



**THOMAS L. GARTHWAITE, M.D.**  
Director and Chief Medical Officer

**FRED LEAF**  
Chief Operating Officer

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES  
313 N. Figueroa, Los Angeles, CA 90012  
(213) 240-8101

**Gloria Molina**  
First District

**Yvonne Brathwaite Burke**  
Second District

**Zev Yaroslavsky**  
Third District

**Don Knabe**  
Fourth District

**Michael D. Antonovich**  
Fifth District

March 3, 2005

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

Dear Supervisors:

**APPROVAL OF AMENDMENT NO. 5 TO DELINQUENT PATIENT ACCOUNT  
COLLECTION LETTER SERVICES AGREEMENTS  
WITH COMPUTER CREDIT, INC. AND USCB, INC.**

(All Districts) (3 votes)

IT IS RECOMMENDED THAT YOUR BOARD:

Delegate authority to the Director of Health Services, or his designee, to sign Amendment No. 5 to Delinquent Patient Account Collection Letter Services Agreements with Computer Credit, Inc. (CCI) (County Contract No. H210688) and USCB, Inc. (USCB) (County Contract No. H210634), substantially similar to attached Exhibits I and II, to: 1) extend the term of each agreement six months, effective April 1, 2005 through September 30, 2005, and 2) update Board mandated language, and make other administrative revisions, for the continued provision of contractor provided processing of delinquent patient account letters for Department of Health Services facilities, at a total estimated net County cost of \$213,440.

PURPOSE/JUSTIFICATION OF THE RECOMMENDED ACTION:

The purpose of the recommended actions is to obtain Board approval of term extensions to the Delinquent Patient Account Collection Letter Services Agreements with CCI and USCB, and to update Board mandated language. The term extensions will ensure the continued provision of contractor provided preparation and transmission of collection letters to County patients with delinquent accounts, which supplements the Department of Health Services' (DHS or Department) collection efforts and generates incremental net revenue, while allowing additional time for the Department to complete a competitive selection process.

The Department has experienced a greater success rate in collecting on delinquent patient accounts when collection letters are sent out by a collection agency, such as CCI and USCB, in addition to the initial letters sent out directly by the Department itself.

FISCAL IMPACT/FINANCING:

The estimated number of accounts to be referred during the six-month extension period is 52,000 to CCI for a total cost of \$108,680, and 54,000 to USCB for a total cost of at \$104,760. The total estimated net County cost for the two agreements for the 6-month extension period is \$213,440. Funding is included in the Department's Fiscal Year (FY) 2004-05 Adopted Budget and has been requested as part of the FY 2005-06 Proposed Budget.

On an annual basis, of the 104,000 accounts referred to CCI and the 108,000 accounts referred to USCB, it is estimated that \$2,499,391 (i.e., delinquent billings paid) will be generated.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

On September 24, 1996, the Board approved these agreements, awarded as a result of a Request for Information (RFI) competitive selection process, with CCI and USCB, for the term of September 26, 1996 through June 30, 1997, with provisions for automatic renewals through June 30, 1999. On July 6, 1999, the Board approved renewal Agreements with CCI and USCB for the period of July 1, 1999 through June 30, 2000, with provisions for automatic renewals through June 30, 2003. On subsequent occasions, the Board approved Amendments to extend the term of the Agreements and to add Board mandated provisions. The last term extension for these Agreements, through March 31, 2005, was approved by the Board on September 21, 2004.

CCI is currently providing services to Harbor/UCLA, LAC+USC, King/Drew, and Olive View/UCLA Medical Centers and Rancho Los Amigos National Rehabilitation Center. USCB provides services to the DHS Comprehensive Health Centers and Public Health Centers. CCI and USCB are not contractually restricted from providing services to any County hospital.

Amendment No. 5 will allow the Department time to complete the Invitation for Bids (IFB). The Department has prepared the necessary IFB documents which are currently under review by the program office to ensure all appropriate needs will be addressed. It is estimated that a contractor will be selected as a result of this IFB by September 2005.

The Amendments (Exhibits I and II) have been reviewed and approved as to form by County Counsel. Attachment A provides additional information.

CONTRACTING PROCESS:

It is not appropriate to advertise amendments on the Los Angeles County Online Web Site as a contract/business opportunity.

The Honorable Board of Supervisors  
March 3, 2005  
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IMPACT ON CURRENT SERVICES (OR PROJECTS):

Approval of the recommended action will ensure that delinquent patient account collection letter services continue uninterrupted through September 30, 2005.

When approved, this Department requires three signed copies of the Board's action.

Respectfully submitted,

Thomas L. Garthwaite, M.D.  
Director and Chief Medical Officer

TLG:jr

Attachments (3)

c: Chief Administrative Officer  
County Counsel  
Executive Officer, Board of Supervisors

Collection Letters. jr.wpd

SUMMARY OF AGREEMENT1. TYPE OF SERVICE:

Delinquent Patient Account Collect Letter Services assists DHS facilities by providing them with a supplemental means (i.e., using a collection agency) to prepare and transmit collection letters to County patients with delinquent accounts. The Department has found that it has a greater success rate in collecting on delinquent patient accounts when collection letters are sent out by a collection agency, such as CCI and USCB, in addition to the initial collection letters sent out directly by the Department itself.

2. AGENCY ADDRESSES AND CONTACT PERSONS:

Computer Credit, Inc.  
640 West 4th Street  
Winston-Salem, North Carolina 27101  
Attention: Mr. J. Gilmour Lake,  
President  
Telephone: (336) 761-1524 - Facsimile (Fax) Number: (336) 761-8852

USCB, Inc.  
125 South Vermont Avenue  
Los Angeles, California 90004  
Attention: Mr. Albert Cadena,  
Vice President, Health Services  
Telephone: (213) 387-6181 - Facsimile (Fax) Number: (213) 739-7630  
E-Mail Address: acadena@uscbinc.com

3. TERM:

April 1, 2005 through September 30, 2005.

4. FINANCIAL INFORMATION:

The estimated number of accounts to be referred during the six-month extension period is 52,000 to CCI for a total cost of \$108,680, and 54,000 to USCB for a total cost of at \$104,760. The total estimated net County cost for the two agreements for the 6-month extension period is \$213,440. Funding is included in the Department's Fiscal Year (FY) 2004-05 Adopted Budget and has been requested as part of the FY 2005-06 Proposed Budget.

On an annual basis, of the 104,000 accounts referred to CCI and the 108,000 accounts referred to USCB, it is estimated that \$2,499,391 (i.e., delinquent billings paid) will be generated.

5. ACCOUNTABLE FOR MONITORING AND EVALUATION:

Patricia Adams, Division Head, Revenue Management

6. APPROVALS:

Finance: Gary W. Wells, Director of Finance

Contracts and Grants Division: Cara O'Neill, Chief

County Counsel (approval as to form): Robert Ragland, Senior Deputy County Counsel

Contract No. H210688-5

DELINQUENT PATIENT ACCOUNT COLLECTION LETTER SERVICES AGREEMENT

AMENDMENT NO. 5

THIS AMENDMENT is made and entered into this \_\_\_\_\_ day  
of \_\_\_\_\_, 2005,

by and between COUNTY OF LOS ANGELES (hereafter  
"County"),

and COMPUTER CREDIT, INC. (hereafter  
"Contractor").

WHEREAS, reference is made to that certain document entitled  
"DELINQUENT PATIENT ACCOUNT COLLECTION LETTER SERVICES", dated  
July 6, 1999, and further identified as County Agreement No.  
H210634, and any amendments thereto (all hereafter "Agreement");  
and

WHEREAS, it is the intent of the parties hereto to amend  
Agreement to extend the term and to make other hereafter  
described changes; and

WHEREAS, said Agreement provides that changes may be made in  
the form of a written amendment which is formally approved and  
executed by the parties.

NOW, THEREFORE, the parties hereto agree as follows:

1. This Amendment shall be effective on April 1, 2005.
2. Amendment No. 1 as executed on June 17, 2003, Amendment  
No. 2 as executed on December 16, 2003, and Amendment No. 3 as

executed on September 21, 2004, respectively, shall be re-designated as Amendment No. 2, Amendment No. 3, and Amendment No. 4, respectively.

3. The term of this Agreement is hereby extended six (6) months from April 1, 2005 through September 30, 2005, without further action by the parties unless sooner terminated or canceled as provided in this Agreement hereinbelow.

Notwithstanding any other termination provision found within this Agreement, either party may cancel or terminate this Agreement at any time, for any reason, during this Agreement term, by giving written notice to the other of such cancellation or termination. Such notice must be delivered to the other party at least thirty (30) calendar days prior to the cancellation or termination date. Written notice of such cancellation or termination must be delivered via facsimile ("FAX") transmission and/or by United States ("U.S.") Mail (e.g., Certified, U.S. Express, U.S. Priority, or Registered Mail, return receipt requested).

4. Paragraph 13, CONTRACTOR'S OBLIGATION AS A BUSINESS ASSOCIATE UNDER THE HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996 ("HIPAA"): shall be amended to now read as follows:

"13. CONTRACTOR'S OBLIGATION AS A BUSINESS ASSOCIATE

UNDER THE HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY

ACT OF 1996 ("HIPAA"): Under this Agreement, Contractor ("Business Associate") provides services ("Services") to County ("Covered Entity") and Business Associate receives, has access to or creates Protected Health Information and/or Electronic 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 ("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:

A. DEFINITIONS

(1) "Disclose" and "Disclosure" mean, 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.

(2) "Electronic Media" has the same meaning as the term "electronic media" in 45 C.F.R. § 160.103.

Electronic media means (a) 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 (b) Transmission media used to exchange information already in electronic storage media.

Transmission media includes, 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 via electronic media, because the information being exchanged did not exist in electronic form before the transmission. The term "Electronic Media" draws no distinction between internal and external data, at rest (that is, in storage) as well as during transmission.

(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 (a) transmitted by electronic media; (b) maintained in electronic media.

(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).

(5) "Protected Health Information" has the same meaning as the term "protected health information" in 45 C.F.R. § 164.501, limited to the information created or received by Business Associate from or on behalf of Covered Entity. Protected Health Information includes

information that (a) 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; (b) identifies the Individual (or for which there is a reasonable basis for believing that the information can be used to identify the Individual); and (c) 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.

(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 production 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.

(7) "Security Incident" means the attempted or successful unauthorized access, Use, Disclosure, modification, or destruction of information in, or interference with system operations of, an 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.

(8) "Services" has the same meaning as in the body of this Agreement.

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

(10) Terms used, but not otherwise defined, in this

Agreement shall have the same meaning as those terms in the HIPAA Regulations.

B. OBLIGATIONS OF BUSINESS ASSOCIATE

(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 this Paragraph 13, Subparagraphs(s) B.(3), B.(4), B.(5), B.(6), B.(7), B(8), D.(3), and E.(2) of this Agreement.

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) 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 Paragraph. 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.

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, as well as, effective as of April 20, 2005, each Security Incident of which Business Associate becomes aware. The initial report shall be

made by telephone call to the Departmental Privacy Officer, telephone number 1(800) 711-5366 within forty-eight (48) hours from 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  
Kenneth Hahn Hall of Administration  
500 West Temple street, Suite 525  
Los Angeles, California 90012

(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 Paragraph.

(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.

(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 that Protected Health Information within five (5) business days after receipt of request from Covered Entity.

(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.

(8) Accounting of Disclosures: Upon Covered Entity's request, Business Associate shall provide to Covered Entity an accounting of each Disclosure of Protected Health Information made by Business Associate or its employees, agents, representatives or subcontractors.

*(Optional, to be used when all Uses and Disclosures permitted in order to perform the Services will be for the Covered Entity's payment or health care operations activities: However, Business Associate is not required to provide an accounting of Disclosures that are necessary to perform the Services because such Disclosures are for either payment or health care operations purposes, or both.)*

Any accounting provided by Business Associate under

this Subparagraph B.(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 Subparagraph B.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 Subparagraph B.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.

C. 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.

D. TERM AND TERMINATION:

(1) Term: The term of this Paragraph shall be the same as the term of this Agreement. Business Associate's obligations under Subparagraphs B.(1) (as modified by Subparagraphs D.(2), B.(3), B.(4), B.(5), B.(6), B.(7), B.(8), D.(3), and E.(2) shall survive the termination or expiration of this Agreement.

(2) Termination for Cause: In addition to and notwithstanding the termination provisions set forth in this 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 this Agreement if Business Associate does not cure the breach or end the violation within the time specified by Covered Entity;

b. Immediately terminate this Agreement if Business Associate has breached a material term of this Agreement 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.

(3) Disposition of Protected Health Information

Upon Termination or Expiration:

a. Except as provided in Sub-paragraph (b) of this section, upon termination for any reason or expiration of this 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 infeasible. If return or destruction is infeasible, Business Associate shall extend the protections of this

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.

E. MISCELLANEOUS:

(1) No Third Party Beneficiaries: Nothing in this Paragraph shall confer upon any person other than the parties and their respective successors or assigns, any rights, remedies, obligations, or liabilities whatsoever.

(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 Paragraph.

(3) Relationship to Services Agreement Provisions: In the event that a provision of this Paragraph is contrary to another provision of the Agreement, the

provision of this Paragraph shall control. Otherwise, this Paragraph shall be construed under, and in accordance with, the terms of this Agreement.

(4) Regulatory References: A reference in this Paragraph to a section in the Privacy or Security Regulations means the section as in effect or as amended.

(5) Interpretation: Any ambiguity in this Paragraph shall be resolved in favor of a meaning that permits Covered Entity to comply with the Privacy and Security Regulations.

(6) Amendment: The parties agree to take such action as is necessary to amend this Paragraph from time to time as is necessary for Covered Entity to comply with the requirements of the Privacy and Security Regulations."

4. Except for the changes set forth hereinabove, Agreement shall not be changed in any respect by this Amendment.

IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be subscribed by its

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Director of Health Services, and Contractor has caused this Amendment to be subscribed in its behalf by its duly authorized officer, the day, month, and year first above written.

COUNTY OF LOS ANGELES

By \_\_\_\_\_  
Thomas L. Garthwaite, M.D.  
Director and Chief Medical  
Officer

COMPUTER CREDIT INC.  
Contractor

By \_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

Title \_\_\_\_\_  
(AFFIX CORPORATE SEAL HERE)

APPROVED AS TO FORM  
BY THE OFFICE OF THE COUNTY COUNSEL  
RAYMOND F. FORTNER  
COUNTY COUNSEL

APPROVED AS TO CONTRACT  
ADMINISTRATION:

Department of Health Services

By \_\_\_\_\_  
Chief, Contracts and Grants  
Division

Jr:2/9/05  
AM5.CLS.JR

Contract No. H210634-5

DELINQUENT PATIENT ACCOUNT COLLECTION LETTER SERVICES AGREEMENT

AMENDMENT NO. 5

THIS AMENDMENT is made and entered into this \_\_\_\_\_ day  
of \_\_\_\_\_, 2005,

by and between COUNTY OF LOS ANGELES (hereafter  
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and USCB, INCORPORATED (hereafter  
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July 6, 1999, and further identified as County Agreement No.  
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and

WHEREAS, it is the intent of the parties hereto to amend  
Agreement to extend the term and to make other hereafter  
described changes; and

WHEREAS, said Agreement provides that changes may be made in  
the form of a written amendment which is formally approved and  
executed by the parties.

NOW, THEREFORE, the parties hereto agree as follows:

1. This Amendment shall be effective on April 1, 2005.
2. Amendment No. 1 as executed on June 17, 2003, Amendment  
No. 2 as executed on December 16, 2003, and Amendment No. 3 as

executed on September 21, 2004, respectively, shall be re-designated as Amendment No. 2, Amendment No. 3, and Amendment No. 4, respectively.

3. The term of this Agreement is hereby extended six (6) months from April 1, 2005 through September 30, 2005, without further action by the parties unless sooner terminated or canceled as provided in this Agreement hereinbelow.

Notwithstanding any other termination provision found within this Agreement, either party may cancel or terminate this Agreement at any time, for any reason, during this Agreement term, by giving written notice to the other of such cancellation or termination. Such notice must be delivered to the other party at least thirty (30) calendar days prior to the cancellation or termination date. Written notice of such cancellation or termination must be delivered via facsimile ("FAX") transmission and/or by United States ("U.S.") Mail (e.g., Certified, U.S. Express, U.S. Priority, or Registered Mail, return receipt requested).

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UNDER THE HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY

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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 ("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:

A. DEFINITIONS

(1) "Disclose" and "Disclosure" mean, 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.

(2) "Electronic Media" has the same meaning as the term "electronic media" in 45 C.F.R. § 160.103.

Electronic media means (a) 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 (b) Transmission media used to exchange information already in electronic storage media.

Transmission media includes, 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 via electronic media, because the information being exchanged did not exist in electronic form before the transmission. The term "Electronic Media" draws no distinction between internal and external data, at rest (that is, in storage) as well as during transmission.

(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 (a) transmitted by electronic media; (b) maintained in electronic media.

(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).

(5) "Protected Health Information" has the same meaning as the term "protected health information" in 45 C.F.R. § 164.501, limited to the information created or received by Business Associate from or on behalf of Covered Entity. Protected Health Information includes

information that (a) 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; (b) identifies the Individual (or for which there is a reasonable basis for believing that the information can be used to identify the Individual); and (c) 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.

(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 production 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.

(7) "Security Incident" means the attempted or successful unauthorized access, Use, Disclosure, modification, or destruction of information in, or interference with system operations of, an 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.

(8) "Services" has the same meaning as in the body of this Agreement.

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

(10) Terms used, but not otherwise defined, in this

Agreement shall have the same meaning as those terms in the HIPAA Regulations.

B. OBLIGATIONS OF BUSINESS ASSOCIATE

(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 this Paragraph 13, Subparagraphs(s) B.(3), B.(4), B.(5), B.(6), B.(7), B(8), D.(3), and E.(2) of this Agreement.

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) 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 Paragraph. 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.

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, as well as, effective as of April 20, 2005, each Security Incident of which Business Associate becomes aware. The initial report shall be

made by telephone call to the Departmental Privacy Officer, telephone number 1(800) 711-5366 within forty-eight (48) hours from 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  
Kenneth Hahn Hall of Administration  
500 West Temple street, Suite 525  
Los Angeles, California 90012

(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 Paragraph.

(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.

(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 that Protected Health Information within five (5) business days after receipt of request from Covered Entity.

(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.

(8) Accounting of Disclosures: Upon Covered Entity's request, Business Associate shall provide to Covered Entity an accounting of each Disclosure of Protected Health Information made by Business Associate or its employees, agents, representatives or subcontractors.

*(Optional, to be used when all Uses and Disclosures permitted in order to perform the Services will be for the Covered Entity's payment or health care operations activities: However, Business Associate is not required to provide an accounting of Disclosures that are necessary to perform the Services because such Disclosures are for either payment or health care operations purposes, or both.)*

Any accounting provided by Business Associate under

this Subparagraph B.(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 Subparagraph B.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 Subparagraph B.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.

C. 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.

D. TERM AND TERMINATION:

(1) Term: The term of this Paragraph shall be the same as the term of this Agreement. Business Associate's obligations under Subparagraphs B.(1) (as modified by Subparagraphs D.(2), B.(3), B.(4), B.(5), B.(6), B.(7), B.(8), D.(3), and E.(2) shall survive the termination or expiration of this Agreement.

(2) Termination for Cause: In addition to and notwithstanding the termination provisions set forth in this 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 this Agreement if Business Associate does not cure the breach or end the violation within the time specified by Covered Entity;

b. Immediately terminate this Agreement if Business Associate has breached a material term of this Agreement 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.

(3) Disposition of Protected Health Information

Upon Termination or Expiration:

a. Except as provided in Sub-paragraph (b) of this section, upon termination for any reason or expiration of this 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 infeasible. If return or destruction is infeasible, Business Associate shall extend the protections of this

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.

E. MISCELLANEOUS:

(1) No Third Party Beneficiaries: Nothing in this Paragraph shall confer upon any person other than the parties and their respective successors or assigns, any rights, remedies, obligations, or liabilities whatsoever.

(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 Paragraph.

(3) Relationship to Services Agreement Provisions: In the event that a provision of this Paragraph is contrary to another provision of the Agreement, the

provision of this Paragraph shall control. Otherwise, this Paragraph shall be construed under, and in accordance with, the terms of this Agreement.

(4) Regulatory References: A reference in this Paragraph to a section in the Privacy or Security Regulations means the section as in effect or as amended.

(5) Interpretation: Any ambiguity in this Paragraph shall be resolved in favor of a meaning that permits Covered Entity to comply with the Privacy and Security Regulations.

(6) Amendment: The parties agree to take such action as is necessary to amend this Paragraph from time to time as is necessary for Covered Entity to comply with the requirements of the Privacy and Security Regulations."

4. Except for the changes set forth hereinabove, Agreement shall not be changed in any respect by this Amendment.

IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be subscribed by its

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Director of Health Services, and Contractor has caused this Amendment to be subscribed in its behalf by its duly authorized officer, the day, month, and year first above written.

COUNTY OF LOS ANGELES

By \_\_\_\_\_  
Thomas L. Garthwaite, M.D.  
Director and Chief Medical  
Officer

USCB, INCORPORATED  
Contractor

By \_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

Title \_\_\_\_\_  
(AFFIX CORPORATE SEAL HERE)

APPROVED AS TO FORM  
BY THE OFFICE OF THE COUNTY COUNSEL  
RAYMOND F. FORTNER  
COUNTY COUNSEL

APPROVED AS TO CONTRACT  
ADMINISTRATION:

Department of Health Services

By \_\_\_\_\_  
Chief, Contracts and Grants  
Division

Jr:2/9/05  
AM5.CLS.JR