



ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

#19 NOVEMBER 30, 2010

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

Los Angeles County
Board of Supervisors

November 30, 2010

Gloria Molina
First District

Mark Ridley-Thomas
Second District

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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:

John F. Schunhoff, Ph.D.
Interim Director

Gail V. Anderson, Jr., M.D.
Interim Chief Medical Officer

**APPROVAL TO AMEND AUTOMATED REMITTANCE ADVICE AND
EXPLANATION OF BENEFITS DATA SERVICES AGREEMENT WITH
HP ENTERPRISE SERVICES, LLC
(ALL SUPERVISORIAL DISTRICTS)
(3 VOTES)**

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

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

www.dhs.lacounty.gov

SUBJECT

To improve health

through leadership,

service and education.

Request approval to amend an Agreement for financial data management services with HP Enterprise Services, LLC

IT IS RECOMMENDED THAT YOUR BOARD:

1. Authorize the Interim Director of Health Services (Interim Director), or his designee, to execute Amendment No. 7 to Agreement No. H-206370 with HP Enterprise Services, LLC (HP), effective upon Board approval to extend the term of the Agreement for the period January 1, 2011 through June 30, 2011, for the continued provision of financial data management services for Medi-Cal claims processing, at the same rates, with a maximum contract sum not to exceed \$24,000 for the six month period.

2. Authorize the Interim Director, or his designee, to extend the Agreement on a month-to-month basis for the period of July 1, 2011 through December 31, 2011, if the State of California (State) extends their Agreement with HP through December 31, 2011, with an estimated cost not to exceed \$24,000 for the six month extension period and a total cost not to exceed \$48,000.

3. Delegate authority to the Interim Director, or his designee, to execute an



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Amendment to add Provider History Extract Services, at a monthly cost not to exceed \$4,000, following approval by County Counsel and the Chief Executive Office (CEO).

4. Delegate authority to the Interim Director, or his designee, to execute a new Agreement with the vendor selected by the State as a result of a competitive solicitation to perform fiscal intermediary services for processing claims from State Medi-Cal providers for a term that coincides with the State Agreement, for a not to exceed annual amount of \$150,000, following review and approval by County Counsel and CEO, with notice to your Board.

5. Delegate authority to the Interim Director, or his designee, to terminate the Agreement with HP concurrently with the execution of a new Agreement with the State's vendor.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of the first recommendation will allow the Interim Director to execute an Amendment, substantially similar to Exhibit 1, to the Agreement with HP to continue providing the Department of Health Services (DHS) with financial data management services for Medi-Cal claims processing. HP is currently the State's exclusive contractor who acts as the fiscal intermediary for providing claims from all State Medi-Cal providers, including the County of Los Angeles. DHS cannot use any other firm to perform these services.

DHS' current Agreement with HP expires December 31, 2010, and the HP Agreement with the State is due to expire June 30, 2011. In December 2009, the State announced the award of a 10-year contract to Affiliated Computer Services (ACS), a Xerox company, to serve as the new fiscal intermediary. Although ACS, HP and the State have been working together to ensure a smooth transition, and it is expected ACS will officially start providing Medi-Cal fiscal intermediary services in February 2011, the State has not issued an official switch-over date. Approval of the second recommendation will enable DHS to further extend the Agreement with HP to ensure it is co-terminus with the State's Agreement in the event the State experiences any further delay.

Approval of the third recommendation will allow the Interim Director to execute an Amendment with HP to add a State required financial data management component and reimbursement for those services following approval by County Counsel and the CEO. These services continue to be required by the State, and have been provided under a purchase order that is close to reaching the Internal Services Department purchasing authority limit of \$100,000.

Approval of the fourth and fifth recommendations will enable the Interim Director to execute a new Agreement with the vendor selected by the State, and terminate the Agreement with HP to expedite the replacement of the new Agreement with the State's vendor. These actions would be taken only after review and approval by the CEO and County Counsel and notification to your Board.

Implementation of Strategic Plan Goals

The recommended actions support Goal 4, Health and Mental Health, of the County's Strategic Plan.

FISCAL IMPACT/FINANCING

The cost for financial data management services is \$24,000 for the period of January 1, 2011 through June 30, 2011, and the cost for Provider History Extract services is \$24,000 for the same period. The cost to extend these services on a month-to-month basis from July 1, 2010 through December 31, 2011 is \$48,000, for a total cost of \$96,000.

Funding is included in the Department's Fiscal Year 2010-11 Final Budget and will be requested in future fiscal years.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The County has contracted with the State's designated fiscal intermediary, formerly EDS and now its successor HP, since 1988. Your Board has approved several Amendments to extend the term of the Agreement and ensure continuous Medi-Cal claims processing for DHS. Most recently, in May 2008, your Board extended the Agreement through December 31, 2010.

Financial data management services are essential to DHS and have been a continuing State requirement for more than 20 years for Medi-Cal claims processing.

The Amendment includes the latest Board of Supervisors' required provisions, and County Counsel has approved Exhibit I as to use and form.

CONTRACTING PROCESS

Not applicable.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the recommendations will enable DHS to continue to comply with the fiscal services required by the designated State contractor without interruption.

The Honorable Board of Supervisors

11/30/2010

Page 4

Respectfully submitted,

A handwritten signature in black ink, appearing to read "John Schunhoff". The signature is fluid and cursive, with a large initial "J" and "S".

JOHN F. SCHUNHOFF, Ph.D.

Interim Director

JFS:rf

Enclosures

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors

**AUTOMATED REMITTANCE ADVICE AND EXPLANATION OF BENEFITS
DATA SERVICES AGREEMENT**

AMENDMENT NO. 7

THIS AMENDMENT is made and entered into this _____ day of
_____, 2010,

by and between

COUNTY OF LOS ANGELES
(hereafter "County"),

and

HP ENTERPRISE SERVICES, LLC
(hereafter "Contractor")

WHEREAS, reference is made to that certain document entitled, "AUTOMATED REMITTANCE ADVICE AND EXPLANATION OF BENEFITS DATA SERVICES AGREEMENT", dated July 2, 1996, and further identified as Agreement No. H-206370 and any amendments thereto (all hereafter referred to as "Agreement"); and

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

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

NOW, THEREFORE, the parties hereto agree as follows:

1. This Amendment shall become effective upon Board approval.
2. A second unnumbered subparagraph shall be added to Paragraph 3, DESCRIPTION OF SERVICES, of the Agreement as follows:

"The Director is authorized to add Provider Extract History Services to the Agreement through an administrative amendment by adding the statement of work."

3. Paragraph 4, TERM, of the Agreement shall be deleted in its entirety and replaced as follows:

“4. TERM:

- A. The term of this Agreement shall commence on July 2, 1996 (hereafter “Effective Date”) and shall continue in full force and effect through June 30, 2011, unless sooner terminated, in whole or in part, as provided in this Agreement.

The Director of Health Services will extend the term of this Agreement on a month-to-month basis through December 31, 2011 if the State of California extends their Agreement with Contractor through December 30, 2011.

- B. Contractor shall be compensated, according to the same payment provision and same rate(s), for automated remittance advice and explanation of benefits data services, as specified in Exhibit A-3, Statement of Work and Exhibit B-1, Fees and Maximum Payments, of this Agreement.

- C. This Agreement may be cancelled or terminated at any time by either the Director or the Contractor without cause upon the giving of at least thirty (30) days written notice to the other.

County may also suspend the performance of services hereunder in whole or in part, upon the giving of at least a thirty (30) day written notice to Contractor. County’s notice shall set forth the extent of the suspension and the requirements for full restoration of the performance obligations.”

4. Paragraph 7, CONTRACT SUM, of the Agreement, shall be deleted in its entirety and replaced as follows:

“7. CONTRACT SUM:

- A. The Contract Sum of all charges authorized by County under this Agreement shall be the total monetary amount payable by County to Contractor for supplying Medi-CAL RA/EOB services specified under this Agreement. All work completed by Contractor must be approved in writing by County. If County does not approve work in writing, no payment shall be due to Contractor for that work.

B. The maximum Contract Sum for this Agreement including all applicable taxes, fees, costs, and expenses authorized by County shall not exceed:

<u>PERIOD</u>	<u>CONTRACT SUM</u>
7/2/96 – 6/30/98	\$96,000
7/1/98 – 12/31/00	\$96,000
1/1/01 – 6/30/03	\$96,000
7/1/03 – 12/31/05	\$96,000
1/1/06 – 6/30/08	\$96,000
7/1/08 – 12/30/10	\$96,000
1/1/11 – 6/30/11	\$24,000
7/1/11 AND MONTHLY	Not to exceed \$4,000 per month

C. In the event Director authorizes Contractor to provide the Provider History Extract Services, the Contract Sum shall be increased by no more than \$4,000 a month.”

5. Paragraph 19, NOTICES, of the Agreement shall be deleted in its entirety and replaced as follows:

“19. NOTICES:

All notices required, or permitted, to be given or made under this Agreement shall be in writing and shall be hand delivered with signed receipt or mailed by first-class , certified or registered, postage prepaid, to the parties at the following addresses and to the attention of the person named.

Director shall have the authority to issue all notices which are required or permitted by County hereunder. Addresses and persons to be notified may be changed by the parties giving ten (10) days prior written notices thereof to the parties.

A. Notices to County shall be addressed as follows:

1. Department of Health Services
Contracts and Grants Division
313 N. Figueroa St., 6th Floor East
Los Angeles, CA 90012
Attention: Kathy K. Hanks, Director
Contract Administration and Monitoring
2. Department of Health Services
Revenue Management Division
313 N. Figueroa St., Room 527
Los Angeles, CA 90012
Attention: Chief

B. Notices to Contractor shall be address as follows:

HP Enterprise Services, LLC
3215 Prospect Park Dr.
Rancho Cordova, CA 95670
Attention: Mike Hilder”

6. Paragraph 31, BUSINESS ASSOCIATE PROTECTED HEALTH INFORMATION AND/OR ELECTRONIC PROTECTED HEALTH INFORMATION, shall be deleted in its entirety and replaced with CONTRACTOR’S OBLIGATIONS AS A BUSINESS ASSOCIATE UNDER THE HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996 AND THE HEALTH INFORMATION TECHNOLOGY FOR ECONOMIC AND CLINICAL HEALTH ACT (BUSINESS ASSOCIATE AGREEMENT) as follows:

“31. CONTRACTOR’S OBLIGATIONS AS A BUSINESS ASSOCIATE UNDER THE HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996 AND THE HEALTH INFORMATION TECHNOLOGY FOR ECONOMIC AND CLINICAL HEALTH ACT (BUSINESS ASSOCIATE AGREEMENT):

The County is subject to the Administrative Simplification requirements of the Health Insurance Portability and Accountability Act of 1996 and the Health Information Technology for Economic and Clinical Health Act. Under this Agreement, the Contractor provides services to the County and the Contractor receives, has access to, and/or creates Protected Health Information as defined

in Exhibit F-2 in order to provide those services. The County and the Contractor therefore agree to the terms of Exhibit F-2, Contractor's Obligations As a Business Associate Under Health Insurance Portability and Accountability Act of 1996 and Health Information Technology for Economic and Clinical Health Act (Business Associate Agreement).

7. This Agreement is hereby amended to add Paragraphs 32, CONTRACTOR'S WARRANTY OF COMPLIANCE WITH COUNTY'S DEFAULTED PROPERTY TAX REDUCTION PROGRAM, and 33, TERMINATION FOR BREACH OF WARRANTY TO MAINTAIN COMPLIANCE WITH COUNTY'S DEFAULTED PROPERTY TAX REDUCTION, as follows:

"32. CONTRACTOR'S WARRANTY OF COMPLIANCE WITH COUNTY'S DEFAULTED PROPERTY TAX REDUCTION PROGRAM:

Contractor acknowledges that County has established a goal of ensuring that all individuals and businesses that benefit financially from County through contract are current in paying their property tax obligations (secured and unsecured roll) in order to mitigate the economic burden otherwise imposed upon County and its taxpayers.

Unless Contractor qualifies for an exemption or exclusion, Contractor warrants and certifies that to the best of its knowledge it is now in compliance, and during the term of this contract will maintain compliance, with Los Angeles Code Chapter 2.206.

33. TERMINATION FOR BREACH OF WARRANTY TO MAINTAIN COMPLIANCE WITH COUNTY'S DEFAULTED PROPERTY TAX REDUCTION PROGRAM:

Failure of Contractor to maintain compliance with the requirements set forth in Paragraph 50 - Contractor's Warranty of Compliance with County's Defaulted Property Tax Reduction Program shall constitute default 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 ten (10) days of notice shall be grounds upon which County may terminate this Agreement and/or pursue debarment of Contractor, pursuant to County Code Chapter 2.206."

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

COUNTY OF LOS ANGELES

By _____
John F. Schunhoff, Ph.D.
Interim Director

HP ENTERPRISE SERVICES, LLC
Contractor

By _____
Signature

Printed Name

Title _____

APPROVED AS TO FORM BY THE
OFFICE OF THE COUNTY COUNSEL

RF:r

Board letter hp amendment no 7 amendment 11.01.10