, and related documents.
4. Authorize the Health Services Agency Director or her designee to execute an Amendment to the Health Plan-Provider Agreement with Health Net to disburse an approximate amount of \$2,900,000 to the Health Services Agency to support health services for Medi-Cal beneficiaries and other underserved populations, and any related documents.

FISCAL IMPACT (Continued):

anticipated to address this unmet need. The Intergovernmental Transfer (IGT) is one of the initiatives and the net fiscal impact would partially offset the unmet need.

The Agency requests the Board of Supervisors approval to pursue participation in an IGT to secure additional Federal matching funds to support health care services to the Medi-Cal eligible population. The services to be supported would include but may not be limited to the services provided in the Specialty and Rehabilitation clinics of the Agency.

The Agency contribution (transfers) intended for Federal matching and the State assessment fee are available in the Agency's Clinics and Ancillary Services budget. The transfers to the California Department of Health Care Services (DHCS) and Health Net payments to the Agency of approximately \$2,900,000 are anticipated to occur prior to September 30, 2013. While the Agency will pay \$283,350 to DHCS to participate in the IGT and offset the State's cost for administration, the Agency will receive its original \$1,416,750 contribution back and an estimated \$1,487,000 in new Federal revenue, resulting in a net increase in revenue of approximately \$1,203,000. If approved by the Board, the Agency will request appropriation of the new funds as part of the Fiscal Year 2013-2014 Final Budget process.

There is no additional impact to the General Fund as a result of the recommended participation in IGT.

DISCUSSION:

Welfare and Institutions Code Sections 14164 and 14301.4 provide for the voluntary Intergovernmental Transfer (IGT) program related to the Medi-Cal managed care capitation rate ranges. In accordance with the code sections, eligible entities, that

Approval for the Health Services Agency to Pursue an Intergovernmental Transfer Arrangement with the California Department of Health Care Services Enabling Federal Matching Funds for Medi-Cal Related Services

Page 3

consist of counties, other political subdivisions of the state or governmental entity in the State, may elect to transfer funds to the State in support of the Medi-Cal program.

Over the past few years, several California non-hospital counties participating in Medi-Cal Managed Care have entered into IGT agreements with DHCS to help increase State payments to the Medi-Cal Managed Care Plans. The IGT consists of the transfer of eligible local dollars (not derived from impermissible sources such as recycled Medicaid payments, federal money excluded from use as State match, impermissible taxes, and non-bona fide provider-related donations) to DHCS. DHCS in turn uses the funds to draw down additional Federal funding from the Centers for Medicare and Medicaid Services (CMS). Since the funds must be used in support of the Medi-Cal Managed Care program, DHCS transfers both the original contribution and matched funds to the Medi-Cal Managed Care Plan who in turn makes those funds available to its contracted Medi-Cal provider.

As a result of being a Health Net Plan provider, the County of Stanislaus Health Services Agency may participate in an IGT to draw down the additional funds to recover enhanced reimbursement for specialty health care services provided in Fiscal Year 2011-2012. (There is also an option for the County to continue IGTs for Fiscal Year 2012-2013.)

Due to time constraints, the Health Services Agency began discussions with DHCS as well as Health Net in the early part of June 2013 in order to notify the State of the County's interest in participating in the IGT program. DHCS then notified the Agency that a non-binding letter of interest must be submitted no later than June 27, 2013. The Agency submitted the non-binding letter of interest and has been working with both DHCS and the Plan on the necessary agreements.

The agreements (Attachments #1, 2 and 3) are based on State templates, have been reviewed by DHCS and are to be returned with signatures to DHCS on or before August 20, 2013. It is recommended that the Managing Director be given authority to sign these agreements as well as related documents.

Overview of IGT Process:

With the Board's approval, the Agency will transfer \$1,416,750 to DHCS. Additionally, the Agency will make a separate payment of approximately \$283,000 to DHCS as authorized in Welfare and Institutions Code Section 14301.4 to cover the administrative costs (assessment fee) of operating the IGT program and to support the Medi-Cal program. It is anticipated that these transfers will be made by September 30, 2013.

After receipt of the County IGT funds as well as the assessment fee, the State will draw down approximately \$1,487,000 in Federal funds from CMS. Upon receipt of the County funds as well as the new Federal match, DHCS will increase the plan's rate

Approval for the Health Services Agency to Pursue an Intergovernmental Transfer Arrangement with the California Department of Health Care Services Enabling Federal Matching Funds for Medi-Cal Related Services

Page 4

payments for Fiscal Year 2011-2012 by approximately \$2,903,000. It is anticipated that the State's payment to the plan will occur prior to December 31, 2013.

Upon receipt of the approximate \$2,903,000 in increased payments from the State, the plan will make a payment to the Agency of approximately \$2,844,250 comprised of the original contribution of \$1,416,750 million and the \$1,487,000 in new Federal funds less approximately \$59,500 for the plan's administrative costs.

New Federal matching funds received by the Agency are to be used to promote the well-being of Health Net Medi-Cal beneficiaries by maintaining and/or improving current services. The Agency is considering using the funds towards physician specialty services as well as full service rehabilitation services.

Timing and the Future

The Agency had explored the possibility of pursuing an IGT in 2011, but tabled the effort when it was learned that the Federal government was studying the IGT arrangements, and the future of such was questionable. The IGT arrangements withstood the Federal scrutiny, and the State continues to support such arrangements. Upon approval by the Board, the Agency intends to enter similar agreements for the 2012-2013 and 2013-2014 rate years relative to both Health Net and Health Plan of San Joaquin, the two Medi-Cal Managed Care health plans operating in Stanislaus County. Note: Health Plan of San Joaquin was implemented as a Medi-Cal Managed Care health plan in Stanislaus County on January 1, 2013. As required by the State, such future IGTs would require separate Board of Supervisor approval.

The IGT opportunity was presented to the Health Executive Committee of the Board of Supervisors on July 23, 2013. The Health Executive Committee was supportive of pursuing the IGT opportunity.

POLICY ISSUES:

Approval of these recommendations will support the Board's priority of A Healthy Community by allowing the Agency to secure additional resources needed to maintain the availability of health care services to patients.

STAFFING IMPACT:

There are no staffing impacts associated with this item. The Health Services Agency will use existing staff to fulfill the scope of work required in the proposed Agreements.

DEPARTMENT CONTACT:

Mary Ann Lee, Managing Director Health Services Agency, 209-558-7163

INTERGOVERNMENTAL TRANSFER ASSESSMENT FEE

This Agreement is entered into between the CALIFORNIA DEPARTMENT OF HEALTH CARE SERVICES (“State DHCS”) and the County of Stanislaus with respect to the matters set forth below.

RECITALS

A. This Agreement is made pursuant to the authority of Welfare & Institutions Code, section 14301.4.

THEREFORE, the parties agree as follows:

AGREEMENT

1. Transfer of Public Funds

1.1 County of Stanislaus shall make Intergovernmental Transfer(s) (“IGTs”) to State DHCS pursuant to section 14164 of the Welfare and Institutions Code and paragraph 1.1 of the Intergovernmental Agreement(s) Regarding the Transfer of Public Funds contract number 11-88522, to be used as a portion of the non-federal share of actuarially sound Medi-Cal managed care rate range capitation increases (“non-federal share IGT”) to Health Net for the period of October 1, 2011 through September 30, 2012.

1.2 The parties acknowledge that State DHCS will obtain any necessary approvals from the Centers for Medicare and Medicaid Services (“CMS”) pertaining to the acceptance of non-federal share IGTs, and the payment of non-federal share IGT related rate range capitation increases to Health Net.

2. Intergovernmental Transfer Assessment Fee

2.1 The State DHCS shall, upon acceptance of non-federal share IGTs pursuant to the Intergovernmental Agreement(s) Regarding the Transfer of Public Funds, and as described in paragraph 1

of this Agreement, exercise its authority under section 14301.4 of the Welfare and Institutions Code to assess a 20-percent assessment fee on the entire amount of the non-federal share IGTs to reimburse State DHCS for the administrative costs of operating the IGT program pursuant to this section and for the support of the Medi-Cal program.

2.2 The funds subject to the 20-percent assessment fee shall be limited to non-federal share IGTs made by the transferring entity, County of Stanislaus, pursuant to the Intergovernmental Agreement(s) Regarding the Transfer of Public Funds, and as described in paragraph 1 of this Agreement.

2.3 The 20-percent fee will be assessed on the entire amount of the non-federal share IGTs pursuant to the Intergovernmental Agreement(s) Regarding the Transfer of Public Funds, and as described in paragraph 1 of this Agreement, and will be made in addition to, and transferred separately from, the transfer of funds pursuant to the Intergovernmental Agreement(s) Regarding the Transfer of Public Funds.

2.4 The 20-percent assessment fee pursuant to this Agreement is non-refundable and shall be wired to State DHCS separately from, and simultaneous to, the non-federal share IGTs pursuant to the Intergovernmental Agreement(s) Regarding the Transfer of Public Funds, and as described in paragraph 1 of this Agreement. However, if any portion of the non-federal share IGTs is not expended for the specified rate increases stated in paragraph 2.2 of the Intergovernmental Agreement(s) Regarding the Transfer of Public Funds, DHCS shall return a proportionate amount of the 20-percent assessment fee to the County of Stanislaus.

3. Other Provisions

3.1 This Agreement contains the entire Agreement between the parties with respect to the 20-percent assessment fee on non-federal share IGTs pursuant to the Intergovernmental Agreement(s) Regarding the Transfer of Public Funds, and as described in paragraph 1, and supersedes any previous or

contemporaneous oral or written proposals, statements, discussions, negotiations or other agreements between the transferring entity and State DHCS. This Agreement is not, however, intended to be the sole agreement between the parties on matters relating to the funding and administration of the Medi-Cal program. One or more other agreements may exist between the parties regarding such other matters, and other agreements may be entered into in the future. This Agreement shall not modify the terms of any other agreement between the parties.

3.2 Time is of the essence in this Agreement.

3.3 Each party hereby represents that the person(s) executing this Agreement on its behalf is duly authorized to do so.

4. State Authority. Except as expressly provided herein, nothing in this Agreement shall be construed to limit, restrict, or modify State DHCS' powers, authorities, and duties under federal and state law and regulations.

5. Approval. This Agreement is of no force and effect until signed by the parties.

SIGNATURES

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, on the date of the last signature below.

APPROVED AS TO FORM:
STANISLAUS COUNTY COUNSEL
BY [Signature]
DATE: 7-19-13

COUNTY OF STANISLAUS

By: [Signature] Date: 8/6/13
Mary Ann Lee, Managing Director, County of Stanislaus Health Services Agency

THE STATE OF CALIFORNIA, DEPARTMENT OF HEALTH CARE SERVICES:

By: [Signature] Date: 9-3-13
Stuart Busby, CPA, DABFA, Chief, Capitated Rates Development Division

**INTERGOVERNMENTAL AGREEMENT REGARDING
TRANSFER OF PUBLIC FUNDS**

This Agreement is entered into between the CALIFORNIA DEPARTMENT OF HEALTH CARE SERVICES (“DHCS”) and the County of Stanislaus with respect to the matters set forth below.

RECITALS

A. This Agreement is made pursuant to the authority of Welfare & Institutions Code, section 14164 and 14301.4.

B. Health Net of California Inc. is a Medi-Cal Managed Care Plan formed pursuant to Health and Safety Code Section 1349 et seq. Health Net Inc. is a party to a Medi-Cal managed care contract with DHCS, entered into pursuant to Welfare and Institutions Code section 14087.3, under which Health Net arranges and pays for the provision of covered Medi-Cal health care services to eligible Medi-Cal members residing in the County.

THEREFORE, the parties agree as follows:

AGREEMENT

1. Transfer of Public Funds

1.1 The County of Stanislaus shall transfer funds to DHCS pursuant to section 14164 and 14301.4 of the Welfare and Institutions Code, up to a maximum total amount of one million four hundred sixteen thousand seven hundred and fifty dollars (\$1,416,750), to be used solely as a portion of the nonfederal share of actuarially sound Medi-Cal managed care capitation rate increases for Health Net for the period October 1, 2011 through September 30, 2012 as described in section 2.2 below. The funds shall be transferred in accordance with a mutually agreed upon schedule between the County of Stanislaus and DHCS, in the amounts specified therein.

1.2 The County of Stanislaus shall certify that the funds transferred qualify for federal financial participation pursuant to 42 C.F.R. part 433 subpart B, and are not derived from impermissible sources such as recycled Medicaid payments, federal money excluded from use as State match, impermissible taxes, and non-bona fide provider-related donations. For transferring units of government that are also direct service providers, impermissible sources do not include patient care or other revenue received from programs such as Medicare or Medicaid to the extent that the program revenue is not obligated to the State as the source of funding.

2. Acceptance and Use of Transferred Funds by DHCS

2.1 DHCS shall exercise its authority under section 14164 of the Welfare and Institutions Code to accept funds transferred by the County of Stanislaus pursuant to this Agreement as intergovernmental transfers (“IGTs”), to use for the purpose set forth in section 2.2 below.

2.2 The funds transferred by the County of Stanislaus pursuant to this Agreement shall be used to fund a portion of the nonfederal share of increases in Medi-Cal managed care actuarially sound capitation rates described in paragraph (4) of subdivision (b) of section 14301.4 of the Welfare and Institutions Code and shall be paid, together with the related federal financial participation, by DHCS to Health Net as part of Health Net’s capitation rates for the period October 1, 2011 through September 30 2012. The rate increases paid under section 2.2 shall be used for payments related to Medi-Cal services rendered to Medi-Cal beneficiaries. The rate increases paid under this section 2.2 shall be in addition to, and shall not replace or supplant, all other amounts paid or payable by DHCS or other State agencies to Health Net.

2.3 DHCS shall seek federal financial participation for the rate increases specified in section 2.2 to the full extent permitted by federal law.

2.4 The parties acknowledge the State DHCS will obtain any necessary approvals from the Centers for Medicare and Medicaid Services prior to the payment of any rate increase pursuant to section 2.2.

2.5 The parties agree that none of these funds, either County of Stanislaus or federal matching funds will be recycled back to the County of Stanislaus general fund, the State, or any other intermediary organization. Payments made by the health plan to providers under the terms of this Agreement and their provider agreement constitute patient care revenues.

2.6 Within One Hundred Twenty (120) calendar days of the execution of this Agreement, DHCS shall advise the County of Stanislaus and Health Net of the amount of the Medi-Cal managed care capitation rate increases that DHCS paid to Health Net during the applicable rate year involving any funding under the terms of this Agreement.

2.7 If any portion of the funds transferred by the County of Stanislaus pursuant to this Agreement is not expended for the specified rate increases under Section 2.2, DHCS shall return the unexpended funds to the County of Stanislaus.

3. Amendments

3.1 No amendment or modification to this Agreement shall be binding on either party unless made in writing and executed by both parties.

3.2 The parties shall negotiate in good faith to amend this Agreement as necessary and appropriate to implement the requirements set forth in section 2 of this Agreement.

4. Notices. Any and all notices required, permitted or desired to be given hereunder by one party to the other shall be in writing and shall be delivered to the other party personally or by United States first class, certified or registered mail with postage prepaid, addressed to the other party at the address set forth below:

To the County of Stanislaus:

Mary Ann Lee, Managing Director
County of Stanislaus Health Services Agency
830 Scenic Drive
Modesto, CA 95350

With copies to:

Carol Dunbar, CFO
County of Stanislaus Health Services Agency
830 Scenic Drive
Modesto, CA 95350

To DHCS:

Sandra Dixon
California Department of Health Care Services
Capitated Rates Development Division
1501 Capitol Ave., Suite 71-4002
MS 4413
Sacramento, CA 95814

5. Other Provisions

5.1 This Agreement contains the entire Agreement between the parties with respect to the Medi-Cal rate increases for Health Net described in section 2.2 that are funded by the County of Stanislaus and supersedes any previous or contemporaneous oral or written proposals, statements, discussions, negotiations or other agreements between the County of Stanislaus and DHCS. This Agreement is not, however, intended to be the sole agreement between the parties on matters relating to the funding and administration of the Medi-Cal program. One or more other agreements already exist between the parties regarding such other matters, and other agreements may be entered into in the future. This Agreement shall not modify the terms of any other agreement between the parties.

5.2 The nonenforcement or other waiver of any provision of this Agreement shall not be construed as a continuing waiver or as a waiver of any other provision of this Agreement.

5.3 Section 2 of this Agreement shall survive the expiration or termination of this Agreement.

5.4 Nothing in this Agreement is intended to confer any rights or remedies on any third party, including, without limitation, any provider(s) or groups of providers, or any right to medical services for any individual(s) or groups of individuals; accordingly, there shall be no third party beneficiary of this Agreement.

5.5 Time is of the essence in this Agreement.

5.6 Each party hereby represents that the person(s) executing this Agreement on its behalf is duly authorized to do so.

6. State Authority. Except as expressly provided herein, nothing in this Agreement shall be construed to limit, restrict, or modify the DHCS' powers, authorities, and duties under federal and state law and regulations.

7. Approval. This Agreement is of no force and effect until signed by the parties.

8. Term. This Agreement shall be effective as of October 1, 2011 and shall expire as of December 31, 2013 unless terminated earlier by mutual agreement of the parties.

SIGNATURES

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, on the date of the last signature below.

THE County of Stanislaus By: Mary Ann Lee Date: 8/6/13

Mary Ann Lee, Managing Director, County of Stanislaus Health Services Agency

THE STATE OF CALIFORNIA, DEPARTMENT OF HEALTH CARE SERVICES:

By: Stuart Busby Date: 9-3-13

Stuart Busby, CPA, DABFA, Chief, Capitated Rates Development Division

APPROVED AS TO FORM:
STANISLAUS COUNTY COUNSEL
BY [Signature]
DATE: 7-19-13

HEALTH PLAN-PROVIDER AGREEMENT

Participating Physician Group Provider Services Agreement

AMENDMENT

This Amendment is made this day 1st of August 2013, by and between Health Net of California, Inc., a California corporation licensed pursuant to Health and Safety Code Section 1349 et seq. to act as a health plan hereinafter referred to as "PLAN", and Stanislaus County Health Services Agency, hereinafter referred to as "PROVIDER".

RECITALS:

WHEREAS, PLAN and PROVIDER have previously entered into an Agreement effective April 1, 2005;

WHEREAS, Section 7.1 of such Agreement provides for amending such Agreement;

WHEREAS, Health Net Community Solutions, Inc. (HNCS), a corporate entity licensed under Health and Safety Code Section 1349 et seq. has a contract with the State Department of Health Care Services pursuant to Welfare and Institutions Code Section 14087.3 to act as a Medi-Cal managed care plan. HNCS has contracted with Health Net of California, Inc. to fulfill its responsibilities for the provision of Medi-Cal covered services for eligible Medi-Cal members. Health Net of California, Inc. has subsequently entered into the Agreement referenced above, and amendments to it, to allow PROVIDER to render such services to HNCS Medi-Cal members in Stanislaus County. For purposes of this Amendment, Health Net of California, Inc. and Health Net Community Solutions, Inc. shall collectively be referred to as "PLAN;"

WHEREAS, Provider is a department of Stanislaus County and provides health care services and arranges for the provision of professional health care services, supplies products or related services and contracts with the PLAN to provide these services to Medi-Cal beneficiaries. This amendment is intended to recognize and compensate the Provider for services provided to Plan members that are outside of and are not part of the FQHC services specifically physician specialty services including ENT, orthopedics, neurology, ophthalmology, general surgery, gastroenterology, HEP C, oncology, urology, podiatry, neurosurgery, and full service rehabilitation services (physical therapy, occupational therapy and wound care).

WHEREAS, PLAN and PROVIDER desire to amend the Agreement to provide for Medi-Cal managed care capitation rate increases to PLAN as a result of intergovernmental transfers ("IGTs") from the County of Stanislaus to the California Department of Health Care Services ("State DHCS") to maintain the availability of Medi-Cal health care services to Medi-Cal beneficiaries.

NOW, THEREFORE, PLAN and PROVIDER hereby agree as follows:

Addendum F, Section 2, Medi-Cal Provisions, subsection "Compensation to PPG" of the Agreement is amended to add a new Section 2.1 IGT Medi-Cal Managed Care Capitation Rate Range Increases as follows:

2.1 IGT MEDI-CAL MANAGED CARE CAPITATION RATE RANGE INCREASES

1. IGT Capitation Rate Range Increases to PLAN

A. Payment

Should PLAN receive any Medi-Cal managed care capitation rate increases from State DHCS where the nonfederal share is funded by the County of Stanislaus specifically pursuant to the provisions of the Intergovernmental Agreement Regarding Transfer of Public Funds ("Intergovernmental Agreement") effective for the period October 1, 2011 through September 30, 2012 for Intergovernmental Transfer Medi-Cal Managed Care Rate Range Increases ("IGT MMCRRIs"), PLAN shall pay to PROVIDER the amount of the IGT MMCRRIs received from State DHCS, in accordance with paragraph 1.E below regarding the form and timing of Local Medi-Cal Managed Care Rate Range ("LMMCRR") IGT Payments. LMMCRR IGT Payments paid to PROVIDER shall not replace or supplant any other amounts paid or payable to PROVIDER by PLAN.

B. Health Plan Retention

(1) Managed Care Organizations Tax

The PLAN shall be responsible for any Managed Care Organization ("MCO") tax due pursuant to the Revenue and Taxation Code Section 12201 relating to any IGT MMCRRIs. If the PLAN receives any capitation rate increases for MCO taxes based on the IGT MMCRRIs, PLAN may retain an amount equal to the amount of such MCO tax that PLAN is required to pay to the State DHCS, and shall pay, as part of the LMMCRR IGT Payments, the remaining amount of the capitation rate increase to PROVIDER.

(2) The PLAN shall retain a two percent (2%) administrative fee based on the total amount of the IGT MMCRRIs received from DHCS for PLAN'S cost to administer this program. Each provider's share of the 2% fee shall be calculated based on that provider's proportionate share of the LMMCRR IGT payments made by Plan in Stanislaus County.

(3) PLAN will not retain any other portion of the IGT MMCRRIs received from the State DHCS other than those mentioned above.

C. Conditions for Receiving Local Medi-Cal Managed Care Rate Range IGT Payments

As a condition for receiving LMMCRR IGT Payments, PROVIDER shall, as of the date the particular LMMCRR IGT Payment is due:

- (1) remain a participating provider in the PLAN and not issue a notice of termination of the Agreement;
- (2) maintain its capacity to serve as a provider of primary care services for PLAN Medi-Cal beneficiaries; and
- (3) maintain those services which are the basis for receipt of the LMMCRR IGT payments and that are not part of the PROVIDER's FQHC, including specialty physician services, (specifically ENT, orthopedics, neurology, ophthalmology, general surgery, gastroenterology, HEP C, oncology, urology, podiatry and neurosurgery) and full service rehabilitation services (physical therapy, occupational therapy and wound care).

D. Schedule and Notice of Transfer of Non-Federal Funds

The County of Stanislaus shall notify the PLAN within five business days after the County funds referred to in the Intergovernmental Transfer Agreement have been transferred to the State.

E. Form and Timing of Payments

PLAN agrees to pay LMMCRR IGT Payments to PROVIDER in the following form and according to the following schedule:

- (1) PLAN agrees to pay the LMMCRR IGT Payments to PROVIDER using the same mechanism through which compensation and payments are normally paid to PROVIDER (e.g., electronic transfer).
- (2) PLAN will pay the LMMCRR IGT Payments to PROVIDER no later than thirty (30) calendar days after receipt of the IGT MMCRRIs from State DHCS.

F. Consideration

(1) As consideration for the LMMCRR IGT Payments, PROVIDER shall use the LMMCRR IGT Payments for the following purposes and shall treat the LMMCRR IGT Payments in the following manner:

- (a) The LMMCRR IGT Payments shall represent compensation for Medi-Cal services rendered to Medi-Cal PLAN members by PROVIDER as described in Section C.3. above, not including services rendered by the Provider's FQHC, during the State fiscal year to which the LMMCRR IGT Payments apply.

(b) To the extent that total payments received by PROVIDER for any State fiscal year under this Amendment exceed the cost of Medi-Cal services provided to Medi-Cal beneficiaries by PROVIDER during that fiscal year, any remaining LMMCRR IGT Payment amounts shall be retained by PROVIDER to be expended for health care services. Retained LMMCRR IGT Payment amounts may be used by the PROVIDER in either the State fiscal year received or subsequent State fiscal years.

(2) For purposes of subsection (1) (b) above, if the LMMCRR IGT Payments are not used by PROVIDER in the State fiscal year received, retention of funds by PROVIDER will be established by demonstrating that the retained earnings account of PROVIDER at the end of any State fiscal year in which it received payments based on LMMCRR IGT Payments funded pursuant to the Intergovernmental Agreement, has increased over the unspent portion of the prior State fiscal year's balance by the amount of LMMCRR IGT Payments received, but not used. These retained PROVIDER funds may be commingled with other County of Stanislaus funds for cash management purposes provided that such funds are appropriately tracked and only the depositing facility is authorized to expend them.

(3) Both parties agree that none of these funds, either from the County of Stanislaus or federal matching funds will be recycled back to the County general fund, the State, or any other intermediary organization. Payments made by the health plan to providers under the terms of this Amendment constitute patient care revenues.

G. PLAN's Oversight Responsibilities

PLAN's oversight responsibilities regarding PROVIDER's use of the LMMCRR IGT Payments shall be limited as described in this paragraph. PLAN shall request, within thirty (30) calendar days after the end of each State fiscal year in which LMMCRR IGT Payments were transferred to PROVIDER, a written confirmation that states whether and how PROVIDER complied with the provisions set forth in Paragraph 1.F above. In each instance, PROVIDER shall provide PLAN with written confirmation of compliance within thirty (30) calendar days of PLAN's request.

H. Cooperation Among Parties

Should disputes or disagreements arise regarding the ultimate computation or appropriateness of any aspect of the LMMCRR IGT Payments, PROVIDER and PLAN agree to work together in all respects to support and preserve the LMMCRR IGT Payments to the full extent possible on behalf of the safety net in Stanislaus County.

I. Reconciliation

Within one hundred twenty (120) calendar days after the end of each of PLAN's fiscal years in which LMMCRR IGT Payments were made to PROVIDER, PLAN shall perform a reconciliation of the LMMCRR IGT Payments transmitted to the PROVIDER during the preceding fiscal year to ensure that the supporting amount of IGT MMCRRIs were received by PLAN from State DHCS. PROVIDER agrees to return to PLAN any overpayment of LMMCRR IGT Payments made in error to PROVIDER within thirty (30) calendar days after receipt from PLAN of a written notice of the overpayment error, unless PROVIDER submits a written

objection to PLAN. Any such objection shall be resolved in accordance with the dispute resolution processes set forth in Section 7.5 of the Agreement. The reconciliation processes established under this paragraph are distinct from the indemnification provisions set forth in Section J below. PLAN agrees to transmit to the PROVIDER any underpayment of LMMCRR IGT Payments within thirty (30) calendar days of PLAN's identification of such underpayment.

J. Indemnification

(1) Anything to the contrary contained in the Agreement notwithstanding, PROVIDER shall indemnify and hold PLAN harmless against any losses, claims, demands, liabilities, court costs, judgments and expenses, imposed by a court or otherwise incurred by PLAN after the execution date of this Amendment as a result of PLAN's receipt of IGT Rate Increases or payment of LMMCRR IGT payments, including but not limited to the following circumstances:

(2) In the event that State DHCS, the Department of Health and Human Services or any other federal or state agency recoups, offsets, or otherwise withholds any monies from or fails to provide any monies to PLAN, or PLAN is denied any monies to which it otherwise would have been entitled, for any reason relating to the Medi-Cal managed care capitation rate increases arising from the Intergovernmental Agreement as such increases flow through the Medi-Cal Agreement between PLAN and the State and this Agreement, including but not limited to (a) State DHCS' use of IGT Rate Increases or LMMCRR IGT payments to supplant or replace other amount in violation of the restrictions in Section 2.2 of the Intergovernmental Agreement; (b) the failure of the IGT Rate Increases to qualify in whole or part for federal participation pursuant to 42 C.F.R. part 433, subpart B; or (c) overpayment of IGT Rate Increases to PLAN by State DHCS, PLAN shall have a right to immediately recoup, offset or withhold any and all such amounts from payments otherwise due to PROVIDER. Recovery by PLAN pursuant to this section shall include, but not be limited to, reduction in future LMMCRR IGT payments paid to PROVIDER in an amount equal to the amount of IGT Rate Increases payments recovered from PLAN, or by reduction of any other amounts owed by PLAN to PROVIDER.

2. Term


The term of this Amendment shall commence on October 1 2011 and shall terminate on May 1 2014.

All other terms and provisions of said Agreement shall remain in full force and effect so that all rights, duties and obligations, and liabilities of the parties hereto otherwise remain unchanged; provided, however, if there is any conflict between the terms of this Amendment and the Agreement, then the terms of this Amendment shall govern.

SIGNATURES

HEALTH PLAN:  Date: 8/15/2013

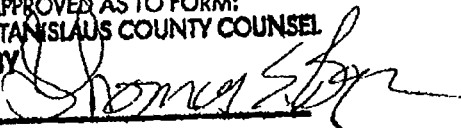
By: Title: Chair, VP STATE HEALTH PROGRAMS

PROVIDER:  Date: 8/16/13

By: Title: Mary Ann Lee, Managing Director, Stanislaus County Health Services Agency

APPROVED AS TO FORM:
STANISLAUS COUNTY COUNSEL

BY


DATE: 7-19-13