COUNTY OF LOS ANGELES

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DEPARTMENT OF MENTAL HEALTH

http://dmh.lacounty.gov

Reply To: (213) 738-4601
Fax: (213) 386-1297

May 12, 2009

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

APPROVAL OF THE STATE PERFORMANCE CONTRACT WITH THE STATE OF CALIFORNIA DEPARTMENT OF MENTAL HEALTH FOR FISCAL YEARS 2007-08, 2008-09, AND 2009-10 (ALL SUPERVISORIAL DISTRICTS) (3 VOTES)

SUBJECT

Request adoption of a resolution approving the State of California Department of Mental Health Performance Contract, making the County Department of Mental Health responsible for establishing community mental health services in the County of Los Angeles, effective July 1, 2007, through June 30, 2010.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Adopt and instruct the Chair to sign and execute the attached Resolution (Attachment I) approving the State of California Department of Mental Health (State) Performance Contract No. 07-77181-000 (Contract) (Attachment II) with County of Los Angeles Department of Mental Health (DMH) for Fiscal Years (FYs) 2007-08, 2008-09, and 2009-10. The Contract authorizes DMH to provide mental health programs in the County of Los Angeles (County) and allows DMH to access Federal and State funds for the provision of these services. In addition, the Resolution authorizes the Director of DMH to sign future amendments or make modifications to the Contract, upon prior Chief Executive Office (CEO) and County Counsel review and approval.

2. Authorize the Director of Mental Health, or his designee, to sign two copies of Contract No. 07-77181-000 and forward both originals to the State.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS

Board approval is required to accept the Contract between the State and DMH for FYs 2007-08, 2008-09, and 2009-10. The Contract is required by California statute as part of the Bronzan-McCorquodale Act. The Contract makes DMH responsible for establishing community mental health services in the County and is a condition of funding for various mental health program funding streams.

The Contract is retroactive to July 1, 2007, as a result of the late submission of the Contract to the County by the State, as well as obtaining State concurrence with standard County contract boilerplate. This type of contract is among the categories originally excluded when the retroactive contracts policy was established in 2000. Accordingly, it was not presented before the Retroactive Contract Review Committee.

Implementation of Strategic Plan Goals

The recommended actions are consistent with County Strategic Plan Goal 4, "Health and Mental Health."

FISCAL IMPACT/FINANCING

Funding for the mental health programs required by this Contract for FYs 2007-08 and 2008-09 were included in DMH's FY 2007-08 and FY 2008-09 Adopted Budget, respectively. Funding for FY 2009-10 has been requested in the 2009-10 Proposed Budget.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Contract between the State and DMH is mandated under Section 5650 of the Welfare and Institutions Code. Until FY 2006-07, the Contract and Resolution were annually approved by your Board for each fiscal year. Beginning FY 2007-08, with this Contract, the State has modified the Performance Contract and Resolution to cover three fiscal years.

The Contract sets forth County authority for the implementation of County mental health programs and summarizes the provisions for each of the local mental health programs. Each summary contains a brief description of the program, the scope of work or work plan, budget requirements, and accountability. Additionally, the Contract outlines the requirements the County must satisfy. The Contract also indicates the performance conditions for the County programs, including any other contract requirements.

Clinical and administrative staff of DMH are assigned to review and evaluate the services provided to clients and ensure that Contract provisions and departmental policies are followed.

The proposed actions have been reviewed and approved by County Counsel and the CEO.

IMPACT ON CURRENT SERVICES

This Contract will enable DMH to plan and continue to provide mental health services to mental health consumers in the County.

CONCLUSION

DMH will need one copy of the adopted Board actions and the original executed resolution. It is requested that the Executive Officer, Board of Supervisors, notify DMH's Contracts Development and Administration Division, at (213) 738-4684 when these documents are available.

Respectfully submitted,

Marvin J. Southard, D.S.W.
Director of Mental Health

MJS:KW:RK:SK:mi

Attachments (2)

c: Chief Executive Officer
County Counsel
Chairperson, Mental Health Commission

ATTACHMENT I

RESOLUTION OF
THE BOARD OF SUPERVISORS OF
COUNTY OF LOS ANGELES
STATE OF CALIFORNIA

Now, Therefore, Be It Resolved that the Board of Supervisors of the County of Los Angeles, does hereby approve and authorize the Director of the Department of Mental Health to sign the Performance Contract No.07-77181-000 with the State of California Department of Mental Health for Fiscal Years 2007-08, 2008-09 and 2009-10. It is further resolved that the Board approves and authorizes the Director of the Department of Mental Health to approve future Amendments or Modifications of Agreement No. 07-77181-000.

The foregoing Resolution was adopted on the ____ day of _____, 2009, by the Board of Supervisors of the County of Los Angeles, and ex-officio the governing body of all other special assessment and taxing districts, agencies and authorities, for which said Board so acts.

Attest:
SACHI HAMAI, Executive Officer
Board of Supervisors of the
County of Los Angeles

By _____
Deputy

_____
Chairman, Board of Supervisors

APPROVED AS TO FORM:

OFFICE OF THE COUNTY COUNSEL

By _____
Deputy County Counsel

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EXHIBIT A
(Standard Agreement)

1. County agrees to provide to the Department of Mental Health (DMH) as described herein:

   Satisfy conditions of funding for various mental health program funding streams, including: Medi-Cal Mental Health Managed Care; Children's System of Care: An Interagency Enrollee Based Program; Projects for Assistance in Transition from Homelessness Program; and Community Mental Health Services Grant (SAMHSA) program.

2. The services shall be performed at the County.

3. The services shall be provided during working hours on a daily basis.

4. The project representatives during the term of this agreement will be:

State Agency: Dept. of Mental Health	County: Los Angeles County Mental Health
Name: County Operations Unit	Name: Director
Phone: (916) 654-3168	Phone: 213-738-4601
Fax: (916) 653-6486	Fax: 213-386-1297

Direct all contractual inquiries to:

State Agency	County
Section/Unit: County Operations Unit	Section/Unit:
Attention:	Attention: Director
Address: 1600 9th Street, Room 100 Sacramento, CA 95814	Address: 550 South Vermont, 12th Floor Los Angeles, CA 90020
Phone: (916) 654-3168	Phone: 213-738-4601
Fax: (916) 653-6486	Fax: 213-386-1297

5. Detailed description of work to be performed:

According to Welfare and Institutions Code (WIC), § 5650(a) each county shall adopt a proposed annual county mental health services performance contract for mental health services in the county or counties.

WIC, § 5651 provides a detailed list of items to be included in the county mental health services performance contract.

Program Narrative:

ARTICLE I - PERFORMANCE CONDITIONS

Part A - General Assurances and Program Principles

Section 1 - Maintenance of Effort

The County is in compliance with the requirements of WIC, § 17608.05.

Section 2 - Administrative Assurances

The County shall be in compliance with the following assurances:

a. When applicable, the County shall comply with all requirements necessary for Short–Doyle/Medi–Cal reimbursement for mental health services provided to Medi–Cal eligible individuals, including, but not limited to, the provisions set forth in WIC, § 5718 through 5724. If the County has entered into a Contract with the State Department of Mental Health (DMH) under WIC, § 5775, to provide Medi–Cal Specialty Mental Health Services, the County shall comply with the requirements of that Contract and the provisions of Title 9, California Code of Regulations (CCR), Division 1, Chapter 11. Medi–Cal Specialty Mental Health Services are those services described in Title 9, CCR, §1810.247 and 1810.345.

b. The County attests that the Local Mental Health Board or Commission has reviewed and approved procedures ensuring citizen and professional involvement in the planning process.

c. The County shall provide other information required, pursuant to State or Federal statutes.

d. The County shall comply with all requirements to provide mental health services to pupils with disabilities in accordance with California Government Code Chapter 26.5, Division 7, Title 1, and California Code of Regulation Title 2, Division 9, Chapter 1.

e. The County shall be in compliance with the expenditure requirements of WIC, § 5704.5 and 5704.6.

f. The County and its subcontractors shall provide services in accordance with all applicable federal and State statutes and regulations.

g. The County has a certification review hearing procedure in force, which shall comply with applicable State statutes. (WIC, § 5250 et seq.)

h. All recipients of services by the County shall be provided information in accordance with provisions of WIC, § 5325 through 5331 pertaining to their rights as patients, and that the County has established a system whereby recipients of service may file a complaint for alleged violations of their rights. The County shall comply with Title VI of the Civil Rights Act of 1964 and Federal regulations at 45 CFR, Parts 80 and 84.

i. The County shall pursue a culturally competent system of care.

j. The State and the County recognize that, pursuant to Sections 5615 and 5616 of the Welfare and Institutions Code, the Tri-City Mental Health Center exists, receives realignment funding, and provides mental health services to the Tri-City area, which is within Los Angeles County. State and the County agree that, with regard to specialty mental

health services not reimbursed through Medi-Cal, as long as the Tri-City Mental Health Center continues to exist and to provide adequate services in its service area, County is not responsible for non-Medi-Cal mental health services in the Tri-City service area. If Tri-City continues in existence, but information indicates that it will be unable to continue providing an adequate range of non-Medi-Cal mental health services in an acceptable manner, State and County agree to meet, confer, and negotiate as to what action or actions, if any, should be taken, including but not limited to what mental health service responsibilities and/or funding, if any, should be shifted to County. If an agreement is reached to shift service responsibilities and funding to the County, this contract shall be amended to implement the agreed upon action or actions.

Section 3 – Routine Information Needs

a. Pursuant to WIC, § 5610 (a), the County shall submit Client and Service Information (CSI) data to DMH for the term of this agreement, in accordance with the requirements set forth in the Department's CSI Data Dictionary.

   1. The County shall report monthly CSI data to DMH within 60 days after the end of the month in which services were provided.
   2. The County shall report within 60 days or be in compliance with an approved plan of correction with the Department's CSI Unit.
   3. The County shall make diligent efforts to minimize errors on the CSI error file.
   4. The County shall notify DMH 90 days prior to any change in reporting system and/or change of automated system vendor.

b. The County and its subcontractors shall submit a fiscal year-end cost report, due to DMH no later than December 31 following the close of the fiscal year, in accordance with WIC, § 5651(a)(4), 5664(a) and (b), 5705(b)(3), 5718(c) and guidelines established by DMH.

Section 4 – Program Principles

To the extent funds are available, the program principles and the array of treatment options shall be in accordance with WIC, § 5600.2 through 5600.9.

Section 5 – Program Reimbursement Methods

Methods of County reimbursement are described in Article I, Part B, Item 3 of this agreement during fiscal years 2007-10. If the County participates in Medi-Cal mental health programs or receives Medi-Cal reimbursement for mental health services to Medi-Cal eligible persons, the County shall comply with the requirements and provisions applicable to Medi-Cal Mental Health Managed Care contained or referenced in regulations, policies and statute, and its Medi-Cal Mental Health Plan Contract.

Section 6 – Utilization Review/Quality Assurance

a. The County and its subcontractors shall establish and maintain systems to review the quality and appropriateness of services in accordance with applicable Federal and State statutes and regulations and guidelines operative during the term of this Contract. If the County has a Contract with DMH under WIC, § 5775, the County shall also comply with the terms of that Contract.

b. DMH may review the existence and effectiveness of the County's utilization review systems in accordance with applicable Federal and State laws and regulations. DMH may review the

existence and effectiveness of any utilization review systems of the County subcontractors as necessary.

Section 7 – Performance Outcomes for Realignment Accountability

The County shall implement California's mental health performance outcomes systems for children and youth, adults, and older adults.

Section 8 – Cost Reporting

The County shall submit a fiscal year-end cost report certified by the mental health director and the county's auditor-controller as being true and correct, due no later than December 31st following the close of the fiscal year in accordance with WIC, § 5651(a)(4), 5664(a) and (b), 5705(b)(3), 5718(c) and guidelines established by DMH. Data submitted shall be full and complete. The County shall also submit a reconciled cost report certified by the mental health director and the county's auditor-controller as being true and correct, no later than February 1st of the following fiscal year.

If the County does not submit the cost reports by the reporting deadlines the Department may withhold payments of the funds described in Part B (Specific Provisions) to the Contractor.

Section 9 – Restriction of Inpatient Psychiatric Treatment of Minors with Adults

a. The County shall be in compliance with WIC, 5751.7 and shall ensure that minors shall not be admitted into inpatient psychiatric treatment with adults if the health facility has no specific separate housing arrangements, treatment staff, and treatment programs designed to serve children or adolescents.

b. If the requirements of 9a. create an undue hardship for the County, the County may be granted a waiver if a request is submitted to and approved by DMH. See Attachment F.

c. If the County has not been granted a waiver, it shall comply with the provision of 9a.

d. County waiver requests pursuant to WIC 5751.7 shall only be submitted at the time this agreement is originally signed and returned to DMH for execution. Attachment F and items 1 and 2 of Attachment F shall be completed and affixed to this agreement upon receipt by DMH. See Attachment F for additional submission information.

Section 10 – Assisted Outpatient Treatment Demonstration Project Act of 2002 (AOT)

Counties that choose to participate in the Assisted Outpatient Treatment program (AOT) Demonstration Project Act of 2002 shall be required to comply with all statutory provisions including, but not limited to, Welfare and Institutions Code Sections 5345 to 5349.5. In addition, participating counties/cities shall be required to submit to DMH any documents that may be requested as part of the Department's statutory responsibilities in accordance with DMH Letter No.: 03-01 dated March 20, 2003.

Part B - Specific Provisions

1. Except as otherwise provided herein, all communication concerning Article I Performance Conditions of this Contract shall be directed to the Project Coordinator as follows:

   Deputy Director
   Systems of Care
   Department of Mental Health
   1600 9th Street
   Sacramento, CA 95814
   (916) 654-3551

2. DMH shall make allocations to the County, in relation to conditions in Article I, from budget sources as follows:

   a. 4440–101–0001(a) COMMUNITY SERVICES – OTHER

   b. 4440–103–0001 MEDI-CAL MENTAL HEALTH MANAGED CARE (except for Sierra County, Berkeley City and Tri-City)

   c. 4440–101–0890 FEDERAL TRUST FUND

   These allocations shall be consistent with the statutory provisions governing their allocation and the County's expenditure of these funds shall be consistent with the statutory provisions governing their expenditure.

3. DMH shall make payment to the County/City as follows:

   a. 4440–101–0001(a) COMMUNITY SERVICES – OTHER :
   Upon the effective date of the agreement, completion of the State budget, and negotiated Work Plans, if applicable, DMH shall pay to the County/City, at the beginning of each month, 1/12 of 95 percent of the funds allocated by DMH in accordance with the budget for the current fiscal year for the allocations described in Section 2.a. above. *(WIC 5713)* The remaining 5 percent shall be paid out to the County/City as a result of the year-end cost settlement process.

   b. 4440-103-0001 MEDI-CAL MENTAL HEALTH MANAGED CARE
   DMH shall pay to the County in one lump sum, at the beginning of the contract period, 100% of the funds allocated by DMH in accordance with the budget for the current fiscal year for the allocations described in Section 2.b. above. *(WIC 5778(e))*.

   c. 4440–101–0890 FEDERAL TRUST FUND:
   All funds paid out by DMH pursuant to this agreement and any interest accrued locally shall be used exclusively for providing mental health services, including defraying operating and capital costs and allowable County overhead. DMH shall pay to the County, at the beginning of each month, 1/12 of 100 percent of the funds allocated by DMH in accordance with the budget for the current fiscal year for the allocations described in Section 2.c. above. Monthly payments shall begin after the renewal application is approved. Payments shall be suspended or adjusted if the County payment/expenditure ratio is above 15 percent of the total amount paid for the quarter. Payments shall be discontinued if the County is delinquent in submitting quarterly expenditure reports and/or cost reports, and shall resume when the required documents are received.

4. If the County accepts Federal PATH and/or SAMHSA Block Grant funds, the County shall abide by the specific conditions of § 290aa et seq. and Section 300xx et seq. of Title 42 of the United States Code as well as those conditions established by other Federal and State laws, regulations, policies, and guidelines.

5. If the County chooses to reimburse Short–Doyle/Medi–Cal subcontractors or Medi–Cal Specialty Mental Health organizational providers using negotiated rates, the County shall adhere to the DMH Information Notice, "NEGOTIATED RATES FOR SHORT–DOYLE/MEDI–CAL (SD/MC) SERVICES FOR FISCAL YEAR (FY) 2007–2008." Information Notices for FY 08-09 and FY 09-10 will be released accordingly. DMH shall issue a final approval letter to the County pursuant to the DMH Information Notice. The approval letter shall be binding on the County for negotiated rates for FY 2007–08, FY 2008-09, and FY 2009-10 regardless of the issue date of the letter.

6. Any funds allocated for conditions specified within Article I PERFORMANCE CONDITIONS of this Contract that by Federal or State legislative requirement, regulation or DMH policy are to be expended in specified program categories shall be spent only in accordance with these requirements.

7. Should a dispute arise relating to any issue within Article I PERFORMANCE CONDITIONS of this Contract, the County shall, prior to exercising any other remedies which may be available, provide written notice within a thirty–day period of the particulars of such dispute to:

   Deputy Director
   Administrative Services
   Department of Mental Health
   1600 9th Street
   Sacramento, CA 95814

   Such written notice shall contain the Contract number. The Deputy Director, or his/her designee, shall meet with the County, review the factors in the dispute, and recommend a means of resolving the dispute before a written response is given to the County. The Director, or his/her designee, shall provide a written response within thirty days of receipt of the County written notice.

8. If the County chooses to participate in the Mental Health Medi–Cal Administrative Activities (MAA) claiming process, the County shall submit claims only for those activities included and defined in the County's Mental Health MAA Claiming Plan as approved by DMH, the Department of Health Care Services, and the federal Center for Medicare and Medicaid Services (CMS). The County shall comply with all applicable federal statutes and regulations including WIC, § 14132.47 and MAA related regulations contained in Title 22 of the CCR
   with the exception of the approved MAA activities and claiming polices that are unique for mental health programs.

ARTICLE II – LOCAL MENTAL HEALTH PROGRAMS

CHILDREN'S SYSTEM OF CARE (CSOC)

Article 1 – Performance Conditions

Section 1 – Program Reference

Submission of Proposals

Authorized under the Children's Mental Health Services Act, Welfare and Institution (W&I) Codes, § 5850 – § 5883

Title XIX Part B of the Public Health Service Act

Program Description:
The Children's System of Care: An Interagency Enrollee-Based Program (CSOC-IEBP) promotes the development of comprehensive county or regional interagency service systems for seriously emotionally disturbed (SED) children, adolescents and their families. For FY 2007-08, the counties of Stanislaus, Merced, and Monterey are defined as "fully funded" system of care counties. These counties shall comply with the requirements under State and federal law by implementing and maintaining:

1. A defined range of interagency services, blended programs and program standards that facilitate appropriate service delivery in the least restrictive environment as close to home as possible. The system shall use available and accessible intensive home and school–based alternatives;
2. Defined mechanisms that ensure that services are child–centered and family–focused with parental participation in all aspects of the planning and delivery and evaluation of service;
3. A formalized multi–agency policy and planning committee that collaborates to provide a coordinated, goal-directed system of care for the service populations;
4. A defined interagency case management system designed to ensure identification of appropriate children and youth, and to facilitate services to the defined service populations. The roles and responsibilities of these groups are specified in Interagency Agreements (IA) or Memoranda of Understanding (MOU), or both;
5. A roster of enrolled SED children and youth who have a history of, or are at risk of, out of home placement, hospitalization, incarceration or school nonattendance who are the focus of this effort;
6. Annual enrolled client and cost performance goals and expected levels of attainment, and,
7. Defined mechanisms to ensure that services are culturally competent.

For FY 2007-10, the following counties are defined as "partially funded": Los Angeles, San Luis Obispo, Humboldt, and Placer.

Counties which are "Partially funded" as defined by DMH will be required to meet those elements of above stated requirements which are agreed upon by DMH and the county as appropriate and
achievable considering their specific level of funding through the CSOC-IEBP Scope of Work Plan and Budget Requirements process.

Section 2 – Scope of Work Plan and Budget Requirements

Under § 5855.5 of the W&I Code, the County shall submit an annual Scope of Work Plan and corresponding budget and budget narrative for each fiscal year that funding is received for County participation. The CSOC-IEBP Scope of Work Plan shall outline the County's major strategies for achieving the overall infrastructure requirements, outcome goals and core activities.

The work plans and budgets and any subsequent updates are not attached to this contract but are incorporated by this reference into this contract. DMH or the County may update these work plans and budgets periodically as required by program and/or budget directives. DMH shall provide the County with DMH approved work plans and budgets under separate cover. The County shall maintain on file all work plans and budgets and any subsequent periodic updates referenced herein.

These Counties, as recipients of SAMHSA Community Mental Health Services Block Grant funds, shall abide by specific conditions of Title XIX Part B of the Public Health Service Act, as well as those conditions established by other Federal and State laws, regulations, policies, and guidelines. Counties shall to submit an application, prepared in accordance with the SAMHSA Planning Estimate and Renewal Application Instructions. The Block Grant funds are allocated to seven Children's System of Care programs.

Section 3 – Accountability

Pursuant to § 5880 of the W&I Code, expected levels of attainment of the CSOC-IEBP include improved child functioning, reduced interactions with juvenile justice, reduced out–of–home placement costs, reduced out–of–home placements of special education pupils, and reduced use of psychiatric hospitals. The County shall assure quality outcomes for children and youth with the integration of the activities of multiple child–serving agencies and systems to provide necessary services including mental health, substance abuse, special education, child welfare, social services, public health, and increasingly, juvenile justice services.

PROJECTS FOR ASSISTANCE IN TRANSITION FROM HOMELESSNESS (PATH) PROGRAM

Article 1 - Performance Conditions

Part A - General Assurances and Program Principles

Section 1 - Program Reference

Title V, Part C, § 521 of the Public Health Service Act

Program Description:
Counties receiving federal PATH funds can create new services, as well as augment and enhance services that are currently available to the target population. All PATH funding shall pertain to one or more of the following services:

1. Outreach services
2. Screening and diagnostic treatment services
3. Habilitation and rehabilitation services (relating to training and education to improve the individual's functioning in the community)
4. Community mental health services

5. Alcohol and/or drug treatment services
6. Staff training (for individuals who work in shelters, mental health clinics, substance abuse programs, and other sites where individuals require homeless services)
7. Case management services
8. Supportive and supervisory services in residential settings
9. Referrals for primary health services, job training, educational services, and relevant housing services
10. Housing services including: (limited to 20 percent of the PATH grant)
    a. Minor renovation, expansion, and repair of housing
    b. Planning of housing
    c. Technical assistance in applying for housing assistance
    d. Improving the coordination of housing services
    e. Security deposits
    f. Costs associated with matching eligible homeless individuals with appropriate housing situations
    g. One-time rental payments to prevent eviction

Grant payments shall not be expended:

a. To support emergency shelters or construct housing facilities.
b. For inpatient psychiatric treatment costs or inpatient substance abuse treatment costs.
c. To make cash payments to intended recipients of mental health or substance abuse services.

DMH shall award the PATH funding to participating counties based on, but not limited to, a legislated formula. The goal of this formula allocation shall be to provide a stable funding base that the counties can use to develop innovative programs or augment existing programs within their systems of care, as long as the programs meet specific PATH requirements.

In an effort to ensure compliance and ongoing quality improvement in the local mental health programs related to the PATH grant program, policies and procedures have been established which recipients agree to comply with. These policies and procedures define the program requirements, process for monitoring and oversight, and technical assistance information. Counties shall refer to the PATH Planning Estimate and Renewal Application for PATH Grant Funds (sent out by DMH as numbered DMH Letter), which shall be sent to the County under separate cover, for applicable policies and procedures.

Annual allocations for County programs operating under the terms and conditions of this contract shall not be determined until final approval of the Budget Act for Fiscal Year 2007-08 (FY 2008-10 pending) and any associated trailer bills that impact program funding. Funding shall be contingent on the availability of funds and successful compliance with the Application and Budget requirements.

County shall make available (directly or indirectly) nonfederal contributions toward the cost of services in the amount of one dollar ($1) for each three dollars ($3) of federal PATH funds provided. Nonfederal contributions may be cash or in-kind, fairly evaluated, including plant, equipment, or services. Amounts provided by the federal government, including services assisted or subsidized by the federal government, shall not be included in determining the amount of such nonfederal contributions.

The PATH Planning Estimate and Renewal Application Letter for PATH Grant funds shall be sent to participating Counties under separate cover. This DMH Letter transmits the Planning Estimate Worksheet, which provides the County's proposed total expenditure level for the State Fiscal Year, and the renewal application instructions (with all appropriate forms) for the grant.

County shall submit to DMH an application with the required documentation by the date specified in this DMH Letter.

Section 2 – Application and Budget Requirements

In order to receive the allocation, the County shall submit to DMH an annual application for the PATH Grant funds. The application shall include a narrative that details the County's intended use of the funds. In addition, the County application shall include signed certifications and assurances accepting the grant dollars under the conditions established by governing federal and state laws, regulations and guidelines, as well as specific conditions included in the County application.

Program Narrative:
County shall refer to the PATH Planning Estimate and Renewal Application Letter for PATH Grant funds (DMH Letter), which shall be sent to the County under separate cover, for specific application submission requirements, including Program Narrative requirements and page limitations.

Program Budget:
In order to receive the allocation, the County shall submit to DMH a Federal Grant Detailed Provider Budget (MH 1779) and separate budget narrative for each program. This form shall be included in the PATH Planning Estimate and Renewal Application Letter for PATH Grant funds (DMH Letter), which shall be sent under separate cover.

Program Goals and Objectives:
See Program Narrative.

DMH shall provide procedures to the County regarding applications and budgets under separate cover. The applications and budgets and any subsequent updates are not attached to this contract but are incorporated by this reference. DMH or the County may make mutually agreed upon revisions to these applications and budgets periodically as required by program and/or budget directives. The County shall maintain on file all work plans and budgets and any subsequent periodic updates.

Section 3 – Accountability

DMH shall monitor the PATH Grant for:

1. Use of funds in accordance with Federal Program Reference Public Law 101–645, 42 U.S.C. 290cc–21 et seq., the Stewart B. McKinney Homeless Assistance Act of 1990, Public Health Services Act, sections 521 through 535.
2. Program design, implementation, and service array (PL 101–645, Public Health Services Act, Part C, Sections 521–525).
3. Use of funds for administrative purposes (State Mental Health 1779 Budget).

Site Visits and Monitoring:

DMH shall maintain oversight of the PATH Grant funds through a review of the County's application and on–site reviews. DMH shall conduct program performance reviews of the larger County programs through site visits every other year. For other counties, DMH staff shall discuss program progress with County homeless coordinators and County fiscal staff and shall conduct on–site reviews, scheduled on an as–needed basis. PATH review criteria are delineated in the Public Health Service Act, Part C, Section 521–535.

Progress Reports:

Each County shall provide financial reporting on a quarterly basis and also an annual cost report. Demographic and general fiscal information are reported to SAMHSA annually via the on–line Year End PATH Report. This information is, in turn, reported in summary form to DMH.

COMMUNITY MENTAL HEALTH SERVICES GRANT (SAMHSA) PROGRAM

Article 1 – Performance Conditions

Part A – General Assurances and Program Principles

Section 1 – Program Reference

Title 42 U.S.C. 300x-1 et seq. Part B of the Public Health Service Act.

Program Description:

Community Mental Health Services Block Grant funds (known as SAMHSA Block Grant funds) are allocated to 58 counties. These County mental health agencies provide a broad array of treatment services within their System of Care. These programs are providing services to the following target populations: children and youth with serious emotional disturbances (SED), adults and older adults with serious mental illnesses (SMI).

DMH's goal is to use the Block Grant to assist participating Counties in providing an appropriate level of community mental health services to the most needy residents who have a mental health diagnosis, and/or residents who have a mental health diagnosis with a co–occurring substance abuse disorder.

DMH shall award the SAMHSA funding to each County based on, but not limited to, a legislated formula and/or for special projects, and/or programs awarded through a competitive process. The goal is to provide a stable, flexible, and non–categorical funding base that the Counties can use to develop innovative programs or augment existing programs within their Systems of Care (SOC).

Federal law does not permit the use of SAMHSA funds for any of the following purposes:

- To provide inpatient services
- To make cash payments to intended recipients of health services
- To purchase or improve land, purchase, construct, or permanently improve (other than minor remodeling) any building or other facility, or purchase major medical equipment
- To satisfy any requirement for the expenditure of non–Federal funds as a condition for the receipt of federal funds
- To provide financial assistance to any entity other than a public or nonprofit private entity

In an effort to ensure compliance and ongoing quality improvement in the local mental health programs related to funding provided to them by the SAMHSA Block Grant program, policies and procedures have been established. County shall refer to the SAMHSA Planning Estimate and Renewal Application Letter for SAMHSA Block Grant funds (sent out by DMH as a numbered SAMHSA Letter), which shall be sent to the County under separate cover, for applicable policies and procedures.

Annual allocations for County programs operating under the terms and conditions of this contract shall not be determined until final approval of the Budget Act for FY 2007-08 and any associated trailer bills that impact program funding. Funding shall be contingent on the availability of funds and successful compliance with the Work Plan and Budget requirements.

Federal SAMHSA Funds: The SAMHSA Planning Estimate and Renewal Application Letter for SAMHSA Block Grant funds shall be sent to each County under separate cover. This SAMHSA Letter shall transmit the Planning Estimate Worksheet, which provides the County's proposed total expenditure level for the State Fiscal Year, and the renewal application instructions (with all appropriate forms) for the Block Grant. Payments shall not be made until all documents are received and the application has been approved.

Section 2 – Application And Budget Requirements

In order to receive the formula allocation, the County shall submit to DMH an annual application for the SAMHSA Block Grant funds. The application shall include a narrative that details the County intended use of the funds. In addition, the County application shall include a Federal Grant Detailed Provider Budget for each program and signed assurances accepting the Block Grant dollars under the conditions established by governing Federal and State laws, regulations and guidelines, as well as specific conditions included in their County application.

Program Narrative:

County shall refer to the SAMHSA Planning Estimate and Renewal Application Letter for SAMHSA Block Grant funds, which shall be sent to the County under separate cover, for specific application submission requirements, including Program Narrative requirements and page limitations.

DMH shall provide procedures to the County regarding the application and budget requirements under separate cover. Those procedures and any subsequent updates are not attached to this contract but are incorporated by this reference. DMH or the County may make mutually agreed upon revisions to these applications and budgets periodically as required by program and/or budget directives. The County shall maintain on file all applications and budgets and any subsequent periodic updates.

Section 3 – Accountability

Federal law requires that Federal grant recipients to substantiate their own and their sub–recipients' compliance with the use of federal grant funds. Pursuant to Public Laws (PL) 98–509, 100–690 and 102–321, DMH, as the recipient of Substance Abuse and Mental Health Services Administration (SAMHSA) Federal Block Grant funds, shall monitor sub–recipient grant programs for compliance with Federal and State requirements, on which the grants are contingently allocated.

Site Visits and Monitoring:
DMH shall maintain oversight of the SAMHSA Grant funds through a review of the County's application and on–site Program Performance Reviews.

Progress Reports:

Each County shall provide financial reporting on a quarterly basis as well as an annual cost report. Expenditure Reports are provided to SAMHSA annually by DMH..

EXHIBIT B
(Standard Agreement)

BUDGET DETAIL AND PAYMENT PROVISIONS

1. AMOUNT OF PAYMENT
The amount payable by the Department of Mental Health to the County concerning all aspects of this contract shall be $ 0.

2. BUDGETS

A. Federal Budget
1) This Contract may have been written before ascertaining the availability of congressional appropriation of funds. This was done to avoid program and fiscal delays, which would occur if it were written after that determination was made.
2) If the Congress does not appropriate sufficient funds for the program, the State has the option to void the Contract or to amend the Contract to reflect any reduction of funds. Such amendment, however, shall require County approval.
3) The Contract shall be subject to any additional restrictions, limitations, or conditions enacted by the Congress or any statute enacted by the Congress which may affect the provisions, terms, or funding of this Contract in any manner.

4) If Congress enacts such changes during the term of this Contract, both parties shall meet and confer to renegotiate the terms of this Contract affected by the restrictions, limitations, conditions, or statute enacted by Congress.

B. State Budget
1) This Contract shall be subject to any restrictions, limitations, or conditions enacted by the Legislature and contained in the Budget Act or any statute enacted by the Legislature which may affect the provisions, terms, or funding of this Contract in any manner. If statutory or regulatory changes occur during the term of this Contract which affect this Contract, both parties may renegotiate the terms of this Contract affected by the statutory or regulatory changes.
2) This Contract may be amended upon mutual consent of the parties. A duly authorized representative of each party shall execute such amendments.
3) If the Budget Act does not appropriate sufficient funds for the program, this Contract shall be void and have no further force and effect. In such an event, the State shall have no further liability to pay any funds whatsoever to the County or to furnish any other considerations under this Contract, and the County shall not be obligated to perform any provisions of this Contract or to provide services intended to be funded pursuant to this Contract.

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EXHIBIT C

GENERAL TERMS AND CONDITIONS

1. APPROVAL: This Agreement is of no force or effect until signed by both parties and approved by the Department of General Services, if required. Contractor may not commence performance until such approval has been obtained.

2. AMENDMENT: No amendment or variation of the terms of this Agreement shall be valid unless made in writing, signed by the parties and approved as required. No oral understanding or Agreement not incorporated in the Agreement is binding on any of the parties.

3. ASSIGNMENT: This Agreement is not assignable by the Contractor, either in whole or in part, without the consent of the State in the form of a formal written amendment.

4. AUDIT: Contractor agrees that the awarding department, the Department of General Services, the Bureau of State Audits, or their designated representative shall have the right to review and to copy any records and supporting documentation pertaining to the performance of this Agreement. Contractor agrees to maintain such records for possible audit for a minimum of three (3) years after final payment, unless a longer period of records retention is stipulated. Contractor agrees to allow the auditor(s) access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. Further, Contractor agrees to include a similar right of the State to audit records and interview staff in any subcontract related to performance of this Agreement. (Gov. Code §8546.7, Pub. Contract Code §10115 et seq., CCR Title 2, Section 1896).

5. INDEMNIFICATION: Contractor agrees to indemnify, defend and save harmless the State, its officers, agents and employees from any and all claims and losses accruing or resulting to any and all contractors, subcontractors, suppliers, laborers, and any other person, firm or corporation furnishing or supplying work services, materials, or supplies in connection with the performance of this Agreement, and from any and all claims and losses accruing or resulting to any person, firm or corporation who may be injured or damaged by Contractor in the performance of this Agreement.

6. DISPUTES: Contractor shall continue with the responsibilities under this Agreement during any dispute.

7. TERMINATION FOR CAUSE: The State may terminate this Agreement and be relieved of any payments should the Contractor fail to perform the requirements of this Agreement at the time and in the manner herein provided. In the event of such termination the State may proceed with the work in any manner deemed proper by the State. All costs to the State shall be deducted from any sum due the Contractor under this Agreement and the balance, if any, shall be paid to the Contractor upon demand.

8. INDEPENDENT CONTRACTOR: Contractor, and the agents and employees of Contractor, in the performance of this Agreement, shall act in an independent capacity and not as officers or employees or agents of the State.

9. RECYCLING CERTIFICATION: The Contractor shall certify in writing under penalty of perjury, the minimum, if not exact, percentage of post consumer material as defined in the Public Contract Code Section 12200, in products, materials, goods, or supplies offered or sold to the State regardless of whether the product meets the requirements of Public Contract Code Section 12209. With respect to printer or duplication cartridges that comply with the requirements of Section 12156(e), the certification required by this subdivision shall specify that the cartridges so comply (Pub. Contract Code §12205).

10. NON-DISCRIMINATION CLAUSE: During the performance of this Agreement, Contractor and its subcontractors shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (cancer), age (over 40), marital status, and denial of family care leave. Contractor and subcontractors shall insure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. Contractor and subcontractors shall comply with the provisions of the Fair Employment and Housing Act (Gov. Code §12990 (a-f) et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, Section 7285 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 (a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this Agreement by reference and made a part hereof as if set forth in full. Contractor and its subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other Agreement.

Contractor shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under the Agreement.

11. CERTIFICATION CLAUSES: The CONTRACTOR CERTIFICATION CLAUSES contained in the document CCC 307 are hereby incorporated by reference and made a part of this Agreement by this reference as if attached hereto.

12. TIMELINESS: Time is of the essence in this Agreement.

13. COMPENSATION: The consideration to be paid Contractor, as provided herein, shall be in compensation for all of Contractor's expenses incurred in the performance hereof, including travel, per diem, and taxes, unless otherwise expressly so provided.

14. GOVERNING LAW: This contract is governed by and shall be interpreted in accordance with the laws of the State of California.

15. ANTITRUST CLAIMS: The Contractor by signing this agreement hereby certifies that if these services or goods are obtained by means of a competitive bid, the Contractor shall comply with the requirements of the Government Codes Sections set out below.
a. The Government Code Chapter on Antitrust claims contains the following definitions:

1). "Public purchase" means a purchase by means of competitive bids of goods, services, or materials by the State or any of its political subdivisions or public agencies on whose behalf the Attorney General may bring an action pursuant to subdivision (c) of Section 16750 of the Business and Professions Code.
2). "Public purchasing body" means the State or the subdivision or agency making a public purchase. Government Code Section 4550.

b. In submitting a bid to a public purchasing body, the bidder offers and agrees that if the bid is accepted, it will assign to the purchasing body all rights, title, and interest in and to all causes of action it may have under Section 4 of the Clayton Act (15 U.S.C. Sec. 15) or under the Cartwright Act (Chapter 2 (commencing with Section 16700) of Part 2 of Division 7 of the Business and Professions Code), arising from purchases of goods, materials, or services by the bidder for sale to the purchasing body pursuant to the bid. Such assignment shall be made and become effective at the time the purchasing body tenders final payment to the bidder. Government Code Section 4552.

c. If an awarding body or public purchasing body receives, either through judgment or settlement, a monetary recovery for a cause of action assigned under this chapter, the assignor shall be entitled to receive reimbursement for actual legal costs incurred and may, upon demand, recover from the public body any portion of the recovery, including treble damages, attributable to overcharges that were paid by the assignor but were not paid by the public body as part of the bid price, less the expenses incurred in obtaining that portion of the recovery. Government Code Section 4553.

d. Upon demand in writing by the assignor, the assignee shall, within one year from such demand, reassign the cause of action assigned under this part if the assignor has been or may have been injured by the violation of law for which the cause of action arose and (a) the assignee has not been injured thereby, or (b) the assignee declines to file a court action for the cause of action. See Government Code Section 4554.

16. CHILD SUPPORT COMPLIANCE ACT: "For any Agreement in excess of $100,000, the contractor acknowledges in accordance with Public Contract Code 7110, that:

a). The contractor recognizes the importance of child and family support obligations and shall fully comply with all applicable state and federal laws relating to child and family support enforcement, including, but not limited to, disclosure of information and compliance with earnings assignment orders, as provided in Chapter 8 (commencing with section 5200) of Part 5 of Division 9 of the Family Code; and

b) The contractor, to the best of its knowledge is fully complying with the earnings assignment orders of all employees and is providing the names of all new employees to the New Hire Registry maintained by the California Employment Development Department."

17. UNENFORCEABLE PROVISION: In the event that any provision of this Agreement is unenforceable or held to be unenforceable, then the parties agree that all other provisions of this Agreement have force and effect and shall not be affected thereby.

18. PRIORITY HIRING CONSIDERATIONS: If this Contract includes services in excess of $200,000, the Contractor shall give priority consideration in filling vacancies in positions funded by the Contract to qualified recipients of aid under Welfare and Institutions Code Section 11200 in accordance with Pub. Contract Code §10353.

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EXHIBIT D rev Mar 2008
SPECIAL TERMS AND CONDITIONS

1. PUBLICATIONS AND REPORTS.
   A. If a publication and/or report is required under this Contract, Contractor shall:

      (1) Incorporate any comments or revisions required by the State into any publication or report and shall not publish any material until it receives final State approval.

      (2) Furnish two copies of each publication and report required plus one reproducible original.

      (3) Prepare all illustrations, maps and graphs in a manner which allows the complete illustration to be contained on a single 8-1/2 by 11 page unless specific written approval is given to the contrary.

      (4) Print all graphs, illustrations and printed materials in a single color throughout each publication unless prior State approval is granted.

      (5) Place the Contractor's name only on the cover and title page of publications and reports and summaries. Covers and title pages shall read as follows:

DEPARTMENT OF MENTAL HEALTH
TITLE
By (Contractor)

   B. The State reserves the right to use and reproduce all publications, reports, and data produced and delivered pursuant to this Contract. State further reserves the right to authorize others to use or reproduce such materials, provided the author of the report is acknowledged in any such use or reproduction.

   C. If the publication and/or report are prepared by non-employees of the State, and the total cost for such preparation exceeds $5,000, the publication and/or report shall contain the numbers and dollar amounts of all contracts and subcontracts relating to the preparation of the publication and report in a separate section of the report (Government Code Section 7550).

2. PROGRESS REPORTS. If progress reports are required by the Contract, Contractor shall provide a progress report in writing, or orally if approved by the State Contract Manager, at least once a month to the State Contract Manager. This progress report shall include, but not limited to, a statement that the Contractor is or is not on schedule, any pertinent reports, or interim findings. Contractor shall cooperate with and shall be available to meet with the State to discuss any difficulties, or special problems, so that solutions or remedies can be developed as soon as possible.

3. PRESENTATION. Upon request, Contractor shall meet with the State to present any findings, conclusions, and recommendations required by the Contract for approval. If set forth in the Contract, Contractor shall submit a comprehensive final report for approval. Both the final meeting and the final report shall be completed on or before the date indicated in the Contract.

4. DEPARTMENT OF MENTAL HEALTH STAFF. Department of Mental Health staff shall be permitted to work side by side with Contractor's staff to the extent and under conditions as directed by the State Contract Manager. In this connection, Department of Mental Health staff shall be given access to all data, working papers, etc., which Contractor seeks to utilize.

5. CONFIDENTIALITY OF DATA AND DOCUMENTS.

   A. Contractor shall not disclose data or documents or disseminate the contents of the final or any preliminary report without written permission of the State Contract Manager. However, all public entities shall comply with California Public Records Act (Government Code Sections 6250 et seq.) and the Freedom of Information Act (Title 5 of the United States Code Section 552), as applicable.

   B. Permission to disclose information or documents on one occasion shall not authorize Contractor to further disclose such information or documents on any other occasions except as otherwise provided in the Contract or required by law.

   C. Contractor shall not comment publicly to the press or any other media regarding the data or documents generated, collected, or produced in connection with this contract, or the State's actions on the same, except to the Department of Mental Health staff, Contractor's own personnel involved in the performance of this Contract, or as required by law.

   D. If requested by State, Contractor shall require each of its employees or officers who will be involved in the performance of this Contract to agree to the above terms in a form to be approved by State and shall supply State with evidence thereof.

   E. Each subcontract shall contain the foregoing provisions related to the confidentiality of data and nondisclosure .

   F. After any data or documents submitted has become a part of the public records of the State, Contractor may at its own expense and upon written approval by the State Contract Manager, publish or utilize the same data or documents but shall include the following Notice:

LEGAL NOTICE

This report was prepared as an account of work sponsored by the Department of Mental Health (Department), but does not necessarily represent the views of the Department or any of its employees except to the extent, if any, that it has formally been approved by the Department. For information regarding any such action, communicate directly with the Department at P.O. Box 952050, Sacramento, California, 94252-2050. Neither said Department nor the State of California, nor any officer or employee thereof, or any of its contractors or subcontractors makes any warranty, express or implied, or assumes any legal liability whatsoever for the contents of this document. Nor does any party represent that use of the data contained herein, would not infringe upon privately owned rights without obtaining permission or authorization from any party who has any rights in connection with the data.

6. PROVISIONS RELATING TO DATA.

   A. "Data" as used in this Contract means recorded information, regardless of form or characteristics, of a scientific or technical nature. It may, for example, document research, experimental, developmental or engineering work; or be usable or be used to define a design or process; or support a premise or conclusion asserted in any deliverable document called for by this Contract. The data may be graphic or pictorial delineations in media, such as drawings or photographs, charts, tables, mathematical modes, collections or extrapolations of data or information, etc. It may be in machine form, as punched cards, magnetic tape, computer printouts, or may be retained in computer memory.

   B. "Generated data" is that data, which a Contractor has collected, collated, recorded, deduced, read out or postulated for utilization in the performance of this Contract. Any electronic data processing program, model or software system developed or substantially modified by the Contractor in the performance of this Contract at State expense, together with complete documentation thereof, shall be treated in the same manner as generated data.

   C. "Deliverable data" is that data which under terms of this Contract is required to be delivered to the State. Such data shall be property of the State.

   D. Prior to the expiration of any legally required retention period and before destroying any data, Contractor shall notify the State of any such contemplated action; and State may within 30 days of said notification determine whether or not this data shall be further preserved. The State shall pay the expense of further preserving this data. State shall have unrestricted reasonable access to the data that is preserved in accordance with this Contract.

   E. Contractor shall use best efforts to furnish competent witnesses to identify such competent witnesses to testify in any court of law regarding data used in or generated under the performance of this Contract.

7. APPROVAL OF PRODUCT. Each product to be approved under this Contract shall be approved by the Contract Manager. The State's determination as to satisfactory work shall be final absent fraud or mistake.

8. SUBSTITUTIONS. Contractor's key personnel as indicated in its proposal may not be substituted without Contract Manager's prior written approval.

9. NOTICE. Notice to either party shall be given by first class mail properly addressed, postage fully prepaid, to the address beneath the name of each respective party. Such notice shall be effective when received as indicated by post office records or if deemed undeliverable by post office, such notice shall be effective nevertheless 15 days after mailing. Alternatively, notice may be given by personal delivery by any means whatsoever to the party, and such notice shall be deemed effective when delivered.

10. WAIVER. No waiver of any breach of this Contract shall be held to be a waiver of any other or subsequent breach. All remedies afforded in this Contract shall be taken and construed as cumulative; that is, in addition to every other remedy provided therein or by law. The failure of State to enforce at any time the provisions of this Contract, or to require at any time performance by the Contractor of any of the provisions, shall in no way be construed to be a waiver of such provisions not to affect the validity of this Contract or the right of State to enforce said provisions.

11. GRATUITIES AND CONTINGENCY FEES. The State, by written notice to the Contractor, may terminate the right of Contractor to proceed under this Contract if it is found, after notice and hearing by the State, that gratuities were offered or given by the Contractor or any agent or representative of the Contractor to any officer or employee of the State with a view toward securing a contract or securing favorable treatment with respect to the awarding, amending, or performing of such contract.

    In the event this Contract is terminated as provided in the paragraph above, State shall be entitled (a) to pursue the same remedies against Contractor as it could pursue in the event of the breach of the Contract by the Contractor, and (b) as a predetermined amount of liquidated damages, to exemplary damages in an amount which shall not be less than three times the cost incurred by the Contractor in providing any such gratuities to any such officer or employee.

    The rights and remedies of the State provided in this clause shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Contract.

    The Contractor warrants by execution of this Contract that no person or selling agency has been employed or retained to solicit or secure this Contract upon a Contract or understanding for a commission, percentage, brokerage or contingent fee, excepting bona fide employees of Contractor, for the purpose of securing business. For breach or violation of this warranty, the State shall have the right to annul this Contract without liability, paying only for the values of the work actually returned, or in its discretion to deduct from the contract price or consideration, or otherwise recover, the full amount of such commission, percentage, brokerage, or contingent fee.

12. INSURANCE. Contractor hereby warrants that it carries and shall maintain in full force and effect during the full term of this contract and any extensions to said term:

    Sufficient and adequate Worker's Compensation Insurance for all of its employees who shall be engaged in the performance of this Contract and agrees to furnish to State satisfactory evidence thereof at any time the State may request the same; and

    Sufficient and adequate Liability Insurance to cover any and all potential liabilities and agrees to furnish to State satisfactory evidence thereof upon request by State.

13. CONTRACT IS COMPLETE. Other than as specified herein, no document or communication passing between the parties hereto shall be deemed a part of this Contract.

14. CAPTIONS. The clause headings appearing in this Contract have been inserted for the purpose of convenience and ready reference. They do not purport to and shall not be deemed to define, limit or extend the scope or intent of the clauses to which they pertain.

15. PUBLIC HEARINGS. If public hearings on the subject matter dealt with in this Contract are held within one year from the contract expiration date, Contractor shall make available to testify the personnel assigned to this Contract at the hourly rates specified in the Contractor's proposed budget. State shall reimburse Contractor for travel of said personnel at the contract rates for such testimony as may be requested by State.

16. DVBE. Unless specifically waived by the Deputy Director of Administrative Services of the Department, Contractor shall comply with the Disabled Veteran Business Enterprises participation goal in accordance with the provisions of Public Contract Code Section 10115 et seq.

17. FORCE MAJEURE. Neither the State nor the Contractor shall be deemed to be in default in the performance of the terms of this Contract if either party is prevented from performing the terms of this Contract by causes beyond its control, including without being limited to: acts of God, interference, rulings or decision by municipal, Federal, State or other governmental agencies, boards or commissions; any laws and/or regulations of such municipal, State, Federal, or other governmental bodies; or any catastrophe resulting from flood, fire, explosion, or other causes beyond the control of the defaulting party. If any of the stated contingencies occur, the party delayed by force majeure shall immediately give the other party written notice of the cause of delay. The party delayed by force majeure shall use reasonable diligence to correct the cause of the delay, if correctable, performance under this Contract.

18. PERMITS AND LICENSES. The Contractor shall procure and keep in full force and effect during the term of this Contract all permits, registrations and licenses necessary to accomplish the work specified in this Contract, and give all notices necessary and incident to the lawful prosecution of the work.

    The Contractor shall keep informed of, observe, comply with, and cause all of its agents and employees to observe and to comply with all prevailing Federal, State, and local laws, and rules and regulations made pursuant to said Federal, State, and local laws, which in any way affect the conduct of the work of this Contract. If any conflict arises between provisions of the plans and specifications and any such law above referred to, then the Contractor shall immediately notify the State in writing.

19. LITIGATION. The State, promptly after receiving notice thereof, shall notify the Contractor in writing of the commencement of any claim, suit, or action against the State or its officers or employees for which the contractor must provide indemnification under this Contract. The failure of the State to give such notice, information, authorization or assistance shall not relieve the Contractor of its indemnification obligations. The Contractor shall immediately notify the State of any claim or action against it which affects, or may affect, this Contract, the terms and conditions hereunder, or the State, and shall take such action with respect to said claim or action which is consistent with the terms of this Contract and the interest of the State.

20. DISPUTES. Contractor shall first discuss and attempt to resolve any dispute arising under or relating to the performance of this Contract, which is not disposed of by the Contract, informally with the State Contract Manager. If the dispute cannot be disposed of at this level, then the dispute shall be decided by the Department of Mental Health's Deputy Director of Administration. All issues pertaining to this dispute shall be submitted in written statements and addressed to the Deputy Director of Administration, Department of Mental Health, 1600 9th Street, Room 150, Sacramento, California 95814. Such written notice must contain the Contract Number. The decision of the Deputy Director of Administrative Services shall be final and binding to all parties. Within ten days of receipt of the written grievance report from the Contractor, the Deputy Director of Administration Director of Administration or his/her designee, the Contractor shall proceed diligently with the performance of the Contract. Neither the pendency of a dispute, nor its consideration by the Deputy Director of Administration, shall excuse the Contractor from full and timely performance of the services required in accordance with the terms of the contract.

    Notwithstanding any other provisions of this Contract, after recourse to the procedure set forth in the paragraph above, any controversy or claim arising out of or relating to this Contract or breach thereof shall be settled by arbitration at the election of either party in accordance with California Public Contract Code Section 10240 et. seq. and judgment upon the award rendered by the arbitration may be entered in any court having jurisdiction thereof.

21. EVALUATION OF CONTRACTOR'S PERFORMANCE. The Contractor's performance under this Contract shall be evaluated by the State after completion of the contract. A copy of the written evaluation shall be maintained in the contract file and may be submitted to the Office of Legal Services, Department of General Services.

22. TRAVEL. Contractor's headquarters for purposes of payment of travel shall be the city designated in the signature block unless otherwise specified in the contract.

    For travel necessary to the performance of this Contract, contractor shall use and submit travel reimbursement forms provided by the Department. All reimbursements shall be made in accordance with, and shall not exceed the rates authorized by, the State Administrative Manual and the Policies and Procedures of the Department. All requests to exceed any base reimbursement rate established in the State

Administrative Manual or the Policies and Procedures of the Department must be made and approved prior to the date of travel and must be submitted in writing to the State's Contract Manager.

23. TERMINATION. Unless otherwise specified, either party may terminate this Contract by giving 30 days written notice to the other party. The notice of termination shall specify the effective date of termination.

    Upon the Contractor's receipt of notice of termination from the State, and except as otherwise directed in the notice, the Contractor shall:

    A. Stop work on the date specified in the notice.

    B. Place no further orders or enter into any further subcontracts for materials, services or facilities except as necessary to complete work under the Contract up to effective date of termination.

    C. Terminate all orders and subcontracts;

    D. Promptly take all other reasonable and feasible steps to minimize any additional cost, loss, or expenditure associated with work terminated, including, but not limited to reasonable settlement of all outstanding liability and claims arising out of termination of orders and subcontracts;

    E. Deliver or make available to the Department all data, drawings, specifications, reports, estimates, summaries, and such other information and materials as may have been accumulated by the Contractor under this Contract, whether completed, partially completed, or in progress.

    In the event of termination, an equitable adjustment in the price provided for this Contract shall be made. Such adjustment shall include reasonable compensation for all services rendered, materials supplies, and expenses incurred pursuant to this Contract prior to the effective date of termination.

24. CONFIDENTIALITY AND INFORMATION SECURITY PROVISIONS.

    A. The Contractor shall comply with applicable laws and regulations, including but not limited to Sections 14100.2 and 5328 et seq. of the Welfare and Institutions Code, Section 431.300 et seq. of Title 42, Code of Federal Regulations, and the Health Insurance Portability and Accountability Act (HIPAA), and it's implementing regulations (including but not limited to Title 45, CFR, Parts 160, 162 and 164) regarding the confidentiality and security of individually identifiable health information (IIHI).

    B. Nondisclosure. Contractor shall not use or disclose confidential, individually identifiable, or sensitive information other than as permitted or required by the Contract and as required by law.

25. AUDITS, INSPECTION AND ENFORCEMENT.

    A. From time to time, the State may inspect the facilities, systems, books and records of Contractor to monitor compliance with the Contract.

    B. Contractor shall promptly remedy any violation of any provision of the Contract and shall certify the same to the Department Information Security Officer in writing.

    C. The fact that the State inspects, or fails to inspect, or has the right to inspect Contractor's facilities, systems, and procedures does not relieve Contractor of its responsibility to comply with the Contract.

    D. The State's failure to detect or the State's detection of any unsatisfactory practices, but failure to notify Contractor or require Contractor's remediation of the unsatisfactory practices does not constitute acceptance of such practice or a waiver of the State's enforcement rights under the Contract.

26. Use of State Funds. Contractor, including its officers and members, shall not use funds received from the Department pursuant to this contract to support or pay for costs or expenses related to the following:

    A. Campaigning or other partisan activities to advocate for either the election or defeat of any candidate for elective office, or for or against the passage of any proposition or ballot measure; or,

    B. Lobbying for either the passage or defeat of any legislation.

    This provision is not intended and shall not be construed to limit any expression of a view, opinion, or position of any member of Contractor as an individual or private citizens, as long as state funds are not used; nor does this provision limit Contractor from merely reporting the results of a poll or survey of its membership.

27. Drug-Free Workplace Certification. Contractor shall comply with the requirements of the Drug-Free Workplace Act of 1990 (Government Code Section 8350 et seq.) and shall provide a dug-free workplace.

28. Conflict of Interest Certification. In accordance with State laws and Departmental policy, no employees (including contractors) shall participate in incompatible activities, which are in conflict with their job duties. In addition, State law requires employees whose positions are designated in the Department's Conflict of Interest Code to file statements of economic interest. Employees whose positions have been designated will be notified by the Department if a statement is required.

In signing this contract, I certify that I have read and understand GOVERNMENT CODE 19990.

EXHIBIT E rev Mar/2008

CONFIDENTIALITY AND INFORMATION SECURITY PROVISIONS

1. CONFIDENTIALITY AND INFORMATION SECURITY PROVISIONS.

B. The Contractor shall comply with applicable laws and regulations, including but not limited to Sections 14100.2 and 5328 et seq. of the Welfare and Institutions Code, Section 431.300 et seq. of Title 42, Code of Federal Regulations, and the Health Insurance Portability and Accountability Act (HIPAA), including but not limited to Section 1320 d et seq, of Title 42, United States Code and it's implementing regulations (including but not limited to Title 45, CFR, Parts 142 160, 162 and 164) regarding the confidentiality and security of individually identifiable health information (IIHI).

C. Permitted Uses and Disclosures of IIHI by the Contractor.

(1) *Permitted Uses and Disclosures.* Except as otherwise provided in this Agreement, the Contractor, may use or disclose IIHI to perform functions, activities or services identified in this Agreement provided that such use or disclosure would not violate federal or state laws or regulations.

(2) *Specific Uses and Disclosures Provisions.* Except as otherwise indicated in the Agreement, the Contractor may:

(a) Use and disclose IIHI for the proper management and administration of the Contractor or to carry out the legal responsibilities of the Contractor, provided that such use and disclosures are permitted by law.

(b) Use IIHI to provide data aggregation services to DMH. Data aggregation means the combining of IIHI created or received by the Contractor for the purposes of this contract with IIHI received by the Contractor in its capacity as the Contractor of another HIPAA covered entity, to permit data analyses that relate to the health care operations of DMH.

C. Safeguards. Contractor shall develop and maintain an information privacy and security program that includes the implementation of administrative, technical, and physical safeguards appropriate to the size and complexity of the Contractor's operations and the nature and scope of its activities. The information privacy and security program shall reasonably and appropriately protect the confidentiality, integrity, and availability of the IIHI that it creates, receives, maintains, or transmits; and prevent the use or disclosure of IIHI other than as provided for by this Agreement. The Contractor shall provide DMH with information concerning such safeguards as DMH may reasonably request from time to time.

The Contractor shall implement administrative, technical, and physical safeguards to ensure the security of DMH information on portable electronic media (e.g., floppy disks and CD-Rom) and in paper files. Administrative safeguards to be implemented shall include, but are not limited to training, instructions to employees, and policies and procedures regarding the HIPAA Privacy Rule. Technical safeguards to be implemented shall include, but are not limited to, role-based access, computer passwords, timing out of screens, storing laptop computers in a secure location (never leaving the equipment unattended at workplace, home or in a vehicle) and encryption. Physical safeguards to be implemented shall include, but are not limited to, locks on file cabinets, door locks, partitions, shredders, and confidential destruct.

D. The Contractor shall implement appropriate authentication methods to ensure information system access to confidential, personal (e.g., IIHI) or sensitive data is only granted to properly authenticated and authorized persons. If passwords are used in user authentication (e.g., username/password combination), the Contractor shall implement strong password controls on all compatible computing systems that are consistent with the National Institute of Standards and Technology (NIST) Special Publication 800-68 and the SANS Institute Password Protection Policy. The Contractor shall:

(1) Implement the following security controls on each server, workstation, or portable (e.g., laptop computer) computing device that processes or stores confidential, personal, or sensitive data:

(a) Network-based firewall and/or personal firewall

(b) Continuously updated anti-virus software

(c) Patch-management process including installation of all operating system/software vendor security patches

(2) Encrypt all confidential, personal, or sensitive data stored on portable electronic media (including, but not limited to, CDs and thumb drives) and on computing devices (including, but not limited to, desktop computers, laptop computers and PDAs) with a solution that uses proven industry standard algorithms.

(3) Prior to disposal, sanitize all DMH confidential data contained in hard drives, memory devices, portable electronic storage devices, mobile computing devices, and networking equipment in a manner consistent with the National Institute of Standards and Technology (NIST) Special Publication 800-88.

The Contractor shall not transmit confidential, personal, or sensitive data via e-mail or other Internet transport protocol over a public network unless, at minimum, a 128-bit encryption method (for example AES, 3DES, or RC4) is used to secure the data.

E. Mitigation of Harmful Effects. Contractor shall mitigate, to the extent practicable, any harmful effect that is known to Contractor of a use or disclosure of PHI by Contractor or its subcontractors in violation of the requirements of this Agreement.

F. Reporting of Improper Disclosures. Contractor shall report to DMH within twenty-four (24) hours during a work week, of discovery by Contractor that PHI has been used or disclosed other than as provided for by this Agreement.

G. Agents and Subcontractors of the Contractor. Contractor shall ensure that any agent, including a subcontractor to which the Contractor provides PHI received from, or created or received by the Contractor on behalf of DMH, shall comply with the same restrictions and conditions that apply through this Agreement to the Contractor with respect to such information.

H. Internal Practices. Contractor shall make Contractor's internal practices, books and records relating to the use and disclose of PHI received from DMH, or created or received by the Contractor on behalf of DMH, available to DMH or to the Secretary of the U.S. Department of Health and Human Services in a time and manner designated by DMH or by the Secretary, for purposes of determining DMH's compliance with the HIPAA regulations.

I. Notification of Electronic Breach or Improper Disclosure. During the term of this Agreement, Contractor shall notify DMH immediately upon discovery of any breach of Medi-Cal IIHI and/or data, where the information and/or data is reasonably believed to have been acquired by an unauthorized person. Immediate notification shall be made to the DMH Information Security Officer, within two business days of discovery, at (916) 651-6776. Contractor shall take prompt corrective action to cure any deficiencies and any action pertaining to such unauthorized disclosure required by applicable Federal and State laws and regulations. Contractor shall investigate such breach and provide a written report of the investigation to the DMH Information Security Officer, postmarked within thirty (30) working days of the discovery of the breach to the address below:

Information Security Officer
Office of HIPAA Compliance
California Department of Mental Health
1600 9th Street, Room 102
Sacramento, CA 95814

J. Employee Training and Discipline. Contractor shall train and use reasonable measures to ensure compliance with the requirements of this Agreement by employees who assist in the performance of functions or activities on behalf of DMH under this Agreement and use or disclose IIHI; and discipline such employees who intentionally violate any provisions of this Agreement, including by termination of employment.

K. Effect of Termination. Upon termination or expiration of this Agreement for any reason, Contractor shall return or destroy all IIHI received from DMH (or created or received by Contractor on behalf of DMH) that Contractor still maintains in any form, and shall retain no copies of such IIHI or, if return or destruction is not feasible, it shall continue to extend the protections of this Agreement to such information, and limit further use of such IIHI to those purposes that make the return or destruction of such IIHI infeasible. This provision shall apply to IIHI that is in the possession of subcontractors or agents of the Contractor.

L. Miscellaneous Provisions.

(1). Disclaimer. DMH makes no warranty or representation that compliance by Contractor with this Agreement, HIPAA or the HIPAA regulations shall be adequate or satisfactory for Contractor's own purposes or that any information in the Contractor's possession or control, or transmitted or received by the Contractor, is or shall be secure from unauthorized use or disclosure. Contractor is solely responsible for all decisions made by Contractor regarding the safeguarding of IIHI.

(2). Assistance in Litigation or Administrative Proceedings. Contractor shall make itself, and use its best efforts to make any subcontractors, employees or agents assisting Contractor in the performance of its obligations under this Agreement, available to DMH at no cost to DMH to testify as witnesses, or otherwise, in the event of litigation or administrative proceedings being commenced against DMH, its directors, officers or employees for claimed violation of HIPAA, the HIPAA regulations or other laws relating to security and privacy based upon actions or inactions of the Contractor and/or its subcontractor, employee, or agent, except where Contractor or its subcontractor, employee, or agent is a named adverse party.

(a) No Third-Party Beneficiaries. Nothing expressed or implied in the terms and conditions of this Agreement is intended to confer, nor shall anything herein confer, upon any person other than DMH or Contractor and their respective successors or assignees, any rights remedies, obligations or liabilities whatsoever.

(b) Interpretation. The terms and conditions in this Agreement shall be interpreted as broadly as necessary to implement and comply with HIPAA, the HIPAA regulations and applicable State laws. The parties agree that any ambiguity in the terms and conditions of this Agreement shall be resolved in favor of a meaning that complies and is consistent with HIPAA and the HIPAA regulations.

(c) Regulatory References. A reference in the terms and conditions of this Agreement to a section in the HIPAA regulations means the section as in effect or as amended.

(d) Survival. The respective rights and obligations of Contractor under Section 6.C of this Agreement shall survive the termination or expiration of this Agreement.

2. Violations reported to U.S. Department of Health and Human Services. Upon DMH's knowledge of a material breach of this Agreement by Contractor, that has not been cured or for which termination of the Agreement is not feasible, the DMH Information Security Officer shall report the violation to the Secretary of the U.S. Department of Health and Human Services.

3. Judicial or Administrative Proceedings. DMH may terminate this Agreement, effective immediately, if (i) Contractor is found guilty in a civil or criminal proceeding for a violation of the HIPAA Privacy or Security Rule or (ii) a finding or stipulation that the Contractor has violated a privacy or security standard or requirement of HIPAA, or other security or privacy laws is made in an administrative or civil proceeding in which the Contractor is a party.

ATTACHMENT F

Request for Waiver Pursuant To Section 5751.7 of the Welfare and Institutions Codes

_____ hereby requests a waiver for the following public or private health facilities pursuant to Section 5751.7 of the Welfare and Institutions Code for the term of this contract. These are facilities where minors may be provided psychiatric treatment with nonspecific separate housing arrangements, treatment staff, and treatment programs designed to serve minors. However, no minor shall be admitted for psychiatric treatment into the same treatment ward as an adult receiving treatment who is in the custody of any jailor for a violent crime, is a known registered sex offender, or has a known history of, or exhibits inappropriate sexual or other violent behavior which would present a threat to the physical safety of other.

The request for waiver must include, as an attachment, the following:

1. A description of the hardship to the County/City due to inadequate or unavailable alternative resources that would be caused by compliance with the state policy regarding the provision of psychiatric treatment to minors.

2. The specific treatment protocols and administrative procedures established by the County/City for identifying and providing appropriate treatment to minors admitted with adults.

Execution of this contract shall constitute approval of this waiver. Any waiver granted in the prior fiscal year's contract shall be deemed to continue until execution of this contract