



Health Services
LOS ANGELES COUNTY

**Los Angeles County
Board of Supervisors**

April 6, 2006

Gloria Molina
First District

Yvonne B. Burke
Second District

Zev Yaroslavsky
Third District

Don Knabe
Fourth District

Michael D. Antonovich
Fifth District

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:

**ENCOUNTER DATA PROCESSING SERVICES SOLE
SOURCE AGREEMENT WITH DIVERSIFIED
DATA DEVELOPMENT CORPORATION**
(All Districts) (3 Votes)

Bruce A. Chernof, MD
Acting Director and Chief Medical Officer

John R. Cochran III
Chief Deputy Director

William Loos, MD
Acting Senior Medical Officer

IT IS RECOMMENDED THAT YOUR BOARD:

Approve and instruct the Acting Director of Health Services, or his designee, to offer and sign a sole source renewal Agreement with Diversified Data Development Corporation, substantially similar to Exhibit I, for the provision of encounter data processing services for the Office of Managed Care, effective May 1, 2006 through April 30, 2011, with the option of two automatic annual renewals through April 30, 2013, for an estimated County cost of \$961,246 for the five-year period, and \$435,928 for the two automatic annual renewals, for a total maximum obligation of \$1,397,174.

313 N. Figueroa Street, Suite 912
Los Angeles, CA 90012

Tel: (213) 240-8101
Fax: (213) 481-0503

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*To improve health
through leadership,
service and education.*

PURPOSE/JUSTIFICATION OF THE RECOMMENDED ACTION:

In approving the recommended action, the Board is authorizing a sole source renewal Agreement with Diversified Data Development Corporation, dba Diversified Data Design Corporation (DDD), to provide encounter data processing services for the Department of Health Services' (DHS) Office of Managed Care (OMC) to allow DHS to comply with regulatory agencies' requirements to submit encounter information. The current Agreement expires April 30, 2006.

FISCAL IMPACT/FINANCING:

The estimated County cost for the five-year period is \$961,246, with a cost of \$435,928 for two automatic annual renewals, for a total maximum obligation of \$1,397,174.

Funding for the first year is included in the Fiscal Year (FY) 2005-06 Budget, the FY 2006-07 CAO proposed budget, and will be requested in future fiscal years.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

On September 15, 1999, the Internal Services Department (ISD) approved a purchase order to permit DDD to assist DHS in capturing, processing, and reporting Child Health and Disability Prevention (CHDP) encounter information for the OMC.



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On September 17, 2001, ISD approved a supplemental purchase order for DDD to provide these services for CHDP encounters as well as to include out-patients, in-patients, and long-term care encounters for the OMC.

On June 4, 2002, the Board of Supervisors approved Agreement No. H-207575 with DDD for encounter data processing services. In May 2003 and April 2005, the County and DDD executed Amendment No. 1 and Amendment No. 2, respectively, to Agreement No. H-207575 to include Health Insurance Portability and Accountability Act language.

The recommended sole source Agreement will allow DDD to continue services and assist DHS with encounter data processing services for the OMC, and to comply with regulatory agencies' (e.g., L.A. Care Health Plan, State Department of Managed Health Care, Managed Risk Medical Insurance Board, and National Committee for Quality Assurance) requirements to submit encounter information.

The County will reimburse DDD according to negotiated rates identified in Exhibit B, Schedule of Payments, of the Agreement.

This Agreement is not subject to approval by the Chief Information Office because the Agreement does not provide for the purchase or acquisition of software, hardware or systems programming.

This Agreement is not a Proposition A agreement because the work is highly technical and it is difficult to recruit due to the complexity of the service provided. County Counsel has determined that the new Agreement with DDD should be a Non-Proposition A Agreement because the Department does not have the infrastructure to perform encounter processing, and it would therefore require significant time and expenditures to acquire staffing with the appropriate expertise as well as the required computer hardware and software to provide an encounter processing system.

Attachment A provides additional information.

Exhibit I has been approved as to use and form by County Counsel.

CONTRACTING PROCESS:

In 1999, L.A. Care Health Plan, which provides regulatory oversight for the Medi-Cal Managed Care Program under the Two-Plan Model in Los Angeles County, referred and recommended DDD to the OMC to assist in encounter data processing services. L.A. Care had tried to use another vendor without success and they are going to renew their Agreement with DDD. DDD is recognized throughout California for their expertise in health care data processing, and they perform data processing for five of the six California health plans as well as 95 % of the State's physician groups.

Due to an oversight, the required advance notification of DHS' intent to enter into a sole source agreement was not provided to the Board; however, DHS is providing the notification separately with additional details supporting this sole source request. Because these services are necessary to comply with State regulatory requirements, DHS is requesting approval of the recommended action. DHS will ensure future compliance with the Board's notification policy.

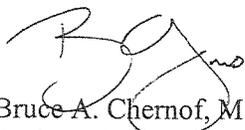
The Honorable Board of Supervisors
April 6, 2006
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IMPACT ON CURRENT SERVICES:

Approval of the Agreement will permit uninterrupted encounter data processing services for the OMC to ensure compliance with various regulatory requirements.

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

Respectfully submitted,



Bruce A. Chernof, M.D.
Acting Director and Chief Medical Officer

BAC:r
Diversified Data Dev.rf.wpd

Attachments (2)

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

SUMMARY OF AGREEMENT

1. TYPE OF SERVICE:

Providing encounter data capturing, processing, and reporting services.

2. AGENCY ADDRESS AND CONTACT PERSON:

Diversified Data Development Corporation
dba Diversified Data Design Corporation
5875 Green Valley Circle
Culver City, California 90230
Attention: Horace J. Clark III, President
Telephone: (310) 973-2880
FAX: (310) 973-1381

3. TERM:

The Agreement term will be effective May 1, 2006 for five years, through April 30, 2011, with provisions for two automatic annual renewals through April 30, 2013, and provides for a 30-day termination notice with or without cause by the County.

4. FINANCIAL INFORMATION:

The estimated County cost is \$961,246 for the five-year period, and \$435,928 for two automatic annual renewals, for a total maximum obligation of \$1,397,174. The County will reimburse DDD according to negotiated rates identified in Exhibit B, Schedule of Payments, of the Agreement.

5. ACCOUNTABLE FOR MONITORING AND EVALUATION:

OMC Information Systems.

6. APPROVALS:

Office of Managed Care: Dave Beck

Contracts and Grants Division: Cara O'Neill, Chief

County Counsel (as to form): Edward Yen, Senior Associate County Counsel

ENCOUNTER DATA PROCESSING
SERVICES AGREEMENT

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Contract # _____

ENCOUNTER DATA PROCESSING SERVICES AGREEMENT

This Agreement is made and entered into this _____ day
of _____, 2006,

by and between

COUNTY OF LOS ANGELES
(Hereafter "County"),

and

DIVERSIFIED DATA DEVELOPMENT
CORPORATION, DBA DIVERSIFIED DATA
DESIGN CORPORATION
(Hereafter "Contractor").

WHEREAS, pursuant to the provisions of Section 1441 et seq.,
of the Health and Safety Code, County has established and
maintains, through its Department of Health Services (hereafter
"DHS" or "Department"), various general acute care hospitals,
comprehensive health centers, and health centers (all hereafter
"County Facility" or "County Facilities", as appropriate); and

WHEREAS, County has also established and operates the
Community Health Plan ("CHP"), a health maintenance organization
duly licensed as a full service, health care service plan under
the California Knox-Keene Health Care Services Plan Act of 1975
("Knox Keene"), as amended; and WHEREAS, the authority of County
to enter into this Agreement is found in California Government
Code Section 31000; and

WHEREAS, the Department has determine that the Office of
Managed Care (OMC) will require encounter data processing
services; and

WHEREAS, Contractor is licensed, equipped, staffed, and prepared to provide such encounter data processing services;

NOW, THEREFORE, based upon the foregoing recitals, all of which are incorporated herein by this reference, County and Contractor further agree as follow:

1. DEFINITIONS:

A. ANSI: As used herein, the term "ANSI" shall mean American National Standards Institute, an organization that accredits various standards-setting committees, and monitors their compliance with the open rule-making process that must be followed to qualify for ANSI accreditation.

B. Child Health and Disability Prevention Encounter: As used herein, the term "Child Health and Disability Prevention Encounter" or "CHDP" shall mean any medical care or services rendered by a provider to a patient at least four (4) months of age, but less than six (6) years of age, for pediatric preventive services.

C. CMS 1500: As used herein, the term "CMS 1500" shall mean the standard form designed for rendering providers to report medical encounters, effective July 1, 2001. The standard form was previously known as "HCFA 1500".

D. Community Health Plan: As used herein, the term "Community Health Plan" or "CHP" shall mean the DHS affiliated, Knox-Keene licensed health plan.

E. Contractor: As used herein, the term "Contractor" shall mean Diversified Data Design Corp., a California corporation based in Los Angeles County.

F. County: As used herein, the term "County" shall mean the County of Los Angeles, California.

G. Deliverable: As used herein, the term "Deliverable" shall mean an item and/or a service to be provided by Contractor under this Agreement identified as a numbered Deliverable in Exhibit A (Statement of Work).

H. DHS: As used herein, the term "DHS" shall mean County's Department of Health Services.

I. Encounter: As used herein, the term "Encounter" shall mean one or more medical procedure(s) or medically related service(s) rendered by a provider to a health plan member on a date of service.

J. Encounters: As used herein, the term "Encounters" shall mean a collective whole of all encounter categories defined herein: Medical, In-patient, Long-Term Care, and Pharmacy.

K. Health Insurance Portability and Accountability Act: As used herein, the terms "Health Insurance Portability and Accountability Act" or "HIPAA" shall mean the public law enacted in August 1996, which amends the Internal Revenue Service Code of 1986. HIPAA calls for improved efficiency in healthcare delivery by standardizing electronic data interchange, and protection of confidentiality and security of health data through setting and enforcing standards.

L. Healthy Families Program: As used herein, the term "Healthy Families Program" shall mean the Community Health

Plan's product to participate in the Healthy Families Program which is a State and federal program to provide health, dental and vision care coverage to children ages 1 through 18 with family incomes above the level eligible for no-cost Medi-Cal and below 200% of the Federal Poverty Level.

M. In-Home Supportive Services Program: As used herein, the term "In-Home Supportive Services Program" or "IHSS" shall mean the health benefit program for in home workers who meet the eligibility requirements of at least 112 hours per month for two (2) consecutive months prior to eligibility determination.

N. In-Patient Encounter: As used herein, the term "In-Patient Encounter" shall mean any patient medical care or services rendered by a provider that requires one or more admission days into a medical facility.

O. Independent Practice Associations/Medical Groups: As used herein, the term "Independent Practice Associations/Medical Groups" or "IPAs/MGs" shall mean a legal entity formed by physicians to contract with payers to arrange care in private medical offices through individual contracts with physicians in return for a negotiated fee.

P. Knox-Keene: As used herein, the term "Knox-Keene" shall mean the State Knox-Keene Health Care Service Act of 1975.

Q. Long-Term Care Encounter: As used herein, the term

"Long-Term Care Encounter" shall mean any in-patient care or services rendered by a provider which lasts for more than the month of admission and is expected to last for at least one (1) full calendar month after the month of admission.

R. Medi-Cal Managed Care Program: As used herein, the term "Medi-Cal Managed Care Program" shall mean the health benefit program that provides health care services to Medi-Cal beneficiaries as governed and regulated by the California Code of Regulations Title 10 and Title 22.

S. Medical Encounter: As used herein, the term "Medical Encounter", also known as "Out-Patient Encounter", shall mean any patient medical care or services rendered by a provider that does not require one or more admission days into a medical facility.

T. Member: As used herein, the term "Member" shall mean a person who is eligible and enrolled in the CHP.

U. Office of Managed Care: As used herein, the term "Office of Managed Care" or "OMC" shall mean a division within DHS which has oversight of the CHP.

V. Pharmacy Encounter: As used herein, the term "Pharmacy Encounter" shall mean any prescription medication(s) dispensed by a pharmacy to a patient.

W. PM 160: As used herein, the term "PM 160" shall mean the standard form designed for rendering providers to report pediatric preventive services.

X. Product Lines: As used herein, the term "product

lines" shall mean the health care benefit programs offered by the CHP and/or OMC.

Y. Provider: As used herein, the term "Provider" shall mean a medical institution or medical professional who renders health care services to patients.

Z. Task: As used herein, the term "Task" shall mean one of the areas of work to be performed under this Agreement identified as a numbered Task in Exhibit A (Statement of Work).

AA. Temporary Employees: As used herein, the term "Temporary Employees" shall mean the DHS' temporary employees that are enrolled in the CHP.

BB. Translate: As used herein, the term "translate" shall mean to change or convert from one file format to another.

CC. UB 92: As used herein, the term "UB 92" shall mean the standard form designed for hospitals to file a medical claim or report in-patient encounters.

2. SERVICES: Contractor shall provide expert and professional services as described in Exhibit A (Statement of Work). Contractor shall provide written invoices to County for all work performed. All work and each invoice must be approved in writing by Director prior to any payment of invoices.

3. TERM: The term of this Agreement shall commence May 1, 2006 (hereafter the "Effective Date") and shall continue in full force and effect through April 30, 2011 (hereafter "Initial Term"), unless sooner terminated, in whole or in part, as

provided herein. At the end of the Initial Term, County may, at its sole option, extend the Agreement on an annual basis for up to two (2) years following the Initial Term (hereafter "Extended Term") through April 30, 2013, subject to the annual appropriation of funds. County shall be deemed to have exercised its option(s) to extend automatically, without further act, unless (i) it has extended the Agreement for twenty-four (24) months following the Initial Term; or (ii) no later than thirty (30) days prior to the expiration of the Initial Term or any Extended Term, County notifies Contractor in writing that it elects not to extend the Agreement on a month-to-month basis.

4. CONTRACT SUM: The Contract Sum under the terms of this Agreement shall be the total monetary amount payable by County to Contractor for supplying all the work, products and services specified under this Agreement. The total Contract Sum, inclusive of all applicable taxes, shall not exceed Nine Hundred and Sixty-One Thousand, Two Hundred and Forty-Six Dollars (\$961,246) for the five (5) year period, and Four Hundred, Thirty-Five Thousand, Nine Hundred and Twenty-Eight Dollars (\$435,928) for two (2) automatic annual renewals, for a maximum obligation of One Million, Three Hundred Ninety-Seven Thousand, One Hundred and Seventy-Four Dollars (\$1,397,174), for the term of this Agreement.

5. ADMINISTRATION OF AGREEMENT:

A. County: The Director of DHS or his/her designee ("Director") shall have the authority to administer this Agreement on behalf of County.

1. County's Project Director: County's Project Director for this Agreement shall be the following person or his/her designee:

Laura Williams, Project Director
Department of Health Services
1000 South Fremont Avenue
Building A-9 East, 2nd Floor, Unit 4
Alhambra, California 91803
Telephone: (626) 299-3329
FAX: (626) 308-0492
Internet: lwilliams@ladhs.org

County's Project Director, or his/her designee, will on a regular basis, interface with Contractor's Project Manager, as needed, to ensure that the objectives of this Agreement are met.

County's Project Director, or his/her designee, is not authorized to make any changes in the terms and conditions of this Agreement and is not authorized to obligate County in any respect whatsoever.

County's Project Director will provide direction to Contractor in the areas relating to policy, contractual issues, information requirements and procedural requirements.

2. County's Project Manager: County's Project Manager for this Agreement will be the following person or his/her designee:

Uriel Acuna, Project Manager
Department of Health Services
1000 S. Fremont Avenue
Building A-9 East, 2nd Floor, Unit #4
Alhambra, California 91803
Telephone: (626) 299-3320
FAX: (626) 308-0492
Internet: uacuna@ladhs.org

County's Project Manager will be responsible for confirming that the technical standard and requirements of this Agreement are met and for evaluating Contractor's performance under this Agreement.

County's Project Manager, or his/her designee, is not authorized to make any changes in the terms and conditions of this Agreement and is not authorized to obligate County in any respect whatsoever.

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

3. Approval of Invoices: All invoices submitted by Contractor under this Agreement must be approved in writing by the County's Project Manager. Approval of the invoices will not be unreasonably withheld, and in no instance will said approval take more than thirty (30) calendar days from receipt of invoices by County.

4. County Personnel: Unless otherwise stated in this Agreement, all County personnel assigned to this Agreement shall be under the exclusive supervision of County. Contractor understands and agrees that all such County personnel are assigned only for the convenience of County. Contractor hereby represents that its price(s) and performance hereunder are based solely on the work of Contractor's personnel, except as

otherwise expressly provided by this Agreement.

B. Contractor:

1. Contractor's Project Director: Contractor's Project Director shall be the following person who shall be a full-time employee of Contractor:

Horace J. Clark III, President
Diversified Data Design Corporation
5875 Green Valley Circle
Culver City, California 90230
Internet: hclark@dddcorp.com

2. Contractor's Project Manager: Contractor's Project Manager for this Agreement, who shall be a full-time employee of Contractor, shall be the following person or his/her designee:

Horace J. Clark III, President
Diversified Data Design Corporation
5875 Green Valley Circle
Culver City, California 90230
Telephone: (310) 973-2880
FAX: (310) 973-1381
Internet: hclark@dddcorp.com

Contractor's Project Manager shall be responsible for Contractor's day-to-day activities as related to this Agreement and for reporting to County in the manner set forth herein.

Contractor agrees that should work be performed outside the scope of Exhibit A (Statement of Work), attached hereto, without the prior written approval of County in accordance with Paragraph 58 (Changes and Amendments) of this Agreement, such work shall be deemed to be a gratuitous effort on the part of

Contractor, and Contractor shall have no claim therefore against County.

6. OWNERSHIP: County shall own all right, title, and interest in and to all draft and final products produced for County by Contractor in the course of Contractor's performance hereunder, except that Contractor shall own the ideas, knowledge, concepts, know-how and expertise which Contractor and its employees, County-approved subcontractors and agents gain, develop or learn in connection with Contractor's services under this Agreement and which are incorporated in such draft and final products.

Any and all materials which are developed or were originally acquired by Contractor outside the scope of this Agreement, which Contractor desires to use hereunder, and which Contractor considers to be proprietary or confidential, must be specifically identified by Contractor to Director as proprietary or confidential, and shall be plainly and prominently marked by Contractor as "Proprietary" or "Confidential." Contractor hereby grants to County, for County use, an irrevocable, perpetual, non-exclusive, non-terminable, no cost license to use, modify, and reproduce all such materials.

7. COUNTY'S OBLIGATION FOR FUTURE FISCAL YEARS: Notwithstanding any other provision of this Agreement, County shall not be obligated for Contractor's performance hereunder or by any provision of this Agreement during any of County's future fiscal years unless and until County's Board of Supervisors appropriates funds for this Agreement in County's Budget for each such future

fiscal year. In the event that funds are not appropriated for this Agreement, then this Agreement shall terminate as of June 30 of the last County fiscal year for which funds were appropriated.

If the Agreement is terminated due to non-appropriation of funds by County, County shall be obligated for Contractor's performance pursuant to the provision of Paragraph 4 (Contract Sum) up to the date of termination as noticed in writing by the County. County shall notify Contractor in writing of such non-allocation of funds within five (5) working days of final decision by the Board on non-appropriation of funds.

8. INDEMNIFICATION AND INSURANCE:

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

B. General Insurance Requirements: Without limiting Contractor's indemnification of County, and during the term of this Agreement, Contractor shall provide and maintain, and shall require all of its subcontractors to maintain, the following programs of insurance specified in this Agreement. Such insurance shall be primary to and not contributing with any other insurance or self-insurance programs maintained by County, and such coverage shall be provided and maintained

at Contractor's own expense.

1. Evidence of Insurance: Certificate(s) or other evidence of coverage satisfactory to County shall be delivered to Department Contract Administrator Name and Address prior to commencing services under this Agreement. Such certificates or other evidence shall:

(a) Specifically identify this Agreement.

(b) Clearly evidence all coverage required in this Agreement.

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

(d) Include copies of the additional insured endorsement to the commercial general liability policy, adding County of Los Angeles, its Special Districts, its officials, officers, and employees as insureds for all activities arising from this Agreement.

(e) Identify any deductibles or self-insured retentions for County's approval. County retains the right to require Contractor to reduce or eliminate such deductibles or self-insured retentions as they apply to County, or, require Contractor to provide a bond guaranteeing payment of all such retained losses and related costs,

including, but not limited to, expenses or fees, or both, related to investigations, claims administrations, and legal defense. Such bond shall be executed by a corporate surety licensed to transact business in the State of California.

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

3. Failure to Maintain Coverage: Failure by Contractor to maintain the required insurance, or to provide evidence of insurance coverage acceptable to County, shall constitute a material breach of contract upon which County may immediately terminate or suspend this Agreement. County, at its sole option, may obtain damages from Contractor resulting from said breach. Alternatively, County may purchase such required insurance coverage, and without further notice to Contractor, County may deduct from sums due to Contractor any premium costs advanced by County for such insurance.

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

(a) any accident or incident relating to services performed under this Agreement which involves injury or property damage which may result in the filing of a claim or lawsuit against

Contractor and/or County. Such report shall be made in writing within 24 hours of occurrence.

(b) any third party claim or lawsuit filed against Contractor arising from or related to services performed by Contractor under this Agreement.

(c) any injury to a Contractor employee which occurs on County property. This report shall be submitted on a County "Non-employee Injury Report" to County contract manager.

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

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

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

(a) Contractor providing evidence of insurance covering the activities of

subcontractors, or

(b) Contractor providing evidence submitted by subcontractors evidencing that subcontractors maintain the required insurance coverage. County retains the right to obtain copies of evidence of subcontractor insurance coverage at any time.

C. Insurance Coverage Requirements:

(1) General Liability Insurance (written on ISO policy form CG 00 01 or its equivalent) with limits of not less than the following:

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

(2) Automobile Liability Insurance (written on ISO policy form CA 00 01 or its equivalent) with a limit of liability of not less than \$1 million for each accident. Such insurance shall include coverage for all "owned," "hired" and "non-owned" vehicles, or coverage for "any auto."

(3) Workers Compensation and Employers' Liability Insurance providing workers compensation benefits, as required by the Labor Code of the State of California or by any other state, and for which Contractor is responsible. If Contractor's employees will be engaged in maritime employment, coverage shall provide workers compensation benefits as required by the U.S. Longshore

and Harbor Workers' Compensation Act, Jones Act, or any other federal law for which Contractor is responsible. In all cases, the above insurance also shall include Employers' Liability coverage with limits of not less than the following:

Each Accident:	\$1 million
Disease - policy limit:	\$1 million
Disease - each employee:	\$1 million

(4) Professional Liability: Insurance covering liability arising from any error, omission, negligent or wrongful act of the Contractor, its officers or employees with limits of not less than \$1 million per occurrence and \$3 million aggregate. The coverage also shall provide an extended two (2) year reporting period commencing upon termination or cancellation of this Agreement.

9. INDEMNIFICATION AND INSURANCE APPLICATION TO SUBCONTRACTOR(S): Contractor shall ensure that its subcontractor(s) providing services under this Agreement meet the requirements of the INDEMNIFICATION AND INSURANCE Paragraphs hereinabove, and shall ensure that all subcontract documents hereunder include such requirements.

10. INDEPENDENT CONTRACTOR STATUS:

A. This Agreement is by and between County and Contractor and is not intended, and shall not be construed, to create the relationship of agent, servant, employee, partnership, joint venture, or association, as between

County and Contractor. The employees and agents of one party shall not be, or be construed to be, the employees or agents of the other party for any purpose whatsoever.

B. Contractor shall be solely liable and responsible for providing to, or on behalf of, its employees all legally required employee benefits. County shall have no liability or responsibility for the payment of any salaries, wages or other compensation or benefits to any personnel provided by Contractor.

C. Contractor understands and agrees that all persons furnishing services to County pursuant to this Agreement are for all purposes, and in particular, for purposes of workers' compensation liability, the sole employees of Contractor and not employees of County. Contractor shall bear the sole liability and responsibility for any and all workers' compensation benefits to any person as a result of injuries arising from or connected with services performed by or on behalf of Contractor pursuant to this Agreement.

11. TAXES: Contractor shall be responsible for and pay all costs of conducting its business, including, but not limited to, the expense and responsibility for any applicable insurance or city, County, state, or federal licenses, permits, taxes, or assessments of any kind. Contractor shall be responsible for payment of its self-employment taxes, including, but not limited to, income taxes, Social Security taxes, and workers' compensation premiums.

12. CONFIDENTIALITY: Contractor shall maintain the

confidentiality of all records, data, and information, of whatever type, to which it obtains, creates, and/or has access to, including but not limited to, billings and patient records, in accordance with all applicable Federal, State, and local laws, ordinances, regulations, and directives relating to confidentiality. Contractor shall be prohibited from the unauthorized selling, sharing, or use of medical information for any purpose not necessary to render services to County patients. Contractor shall inform all of its officers, employees, and agents providing services hereunder of the confidentiality provisions of this Agreement. County shall maintain the confidentiality of patient medical records made available hereunder in accordance with the customary standards and practices of governmental third-party payers.

With respect to any identifiable information concerning a patient or provider that is obtained by Contractor, Contractor:

- (1) shall not use any such information for any purpose other than carrying out the express terms of this Agreement;
- (2) shall promptly transmit to Director all requests for disclosure of such information;
- (3) shall not disclose, except as otherwise specifically permitted by this Agreement or as specifically permitted by law, any such information to any party other than Director without the Director's prior written authorization specifying that the information is releasable under Title 45, Code of Federal Regulations ("CFR"), section 205.50, and Welfare and Institutions Code ("WIC") section 10850, and regulations adopted thereunder, or other law;
- and (4) shall, at the

expiration or earlier termination of this Agreement, give all such information to Director, if that action is lawful and is acceptable to Contractor, or maintain such information according to written procedures sent Contractor by Director.

13. CONTRACTOR'S OBLIGATION AS A "BUSINESS ASSOCIATE" UNDER HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT: The performance of Contractor's obligation under the Agreement could require Contractor's receipt of, or access to, Protected Health Information and/or Electronic Protected Health Information, as such term is defined in Exhibit G (Contractor's Obligation as Business Associate Under the Health Insurance Portability and Accountability Act of 1996). Contractor and County hereby agree to be bound by the terms and conditions of the Contractor's Obligation as a Business Associate Under the Health Insurance Portability and Accountability Act of 1996 (Exhibit G) (hereafter "Business Associate Services Agreement") by and between Contractor (referred to in Exhibit G as "Business Associate") and County (referred to in Exhibit G as "Covered Entity") for the term of this Agreement and as provided in the Business Associate Services Agreement.

14. NOTICE TO EMPLOYEES REGARDING THE FEDERAL EARNED INCOME CREDIT: Contractor shall notify its employees, and shall require each subcontractor to notify its employees, that they may be eligible for the Federal Earned Income Credit under the Federal income tax laws. Such notice shall be provided in accordance with the requirements set forth in Internal Revenue Service Notice 1015.

15. GOVERNING LAW, JURISDICTION AND VENUE: This Agreement shall be governed by the substantive and procedural laws of the State of California. Contractor agrees and consents to the exclusive jurisdiction of the courts of the State of California for all purposes regarding this Agreement and further agrees and consents that venue of any action brought hereunder shall be exclusively in the County of Los Angeles, California.

16. RECORDS AND AUDITS: Contractor shall maintain accurate and complete financial records of its activities and operations relating to this Agreement. Contractor shall also maintain accurate and complete employment and other records relating to its performance of this Agreement. Contractor agrees that County, or its authorized representatives, on reasonable notice shall have access to and the right to examine, audit, excerpt, copy or transcribe any pertinent transaction, activity, or records relating to this Agreement provided such access rights do not constitute an unlawful invasion of the privacy rights of any Contractor employee and would not in the reasonable opinion of Contractor subject Contractor to legal liability. All such material, including, but not limited to, all financial records, time cards and other employment records, and proprietary data and information, shall be kept and maintained by Contractor and shall be made available to County during the term of this Agreement and for a period of seven (7) years thereafter unless County's written permission is given to dispose of any such material prior to such time. All such material shall be maintained by Contractor at a location in Los Angeles County, provided that if

any such material is located outside Los Angeles County, then, at County's option, Contractor shall provide true and correct copies of such material to County at no cost to County or Contractor shall allow County, or its authorized representatives, on reasonable notice to examine, audit, excerpt, copy or transcribe such material at such other location. All financial records and other confidential materials of Contractor obtained by County pursuant to any such audit will be protected by County as Contractor's confidential information to the same extent that Contractor is required to protect County's confidential information under this Agreement.

17. PERFORMANCE DURING CIVIL UNREST OR DISASTER:

Contractor recognizes that health care facilities maintained by County provide care essential to the residents of the communities they serve, and that these services are of particular importance at the time of a riot, insurrection, civil unrest, natural disaster or similar event. Notwithstanding any other provision of this Agreement, full performance by Contractor during any riot, insurrection, civil unrest, natural disaster or similar event is not excused if such performance remains physically possible, as determined by County. Failure to comply with this requirement shall be considered a material breach of this Agreement by Contractor for which County may immediately terminate this Agreement.

18. NON-DISCRIMINATION IN SERVICES: Contractor shall not discriminate in the provision of services hereunder because of race, color, religion, national origin, ancestry, sex, age or

physical or mental disability, in accordance with all applicable requirements of Federal and State law. For the purpose of this Paragraph, discrimination in the provision of services may include, but is not limited to, the following: denying any person any service or benefit or the availability of a facility; providing any service or benefit to any person which is not equivalent, or is not provided in an equivalent manner or at a non-equivalent time, from that provided to others; subjecting any person to segregation or separate treatment in any manner related to the receipt of any service other than precautions dictated by infectious control procedures; restricting any person in any way in the enjoyment of any advantage or privilege enjoyed by others receiving any service or benefit; and treating any person differently from others in determining admission, enrollment quota, eligibility, membership, or any other requirements or conditions which persons must meet in order to be provided any service or benefit. Contractor shall ensure that recipients of services under this Agreement are provided services without regard to race, color, religion, national origin, ancestry, sex, age, or physical or mental disability.

19. NONDISCRIMINATION IN EMPLOYMENT

A. Contractor certifies and agrees that all persons employed by it, its affiliates, subsidiaries, or holding companies, are and will be treated equally by it without regard to or because of race, color, religion, ancestry, national origin, sex, age, or physical or mental disability, in compliance with all applicable Federal and State anti-

discrimination laws and regulations.

B. Contractor shall take affirmative action to ensure that qualified applicants are employed, and that employees are treated during employment without regard to race, color, religion, national origin, ancestry, sex, age, or physical or mental disability, in compliance with all applicable Federal and State anti-discrimination laws and regulations.

Such action shall include, but is not limited to, the following: employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship.

C. Contractor shall deal with its subcontractors, bidders, or vendors without regard to or because of race, color, religion, ancestry, national origin, sex, age, or physical or mental disability.

D. Contractor shall allow County representatives access to its employment records during regular business hours to verify compliance with the provisions of this Paragraph when so requested by Director.

E. If provisions in this Paragraph 19 are violated, the same shall constitute a material breach of this Agreement upon which County may determine to cancel, terminate, or suspend this Agreement. While County reserves the right to determine independently that the anti-discrimination provisions of this Agreement have been violated, in addition, a determination by the California

Fair Employment Practices Commission or the Federal Equal Employment Opportunity Commission that Contractor has violated State or Federal anti-discrimination laws or regulations shall constitute a finding by County that Contractor has violated the anti-discrimination provisions of this Agreement.

F. The parties agree that in the event that Contractor violates the anti-discrimination provisions of this Agreement, County shall, at its option, be entitled to a sum of Five Hundred Dollars (\$500) pursuant to California Civil Code Section 1671 as liquidated damages in lieu of canceling, terminating, or suspending this Agreement.

20. NON-DISCLOSURE OF INFORMATION: Contractor shall not disclose any details in connection with this Agreement to any other person or entity, except as may be otherwise provided herein or required by law. However, in recognition of Contractor's need to identify its services and related clients to sustain itself, County shall not inhibit Contractor from publicizing its role under this Agreement subject to the following conditions: (1) Contractor shall develop and publicize material in a professional manner, and (2) during the term of this Agreement, Contractor, its employees, agents, and subcontractors, shall not publish or disseminate commercial advertisements, press releases, opinions, or feature articles, using the name of County without the prior written consent of Director.

21. CONFLICT OF INTEREST: No County employee whose

position in County enables such employee to influence the award or administration of this Agreement or any competing Agreement, and no spouse or economic dependent of such employee shall be employed in any capacity by Contractor, or have any other direct or indirect financial interest in this Agreement. No officer or employee of Contractor who may financially benefit from the provision of services hereunder shall in any way participate in the County's approval, or ongoing evaluation, of such services, or in any way attempt to unlawfully influence County's approval or ongoing evaluation of such services. Contractor shall comply with all conflict of interest laws, ordinances and regulations now in effect or hereafter to be enacted during the term of this Agreement. Contractor warrants that it is not now aware of any facts which create a conflict of interest. If Contractor hereafter becomes aware of any facts which might reasonably be expected to create conflict of interest, it shall immediately make full written disclosure of such facts to County. Full written disclosure shall include, without limitation, identification of all persons implicated and complete description of all relevant circumstances.

22. FEDERAL ACCESS TO RECORDS: If, and to the extent that, Section 1861(v)(1)(I) of the Social Security Act (42 U.S.C. Section 1395x(v)(1)(I)) is applicable, Contractor agrees that for a period of four (4) years following the furnishing of services under this Agreement, Contractor shall maintain and make available, upon written request, to the Secretary of the United States Department of Health and Human Services or the Controller

General of the United States, or to any of their authorized representatives, the contracts, books, documents and records of Contractor which are necessary to verify the nature and extent of the costs of services provided hereunder. Furthermore, if Contractor carries out any of the services provided hereunder through any subcontract with a value or cost of Ten Thousand Dollars (\$10,000) or more over a twelve-month period with a related organization (as that term is defined under Federal law), Contractor agrees that each such subcontract shall provide for such access to the subcontract, books, documents and records of the subcontractor.

23. COUNTY AUDIT SETTLEMENTS: If, at any time during the term of this Agreement or at any time after the expiration or prior termination of this Agreement, representatives of County conduct an audit of Contractor regarding the services provided to County hereunder and if such audit finds that County's dollar liability for such services is less than the payments made by County to Contractor, then the difference shall be: (1) repaid by Contractor to County by cash payment upon demand and/or (2) at Director's sole discretion, deducted from any amounts due County to Contractor whether under this Agreement or otherwise. If such audit finds that County's dollar liability for services provided hereunder is more than the payments made by County to Contractor, then the difference shall be paid to Contractor by County by cash payment, provided that in no event shall County's total payment obligation for services hereunder be exceeded.

24. PROHIBITION AGAINST ASSIGNMENT AND DELEGATION: The Contractor shall not assign its rights or delegate its duties under this Contract, or both, whether in whole or in part, without the prior written consent of County, in its discretion, and any attempted assignment or delegation without such consent shall be null and void. For purposes of this paragraph, County consent shall require a written amendment to the Contract, which is formally approved and executed by the parties. Any payments by the County to any approved delegatee or assignee on any claim under this Contract shall be deductible, at County's sole discretion, against the claims, which the Contractor may have against the County.

Shareholders, partners, members, or other equity holders of Contractor may transfer, sell, exchange, assign, or divest themselves of any interest they may have therein. However, in the event any such sale, transfer, exchange, assignment, or divestment is effected in such a way as to give majority control of Contractor to any person(s), corporation, partnership, or legal entity other than the majority controlling interest therein at the time of execution of the Contract, such disposition is an assignment requiring the prior written consent of County in accordance with applicable provisions of this Contract.

If any assumption, assignment, delegation, or takeover of any of the Contractor's duties, responsibilities, obligations, or performance of same by any entity other than the Contractor, whether through assignment, subcontract, delegation, merger, buyout, or any other mechanism, with or without consideration for

any reason whatsoever without County's express prior written approval, shall be a material breach of the Contract which may result in the termination of this Contract. In the event of such termination, County shall be entitled to pursue the same remedies against Contractor as it could pursue in the event of default by Contractor.

25. RULES AND REGULATIONS: Contractor shall provide to Director a copy of its rules and regulations, regarding the conduct of its officers, agents, employees, volunteers, contract staff, or affiliated personnel at Contractor's facility. At a minimum, such policies and procedures shall prohibit intoxication while at Contractor's facility, behavior unbecoming to a health care provider, and behavior which may endanger the health and safety of patients or others at Contractor's facility.

Contractor shall take appropriate action in accordance with its employee policies and progressive disciplinary action guidelines when any of its agents, officers, employees, volunteers, contract personnel, or affiliated personnel providing services at Contractor's facility has violated one or more such rules or regulations, or when such individual's behavior may adversely affect the delivery of health care services at Contractor's facility.

26. LICENSES, PERMITS, REGISTRATIONS, AND CERTIFICATES: Contractor shall obtain and maintain in effect during the term of this Agreement, all licenses, permits, registrations, and certificates required by law which are applicable to its performance of this Agreement, and shall ensure that all its

officers, employees, and agents, who perform services hereunder obtain and maintain in effect during the term of this Agreement, all licenses, permits, registrations, and certificates required by law which are applicable to their performance of services hereunder.

27. COMPLIANCE WITH APPLICABLE LAW: Contractor shall comply with all Federal, State, and local laws, ordinances, regulations, rules, and directives applicable to its performance hereunder. Further, all provisions required thereby to be included in this Agreement are hereby incorporated herein by reference.

28. FORM OF BUSINESS ORGANIZATION: Contractor shall prepare and submit to DHS, within ten (10) days following the execution of this Agreement, an affidavit, sworn to and executed by Contractor's duly constituted officers, containing the following information:

(a) The form of Contractor's business organization, i.e., proprietorship, partnership, or corporation;

(b) A detailed statement indicating whether Contractor is totally or substantially owned by another business organization;

(c) A detailed statement indicating whether Contractor totally or partially owns any other business organization that will be providing services, supplies, materials, or equipment to Contractor or in any manner does business with Contractor under this Agreement.

29. TERMINATION FOR INSOLVENCY: County may cancel

forthwith this Agreement for default in the event of the occurrence of any of the following:

(1) Insolvency of Contractor. Contractor shall be deemed to be insolvent if it has ceased to pay its debts in the ordinary course of business or cannot pay its debts as they become due, whether it has committed an act of bankruptcy or not, and whether insolvent within the meaning of the Federal Bankruptcy Code or not.

(2) The filing of a voluntary or involuntary petition under the Federal Bankruptcy Code;

(3) The appointment of a receiver or trustee for Contractor; or

(4) The execution by Contractor of an assignment for the benefit of creditors.

The rights and remedies of County provided in this Paragraph 29, as well as those throughout this Agreement, shall not be exclusive and are in addition to any other rights and/or remedies provided by law, in equity, and/or under this Agreement.

30. TERMINATION FOR DEFAULT: County may by written notice of default to Contractor terminate this Agreement in any of the following circumstances:

(1) If Contractor fails to perform the services within the time specified herein or any extension thereof; or

(2) If Contractor fails to perform any of the other provisions of this Agreement, or so fails to make progress as to endanger performance of this Agreement in accordance with its terms, and in either these two circumstances does

not cure such failure within a period of ten (10) days (or such longer period as County may authorize in writing) after receipt of notice from County specifying such failure.

In the event County terminates this Agreement as provided in this Paragraph 30, County may procure, upon such terms and in such manner as County may deem appropriate, services similar to those so terminated, and Contractor shall be liable to County for any reasonable excess costs incurred by County, as determined by County, for such similar services, provided that Contractor shall continue the performance of this Agreement to the extent not terminated under the provisions of this Paragraph.

The rights and/or remedies of County provided in this Paragraph shall not be exclusive and are in addition to any other rights and/or remedies provided by law, in equity, and/or under this Agreement.

31. NOTICE OF DELAYS: Except as otherwise provided hereunder, when either party has knowledge that any actual or potential situation is delaying or threatens to delay the timely performance of this Agreement, that party shall, within five (5) days, give notice thereof, including all relevant information with respect thereto, to the other party.

32. ALTERATION OF TERMS: The body of this Agreement, together with the attached Exhibits, and Statement of Work fully expresses all understandings of the parties concerning all matters covered and shall constitute the total Agreement. No addition to, or alteration of, this Agreement, shall be valid and

enforceable unless and until such is made in the form of a written amendment which is formally adopted and executed by the parties in the same manner as this Agreement.

33. WAIVER: No waiver of a breach of any provision of this Agreement shall constitute a waiver of any other breach, or of such provision. Failure of County to enforce at any time, or from time to time, any provision of this Agreement shall not be construed as a waiver thereof. The remedies herein reserved shall be cumulative and in addition to any other remedies in law or equity.

34. SEVERABILITY: If any provision of this Agreement or the application thereof to any person or circumstance is held invalid and/or unenforceable, the remainder of this Agreement and the application of such provision to other persons or circumstances shall not be affected thereby, unless such would materially impair the essential purposes of this Agreement.

35. TERMINATION FOR IMPROPER CONSIDERATION: County may, by written notice to Contractor, immediately terminate the right of Contractor to proceed under this Agreement if it is found that gratuities or consideration, in any form, were offered or given by Contractor, either directly or through an intermediary, to any County officer, employee, or agent, with the intent of securing a contract or securing favorable treatment with respect to the award, amendment, or extension of the Agreement, or the making of any determinations with respect to Contractor's performance pursuant to the Agreement. In the event of such termination, County shall be entitled to pursue the same remedies against

Contractor as it could pursue in the event of default by Contractor.

Contractor shall immediately report any attempt by a County officer, employee, or agent to solicit such improper consideration. The report shall be made either to the County manager charged with the supervision of the employee or to the Los Angeles County Fraud Hotline at (800) 544-6861.

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

36. TERMINATION FOR CONVENIENCE: The performance of services under this Agreement may be terminated, with or without cause, in whole or in part, from time to time when such action is deemed by County to be in its best interest. Termination of services hereunder shall be effected by delivery to Contractor of a thirty (30) day advance Notice of Termination specifying the extent to which performance of services under this Agreement is terminated and the date upon which such termination becomes effective.

After receipt of a Notice of Termination and except as otherwise directed by County, Contractor shall:

A. Stop services under this Agreement on the date and to the extent specified in such Notice of Termination; and

B. Complete performance of such part of the services as shall not have been terminated by such Notice of Termination.

After receipt of a Notice of Termination, Contractor shall

submit to County, in the form and with the certifications as may be prescribed by County, its termination claim and invoice. Such claim and invoice shall be submitted promptly, but not later than sixty (60) calendar days from the effective date of termination. Upon failure of Contractor to submit its termination claim and invoice within the time allowed, County may determine on the basis of information available to County, the amount, if any, due to Contractor in respect to the termination, and such determination shall be final. After such determination is made, County shall pay Contractor the amount so determined.

Contractor, for a period of five (5) years after final settlement under this Agreement, shall make available to County, at all reasonable times, all its books, records, documents, or other evidence bearing on the costs and expenses of Contractor under this Agreement in respect to the termination of services hereunder. All such books, records, documents, or other evidence shall be retained by Contractor at a location in Los Angeles County and shall be made available within ten (10) working calendar days of prior written notice during County's normal business hours to representatives of County for purposes of inspection or audit.

37. AUTHORIZATION WARRANTY: Contractor hereby represents and warrants that the person executing this Agreement for Contractor is an authorized agent who has actual authority to bind Contractor to each and every term, condition, and obligation set forth in this Agreement and that all requirements of Contractor have been fulfilled to provide such actual authority.

38. COUNTY APPROVAL OF CONTRACTOR'S EMPLOYEES: Contractor and other professionals, as determined by County, may be interviewed by County's Project Manager for verification purposes to confirm existence of employee's required licenses and other credentials and shall be subject to the credentialing process and changes in County's credentialing process.

39. EMPLOYMENT ELIGIBILITY VERIFICATION: Contractor warrants that it fully complies with all federal statutes and regulations regarding employment of aliens and others, and that all its employees performing services hereunder meet the citizenship or alien status requirements contained in federal statutes and regulations. Contractor shall obtain, from all covered employees performing services hereunder, all verification and other documentation of employment eligibility status required by federal statutes and regulations as they currently exist and as they may be hereafter amended. Contractor shall retain such documentation for all covered employees for the period prescribed by law. Contractor shall indemnify, defend, and hold harmless, the County, its offices, and employees from employer sanctions and any other liability which may be assessed against Contractor or County in connection with any alleged violation of federal statutes or regulations pertaining to the eligibility for employment of persons performing services under this Agreement.

40. FAIR LABOR STANDARDS ACT: Contractor shall comply with all applicable provisions of the Federal Fair Labor Standard Act, and shall indemnify, and hold harmless the County, its agents, officers and employees from any and all liability including, but

not limited to, wages, overtime pay, liquidated damages, penalties, court costs, and attorneys fees arising under any wage and hour law including, but not limited to, the Federal Fair Labor Standards Act for services performed by the Contractor's employees for which the County may be found jointly or solely liable.

41. SUBCONTRACTING:

A. For purposes of this Agreement, subcontracts shall be approved by Director or his/her authorized designee(s). Contractor's request to Director for approval of a subcontract shall include:

(1) Identification of the proposed subcontractor and an explanation of why and how the proposed subcontractor was selected, including a description of Contractor's efforts to obtain competitive bids.

(2) A description of the services to be provided under the subcontract.

(3) The proposed subcontract amount, together with Contractor's cost or price analysis thereof.

(4) A copy of the proposed subcontract. Any later modification of such subcontract shall take the form of a formally written subcontract amendment which must be approved in writing by Director before such amendment is effective.

B. Subcontracts issued pursuant to this Paragraph shall be in writing and shall contain at least the intent of all of the Paragraphs of the body of this Agreement, including the

requirements of the exhibits(s) attached hereto.

C. At least thirty (30) calendar days prior to the subcontract's proposed effective date, Contractor shall submit for review and approval to Director, a copy of the proposed subcontract instrument. With the Director's written approval of the subcontract instrument, the subcontract may proceed.

D. Subcontracts shall be made in the name of Contractor and shall not bind nor purport to bind County. The making of subcontracts hereunder shall not relieve Contractor of any requirement under this Agreement, including, but not limited to, the duty to properly supervise and coordinate the work of subcontractors. Approval of the provisions of any subcontract by County shall not be construed to constitute a determination of the allowability of any cost under this Agreement.

42. RESTRICTIONS ON LOBBYING: If any Federal monies are to be used to pay for Contractor's services under this Agreement, Contractor shall comply with all certification and disclosure requirements prescribed by section 319, Public Law 101-121 (Title 31, United States Code, Section 1352) and any implementing regulations, and shall ensure that each of its subcontractors receiving funds provided under this Agreement also fully complies with all such certification and disclosure requirements.

43. COUNTY LOBBYISTS: Contractor and each lobbyist or lobbying firm (as defined in Los Angeles County Code section 2.160.010) retained by Contractor, shall fully comply with the

County Lobbyist Ordinance, Los Angeles County Code Chapter 2.160. Failure on the part of Contractor or any County lobbyist or County lobbying firm retained by Contractor to fully comply with the County Lobbyist Ordinance shall constitute a material breach of this Agreement upon which County may immediately terminate or suspend this Agreement.

44. CONTRACTOR'S WARRANTY OF ADHERENCE TO COUNTY'S CHILD SUPPORT COMPLIANCE PROGRAM: Contractor acknowledges that County has established a goal of ensuring that all individuals who benefit financially from County through County contracts are in compliance with their court-ordered child, family, and spousal support obligations in order to mitigate the economic burden otherwise imposed upon County and its taxpayers.

As required by County's Child Support Compliance Program (County Code Chapter 2.200) and without limiting Contractor's duty under this Agreement to comply with all applicable provisions of law, Contractor warrants that it is now in compliance and shall during the term of this Agreement maintain compliance with employment and wage reporting requirements as required by the Federal Social Security Act (42 U.S.C. Section 653a) and California Unemployment Insurance Code Section 1088.5, and shall implement all lawfully served Wage and Earnings Withholding Orders or Child Support Services Department ("CSSD") Notices of Wage and Earnings Assignment for Child or Spousal Support, pursuant to Code of Civil Procedure section 706.031 and Family Code section 5246(b).

45. TERMINATION FOR BREACH OF WARRANTY TO MAINTAIN COMPLIANCE WITH COUNTY'S CHILD SUPPORT COMPLIANCE PROGRAM:

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

46. COUNTY'S QUALITY ASSURANCE PLAN: County or its agent will evaluate Contractor's performance under this Agreement on not less than an annual basis. Such evaluation will include assessing Contractor's compliance with all contract terms and performance standards. Contractor deficiencies which County determines are severe or continuing and that may place performance of the Agreement in jeopardy if not corrected will be reported to County's Board of Supervisors. The report will include improvement/corrective action measures taken by Director and Contractor. If improvement does not occur consistent with the corrective action measures, County may terminate Agreement or impose other penalties as specified in Agreement.

47. CONTRACTOR'S EXCLUSION FROM PARTICIPATION IN A FEDERALLY

FUNDED PROGRAM: Contractor hereby warrants that neither it nor any of its staff members is restricted or excluded from providing services under any health care program funded by the Federal government, directly or indirectly, in whole or in part, and that Contractor will notify Director within thirty (30) calendar days in writing of: (1) any event that would require Contractor or a staff member's mandatory exclusion from participation in a Federally funded health care program; and (2) any exclusionary action taken by any agency of the Federal government against Contractor or one or more staff members barring it or the staff members from participation in a Federally funded health program, whether such bar is direct or indirect, or whether such bar is in whole or in part.

Contractor shall indemnify and hold County harmless against any and all loss or damage County may suffer arising from any Federal exclusion of Contractor or its staff members from such participation in a Federally funded health care program.

Failure by Contractor to meet the requirements of Paragraph 48, shall constitute a material breach of contract upon which County may immediately terminate or suspend this Agreement.

48. CONTRACTOR RESPONSIBILITY AND DEBARMENT:

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

B. The Contractor is hereby notified that, in

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

C. The County may debar a Contractor if County's Board of Supervisors finds, in its discretion, that the Contractor has done any of the following: (1) violated a term of a contract with the County or a non-profit corporation created by the County; (2) committed an act or omission which negatively reflects on the Contractor's quality, fitness, or capacity to perform a contract with the County, any other public entity, or a nonprofit corporation created by the County, or engaged in a pattern or practice which negatively reflects on same; (3) committed an act or offense which indicates a lack of business integrity or business honesty, or (4) made or submitted a false claim against the County or any other public entity.

D. If there is evidence that the Contractor may be subject to debarment, the Department will notify the Contractor in writing of the evidence which is the basis for

the proposed debarment and will advise the Contractor of the scheduled date for a debarment hearing before the Contractor Hearing Board.

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

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

G. If a Contractor has been debarred for a period longer than five (5) years, that Contractor may, after the debarment has been in effect for at least five (5) years, submit a written request for review of the debarment determination to reduce the period of debarment or terminate

the debarment. The County may, in its discretion, reduce the period of debarment or terminate the debarment if it finds that the Contractor has adequately demonstrated one or more of the following: (1) elimination of the grounds for which the debarment was imposed; (2) a bona fide change in ownership or management; (3) material evidence discovered after debarment was imposed; or (4) any other reason that is in the best interests of the County.

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

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

recommendation to the Board of Supervisors. The Board of Supervisors shall have the right to modify, deny, or adopt the proposed decision and recommendation of the Contractor Hearing Board.

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

49. DAMAGE TO COUNTY EQUIPMENT, FACILITIES, BUILDINGS OR GROUNDS: Contractor shall repair, or cause to be repaired, at its own cost, any and all damage to County equipment, facilities, buildings or grounds caused by Contractor or employees or agents of Contractor. Such repairs shall be made immediately after Contractor has become aware of such damage, but in no event later than thirty (30) days after the occurrence.

If Contractor fails to make timely repairs, County may make any necessary repairs. All costs incurred by County, as determined by County, for such repairs shall be repaid by Contractor by cash payment upon demand, or without limitation of all County's other rights and remedies provided by law or under this Agreement, County may deduct such costs from any amount due to Contractor from County under this Agreement.

50. COUNTY EMPLOYEES: To the degree permitted by Contractor's agreements with its Collective Bargaining Units, Contractor shall give the right of first refusal for its employment openings at Contractor's facilities to qualified current or former County employees who are laid-off or who leave County employment in lieu of reduction under Civil Service Rule 19 and who are referred to Contractor by Director (including

those on a County re-employment list). Such offers of employment shall be limited to vacancies in Contractor's staff needed to commence services under this Agreement, as well as to vacancies that occur during the Agreement term. Such offers of employment shall be consistent with Contractor's current employment policies, and shall be made to any County employee who has made application to Contractor, and is qualified for the available position. Employment offers shall be at least under the same conditions and rates of compensations which apply to other persons who are employed or may be employed by Contractor. Former County employees who have been impacted by Civil Service Rule 19 and who are employed by Contractor shall not be discharged during the term of the Agreement except for cause, subject to Contractor's personnel policies and procedures, and agreement(s) with its Collective Bargaining Units.

51. CONSIDERATION OF COUNTY'S DEPARTMENT OF PUBLIC SOCIAL SERVICES GREATER AVENUES FOR INDEPENDENCE PROGRAM/GENERAL RELIEF OPPORTUNITY FOR WORK PROGRAM PARTICIPANTS FOR EMPLOYMENT: Should Contractor require additional or replacement personnel after the effective date of this Agreement, Contractor shall give consideration for any such employment openings to participants in the County's Department of Public Social Services Greater Avenues for Independence ("GAIN") Program or General Relief Opportunity for Work ("GROW") Program, who meet Contractor's minimum qualifications for the open position. The County will refer GAIN/GROW participants by job category to the Contractor.

52. CONFLICT OF TERMS: The body of this Agreement, together with the attached Exhibits A, B, C, D, E, F and G constitute the complete and exclusive statement of understanding between the parties, which supersedes all previous Agreements, written or oral, and all other communications between the parties relating to the subject matter of this Agreement.

In the event of any conflict in the definition or interpretation of any word, responsibility, service, schedule or contents of a deliverable product between the Agreement and the Exhibits, or between Exhibits, said conflict or inconsistency shall be resolved by giving precedence first to the body of the Agreement and then to the Exhibits according to the following priority:

- (1) EXHIBIT A - Statement of Work
- (2) EXHIBIT B - Schedule of Payments
- (3) EXHIBIT C - Contractor Employee Acknowledgment and Confidentiality Agreement
- (4) EXHIBIT D - Contractor's EEO Certification
- (5) EXHIBIT E - Safely Surrendered Baby Law
- (6) EXHIBIT F - Contractor Employee Jury Service Program Certification Form
- (7) EXHIBIT G - Contractor's Obligation as a Business Associate under Health Insurance Portability and Accountability Act

53. PURCHASING RECYCLED-CONTENT BOND PAPER: Consistent with the Board of Supervisors' policy to reduce the amount of solid waste deposited at County landfills, Contractor agrees to use recycled-content paper to the maximum extent possible in connection with services to be performed by Contractor under this

Agreement.

54. CHANGES AND AMENDMENTS: County reserves the right to change any portion of the work required under this Agreement or amend such other terms and conditions which may become necessary. Any such changes or Amendments shall be accomplished in the following manner:

A. For any change which does not affect the Scope of Work, the Term, payments or any term or condition included under this Agreement, a written Change Notice shall be prepared and signed by County's Project Director and Contractor's Project Manager.

B. For any change which affects the Scope of Work, the Term, payments or any term and condition included in this Agreement, a negotiated written Amendment to this Agreement shall be approved by the County Board of Supervisors and executed by County and Contractor as set forth in the Alteration of Terms paragraph.

55. NOTICE TO EMPLOYEES REGARDING THE SAFELY SURRENDERED BABY LAW: Contractor shall notify and provide to its employees, and shall require each subcontractor to notify and provide to its employees, a fact sheet regarding the Safely Surrendered Baby Law, its implementation in Los Angeles County, and where and how to safely surrender a baby. Attached hereto and incorporated herein by reference is the fact sheet and it is also available on the Internet at www.babysafela.org for printing purposes.

56. CONTRACTOR'S ACKNOWLEDGMENT OF COUNTY'S COMMITMENT TO THE SAFELY SURRENDERED BABY LAW: Contractor acknowledges that

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

57. COMPLIANCE WITH THE COUNTY'S JURY SERVICE PROGRAM:

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

A. Unless Contractor has demonstrated to the County's satisfaction either that Contractor is not a "Contractor" as defined under the Jury Service Program (Section 2.203.020 of the County Code) or that Contractor qualifies for an exception to the Jury Service Program (Section 2.203.070 of the County Code), Contractor shall have and adhere to a written policy that provides that its Employees shall receive from the Contractor, on an annual basis, no less than five (5) days of regular pay for actual jury service. The policy may provide that Employees deposit any fees received for such jury service with the Contractor or that the Contractor deduct from the Employee's regular pay the

fees received for jury service.

B. For purposes of this Sub-paragraph, "Contractor" means a person, partnership, corporation or other entity which has a contract with the County or a subcontract with a County Contractor and has received or will receive an aggregate sum of \$50,000 or more in any 12-month period under one or more County contracts or subcontracts.

"Employee" means any California resident who is a full-time employee of Contractor. "Full-time" means 40 hours or more worked per week, or a lesser number of hours if: 1) the lesser number is a recognized industry standard as determined by the County, or (2) Contractor has a long-standing practice that defines the lesser number of hours as full-time. Full-time employees providing short-term, temporary services of 90 days or less within a 12-month period are not considered full-time for purposes of the Jury Service Program. If Contractor uses any subcontractor to perform services for the County under the Contract, the subcontractor shall also be subject to the provisions of this Sub-paragraph. The provisions of this Sub-paragraph shall be inserted into any such subcontract agreement and a copy of the Jury Service Program shall be attached to the agreement.

C. If Contractor is not required to comply with the Jury Service Program when the Contract commences, Contractor shall have a continuing obligation to review the applicability of its exception status from the Jury Service

Program, and Contractor shall immediately notify County if Contractor at any time either comes within the Jury Service Program's definition of "Contractor" or if Contractor no longer qualifies for an exception to the Jury Service Program. In either event, Contractor shall immediately implement a written policy consistent with the Jury Service Program. The County may also require, at any time during the Contract and at its sole discretion, that Contractor demonstrate to the County's satisfaction that Contractor either continues to remain outside of the Jury Service Program's definition of "Contractor" and/or that Contractor continues to qualify for an exception to the Program. Attached hereto, as Exhibit F, is the required form, "County of Los Angeles Contractor Employee Jury Service Program Certification Form and Application for Exception", to be completed by the Contractor.

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

58. NO PAYMENT FOR SERVICES PROVIDED FOLLOWING EXPIRATION/TERMINATION OF CONTRACT: Contractor shall have no claim against County for payment of any money or reimbursement, of any kind whatsoever, for any service provided by Contractor after the

expiration or other termination of this Contract. Should Contractor receive any such payment it shall immediately notify County and shall immediately repay all such funds to County. Payment by County for services rendered after expiration/ termination of this Contract shall not constitute a waiver of County's right to recover such payment from Contractor. This provision shall survive the expiration or other termination of this Contract.

59. NOTICES: Notices hereunder shall be in writing and may either be delivered personally or sent by registered or certified mail, return receipt requested, postage prepaid, attention to the parties at the addresses listed below. Director is authorized to execute all notices or demands which are required or permitted by County under this Agreement. Addresses and parties to be notified may be changed by providing at least ten (10) calendar days prior written notice to the other party.

To Contractor:

Horace J. Clark III, President
Diversified Data Design Corporation
5875 Green Valley Circle
Culver City, California 90230

To County:

- (1) Chief, Contracts and Grants Division
Department of Health Services
313 North Figueroa Street, 6th Floor - East
Los Angeles, California 90012
- (2) Laura Williams, Project Director
Department of Health Services
1000 S. Fremont Avenue
Building A-9 East, 2nd Floor, Unit #4
Alhambra, California 91803
- (3) Uriel Acuna Project Manager

Department of Health Services
1000 S. Fremont Avenue
Building A-9 East, 2nd Floor, Unit #4
Alhambra, California 91803

IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Agreement to be subscribed by its Acting Director of Health Services, and Contractor has caused this Agreement to be subscribed on its behalf by its duly authorized officer, the day, month, and year first above written.

COUNTY OF LOS ANGELES

By _____
Bruce A. Chernof, M.D.
Acting Director and Chief Medical Officer

DIVERSIFIED DATA DESIGN CORPORATION
Contractor

By _____
Signature

Print Name

Title _____
(AFFIX CORPORATE SEAL)

APPROVED AS TO FORM:
BY THE OFFICE OF COUNTY COUNSEL
RAYMOND FORTNER
County Counsel

APPROVED AS TO CONTRACT
ADMINISTRATION:

Department of Health Services

By _____
Cara O'Neill, Chief
Contracts and Grants Division

EXHIBIT A

STATEMENT OF WORK

ENCOUNTER DATA CAPTURING, PROCESSING, AND REPORTING SERVICES FOR THE DEPARTMENT OF HEALTH SERVICES - OFFICE OF MANAGED CARE

EXHIBIT A STATEMENT OF WORK

ENCOUNTER DATA CAPTURING, PROCESSING, AND REPORTING SERVICES FOR THE DEPARTMENT OF HEALTH SERVICES - OFFICE OF MANAGED CARE

I. OBJECTIVE

To obtain services from a qualified, Health Insurance Portability and Accountability Act (HIPAA) compliant vendor to capture, process, and report encounter data for all product lines (current and future) offered by the Community Health Plan (CHP).

An encounter is defined as one or more medical procedure(s) or medically related service(s) rendered by a provider to a member on a date of service. Encounter categories include medical (including Child Health and Disability Prevention [CHDP]), out-patient, ancillary, e.g., laboratory, radiology, etc., in-patient, long-term care, and pharmacy encounters, and shall be collectively known hereafter as "Encounters".

II. BACKGROUND

The Office of Managed Care (OMC), a division within the Department of Health Services (DHS), provides patient care and services through its CHP. The CHP is a Knox-Keene licensed health maintenance organization which currently covers four (4) product lines for DHS: 1) Medi-Cal Managed Care Program, 2) Healthy Families Program, 3) County Temporary Employees, and 4) In-Home Supportive Services Program.

OMC is mandated by regulatory requirements to provide encounter information for patients receiving care in both the CHP-certified DHS sites and contracted Independent Practice Associations/Medical Groups (IPAs/MGs) service rendering sites. All Encounters reported to regulatory agencies are to be submitted electronically. Non-compliance in submitting Encounters in the time, volume, and format required may result in one or more of the following:

1. Financial penalties of \$5,000 per encounter type per month for failure to submit usable encounter data for each encounter type. Encounter type

includes In-patient, Out-patient, Long-term Care, and Pharmacy.

2. Financial penalties of \$5,000 per month for failure to comply with California Department of Health Services (CDHS) benchmarks and timeliness standards, broken down as follows:
 - A. \$3,500 for non-achievement of CDHS and L.A. Care's benchmarks.
 - B. \$1,500 for non-achievement of timeliness standard.
3. Continued non-compliance may result in, but is not limited to, the following actions:
 - A. Restrict assignment of members to the Plan.
 - B. Additional financial penalties.
 - C. Termination of contract(s) with regulatory agencies.

III. SCOPE

The scope of this engagement for the Contractor is to gather Encounter information from contracted IPAs/MGs, process Encounters (both electronic and hardcopies), then process and generate export files and reports for submission to comply with regulatory requirements and avoid financial penalties. County may also provide Contractor with backlogged Encounters (electronic and hardcopies) for processing.

The following activities will be performed by County:

1. County will provide monthly membership eligibility files to Contractor.
2. County will provide monthly provider network files to Contractor, including the provider file, IPA file, and provider to IPA file.
3. County will provide supplemental member eligibility files and provider network files on an as needed basis to Contractor.
4. County will forward Encounters (electronic and hardcopies) from contracted IPAs/MGs to Contractor on a monthly or as needed basis for Encounter data processing. Hardcopy Encounters will be on standard forms, e.g., CMS 1500 (previously known as HCFA 1500), UB 92, PM 160, etc.

IV. TASK AND DELIVERABLES

Contractor shall perform all tasks and provide all deliverables as described herein, unless otherwise approved in writing by County.

See Exhibit B for Schedule of Payments on completed deliverables.

TASK 1.0

Contractor shall create Non-institutional/Institutional Membership file, which will be fully tested and operational, to process Encounters against member eligibility status for the visit date(s). This task will be initiated upon County's written request and in accordance with County specifications and requirements.

DELIVERABLE 1.0

Contractor shall create a Non-Institutional/Institutional Membership file which will be fully tested and operational to process Encounters against member eligibility. This deliverable shall be completed within a time frame mutually agreed upon by County and Contractor.

TASK 2.0

Contractor shall create Non-Institutional/Institutional Provider file to process Encounters against member's assigned primary care provider for the visit date(s). This task will be initiated upon County's written request and in accordance with County specifications and requirements.

DELIVERABLE 2.0

Contractor shall provide a fully tested and operational Non-Institutional/Institutional Provider file to process Encounters against member's assigned primary care provider for the visit period. This deliverable shall be completed within a time frame mutually agreed upon by County and Contractor.

TASK 3.0

Contractor shall create Encounter Export files for Medical and In-patient Encounters compatible with County's and other regulatory agencies' requirements. This task will be initiated upon County's written request.

DELIVERABLE 3.0

Contractor shall provide fully tested and operational Encounter Export files for Medical and In-patient Encounters compatible with County's and other regulatory agencies' requirements. This deliverable shall be completed within a time frame mutually agreed upon by County and Contractor.

TASK 4.0

Contractor shall create Encounter Export files for Long-term Care Encounters compatible with County's and other regulatory agencies' requirements. This task will be initiated upon County's written request.

DELIVERABLE 4.0

Contractor shall provide fully tested and operational Encounter Export files for Long-term Care Encounters compatible with County's and other regulatory agencies' requirements. This deliverable shall be completed within a time frame mutually agreed upon by County and Contractor.

TASK 5.0

Contractor shall create HIPAA ANSI 837 Non-Institutional Encounter Export files compatible with County's and other regulatory agencies' requirements. This task will be initiated upon County's written request.

DELIVERABLE 5.0

Contractor shall provide fully tested and operational HIPAA ANSI 837 Non-Institutional Encounter Export files compatible with County's and other regulatory agencies' requirements. This deliverable shall be completed within a time frame mutually agreed upon by County and Contractor.

TASK 6.0

Contractor shall create HIPAA ANSI 837 Institutional Encounter Export files compatible with County's and other regulatory agencies' requirements. This task will be initiated upon County's written request.

DELIVERABLE 6.0

Contractor shall provide fully tested and operational HIPAA ANSI 837 Institutional Encounter Export files compatible with County's and other regulatory agencies' requirements. This deliverable shall be completed within a time frame mutually agreed upon by County and Contractor.

TASK 7.0

Contractor shall maintain and update the following file formats on a monthly basis, or as requested by County:

- A. Non-Institutional Membership File Format
- B. Institutional Membership File Format
- C. Non-Institutional Provider File Format
- D. Institutional Provider File
- E. Encounter Files as follows:
 - 1. In-patient Encounters Format
 - 2. Medical Encounters Format
 - 3. Long-term Care Encounters Format
 - 4. HIPAA ANSI 837 Non-Institutional Encounter Format
 - 5. HIPAA ANSI 837 Institutional Encounter Format

DELIVERABLE 7.0

Contractor shall provide maintained and updated file formats on a monthly basis, or as requested by County, for the following:

- A. Non-Institutional Membership File Format
- B. Institutional Membership File Format
- C. Non-Institutional Provider File Format
- D. Institutional Provider File
- E. Encounter Files as follows:
 - 1. In-patient Encounters Format
 - 2. Medical Encounters Format
 - 3. Long-term Care Encounters Format
 - 4. HIPAA ANSI 837 Non-Institutional Encounter Format
 - 5. HIPAA ANSI 837 Institutional Encounter Format

TASK 8.0

Contractor shall collect and capture Encounter information (electronic and hardcopies) on a monthly basis or as requested by County, or directly from IPAs/MGs if approved in writing by County. Hardcopy Encounters will be on standard forms, e.g., CMS 1500 (previously known as HCFA 1500), UB 92, PM 160, etc.

DELIVERABLE 8.0

Contractor shall provide services to collect and capture Encounter information (electronic and hardcopies) on a monthly basis or as requested by County, or directly from IPAs/MGs if approved in writing by County.

TASK 9.0

Contractor shall process on a monthly basis, or as requested by County, Encounter information (electronic and hardcopies) collected and captured from County, or directly from IPAs/MGs if approved in writing by County. The Encounters will be compared against member eligibility files and provider files for validity. Hardcopy Encounters will be on standard forms, e.g., CMS 1500 (previously known as HCFA 1500), UB 92, PM 160, etc.

DELIVERABLE 9.0

Contractor shall process on a monthly basis or as requested by County Encounter information (electronic and hardcopies) collected and captured from County, or directly from IPAs/MGs if approved in writing by County. The Encounters will be compared against member eligibility files and provider files for validity. Hardcopy Encounters will be on standard forms, e.g., CMS 1500 (previously known as HCFA 1500), UB 92, PM 160, etc.

TASK 10.0

Contractor shall generate Encounter export files on a monthly basis or as requested by County for all product lines Contractor is processing for County. Encounter export files include, but are not limited to:

1. Institutional encounter files
2. Non-institutional encounter files

All export files shall be compliant with County and other regulatory agencies' requirements.

DELIVERABLE 10.0

Contractor shall submit Encounter export files to County, or directly to other agencies if approved in writing by County, on a monthly basis or as requested by County. All export files shall be compliant with County and other regulatory agencies' requirements.

TASK 11.0

Contractor shall generate summary and detailed reports to accompany each Encounter export file submitted to County, or directly to other agencies if approved in writing by County, indicating but not limited to the file name, file size, product line, total number of records/encounters per file, and if applicable, total number of records/encounters that errored out.

DELIVERABLE 11.0

Contractor shall provide summary and detailed reports to accompany each Encounter export file generated indicating but not limited to the file name, file size, product line, total number of records/encounters per file, and if applicable, total number of records/encounters that errored out.

TASK 12.0

Contractor shall develop, in accordance with County's approval, written procedures and schedules (including time frames and logs) for capturing, processing, and submitting Encounters (electronic and hardcopies).

DELIVERABLE 12.0

Contractor shall provide, in accordance with County's approval, written procedures and schedules (including time frames and logs) for capturing, processing, and submitting Encounters (electronic and hardcopies).

TASK 13.0

Contractor shall maintain, update, and revise all written procedures, schedules, files, forms, and logs. Upon County's request, Contractor shall provide access to the aforementioned for review at any time.

DELIVERABLE 13.0

Contractor shall provide maintained, updated, and revised written procedures, schedules, files, forms, and logs. Upon County's request, Contractor shall provide access to the aforementioned for review at any time.

TASK 14.0

Contractor shall meet with County, regulatory agencies, IPAs/MGs, or other entities upon County's request to provide support, discuss issues, and resolve problems.

DELIVERABLE 14.0

Contractor shall meet with County, regulatory agencies, IPAs/MGs, or other entities upon County's request and to provide County with Contractor's action items, status of items, corrective action plans, etc. until such issues or problems are resolved, as approved by County.

TASK 15.0

Contractor shall translate Pharmacy encounter files from CHP's Pharmacy Third Party Administrator (TPA) on a monthly basis or as requested by County. Translate is defined as changing or converting from one file format to another only. Translate does not include editing or correcting any data fields or records. Translation will be initiated upon County's written request.

DELIVERABLE 15.0

Contractor shall provide translated Pharmacy encounter export files to County, or directly to other agencies if approved in writing by County, on a monthly basis or as requested by County. All export files shall be compliant with County and other regulatory agencies' requirements. This deliverable shall be completed within a time frame mutually agreed upon by County and Contractor.

TASK 16.0

Contractor shall generate translated Pharmacy encounter summary reports to accompany each translated Pharmacy encounter export file submitted to County, or directly to other agencies if approved in writing by County, indicating the file name, file size, and total number of records.

DELIVERABLE 16.0

Contractor shall provide translated Pharmacy encounter summary reports to accompany each translated Pharmacy encounter export file submitted to County, or directly to other agencies if approved in writing by County, indicating the file name, file size, and total number of records.

TASK 17.0

Contractor shall actively solicit encounter submissions from IPAs/MGs on a monthly basis or as requested by County to ensure timely, accurate, and complete submission of all encounter data.

DELIVERABLE 17.0

Contractor shall provide a summary report activity log on solicitation activities regarding encounter data submissions from IPAs/MGs on a monthly basis or as requested by County to ensure timely, accurate, and complete submission of all encounter data.

TASK 18.0

Contractor may generate or prepare any paper documents or electronic media, e.g., diskettes, CD roms, tapes, etc., to County, IPAs/MGs, or regulatory agencies, upon County's written approval. All electronic transmissions, e.g., email, internet, file transport protocol, etc., of any documents or files will be at no cost to County.

DELIVERABLE 18.0

Contractor may mail or deliver any paper documents or electronic media, e.g., diskettes, CD roms, tapes, etc., to County, IPAs/MGs, or regulatory agencies, upon County's written approval. All electronic transmissions, e.g., email, internet, file transport protocol, etc., of any documents or files will be at no cost to County.

SCHEDULE OF PAYMENTS

ANNUAL ENCOUNTER DATA CAPTURING, PROCESSING, AND REPORTING

Item No.	Deliverable No.	Rate per Request/Month/Encounter/Provider	No. of Requests/Months/Encounters/Providers per Year	Annual Price
1	1.0			
	Year 1	\$225.00 Request	1 Request	\$225.00
	Year 2	\$225.00 Request	1 Request	\$225.00
	Year 3	\$225.00 Request	1 Request	\$225.00
	Year 4	\$225.00 Request	1 Request	\$225.00
	Year 5	\$225.00 Request	1 Request	\$225.00
	Year 6	\$225.00 Request	1 Request	\$225.00
	Year 7	\$225.00 Request	1 Request	\$225.00
2	2.0			
	Year 1	\$150.00 Request	1 Request	\$150.00
	Year 2	\$150.00 Request	1 Request	\$150.00
	Year 3	\$150.00 Request	1 Request	\$150.00
	Year 4	\$150.00 Request	1 Request	\$150.00
	Year 5	\$150.00 Request	1 Request	\$150.00
	Year 6	\$150.00 Request	1 Request	\$150.00
	Year 7	\$150.00 Request	1 Request	\$150.00

EXHIBIT B

Item No.	Deliverable No.	Rate per Request/Month/Encounter/Provider	No. of Requests/Months/Encounters/Providers per Year	Annual Price
3	3.0 Year 1 Year 2 Year 3 Year 4 Year 5 Year 6 Year 7	\$300.00 Request \$300.00 Request \$300.00 Request \$300.00 Request \$300.00 Request \$300.00 Request \$300.00 Request	1 Request 1 Request 1 Request 1 Request 1 Request 1 Request 1 Request	\$300.00 \$300.00 \$300.00 \$300.00 \$300.00 \$300.00 \$300.00
4	4.0 Year 1 Year 2 Year 3 Year 4 Year 5 Year 6 Year 7	\$300.00 Request \$300.00 Request \$300.00 Request \$300.00 Request \$300.00 Request \$300.00 Request \$300.00 Request	1 Request 1 Request 1 Request 1 Request 1 Request 1 Request 1 Request	\$300.00 \$300.00 \$300.00 \$300.00 \$300.00 \$300.00 \$300.00

EXHIBIT B

Item No.	Deliverable No.	Rate per Request/Month/Encounter/Provider	No. of Requests/Months/Encounters/Providers per Year	Annual Price
5	5.0 Year 1 Year 2 Year 3 Year 4 Year 5 Year 6 Year 7	\$775.00 Request \$775.00 Request \$775.00 Request \$775.00 Request \$775.00 Request \$775.00 Request \$775.00 Request	1 Request 1 Request 1 Request 1 Request 1 Request 1 Request 1 Request	\$775.00 \$775.00 \$775.00 \$775.00 \$775.00 \$775.00 \$775.00
6	6.0 Year 1 Year 2 Year 3 Year 4 Year 5 Year 6 Year 7	\$1,275.00 Request \$1,275.00 Request \$1,275.00 Request \$1,275.00 Request \$1,275.00 Request \$1,275.00 Request \$1,275.00 Request	1 Request 1 Request 1 Request 1 Request 1 Request 1 Request 1 Request	\$1,275.00 \$1,275.00 \$1,275.00 \$1,275.00 \$1,275.00 \$1,275.00 \$1,275.00

EXHIBIT B

Item No.	Deliverable No.	Rate per Request/Month/Encounter/Provider	No. of Requests/Months/Encounters/Providers per Year	Annual Price
7	7.0, 8.0, 10.0, 11.0, 12.0, 13.0, 14.0, 16.0 Year 1 Year 2 Year 3 Year 4 Year 5 Year 6 Year 7	\$1,775.00 Month \$1,775.00 Month \$1,775.00 Month \$1,775.00 Month \$1,775.00 Month \$1,775.00 Month \$1,775.00 Month	12 Months 12 Months 12 Months 12 Months 12 Months 12 Months 12 Months	\$21,300.00 \$21,300.00 \$21,300.00 \$21,300.00 \$21,300.00 \$21,300.00 \$21,300.00
8	9.0 Year 1 Year 2 Year 3 Year 4 Year 5 Year 6 Year 7	\$0.21 Encounter \$0.21 Encounter \$0.21 Encounter \$0.21 Encounter \$0.21 Encounter \$0.21 Encounter \$0.21 Encounter	(Maximum) 593,764 Encounters 623,452 Encounters 654,624 Encounters 687,356 Encounters 721,723 Encounters 757,809 Encounters 795,700 Encounters	\$124,690.00 \$130,925.00 \$137,471.00 \$144,345.00 \$151,562.00 \$159,140.00 \$167,097.00

EXHIBIT B

Item No.	Deliverable No.	Rate per Request/Month/Encounter/Provider	No. of Requests/Months/Encounters/Providers per Year	Annual Price
9	15.0 Year 1 Year 2 Year 3 Year 4 Year 5 Year 6 Year 7	\$300.00 Request \$300.00 Request \$300.00 Request \$300.00 Request \$300.00 Request \$300.00 Request \$300.00 Request	1 Request 1 Request 1 Request 1 Request 1 Request 1 Request 1 Request	\$300.00 \$300.00 \$300.00 \$300.00 \$300.00 \$300.00 \$300.00
10	17.0 Year 1 Year 2 Year 3 Year 4 Year 5 Year 6 Year 7	\$24.00 Month/Provider \$24.00 Month/Provider \$24.00 Month/Provider \$24.00 Month/Provider \$24.00 Month/Provider \$24.00 Month/Provider \$24.00 Month/Provider	100 Providers/Month 100 Providers/Month 100 Providers/Month 100 Providers/Month 100 Providers/Month 100 Providers/Month 100 Providers/Month	\$28,800.00 \$28,800.00 \$28,800.00 \$28,800.00 \$28,800.00 \$28,800.00 \$28,800.00

EXHIBIT B

Item No.	Deliverable No.	Rate per Request/Month/ Encounter/Provider	No. of Requests/Months/ Encounters/Providers per Year	Annual Price
11	18.0			
	Year 1	\$70.00 Month	12 Months	\$840.00
	Year 2	\$77.00 Month	12 Months	\$924.00
	Year 3	\$85.00 Month	12 Months	\$1,016.00
	Year 4	\$93.00 Month	12 Months	\$1,118.00
	Year 5	\$102.00 Month	12 Months	\$1,230.00
	Year 6	\$113.00 Month	12 Months	\$1,353.00
	Year 7	\$124.00 Month	12 Months	\$1,488.00
	CONTRACT YEAR 1			\$178,955.00
	CONTRACT YEAR 2			\$185,274.00
	CONTRACT YEAR 3			\$191,912.00
	CONTRACT YEAR 4			\$198,888.00
	CONTRACT YEAR 5			\$206,217.00
	CONTRACT YEAR 6 (Optional)			\$213,918.00
	CONTRACT YEAR 7 (Optional)			\$222,010.00
	TOTAL			\$1,397,174.00

CONTRACTOR EMPLOYEE
ACKNOWLEDGMENT AND CONFIDENTIALITY AGREEMENT

PROJECT NAME _____

CONTRACTOR/EMPLOYER NAME _____

CONTRACTOR NAME _____

LOS ANGELES COUNTY CONTRACT NUMBER _____

GENERAL INFORMATION

Your employer referenced above has entered into a Contract with the above-referenced Contractor to provide certain services to the County of Los Angeles (hereafter sometimes "County") under the above-referenced County Contract between the above-referenced Contractor and the County. The County requires your signature on this Contractor Employee Acknowledgment and Confidentiality Agreement.

EMPLOYEE ACKNOWLEDGMENT

I understand and agree that the above-referenced Contractor is my sole employer for purposes of this employment. I understand and agree that I must rely exclusively upon my employer for payment of salary and any and all other benefits payable to me or on my behalf during the period of this employment.

I understand and agree that I am not an employee of the County for any purpose whatsoever and that I do not have and will not acquire any rights or benefits of any kind from the County during the period of this employment. I understand and agree that I do not have and will not acquire any rights or benefits from the County pursuant to any agreement between any person or entity and the County.

CONFIDENTIALITY

You may be involved with work pertaining to services provided by the County and, if so, you may have access to confidential data, information and materials pertaining to persons and/or entities receiving services from the County. In addition, you may also have access to confidential proprietary data, information and materials which are owned and/or copyrighted by the County, the above-referenced Contractor or other vendors doing business with the County. The County as well as you have a legal obligation to protect all such confidential data, information and materials in its possession, especially data, information and materials concerning health, criminal and welfare recipient records and

proprietary data, information and materials. If you are to be involved in County work, the County must ensure that you, too, will protect the confidentiality of such data, information and materials. Consequently, you must sign this Agreement as a condition of your work to be provided by your employer for the County. Please read this Agreement and take due time to consider it prior to signing.

I hereby agree that I will not divulge to any unauthorized person any data, information or materials obtained while performing work related to the above-referenced County Contract. I agree to forward all requests for the disclosure or release of any data, information or materials received by me to the Contractor's Project Manager for the above-referenced County Contract and to my immediate supervisor.

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

I agree to report any and all violations of the above-referenced County Contract or this Agreement by myself and/or by any other person of which I become aware to the Contractor's Project Manager for the above-referenced County Contract and to my immediate supervisor. I agree to return all confidential data, information and materials to my immediate supervisor upon completion of the Contract, or termination of my employment with my employer, whichever occurs first.

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

NAME: _____
(Signature)

DATE: ____/____/____

NAME: _____
(Print)

SOCIAL SECURITY NUMBER: _____

WORKING TITLE: _____

CONTRACTOR'S EEO CERTIFICATION

 Contractor's Name

 Address

 Internal Revenue Service Employer Identification Number
GENERAL

In accordance with Section 22001, Administrative Code of the County of Los Angeles, the Contractor, supplier, or vendor certifies and agrees that all persons employed by such firm, its affiliates, subsidiaries, or holding companies are and will be treated equally by the firm without regard to or because of race, religion, ancestry, national origin, or sex and in compliance with all anti-discrimination laws of the United States of America and the State of California.

CONTRACTOR'S CERTIFICATION

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

 Name and title of signer (please print or type)

 Signature

 Date

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FOR

EXHIBIT E

(SAFELY SURRENDERED BABY LAW)

**COUNTY OF LOS ANGELES CONTRACTOR EMPLOYEE JURY SERVICE PROGRAM
APPLICATION FOR EXEMPTION AND CERTIFICATION FORM**

Los Angeles County contracts/purchase orders are subject to the County of Los Angeles Contractor Employee Jury Service Program (Program). (Los Angeles County Code, Chapter 2.203). All contractors/subcontractors must complete this form to either 1) request an exemption from the Program requirements or, 2) certify compliance. Upon review of the submitted form, the County department will determine, in its sole discretion, whether the contractor/subcontractor is exempt from the Program.

Company Name:		
Company Address:		
City:	State:	Zip Code:
Telephone Number:		
Type of Service/Goods:		

If you believe the Jury Service Program does not apply to your business, check the appropriate box in Part I (attach documentation to support your claim); or, complete Part II to certify compliance with the Program. Whether you complete Part I or Part II, please sign and date this form below.

Part I: Jury Service Program is Not Applicable to My Business

My business does not meet the definition of “Contractor”, as defined in the Program as it has not received an aggregate sum of \$50,000 or more in any 12-month period under one or more County contracts or subcontracts (this exemption is not available if the contract/purchase order itself will exceed \$50,000). I understand that the exemption will be lost and I must comply with the Program if my revenues from the County exceed an aggregate sum of \$50,000 in any 12-month period.

My business is a small business as defined in the Program. It 1) has ten or fewer employees; and, 2) has annual gross revenues in the preceding 12-months which, if added to the annual amount of this contract, are \$500,000 or less; and, 3) is not an affiliate or subsidiary of a business dominant in its field of operation, as defined below. I understand that the exemption will be lost and I must comply with the Program if the number of employees in my business and my gross annual revenues exceed the above limits.

“**Dominant in its field of operation**” means having more than ten employees, including full-time employees, and annual gross revenues in the proceeding 12-months, which, if added to the annual amount of the contract awarded, exceed \$500,000.

“**Affiliate or subsidiary of a business dominant in its field of operation**” means a business which is at least 20 percent owned by a business dominant in its field of operation or by partners, officers, directors, majority stockholders, or their equivalent, of a business dominant in that field of operation.

My business is subject to a Collective Bargaining Agreement (attached agreement) that expressly provides that it supersedes all provisions of the Program.

OR

Part II: Certification of Compliance

My business adheres to a written policy that provides, on an annual basis, no less than five (5) days of regular pay for actual jury service for full-time employees of the business who are also California residents.

I declare under penalty or perjury under the laws of the State of California that the information stated above is true and correct.

Print Name:	Title:
Signature:	Date:

Exhibit G

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

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 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:

DEFINITIONS

1.1 "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.

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

Electronic Media means (1) Electronic storage media including memory devices in computers (hard drives) and any removable/transportable digital memory medium, such as magnetic tape or disk, optical disk, or digital memory card; or (2) Transmission media used to exchange information already in electronic storage media. Transmission media include, for example, the

internet (wide-open), extranet (using internet technology to link a business with information accessible only to collaborating parties), leased lines, dial-up lines, private networks, and the physical movement of removable/transportable electronic storage media. Certain transmissions, including of paper, via facsimile, and of voice, via telephone, are not considered to be transmissions 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.

- 1.3 "Electronic Protected Health Information" has the same meaning as the term "electronic protected health information" in 45 C.F.R. § 160.103. Electronic Protected Health Information means Protected Health Information that is (i) transmitted by electronic media; (ii) maintained in electronic media.
- 1.4 "Individual" means the person who is the subject of Protected Health Information and shall include a person who qualifies as a personal representative in accordance with 45 C.F.R. § 164.502(g).
- 1.5 "Protected Health Information" has the same meaning as the term "protected health information" in 45 C.F.R. § 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 (i) relates to the past, present or future physical or mental health or condition of an Individual; the provision of health care to an Individual, or the past, present or future payment for the provision of health care to an Individual; (ii) identifies the Individual (or for which there is a reasonable basis for believing that the information can be used to identify the Individual); and (iii) is received by Business Associate from or on behalf of Covered Entity, or is created by Business Associate, or is made accessible to Business Associate by Covered Entity. "Protected Health Information" includes Electronic Health Information.

- 1.6 "Required By Law" means a mandate contained in law that compels an entity to make a Use or Disclosure of Protected Health Information and that is enforceable in a court of law. Required by law includes, but is not limited to, court orders and court-ordered warrants; subpoenas or summons issued by a court, grand jury, a governmental or tribal inspector general, or any administrative body authorized to require the 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.
- 1.7 "Security Incident" means the attempted or successful unauthorized access, Use, Disclosure, modification, or destruction of information in, or interference with system operations of, 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.
- 1.8 "Services" has the same meaning as in the body of this Agreement.
- 1.9 "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.
- 1.10 Terms used, but not otherwise defined in this Paragraph shall have the same meaning as those terms in the HIPAA Regulations.

OBLIGATIONS OF BUSINESS ASSOCIATE

- 2.1 Permitted Uses and Disclosures of Protected Health Information. Business Associate:

(a) shall Use and Disclose Protected Health Information as necessary to perform the Services, and as provided in Sections 2.3, 2.4, 2.5, 2.6, 2.7, 2.8, 4.3 and 5.2 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.

2.2 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.

2.3 Reporting Non-Permitted Use or Disclosure and Security Incidents. Business Associate shall report to Covered Entity each Use or Disclosure that is made by Business Associate, its

employees, representatives, agents or subcontractors but is not specifically permitted by this Agreement, 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 ST.
Suite 525
Los Angeles, CA 90012

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

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

2.6 Access to Protected Health Information. Business Associate shall, to the extent Covered Entity determines that any Protected Health Information constitutes a "designated record set" as defined by 45 C.F.R. § 164.501, make the Protected Health Information specified by Covered Entity available to the Individual(s) identified by Covered Entity as being entitled to access and copy

that Protected Health Information. Business Associate shall provide such access for inspection of that Protected Health Information within two (2) business days after receipt of request from Covered Entity. Business Associate shall provide copies of that Protected Health Information within five (5) business days after receipt of request from Covered Entity.

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

2.8 Accounting of Disclosures. 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.

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 Section 2.8 shall include: (a) the date of the Disclosure; (b) the name, and address if known, of the entity or person who received the Protected Health Information; (c) a brief description of the Protected Health Information disclosed; and (d) a brief statement of the purpose of the Disclosure. For each Disclosure that could require an accounting under this Section 2.8, Business Associate shall document the information specified in (a) through (d), above, and shall securely maintain the information for six (6) years from the date of the Disclosure. Business Associate shall provide to Covered Entity, within ten (10) business days after receipt of request from Covered Entity, information collected in accordance with this Section 2.8 to

permit Covered Entity to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in accordance with 45 C.F.R. § 164.528.

OBLIGATION OF COVERED ENTITY

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

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

4.2 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.

4.3 Disposition of Protected Health Information Upon Termination or Expiration.

(a) Except as provided in 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 it 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.

5.1 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.

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

5.3 Relationship to Services Agreement Provisions. In the event that a provision of this Paragraph is contrary to a another provision of this Agreement, the provision of this Paragraph shall control. Otherwise, this Paragraph shall be construed under, and in accordance with, the terms of this Agreement.

5.4 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.

5.5 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.

5.6 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.