County of Los Angeles
Sheriff's Department Headquarters
4700 Ramona Boulevard
Monterey Park, California 91754-2169

LEROY D. BACA, SHERIFF

July 5, 2006

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
Los Angeles, California 90012

Dear Supervisors:

APPROVAL OF AGREEMENT WITH DVA HEALTHCARE RENAL CARE, INCORPORATED, FOR END STAGE DIALYSIS TREATMENT SERVICES (ALL DISTRICTS) (3 VOTES)

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and instruct the Mayor of the Board of Supervisors, County of Los Angeles, to sign the attached Agreement with DVA Healthcare Renal Care, Incorporated (DaVita), to provide out-patient End Stage Renal Dialysis (ESRD) treatment services to inmates in Sheriff's custody for a term of two (2) years, with options to extend for three (3) one-year periods and six months, in any increment, for a total cost not to exceed $6,810,210.

2. Authorize the Sheriff, or his designee, to modify the Agreement within the conditions specified in the Agreement, including authority to exercise the extension provisions, if, at the Sheriff's discretion, such extensions would be in the best interest of the County.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS

The purpose of the recommended actions is to enable the Los Angeles County Sheriff's Department (Department) to provide out-patient ESRD treatment services, including medical care, to inmates in Sheriff's custody who suffer from chronic renal failure. Under both Federal and State laws, the Department has the legal obligation to provide reasonable health care to its inmate population. Up to twenty (20) inmates may require ESRD treatments at least three (3) times per week.

Implementation of Strategic Plan Goals

The services provided under these Agreements support the County's Strategic Goal 1: Service Excellence, and Goal 4: Fiscal Responsibility. The Department has determined that out-patient dialysis services are more cost effective than providing those services in-house. Inmates are provided quality services for their chronic medical conditions, while allowing the Department to manage its medical and custody services operations more effectively and efficiently.

FISCAL IMPACT/FINANCING

The cost for ESRD treatment services has been included in the Department's current Fiscal Year (FY) 2005-06 operating budget and for FY 2006-07 operating budget. Since the Department is required to provide these services to inmates suffering from chronic renal failure, the Department will continue to allocate the necessary funds throughout the duration of this Agreement.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Department is responsible for providing reasonable medical care to inmates in custody, which includes dialysis treatment for inmates with chronic renal failure. Once in custody, inmates who undergo dialysis treatments are ineligible for Medicare and/or Medi-Cal reimbursement.

The Department has been providing out-patient ESRD treatment services for inmates since 1985. The Department is responsible for transporting inmates to and from the treatment facility and for providing security at all times during the transporting and treatment processes. In recent years, the Department has explored the possibility of providing such services in-house. However, for the Department, the costs of maintaining a dialysis clinic, subject to Federal and State regulations, are higher than sending inmates to private entities to receive treatments.

The current contractor, DVA Healthcare Renal Care, Incorporated, acquired the previous contractor, Gambro Healthcare Inc., in October 2005. Gambro had been providing ESRD services to the Department since 1999. The current Agreement, which is in its second option year, expires on March 31, 2007.

The ESRD treatment process includes dialysis treatments, periodic examination of patients and reviewing patient records by physicians who specialize in renal care. DaVita will provide dialysis treatments only; the firm does not have staff physicians to provide professional medical services. Daniel Levitan M.D., Inc., an independent medical corporation specializing in renal and related care, has been providing professional medical services to Gambro and DaVita since 1999. State and Federal

laws relating to the corporate practice of medicine require the Department to enter into separate agreements with DaVita and Levitan.

Under the Agreement, DaVita will not be asked to perform services which exceed the scope of work or contract dates.

The Contractor is in compliance with all Board, Chief Administrative Office, and County Counsel Requirements.

County Counsel has reviewed and approved the Agreement as to form.

CONTRACTING PROCESS

A Request for Proposals (RFP) was released in mid-January 2005, to twenty-seven (27) firms. The information was posted on the County of Los Angeles website. The firms included those that were obtained from a Department of Health Services list, those who responded to previous Department solicitations, and those who responded to the website posting. Three firms submitted proposals in March 2005. An evaluation team evaluated all three proposals and recommended Gambro, which subsequently became DaVita in October 2005, as the most qualified proposer and is being recommended for the contract award.

Although it was the second lowest cost, rather than the lowest cost proposer, DaVita was selected by the evaluation committee because it was most responsive to the RFP and, as a result of a site visit, demonstrated that it would be capable of providing the Department with a high level of service.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

There will be no negative impact on current Sheriff's Department operations and services.

CONCLUSION

Upon approval by your Board, please return an adopted copy of this action and two original executed copies of the Agreement to the Sheriff's Department's Contracts Unit.

Sincerely,

Lee Baca

LEROY D. BACA
SHERIFF

LDB:TLW:FEW:IDC:kf
(Contracts Unit – Administrative Services Division)

c: Executive Officer, Board of Supervisors, Justice Deputies (5)
David E. Janssen, Chief Administrative Officer
Sharon R. Harper, Deputy Chief Administrative Officer
J. Tyler McCauley, Auditor-Controller
Raymond G. Fortner, Jr., County Counsel
Gary Gross, Principal Deputy, County Counsel
Debbie Lizzari, Assistant Administrative Officer, CAO
Rochelle Goff, Assistant Division Chief, CAO
Sheila Williams, Departmental Analyst, CAO
Paul K. Tanaka, Assistant Sheriff
Marc Klugman, Chief, Correctional Services
Victor Rampulla, Division Director, Administrative Services Division (ASD)
Glen Dragovich, Assistant Division Director, ASD
Rodney Penner, Captain, Medical Services Bureau
Stephen Van Herpe, Lieutenant, Transportation Bureau
Teri L. Wilhelm, Director, Fiscal Administration
Thomas Flaherty, Assistant Director, Medical Services Bureau
Frank E. Williams, Assistant Director, Fiscal Administration
Merrill Ladenheim, Sergeant, ASD
Irma D. Cobos, Manager, Contracts Unit
Karen Giles, Administrator, Medical Services Bureau
Kerry Fuse, Contracts Analyst, Contracts Unit
Chrono file

(CONTRACTS/Davita Levitan 07_05_06)

AGREEMENT BETWEEN COUNTY OF LOS ANGELES
AND
DVA HEALTHCARE RENAL CARE, INC.
FOR
INMATE OUT-PATIENT END STAGE RENAL DIALYSIS (ESRD) TREATMENT SERVICES

This Agreement is made and entered into, as of the Effective Date by and between the County of Los Angeles hereinafter referred to as County and DVA Healthcare Renal Care, Incorporated, a Nevada Corporation, hereinafter referred to as Contractor for Inmate Out-Patient End Stage Renal Dialysis Treatment Services.

RECITALS

WHEREAS, the Los Angeles County Sheriff (hereafter "Sheriff") is required under the California Code of Regulations, Title 15, Crime Prevention and Corrections, Division 1, Subchapter 4, Article 10, to provide reasonable healthcare to its inmate population;

WHEREAS, the County does not have the technical staff with the specific skills and expertise necessary to provide end stage renal dialysis (ESRD) treatments;

WHEREAS, the County is authorized by California Government Code, Section 31000 to contract for special services, including the services described herein;

WHEREAS, Contractor is a private firm specializing in providing End Stage Renal Dialysis Treatment Services; and

WHEREAS, Contractor warrants and represents that it has the professional skills, technological capabilities, and experience to accomplish the foregoing without interruption of County's current operations and to provide the services, features and functionality described in this Agreement and the Exhibits attached hereto.

NOW, THEREFORE, in consideration of the forgoing Recitals, all of which are incorporated as part of this Agreement, Contractor and County hereby further agree as follows:

AGMT Davita

1.0 APPLICABLE DOCUMENTS

1.1 This base document, along with Exhibits A, B, C, D, E, and F, attached hereto, along with any Change Orders and Amendments are and form this Agreement. In the event of any conflict or inconsistency in the definition or interpretation of any word, responsibility, service, schedule and contents and description of any task, deliverable, or service, and/or other work and/or otherwise between and/or among this base document and/or the Exhibits, such conflict and/or inconsistency shall be resolved by giving precedence first to this base document, and then to the Exhibits according to the following priority:

1. Exhibit A - Statement of Work

2. Exhibit B - Price Schedule

3. Exhibit C - Contractor's EEO Certification

4. Exhibit F1 - DaVita Renal Healthcare, Inc. Critical Compliance Concepts

   Exhibit F2 - DaVita Renal Healthcare, Inc. Compliance with the Anti-Kickback Statute

   Exhibit F3 - Addendum to Agreement

5. Exhibit D1 - Contractor Employee Acknowledgment and Confidentiality Agreement

   Exhibit D2 - Contractor Non-Employee Acknowledgment and Confidentiality Agreement

6. Exhibit E - Contractor's Obligations as a Business Associate Under the Health Insurance Portability and Accountability Act of 1996 (HIPPA)

1.2 This Agreement and the Exhibits hereto constitute the complete and exclusive statement of understanding between the parties, and

supersedes all previous Contracts, written and oral, and all communications between the parties relating to the subject matter of this Agreement. No change to this Agreement shall be valid unless prepared pursuant to Paragraph 9.0 (Change Orders and Amendments) and signed by both parties.

2.0 DEFINITIONS

The headings herein contained are for convenience and reference only and are not intended to define the scope of any provision thereof. The following words as used herein shall be construed to have the following meaning, unless otherwise apparent from the context in which they are used.

2.1 "Agreement" shall mean the contract executed between County and Contractor. It sets forth the terms and conditions for the issuance and performance of Exhibit A (Statement of Work).

2.2 "Auditor-Controller" shall refer to the County department that is responsible for auditing business operations and paying debts.

2.3 "Board of Supervisors" shall refer to the legally governing body politic for the County of Los Angeles.

2.4 "Contractor" shall refer to the sole proprietor, partnership, or corporation that has entered into a contract with the County to perform or execute the work specified in Appendix A (Statement of Work).

2.5 "Contractor's Project Manager" shall refer to the individual designated by the Contractor to administer the contract operations after the Agreement award.

2.6 "County's Project Director" shall refer to the individual designated by County with authority for County on contractual or administrative matters relating to this Agreement that cannot be resolved by County's Project Manager.

2.7 "County's Project Manager" shall refer to the individual designated by County to oversee the day-to-day activities of this Agreement.

2.8 "Day" or "days" whether singular or plural, whether used with initial letter capitalization or not, shall mean calendar day(s) and not business day(s), unless otherwise expressly specified.

2.9 "Effective Date" shall mean the date upon which the Agreement is approved, signed, and executed by County's Board of Supervisors.

2.10 "Fiscal Year" shall mean the consecutive twelve (12) month period from July 1 of a given year through June 30 of the following year.

2.11 "Maximum Contract Sum" shall mean the maximum monetary amount which may be paid by County to Contractor as set forth in Paragraph 6.0 (Contract Sum).

2.12 "Sheriff" shall refer to the elected official for the Sheriff's Department.

3.0 PERIOD OF PERFORMANCE

3.1 The term of this Agreement shall be effective as of the Effective Date, and shall continue for a period of two (2) years, unless sooner terminated or extended in whole or in part, as herein provided.

3.2 The term of the Agreement may be extended at the sole discretion of County for three (3) one-year periods and thereafter for a six (6) month period in any increment. The Sheriff, at his sole discretion, shall have the authority to exercise and execute the extension options. Preliminary notice of the County's intent to extend will be given sixty (60) days prior to expiration of the Agreement.

3.3 Contractor shall notify Sheriff when this Agreement is within six (6) months from the expiration of the term as provided for hereinabove. Upon occurrence of this event, Contractor shall send notification to County's Project Director.

3.4 In the event that this Agreement is terminated prior to the expiration date, Contractor shall, at no cost to the County, fully cooperate with County to transfer all County owned material and/or property in Contractor's possession to County within ten (10) days.

4.0 WORK

4.1 General

Pursuant to the provisions of this Agreement, Contractor shall on a timely basis provide, complete, and deliver all tasks, subtasks, deliverables, goods, services, and other work as set forth in Exhibit A (Statement of Work). Unless otherwise agreed to in writing, all work shall be performed at Contractor's dialysis treatment facility specified in the Statement of Work.

4.1.1 Unless otherwise agreed to in writing, all work shall be provided according to the Service Schedule specified in Subparagraph 5.2.

Any change in the days and/or hours of the service schedule must be agreed to by both parties pursuant to a Change Order. However, in the event that an inmate patient is unable or refuses to obtain treatment at the scheduled day and time, but requires a dialysis treatment later that same day or during a non-scheduled day, County may make arrangements by telephone with Contractor to schedule such off-day or off-hour treatment. Both parties shall use best efforts to accommodate each other's schedule and requirements.

4.1.2 If Contractor provides any tasks, subtasks, deliverables, services, or other work, to County other than those specified in Exhibit A (Statement of Work), as originally written or modified under the authority of County, these shall be gratuitous efforts on the part of Contractor for which Contractor shall have no claim whatsoever against County. This Subparagraph does not apply to other work contracted for by County.

4.2 Contractor's Operating Responsibilities

4.2.1 Contractor shall conform to and abide by all municipal and County ordinances, and all State and Federal laws and regulations, insofar as any of them are applicable. Where

permits and/or licenses are required to provide the specified dialysis services, Contractor and/or Contractor's employees must obtain the necessary permits or licenses from the appropriate regulatory agency having jurisdiction over such matters.

4.2.2 Contractor shall furnish and provide proof to County, all required credentials. These shall include but is not limited to the following:

A. Medical Director's and alternate Medical Director's proofs of current license to practice medicine and/or surgery in the State of California;

B. Medical Director's and alternate Medical Director's copies of current Drug Enforcement Agency (DEA) Certificate;

C. Medical Director's and alternate Medical Director's copies of Board Certification;

D. Copy of liability insurance certificate;

E. For nursing staff, proof of current licenses to practice nursing in the State of California;

F. For Registered Nursing staff, proofs of competency in providing hemodialysis services;

G. For hemodialysis technicians, proof of Certified Hemodialysis Technician certifications;

H. Health clearance status for all Contractor's staff providing dialysis services.

4.2.3 Contractor shall maintain, keep in good standing, and furnish County with proof of all licenses/certificates specified under Subparagraph 4.2.2, prior to beginning work under this Agreement within five (5) business days of the date of the execution of this Agreement, and throughout the entire term of the Agreement, including all applicable extension options as specified in Paragraph 3.0 (Period of Performance).

4.2.4 Contractor shall have in place, provide proof, and keep in good standing, a products warranty provision with Contractor's dialysis equipment distributor and/or manufacturer, which outlines the responsibilities of each party.

4.3 Dialysis Services Premises

Prior to referring patients to Contractor for services, County and Contractor shall conduct an inspection of the premises and immediate surrounding area and assess the extent to which the physical condition thereof will affect the dialysis services performed. County shall make no demands upon Contractor for any improvements or alteration of the premises, except if required for inmate, County or Contractor security. Contractor shall be responsible for any alterations required by County.

4.4 Equipment Maintenance

All Contractor-owned equipment, which include, but is not limited to, dialysis delivery systems (including all components such as the blood pump, infusion device, air detector, etc.), EKG/ECG, and electric scales shall comply with the National Electric Code and be approved by the Underwriter's Laboratory.

4.5 Utilization Coordination

Contractor and County agree to mutually comply and coordinate all patient care.

Patient care shall include, but is not limited to procedural, diagnostic, specialized service requests, and discharge planning. Contractor and County shall provide the other party with timely, legible, and complete responses to requests for information.

4.6 Replacement of Contractor Personnel

4.6.1 If Contractor wishes, or is obliged, to reassign any personnel from this project, Contractor shall use its best efforts to furnish

County's Project Manager with notice of such intention at the earliest possible time, and shall not effect any discretionary reassignment without the advance notice of County's Project Manager. County approval shall not be unreasonably withheld. Contractor shall use its best efforts to replace reassigned or terminated employees with at least equally qualified personnel within five (5) business days of such reassignment or termination.

4.6.2 Contractor shall promptly provide County with resume(s) of replacement(s), and an opportunity to interview such person(s) prior to County approval.

4.7 Approval of Contractor's Work

4.7.1 All work performed by, and all invoices submitted by Contractor hereunder must receive the written approval of County's Project Manager, who shall be responsible for a detailed evaluation of Contractor's performance before approval of work and/or payment of invoices is permitted.

4.7.2 In the event quality/performance deficiencies by Contractor necessitate disapproval of work, invoices, or time reports by County's Project Manager, County may pursue any and all remedies set forth in this Agreement or as otherwise provided by law.

4.8 Working Hours and Days

4.8.1 Contractor shall work as required during the course of this Agreement, depending upon the number of patients and their treatment needs.

Contractor's work hours and service days are specified in Subparagraph 5.2 (Service Schedule).

4.8.2 For work at designated and any other Contractor's facility, Contractor's services shall be provided during Working Hours specified in Subparagraph 5.2 (Service Schedule), unless

emergencies or specifically stated requirements dictate otherwise.

4.9 Work Locations

All services for routine end stage renal dialysis treatments shall be provided at Contractor's Burbank facility, as specified in Exhibit A, Statement of Work, Subparagraph 2.5 (Contractor's Facility). In the event that Contractor is unable to provide treatments on the scheduled date and time at the Burbank facility, Contractor has a back-up facility located in North Hollywood to provide dialysis treatments.

4.10 Transportation Expenses

County shall be responsible for all transportation and security expenses of inmate patients to and from Contractor's facility. County shall be responsible for, shall maintain approved auto liability insurance for, and shall indemnify Contractor for, all damages, losses and liabilities in connection with County personnel operating any vehicle on County-approved business relating to this Agreement.

4.11 Unapproved Work

If Contractor provides any tasks, subtasks, deliverables, goods, services, or other work to County other than those specified in this Agreement, or if Contractor provides such items requiring County's prior written approval without first having obtained such written approval, the same shall be deemed to be a gratuitous effort on the part of Contractor, and Contractor shall have no claim whatsoever against County therefore.

5.0 FEE AND SERVICE SCHEDULE

5.1 Fee Schedule

County shall pay Contractor a per treatment fee for routine renal dialysis and related services, which includes costs for nurses, technicians, and the Medical Director, as overseer of the treatment process, equipment and supplies, and facility maintenance. The physician rate per visit/treatment

for medical services will be paid to the nephrologists and/or the Medical Director, if he/she is also the attending physician. The physician's professional services and fees will be covered under a separate companion agreement.

5.1.1 Contractor's fee for routine end stage renal dialysis treatment for each year, including all option periods, will be as specified in Exhibit B (Price Schedule).

5.1.2 In addition to the fee per dialysis treatment, County will also pay Contractor for Erythopoietin (EPO) usage, a separately billable item. Other drugs such as those antibiotics, anabolics, analgesics, tranquilizers, hemantinics, muscle relaxants and sedatives that Medicare considers "non-routine" are included in the fee per dialysis treatment rate. Claims are to be made on the HCFA UB-92 forms as appropriate. The cost for EPO is specified in Exhibit B (Price Schedule). If not specified by Contractor in Exhibit B, any invoices for other services, supplies and/or medication shall be gratuitous, for which payment will not be made.

5.1.3 Contractor's rates for dialysis treatments and EPO usage shall remain firm for the duration of the Agreement.

5.2 Service Schedule

Contractor shall provide all non-emergency dialysis treatment between the hours of 5:30 a.m. to 11:00 a.m., on Tuesdays, Thursdays and Saturdays, excluding Contractor holidays, when appropriate, and depending upon the number of patients requiring treatment. Hours and days may be changed and/or added, if necessary, by mutual agreement of the parties by Change Order under Paragraph 9.0 (Change Orders and Amendments).

Sheriff staff will ensure that inmate patients arrive at Contractor's facility for treatment on or before 5:00 a.m. on the scheduled days with all necessary paperwork ready, so treatment can begin by 5:30 a.m., to enable Contractor to meet its treatment schedule for the day.

6.0 AGREEMENT SUM

6.1 The Maximum Agreement Sum is based on an annual average workload of 2,600 treatments, including any and all extensions, and an allowance to cover costs for unanticipated increases in the number of patients and EPO usage, and shall not exceed Six Million Eight Hundred Ten Thousand Two Hundred Ten Dollars ($6,810,210.00) [hereinafter, the "Maximum Sum"]. The allowance shall not exceed $100,000 for the entire term of the Agreement. Any and all out-of-pocket fees, costs, taxes, and/or expenses not specified by Contractor in Exhibit B (Price Sheet) and in Paragraph 5.0 (Payment and Service Schedule), shall be the sole responsibility of Contractor, and cannot be the basis in a Contractor request for an increase in the Maximum Contract Sum.

Contractor shall pay any and all taxes that are now in effect or shall hereafter be imposed or levied that may be applicable to this Contractor or any of the work performed hereunder, including, but not limited to, payroll, income, sales, and social security taxes. In no event shall such obligation(s) and/or payment(s) increase the Maximum Sum.

6.2 There is no guarantee that the Maximum Agreement Sum will be paid during the term of the Agreement.

6.3 The Contractor shall not be entitled to payment or reimbursement for any tasks or services performed, nor for any incidental or administrative expenses whatsoever incurred in or incidental to performance hereunder, except as specified herein. Assumption or takeover of any of the Contractor's duties, responsibilities, or obligations, or performance of same by any entity other than the Contractor, whether through assignment, subcontract, delegation, merger, buyout, or any other mechanism, with or without consideration for any reason whatsoever, shall occur only with the County's express prior written approval.

6.4 Contractor shall maintain a system of record keeping that will allow Contractor to determine when it has incurred Seventy-Five percent (75%) of the total contract authorization under this Agreement. Upon occurrence of this event, Contractor shall send written notification to County's Program Manager.

6.5 No Payment for Services Provided Following Expiration/Termination of Agreement

Contractor shall have no claim against County for payment of any money or reimbursement, of any kind whatsoever, for any service provided by Contractor after the expiration or other termination of this Agreement. Should Contractor receive any such payment, it shall immediately notify County and shall immediately repay all such funds to the County. Payment by County for services rendered after expiration/termination of this Agreement shall not constitute a waiver of County's right to recover such payment from Contractor. This provision shall survive the expiration or other termination of this Agreement.

7.0 BUDGET REDUCTIONS

In the event that the County's Board of Supervisors adopts, in any fiscal year, a County budget which provides for reductions in the salaries and benefits paid to the majority of County employees and imposes similar reductions with respect to County Contracts, the County reserves the right to reduce its payment obligation correspondingly for that fiscal year and any subsequent fiscal year for services provided by the Contractor under the Agreement. The County's notice to the Contractor regarding said reduction in payment obligation shall be provided within thirty (30) days of the Board's approval of such actions. The Contractor shall continue to provide all of the services set forth in this Agreement.

8.0 INVOICES

8.1 The Contractor shall invoice the County only for providing the tasks, deliverables, goods, services and other work specified in Exhibit A (Statement of Work) and elsewhere hereunder. The Contractor shall prepare the invoices, which shall include the charges owed to the Contractor by the County under the terms of this Agreement. The Contractor's payments shall be as provided in Exhibit B (Price Schedule), and the Contractor shall be paid only for the tasks, goods, services, and other work approved in writing by the County.

If the County does not approve work in writing, no payment shall be due to the Contractor for that work.

8.2 Invoices, Charges for Service and Payments

8.2.1 Contractor shall submit separate invoices to County for each patient it provides services under this Agreement. Contractor invoices for dialysis services shall be separate from invoices for physicians or Medical Director's professional medical services fee. Contractor shall invoice County thirty (30) days in arrears. Contractor shall prepare invoices using the HCFA UB-92 form, with content and format as provided below:

A. County's Agreement Number

B. Contractor's Name and Address

C. Contractor's Contact Person

D. Contractor's Federal Tax ID#

E. Billing Period

F. Patient Information, including:

1. Last Name

2. First Name, and Middle Initial

3. Patient Booking Number

4. Date(s) of Services

5. Description of Services Provided

6. Service Code

7. Service Units

8. Service Charges

9. Total Charges

10. Signature Fields

8.2.2 Contractor shall submit an original and one (1) copy of each invoice, addressed as shown below, for the applicable billing period and only for providing County authorized and County approved tasks, services, and all other work required hereunder.

Original Invoice to:

Los Angeles County Sheriff's Department
Twin Towers Correctional Facility
Medical Services Bureau
450 Bauchet Street, Room 5238
Los Angeles, California 90012
Attn: Materials Handling

Copy to:

Los Angeles County Sheriff's Department
Fiscal Administration
Accounts Payable Section
4700 Ramona Boulevard, Room 316
Monterey Park, California 91754

8.2.3 Payment for all completed work shall be contingent upon County's Project Manager approval of the itemized invoice and forwarding approved invoice to Fiscal Administration for payment authorization. Approval for payment will be given promptly for accepted work, and, in the absence of irregularities, payment should be made within thirty (30) days following receipt of invoice.

8.2.4 County shall not be responsible for invoice payments if any invoice is received later than one hundred twenty (120) days after the work has been completed.

8.2.5 County shall not pay Contractor for any services and amounts not specified in Paragraph 5.0 (Payment and Service Schedule).

8.3 Approval of Invoices

All invoices submitted by Contractor for payment must have the written approval of the County's Project Manager prior to any payment thereof, less any offsets due to County. County approval shall be provided or denied in a timely manner, within ten (10) days following submission of the invoice after County's approval of the applicable deliverable(s) or other work. In no event shall County be liable or responsible for any payment prior to such written approval.

9.0 CHANGE ORDERS AND AMENDMENTS

9.1 County reserves the right to change any portion of the work required under this Agreement and/or any other Paragraph of this Agreement. All such changes shall be accomplished only as provided in this Paragraph 9.0 (Change Orders and Amendments).

9.2 For any change requested by County and which does not affect the scope of work, term, payment, Maximum Agreement Sum, or any term or condition included in this Agreement, such change may be affected, but only on mutual agreement, by means of a Change Order executed by the County's Project Director and Contractor's Project Manager.

9.3 For any change requested by County, which does affect the scope of work, terms, payments, Maximum Agreement Sum and/or any term or condition included in this Agreement, a negotiated Amendment to this Agreement shall be prepared and executed by County's Board of Supervisors and Contractor to be valid and enforceable.

9.4 The County's Board of Supervisors or Chief Administrative Officer, or designee, may require the addition and/or change of certain terms and conditions in the Agreement during the term of this Agreement. The County reserves the right to add and/or change such provisions as required by the County's Board of Supervisors or Chief Administrative Officer. To implement such changes, an Amendment to the Agreement

shall be prepared and executed by the Contractor and by County's Project Director.

9.5 The Sheriff may, at his sole discretion, authorize extensions of time as defined in Paragraph 3.0 (Period of Performance). The Contractor agrees that such extensions of time shall not change any other term or condition of this Agreement during the period of such extensions. To implement an extension of time, an Amendment to the Agreement shall be prepared and executed by the Contractor and Sheriff.

10.0 REMEDIES AND WARRANTIES

10.1 Notwithstanding any provision in this Agreement to the contrary, the rights and remedies set forth throughout this Agreement are non-exclusive and cumulative to each other, and to any other and/or additional rights and/or remedies at law and/or in equity.

10.2 Contractor represents, warrants, covenants, and agrees that throughout the term of this Agreement:

10.2.1 Contractor shall strictly comply with the descriptions and representations set forth in this Agreement;

10.2.2 All tasks, subtasks, deliverables, goods, services, and other work shall be performed in a timely and professional manner by qualified personnel;

10.2.3. All tasks, subtasks, deliverables, goods, services, and other work shall be completed in accordance with this Agreement.

11.0 ADMINISTRATION OF AGREEMENT - COUNTY

11.1 County's Project Director

11.1.1 County's Project Director for this Agreement shall be the person that holds the following position:

Captain Rodney Penner, Director
Medical Services Bureau
Los Angeles County Sheriff's Department
Twin Towers Correctional Facility
450 Bauchet Street, Tower II, Room E873
Los Angeles, California 90012

Telephone: (213) 893-5460
Fax: (213) 415-1284

11.1.2 County's Project Director shall be responsible for the overall administration of this Agreement, including keeping and updating all records relating thereto, and for resolving disputes between County and Contractor.

11.1.3 County's Project Director is not authorized to make any changes in any of the terms and conditions of this Agreement and is not authorized to further obligate County in any respect whatsoever.

11.1.4 County's Project Director shall have the right at all times to inspect any and all tasks, goods, services or other work performed or provided by or on behalf of the Contractor.

11.2 County's Project Manager

11.2.1 County's Project Manager for this Agreement shall be the person that holds the following position or his/her designee:

Thomas Flaherty, Assistant Director
Medical Services Bureau
Los Angeles County Sheriff's Department
Twin Towers Correctional Facility
450 Bauchet Street, Room E873
Los Angeles, California 90012

Telephone: (213) 893-5461
Fax: (213) 415-1284

11.2.2 County's Project Manager shall be responsible for the day-to-day administration of this Agreement, ensuring that the Contractor meets all procedural, medical and technical requirements of providing dialysis treatments to inmates.

11.2.3 County's Project Manager is not authorized to make any changes in any of the terms and conditions of this Agreement and is not authorized to further obligate County in any respect whatsoever.

11.2.4 County's Project Manager shall have the right at all times to inspect any and all tasks, goods, services or other work provided by or on behalf of the Contractor.

11.2.5 County's Project Manager shall advise County's Project Director as to Contractor's performance in areas relating to requirements and standards.

11.2.6 All non-routine dialysis services performed hereunder by Contractor must meet with the approval of the County's Project Manager, who shall be responsible for a detailed evaluation of Contractor's performance and whose written approval of all invoices submitted is required prior to any payment thereon.

12.0 ADMINISTRATION OF AGREEMENT - CONTRACTOR

12.1 Contractor's Project Director

12.1.1 Contractor's Project Director shall be a full-time employee of Contractor, and is designated as follows:

Rich Seebold, Regional Vice President
DaVita Inc.
4445 Riverside Drive
Chino, California 91710

Telephone: (909) 628-0590
Fax: (909) 628-2670
E-mail: Rich.Seebold@davita.com

12.1.2 Contractor's Project Director shall be responsible for the Contractor's performance of all its tasks and deliverables and shall ensure Contractor's compliance with this Agreement.

12.1.3 Contractor's Project Director shall meet and/or confer with Contractor's Project Manager and/or County's Project Manager on a regular basis.

12.2 Contractor's Project Manager

12.2.1 Contractor's Project Manager shall be a full-time employee of Contractor and is designated as follows:

Niki Fafoutis
Regional Director
4632 West Century Boulevard
Inglewood, California 90304

Telephone: (323) 219-6252
Fax: (323) 209-7859
Email: Niki.Fafoutis@davita.com

12.2.2 Contractor's Project Manager shall be responsible for Contractor's day-to-day activities as related to this Agreement and for reporting to County in the manner set forth in Paragraph 14.0 (Reporting by Contractor). Any issues, problems, or disputes which may arise and cannot be resolved by County's Project Manager may be reported by Contractor's Project Manager to County's Project Director.

12.2.3 Contractor's Project Manager shall coordinate with County's Project Manager, on a regular basis with respect to all work being performed on active tasks and deliverables.

12.2.4 Contractor's Project Manager shall meet or confer with County's Project Director and/or County's Project Manager on a regular basis.

13.0 APPROVAL OF CONTRACTOR'S STAFF

13.1 County's Project Manager has the absolute and on-going right to reasonably approve or disapprove all Contractor's staff performing work hereunder and any proposed changes in Contractor's staff, including, but not limited to Contractor's Project Manager. After initial approval, County may disapprove Contractor's staff and may require replacement of such staff upon reasonable cause as determined by County's Project Director and/or County's Project Manager. Reasonable cause may include, but is not limited to, reasons such as change in project priorities, scope or cost, change in County policies, personnel difficulties, performance difficulties, perceived or actual conflicts of interest or other perceived or actual ethical, legal, or non-legal difficulties. This action shall not preclude Contractor from assigning replaced staff to provide ESRD treatment services to other patients not covered under this Agreement. Contractor shall use best efforts to provide County with a resume of each substitute employee and an opportunity to interview such person.

13.2 Contractor shall submit to County's Project Manager a roster of all employees that will perform services under this Agreement. The Contractor shall maintain this roster and provide County's Project Manager with updates, as necessary, to keep the roster current.

14.0 REPORTING BY CONTRACTOR

14.1 To control expenditures and to ensure the proper and timely reporting of all tasks, deliverables, services, and other work provided by Contractor, Contractor shall provide County's Project Manager, unless directed otherwise, with a written report on a monthly basis, as directed by the County's Project Manager, for all active projects and shall contain the following information:

A. Overview of the reporting period including issues resolved;

B. Number of patients and treatments provided during reporting period;

C. Changes in procedures or schedules made during reporting period;

D. Proposed changes in procedures or schedules to be made in the next reporting period;

E. Issues to be resolved;

F. Any difficulties encountered by Contractor which could jeopardize the completion of the deliverables within the schedule; and

G. Any other information, which County may from time-to-time require.

14.2 County's Project Manager shall monitor status reports. Any unresolved problems shall be reported to County's Project Director.

15.0 RULES AND REGULATIONS

15.1 Contractor and its employees shall become familiar with and obey all County rules and regulations, including fire, traffic safety and security regulations.

15.2 Contractor shall immediately remove and replace its employees that do not comply with County rules and regulations.

16.0 COUNTY'S OPERATING RESPONSIBILITIES

16.1 The County will have the following responsibilities:

16.1.1 Sheriff's Chief Physician or designee will develop and coordinate the treatment schedule with the Contractor's Project Director or designee.

16.1.2 Provide the following supplies and services:

A. Provide dietetic and social services to all inmate patients as needed.

B. Transport and escort inmate patients to and from Contractor's facility.

C. Provide and ensure the security of Contractor's staff, inmate patients, and other patients at Contractor's facility during treatments.

D. Provide all medications, including those recommended or prescribed by physicians assigned to provide medical services under the companion agreement.

17.0 INSPECTION

County's Project Manager shall have the right at all times to inspect treatment premises or otherwise evaluate the work being performed by the Contractor. County reserves the right to reject any deliverable, material, and/or service found, at County's sole discretion, to be unacceptable. Contractor shall immediately remedy unacceptable workmanship, at no expense to County, as specified under the terms and requirements of this Agreement.

18.0 COMPLIANCE WITH APPLICABLE LAW

18.1 Contractor shall comply with all applicable Federal, State and local laws, rules, regulations, ordinances, and directives, and all provisions, required thereby to be included in this Agreement, are hereby incorporated herein by reference.

18.2 Contractor shall indemnify and hold harmless the County from and against any and all liability, damages, costs, and expenses, including, but not limited to, defense costs and attorneys' fees, arising from or related to any violation on the part of the Contractor or its employees, agents, or subcontractors of any such laws, rules, regulations, ordinances, or directives.

19.0 COMPLIANCE WITH CIVIL RIGHTS LAWS

The Contractor hereby assures that it will comply with Subchapter VI of the Civil Rights Act of 1964, 42 U.S.C. Sections 2000(e)(1) through 2000(e)(17), to the

end that no person shall, on the grounds of race, creed, color, sex, religion, ancestry, age, condition of physical handicap, marital status, political affiliation, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under this Agreement or under any project, program, or activity supported by this Agreement. The Contractor shall comply with Exhibit C (Contractor's EEO Certification).

20.0 EMPLOYMENT ELIGIBILITY VERIFICATION

20.1 Contractor warrants that it fully complies with all Federal and State statutes and regulations regarding the employment of aliens and others and that all of its employees performing work under this Agreement meet the citizenship or alien status requirements set forth in Federal and State statutes and regulations. The Contractor shall obtain, from all employees performing work hereunder, all verification and other documentation of employment eligibility status required by Federal and State statutes and regulations, as they currently exist and as they may be hereafter amended.

20.2 The Contractor shall retain all such documentation for all covered employees for the period prescribed by law. Contractor shall indemnify, defend, and hold harmless County, its agents, officers, and employees from employer sanctions and any other liability which may be assessed against the Contractor or County or both in connection with any alleged violation of any Federal or State statutes or regulations pertaining to the eligibility for employment of any persons performing work under this Agreement.

21.0 FAIR LABOR STANDARDS

The Contractor shall comply with all applicable provisions of the Federal Fair Labor Standards Act, and shall indemnify, defend, and hold harmless the County and its agents, officers, and employees from any and all liability, including damages, losses, wages, overtime pay, liquidated damages, penalties, court costs, fees arising and other expenses (including attorneys' fees) arising under any wage and hour law, including, the Federal Fair Labor Standards Act for work performed by Contractor's employees.

22.0 NOTICE TO EMPLOYEES REGARDING THE FEDERAL EARNED INCOME CREDIT

Contractor shall notify its employees, and shall require each subcontractor to notify its employees, that they may be eligible for the Federal Earned Income Credit under the Federal income tax laws. Such notice shall be provided in accordance with the requirements set forth in Internal Revenue Service Notice 1015.

23.0 PROHIBITION AGAINST INDUCEMENT OR PERSUASION

Contractor and County agree that, during the term of this Agreement and for a period of one year thereafter, neither party shall in any way intentionally induce or persuade any employee of one party to become an employee or agent for the other party. Notwithstanding the foregoing, County shall be entitled to make offers of employment to employees of Contractor necessary or desirable to perform work as specified in this Agreement, in the event that: (a) County has the right to terminate the Agreement pursuant to Paragraph 42.0 (Termination for Insolvency), (b) the Agreement is terminated by County due to Contractor's default pursuant to Paragraph 43.0 (Termination for Default), (c) without resolution acceptable to both parties, Contractor and County have followed the Dispute Resolution Procedures, or (d) Contractor either announces the withdrawal of, support of, or otherwise no longer provides services County deems essential to, the ongoing support of the work as applicable.

24.0 INDEPENDENT CONTRACTOR STATUS

24.1 This Agreement is by and between the County and the Contractor and is not intended, and shall not be construed, to create the relationship of agent, servant, employee, partnership, joint venture, or association, as between the County and the Contractor. The employees or agents of one party shall not be, or be construed to be, the employees or agents of the other party for any purpose whatsoever. Contractor shall function as, and in all respects is, an independent contractor.

24.2 The County shall have no liability or responsibility for the payment of any salaries, wages, unemployment benefits, disability benefits, Federal, State, or local taxes, or other compensation, benefits, or taxes for any personnel provided by or on behalf of the Contractor.

24.3 The Contractor understands and agrees that all persons performing work pursuant to this Agreement are, for purposes of Workers' Compensation liability, the sole employees of the Contractor and not employees of the County. The County shall have no obligation to furnish, or liability for, workers' compensation benefits to any person as a result of any injuries arising from or connected with any work performed by or on behalf of Contractor pursuant to the Agreement.

24.4 As instructed in Paragraph 28.0 (Confidentiality), the Contractor shall cause each employee performing services covered by this Agreement to sign and adhere to Exhibit D1, "Contractor Employee Acknowledgment and Confidentiality Agreement". The Contractor shall cause each non-employee performing services covered by this Agreement to sign and adhere to Exhibit D2, "Contractor Non-Employee Acknowledgment and Confidentiality Agreement". Such agreement shall be delivered to the County's Project Director.

25.0 ASSIGNMENT AND DELEGATION

25.1 Contractor shall not assign its rights or delegate its duties under this Agreement, or both, either in whole or in part, without the prior written consent of the County, which may be provided by the Sheriff with concurrence of the Office of the County Counsel. Any unapproved assignment or delegation shall be null and void. Any payments by the County to any approved delegate or assignee on any claim under this Agreement shall be deductible, at County's sole discretion, against the claims, which the Contractor may have against the County.

25.2 If any assumption, assignment, delegation, or takeover of any of the Contractor's duties, responsibilities, obligations, or performance of same by any entity other than the Contractor, whether through assignment, subcontract, delegation, merger, buyout, or any other mechanism, with or without consideration for any reason whatsoever without the County's express prior written approval, may result in the termination of this Agreement.

26.0 SUBCONTRACTING

26.1 County has relied, in entering into the Agreement, on the reputation of and on obtaining the personal performance of Contractor itself. Therefore, the requirements of this Agreement may not be subcontracted by the Contractor without the advance approval of the County. Any attempt by the Contractor to subcontract without the prior consent of the County may be deemed a material breach of this Agreement.

26.2 If the Contractor desires to subcontract, Contractor shall provide the following information promptly at the County's request: (1) a description of the work to be performed by the proposed subcontractor; (2) a draft copy of the proposed subcontract; and (3) any other information and/or certifications requested by County.

26.3 The Contractor shall indemnify and hold the County harmless with respect to the activities of each and every subcontractor in the same manner and to the same degree as if such subcontractor(s) were Contractor employees.

26.4 The Contractor remains fully responsible for all performances required of it under this Agreement, including those that the Contractor has determined to subcontract, notwithstanding the County's approval of the Contractor's proposed subcontract.

26.5 The County's consent to subcontract shall not waive the County's right to prior and continuing approval of any and all personnel, including subcontractor's employees, providing services under this Agreement. The Contractor is responsible for notifying its subcontractors of this County right.

26.6 The County's Project Director is authorized to act for and on behalf of the County with respect to approval of any subcontract and subcontractor employees.

26.7 The Contractor shall be solely liable and responsible for all payments or other compensation to all subcontractors and their officers, employees, agents, and successors in interest arising through services performed hereunder, notwithstanding the County's consent to subcontract.

26.8 The Contractor shall obtain certificates of insurance, which establish that the subcontractor maintains all the programs of insurance required by the County from each approved subcontractor. The Contractor shall ensure delivery of all such documents to:

Los Angeles County Sheriff's Department
Contracts Unit
4700 Ramona Boulevard, Room 214
Monterey Park, California 91754
Attention: Karen Anderson

27.0 COUNTY PERFORMANCE OF CONTRACTED SERVICES

County may perform or supplement performance of this Agreement should an emergency require performance of services beyond the capability of the Contractor. Such performance will not constitute a breach of this Agreement by the County.

28.0 CONFIDENTIALITY

28.1 The Contractor shall maintain the confidentiality of all records obtained from County under this Agreement in accordance with all applicable Federal, State or local laws, ordinances, regulations and directives relating to confidentiality.

28.2 The Contractor shall inform all of its officers, employees, agents and subcontractors providing services hereunder of the confidentiality provisions of this Agreement. The Contractor shall cause each employee providing services covered by this Agreement to sign and adhere to Exhibit D1, "Contractor Employee Acknowledgment and Confidentiality Agreement". The Contractor shall cause each non-employee providing services covered by this Agreement to sign and adhere to Exhibit D2, "Contractor Non-Employee Acknowledgment and Confidentiality Agreement".

28.3 County shall protect, keep confidential and use whatever reasonable measures are necessary to protect Contractor's data, inmate medical records, and information from loss and/or destruction regardless of cause.

29.0 SECURITY AND PRIVACY

29.1 Contractor agrees that, except as provided by Federal law other than the Crime Control Act of 1973 (42 Section 3701 et seq.), it will not use or reveal any criminal history, case, data research, or statistical information furnished by the County and identifiable to any specific private person employed, in contact, or in custody of the Sheriff. Copies of such information shall be immune from the legal process, and shall not be admitted as evidence or used for any purpose in any action, suit, or other judicial or administrative proceedings without the consent of the person furnishing such information.

29.2 All work performed under this Agreement shall be considered confidential until such time it is considered public information by State law. The Contractor is prohibited from copying, sharing, providing electronic copies, or by any other means to provide a review of the documents and information produced through this Agreement to a third party unless specifically approved in writing by County's Project Manager.

30.0 RECORD RETENTION AND INSPECTION/AUDIT SETTLEMENT

30.1 The Contractor shall maintain accurate and complete financial records of its activities and operations relating to this Agreement, including any termination thereof, in accordance with generally accepted accounting principles. Contractor shall also maintain accurate and complete employment and other records relating to its performance of this Agreement. Contractor agrees that the County, or its authorized representatives, shall, with reasonable notice and during regular business hours, have access to and the right to examine, audit, excerpt, copy or transcribe any pertinent transaction, activity or records relating to this Agreement; provided that County's access to such employment records of Contractor shall be limited to access that does not constitute an unlawful invasion of the privacy rights of any such employee. Should the examination and audit be performed by a non-County entity or should a non-County entity be requested by County to review information received pursuant to an audit or examination under this Paragraph 30.0 (Record Retention and Inspection/Audit Settlement), Contractor may require the non-County examiner or auditor, as the case may be, to execute a

nondisclosure contract prior to any disclosure. The nondisclosure contract shall limit the non-County entity's use of the information received or reviewed in connection with the examination and audit to work performed specifically for the benefit of the County. All such material, including all financial records, time cards and other employment records/ shall be kept and maintained by Contractor and shall be made available to County during the term of this Agreement and for a period of five (5) years thereafter unless County's written permission is given to dispose of any such material prior to such time. All such material shall be maintained by Contractor at a location in Los Angeles County, provided that if any such material is located outside of Los Angeles County, then, at the Contractor's option, Contractor shall (a) provide County with access to such material at Contractor's Burbank facility; or (b) pay County for travel, per diem, and other costs incurred by the County to examine, audit, excerpt, copy or transcribe such material at such outside location; or (c) provide County with such material via mail or e-mail at Contractor's cost.

30.2 In the event that an audit of the Contractor is conducted specifically regarding this Agreement by any Federal or State auditor, then the Contractor shall file a copy of such audit report with County's Auditor Controller and County's Project Director within thirty (30) days of Contractor's receipt thereof, unless otherwise provided by applicable Federal or State law or under this Agreement. The County shall make a reasonable effort to maintain the confidentiality of such audit report(s).

30.3 Failure on the part of the Contractor to comply with any of the provisions of this Paragraph 30.0 shall constitute a material breach of this Agreement upon which the County may terminate or suspend this Agreement.

30.4 If, at any time during or after the term of this Agreement, representatives of County conduct an audit of Contractor, and to the extent permitted hereunder, regarding the work performed under the Agreement, the results of such audit, including any final determination in respect of any underpayment or overpayment, if any by County under the Agreement, shall be provided in writing to Contractor. Contractor shall have thirty (30) days to review the findings contained in such audit and notify County of any objection to the same. Such notice must include, in reasonable

detail, the basis for Contractor's objection and any supporting documentation as analysis for Contractor's objection. If the parties cannot agree, within fifteen (15) days of receipt of Contractor's objection to the findings contained in County's audit, on the amount of underpayment or overpayment, if any, by County to Contractor hereunder, then either party may submit such matter to the Dispute Resolution Procedure, provided such matter shall be submitted initially, directly to the County Project Director and Contractor Project Director. If Contractor fails to notify County of any objection it has to the findings of County's audit within the thirty (30) day period set forth above, Contractor waives any right to object to the findings of such audit, including any determination of overpayment by County. If such audit, whether initially following a waiver by Contractor of its right of objection or upon final determination pursuant to the Dispute Resolution Procedure, finds that County's dollar liability for any such work is less than payments made by the County to Contractor, then the difference, together with County's reasonable costs of audit, shall either be repaid by Contractor to County by cash payment upon demand or, at the discretion of the County Project Director, deducted from any amounts due to Contractor from County. If such audit finds that County's dollar liability for such work is more than the payments made by County to Contractor, then the difference shall be paid to Contractor by County, but in no event shall County's payments to Contractor exceed the Maximum Contract Sum. The County's audit and recoupment rights shall be subject to applicable law.

31.0 INDEMNIFICATION

The Contractor shall indemnify, defend and hold harmless the County, its Special Districts, elected and appointed officers, employees, and agents from and against any and all liability, including but not limited to demands, claims, actions, fees, costs, and expenses (including attorney and expert witness fees), arising from or connected with the Contractor's acts and/or omissions arising from and/or relating to this Agreement.

32.0 GENERAL INSURANCE REQUIREMENTS

Without limiting the Contractor's indemnification of the County and during the term of this Agreement, the Contractor shall provide and maintain, and shall

require all of its subcontractors to maintain, the following programs of insurance specified in this Agreement. Such insurance, with respect to claims for which the County is indemnified by Contractor, hereunder, shall be primary to and not contributing with any other insurance or self-insurance programs maintained by the County. Such coverage shall be provided and maintained at Contractor's own expense.

32.1 Evidence of Insurance: Certificate(s) or other evidence of coverage satisfactory to County shall be delivered to:

Los Angeles County Sheriff's Department
4700 Ramona Boulevard, Room 214 East
Monterey Park, California 91754
Attention: Karen Anderson

prior to commencing services under this Agreement. Such certificates or other evidence shall:

A. Specifically identify this Agreement;

B. Clearly evidence all coverages required in this Agreement;

C. Contain the express condition that the County is to be given written notice by mail at least thirty (30) days in advance of cancellation for all policies evidenced on the certificate of insurance;

D. Include a copy of the blanket additional insured endorsement to the commercial general liability policy, as evidence of County's additional insured status.

32.2 Insurer Financial Ratings: Insurance is to be provided by an insurance company with an A.M. Best rating of not less than A:VII, unless otherwise approved by County.

32.3 Failure to Maintain Coverage: Failure by the Contractor to maintain the required insurance, or to provide evidence of the required insurance coverage, shall constitute a material breach of the Agreement upon which County may immediately terminate or suspend this Agreement. The

County, at its sole option, may obtain damages from the Contractor resulting from said breach. Alternatively, after advanced written notice to the Contractor, the County may purchase such required insurance coverage, and without further notice to the Contractor, County may deduct from sums due to the Contractor any premium costs advanced by the County for such insurance.

32.4 Notification of Incidents, Claims or Suits: Contractor shall report to County:

A. Any accident or incident relating to services performed under this Agreement which involves injury or property damage which may result in the filing of a claim or lawsuit against the Contractor and/or the County. Such report shall be made in writing within twenty-four (24) hours of occurrence, or as soon as reasonably possible.

B. Any third party claim or lawsuit filed against the Contractor arising from or related to services performed by the Contractor under this Agreement.

C. Any injury to a Contractor employee that occurs on County property. This report shall be submitted on a County Non-employee Injury Report to the County's Project Manager.

D. Any loss, disappearance, destruction, misuse, or theft of any kind whatsoever of County property, monies or securities entrusted to Contractor under the terms of this Agreement.

32.5 Compensation for County Costs: In the event that Contractor fails to comply with any of the indemnification or insurance requirements of this Agreement, and such failure to comply results in any costs to the County, the Contractor shall pay full compensation for all costs incurred by the County.

32.6 Insurance Coverage Requirements for Subcontractors: The Contractor shall ensure any and all subcontractors performing services under this Agreement meet the insurance requirements of this Agreement by either:

A. The Contractor providing evidence of insurance covering the activities of subcontractors, or

B. The Contractor providing evidence submitted by subcontractors evidencing that subcontractors maintain the required insurance coverage.

The County retains the right to obtain copies of evidence of subcontractor insurance coverage at any time.

33.0 INSURANCE COVERAGE REQUIREMENTS

33.1 General Liability insurance written on ISO policy form CG 00 01 or its equivalent with limits of not less than the following:

General Aggregate:	$2,000,000
Products/Completed Operations Aggregate:	$1,000,000
Personal and Advertising Injury:	$1,000,000
Each Occurrence:	$1,000,000

33.2 Workers Compensation and Employers' Liability insurance providing workers' compensation benefits, as required by the Labor Code of the State of California or by any other state, and for which Contractor is responsible.

In all cases, the above insurance also shall include Employers' Liability coverage with limits of not less than the following:

Each Accident:	$1,000,000
Disease - policy limit:	$1,000,000
Disease - each employee:	$1,000,000

33.3 Professional Liability insurance covering liability arising from any error, omission, negligent or wrongful act of the Contractor, its officers or employees with limits of not less than $1,000,000 per occurrence and $3,000,000 aggregate. The coverage shall include an extended two (2) year reporting period, or coverage shall be maintained for a period of not

less than two (2) years, commencing upon termination or cancellation of this Agreement.

33.4 Self-Insurance Requirements

The Contractor's use of self-insurance, or commercial insurance coverage, which is subject to a large deductible, shall only be permitted if the Contractor can provide adequate evidence that it is financially capable of maintaining an effective program. To assist in making this determination, County shall require the following:

A. A formal statement from the Contractor that it is self-insured for the type and amount of coverage required in this Agreement. If the Contractor is self-insured for workers' compensation benefits, it must provide to the County a copy of its "Certificate of Consent to Self-Insure" issued by the State. Contractor must notify County immediately of discontinuation or substantial change in the program.

B. A formal statement that the County is a protected party under Contractor's self-insurance program, and that Contractor's self-insured program will respond on a primary basis to any County commercial or self-insurance programs, to ensure that the County will be provided at least the same protection from liability and defense of lawsuits as would be provided by first dollar commercial insurance.

C. An agreement to notify the County immediately of any action or situation (such as a change in Contractor's financial condition) which would have a significant negative effect on the protection that the self-insurance program provides to the County.

D. An agreement to notify the County immediately of any claim or other action related to or involving the Agreement with the County.

E. Contact information for Contractor's self-insurance claim administrator or legal counsel.

F. A current audited financial statement to be forwarded by the Sheriff to the Auditor-Controller for evaluation of the financial condition of the Contractor. The Auditor-Controller will not "approve" or "disapprove" the Contractor's proposed self-insurance program; rather the Sheriff should review its evaluation in concert with other relevant information developed during the solicitation and negotiation processes in order to assess Contractor's ability to absorb financial losses not covered by commercial insurance.

Contractor's audited financial statements shall be evaluated by the County annually to ensure Contractor has adequate financial resources to respond to claims falling within the self-insured retention or self-insurance program.

The proposed self-insurance program must be reviewed and approved by the Sheriff prior to the effective date of this Agreement.

34.0 PUBLICITY

34.1 The Contractor shall not disclose any details in connection with this Agreement to any person or entity except as may be otherwise provided hereunder or required by law. However, in recognizing Contractor's need to identify its services and related clients to sustain itself, the County shall not inhibit the Contractor from publishing its role under this Agreement, with the following conditions:

A. The Contractor shall develop all publicity material in a professional manner; and

C. During the term of this Agreement, the Contractor shall not, and shall not authorize another to, publish or disseminate any commercial advertisements, press releases, feature articles, or other materials using the name of County without the prior written consent of County's Project Director. County shall not unreasonably withhold written consent.

34.2 Contractor may, without the prior written consent of County, indicate in its

proposals and sales materials that it has been awarded this Agreement with the County of Los Angeles, provided that the requirements of this Paragraph 34.0 shall apply.

35.0 GOVERNING LAW, JURISDICTION, AND VENUE

This Agreement shall be governed by, and construed in accordance with, the laws of the State of California. The Contractor agrees and consents to the exclusive jurisdiction of the courts of the State of California for all purposes regarding this Agreement and further agrees and consents that venue of any action brought hereunder shall be exclusively in the County of Los Angeles.

36.0 WARRANTY AGAINST CONTINGENT FEES

36.1 The Contractor warrants that no person or selling agency has been employed or retained to solicit or secure this Agreement upon any contract or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the Contractor for the purpose of securing business.

36.2 For breach of this warranty, the County shall have the right to terminate this Agreement and, at its sole discretion, deduct from the Agreement price or consideration, or otherwise recover, the full amount of such commission, percentage, brokerage or contingent fee.

37.0 SURVIVAL

The following portions of this Agreement shall survive in perpetuity its expiration or termination for any reason: Paragraph 21.0 (Fair Labor Standards), Paragraph 28.0 (Confidentiality), Paragraph 30.0 (Record Retention and Inspection/Audit Settlement).

38.0 CONFLICT OF INTEREST

38.1 No County employee whose position with the County enables such employee to influence the award of this Agreement, or any competing contract, and no spouse or economic dependent of such employee, shall

be employed in any capacity by the Contractor or have any direct or indirect financial interest in this Agreement. No officer or employee of the Contractor who may financially benefit from the performance of work hereunder shall in any way participate in the County's approval, or ongoing evaluation, of such work, or in any way attempt to unlawfully influence the County's approval or ongoing evaluation of such work.

38.2 The Contractor shall comply with all conflict of interest laws, ordinances and regulations now in effect or hereafter to be enacted during the term of this Agreement. The Contractor warrants that it is not now aware of any facts that create a conflict of interest. If the Contractor hereafter becomes aware of any facts, which might reasonably be expected to create a conflict of interest, it shall immediately make full written disclosure of such facts to the County. Full written disclosure shall include, but is not limited to, identification of all persons implicated and a complete description of all relevant circumstances. Failure to comply with the provisions of this Subparagraph 38.2 shall be a material breach of this Agreement.

39.0 CONTRACTOR'S WARRANTY OF ADHERENCE TO COUNTY'S CHILD SUPPORT COMPLIANCE PROGRAM

39.1 The Contractor acknowledges that the County has established a goal of ensuring that all individuals who benefit financially from County through contract are in compliance with their court-ordered child, family and spousal support obligations in order to mitigate the economic burden otherwise imposed upon the County and its taxpayers.

39.2 As required by the County's Child Support Compliance Program (County Code Chapter 2.200) and without limiting the Contractor's duty under this Agreement to comply with all applicable provisions of law, Contractor warrants that it is now in compliance and shall during the term of this Agreement maintain its compliance with employment and wage reporting requirements as required by the Federal Social Security Act (42 USC Section 653a) and California Unemployment Insurance Code Section 1088.5, and shall implement all lawfully served Wage and Earnings Withholding Orders or Child Support Services Department Notices of Wage and Earnings Assignment for Child, Family or Spousal Support,

pursuant to Code of Civil Procedures Section 706.031 and Family Code Section 5246(b).

40.0 TERMINATION FOR BREACH OF WARRANTY TO MAINTAIN COMPLIANCE WITH COUNTY'S CHILD SUPPORT COMPLIANCE PROGRAM

Failure of the Contractor to maintain compliance with the requirements set forth in Paragraph 39.0 (Contractor's Warranty of Adherence To County's Child Support Compliance Program) shall constitute a default by Contractor under this Agreement. Without limiting the rights and remedies available to County under any other provision of this Agreement, failure of the Contractor to cure such default within 90 (ninety) calendar days of written notice by the CSSD shall be grounds upon which the County may terminate this Agreement pursuant to Paragraph 43.0 (Termination For Default) and pursue debarment of Contractor, pursuant to County Code Chapter 2.202.

41.0 TERMINATION FOR IMPROPER CONSIDERATION

41.1 The County may, by written notice to the Contractor, terminate the right of Contractor to proceed under this Agreement if it is found that consideration, in any form, was offered or given by the Contractor, either directly or through an intermediary, to any County officer, employee or agent with the intent of securing this Agreement or securing favorable treatment with respect to the award, amendment, or extension of this Agreement or the making of any determinations with respect to the Contractor's performance pursuant to this Agreement. In the event of such termination, the County shall be entitled to pursue the same remedies against the Contractor as it could pursue in the event of default by the Contractor.

41.2 The Contractor shall immediately report any attempt by a County officer or employee to solicit such improper consideration. The report shall be made either to the County manager charged with the supervision of the employee or to the County Auditor-Controller's Employee Fraud Hotline at (800) 544-6861.

41.3 Among other items, such improper consideration may take the form of cash, discounts, service, the provision of travel or entertainment, or tangible gifts.

42.0 TERMINATION FOR INSOLVENCY

42.1 The County may terminate this Agreement forthwith in the event of the occurrence of any of the following:

A. Insolvency of the Contractor. The Contractor shall be deemed to be insolvent if it has ceased to pay its debts for a least sixty (60) days in the ordinary course of business or cannot pay its debts as they become due, whether or not a petition has been filed under the Federal Bankruptcy Code and whether or not Contractor is insolvent within the meaning of the Federal Bankruptcy Code;

B. The filing of a voluntary or involuntary petition regarding the Contractor under the Federal Bankruptcy Code;

D. The appointment of a Receiver or Trustee for the Contractor; or

E. The execution by Contractor of a general assignment for the benefit of creditors.

42.2 The rights and remedies of the County provided in this Paragraph 42.0 (Termination for Insolvency) shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Agreement.

43.0 TERMINATION FOR DEFAULT

43.1 The County may, by written notice to the Contractor, terminate the whole or any part of this Agreement if, in the judgment of the County's Project Director:

A. Contractor has materially breached this Agreement; or

B. Contractor fails to timely provide and/or satisfactorily perform any task, deliverable, service, or other work required under this Agreement; or

C. Contractor fails to demonstrate a high probability of timely fulfillment of performance requirements under this Agreement, or of any obligations of this Agreement and in either case, fails to demonstrate convincing progress toward a cure within five (5) working days (or such longer period as the County may authorize in writing) after receipt of written notice from the County specifying such failure.

43.2 In the event that the County terminates this Agreement in whole or in part as provided in Subparagraph 43.1, the Contractor shall be liable for damages as determined by California law.

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43.3 Except with respect to defaults of any subcontractor, the Contractor shall not be liable for any such excess costs of the type identified in Subparagraph 43.2 if its failure to perform under this Agreement arises out of causes beyond the control and without the fault or negligence of the Contractor. Such causes may include, but are not limited to: acts of God or of the public enemy, acts of Federal or State Governments in their sovereign capacities, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, and unusually severe weather; but in every case, the failure to perform must be beyond the control and without the fault or negligence of the Contractor. If the failure to perform is caused by the default of a subcontractor, and if such default arises out of causes beyond the control of both the Contractor and the subcontractor, and without the fault or negligence of either of them, Contractor shall not be liable for any such excess costs for failure to perform, unless the goods or services to be furnished by the subcontractor were obtainable from other sources in sufficient time to permit the Contractor to meet the

requirements. As used in this subparagraph the terms "subcontractor" and "subcontractors" mean subcontractor(s) at any tier.

43.4 If, after the County has given notice of termination under the provisions of this Paragraph 43.0 (Termination for Default), it is determined by the County that Contractor was not in default under the provisions of Subparagraph 43.2, or that the default was excusable under the provisions of Subparagraph 43.3, the rights and obligations of the parties shall be the same as if the notice of termination has been issued pursuant to Paragraph 44.0 (Termination For Convenience).

43.5 In the event the County terminates this Agreement in its entirety due to the Contractor's default as provided in Subparagraph 43.1, the Contractor and the County agree that the County will have actual damages, which are extremely difficult to calculate and impracticable to fix and which will include, but are not limited to, the County's costs of procurement of replacement services and costs incurred due to delays in procuring such services. Therefore, the Contractor and the County agree that the County shall, at its sole option and in lieu of the provisions of Subparagraph 43.2, be entitled to liquidated damages from the Contractor, pursuant to California Civil Code Section 1671, in the amount of Twenty Five Thousand Dollars ($25,000) or five percent (5%) of the applicable year's Agreement Sum, whichever is less, as equitable compensation to the County for such actual damages. The amount of liquidated damages shall be either paid by the Contractor to the County by cash payment upon demand or, at the sole discretion of the Sheriff, or designee, deducted from any amounts due to the Contractor by the County, whether under this Agreement or otherwise. These liquidated damages shall be in addition to any credits, which the County is otherwise entitled to under this Agreement, and the Contractor's payment of these liquidated damages shall not in any way change, or affect the provisions of Paragraph 31.0 (Indemnification).

43.6 The rights and remedies of the County provided in this Paragraph 43.0 (Termination for Default) shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Agreement.

44.0 TERMINATION FOR CONVENIENCE

44.1 This Agreement may be terminated, in whole or in part, from time to time, when such action is deemed by the County, in its sole discretion, to be in its best interest. Termination of work hereunder shall be effected by a notice of termination to the Contractor specifying the extent to which performance of work is terminated and the date upon which such termination becomes effective. The date upon which such termination becomes effective shall be no less than one hundred twenty (120) days after the notice is sent.

44.2 After receipt of a notice of termination and except as otherwise directed by the County, the Contractor shall:

A. Stop work under this Agreement on the date and to the extent specified in such notice; and

B. Complete performance of such part of the work as shall not have been terminated by such notice.

45.0 NOTICE OF DELAYS

Except as otherwise provided under this Agreement, when either party has knowledge that any actual or potential situation is delaying or threatens to delay the timely performance of this Agreement, that party shall, within one (1) day, give notice thereof, including all relevant information with respect thereto, to the other party.

46.0 TERMINATION FOR NON-ADHERENCE OF COUNTY LOBBYIST ORDINANCE

The Contractor, and each County lobbyist or County lobbying firm as defined in Los Angeles County Code Section 2.160.010, retained by the Contractor, shall fully comply with the County's Lobbyist Ordinance, Los Angeles County Code Chapter 2.160. Failure on the part of the Contractor or any County lobbyist or County lobbying firm retained by the Contractor to fully comply with the County Lobbyist Ordinance shall constitute a material breach of this Agreement, upon

which the County may in its sole discretion, immediately terminate or suspend this Agreement.

47.0 CONSIDERATION OF HIRING COUNTY EMPLOYEES TARGETED FOR LAYOFF OR RE-EMPLOYMENT LIST

Should the Contractor require additional or replacement personnel after the effective date of this Agreement to perform the services set forth herein, the Contractor shall give first consideration for such employment openings to qualified, permanent County employees who are targets for layoff, or qualified former County employees who are on a re-employment list during the life of this Agreement.

48.0 CONSIDERATION OF GAIN/GROW PROGRAM PARTICIPANTS FOR EMPLOYMENT

Should the Contractor require additional or replacement personnel after the effective date of this Agreement, the Contractor shall give consideration for any such employment openings to participants in the County's Department of Public Social Services' Greater Avenues for Independence (GAIN) Program or General Relief Opportunity for Work Program who meet the Contractor's minimum qualifications for the open position. For this purpose, consideration shall mean that the Contractor will interview qualified candidates. The County will refer GAIN/GROW participants by job category to the Contractor.
In the event that both laid-off County employees and GAIN/GROW participants are available for hiring, County employees shall be given first priority.

49.0 NONDISCRIMINATION AND AFFIRMATIVE ACTION

49.1 The Contractor certifies and agrees that all persons employed by it, its affiliates, subsidiaries, or holding companies are and shall be treated equally without regard to or because of race, color, religion, ancestry, national origin, sex, age, physical or mental disability, marital status, or political affiliation, in compliance with all applicable Federal and State anti-discrimination laws and regulations.

49.2 The Contractor shall certify to, and comply with, the provisions of Exhibit C (Contractor's EEO Certification).

49.3 The Contractor shall take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to race, color, religion, ancestry, national origin, sex, age, physical or mental disability, marital status, or political affiliation, in compliance with all applicable Federal and State anti-discrimination laws and regulations. Such action shall include, but is not limited to: employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship.

49.4 The Contractor certifies and agrees that it will deal with its subcontractors, proposers, or vendors without regard to or because of race, color, religion, ancestry, national origin, sex, age, physical or mental disability, marital status, or political affiliation.

49.5 The Contractor certifies and agrees that it, its affiliates, subsidiaries, or holding companies shall comply with all applicable Federal and State laws and regulations to the end that no person shall, on the grounds of race, color, religion, ancestry, national origin, sex, age, physical or mental disability, marital status, or political affiliation, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under this Agreement or under any project, program, or activity supported by this Agreement.

49.6 The Contractor shall allow County representatives access to Contractor's employment records during regular business hours to verify compliance with this Paragraph 49.0 (Nondiscrimination and Affirmative Action) when so requested by the County.

49.7 If the County finds that any provisions of this Paragraph 49.0 (Nondiscrimination and Affirmative Action) have been violated, such violation shall constitute a material breach of this Agreement upon which County may terminate or suspend this Agreement. While the County reserves the right to determine independently that the anti-discrimination provisions of this Agreement have been violated, in addition, a determination by the California Fair Employment Practices Commission or the Federal Equal Opportunity Commission that the Contractor has violated Federal or State anti-discrimination laws or regulations shall

constitute a finding by the County that Contractor has violated the anti-discrimination provisions of this Agreement.

49.8 The parties agree that in the event the Contractor violates any of the anti-discrimination provisions of this Agreement, the County shall, at its sole option, be entitled to the sum of five hundred dollars ($500) for each such violation pursuant to California Civil Code Section 1671 as liquidated damages in lieu of terminating or suspending this Agreement.

50.0 NOTICES

50.1 All notices or demands required or permitted to be given or made under this Agreement shall be in writing and shall be hand delivered with signed receipt or mailed by first-class registered or certified mail, postage prepaid, addressed to the parties at the following addresses: Addresses may be changed by either party given ten (10) days prior written notice thereof to the other party.

If to County:

Captain Rodney Penner, Director
Medical Services Bureau
Twin Towers Correctional Facility, Room E873
450 Bauchet Street
Los Angeles, California 90012

With a copy to the Contracts Unit:

Contracts Unit
4700 Ramona Boulevard, Room 214
Monterey Park, California 91754
Attention: Irma Cobos, Manager

If to Contractor:

Rich Seebold, Regional Vice President
DaVita Inc.
4445 Riverside Drive
Chino, California 91710

50.2 The Sheriff shall have the authority to issue any Notice which is required or permitted by County under this Agreement.

51.0 COUNTY'S QUALITY ASSURANCE PLAN

County's Project Manager will evaluate Contractor's performance under this Agreement on not less than an annual basis. Such evaluation will include assessing the Contractor's compliance with all Agreement terms and conditions and performance standards, as specified in Attachment A (Performance Requirements Summary (PRS)) to Exhibit A (Statement of Work). Contractor deficiencies which County's Project Manager determines are severe or continuing and that may place performance of the Agreement in jeopardy if not corrected will be reported to County's Board of Supervisors. The report will include improvement/corrective action measures taken by the County and the Contractor. If improvement does not occur consistent with the corrective action measures, County may terminate this Agreement or impose other penalties as specified in this Agreement.

52.0 NOTICE OF DISPUTES

52.1 General

Contractor and County agree to act immediately to resolve mutually any disputes that may arise with respect to the Agreement. All such disputes shall be subject to the provisions of this Paragraph 52.0 (such provisions are collectively referred to as the "Dispute Resolution Procedures"). Time is of the essence in the resolution of disputes.

52.2 Continued Work

Contractor and County agree that, the existence and details of a dispute notwithstanding, both parties shall continue without delay their performance hereunder, except for any performance, other than payment by County for approved Work, that County, in its discretion, determines should be delayed as a result of such dispute.

52.2.1 If Contractor fails to continue without delay its performance hereunder that County, in its discretion, determines should not be delayed as a result of such dispute, then any additional costs which may be incurred by Contractor or County as a result of Contractor's failure to continue to so perform shall be borne by Contractor, and Contractor shall make no claim whatsoever

against County for such costs. Contractor shall promptly reimburse County for such County costs, as determined by County, or County may deduct or offset all such additional costs from any amounts due to Contractor from County.

52.2.2 If County fails to continue without delay to perform its responsibilities under the Agreement which County, in its discretion, determines should not be delayed as a result of such dispute, then any additional costs incurred by Contractor or County as a result of County's failure to continue to so perform shall be borne by County, and County shall make no claim whatsoever against Contractor for such costs. County shall promptly reimburse Contractor for all such additional Contractor costs subject to the approval of such costs by County.

52.3 Dispute Resolution Procedures

In the event of any dispute between the parties with respect to the Agreement, Contractor and County shall submit the matter as follows:

52.3.1 Contractor and County shall first submit the matter to their respective Project Managers for the purpose of endeavoring to resolve such dispute.

52.3.2 If the Project Managers are unable to resolve the dispute within a reasonable time, not to exceed five (5) business days from the date of submission of the dispute, then the matter immediately shall be submitted to the parties' respective Project Directors for further consideration and discussion to attempt to resolve the dispute.

52.3.3 If the Project Directors are unable to resolve the dispute within a reasonable time not to exceed five (5) business days from the date of submission of the dispute, then the matter shall be immediately submitted to Contractor's president or chief executive officer and the Sheriff of the County of Los Angeles. These persons shall have five (5) business days to attempt to resolve the dispute.

52.3.4 In the event that at these levels, there is not a resolution of the dispute acceptable to both parties, then each party may assert its other rights and remedies provided under the Agreement and its rights and remedies as provided by law.

52.4 Documentation of Dispute Resolution Procedures

All disputes utilizing the Dispute Resolution Procedure shall be documented in writing by each party and state the specifics of each alleged dispute and all actions taken. The parties shall act in good faith to resolve all disputes. At all three (3) levels described in Subsection 52.3, the efforts to resolve a dispute shall be undertaken by conference between the parties' respective representatives, either orally, by face-to-face meeting or by telephone, or in writing by exchange of correspondence.

52.5 Not Applicable to County's Right to Terminate

Notwithstanding any other provision of the Agreement, County's right to terminate the Agreement pursuant to Paragraph 42.0 (Termination for Insolvency), Paragraph 43.0 (Termination for Default), Paragraph 44.0, (Termination for Convenience), or Paragraph 41.0 (Termination for Improper Consideration), in each case, of this Exhibit or any other termination provision hereunder, shall not be subject to the Dispute Resolution Procedure. The preceding sentence is intended only as a clarification of County's rights, and shall not be deemed to impair any claims that Contractor may have against County or Contractor's rights to assert such claims after any such termination or such injunctive relief has been obtained.

53.0 MOST FAVORED PUBLIC ENTITY

Should the Contractor at any time during the term of this Agreement enter into a new agreement to provide the same goods or services under identical quantity and delivery conditions and at the same Contractor facility, to the State of California or any county, municipality, or district of the State at prices below those set forth in this Agreement, then such lower prices shall be extended to the County within sixty (60) days of identification of the rate by the parties.

54.0 SEVERABILITY

In the event that any provision of this Agreement is found to be invalid, illegal, or unenforceable in any respect, such provision shall be deemed deleted from here and the validity, legality, and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby, unless such would materially impair the essential purposes of this Agreement.

55.0 WAIVER

No waiver by the County of any breach of any provision of this Agreement shall constitute a waiver of any other breach or of such provision. Failure of the County to enforce at any time, or from time to time, any provision of this Agreement shall not be construed as a waiver thereof. The rights and remedies set forth in this Section 55.0 (Waiver) shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Agreement.

56.0 CONTRACTOR RESPONSIBILITY AND DEBARMENT

56.1 A responsible Contractor is a Contractor who has demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity and experience to satisfactorily perform the contract. It is the County's policy to conduct business only with responsible Contractors.

56.2 The Contractor is hereby notified that, in accordance with Chapter 2.202 of the County Code, if the County acquires information concerning the performance of the Contractor on this or other contracts which indicates that the Contractor is not responsible, the County may, in addition to other remedies provided in the Agreement, debar the Contractor from bidding or proposing on, or being awarded, and/or performing work on County contracts for a specified period of time, which generally will not exceed five (5) years but may exceed five (5) years or be permanent if warranted by the circumstances, and terminate any or all existing contracts the Contractor may have with the County.

56.3 The County may debar a Contractor if the Board of Supervisors finds, in its discretion, that the Contractor has done any of the following: (1) violated a term of a contract with the County or a nonprofit corporation created by the County, (2) committed an act or omission which negatively reflects on the Contractor's quality, fitness or capacity to perform a

contract with the County, any other public entity, or a nonprofit corporation created by the County, or engaged in a pattern or practice which negatively reflects on same, (3) committed an act or offense which indicates a lack of business integrity or business honesty, or (4) made or submitted a false claim against the County or any other public entity.

56.4 If there is evidence that the Contractor may be subject to debarment, the Sheriff will notify the Contractor in writing of the evidence which is the basis for the proposed debarment and will advise the Contractor of the scheduled date for a debarment hearing before the Contractor Hearing Board.

56.5 The Contractor Hearing Board will conduct a hearing where evidence on the proposed debarment is presented. The Contractor and/or the Contractor's representative shall be given an opportunity to submit evidence at that hearing. After the hearing, the Contractor Hearing Board shall prepare a tentative proposed decision, which shall contain a recommendation regarding whether the Contractor should be debarred, and, if so, the appropriate length of time of the debarment. The Contractor and the Sheriff's Department shall be provided an opportunity to object to the tentative proposed decision prior to its presentation to the Board of Supervisors.

56.6 After consideration of any objections, or if no objections are submitted, a record of the hearing, the proposed decision, and any other recommendation of the Contractor Hearing Board shall be presented to the Board of Supervisors. The Board of Supervisors shall have the right to modify, deny, or adopt the proposed decision and recommendation of the Contractor Hearing Board.

56.7 If a Contractor has been debarred for a period longer than five (5) years, that Contractor may, after the debarment has been in effect for at least five (5) years, submit a written request for review of the debarment determination to reduce the period of debarment or terminate the debarment. The County may, in its discretion, reduce the period of debarment or terminate the debarment if it finds that the Contractor has adequately demonstrated one or more of the following: (1) elimination of the grounds for which the debarment was imposed; (2) a bona fide

change in ownership or management; (3) material evidence discovered after debarment was imposed; or (4) any other reason that is in the best interests of the County.

56.8 The Contractor Hearing Board will consider a request for review of a debarment determination only where (1) the Contractor has been debarred for a period longer than five (5) years; (2) the debarment has been in effect for at least five (5) years; and (3) the request is in writing, states one or more of the grounds for reduction of the debarment period or termination of the debarment, and includes supporting documentation. Upon receiving an appropriate request, the Contractor Hearing Board will provide notice of the hearing on the request. At the hearing, the Contractor Hearing Board shall conduct a hearing where evidence on the proposed reduction of debarment period or termination of debarment is presented. This hearing shall be conducted and the request for review decided by the Contractor Hearing Board pursuant to the same procedures as for a debarment hearing.

The Contractor Hearing Board's proposed decision shall contain a recommendation on the request to reduce the period of debarment or terminate the debarment. The Contractor Hearing Board shall present its proposed decision and recommendation to the Board. The Board shall have the right to modify, deny, or adopt the proposed decision and recommendation of the Contractor Hearing Board.

56.9 These terms shall also apply to subcontractors of County Contractors.

57.0 CONTRACTOR'S ACKNOWLEDGMENT OF COUNTY'S COMMITMENT TO THE SAFELY SURRENDERED BABY LAW

The Contractor acknowledges that the County places a high priority on the implementation of the Safely Surrendered Baby Law. The Contractor understands that it is the County's policy to encourage all County Contractors to voluntarily post the County's "Safely Surrendered Baby Law" poster in a prominent position at the Contractor's place of business. The Contractor will also encourage its Subcontractors, if any, to post this poster in a prominent position in the Subcontractor's place of business. The County's Department of Children and Family Services will supply the Contractor with the poster to be used.

58.0 COMPLAINTS

The Contractor shall develop, maintain, and operate procedures for receiving, investigating and responding to complaints.

Within ten (10) business days after the Agreement effective date, the Contractor shall provide the County with the Contractor's policy for receiving, investigating and responding to user complaints.

58.1 The County will review the Contractor's policy and provide the Contractor with approval of said plan or with requested changes.

58.2 If the County requests changes in the Contractor's policy, the Contractor shall make such changes and resubmit the plan within five (5) business days.

58.3 If, at any time, the Contractor wishes to change the Contractor's policy, the Contractor shall submit proposed changes to the County for approval before implementation.

The Contractor shall preliminarily investigate all complaints and notify County's Project Manager of the status of the investigation within five (5) business days of receiving the complaint.

When complaints cannot be resolved informally, a system of follow through shall be instituted which adheres to formal plans for specific actions and strict time deadlines.

Copies of all written responses shall be sent to County's Project Manager within three (3) business days of mailing to the complainant.

59.0 NONEXCLUSIVITY

Nothing herein is intended nor shall be construed as creating any exclusive arrangement with Contractor. This Agreement shall not restrict the Sheriff from acquiring similar, equal or like goods and/or services from other entities or sources.

60.0 COMPLIANCE WITH THE COUNTY'S JURY SERVICE PROGRAM

60.1 Jury Service Program

This Agreement is subject to the provisions of the County's ordinance entitled Contractor Employee Jury Service ("Jury Service Program") as codified in Sections 2.203.010 through 2.203.090 of the Los Angeles County Code.

60.2 Written Employee Jury Service Policy

60.2.1 Unless Contractor has demonstrated to the County's satisfaction either that the Contractor is not a "Contractor" as defined under the Jury Service Program (Section 2.203.020 of the County Code) or that Contractor qualifies for an exception to the Jury Service Program (Section 2.203.070 of the County Code),

Contractor shall have and adhere to a written policy that provides that its employees shall receive from the Contractor, on an annual basis, no less than five (5) days of regular pay for actual jury service. The policy may provide that employees deposit any fees received for such jury service with the Contractor or that the Contractor deduct from the employee's regular pay the fees received for jury service.

60.2.2 For purposes of this Paragraph 60.0 (Compliance with the County's Jury Service Program), "Contractor" means a person, partnership, corporation or other entity which has a contract with the County or a subcontract with a County contractor and has received or will receive an aggregate sum of fifty thousand dollars ($50,000) or more in any 12-month period under one or more County contracts or subcontracts. "Employee" means any California resident who is a full-time employee of Contractor. "Full-time" means forty (40) hours or more worked per week, or a lesser number of hours if: 1) the lesser number is a recognized industry standard as determined by the County, or 2) Contractor has a long-standing practice that defines the lesser number of hours as full-time. Full-time employees providing short-term, temporary services of ninety (90) days or less within a 12-month

period are not considered full-time for purposes of the Jury Service Program. If Contractor uses any subcontractor to perform services for the County under the Agreement, the subcontractor shall also be subject of the provisions of this Section 60.0 (Compliance with the County's Jury Service Program). The provisions of this Paragraph 60.0 (Compliance with the County's Jury Service Program) shall be inserted into any such subcontract agreement and a copy of the Jury Service Program shall be attached to the agreement.

60.2.3 If Contractor is not required to comply with the Jury Service Program when the Agreement commences, Contractor shall have the continuing obligation to review the applicability of its "exception status" from the Jury Service Program, and Contractor shall immediately notify County if Contractor at any time either, comes within the Jury Service Program's definition of "Contractor" or if Contractor no longer qualifies for an exception to the Jury Service Program. In either event, Contractor shall immediately implement a written policy consistent with the Jury Service Program. The County may also require, at any time during the Agreement and at its sole discretion, that Contractor demonstrate to the County's satisfaction that Contractor either continues to remain outside of the Jury Service Program's definition of "Contractor" and/or that Contractor continues to qualify for an exception to the Program.

60.2.4 Contractor's violation of this Section may constitute a material breach of the Agreement. In the event of such material breach, County may, in its sole discretion, terminate the Agreement and/or bar Contractor from the award of future County contracts for a period of time consistent with the seriousness of the breach.

61.0 RECYCLED BOND PAPER

Consistent with the Board of Supervisors' policy to reduce the amount of solid waste deposited at County landfills, the Contractor agrees to use recycled-content paper to the maximum extent possible on this Agreement.

62.0 FACSIMILE REPRESENTATIONS

The County and the Contractor hereby agree to regard facsimile representations of original signatures of authorized officers of each party, when appearing in appropriate places on the Change Orders and Amendments prepared pursuant to Paragraph 9.0, and received via communications facilities, as legally sufficient evidence that such original signatures have been affixed to Change Orders and Amendments to this Agreement, such that the parties need not follow up facsimile transmissions of such documents with subsequent (non facsimile) transmission of "original" versions of such documents.

63.0 LIQUIDATED DAMAGES

If, in the judgment of the County's Project Director, the Contractor breaches the Agreement requirements specified in the Performance Requirements Summary (PRS) Chart, Attachment 1 to Exhibit A (Statement of Work), the County shall have a claim of credit for the sum specified in the PRS, as liquidated damages. The County's Project Director shall provide Contractor with notice of breach of any of the Agreement requirements specified in the PRS and Contractor shall have five (5) business days (or such longer period as the County may authorize in writing) after receipt of written notice from the County to cure said breach without assessing any deductions/fees. In the event that Contractor fails to cure said breach within the time specified, County will deduct the amount specified in the PRS from County's payment to Contractor.

64.0 NOTICE TO EMPLOYEES REGARDING THE SAFELY SURRENDERED BABY LAW

The Contractor shall notify and provide to its employees, and shall require each subcontractor to notify and provide to its employees, a fact sheet regarding the Safely Surrendered Baby Law, its implementation in Los Angeles County, and where and how to safely surrender a baby. The fact sheet is available on the internet at www.babysafela.org for printing purposes.

65.0 PUBLIC RECORDS ACT

65.1 Any documents submitted by Contractor, all information obtained in connection with the County's right to audit and inspect Contractor's documents, books, and accounting records pursuant to Section 30.0 (Record Retention and Inspection/Audit Settlement) of this Agreement, as well as those documents which were required to be submitted in response

to the Request for Proposals (RFP) used in the solicitation process for this Agreement, become the exclusive property of the County. All such documents become a matter of public record and shall be regarded as public records. Exceptions will be those elements in the California Government Code Section 6250 et seq. (Public Records Act) and which are marked "trade secret", "confidential", or "proprietary". The County shall not in any way be liable or responsible for the disclosure of any such records including, without limitation, those so marked, if disclosure is required by law, or by an order issued by a court of competent jurisdiction.

65.2 In the event that the County is required to defend an action on a Public Records Act request for any of the aforementioned documents, information, books, records, and/or contents of a proposal marked "trade secret", "confidential", or "proprietary", the Contractor agrees to defend and indemnify the County from all costs and expenses, including reasonable attorney's fees, in action or liability arising under the Public Records Act.

66.0 TERMINATION FOR NON-APPROPRIATION OF FUNDS

Notwithstanding any other provision of this Agreement, the County shall not be obligated for the Contractor's performance hereunder or by any provision of this Agreement during any of the County's future fiscal years unless and until the County's Board of Supervisors appropriates funds for this Agreement in the County's Budget for each such future fiscal year. In the event that funds are not appropriated for this Agreement, then this Agreement shall terminate as of June 30 of the last fiscal year for which funds were appropriated. The County shall notify the Contractor in writing of any such non-allocation of funds at the earliest possible date.

67.0 VALIDITY

If any provision of this Agreement or the application thereof to any person or circumstance is held invalid, the remainder of this Agreement and the application of such provision to other persons or circumstances shall not be affected thereby.

68.0 AUTHORIZATION WARRANTY

Contractor and the person executing this Agreement for the Contractor represent and warrant that the person executing this Agreement for the Contractor is an authorized agent who has actual authority to bind Contractor to each and every term, condition and obligation of this Agreement and that all requirements of the Contractor have been fulfilled to provide such actual authority.

69.0 CONTRACTOR'S OBLIGATIONS AS A BUSINESS ASSOCIATE UNDER THE HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996 (HIPAA)

Under this Agreement, the Contractor ("Business Associate") provides services to County ("Covered Entity") and Business Associate receives, has access to, or creates Protected Health Information, as defined in Exhibit E (Contractor's Obligations as a Business Associate Under the Health Insurance Portability and Accountability Act of 1996 (HIPAA) in order to provide those services. Covered Entity is subject to the Administrative Simplification requirements of the Federal Health Insurance Portability and Accountability Act of 1996 (HIPAA), and regulations promulgated thereunder. The parties therefore agree to the terms of Exhibit E.

LOS ANGELES COUNTY

OUT-PATIENT END STAGE RENAL DIALYSIS TREATMENT SERVICES CONTRACT

IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Agreement to be subscribed by its Mayor and the seal of said Board to be hereto affixed and attested to by the Executive Officer thereof, and Contractor has caused this Agreement to be subscribed on its behalf by its duly authorized officer.

THE COUNTY OF LOS ANGELES

By: _____
Mayor, County of Los Angeles

ATTEST:
SACHI A. HAMAI
Executive Officer
Board of Supervisors

By: _____
Deputy

CONTRACTOR

DVA HEALTHCARE RENAL CARE, INCORPORATED

By: Robert Badal

Name: _____

Title: VP, Payer Contracting

Date: 6-9-06

APPROVED AS TO FORM:
RAYMOND G. FORTNER, JR.
County Counsel

By: _____ Date: 5/24/06
Gary Gross
Principal Deputy County Counsel

STATEMENT OF WORK

INMATE OUT-PATIENT END STAGE RENAL DIALYSIS (ESRD) TREATMENT SERVICES

EXHIBIT A

STATEMENT OF WORK

STATEMENT OF WORK
INMATE OUT – PATIENT END STAGE RENAL DIALYSIS TREATMENT SERVICES
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ATTACHMENTS

Attachment 1 Performance Requirements Summary Chart

STATEMENT OF WORK
INMATE OUT-PATIENT END STAGE RENAL DIALYSIS (ESRD) TREATMENT SERVICES

1.0 INTRODUCTION

The Contractor shall provide the Los Angeles County Sheriff's Department (Sheriff) with Out-Patient End Stage Renal Dialysis (ESRD) Treatment Services that meet the requirements of the Federal End Stage Renal Dialysis Regulations and Interpretive Guidelines for inmate patients with chronic renal failure. In addition to providing dialysis treatments, services under this Contract will include Contractor consultation with Los Angeles County (County) physicians regarding treatment protocols, medical consultation and direction of Contractor's nephrology nurses, and other medical, technical and professional staff. These services are for non-emergency, routine dialysis treatments only.

On an annual basis, the Sheriff may require up to 2,600 dialysis treatments to accommodate up to twenty (20) inmate patients per week.

2.0 SCOPE OF HEMODIALYSIS SERVICES

2.1 The Contractor shall provide out-patient ESRD treatment services, as specified in Federal ESRD Regulations, as needed, for inmate patients afflicted with chronic renal failure. Contractor shall provide all routine dialysis treatments, laboratory tests, pharmaceuticals, and supplies included in the composite rate for Medi-Care and Medi-Cal beneficiaries, except dietary care and any social services, which will be provided to the inmates by the County. Contractor shall also provide other non-emergency renal treatment related items or services that are not included in routine dialysis treatments but are deemed to be medically necessary.

2.2 Contractor shall provide oversight, clinical consultation and direction to Contractor's nephrology nurses, medical, technical and professional staff according to Contractor's Multidisciplinary Standards of Care, as applicable, and medical consultation to County physicians regarding treatment protocols.

2.3 Contractor shall provide, routinely maintain, and repair, as required, sufficient number of hemodialysis machines, including back-up machines, pursuant to Medicare guidelines, chairs, equipment, instruments and necessary medical and non-medical supplies to provide dialysis services for up to twenty (20) inmate patients at one time. The average estimated volume of dialysis treatments ranges from eight (8) to twenty (20) inmate patients receiving treatments three (3) days per week, with an occasional inmate patient requiring four (4) treatments per week.

2.4 Scheduled Appointments

Contractor shall provide all non-emergency hemodialysis treatments between the hours of 5:30 a.m. and 11:00 a.m. on Tuesdays, Thursdays and Saturdays, including holidays, if Contractor is operating, depending upon the number of patients requiring dialysis. Contractor shall provide County with a list of company-observed holidays at the beginning of each calendar year. In the event that a holiday conflicts with a regularly scheduled treatment day, Contractor and County shall make necessary scheduling adjustments to ensure that inmates receive the minimum three (3) treatments for the week.

The hours of service and treatment days may be changed or added, if necessary, by mutual agreement between the parties through a Change Order.

Contractor shall give inmate patients preference over other private patients during the days and time periods scheduled by the Sheriff and the Contractor. County will arrive at the Contractor's facility on or about 5:00 a.m. on scheduled treatment days to ensure that all patients begin treatments at 5:30 a.m.

2.5 Unscheduled Appointments

Occasionally, an inmate patient is unable or unwilling to be transported to the treatment facility for a scheduled treatment, but still needs to be dialyzed later that day or the next day. In the event that this occurs, the Sheriff's Medical Services or Transportation staff will arrange for unscheduled treatment, giving Contractor at least two (2) hour notification that the inmate patient requires dialysis. Contractor shall make its best efforts to accommodate any unscheduled treatment services.

2.6 Contractor's Facility

Contractor's services for scheduled treatments shall be provided at the Contractor's Burbank facility located at:

Burbank Dialysis
1211 North San Fernando Boulevard
Burbank, California 91506

2.7 In addition to providing ESRD treatments to inmate patients, Contractor shall provide the following:

A. Provide consistent, legible documentation of observations and progress by physicians and all patient care staff after each encounter in the medical record of each inmate patient as appropriate. Contractor shall utilize dialysis flow sheets obtained through Contractor's web-based Renal

Management Information System (RIMS) as the primary means of documenting the daily care of dialysis patients. Flow sheets must be faxed to the Sheriff's Medical Services Bureau at (213) 613-2243 within four (4) hours following the completion of treatment.

B. Ensure that all clinical services delivered and all equipment, supplies and their maintenance are consistent with the most recent Health Care Finance Administration (HCFA) regulations and most current HCFA Interpretive Guidelines, and the Standards of the Renal Physicians Association, and with state and local laws governing clinic regulations, including disposal of wastes. Water quality and dialyzer reuse procedures must conform with the standards developed by the Association for the Advancement of Medical Instrumentation (AAMI).

C. Collect patient data and develop a written patient care plan for each ESRD inmate patient in accordance with Section 405.2137 of the Code of Federal Regulations, Title 42. Contractor shall update short-term care plans every six (6) months and long-term plans on an annual basis to be provided to the County's Program Manager.

D. Provide consultation to Sheriff's and County's LAC-USC Medical Center medical staff for patients covered under this Contract upon request.

E. Administer and provide medication and biologicals to dialysis patients, as needed, according to Contractor's established guidelines, except for blood transfusions and/or blood products, which will be provided by the County.

F. Provide County with convenient access to its facility to enable quick and secure unloading and loading of inmate patients, and make parking available for County vans and/or buses.

G. Contractor shall coordinate with Sheriff's Transportation Bureau the implementation of transportation and security procedures for inmates requiring renal dialysis treatments, and comply with Sheriff's request for facility and/or procedural alterations, if needed, for security purposes.

3.0 CONTRACTOR STAFFING

3.1 General

A. Contractor shall provide all staff required for providing services under this Agreement. Contractor shall ensure that all staff are adequately trained and certified to provide hemodialysis treatments. Contractor shall maintain a file of current licensure for each Contractor staff providing services under the Agreement, and shall ensure that such licenses are active and current. Contractor's staff shall include the following personnel:

1. Registered Nurses (RN)

2. Licensed Vocational Nurses (LVN)

3. Certified Hemodialysis Technicians (CHT)

B. Contractor shall maintain and provide upon request by County all documents required for credentialing. These shall include, but not be limited to the following:

1. Medical Director/Physicians:

a. Proof of current license to practice medicine or surgery in the State of California;

b. Copy of current DEA certificate;

c. Copy of professional liability insurance certificate;

d. Copy of Board Certification.

2. Nurses and Technicians:

a. Proof of current license to practice nursing in the State of California;

b. Proof of RN competency in providing hemodialysis services;

c. Proof of Certified Hemodialysis Technician certification;

d. Health clearance status for all Contractor's staff providing dialysis services.

3.2 Medical Director

A. Contractor shall provide a Medical Director and an alternate Medical Director who are associated with the Contractor, but are not necessarily Contractor's employees, who have the following qualifications:

1. Are Board Certified in internal medicine or nephrology by a professional board;

2. Have at least twelve (12) months of experience in the care of ESRD patients;

3. Are licensed to practice medicine in the State of California.

B. Contractor shall provide County with copies of all licenses and certifications as specified in Subsection 3.2.A, of Medical Director and alternate Medical Director, prior to the effective date of the Agreement.

C. Contractor's Medical Director and alternate Medical Director shall be deemed acceptable only after approval by County's Project Director.

D. Duties of the Medical Director

1. The Medical Director or alternate Medical Director must ensure that there are sufficient numbers of adequately trained and certified nurses and technicians, in compliance with Contractor's nurse and staff/patient ratio, assigned to provide ESRD and related services to inmate patients;

2. Ensure there is adequate monitoring of patients during treatments and that Contractor staff strictly adheres to Contractor's established dialysis treatment procedures;

3. Ensure that a Quality Improvement/Outcome Measurement Program (QIP) is developed and that a patient care policy and procedures manual is available.

4. Be available to Contractor's professional and technical staff by telephone or pager for consultation and/or direction during treatments.

3.3 Nephrologist(s)

Contractor does not directly employ nephrologists. However, under the direction of the Medical Director, Contractor shall ensure the availability of a sufficient number of Board certified nephrologist(s) experienced in providing professional medical services to patients requiring dialysis treatments, to be available for emergencies, and except for inmate patients who are released from custody between regular physician rounds, to physically evaluate each inmate patient and be physically present during dialysis, as necessary, throughout the month, but no less than once per month per patient, to assess the individual inmate patient's needs and progress. Nephrologist(s) shall provide routine and non-routine professional medical services that are reasonable and medically necessary. The specific services provided by the nephrologist(s) are provided in the companion Agreement for professional medical services.

4.0 QUALITY CONTROL

4.1 Dialysis Services

Contractor shall establish and maintain an ongoing written Quality Improvement/Outcomes Measurement Program (QIP) that continually monitors its operations and patient care activities and ensures the delivery of quality care to ESRD patients. The information components to Contractor's QIP shall include, but not be limited to, defined reports for a cumulative summary of dialysis adequacy, including nutrition, anemia and osteodystrophy, exception reports, outcome reports, patient advise reports, medication histories, and kinetic modeling. This program shall be conducted by the Contractor's Medical Director or specific Quality Control staff person. Additionally, Contractor shall adopt and provide written operational objectives that include services provided, and the rules and regulations that are designed to safeguard the health and safety of patients and govern the general operations of the facility. Contractor's written QIP shall be submitted to County's Project Manager for review and approval prior to providing ESRD treatments under the Agreement.

4.2 Equipment Maintenance

A. Contractor shall develop and implement a written planned program of preventative maintenance of equipment used in dialysis treatments and related procedures. Regular maintenance will be performed on all equipment as well as cleaning and culturing for microorganisms in accordance with the manufacturers' recommendations or according to a maintenance plan developed by the Contractor.

B. The following machine functions shall be calibrated and recorded periodically (or as specified by the manufacturer or Contractor): blood pump, air bubble detector/line clamp, blood leak detector, audio/visual alarms, temperature, conductivity and pH, negative pressure/ultra filtration pump, arterial pressure monitor, and venous pressure monitor. Scales shall be calibrated regularly. Internal transducer protectors shall be changed during the maintenance procedures.

C. Contractor's standard procedures include reuse of hemodialyzers. In order to minimize the occurrence of infections, and other problems, Contractor shall follow strict guidelines and regulations for hemodialyzer care and cleaning. All procedures for hemodialyzer reuse are documented in Contractor's Dialyzer Re-use Policy and available to County for review.

D. Contractor shall test, operate, service and maintain water treatment equipment in accordance with AAMI standards for hemodialysis systems.

Contractor shall perform water and dialysate cultures each month on a rotating basis by machine, and each machine shall be tested quarterly. Water analysis for chemical contaminants shall be performed bi-annually. The equipment shall be operated and serviced by personnel trained and experienced in the operation of the particular system. Contractor must employ water quality requirements stated in the Code of Federal Regulations, Title 42, Volume 2, Part 405, Section 2140.

4.3 Contractor's Facility

A. Contractor shall maintain its facility, particularly the dialysis treatment area, in good repair and keep area free of hazards such as those created by damaged or defective parts of the building, according to Medicare guidelines.

B. Contractor shall provide heating and ventilation systems that are capable of maintaining adequate and comfortable temperatures and environment, according to Medicare guidelines.

C. County shall have the sole discretion in determining the security acceptability of Contractor's dialysis treatment area.

D. Contractor shall, as much as is reasonably possible for the security of Sheriff's and Contractor's staff, inmate patients and other private patients, keep dialysis stations and other areas accessible by inmate patients free from loose lying medical, non-medical supplies and equipment, such as, but not limited to, syringes, needles, tubing, scissors, scalpels that may be picked up and hidden by inmates.

E. Contractor shall have available a backup facility that can provide dialysis treatments for up to twenty (20) inmate patients on the regular day and time scheduled for the inmate patients in the event that the designated facility is shut down or is unable to provide the treatments as scheduled. Contractor's Project Manager shall notify County's Project Manager as soon it becomes known to Contractor of the unavailability of the designated facility.

5.0 SAFETY AND SECURITY REQUIREMENTS

5.1 Safety Requirements

A. All ESRD treatments and related services shall be conducted in a safe manner and shall comply with the requirements of State and local rules and regulations and OSHA safety standards. Prior to the commencement of this Agreement, Contractor's Project Manager shall meet with County's

Project Manager to discuss and agree to County's safety and security requirements for this program.

B. If at any time the Contractor fails or refuses to comply with County's safety requirements, the Sheriff or his designated representative may issue an order stopping all or part of the work until satisfactory corrective action has been taken. No part of the time lost due to any such stop order may be subject to claim for excess cost, damages or extension of time.

C. Contractor shall report all incidents or occupational accidents relating to this Agreement within twenty-four (24) hours of occurrence or discovery.

D. In the event that an inmate patient refuses to comply with Contractor's procedural requirements, or becomes physically and/or verbally abusive with Contractor staff or other patients, Contractor's staff shall immediately contact County's Project Manager to discuss problem, and find alternate treatment for patient, if possible. Contractor's staff shall not refuse to provide treatment to an inmate patient without notifying and obtaining concurrence from County's Project Manager.

5.2 Security Requirements

Security requirements include, but are not limited to the following:

A. Contractor shall, to the extent that it does not interfere with its ability to provide dialysis treatments to the general public, schedule treatments for inmate patients on separate shifts, to minimize contact with other non-inmate patients.

B. Contractor shall, to the extent that it does not interfere with the requirements of providing dialysis treatments in general, restrict entry into/exit from Contractor's facility during inmates' scheduled dialysis treatments.

C. County shall ensure that all Sheriff's staff and inmate patients ~~will~~ observe the Contractor's rules and regulations in force on the premises and avoid all undue interference with the requirements and routines of Contractor's activities. Contractor shall comply with the Sheriff's regulations pertaining to the transportation of inmates to and from non-County facilities.

D. Contractor agrees to provide safeguards and other protective measures to the extent deemed necessary by Sheriff's personnel in charge of providing transportation and security of inmate patients.

E. Contractor's staff shall not engage in conversation or have any other contact with inmate patients other than professional patient-care provider

relationships. County shall have the right to request the replacement of any Contractor employee providing services under this Contract that is determined, in County's sole discretion, to have inappropriate contact or relationship with any inmate patient.

F. Contractor and Contractor's employees shall be under a continuing obligation to disclose any criminal record information regarding any Contractor employee to County's Project Manager.

G. Contractor shall, as is reasonably possible for security purposes, keep premises free of any loose objects that may be picked up by inmate patients for use as potential weapons, including, but not limited to hypodermic needles, clamps, forceps, scissors, tubes, pens, and pencils.

6.0 COUNTY'S RESPONSIBILITIES

6.1 County shall only refer inmate patients with chronic end stage renal disease to Contractor for ESRD treatment. Inmates with acute renal disease shall be treated by County medical personnel at County facilities. Contractor shall have the right to refuse service to any inmate patient unwilling to abide by Contractor's policies, facility rules, and regulations.

6.2 County shall maintain ultimate/primary care responsibility of all inmate patients referred to Contractor for treatment, recognizing, however, that when inmate patients are undergoing treatment at Contractor's facility, medical decisions relating to the treatment must be delegated to the nephrologist(s) assigned to provide medical services by Contractor's Medical Director. In the event that the nephrologist(s) recommend additional medical treatment for inmate patients, County shall make appropriate arrangements for inmate patients to be further examined and/or receive such recommended treatments at a County health facility.

6.3 County shall provide to Contractor, at the time of referral or upon Contractor's request, any and all medical records maintained by the County.

6.4 County shall make reasonable efforts to obtain the necessary medical information of inmate patients referred to Contractor by questioning inmate patients, reviewing patients' previous treatment records (if in County possession), and identifying the availability of sources of payment for services.

6.5 County shall maintain the confidentiality of all patient records, and shall not release or disclose any information of inmate patients referred for treatment to any third party without the written consent of patients or their legal representatives or unless otherwise authorized by law.

6.6 County's Project Director shall have the sole discretion to terminate this Agreement at any time if Sheriff's Medical Services Bureau and/or Sheriff's Custody Services staff determine that the Contractor's treatment site is a security risk.

7.0 COORDINATION OF PATIENT CARE

Contractor agrees to comply and coordinate all inmate patient care with Sheriff's Chief Physician or designee, and the Assistant Director/Clinical Nursing Director of Medical Services. This shall include, but not be limited to procedural, diagnostic, and specialty service requests, and participation in the Sheriff's Medical Services Bureau discharge planning. Contractor shall provide Sheriff with timely, legible and complete responses to requests for information.

ATTACHMENT 1

PERFORMANCE REQUIREMENTS SUMMARY (PRS) CHART

SPECIFIC PERFORMANCE REFERENCE	SERVICE	MONITORING METHOD	DEDUCTIONS/FEES TO BE ASSESSED
SOW: Subparagraph 2.4 Scheduled Appointments	Contractor and County shall develop a schedule to provide hemodialysis treatments at least three days a week, including holidays, if Contractor is operating.	Observation	$50 per occurrence
SOW: Subparagraph 2.5 Contractor's Facilities	Contractor shall provide services at its facility, which must have the capacity to provide treatments for up to 20 patients at a time	Observation	$100 per occurrence
SOW: Subparagraph 2.6.A Additional Services	Contractor shall provide consistent, legible documentation of patient's progress by completing and faxing dialysis flow sheets to Medical Services Bureau within four hours following the completion of treatments.	Inspection & Observation	$100 per occurrence
SOW: Subparagraph 2.6.B Additional Services	Contractor shall ensure that all clinical services are consistent with HCFA regulations and Standards of Renal Physicians Association, and that water quality and dialyzer reuse procedures conform with the standards of the Association for the Advancement of Medical Instrumentation (AAMI).	Inspection & Observation	$100 per occurrence

SPECIFIC PERFORMANCE REFERENCE	SERVICE	MONITORING METHOD	DEDUCTIONS/FEES TO BE ASSESSED
SOW: Subparagraph 2.6.C Additional Services	Contractor shall collect data and develop written patient care plan for each inmate patient in accordance with Section 405.2137 of the Code of Federal Regulations.	Inspection	$50 per occurrence
SOW: Subparagraph 3.1 Contractor Staffing	Contractor shall maintain and provide to County upon request copies of all licenses and certificates of Contractor staff providing services under Contract.	Inspection	$50 per occurrence
SOW: Subparagraph 3.2 Medical Director	Contractor shall provide County with copies of licenses and certifications of Medical Director and alternate Medical Director prior to the effective date of the Contract	Inspection	$50 per day after execution of Contract
SOW: Subparagraph 3.3 Nephrologist(s)	Contractor must ensure the availability of qualified nephrologist(s) to provide professional medical services and physically evaluate inmate patients at least once a month	Inspection of records & observation	$100 per occurrence
SOW: Subparagraph 4.1 Quality Control-Dialysis Services	Contractor shall establish and implement written ongoing Quality Improvement Program (QIP) to monitor treatment procedures and patient care.	Request & Inspection	$100 per day

SPECIFIC PERFORMANCE REFERENCE	SERVICE	MONITORING METHOD	DEDUCTIONS/FEES TO BE ASSESSED
SOW: Subparagraph 4.2.A Quality Control-Equipment Maintenance	Contractor shall develop and implement a planned program of preventative maintenance and cleaning and culturing for microorganisms of equipment used in dialysis treatments.	Inspection of Records & Observation	$100 per occurrence
SOW: Subparagraph 4.2.B Quality Control-Equipment Maintenance	Contractor shall calibrate and record periodically specified equipment.	Inspection of records & observation	$100 per occurrence
SOW: Subparagraph 4.2.C Quality Control-Hemodialyzers	Contractor must have written procedures regarding firm's usage of hemodialyzers.	Inspection	$50 per occurrence
SOW: Subparagraph 4.2.D Quality Control-Water treatment	Contractor shall test, service and maintain water treatment equipment in accordance with written guidelines.	Inspection	$100 per occurrence
SOW: Subparagraph 4.3 Quality Control-Facility	Contractor shall maintain its facility in good repair and keep area free of hazards	Inspection & Observation	$50 per occurrence
SOW: Subparagraph 4.3.D	Contractor shall keep areas accessible by inmate patients free from loose lying objects, such as syringes, needles, scissors, scalpels and tubes.	Inspection & Observation	$100 per occurrence
SOW: Subparagraph 5.0 Safety Requirements	Contractor shall ensure that all treatments are conducted in a safe manner and complies with all safety rules and regulations and OSHA standards.	Observation	$100 per occurrence

SPECIFIC PERFORMANCE REFERENCE	SERVICE	MONITORING METHOD	DEDUCTIONS/FEES TO BE ASSESSED
SOW: Subparagraph 5.1.C Incident Reports	Contractor must report all incidents or accidents within 24 hours of occurrence or discovery.	Inspection & Observation	$50 per occurrence
SOW: Subparagraph 5.2.B Security Requirements	Contractor shall restrict entry into/exit from facility during inmates' scheduled dialysis treatments.	Inspection & Observation	$50 per occurrence
SOW: Subparagraph 5.2.E Security Requirements	Contractor's staff shall restrict contact with inmate patients to standard professional patient-care provider relationships.	Observation & Report	$50 per occurrence

In accordance with Paragraph 63.0 (Liquidated Damages) of the Agreement, Contractor shall have five (5) business days (or such longer period as the County may authorize in writing) after receipt of the written notice from the County to cure said breach before the deductions specified in this Performance Requirements Summary will be assessed.

EXHIBIT B

PRICE SHEET

PRICE SHEET

TREATMENT AND EPO COSTS

	BASE TERM 1	BASE TERM 2	OPTION TERM 1	OPTION TERM 2	OPTION TERM 3	6 MONTH
COST						
Dialysis Treatment Services	$300.00	$318.00	$337.08	$357.30	$378.74	$401.46
EPO Usage (per 1,000 units)	$17.00	$18.00	$19.00	$20.00	$21.00	$22.00

EXHIBIT C

CONTRACTOR'S EEO CERTIFICATION

CONTRACTOR'S EEO CERTIFICATION

DaVita

Contractor Name

601 Hawaii Street, El Segundo CA 90245

Address

Internal Revenue Service Employer Identification Number

GENERAL CERTIFICATION

In accordance with Section 4.32.010 of the Code of the County of Los Angeles, the contractor, supplier, or vendor certifies and agrees that all persons employed by such firm, its affiliates, subsidiaries, or holding companies are and will be treated equally by the firm without regard to or because of race, religion, ancestry, national origin, or sex and in compliance with all anti-discrimination laws of the United States of America and the State of California.

CONTRACTOR'S SPECIFIC CERTIFICATIONS

1.	The Contractor has a written policy statement prohibiting discrimination in all phases of employment.	Yes ☑	No ☐
2.	The Contractor periodically conducts a self analysis or utilization analysis of its work force.	Yes ☑	No ☐
3.	The Contractor has a system for determining if its employment practices are discriminatory against protected groups.	Yes ☑	No ☐
4.	Where problem areas are identified in employment practices, the Contractor has a system for taking reasonable corrective action, to include establishment of goals or timetables.	Yes ☑	No ☐

Robert Badal VP Payer Contracting

Authorized Official's Printed Name and Title

Authorized Official's Signature

6-9-06

Date

EXHIBIT D1

CONTRACTOR EMPLOYEE ACKNOWLEDGMENT AND CONFIDENTIALITY AGREEMENT

EXHIBIT D2

CONTRACTOR NON-EMPLOYEE ACKNOWLEDGMENT AND CONFIDENTIALITY AGREEMENT

AGREEMENT FOR
OUT-PATIENT END STAGE RENAL DIALYSIS (ESRD) TREATMENT SERVICES

CONTRACTOR EMPLOYEE ACKNOWLEDGEMENT AND CONFIDENTIALITY AGREEMENT

(Note: This certification is to be executed and returned to County with Contractor's executed Contract. Work cannot begin on the Contract until County receives this executed document.)

_____
CONTRACTOR NAME

Contract No. _____

Employee Name _____

GENERAL INFORMATION:

Your employer referenced above has entered into a contract with the County of Los Angeles to provide certain services to the County. The County requires your signature on this Contractor Employee Acknowledgement and Confidentiality Agreement.

EMPLOYEE ACKNOWLEDGEMENT:

I understand and agree that the Contractor referenced above is my sole employer for purposes of the above-referenced contract. I understand and agree that I must rely exclusively upon my employer for payment of salary and any and all other benefits payable to me or on my behalf by virtue of my performance of work under the above-referenced contract.

I understand and agree that I am not an employee of the County of Los Angeles for any purpose whatsoever and that I do not have and will not acquire any rights or benefits of any kind from the County of Los Angeles by virtue of my performance of work under the above-referenced contract. I understand and agree that I do not have and will not acquire any rights or benefits from the County of Los Angeles pursuant to any agreement between any person or entity and the County of Los Angeles.

I understand and agree that I may be required to undergo a background and security investigation(s). I understand and agree that my continued performance of work under the above-referenced contract is contingent upon my passing, to the satisfaction of the County, any and all such investigations. I understand and agree that my failure to pass, to the satisfaction of the County, any such investigation shall result in my immediate release from performance under this and/or any future contract.

Initials of Signer _____

Contractor Name _____ Contract No. _____

Employee Name _____

CONFIDENTIALITY AGREEMENT:

I may be involved with work pertaining to services provided by the County of Los Angeles and, if so, I may have access to confidential data and information pertaining to persons and/or entities receiving services from the County. In addition, I may also have access to proprietary information supplied by other vendors doing business with the County of Los Angeles. The County has a legal obligation to protect all such confidential data and information in its possession, especially data and information concerning health and criminal records. I understand that if I am involved in County work, the County must ensure that I, too, will protect the confidentiality of such data and information. Consequently, I understand that I must sign this agreement as a condition of my work to be provided by my employer for the County. I have read this agreement and have taken due time to consider it prior to signing.

I hereby agree that I will not divulge to any unauthorized person any data or information obtained while performing work pursuant to the above-referenced contract between my employer and the County of Los Angeles. I agree to forward all requests for the release of any data or information received by me to my immediate supervisor.

I agree to keep confidential all health and criminal records and all data and information pertaining to persons and/or entities receiving services from the County, design concepts, algorithms, programs, formats, documentation, Contractor proprietary information and all other original materials produced, created, or provided to or by me under the above-referenced contract. I agree to protect these confidential materials against disclosure to other than my employer or County employees who have a need to know the information. I agree that if proprietary information supplied by other County vendors is provided to me during this employment, I shall keep such information confidential.

I agree to report to my immediate supervisor any and all violations of this agreement by myself and/or by any other person of whom I become aware. I agree to return all confidential materials to my immediate supervisor upon completion of this contract or termination of my employment with my employer, whichever occurs first.

I acknowledge that violation of this agreement may subject me to civil and/or criminal action and that the County of Los Angeles may seek all possible legal redress.

SIGNATURE: _____ DATE: _____

PRINTED NAME: _____

POSITION: _____

AGREEMENT FOR
OUT-PATIENT END STAGE RENAL DIALYSIS (ESRD) TREATMENT SERVICES

CONTRACTOR NON-EMPLOYEE ACKNOWLEDGEMENT AND CONFIDENTIALITY AGREEMENT

(Note: This certification is to be executed and returned to County with Contractor's executed Contract. Work cannot begin on the Contract until County receives this executed document.)

_____
CONTRACTOR NAME

Contract No. _____

Non-Employee Name _____

GENERAL INFORMATION:

The Contractor referenced above has entered into a contract with the County of Los Angeles to provide certain services to the County. The County requires your signature on this Contractor Non-Employee Acknowledgement and Confidentiality Agreement.

NON-EMPLOYEE ACKNOWLEDGEMENT:

I understand and agree that the Contractor referenced above has exclusive control for purposes of the above-referenced contract. I understand and agree that I must rely exclusively upon the Contractor referenced above for payment of salary and any and all other benefits payable to me or on my behalf by virtue of my performance of work under the above-referenced contract.

I understand and agree that I am not an employee of the County of Los Angeles for any purpose whatsoever and that I do not have and will not acquire any rights or benefits of any kind from the County of Los Angeles by virtue of my performance of work under the above-referenced contract. I understand and agree that I do not have and will not acquire any rights or benefits from the County of Los Angeles pursuant to any agreement between any person or entity and the County of Los Angeles.

I understand and agree that I may be required to undergo a background and security investigation(s). I understand and agree that my continued performance of work under the above-referenced contract is contingent upon my passing, to the satisfaction of the County, any and all such investigations. I understand and agree that my failure to pass, to the satisfaction of the County, any such investigation shall result in my immediate release from performance under this and/or any future contract.

Initials of Signer _____

Contractor Name _____ Contract No._____

Non-Employee Name _____

CONFIDENTIALITY AGREEMENT:

I may be involved with work pertaining to services provided by the County of Los Angeles and, if so, I may have access to confidential data and information pertaining to persons and/or entities receiving services from the County. In addition, I may also have access to proprietary information supplied by other vendors doing business with the County of Los Angeles. The County has a legal obligation to protect all such confidential data and information in its possession, especially data and information concerning health and criminal records. I understand that if I am involved in County work, the County must ensure that I, too, will protect the confidentiality of such data and information. Consequently, I understand that I must sign this agreement as a condition of my work to be provided by the above-referenced Contractor for the County. I have read this agreement and have taken due time to consider it prior to signing.

I hereby agree that I will not divulge to any unauthorized person any data or information obtained while performing work pursuant to the above-referenced contract between the above-referenced Contractor and the County of Los Angeles. I agree to forward all requests for the release of any data or information received by me to the above-referenced Contractor.

I agree to keep confidential all health and criminal records and all data and information pertaining to persons and/or entities receiving services from the County, design concepts, algorithms, programs, formats, documentation, Contractor proprietary information, and all other original materials produced, created, or provided to or by me under the above-referenced contract. I agree to protect these confidential materials against disclosure to other than the above-referenced Contractor or County employees who have a need to know the information. I agree that if proprietary information supplied by other County vendors is provided to me, I shall keep such information confidential.

I agree to report to the above-referenced Contractor any and all violations of this agreement by myself and/or by any other person of whom I become aware. I agree to return all confidential materials to the above-referenced Contractor upon completion of this contract or termination of my services hereunder, whichever occurs first.

I acknowledge that violation of this agreement may subject me to civil and/or criminal action and that the County of Los Angeles may seek all possible legal redress.

SIGNATURE: _____ DATE: _____

PRINTED NAME:_____

POSITION: _____

EXHIBIT E

CONTRACTOR'S OBLIGATIONS AS A BUSINESS ASSOCIATE UNDER THE HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996 (HIPAA)

Exhibit E

CONTRACTOR'S OBLIGATION AS A BUSINESS ASSOCIATE UNDER THE HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996

Under the Agreement, Contractor ("Business Associate") provides services ("Services") to County ("Covered Entity") and Business Associate receives, has access to, or creates Protected Health Information in order to provide those Services. Covered Entity is subject to the Administrative Simplification requirements of the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), and regulations promulgated thereunder, including the Standards for Privacy of Individually Identifiable Health Information (the "Privacy Regulations") and the Health Insurance Reform: Security Standards (the "Security Regulations") at 45 Code of Federal Regulations Parts 160 and 164 (together, the "Privacy and Security Regulations").

The Privacy and Security Regulations require Covered Entity to enter into a contract with Business Associate in order to mandate certain protections for the privacy and security of Protected Health Information, and those Regulations prohibit the disclosure to or use of Protected Health Information by Business Associate if such a contract is not in place.

Therefore, the parties agree as follows:

1.0 DEFINITIONS

1.1 "Disclose" or "Disclosure" means, with respect to Protected Health Information, the release, transfer, provision of access to, or divulging in any other manner of Protected Health Information outside Business Associate's internal operations or to other than its employees.

1.2 "Electronic Media" has the same meaning as the term "electronic media" in 45 C.F.R. §160.103. Electronic Media means (1) Electronic storage media including memory devices in computers (hard drives) and any removable/transportable digital memory medium, such as magnetic tape or disk, optical disk, or digital memory card; or (2) Transmission medial used to exchange information already in electronic storage media. Transmission media include, for example, the internet (wide-open), extranet (using internet technology to link a business with information accessible only to collaborating parties), leased lines, dial-up lines, private networks, and the physical movement of removable/transportable electronic storage media. Certain transmissions, including of paper, via facsimile, and of voice, via telephone, are not considered to be transmissions vial electronic media, because the information being exchanged did not exist in electronic form before the transmission.

1.3 "Electronic Protected Health Information" has the same meaning as the term "electronic protected health information" in 45 C.F.R. §160.103. Electronic Protected Health Information means Protected Health Information that is (i) transmitted by electronic media; (ii) maintained in electronic media.

1.4 "Individual" means the person who is the subject of Protected Health Information and shall include a person who qualifies as a personal representative in accordance with 45 C.F.R. §164.502(g).

1.5 "Protected Health Information" has the same meaning as the term "protected health information" in 45 C.F.R. §160.103, limited to the information created or received by Business Associate from or on behalf of Covered Entity. Protected Health Information includes information, whether oral or recorded in any form or medium, that (i) 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; (ii) identifies the Individual (or for which there is a reasonable basis for believing that the information can be used to identify the Individual); and (iii) is received by Business Associate from or on behalf of Covered Entity, or is created by Business Associate, or is made accessible to Business Associate by Covered Entity. "Protected Health Information" includes Electronic Health Information.

1.6 "Required by Law" means a mandate contained in law that compels an entity to make a use or disclosure of Protected Health Information and that is enforceable in a court of law. Required by law includes, but is not limited to, court orders and court-ordered warrants; subpoenas or summons issued by a court, grand jury, a governmental or tribal inspector general, or any administrative body authorized to require the protection of information; a civil or an authorized investigative demand; Medicare conditions of participation with respect to health care providers participating in the program; and statutes or regulations that require the production of information, including statutes or regulations that require such information if payment is sought under a government program providing benefits.

1.7 "Security Incident" means the attempted or successful unauthorized access, use, disclosure, modification, or destruction of information in, or interference with system operations of, and Information System which contains Electronic Protected Health Information. However, Security Incident does not include attempts to access an Information System when those attempts are not reasonably considered by Business Associate to constitute an actual threat to the Information System.

1.8 "Services" has the same meaning as in the body of this Agreement.

1.9 "Use" or "Uses" means, with respect to Protected Health Information, the sharing, employment, application, utilization, examination or analysis of such information within Business Associate's internal operations.

1.10 Terms used, but not otherwise defined in this Paragraph 1.0 shall have the same meaning as those terms in the HIPAA Regulations.

2.0 OBLIGATIONS OF BUSINESS ASSOCIATE

2.1 Permitted Uses and Disclosures of Protected Health Information

Business Associate:

(a) Shall Use and Disclose Protected Health Information as necessary to perform the Services, and as provided in Subsections 2.3, 2.4, 2.5, 2.6, 2.7. 2.8, 4.3, and 5.2 of this Exhibit E;

(b) Shall disclose Protected Health Information to Covered Entity upon request;

(c) May as necessary for the proper management and administration of its business or to carry out its legal responsibilities:

(i) Use Protected Health Information; and

(ii) Disclose Protected Health Information if the disclosure is Required by Law.

Business Associate shall not use or disclose Protected Health Information for any other purpose.

2.2 Adequate Safeguards for Protected Health Information

Business Associate:

(a) Shall implement and maintain appropriate safeguards to prevent the Use or Disclosure of Protected Health Information in any manner other than as permitted by this Exhibit E. Business Associate agrees to limit the Use and Disclosure of Protected Health Information to the minimum necessary in accordance with the Privacy Regulation's minimum necessary standard.

(b) Effective as of April 20, 2005, specifically as to Electronic Health Information, shall implement and maintain administrative, physical,

and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of Electronic Protected Health Information.

2.3 Reporting Non-Permitted Use or Disclosure and Security Incidents

Business Associate shall report to Covered Entity each Use or Disclosure that is made by Business Associate, its employees, representatives, agents or subcontractors but is not specifically permitted by this Agreement, and effective as of April 20, 2005, shall report to Covered Entity each Security Incident of which Business Associate becomes aware. The initial report shall be made by telephone call to the Department of Mental Health's Privacy Officer, telephone number (213) 738-4864 within forty-eight (48) hours form the time the Business Associate becomes aware of the non-permitted Use or Disclosure or Security Incident, followed by a full written report no later than ten (10) business days from the date the Business Associate becomes aware of the non-permitted Use or Disclosure or Security Incident to the Chief Privacy Officer at:

Chief Privacy Officer, County of Los Angeles
Kenneth Hahn Hall of Administration
500 West Temple Street, Suite 525
Los Angeles, California 90012

2.4 Mitigation of Harmful Effect

Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a Use or Disclosure of Protected Health Information by Business Associate in violation of the requirements of this Exhibit E.

2.5 Availability of Internal Practices, Books and Records to Government Agencies

Business Associate agrees to make its internal practices, books and records relating to the Use and Disclosure of Protected Health Information available to the Secretary of the Federal Department of Health and Human Services for purposes of determining Covered Entity's compliance with the Privacy and Security Regulations. Business Associate shall immediately notify Covered Entity of any requests made by the Secretary and provide Covered Entity with copies of any documents produced in response to such request.

2.6 Access to Protected Health Information

Business Associate shall, to the extent Covered Entity determines that any Protected Health Information constitutes a "designated record set" as defined by 45 C.F.R. §164.501, make the Protected Health Information specified by Covered Entity available to the Individual(s) identified by Covered Entity as being entitled to access and copy that Protected Health Information. Business Associate shall provide such access for inspection of that Protected Health Information within two (2) business days after receipt of request from Covered Entity. Business Associate shall provide copies of the Protected Health Information within five (5) business days after receipt of request from Covered Entity.

2.7 Amendment of Protected Health Information

Business Associate shall, to the extent Covered Entity determines that any Protected Health Information constitutes a "designated record set" as defined by 45 C.F.R. §164.501, make any amendments to Protected Health Information that are requested by Covered Entity. Business Associate shall make such amendment within ten (10) business days after receipt of request from Covered Entity in order for Covered Entity to meet the requirements under 45 C.F.R. §164.526.

2.8 Accounting of Disclosures

Business Associate agrees to maintain documentation of the information required to provide an accounting of Disclosures of Protected Health Information in accordance with 45 C.F.R. §164.528, and to make this information available to Covered Entity upon Covered Entity's request, in order to allow Covered Entity to respond to an Individual's request for accounting of disclosures. However, Business Associate is not required to provide an accounting of Disclosures that are necessary to perform its Services if such Disclosures are for either payment or health care operations purposes, or both. Additionally, such accounting is limited to disclosures that were made in the six (6) years prior to the request (not including disclosures that were made prior to the compliance date of the Privacy Rule, April 14, 2003) and shall be provided for as long as Business Associate maintains the Protected Health Information.

Any accounting provided by Business Associate under this Subsection 2.8 shall include: (a) the date of the Disclosure; (b) the name, and address if known, of the entity or person who received the Protected Health Information; (c) a brief description of the Protected Health Information disclosed; and (d) a brief statement of the purpose of the Disclosure. For each Disclosure that could require an accounting under this Subsection

2.8, Business Associate shall document the information specified in (a) through (d), above, and shall securely maintain the information for six (6) years from the date of the Disclosure. Business Associate shall provide to Covered Entity, within ten (10) business days after receipt of request from Covered Entity, information collected in accordance with this Subsection 2.8 to permit Covered Entity to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in accordance with 45 C.F.R. §164.528.

3.0 OBLIGATION OF COVERED ENTITY

3.1 Obligation of Covered Entity

Covered Entity shall notify Business Associate of any current or future restrictions or limitations on the use of Protected Health Information that would affect Business Associate's performance of the Services, and Business Associate shall thereafter restrict or limit its own uses and disclosures accordingly.

4.0 TERM AND TERMINATION

4.1 Term

The term of this Exhibit E shall be the same as the Term of this Agreement. Business Associate's obligations under Subsections 2.1 (as modified by Subsection 4.2), 2.3, 2.4, 2.5, 2.6, 2.7, 2.8, 4.3, and 5.2 of this Exhibit E shall survive the termination of expiration of this Agreement.

4.2 Termination for Cause

In addition to and notwithstanding the termination provisions set forth in the Agreement, upon Covered Entity's knowledge of a material breach by Business Associate, Covered Entity shall either:

(a) Provide an opportunity for Business Associate to cure the breach or end the violation and terminate the Agreement if Business Associate does not cure the breach or end the violation within the time specified by Covered Entity;

(b) Immediately terminate the Agreement if Business Associate has breached a material term of this Exhibit E and cure is not possible; or

(c) If neither termination nor cure is feasible, Covered Entity shall report the violation to the Secretary of the Federal Department of Health and Human Services.

4.3 Disposition of Protected Health Information Upon Termination or Expiration

(a) Except as provided in (b) of this Subsection 4.3, upon termination for any reason or expiration of the Agreement, Business Associate shall return or destroy all Protected Health Information received from Covered Entity, or created or received by Business Associate on behalf of Covered Entity. This provision shall apply to Protected Health Information that is in the possession of subcontractors or agents of Business Associate. Business Associate shall retain no copies of the Protected Health Information.

(b) In the event that Business Associate determines that returning or destroying the Protected Health Information is infeasible, Business Associate shall provide to Covered Entity notification of the conditions that make it infeasible. If return or destruction is infeasible, Business Associate shall extend the protections of the Agreement to such Protected Health Information and limit further Uses and Disclosures of such Protected Health Information to those purposes that make the return or destruction infeasible, for so long as Business Associate maintains such Protected Health Information.

5.0 MISCELLANEOUS

5.1 No Third Party Beneficiaries

Nothing in this Exhibit E shall confer upon any person other than the parties and their respective successors or assigns, any rights, remedies, obligations, or liabilities whatsoever.

5.2 Use of Subcontractors and Agents

Business Associate shall require each of its agents and subcontractors that receive Protected Health Information from Business Associate, or create Protected Health Information for Business Associate, on behalf of Covered Entity, to execute a written agreement obligating the agent or subcontractor to comply with all the terms of this Exhibit E.

5.3 Relationship to Services Agreement Provisions

In the event that a provision of this Exhibit E is contrary to another provision of the Agreement, the provision of this Exhibit E shall control. Otherwise, this Exhibit E shall be construed under, and in accordance with, the terms of the Agreement.

5.4 Regulatory References

A reference in this Exhibit E to a section in the Privacy or Security Regulations means the section as in effect or as amended.

5.5 Interpretation

Any ambiguity in this Exhibit E shall be resolved in favor of a meaning that permits Covered Entity to comply with the Privacy and Security Regulations.

5.6 Amendment

The parties agree to take such action as is necessary to amend this Exhibit E from time to time as is necessary for Covered Entity to comply with the requirements of the Privacy and Security Regulations.

EXHIBIT F

EXHIBIT FI

CRITICAL COMPLIANCE CONCEPTS

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DVA Renal Healthcare, Inc.
Compliance Critical Concepts

DVA Renal Healthcare, Inc. ("DVA Renal Healthcare" or the "Company") has developed a Compliance Program that includes the following:

- DVA Renal Healthcare Commitments
- Standards of Business Conduct
- Compliance Team and Organization
- Compliance Policies and Procedures
- Compliance Training
- Confidentiality and non-retaliation for identifying compliance issues and asking questions
- Auditing and monitoring programs to ensure Company compliance with policy standards and laws and regulations
- Confidential Hotline

All of the components of the Compliance Program follow the Company's commitment to deliver world-class patient, employee and business care.

DVA Renal Healthcare Commitments

Patient Care Commitments:
Patient Care Comes First
Patient Safety
Patient Quality of Life
Protect Patient Health Information

Employee Care Commitments:
Mutual Respect and Cooperation
Skill Based Leadership and Staffing
Continued Professional Growth and Development
Employee Safety

Business Care Commitments:
Quality Service
Integrity and Ethical Behavior
Compliance with Laws and Company Policies and Procedures
Accurate Billing

Corporate Integrity Agreement

DVA Renal Healthcare has entered into a Corporate Integrity Agreement ("CIA") with the Office of Inspector General ("OIG") of the United States Department of Health and Human Services ("HHS") to promote compliance with the statutes, regulations, and written directives of Medicare, Medicaid, and all other Federal health care programs. The terms of the CIA, include obligations relating to officers, directors, employees, certain contractors and agents, attending physicians, and all Medical Directors. The CIA requires that the Company maintain its Compliance Program and include the following elements:

Standards of Business Conduct

DVA Renal Healthcare's *Standards of Business Conduct* (the "Standards") describe the Company's standards of conduct for all employees to follow to offer world-class patient care and service. The Standards replace the *Continuous Compliance Understanding Plan* (also known as the *CCU Plan*) promulgated in April, 1998. The Standards can be found on the DVA Renal Healthcare Compliance intranet page and at www.gambrohealthcare.com. The Standards emphasize DVA Renal Healthcare's commitment to comply with applicable laws and regulations, Company Policies and Procedures and high standards of business ethics.

The *Standards of Business Conduct* set out:

(a) the Company's commitment to full compliance with all Federal health care program requirements, including its commitment to prepare and submit accurate claims consistent with such requirements;

(b) the Company's requirement that all of its employees and Physicians shall be expected to comply with all Federal health care program requirements and with Company Policies and Procedures;

(c) the requirement that all of the Company's employees and Physicians shall be expected to report to the Chief Compliance Officer or other appropriate individual(s) designated by the Company, suspected violations of any Federal health care program requirements or of the Company's Policies and Procedures;

(d) the possible consequences to both the Company and its employees and physicians of failure to comply with Federal health care program requirements and with the Company's Policies and Procedures and the failure to report such noncompliance; and

(e) the right of all individuals to use the Compliance Hotline and the Company's commitment to non-retaliation and to maintain, as

appropriate, confidentiality and anonymity with respect to disclosures made in the Disclosure Program which includes the Compliance Hotline.

To promote our goals of world-class employee care and business care, DVA Renal Healthcare employees and others are given training on the Standards and must acknowledge: (1) that they have reviewed the *Standards of Business Conduct;* (2) that they will comply with the Standards and all Company Policies and Procedures; and (3) that they will comply with applicable laws and regulations.

The Company will periodically review the Standards to determine if any revisions are appropriate and will make any necessary revisions based on such review. When the Standards are revised, all employees and other interested parties will receive a distribution of the new Standards.

Compliance Team and Organization

Chief Compliance Officer and the Compliance Team

DVA Renal Healthcare has a Chief Compliance Officer who serves at the highest levels of corporate management as a Senior Vice President and who is charged with the development, implementation, and modification of the Compliance Program in addition to leading the Compliance Team. Members of the Compliance Team include Division Compliance Officers, Directors of specific compliance functions, and other staff. The Compliance Team assists the Chief Compliance Officer in the ongoing development, implementation, and modification of the Compliance Program. The Compliance Team has training, education and certifications in, and is knowledgeable about: applicable federal and state laws; compliance program management; employee training and communication; auditing and monitoring; and health care operations.

The Chief Compliance Officer reports directly to the President and CEO of DVA Renal Healthcare, Inc. and reports at least quarterly to the Board of Directors of the Company. In addition, the Chief Compliance Officer reports to the DaVita, Inc. President and the DaVita, Inc. Board of Directors as needed.

The Compliance Team can be reached at 800-525-2623 x 2592.

Compliance Committee

The DVA Renal Healthcare, Inc. Compliance Committee works with and advises the Chief Compliance Officer to oversee the Compliance Program for the Company. The senior management team of the Company makes up the membership of the Compliance Committee to provide a solid integration between compliance and operations. The Committee meets at least quarterly to address compliance issues. Each member also serves on workgroups and

subcommittees as necessary to promote an effective Compliance Program within the Company. The senior management team of the Company, as of November 2004, is made up of the President and Chief Executive Officer; Chief Operating Officer of the Eastern Division; Chief Operating Officer of the Western Division; Chief Operating Officer of Support Services; Chief Medical Officer; Senior Vice President for Business Planning and Development; Senior Vice President for Human Resources; Chief Information Officer; Chief Financial Officer; Chief Compliance Officer; and Company General Counsel. The Chief Compliance Officer chairs the Committee and the Committee supports the Chief Compliance Officer in fulfilling his/her responsibilities.

Clinic Compliance Liaison

The Regional Directors (RDs) have been designated to act as the Clinic Compliance Liaisons ("CCL"). The CCL is responsible for overseeing compliance efforts at the clinic level including ensuring that clinic staff members complete applicable CIA and compliance-related activities in a timely and effective manner. The CCLs work with the Compliance Team to increase compliance awareness at the clinic level.

Policies and Procedures

The Company has developed Policies and Procedures to achieve world-class patient and business care. Employee care is achieved, in part, by distribution of, training on, and adherence to specific Policies and Procedures given to the employees who need them. Compliance Policies and Procedures also are available to Company employees on the Compliance Team web page on the DaVita intranet site. Company Policies and Procedures are available to Company employees on the DaVita intranet site. Employees are also encouraged to review the Policies and Procedures maintained by DVA Renal Healthcare's Human Resources Department for information that affects each employee.

The Compliance Policies and Procedures address:

(a) topics from the *Standards of Business Conduct*;

(b) the applicability of Federal health care program requirements to DVA Renal Healthcare's various business activities, including the negotiation of contracts and financial arrangements, the designing and programming of certain relevant software, and the billing and coding of claims;

(c) the Anti-Kickback Statute and regulations and other guidance documents related to the Anti-Kickback statute, and business or financial arrangements or contracts that induce the unlawful referral of Federal

health care program beneficiaries in violation of the Anti-Kickback Statute; and

(d) certain general and specific reviews required by the terms of the CIA.

The Compliance Policies and Procedures currently are made up of two segments. The general Compliance Policies and Procedures currently address topics such as:

- Billing and Collections
- Compliance Hotline
- Compliance Monitoring
- Conflict of Interest
- E-Signature Corrective Action
- Excluded Individuals
- Exit Interview
- Non-Retaliation
- Policy on Policies
- Record Retention
- Relationships with Potential Referral Sources
- Sanction
- Self-Reporting
- Stat Lab Services
- Standards of Business Conduct
- Unannounced Visits by Government Agents

The business development policies and procedures currently address issues such as:

- Acute Services
- Additional Lines of Business
- Antitrust
- Correctional Facilities Agreements
- Document Retention in Transactions
- Gifts
- Joint Ventures
- Leases to or from Physicians and Referral Sources
- Long Term Care Facility Agreements
- Managed Clinics Administrative Services Agreements
- Medical Director Agreements
- Valuation of Transactions
- Vendor Sponsorships

All of the Compliance Policies and Procedures are available on the DaVita intranet web site at the Compliance web page. At least annually, or more frequently, if appropriate, DVA Renal Healthcare will review and update the

Compliance Policies and Procedures. Any update in policies will be provided to the employees who use them.

Kickbacks and Rebates

DVA Renal Healthcare will not pay or accept any bribe, gratuity, kickback, or similar payment to anyone, including physicians, contractors, agents, patients, or agents of customers or members of agents' families, in connection with any DVA Renal Healthcare services or products. DVA Renal Healthcare shall not participate in business ventures that can only be obtained by improper or illegal procedures. Kickbacks are not to be given or accepted in any form under any circumstances. Kickbacks are anything of value provided directly or indirectly to another party for the purpose of obtaining or rewarding referrals or recommendations for products or services. Rebates are to be accepted or given only under very special circumstances. You will need to contact the Compliance and Legal Departments for assistance regarding any rebates.

Fraud and Abuse

The government has established "fraud and abuse laws" that are designed to deter businesses or individuals from misusing government funds. DVA Renal Healthcare and each of its employees must maintain honest and accurate records concerning the provision of health care services, and never offer, pay or receive any money, gifts or services in return for the referral of patients or to induce the purchase of items or services. DVA Renal Healthcare and its employees must not engage in any of the following activities, all of which are prohibited by law:

(a) billing for supplies or services not delivered;

(b) misrepresenting or duplicate billing of services actually rendered; or

(c) soliciting, offering or receiving a kickback, bribe or rebate in exchange for patient referrals or recommendations, or to induce the purchase of items or services.

DVA Renal Healthcare and its employees must be especially vigilant in adhering to the highest ethical standards in conducting business that may implicate the fraud and abuse laws. DVA Renal Healthcare and its employees must not make false statements or misrepresentations at any time. For employees having claims processing, billing, and reimbursement responsibilities, the consequences of even inadvertent misstatements can be especially serious.

It can be difficult to recognize potential violations of the fraud and abuse laws regarding the prohibition against offering, paying, soliciting or receiving any money, gifts or services in return for the referral of patients; or to induce the

purchase of items or services. Problematic situations that may arise include requests from physicians and other providers for special treatment or payments in return for referring patients or other business. Such requests may seek, for example, payment of an incentive each time a patient is referred, provision of free or significantly discounted goods or services, payment for goods or services in excess of their fair market value or payment for goods or services below their market value. Free goods or services in exchange for the purchase of other products also may be a violation.

Remember two important rules on this subject:

1. DVA Renal Healthcare and its employees do not pay for referrals.

2. DVA Renal Healthcare and its employees do not accept payment for referrals.

If you are faced with situations which appear to be questionable under the fraud and abuse laws, you should consult your Division Compliance Officer or any member of the Compliance Team or the Legal Department for guidance and interpretation. If you suspect that a violation of the fraud and abuse laws has occurred, you should disclose the situation directly to your Division Compliance Officer, a member of the Compliance Team or the Compliance Hotline (888-458-5848).

Compliance Training

DVA Renal Healthcare conducts mandatory compliance training for all employees. The Compliance Training Program includes general compliance information, training on the Corporate Integrity Agreement, the *Standards of Business Conduct*, Compliance Policies and Procedures, and the entire DVA Renal Healthcare Compliance Program. Annual compliance training updates will be given to all employees and applicable other parties. In addition, specifically identified DVA Renal Healthcare employees who work in areas involving contracts, financial arrangements, billing, coding, human resources, and programming which impact these areas, will receive additional specialized training. The CCLs also will receive additional specialized training to assist them with explaining the importance of, and encouraging the practice of, compliance and CIA requirements to clinic staff.

Compliance training is mandatory for all employees and applicable other parties within specified timeframes, and will include online training and, as needed, in-person training.

Physician Training

The terms of the CIA require the Company to develop specific training for physicians and encourage participation. Physicians will receive training on:

(a) the purpose of the CIA;

(b) the Company's Compliance Program;

(c) medical necessity and coverage requirements of the Federal health care programs;

(d) documentation requirements of the Federal health care programs;

(e) the requirements of the Anti-Kickback Statute;

(f) the legal consequences to the Company and Physicians of Anti-Kickback violations; and

(g) other Federal health care program requirements and Company Policies and Procedures directly related to the duties and responsibilities of Physicians.

Physicians will certify that they have received the compliance training.

Confidentiality and Non-Retaliation

Compliance Hotline (Disclosure Program)

DVA Renal Healthcare has established a toll-free Compliance Hotline available 24 hours per day, seven days per week. Company employees and Physicians are encouraged to call the Compliance Hotline to report suspected violations of applicable law, the *Standards of Business Conduct*, or Company Policies and Procedures, and to ask questions regarding potential compliance issues or concerns. Employees and Physicians may call anonymously and will receive a call back number so that the individual can call the answering service to inquire about the ongoing status of their call. Compliance Hotline calls are reviewed promptly by the DVA Renal Healthcare Compliance Team to determine what action should be taken.

The Compliance Hotline is advertised to DVA Renal Healthcare employees and Physicians through the *Standards of Business Conduct*, Compliance Hotline posters, payroll inserts, the Compliance web page on the DaVita intranet, and during compliance training. Compliance Hotline activity is reported to the Compliance Committee and to the Company Board of Directors.

The Compliance Hotline number is 1-888-458-5848.

Ineligible Persons and Entities

DVA Renal Healthcare screens physicians, prospective and current employees, independent contractors and vendors against the Office of Inspector General's *List of Excluded Individuals/Entities* and the General Services Administration's *List of Parties Excluded from Federal Programs*. The Company has a policy against employing or contracting with an individual or entity that is excluded or debarred from participating in federal health care programs. DVA Renal Healthcare also conducts routine background checks prior to employment. Every DVA Renal Healthcare employee, contractor and vendor has an obligation to notify Human Resources if he or she learns of a proposed or implemented exclusion from any health care program. The Company is also prohibited from billing a Federal health care program for any services ordered or provided by an excluded physician or other employee.

Confidentiality

DVA Renal Healthcare employees and others are required to report suspected violations of law, the *Standards of Business Conduct*, or Company Policies and Procedures. DVA Renal Healthcare maintains a Compliance Hotline to permit employees and others to ask questions or to report suspected violations in a confidential manner.

Confidentiality will be maintained to the extent possible consistent with laws and regulations and DVA Renal Healthcare's need to investigate and/or remedy the issue.

DVA Renal Healthcare prohibits retaliation by anyone against an employee or others who, in good faith, seeks help or reports known or suspected violations. Any person retaliating against an employee or others because that individual, in good faith, sought help or filed a report, will be subject to appropriate disciplinary action, including potential termination of employment.

Discipline

DVA Renal Healthcare requires all employees and others to conduct Company business in compliance with the *Standards of Business Conduct*, Company Policies and Procedures, and applicable laws and regulations. Employees who fail to meet this commitment to ethical business conduct, are subject to appropriate disciplinary action, up to and including termination. Company managers or supervisors who condone or fail to prevent improper conduct are subject to appropriate disciplinary action, up to and including termination. Knowledge of the *Standards of Business Conduct* will be reaffirmed during an employee's annual performance review.

Monitoring, Auditing and Investigations

DVA Renal Healthcare utilizes Compliance Guidance and Fraud Alerts released by the Office of Inspector General (OIG) and other industry guidance along with information obtained from the Compliance Hotline and inquiries by DVA Renal Healthcare employees to identify potential areas of non-compliance and to develop new compliance initiatives. Monitoring of compliance with regulatory requirements is ongoing.

The Compliance Team reviews all allegations of non-compliance with laws or policies. The nature of the allegation will determine whether an investigation will be conducted independently by the Compliance Team or with the assistance of legal counsel. Human Resources concerns are referred to members of the Human Resources Department for response.

Monitoring and Investigations

If an investigation, monitoring or audit activity confirms non-compliance with law or Company policy, the Compliance Team will work with the appropriate managers and employees to resolve the issue, take necessary corrective action, and provide support for any required disciplinary action. The Compliance Team also works with legal counsel to identify any disclosure or repayment obligations.

Audits

DVA Renal Healthcare uses self-audits, focused reviews, feedback from the Compliance Hotline and concerned employees, and outside consultants to assess compliance risk. The Compliance Team conducts proactive audits to monitor compliance with laws and Company Policy and to investigate allegations of non-compliance. The Compliance Team also reviews self-audit reports generated by Company departments and utilizes external audit consultants as needed. The Compliance Committee approves the annual audit plan developed by the Compliance Team.

Audit results and recommendations are reported to the Compliance Committee and appropriate operations personnel. Audit reports include the response plan(s) received from operational management. Follow up audits are conducted on the response plans where appropriate.

Many audits will be conducted entirely by Company personnel. Independent auditors will perform other audits. DVA Renal Healthcare employees are expected to cooperate with any Company authorized audit being conducted in their work area(s).

Compliance Communications

The Compliance Team communicates compliance information to DVA Renal Healthcare employees through Company newsletters, e-mail, payroll inserts, web page information, online training, periodic in-person training, the *Standards of Business Conduct*, and Company Policies and Procedures.

Summary

DVA Renal Healthcare has established the Compliance Program to assist employees and others in complying with laws and regulations, the *Standards of Business Conduct*, and Company Policies and Procedures. The Compliance Program may be modified, as necessary to prevent and detect violations of the law.

EXHIBIT F2

COMPLIANCE WITH THE ANTI-KICKBACK STATUTE

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DEPARTMENT: COMPLIANCE	POLICY NUMBER: CD- 16.04
EFFECTIVE DATE: December 10, 2004	POLICY DESCRIPTION: COMPLIANCE WITH THE ANTI-KICKBACK STATUTE
APPROVED: C. Riopelle	PAGE: 1 of 2

COMPLIANCE WITH THE ANTI-KICKBACK STATUTE

PURPOSE:

To provide guidelines to DVA Renal Healthcare, Inc., and its workforce for ensuring that all DVA Renal Healthcare workforce members comply with the provisions in the Federal Anti-Kickback Statute 42 U.S.C. Section 1320a-7b(b) (the "Anti-Kickback Statute").

POLICY:

DVA Renal Healthcare is committed as a company to ensuring that the company complies with the Anti-Kickback Statute.

The Anti-Kickback Statute prohibits payments of anything of value (including a reduction in price) in exchange for recommending or arranging for the purchase of services payable by a Federal health care program (e.g., Medicare). Generally, the Anti-Kickback Statute states that: **Whoever knowingly and willfully** solicits or receives any *remuneration*, directly or indirectly,...in return for the furnishing of any item or service...offers or pays any *remuneration*, directly or indirectly, to induce such person to refer or recommend an individual for referring an individual for the furnishing of any item or service or in return for purchasing, ordering, or arranging for or recommending the purchasing or ordering or any item or service...payable in whole or in part by a Federal health care program has violated the statute. Violation of the Anti-Kickback Statute is a felony and includes a fine of $25,000 and/or five years imprisonment. The Anti-Kickback Statute has several specific Safe Harbors designed to permit legitimate business activities under precise conditions even when those activities might technically violate the law. Failure to fit squarely within a safe harbor does not necessarily violate the law.

DVA Renal Healthcare workforce members should contact the DVA Renal Healthcare Legal Department for clarification on this law and any of the Safe Harbors. DVA Renal Healthcare has several Policies and Procedures designed to fit common agreements into Anti-Kickback Statute Safe Harbors, and any Policy and Procedure applicable to a specific type of agreement shall be controlling for that specific type of agreement.

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DEPARTMENT: COMPLIANCE	POLICY NUMBER: CD- 16.04
EFFECTIVE DATE: December 10, 2004	POLICY DESCRIPTION: COMPLIANCE WITH THE ANTI-KICKBACK STATUTE
APPROVED: C. Riopelle	PAGE: 2 of 2

PROCEDURE:

1. All agreements with any potential referral source must be in writing and signed by both parties. "Referral source" includes individuals and entities that purchase, lease, recommend, use, arrange for the purchase or lease of, or prescribe DVA Renal Healthcare products or services in the United States, and includes both clinical and non-clinical people who make decisions of the sort listed. This is a broad definition, intended to include anyone with material influence over such decisions. Examples of referral sources include physicians, health care professionals, hospitals and other inpatient and outpatient facilities, and managed care payers.

2. The agreements must specify and cover all services to be provided by the agent during the term of the agreement.

3. Any part-time agreements should specify the intervals of service as is practical.

4. Any payments made must be set in advance and be Fair Market Value (FMV). See the Business Development Policy & Procedures for further discussion of FMV.

5. Payments must not consider value or volume of any potential referrals or business.

6. The term of the agreement must be for at least one year.

7. There must be a reasonable business purpose for the agreement.

8. Any deviation from these requirements must be approved, in writing, by the DVA Renal Healthcare Legal and Compliance Departments.

CONTACT FOR QUESTIONS:

Any questions regarding this policy and procedure may be directed to your supervisor, a member of the DVA Renal Healthcare Legal Department, or the DVA Renal Healthcare Compliance Team at 1-800-525-2623 ext. 2592.

EXHIBIT F3

ADDENDUM TO AGREEMENT

ADDENDUM TO AGREEMENT BETWEEN DVA RENAL HEALTHCARE, INC., AND THE COUNTY OF LOS ANGELES

DVA Renal Healthcare, Inc., d/b/a: Burbank Dialysis ("Provider"), formerly known as Gambro Healthcare, Inc., d/b/a: Gambro Healthcare – Burbank, and the County of Los Angeles ("County") (collectively, the "Parties"), have entered into an agreement dated _____, _____ (the "Agreement"), and hereby amend the Agreement as follows by execution of this addendum (the "Addendum"):

1. All provisions of the Agreement that are not expressly modified by this Addendum are reaffirmed and ratified. All terms previously defined in the Agreement have the same specified meaning when used in this Addendum.

2. This Addendum shall be effective as of the latest occurring date on which a Party executes this Addendum, and shall have the same term as the Agreement, unless it is earlier terminated according to terms of the Agreement.

3. Compliance Related Matters. The following provisions shall become part of the Agreement, effective as specified above.

(a) County and Provider agree and certify that this Agreement is not intended to generate referrals for services or supplies for which payment maybe made in whole or in part under any federal health care program. County and Provider will comply with statutes, rules, and regulations as promulgated by federal and state regulatory agencies or legislative authorities having jurisdiction over the Parties.

(b) County acknowledges that Provider is under a Corporate Integrity Agreement with the Office of the Inspector General of the Federal Department of Health and Human Services (the "CIA"), and that such CIA imposes various reporting and operational compliance related obligations on Provider. To the extent not otherwise set forth herein, County agrees to cooperate with Provider in compliance with the requirements of such CIA, as such requirements may apply to performance of this Agreement.

(c) County hereby certifies that it will (i) comply with the terms of Provider's Corporate Compliance Program, including any training required to be provided thereunder by Provider to employees and certain contractors, and (ii) comply with Provider's Compliance Critical Concepts and policies and procedures related to compliance with 42 U.S.C. § 1320a-7b(b) (the federal "Anti-Kickback Statute") a copy of each of which has been provided to County hereunder, and in each case solely as applicable to performance of this Agreement.

(d) County certifies that it will abide by the terms of the Anti-Kickback Statute in all matters involving Provider.

The Parties have executed this Addendum intending it to be effective as specified above, and intending the provisions of this Addendum to be incorporated as part of the Agreement.

PROVIDER

By: _____
Print Name: Robert Badal
Title: Vice President, Payor Contracting
Date: 6-9-06

COUNTY

By: _____
Print Name: _____
Title: _____
Date: _____