



Los Angeles County  
Board of Supervisors

June 06, 2012

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Second District

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Fourth 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:

Mitchell H. Katz, M.D.  
Director

Hal F. Yee, Jr., M.D., Ph.D.  
Chief Medical Officer

Christina Ghaly, M.D.  
Deputy Director, Strategic Planning

**APPROVAL OF SOLE SOURCE AGREEMENT FOR PHARMACY CENTRAL  
FILL SERVICES WITH CARDINAL HEALTH PHARMACY SERVICES, LLC  
(ALL SUPERVISORIAL DISTRICTS)  
(3 VOTES)**

**SUBJECT**

Request approval of a sole source Agreement with Cardinal Health Pharmacy Services, LLC for Central Fill Services for Los Angeles County Department of Health Services outpatient pharmacies.

**IT IS RECOMMENDED THAT YOUR BOARD:**

1. Authorize the Director of Health Services (Director), or his designee, to execute a sole source Agreement with Cardinal Health Pharmacy Services, LLC ("Cardinal"), for the implementation of Central Fill Services (CFS) to be utilized for offsite processing of medication refills to supplement current Los Angeles County Department of Health Services ("DHS") outpatient pharmacy services for five years, effective upon Board approval through June 5, 2017, with an estimated initial annual obligation of \$63,204 rising to a maximum of \$4,023,716, for an total maximum contract sum of \$12,950,911 for the five-year term.
2. Delegate authority to the Director, or his designee, to exercise two additional one-year extensions for CFS through June 5, 2019, at an estimated annual maximum obligation of \$4,023,716, increasing the total maximum contract sum to \$20,998,343, subject to review and approval by County Counsel.

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Los Angeles, CA 90012

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3. Delegate authority to the Director, or his designee, to exercise a direct patient delivery option at High Desert Multi-Service Ambulatory Care Center (HD-MACC) for mailing medication refills to patients' homes, with an estimated initial annual obligation of \$4,426 rising to a maximum of \$35,412, for a potential seven-year contract sum of \$214,684, subject to review and approval by County Counsel.

4. Delegate authority to the Director, or his designee, to increase the total contract sum by no more than 10 percent, or \$2,121,303, to cover any expenses related to an unexpected increase in the volume of medication refills.

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

Approval of the first recommendation will allow the Director to execute an Agreement with Cardinal, substantially similar to Exhibit I, to provide CFS for the dispensing of refill prescriptions at all DHS outpatient pharmacies.

Approval of the second recommendation will allow the Department to exercise two additional one-year extensions for CFS.

Approval of the third recommendation will allow the Department to exercise a direct patient delivery option at HD-MACC for delivery of refills to patients' homes.

Approval of the fourth recommendation will allow DHS to increase the maximum total obligation during the term of the agreement, including any extension periods, by no more than 10 percent of the estimated total contract sum to cover expenses related to an unforeseen increase in the number of outpatient refill prescriptions for Cardinal CFS at DHS outpatient pharmacies.

Pursuant to a request from the Fifth District, DHS has been in the process of assessing methods of improving outpatient pharmacy delivery services to DHS patients. On August 4, 2008, DHS implemented Phase I, a mail service pilot program at HD-MACC to assess the effectiveness of delivering refill medications to patients' homes, allowing patients to avoid traveling long distances to retrieve necessary refill medications. The program has been very successful and has consistently resulted in high patient satisfaction rates.

As Phase II of DHS' strategy to improve outpatient pharmacy deliver services, DHS has negotiated with Cardinal to provide CFS for all DHS outpatient pharmacies, which will improve pharmacy operational efficiency and reduce overall prescription dispensing costs. CFS are a widely accepted industry solution designed to allow outpatient pharmacies to consolidate refill prescriptions from multiple pharmacies and funnel them through a high-volume automated central fulfillment center for processing. DHS anticipates that CFS will reduce the need for outpatient pharmacy registry staff use, plus enhance pharmacy patient services through a reduction in pharmacy patient wait times. Under this Agreement, DHS outpatient prescriptions will be filled at Cardinal's fulfillment center, verified for accuracy, packaged, and then shipped to the originating DHS pharmacy for patient pickup, or to the patient's home address under the direct patient delivery option, which may be implemented at HD-MACC.

The Cardinal CFS Agreement is only for the fulfillment and dispensing of refill outpatient prescriptions; and the outpatient delivery option, which will improve access to patients that are unable to travel because of infirmity or transportation-related issues. The cost of medication/drugs is a separate cost and is handled under a separate agreement between the County and Cardinal,

whereby Cardinal serves as the County's drug wholesaler. The County purchases its drugs using either 340B discount pricing or group purchasing organization (GPO) prices.

Currently, DHS outpatient refill prescriptions are filled alongside newly submitted prescriptions, all within onsite DHS pharmacies. With CFS, prescription refill requests will be handled at Cardinal's fulfillment center, which will be constructed and operated by Cardinal within Los Angeles County in Valencia, California. Refill requests will be filled and dispensed through high-volume automation, and sent back to the originating pharmacy where the prescription can then be picked up by the pharmacy patient 24-36 hours later or delivered to a patient's home address within 3-5 days, if the direct patient delivery option is exercised.

DHS intends to commence CFS beginning at HD-MACC with subsequent implementation throughout DHS. Attachment A provides an implementation schedule. DHS selected HD-MACC because access to prescription medication is problematic for patients in this service area given the limited pharmacy sites and long distances patients must travel to obtain necessary medication. Implementation of this capability at the HD-MACC pharmacy site should be completed by September/October 2012 and will serve as an enterprise model for the subsequent implementation at the other DHS pharmacies (total of 18 pharmacies), which should be completed by 2014.

In addition, DHS may exercise a direct patient mail delivery option through Cardinal for HD-MACC, which would replace the current mail delivery system, resulting in operational efficiencies through integration of the refill dispensing process with the mail delivery. If successful, DHS will evaluate expanding the direct patient mail delivery option to other DHS facilities and present any proposals to your Board in the future.

To effectively implement CFS, DHS must streamline its method of transferring pharmacy information between Cardinal's fulfillment site and DHS pharmacies by using the same outpatient pharmacy information system ("OPIS") that is used by Cardinal at the fulfillment center. Since Cardinal is a provider of pharmaceutical services, not information technology ("IT"), Cardinal has partnered with Cerner Corporation (Cerner) to provide DHS with the same OPIS Cardinal will use at its fulfillment center.

Initially, DHS negotiated with both Cardinal and Cerner for a single agreement. However, due to the complexities related to software licensing, DHS determined that two agreements would be more appropriate: one with Cardinal for CFS and one with Cerner to deploy the same OPIS at 18 DHS pharmacies as will be used by Cardinal at the Valencia Fulfillment Center.

DHS will not be responsible for any payments to Cardinal until CFS have commenced, which is contingent upon the anticipated successful completion of the DHS/Cerner Agreement. To avoid any delays in implementing CFS, DHS will negotiate and prepare a separate agreement with Cerner for an enterprise OPIS application, which will be presented to your Board by July 2012. Cardinal requires a lead time of three to six months to establish its fulfillment center prior to a DHS/Cerner Agreement. Some of Cardinal's initial tasks to precede the Cerner Agreement include: obtaining a building lease, inspection, securing State pharmacy permits, installation of equipment, and staffing needs.

### **Implementation of Strategic Plan Goals**

The recommended actions support Goal 2, Fiscal Sustainability, of the County's Strategic Plan.

## **FISCAL IMPACT/FINANCING**

The Agreement establishes a maximum contract sum of \$12,950,911 for CFS over the five-year period, with two optional one-year extensions increasing the maximum contract sum by an estimated \$4,023,716 each year, for a seven-year maximum contract sum of \$20,998,343. The contract sum is based on the negotiated rates and the total estimated volume of refill prescriptions to be filled.

The direct patient delivery option, if exercised, would increase the contract sum by an estimated \$214,684 over the seven-year term, for a total contract sum of \$21,213,027. In addition, the contract sum may be increased by 10 percent, or \$2,121,303, to address any unanticipated increases in the volume of refill prescriptions.

The estimated total maximum contract sum is \$23,334,330 and will be funded by a reduction in outpatient pharmacy registry costs as the CFS services are phased in (see Attachment B). The DHS Central Pharmacy unit will monitor the reduction in pharmacy registries, which currently total approximately \$6.7 million annually for outpatient pharmacy services, as the CFS is implemented to ensure this program is, at a minimum, cost-neutral.

DHS will continue to reimburse Cardinal for the costs of the pharmaceuticals pursuant to a separate agreement for drug wholesaler services.

Funding is included in the Department's Fiscal Year 2012-13 Recommended Budget and will be requested in future fiscal years as a continuing appropriation.

## **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

The CFS process is regulated by the California State Board of Pharmacy and is structured into two steps. For the 'first step', a DHS pharmacist will take a patient refill request, verify the prescription data, and electronically forward the prescription request to Cardinal's fulfillment center. For the 'second step', a Cardinal pharmacist will record the fulfillment of the request, thereby becoming the pharmacist of record for the transaction, and return the filled prescription to the originating DHS pharmacy or to the patient's home address, if the patient has chosen a direct patient delivery option.

Due to the two-step structure of the CFS prescription process, the apportionment of risk by mutual indemnification is required. Both parties seek from each other indemnification for that part of the prescription transaction not in their control. DHS has determined that it should indemnify Cardinal because of the shared risk in dispensing prescription medication, which is a deviation from the County's standard indemnification provision. CEO Risk Management noted that mutual indemnification is appropriate as a reasonable business decision for DHS and the County.

The Agreement includes all of the Board of Supervisors' required provisions.

The County's right to terminate for convenience will not begin until eighteen (18) months after implementation at HD-MACC in consideration for Cardinal's investment in constructing the Valencia Central Fill fulfillment center. After 18 months, County may terminate with a 60-day notice.

County Counsel has approved this Agreement as to form.

**CONTRACTING PROCESS**

On July 31, 2008, DHS notified your Board of the intent to enter into sole source negotiations with Cardinal for CFS (see Attachment C) and provided an updated notification on January 23, 2012 to include Cerner (see Attachment D), on the basis that Cardinal currently is the County's drug wholesaler and supplies DHS with 95 percent of its procured medication and, therefore, is in a unique position to provide DHS with CFS. A Sole Source checklist is included with this Board letter (see Attachment E) in accordance with Board Policy 5.100, Sole Source Contracts.

**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

CFS will enhance patient satisfaction by reducing outpatient congestion at local DHS pharmacies and improve access for those patients that are unable to travel because of infirmity or transportation-related issues. Utilizing CFS will lead to a more efficient allocation of pharmacy resources resulting in a lowering of overall costs for refill prescription fulfillment.

Respectfully submitted,

A handwritten signature in black ink that reads "Mitchell Katz". The signature is written in a cursive, flowing style.

Mitchell H. Katz, M.D.

Director

MHK:rt

Enclosures

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

**CARDINAL CENTRAL FILL SERVICES (CFS)**

**PROPOSED TIME LINE OF DHS-PHARMACY IMPLEMENTATIONS**

**Fiscal Year    Pharmacy Sites**

2012-13    Q2: HD-MACC (2 sites)  
              Q3: MLK-MACC  
                  Hubert Humphrey CHC  
              Q4: Rancho Los Amigos National Rehabilitation Center

2013-14    Q1: Olive View/UCLA MC  
                  Mid-Valley CHC  
                  San Fernando Valley HC

              Q2: Harbor/UCLA MC (3 sites)  
                  Wilmington HC  
                  Long Beach CHC

              Q3: LAC/USC MC (2sites)  
                  Hudson CHC  
                  Roybal CHC  
                  El Monte CHC

COUNTY OF LOS ANGELES - DEPARTMENT OF HEALTH SERVICES  
**PROJECTED CARDINAL CENTRAL FILL SUMMARY INCLUDING CENTRAL FILL VENDOR PAYMENTS AND MAIL ORDER REIMBURSEMENT**  
CONTRACT YEARS 1 THRU 5 & CONTRACT EXTENSION YEARS 1 THRU 2

	<b>Contract Year 1</b> (6/6/12-6/5/13)	<b>Contract Year 2</b> (6/6/13-6/5/14)	<b>Contract Year 3</b> (6/6/14-6/5/15)	<b>Contract Year 4</b> (6/6/15-6/6/16)	<b>Contract Year 5</b> (6/6/16-6/5/17)	<b>Subtotal CYs 1-5</b> (6/6/12-6/5/17)	<b>Extension Year 1</b> (6/6/17-6/5/18)	<b>Extension Year 2</b> (6/6/18-6/5/19)	<b>Total - Years 1-7</b> (6/5/12-6/6/19)
Central Fill Fees	\$ 63,204	\$ 1,154,957	\$ 3,685,318	\$ 4,023,716	\$ 4,023,716	\$ 12,950,911	\$ 4,023,716	\$ 4,023,716	\$ 20,998,343
Mail Delivery Option - High Desert	4,426	33,198	35,412	35,412	35,412	143,860	35,412	35,412	214,684
10% Contingency	6,763	118,815	372,073	405,913	405,913	1,309,477	405,913	405,913	2,121,303
<b>Subtotal</b>	<b>\$ 74,393</b>	<b>\$ 1,306,970</b>	<b>\$ 4,092,803</b>	<b>\$ 4,465,041</b>	<b>\$ 4,465,041</b>	<b>\$ 14,404,248</b>	<b>\$ 4,465,041</b>	<b>\$ 4,465,041</b>	<b>\$ 23,334,330</b>
Registry Reduction	74,393	1,306,970	4,092,803	4,465,041	4,465,041	14,404,248	4,465,041	4,465,041	23,334,330
<b>Net Cost</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**Assumptions**

Implementation remains as the proposed schedule identified in Attachment B A  
 Central Fill fees as negotiated based on prescription volume sent to Cardinal fulfillment center  
 Prescription volume based on FY 10-11 refills, remains unchanged for duration of contract term  
 Refill prescription volume based on a 20% increase in central fill prescription workload volume by pharmacy each quarter up to a maximum of 80%  
 Mail delivery option exercised only for High Desert MACC



**Health Services**  
LOS ANGELES COUNTY

July 31, 2008

**Los Angeles County  
Board of Supervisors**

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First District

**Yvonne B. Burke**  
Second District

**Zev Yaroslavsky**  
Third District


**Don Knabe**  
Fourth District

**Michael D. Antonovich**  
Fifth District

**John F. Schunhoff, Ph.D.**  
Interim Director

**Robert G. Splawn, M.D.**  
Interim Chief Medical Officer

**TO:** Each Supervisor

**FROM:** John F. Schunhoff, Ph.D.   
Interim Director

**SUBJECT: ADVANCE NOTIFICATION OF SOLE SOURCE AGREEMENT NEGOTIATIONS WITH CARDINAL HEALTH, INC.**

This is to advise you that the Department of Health Services (DHS) intends to enter into sole source negotiations with Cardinal Health, Inc. for the use of central fill/mail order services to supplement current outpatient pharmacy dispensing services, with the initial phase at High Desert Health System (HDHS) Pharmacy. If this phase is successful, an enterprise roll out is planned.

DHS selected HDHS Pharmacy for the first phase as access to prescription medication refills has been particularly problematic for these patients. DHS has a limited number of pharmacy sites in this area, requiring patients to travel significant distances to obtain refills. It is hoped that a central fill/mail order model will promote access to medication refills and will serve as a template for enterprise-wide roll out in the future.

**BACKGROUND**

DHS pharmacies currently dispense approximately 4 million outpatient prescriptions per year, of which approximately 40% are refills. It is expected that central fill/mail order services will benefit DHS and its patients in the following ways:

- 1) Improved customer satisfaction - Central fill is expected to reduce patient waiting times and patient congestion in on-site pharmacies, thereby improving customer service,
- 2) Improved patient access - Mail order services are expected to improve patient access to refill prescriptions especially for those who are unable to travel because of infirmity or transportation problems,
- 3) Increased efficiency for dispensing of all outpatient medication - The central fill dispensing model supports a more efficient means to dispense outpatient refill medication, through the ability to potentially reduce the use of contract staff in the prescription dispensing process. Additionally, DHS pharmacist staff will be able to focus on the immediate dispensing of critical first-time prescriptions while medication refills are handled through the contractor.

Finally, the implementation and operation of a central fill/mail order program will require close coordination between DHS and its contractor. Both parties

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must work together to ensure accuracy and timeliness in the refill prescription fulfillment process. Of key importance is the electronic coordination of patient information. To that end, this project will require the DHS pharmacy information system and the contractor's central fill information system either to be the same or be tightly interfaced.

After reviewing information systems options, DHS determined that the replacement of its current ISD outpatient pharmacy information system with Cardinal Health's subcontract vendor National Health Systems (NHS)'s outpatient pharmacy information system (PDX) will best achieve the goal of accurate and timely electronic transmission of patient medication refill data and best ensure patient safety.

This project is in alignment with the following County of Los Angeles Strategic Plan Goals: Goal 1, Operational Effectiveness: (Maximize the effectiveness of the County's processes, structure, and operations to support delivery of customer-oriented and efficient public services.) and Goal 4, Health and Mental Health: (Improve health and mental health outcomes and maximize efficient use of scarce resources, by promoting evidence-based prevention and service principles that are population-based, client-centered and family-focused.)

### **SOLE SOURCE JUSTIFICATION**

DHS is one of the largest participants in the federal 340B discount drug program in the country. DHS facilities spend an estimated \$50 million annually through the federal 340B program, and the discounts that DHS obtains through this program are a key component of its pharmaceutical budget. Accordingly, compliance with this program is a primary concern as DHS cannot afford to jeopardize its participation in this program.

At the core of the 340B program are strict inventory tracking requirements. Because of this, central fill services customarily are closely integrated with pharmacy wholesaler services, with most central fill centers either being directly operated by the 340 entity or by the entity's drug wholesaler. DHS does not have the infrastructure to provide central fill/mail order services itself, and the expense of instituting such services are far beyond its budgetary means, necessitating a contract for these services.

Cardinal Health is DHS' current drug wholesaler and is in a unique position to provide DHS with central fill pharmacy services. DHS currently obtains over 98% of the medications dispensed for patient care through Cardinal Health, via a Novation contract. Cardinal Health is extremely knowledgeable of federal 340B regulations and is uniquely situated to implement a central fill, 340B compliant program having recently partnered on a virtually identical program with the Harris County Hospital District in Houston, Texas. In its work with Harris County, Cardinal Health gained an in-depth familiarity with the federal requirements. It was directly involved in working on the implementation of the program, from the application stage with the federal government through approval and now daily operations. It will bring this high level of expertise to the County's central fill program.

Finally, we would note that Cardinal Health intends to provide the central fill/mail order service through its subcontractor pharmacy, National Health Systems (NHS)'s affiliates Rx.com Partners LP. Rx.com, which is licensed by the State of California as a non resident pharmacy, will provide the actual dispensing services. Accordingly, under this arrangement, DHS will maintain ownership of all medications dispensed by Rx.Com as if the medications were stocked in Cardinal Health's warehouse. DHS facilities will be charged for the medications dispensed through the subcontracted central fill center at the time the medication is dispensed and mailed,

in a manner where detailed patient prescription fill reports are provided to each DHS facility, along with the ability to audit each transaction.

### **FINANCIAL IMPACT**

Pursuing sole source central fill/mail order services with Cardinal Health will potentially reduce pharmacy operation costs associated with processing refill prescriptions within our system. If DHS is able to expand central fill/mail order services across its system, it projects an estimated savings of over \$750,000.00 per year in budgeted cost for the maintenance of an outpatient pharmacy information system.

Additional savings, through lessening DHS reliance on contractor pharmacy staff, may be realized in improved outpatient pharmacy efficiencies as a result of the use of a central fill vendor. The pilot will provide the ability to measure this impact, and provide more data to project the impact of system-wide central fill implementation.

### **CLOSING**

The Office of the County Chief Information Officer is aware of this pending project and will review and approve any Board Letter for the procurement of these services.

If notification from your Board is not received within two weeks from the date of this notice, we will proceed with the sole source negotiation with Cardinal Health, Inc. If you have any questions or need additional information, please contact me or your staff can contact Dr. Amy Gutierrez, DHS Pharmacy Director, at (213) 240-7717 or Patrick Anderson, DHS Office of the Chief Information Officer at (213) 240-8128.

JFS:at

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



**Health Services**  
LOS ANGELES COUNTY

January 13, 2012

**Los Angeles County  
Board of Supervisors**

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First District

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Second District

**Zev Yaroslavsky**  
Third District

**Don Knabe**  
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**Michael D. Antonovich**  
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To: Supervisor Zev Yaroslavsky, Chair  
Supervisor Gloria Molina  
Supervisor Mark Ridley-Thomas  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

From: Mitchell H. Katz, M.D.  
Director

**SUBJECT: UPDATE NOTIFICATION OF SOLE SOURCE AGREEMENT NEGOTIATIONS WITH CARDINAL HEALTH PHARMACY SERVICES, LLC TO INCLUDE CERNER CORPORATION**

This is to advise your Board that Los Angeles County Department of Health Services ("DHS") has concluded negotiations with Cardinal for Central Fill Services, which will include processing of outpatient prescription refills as well as an outpatient mail delivery. However, RX.com, the previously anticipated pharmacy information systems provider, chose to withdraw from lengthy contract negotiations with Cardinal. Cardinal proceeded with an alternative pharmacy information systems vendor, Cerner Etreby ("Cerner").

Consequently, two (2) sole source agreements must now be recommended to your Board instead of one, although they will be closely related. The first will be the Central Fill Services agreement with Cardinal, which DHS anticipates will be before your Board by earlier 2012. The second will be an agreement for remote hosting, pharmacy information system, plus maintenance and support agreement with Cerner.

If notification from your Board is not received within two weeks from the date of this notice, we will proceed with the sole source negotiation with Cerner. If you have any questions or need additional information, please contact me or your staff can contact Dr. Amy Gutierrez, DHS Pharmacy Director, at (213) 240-7717.

MHK:SH:rt

Attachment

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

## SOLE SOURCE CHECKLIST

Check (✓)	JUSTIFICATION FOR SOLE SOURCE CONTRACTS <i>Identify applicable justification and provide documentation for each checked item.</i>
	➤ Only one bona fide source for the service exists; performance and price competition are not available.
	➤ Quick action is required (emergency situation).
	➤ Proposals have been solicited but no satisfactory proposals were received.
	➤ Additional services are needed to complete an ongoing task and it would be prohibitively costly in time and money to seek a new service provider.
	➤ Maintenance service agreements exist on equipment which must be serviced by the authorized manufacturer's service representatives.
	➤ It is more cost-effective to obtain services by exercising an option under an existing contract.
✓	<p>➤ It is in the best interest of the County, e.g., administrative cost savings, excessive learning curve for a new service provider, etc.</p> <p>DHS does not have the resources or infrastructure to support a central fill services for outpatients at the current 18 DHS pharmacies and, as set in more detail below, a contracted service will bridge the infrastructure gap.</p>
✓	<p>➤ <b>Other reason. Please explain:</b></p> <p>DHS is one of the largest participants in the federal 340B discount drug program in the country. DHS facilities spend an estimated \$50 million annually through the federal 340B program, and the discounts that DHS obtains through this program are a key component of its pharmaceutical budget. Accordingly, compliance with this program is a primary concern as DHS cannot afford to jeopardize its participation in this program.</p> <p>At the core of the 340B program are strict inventory tracking requirements. Because of this, central fill services customarily are closely integrated with pharmacy wholesaler services, with most central fill centers either being directly operated by the 340 entity or by the entity's drug wholesaler. DHS does not have the infrastructure to provide central fill mail order services itself, and the expense of instituting such services are far beyond its budgetary means, necessitating a contract for these services.</p> <p>Cardinal Health is DHS' current drug wholesaler and is in a unique position to provide DHS with central fill pharmacy services. DHS currently obtains over 98% of the medications dispensed for patient care through Cardinal Health, via a Novation contract. Cardinal Health is extremely knowledgeable of federal 340B regulations and is uniquely situated to implement a central fill, 340B compliant program having recently partnered on a virtually identical program with the Harris County Hospital District in Houston, Texas. In its work with Harris County,</p>

## SOLE SOURCE CHECKLIST

Cardinal Health gained an in-depth familiarity with the federal requirements. It was directly involved in working on the implementation of the program, from the application stage with the federal government through approval and now daily operations. It will bring this high level of expertise to the County's central fill program.

  
\_\_\_\_\_  
Deputy Chief Executive Officer, CEO

5/17/12  
Date



**AGREEMENT  
BY AND BETWEEN  
COUNTY OF LOS ANGELES  
AND  
CARDINAL HEALTH PHARMACY SERVICES, LLC.  
FOR  
CENTRAL FILL SERVICES  
(CFS)**

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*AGREEMENT NUMBER* \_\_\_\_\_

**VERSION 14.3  
MAY 2012**

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Exhibit D	–	Administration of Agreement
Exhibit E	–	Business Associate Agreement
Exhibit F	–	Contractor’s EEO Certification
Exhibit G	–	Safely Surrendered Baby Law
Exhibit H	–	County’s Travel Expense Reimbursement Policy

**AGREEMENT  
BY AND BETWEEN  
COUNTY OF LOS ANGELES  
AND  
CARDINAL HEALTH PHARMACY SERVICES, LLC.  
FOR  
CENTRAL FILL SERVICES  
(CFS)**

This Agreement is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2012 by and between the County of Los Angeles (hereinafter "County") and Cardinal Health Pharmacy Services, LLC, a Delaware limited liability company (hereinafter "Contractor").

**RECITALS**

WHEREAS, County may contract with private businesses for services when certain requirements are met; and

WHEREAS, pursuant to California Health and Safety Code sections 1441 and 1445, County has established and operates, through its Department of Health Services, various County hospitals, comprehensive health center and other health centers (hereafter collectively "DHS Facilities"); and WHEREAS, a large number of pharmacy services must be available to meet the needs of sick or injured County patients requiring treatment at DHS Facilities; and

WHEREAS, County has determined that it has insufficient staff and infrastructure to provide all of the necessary pharmacy services required for its patients; and

WHEREAS, County has further determined that Contractor's provision of Central Fill Services will enhance its ability to provide medical services to its patients; and,

WHEREAS, Contractor is a private firm capable of providing Central Fill Services; and

WHEREAS, County desires to engage Contractor to provide the identified pharmacies within the County with Central Fill Services; and,

WHEREAS, this Agreement is authorized by California Government Code section 31000 as well as California Health and Safety Code sections 1441, 1445 and 1451.

NOW THEREFORE, in consideration of the mutual promises, covenants and conditions set forth herein, County and Contractor agree as follows:

**1. APPLICABLE DOCUMENTS AND DEFINITIONS**

**1.1 INTERPRETATION**

The body of this document (hereinafter "Base Agreement"), including, without limitation, the Recitals hereto, along with Exhibits A, B, C, D, E, F, G and H and all Attachments and Schedules thereto, all attached hereto and described in this Paragraph 1.1 below, are incorporated herein by reference. This Base Agreement (including, without limitation, the Recitals hereto), along with such Exhibits and Attachments, collectively form and throughout and hereinafter are referred to as the "Agreement". In the event of any conflict or inconsistency in the definition or interpretation of any word, responsibility, schedule or the contents or description of

any task, subtask, deliverable, goods, service or other work, or otherwise, between the body of this Agreement (including, without limitation, the Recitals hereto) and the Exhibits (including, without limitation, the Attachments thereto) or between the Exhibits (including, without limitation, the Attachments thereto), such conflict or inconsistency shall be resolved by giving precedence first to the body of this Agreement (including, without limitation, the Recitals hereto), and then to the Exhibits (including, without limitation, the Attachments thereto) according to the following descending priority:

- Exhibit A – Statement of Work
  - Attachment A.1 – County Pharmacies
  - Attachment A.2 – CFS Project Plan
  - Attachment A.3 – Acceptance Certificate
- Exhibit B – Payment Schedule
- Exhibit C – Confidentiality and Assignment Agreement
- Exhibit D – Administration of Agreement
- Exhibit E – Business Associate Agreement
- Exhibit F – Contractor’s EEO Certification
- Exhibit G – Safely Surrendered Baby Law
- Exhibit H – County’s Travel Expense Reimbursement Policy

With respect to the Exhibits and the Attachments thereto, precedence first shall be given to the Exhibits and then to the associated Attachments, as applicable.

1.2 ENTIRE AGREEMENT

The body of this Agreement, together with the Recitals and all Exhibits and Attachments, as further defined in Paragraph 1.1 (Interpretation) above, constitutes the complete and exclusive statement of understanding between the parties and supersedes all previous and contemporaneous agreements, whether written or oral, and any and all communications and negotiations between the parties relating to the subject matter of this Agreement.

1.3 DEFINITIONS

The terms and phrases in this Paragraph 1.3 in quotes and with initial letter capitalized, where applicable, shall have the meanings set forth below when used in this Agreement, throughout and hereafter.

1.3.1 Acceptance

As used herein, the term “Acceptance” shall mean County’s written approval of any tasks, subtasks, deliverables, goods, services or other work provided by Contractor to County pursuant to this Agreement.

1.3.2 Additional Facility; Additional Facilities

As used herein, the term “Additional Facility(ies)”, whether singular or plural, shall mean any or of all of the County or County Affiliate facilities, other than the Pilot

Facility, for which County may elect that Contractor provide tasks, subtasks, deliverables, services and other work under this Agreement.

1.3.3 Additional Pharmacy; Additional Pharmacies

As used herein, the term “Additional Pharmacy(ies)”, whether singular or plural, shall mean any one or all of the County Pharmacies, other than the Pilot Pharmacies, currently in existence or which DHS hereafter may add to its healthcare system, for which County may elect that Contractor provide tasks, subtasks, deliverables, goods, services and other work under this Agreement, to be described in Attachment A.1 (County Pharmacies).

1.3.4 Affiliate Pharmacy; Affiliate Pharmacies

As used herein, the term “Affiliate Pharmacy(ies)”, whether singular or plural, shall mean any one or all of the pharmacies of County Affiliates for which Contractor may provide tasks, subtasks, deliverables, goods, services and other work under this Agreement upon County’s election, as set forth in Attachment A.1 (County Pharmacies).

1.3.5 Amendment

As used herein, the term “Amendment” shall have the meaning specified in Paragraph 8 (Changes to Agreement).

1.3.6 Base Agreement

As used herein, the term “Base Agreement” shall have the meaning specified in Paragraph 1.1 (Interpretation) above.

1.3.7 Board of Supervisors

As used herein, the term “Board of Supervisors” shall mean County’s Board of Supervisors, which is the governing body of County.

1.3.8 Business Day(s)

As used herein, the term “Business Day(s)”, whether singular or plural, shall mean Monday through Friday, excluding County observed holidays, unless stated otherwise.

1.3.9 Central Fill Pharmacy

As used herein, the term “Central Fill Pharmacy” shall mean and refer to the County Pharmacy operated by Contractor for the provision of Central Fill Services under the Agreement.

1.3.10 Central Fill Services; CFS

As used herein, the terms “Central Fill Services” and “CFS” shall mean the centralized prescription dispensing services provided by Contractor in accordance with this Agreement, as further defined in Section 2 (Definitions) of Exhibit A (Statement of Work).

1.3.11 CFS Acceptance

As used herein, the term “CFS Acceptance” shall mean the written acceptance of CFS Implementation services provided by Contractor for each or any of the designated

County Pharmacies, as evidenced by an Acceptance Certificate, attached hereto as Attachment A.3 (Acceptance Certificate) and incorporated herein by this reference.

1.3.12 CFS Fee

As used herein, the term “CFS Fee” shall mean the applicable fee to be paid by County to Contractor for performance of Central Fees Services, as set forth in Section 1 (Central Fill Services) of Exhibit B (Payment Schedule).

1.3.13 CFS Implementation

As used herein, the term “CFS Implementation” shall mean any or the entire part of the process of implementing CFS at the applicable County Pharmacies designated by County.

1.3.14 CFS-Live

As used herein, the term “CFS-Live” shall mean County’s approval of all CFS Implementation tasks, subtasks, deliverables and other work up to the point when Contractor shall provide, and County shall receive, in real time the Central Fill Services as required herein, including Exhibit A (Statement of Work).

1.3.15 CFS Pharmacy

As used herein, the term “CFS Pharmacy” shall any pharmacy operated and maintained by Contractor for the provision of Services under this Agreement.

1.3.16 CFS Project Plan

As used herein, the term “CFS Project Plan” shall mean the project timeline for CFS Implementation provided by Contractor for each County Pharmacy at each County Facility, as set forth Attachment A.2 (CFS Project Plan) as such may be modified upon agreement of the parties.

1.3.17 CFS System

As used herein, the term “CFS System” shall mean and refer to any or all systems utilized by Contractor for the provision of Central Fill Services under the Agreement.

1.3.18 Change Notice

As used herein, the term “Change Notice” shall have the meaning given to such term in this Paragraph 8 (Changes to Agreement).

1.3.19 Confidential Information

As used herein, the term “Confidential Information” shall have the meaning specified in Paragraph 11.3.1 under Paragraph 11.3 (Confidentiality and Security).

1.3.20 Contract Sum

As used herein, the term “Contract Sum” shall mean the total monetary amount payable by County to Contractor hereunder, as set forth in Paragraph 6.1 (Contract Sum) and Section 2 (Contract Sum) of Exhibit B (Payment Schedule). The Contract Sum shall not be adjusted for any costs or expenses whatsoever of Contractor.

1.3.21 Contractor

As used herein, the terms “Contractor” and “Cardinal” shall mean Cardinal Health Pharmacy Services, LLC.

1.3.22 Contractor's Key Personnel

As used herein, the term "Contractor's Key Personnel" shall have the meaning specified in Paragraph 3.1 (Contractor's Administration of Agreement).

1.3.23 Contractor's Project Director

As used herein, the term "Contractor's Project Director" shall have the meaning specified in Paragraph 3.2.1 (Contractor's Project Director).

1.3.24 Contractor's Project Manager

As used herein, the term "Contractor's Project Manager" shall have the meaning specified in Paragraph 3.2.2 (Contractor's Project Manager).

1.3.25 County

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

1.3.26 County Affiliate(s)

As used herein, the term "County Affiliate(s)" shall mean any County Community Partner or any other affiliate or partner of County, which may be authorized by County to enjoy the benefits of this Agreement in accordance with the terms hereof upon agreement of the parties.

1.3.27 County Facility; County Facilities

As used herein, the term "County Facility(ies)", whether singular or plural, shall mean any one or all of the County or County Affiliate facilities identified in Attachment A.1 (County Pharmacies), including the Pilot Facility and any Additional Facilities, for which Contractor shall provide tasks, subtasks, goods, services and other work under this Agreement.

1.3.28 County Key Personnel

As used herein, the term "County's Key Personnel" shall have the meaning specified in Paragraph 2.1 (County's Administration of Agreement).

1.3.29 County Materials

As used herein, the term "County Materials" shall have the meaning specified in Paragraph 11.4.1 (County Materials).

1.3.30 County Pharmacy; County Pharmacies

As used herein, the term "County Pharmacy(ies), whether singular or plural, shall mean any one or all of the County pharmacies listed in Attachment A.1 (County Pharmacies), including the Pilot Pharmacies, all DHS Pharmacies currently in existence or which DHS hereafter may add to its healthcare system and any mutually agreed to Affiliate Pharmacies, for which Contractor shall provide tasks, subtasks, deliverables, goods, services and other work under this Agreement.

1.3.31 County's Project Director

As used herein, the term "County's Project Director" shall have the meaning specified in Paragraph 2.2.1 (County's Project Director).

1.3.32 County's Project Manager



As used herein, the term “County’s Project Manager” shall have the meaning specified in Paragraph 2.2.2 (County’s Project Manager).

1.3.33 Day(s)

As used herein, the term “day(s)”, whether singular or plural, shall mean calendar day(s).

1.3.34 Deliverable(s)

As used herein, the terms “Deliverable(s)” and “deliverable(s)”, whether singular or plural, shall mean items and/or services provided or to be provided by Contractor under this Agreement, including Exhibit A (Statement of Work).

1.3.35 Department; DHS

As used herein, the terms “Department” and “DHS” shall mean County’s Department of Health Services.

1.3.36 DHS Facility; DHS Facilities

As used herein, the term “DHS Facility(ies)”, whether singular or plural, shall have the meaning specified in the Recitals to this Base Agreement.

1.3.37 DHS Pharmacy; DHS Pharmacies

As used herein, the term “DHS Pharmacy(ies)”, whether singular or plural, shall mean any one or all of the DHS pharmacies currently in existence or which DHS hereafter may add to its healthcare system as set forth in Attachment A.1 (County Pharmacies), for which Contractor may provide Central Fill Services under the Agreement.

1.3.38 Director

As used herein, the term “Director” shall mean the Director of DHS, including any designee.

1.3.39 Dispute Resolution Procedure

As used herein, the term “Dispute Resolution Procedure” shall mean the provisions of Paragraph 13.30 (Dispute Resolution Procedure) describing the procedure for resolving the disputes arising under or with respect to this Agreement.

1.3.40 Due Date

As used herein, the term “Due Date” shall mean the due date for the completion of any applicable CFS Implementation Deliverables, as specified in Attachment A.2 (CFS Project Plan) for the applicable County Pharmacy.

1.3.41 Effective Date

As used herein, the term “Effective Date” shall mean the date of execution of this Agreement by County and the authorized representative(s) of Contractor.

1.3.42 Extended Term

As used herein, the term “Extended Term” shall have the meaning set forth in Paragraph 5.2 (Extended Term).

1.3.43 HIPAA

As used herein, the term “HIPAA” shall mean Health Insurance Portability and Accountability Act and the rules and regulations from time to time promulgated there under, as set forth in Exhibit E (Business Associate Agreement), which mandates the safeguarding of personal and confidential medical information.

1.3.44 OPIS Software

As used herein, the term “OPIS Software” shall mean the outpatient pharmacy information system (OPIS) software provided and maintained by the OPIS Software vendor under an agreement with County, which will be interfaced with the CFS System.

1.3.45 OPIS Software Vendor

As used herein, the term “OPIS Software Vendor” shall mean and refer to Cerner Healthcare Solutions, Inc. or any other software vendor engaged by County to license, implement and maintain and support the OPIS Software under a separate agreement with such vendor.

1.3.46 Payment Overdue Date

As used herein, the term “Payment Overdue Date” shall have the meaning specified in Paragraph 7.3 (Payments) below.

1.3.47 Pilot Facility

As used herein, the term “Pilot Facility” shall mean any one of County Facilities designated by County and set forth in Attachment A.1 (County Pharmacies), for which Contractor shall provide tasks, subtasks, deliverables, goods, services and other work under this Agreement as part of the Pilot Project.

1.3.48 Pilot Pharmacy

As used herein, the term “Pilot Pharmacy” shall mean any one of County Pharmacies designated by County and set forth in Attachment A.1 (County Pharmacies), for which Contractor shall provide tasks, subtasks, deliverables, goods, services and other work under this Agreement as part of the Pilot Project.

1.3.49 Pilot Project

As used herein, the term “Pilot Project” shall mean and refer to the provision by Contractor of CFS Implementation, including the work specified in Exhibit A (Statement of Work), for the County Pharmacies designated by County as Pilot Pharmacies.

1.3.50 Proprietary Rights

As used herein, the term “Proprietary Rights” shall mean all legal and equitable rights of Contractor or any subcontractor, as applicable, including all copyrights, patent rights, trade secrets, trademarks, confidential and proprietary information rights, moral rights and all rights and title in and to the structure, sequence and organization of a work of authorship, and all rights in and to any code, materials, pictures, interfaces, screen displays and audio visual displays and presentations.

1.3.51 Requirements and Responsibilities

As used herein, the term “Requirements and Responsibilities” shall have the meaning specified in Paragraph 4.1 (Statement of Work) below.

1.3.52 Services

As used herein, the term “Services” shall mean and refer to any services provided by Contractor under the Agreement as part of Central Fill Services, including CFS Implementation and any services that may be provided by Contractor to County under Exhibit A (Statement of Work).

1.3.53 State

As used herein, the term “State” shall mean the State of California.

1.3.54 Statement of Work

As used herein, the term “Statement of Work” shall mean tasks, subtasks, deliverables, goods, services and other work provided by Contractor to County under the Agreement, including CFS Implementation and Central Fill Services provided by Contractor in accordance with Exhibit A (Statement of Work).

1.3.55 Task(s); Subtask(s)

As used herein, the terms “Task”, “task”, “Subtask” and “subtask” shall mean one of the areas of work to be performed under this Agreement, including those set forth and identified as numbered Tasks and Subtasks in Exhibit A (Statement of Work).

**2. ADMINISTRATION OF AGREEMENT – COUNTY**

2.1 COUNTY’S ADMINISTRATION OF AGREEMENT

All persons administering this Agreement on behalf of County in this Paragraph 2 (hereinafter “County’s Key Personnel”) are set forth in Section I (County’s Key Personnel) of Exhibit D (Administration of Agreement). Unless otherwise specified, reference to each of the persons identified in Section I (County’s Key Personnel) of Exhibit D (Administration of Agreement) shall also include his/her designee. County will notify Contractor in writing of any change in the names and/or addresses of County’s Key Personnel.

No member of County’s Key Personnel is authorized to make any changes in any of the terms and conditions of this Agreement other than those specifically authorized under Paragraph 8 (Changes to Agreement).

2.2 COUNTY’S KEY PERSONNEL

2.2.1 County’s Project Director

County’s Project Director will be responsible for ensuring that the objectives of this Agreement are met. County’s Project Director will have the right at all times to inspect any and all tasks, subtasks, deliverables, goods, services and any other work provided by or on behalf of Contractor.

2.2.2 County’s Project Manager

County’s Project Manager will be responsible for ensuring that the technical standards and task requirements of this Agreement are met and will provide, upon request, such information, coordination, documentation and materials as may be reasonably required by Contractor to perform the work hereunder.

County’s Project Manager will be responsible for:

1. Monitoring and reporting on the progress of the project;

2. Evaluating Contractor's technical performance with respect to the project;
3. Reviewing and approving project tasks, deliverables, goods, services and/or other work under the Agreement;
4. Coordinating with Contractor's Project Manager or his/her designee on a regular basis, regarding Contractor's progress on the project; and
5. Providing direction to Contractor in the areas relating to County policies, information requirements and procedural requirements.

2.3 COUNTY PERSONNEL

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, CFS Project Plan and performance hereunder are based solely on the work of Contractor's personnel, except as otherwise expressly provided in this Agreement.

2.4 APPROVAL OF WORK

All Tasks, Subtasks, Deliverables, goods, services and other work provided by Contractor under this Agreement must have the written approval of County's Project Director. In no event shall County be liable or responsible for any payment prior to such written approval.

County's Project Director shall make commercially reasonable efforts to grant written approval within fifteen (15) days of submission by Contractor. If approval is denied, specific reasons for denial will be provided in writing within the same fifteen (15) days sufficient to enable Contractor to understand what it needs to correct in order to obtain approval.

Furthermore, County reserves the right to reject any tasks, subtasks, deliverables, goods, services and/or other work not so approved by County.

**3. ADMINISTRATION OF AGREEMENT – CONTRACTOR**

3.1 CONTRACTOR'S ADMINISTRATION OF AGREEMENT

All persons administering this Agreement on behalf of Contractor in Paragraph 3 (hereinafter "Contractor's Key Personnel") are set forth in Section II (Contractor's Key Personnel) of Exhibit D (Administration of Agreement). All staff employed by and/or behalf of Contractor, including the persons identified in Section II (Contractor's Key Personnel) of Exhibit D (Administration of Agreement), shall be adults who are fully fluent in both spoken and written English. Contractor shall notify County in writing of any change in the names and/or addresses of Contractor's Key Personnel.

No member of Contractor's Key Personnel is authorized to make any changes in any of the terms and conditions of this Agreement other than those specifically authorized under Paragraph 8 (Changes to Agreement).

3.2 CONTRACTOR'S KEY PERSONNEL

3.2.1 Contractor's Project Director

Contractor's Project Director shall be responsible for Contractor's performance of all its work under the Agreement and ensuring Contractor's compliance with this Agreement. Contractor's Project Director shall meet and confer with County's Project Director on a regular basis, at least monthly or as otherwise reasonably required by County, to review project progress and to discuss project coordination. Such meetings shall be conducted via teleconference or at a time and place agreed to by County's Project Director and Contractor's Project Director.

### 3.2.2 Contractor's Project Manager

Contractor's Project Manager shall be responsible for Contractor's day-to-day activities as related to this Agreement and for reporting to County in the manner set forth in Paragraph 3.6 (Reports by Contractor). Contractor's Project Manager shall interface with County's Project Manager on a regular basis and shall be available during Business Days between the hours of 8:00 a.m. and 5:00 p.m. Pacific Time, or as otherwise reasonably required by County, for telephone contact and/or to meet with County personnel regarding the operation of this Agreement, as required by County's Project Director. Contractor's Project Manager shall meet and confer with County's Project Manager on a regular basis, at least monthly or as otherwise reasonably required by County, to review project progress and discuss project coordination. Such meetings shall be conducted via teleconference or at a time and place agreed to by County's Project Manager and Contractor's Project Manager.

### 3.3 APPROVAL OF CONTRACTOR'S STAFF

County's Project Director has the right to review Contractor's Key Personnel prior to and during their performance of any work hereunder. County's Project Director may request replacement of said personnel by providing in writing a reasonable request for such removal including reasons for such removal request. Contractor shall provide County with a resume of each such proposed initial member of Contractor's Key Personnel and proposed replacement and an opportunity to interview such person prior to his/her performance of any work hereunder. Contractor shall have thirty (30) days from the date of County's written request to replace such staff.

In addition, Contractor shall use reasonable commercial efforts to ensure continuity over time of the membership of the group constituting Contractor's staff, including, but not limited to, Contractor's Key Personnel. Contractor shall use reasonable commercial efforts to fill any staff vacancy with personnel having qualifications at least equivalent to those of the staff member(s) being replaced.

In fulfillment of its responsibilities under this Agreement, Contractor shall utilize, and permit utilization of, only staff fully trained and experienced, and as appropriate, licensed or certified in the technology, trades, tasks and subtasks required by this Agreement. Contractor shall supply sufficient staff to discharge its responsibilities hereunder in a timely and efficient manner.

In the event Contractor should ever need to remove any member of Contractor's Key Personnel from performing work under this Agreement, Contractor shall provide County with notice at least fifteen (15) days in advance, except in circumstances in which such notice is not possible, and shall work with County on a mutually agreeable transition plan so as to provide an acceptable replacement and ensure project continuity.

### 3.4 CONTRACTOR'S STAFF IDENTIFICATION

Contractor shall provide, at Contractor's expense, all staff providing Services under this Agreement with a photo identification badge.

3.5 BACKGROUND AND SECURITY INVESTIGATIONS

Each of Contractor's staff performing Services at CFS under this Agreement shall undergo and pass a background investigation to the satisfaction of County as a condition of beginning and continuing to perform Services under this Agreement. Such background investigation may include, but shall not be limited to, criminal conviction information obtained through fingerprints submitted to the California Department of Justice. The fees associated with one background investigation per employee shall be at the expense of Contractor, regardless if the member of Contractor's staff passes or fails the background investigation.

If a member of Contractor's staff does not pass the background investigation, County may request that the member of Contractor's staff be immediately removed from performing services under the Agreement at any time during the term of the Agreement. County will not provide to Contractor or to Contractor's staff any information obtained through County's background investigation, but County shall notify Contractor that such investigation has been completed.

County, in its sole discretion, may immediately deny or terminate facility access and pharmacy access to any member of Contractor's staff that does not pass such investigation to the satisfaction of County or whose background or conduct is incompatible with County access.

Disqualification of any member of Contractor's staff pursuant to this Paragraph 3.5 shall not relieve Contractor of its obligation to complete all work in accordance with the terms and conditions of this Agreement.

3.6 REPORTS BY CONTRACTOR

In addition to any reports required elsewhere pursuant to this Agreement, in order to control expenditures and to ensure the reporting of all goods, services, and other work provided by Contractor, Contractor shall provide to County's Project Manager as frequently as requested by County's Project Manager, but in no event more frequently than weekly, written reports which shall include, at a minimum, the following information:

1. Period covered by the report;
2. Overview of the reporting period;
3. Tasks, subtasks, deliverables, goods, services and other work scheduled for the reporting period which were completed;
4. Tasks, subtasks, deliverables, goods, services and other work scheduled the reporting period which were not completed;
5. Tasks, subtasks, deliverables, goods, services and other work not scheduled for but completed in the reporting period.
6. Tasks, subtasks, deliverables, goods, services and other work scheduled to be completed in the next reporting period;
7. Issues resolved;
8. Issues to be resolved;

9. Summary of project status as of reporting date;
10. Updated milestone chart;
11. Any audit reports required to be provided pursuant to Paragraphs 13.3.3 or 13.8 (County's Quality Assurance Plan) of the Base Agreement or Exhibit A (Statement of Work);
12. Any other information which County may reasonably request from time-to-time.

#### **4. WORK**

##### **4.1 STATEMENT OF WORK**

Pursuant to the provisions of this Agreement, Contractor shall fully perform, complete and deliver on time, all tasks, subtasks, deliverables, goods, services and other work under the Agreement, including Central Fill Services as set forth in Exhibit A (Statement of Work). The Central Fill Services shall be subject to the warranties, requirements, obligations and responsibilities (hereinafter "Requirements and Responsibilities") specified in the Agreement, including Section 3 (Requirements and Responsibilities) of Exhibit A (Statement of Work). Failure by Contractor to comply with such Requirements and Responsibilities shall entitle County to remedies identified in Section 6 (Remedies) of Exhibit A (Statement of Work) and elsewhere in the Agreement.

##### **4.2 UNAPPROVED WORK**

If the Contractor provides any tasks, deliverables, goods and services or other work, other than as specified in this Agreement, the same shall be deemed to be a gratuitous effort on the part of the Contractor, and the Contractor shall have no claim whatsoever against the County for any unapproved work.

##### **4.3 STANDARD OF SERVICES**

Contractor's work required by this Agreement shall conform to the professional standards as they exist in Contractor's profession or field of practice. Conditioned upon reasonable cooperation from County, Contractor shall perform all Services in a timely, professional and workmanlike manner, as further specified in Exhibit A (Statement of Work). If Contractor's services and other work provided under this Agreement fail to conform to such professional standards, to the extent such failure is due to circumstances reasonably within Contractor's control, upon notice from County specifying the failure of performance, Contractor shall, at Contractor's sole expense, re-perform such services or other work. Contractor shall, at its own expense, correct any data in which (and to the extent that) errors have been caused by Contractor.

#### **5. TERM OF AGREEMENT**

##### **5.1 INITIAL TERM**

The term of this Agreement shall commence upon the Effective Date and shall expire five (5) years thereafter, unless sooner terminated or extended, in whole or in part, as provided in this Agreement (hereinafter "Initial Term").

##### **5.2 EXTENDED TERM**

At the end of the Initial Term, County may, at its sole option, extend this Agreement for up to two (2) additional consecutive one (1) year terms (hereinafter “Extended Term”); provided that if County elects not to exercise its option to extend at the end of the Initial Term, or the Extended Term, the remaining option(s) shall automatically lapse. County shall be deemed to have exercised its extension option(s) automatically, without further act, unless, no later than thirty (30) days prior to the expiration of the Initial Term or the Extended Term, as applicable, County notifies Contractor in writing that it elects not to extend the Agreement pursuant to this Paragraph 5.2.

5.3 DEFINITION OF TERM

As used throughout this Agreement, the word “term” shall include the Initial Term and the Extended Term, to the extent County exercises any of its options pursuant to Paragraph 5.2 (Extended Term).

5.4 NOTICE OF EXPIRATION

Contractor shall notify County when this Agreement is within six (6) months from the expiration of the term as provided herein below. Upon occurrence of this event, Contractor shall send written notification to County’s Project Director at the address set forth in Section I (County’s Key Personnel) of Exhibit D (Administration of Agreement), but Contractor’s failure to do so shall not constitute a breach of this Agreement.

**6. PRICING TERMS AND FEES**

6.1 CONTRACT SUM

The Contract Sum under this Agreement shall be the total monetary amount payable by County to Contractor for supplying all the tasks, subtasks, deliverables, goods, services and other work requested and specified hereunder for the term of this Agreement.

All work completed by Contractor must be approved in writing by County in accordance with Paragraph 2.4 (Approval of Work). If County does not approve work in writing, no payment shall be due Contractor for that work.

The Contract Sum, including all applicable taxes, authorized by County hereunder for the term of the Agreement shall not exceed Twenty Million Nine Hundred and Ninety Thousand Three Hundred and forty Three Dollars (\$20,998,343) as set forth in Section 2 (Contract Sum) of Exhibit B (Payment Schedule), unless the Contract Sum is modified pursuant to a duly approved Amendment to this Agreement by County and Contractor’s authorized representative(s) pursuant to Paragraph 8 (Changes to Agreement).

Contractor shall maintain a system of record keeping that will allow Contractor to determine when it has incurred seventy-five percent (75%) of the Contract Sum authorized for this Agreement. Upon occurrence of this event, Contractor shall provide written notification to County’s Project Director at the address set forth in Section I (County’s Key Personnel) of Exhibit D (Administration of Agreement), but Contractor’s failure to do so shall not constitute a breach of this Agreement.

6.2 NON-APPROPRIATION OF FUNDS



County's obligation may be limited if it is payable only and solely from funds appropriated for the purpose of this Agreement. 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 County shall, at its sole discretion, either (i) terminate this Agreement as of June 30 of the last fiscal year for which funds were appropriated or (ii) reduce the work provided hereunder in accordance with the funds appropriated. County will notify Contractor in writing of any such non-appropriation of funds at its election at the earliest possible date.

6.3 COUNTY'S OBLIGATION FOR FUTURE FISCAL YEARS

In the event that County's Board of Supervisors adopts, in any fiscal year, a County Budget which provides for the reductions in the salaries and benefits paid to the majority of County employees and imposes similar reductions with respect to County contracts, County reserves the right to reduce its payment obligation under this Agreement correspondingly for that fiscal year and any subsequent fiscal year during the term of this Agreement (including any extensions), and the services to be provided by Contractor under this Agreement shall also be reduced correspondingly upon mutual agreement. County's notice to Contractor regarding said reduction in payment obligations shall be provided within thirty (30) calendar days of the Board of Supervisors' approval of such actions. Except as set forth in herein, Contractor shall continue to provide all of the services set forth in this Agreement.

**7. INVOICES AND PAYMENTS**

7.1 INVOICES

Contractor shall invoice County only for providing the tasks, deliverables, goods and services and other work set forth in Exhibit A (Statement of Work) and elsewhere in this Agreement. Contractor shall prepare invoices, which shall include the charges owed to Contractor by County under the terms of this Agreement. Contractor's payments shall be made in accordance with Exhibit B (Payment Schedule). Contractor shall be paid only for the tasks, deliverables, goods, services and other work approved in writing by County. If County does not approve work in writing no payment shall be due to Contractor for that work.

7.1.1 Submission of Invoices

Contractor shall submit the monthly invoices to County by the 15<sup>th</sup> calendar day of the month following the month of Service, unless otherwise negotiated, as may be further provided in Exhibit B (Payment Schedule).

Original and two (2) copies of all invoices under this Agreement shall be submitted to the person specified in Section I (County's Key Personnel) of Exhibit D (Administration of Agreement).

7.1.2 Invoice Details

Contractor's invoices shall contain the information as set forth in Exhibit A (Statement of Work) describing the tasks, deliverables, goods, services and other work for which payment is claimed.

Contractor's invoices shall be prepared and submitted in accordance with Exhibit B (Payment Schedule).

### 7.1.3 Approval of Invoices

All invoices submitted by the Contractor for payment must have the written approval of County's Project Manager or delegated local Pharmacy Director prior to any payment thereof as provided in this Paragraph 7.1.3 below. Written approval of invoices shall not be unreasonably withheld. In no event shall the County be liable or responsible for any payment prior to such written approval. Approval for payment will not be unreasonably withheld.

County's Project Manager or delegated local Pharmacy Director will review each invoice for any discrepancies and will, within thirty (30) days of receipt thereof, either approve such invoice or notify Contractor in writing of any discrepancies found upon such review and submit a list of disputed charges. County shall make all payments not disputed in good faith. Contractor shall review the disputed charges and send a written explanation detailing the basis for the charges within thirty (30) days of receipt of County's notice of discrepancies and disputed charges. If County's Project Manager does not receive a written explanation for the charges within such thirty (30) day period, Contractor shall be deemed to have waived its right to justify the original invoice amount, and County, in its sole discretion, shall determine the amount due, if any, to Contractor and pay such amount in satisfaction of the disputed invoice, subject to the Paragraph 11.38 (Dispute Resolution Procedure).

All County correspondence relating to invoice discrepancies shall be sent by email, followed by hard copy, directly to the Project Manager with a copy to County's Project Director at the addresses specified in Section I (County's Key Personnel) of Exhibit D (Administration of Agreement).

### 7.2 SALES/USE TAX

The Contract Sum as set forth and shown in Section 2 of Exhibit B (Payment Schedule) shall be deemed to include all amounts, if any, necessary for County to reimburse Contractor for all applicable California and other state and local sales/use taxes on all goods provided by Contractor to County pursuant to or otherwise due as a result of this Agreement. All California sales/use taxes shall be paid directly by Contractor to the State or other taxing authority.

Contractor shall be solely liable and responsible for, and shall indemnify, defend and hold harmless County from, any and all such California and other state and local sales/use taxes. Further, Contractor shall be solely liable and responsible for, and shall indemnify, defend and hold harmless County from, all applicable California and other state and local sales/use tax on all other items provided by Contractor pursuant to this Agreement and shall pay such tax directly to the State or other taxing authority. In addition, Contractor shall be solely responsible for all taxes based on Contractor's income or gross revenue, or personal property taxes levied or assessed on Contractor's personal property to which County does not hold title.

### 7.3 PAYMENTS

Provided that Contractor is not in material default under any provision of this Agreement, County will pay all invoice amounts to Contractor within forty-five (45) days of receipt of any invoice that has not been disputed in good faith in accordance

with Paragraph 7.1.3 (Approval of Invoices) above. If no payment is remitted by County within sixty (60) days of receipt of any such invoice (hereinafter (“Payment Overdue Date”), Contractor shall be entitled to assess a surcharge of one and a half percent (1.5%) of the undisputed invoice amount for each month beyond the Payment Overdue Date during which County does not remit a payment for such overdue invoice.

Notwithstanding the foregoing, County’s failure to pay an invoice by the Payment Overdue Date within the sixty (60) day period shall not be deemed as automatic invoice approval or Acceptance by County of any deliverable for which payment is sought.

7.4 COUNTY’S RIGHT TO WITHHOLD PAYMENT

Notwithstanding any other provision of this Agreement, and in addition to any rights of County given by law or provided in this Agreement, County may upon written notice to Contractor withhold payment for any deliverable with respect to any County Facility while Contractor, with no fault of County, is in performance related default pursuant to the terms of the Agreement at such County Facility.

**8. CHANGES TO AGREEMENT**

8.1 GENERAL

No representative of either County or Contractor, including those named in this Agreement, is authorized to make any changes in any of the terms, obligations or conditions of this Agreement, except through the procedures set forth in this Paragraph 4. County reserves the right to change any portion of the work required under this Agreement and to any other provisions of this Agreement. All such changes shall be accomplished only as provided in this Paragraph 8.

8.2 CHANGE NOTICES

For any change requested by County which does not affect the scope of work, term, payments or any term or condition of this Agreement, a written Change Notice shall be prepared and executed by County’s Project Director and, if applicable, by Contractor’s Project Director.

8.3 AMENDMENTS

Except as otherwise provided in this Agreement, for any change requested by County which affects the scope of work, term, payments or any term or condition included in this Agreement, a negotiated written Amendment to this Agreement shall be prepared and executed by each of County’s Board of Supervisors and Contractor’s authorized representative(s). Notwithstanding the foregoing, the Director is specifically authorized to execute Amendments to this Agreement on behalf of County upon County’s election to increase or otherwise revise the number of County Pharmacies listed in Attachment A.1 (County Pharmacies) in accordance with the terms negotiated herein, which may require increase in the Contract Sum, by updating among other things Attachment A.1 (County Pharmacies).

8.4 EXTENSION OF TIME

Notwithstanding any other provision of this Paragraph 8.4, to the extent that extensions of time for Contractor performance do not impact either the scope of work, Contract Sum, or the term of the Agreement, County’s Project Director, in his/her

sole discretion, may grant Contractor extensions of time in writing for the work listed in the CFS Project Plan, provided such extensions shall not exceed a total of six (6) months beyond CFS Acceptance.

8.5 BOARD ORDERS

Notwithstanding any other provision of this Paragraph 8.5 or Paragraph 12.2 (Termination for Convenience), Director shall take all appropriate action to carry out any orders of County's Board of Supervisors relating to this Agreement and/or directly impacting the Services hereunder, and, for this purpose, Director is authorized to: (i) issue written notice(s) of partial or total termination of this Agreement pursuant to Paragraph 12.2 (Termination for Convenience) without further action by County's Board of Supervisors and/or (ii) prepare and execute Amendment(s) to this Agreement, which shall reduce the scope of work and the Contract Sum without further action by County's Board of Supervisors.

8.5.1 Such notices of partial or total termination shall be authorized under the following conditions:

1. Notices shall be in compliance with all applicable Federal, State, and County laws, rules, regulations, ordinances, guidelines, and directives.
2. Director shall obtain the approval of County Counsel for any notice.
3. Director shall file a copy of all notices with the Executive Office of County's Board of Supervisors and County's Chief Executive Office within fifteen (15) days after execution of each notice.

8.5.2 Such Amendments shall be authorized under the following conditions:

1. Amendments shall be in compliance with all applicable Federal, State, and County laws, rules, regulations, ordinances, guidelines, and directives.
2. County's Board of Supervisors has appropriated sufficient funds for purposes of such Amendments and this Agreement.
3. Director shall obtain the approval of County Counsel for any Amendment.
4. Director shall file a copy of all Amendments with the Executive Office of County's Board of Supervisors and County's Chief Executive Office within fifteen (15) days after execution of each Amendment.

8.6 COUNTY AFFILIATES

Notwithstanding the provisions of Paragraph 8.3 (Amendments) above, the Director is specifically authorized to execute Amendments to this Agreement on behalf of County upon County's election to extend the scope of this Agreement, including Central Fill Services, to any Affiliate Pharmacies in accordance with the terms negotiated herein, which may require increase in the Contract Sum, and execute any subscription agreement, if required, amongst and between County, any Affiliate Pharmacies and/or Contractor. Any added Affiliate Pharmacies will be added to Attachment A.1 (County Pharmacies) and will be eligible to receive services hereunder.

8.7 FACSIMILE

Except for the parties' initial signatures to this Agreement, which must be provided in "original" form and not by facsimile, County and Contractor hereby agree to regard

facsimile representations of original signatures of authorized officials of each party, when appearing in appropriate places on the Change Notices prepared pursuant to this Paragraph 4 and received via communications facilities, as legally sufficient evidence that such original signatures have been affixed to Change Notices under this Agreement, such that the parties need not follow up facsimile transmissions of such documents by subsequent (non-facsimile) transmissions of “original” versions of such documents.

## **9. INDEMNIFICATION**

### **9.1 GENERAL**

Contractor shall indemnify, defend, and hold harmless County, including County Affiliates, its districts administered by County, and their elected and appointed officers, employees, and agents (collectively referred to for purposes of this Paragraph 9 as “County”) from and against any and all claims, demands, damages, liabilities, losses, costs, and expenses, including, but not limited to, attorney fees, defense costs and legal, accounting and other expert, consulting or professional fees, to the extent arising from or related to claims and lawsuits for damages of any nature whatsoever, including, but not limited to, bodily injury, death, personal injury, or property damage arising from or related to Contractor, Contractor’s agents’, employees’ or subcontractors’ acts or omissions in the performance of services or provision of products hereunder, including, without limitation, any workers’ compensation suits, liability, or expense, arising from or connected with services performed by any person on behalf of Contractor, Contractor’s agents, employees or subcontractors pursuant to this Agreement.

As to the provision of Pharmacist Verification 1 (“PV-1”) services only, County shall indemnify, defend, and hold harmless Contractor, including its officers, employees, and agents from and against any and all claims, demands, damages, liabilities, losses, costs, and expenses, including, but not limited to, defense costs and legal, accounting and other expert, consulting or professional fees, in any way arising from or related to claims and lawsuits for damages of any nature whatsoever, including, but not limited to, bodily injury, death, personal injury, or property damage arising from or connected with the provision of PV-1 services.

### **9.2 INTELLECTUAL PROPERTY INDEMNIFICATION**

Contractor represents and warrants: (i) that Contractor has the full power and authority to grant any license, ownership and all other rights that may be granted by this Agreement to County; (ii) that no consent of any other person or entity is required by Contractor to grant such rights other than consents that have been obtained and are in effect; (iii) that County is entitled to use any software made available or licensed to County by Contractor without interruption, subject only to County’s obligation to make the required payments and observe the applicable license terms, if any, under this Agreement; (iv) that this Agreement and any software made available or licensed to County by Contractor, are neither subject to any liens, encumbrances, or pledges nor subordinate to any right or claim of any third party, including Contractor’s creditors; (v) that during the term of this Agreement, Contractor shall not subordinate this Agreement or any of its rights hereunder to any third party without the prior written consent of County, and without providing in such subordination instrument for non-disturbance of County’s use of any software made

available or licensed to County by Contractor (or any part thereof) in accordance with this Agreement; and (vi) that neither the performance of this Agreement by Contractor, nor any license to or ownership by, and use by, County and its users of any software made available or licensed to County by Contractor in accordance with this Agreement will in any way violate any non-disclosure agreement, nor constitute any infringement or other violation of any copyright, trade secret, trademark, service mark, patent, invention, proprietary information, or other rights of any third party.

Notwithstanding any provision to the contrary, whether expressly or by implication, Contractor shall indemnify, defend, and hold harmless the County its Special Districts, elected and approved officers, employees and agents (collectively referred to for purposes of this Paragraph 9.2 as “County”) from and against any and all liability, including but not limited to demands, claims, actions, fees, damages, costs, and expenses (including attorneys and expert witness fees) arising from any alleged or actual infringement of any third party’s patent or copyright, or any alleged or actual unauthorized trade secret disclosure, arising from or related to this Agreement and/or the operation and use of any software made available or licensed to County by Contractor (collectively referred to for purposes of this Paragraph 9.1 as “Infringement Claim(s)”).

- 9.3 Any legal defense pursuant to Contractor’s indemnification obligations under this Paragraph 9 shall be conducted by Contractor and performed by counsel selected by Contractor. County shall provide Contractor with information, reasonable assistance, and authority to defend or settle the claim. Notwithstanding the foregoing, County shall have the right to participate in any such defense at its sole cost and expense. Notwithstanding the preceding sentence, County shall have the right to participate in any such defense at its sole cost and expense, except that in the event Contractor fails to provide County with full and adequate defense, as determined by County in its sole judgment, County shall be entitled to retain its own counsel, including without limitation, County Counsel, and reimbursement from Contractor for all such costs and expenses incurred by County in doing so. Contractor shall not have the right to enter into any settlement, agree to any injunction or other equitable relief, or make any admission, in each case, on behalf of County without county’s prior written approval.

## **10. INSURANCE**

### **10.1 GENERAL PROVISIONS FOR ALL INSURANCE COVERAGE**

Without limiting Contractor’s indemnification of County, and in the performance of this Agreement and until all of its obligations pursuant to this Agreement have been met, Contractor shall provide and maintain at its own expense insurance coverage satisfying the requirements specified in this Paragraphs 10 (Insurance) and Paragraph 10.1.1 (Evidence of Coverage and Notice of County) of this Agreement. These minimum insurance coverage terms, types and limits (the “Required Insurance”) also are in addition to and separate from any other Agreement obligation imposed upon Contractor pursuant to this Agreement. County in no way warrants that the Required Insurance is sufficient to protect Contractor for liabilities which may arise from or relate to this Agreement.

#### **10.1.1 Evidence of Coverage and Notice of County**

- 10.1.2 Certificate(s) of insurance coverage (Certificate) satisfactory to County, and a copy of an Additional Insured endorsement confirming County and its Agents (defined

below) has been given Additional Insured status under the Contractor's General Liability policy, shall be delivered to County at the address shown below and provided prior to commencing services under this Agreement.

- 10.1.3 Renewal Certificates shall be provided to County prior to Contractor's policy expiration dates. In the event of a claim, and upon request of County's Project Director, Contractor shall provide to County copies of any applicable Contractor and/or subcontractor insurance policies redacted to exclude any non-relevant information.
- 10.1.4 Certificates shall identify all Required Insurance coverage types and limits specified herein, reference this Agreement by name or number, and be signed by an authorized representative of the insurer(s). The Insured party named on the Certificate shall match the name of Contractor identified as the contracting party in this Agreement. Certificates shall provide the full name of each insurer providing coverage and its self-insured retentions exceeding Fifty Thousand (\$50,000.00).
- 10.1.5 Neither County's failure to obtain, nor County's receipt of, or failure to object to a non-complying insurance certificate or endorsement, or any other insurance documentation or information provided by the Contractor, its insurance broker(s) and/or insurer(s), shall be construed as a waiver of any of the Required Insurance provisions.

Certificates and copies of any required endorsements shall be sent to the County Project Manager as identified in Section I of Exhibit D (Administration of Agreement).

Contractor also shall promptly report to County any injury or property damage accident or incident, including any injury to a Contractor employee occurring on County property, and any loss, disappearance, destruction, misuse, or theft of County property, monies or securities entrusted to Contractor. Contractor also shall promptly notify County of any third party claim or suit filed against Contractor or any of its subcontractors which arises from or relates to this Agreement, and could result in the filing of a claim or lawsuit against Contractor and/or County.

10.2 ADDITIONAL INSURED STATUS AND SCOPE OF COVERAGE

County, its Special Districts, Elected Officials, Officers, Agents, Employees and Volunteers (collectively County and its Agents) shall be provided additional insured status under Contractor's General Liability policy with respect to liability arising out of Contractor's ongoing and completed operations performed on behalf of County. County and its Agents additional insured status shall apply with respect to liability and defense of suits arising out of the Contractor's acts or omissions, whether such liability is attributable to Contractor or to County. Use of an automatic additional insured endorsement form is acceptable providing it satisfies the Required Insurance provisions herein.

10.2.1 Cancellation of Insurance

Except in the case of cancellation for non-payment of premium, Contractor shall provide that County shall receive not less than thirty (30) days advance written notice by mail of any cancellation of the Required Insurance. Ten (10) days prior notice may be given to County in event of cancellation for non-payment of premium.

10.2.2 Insurer Financing Rating

Coverage shall be placed with insurers acceptable to County with A.M. Best ratings of not less than A-:VII unless otherwise approved by County.

10.2.3 Contractor's Insurance Shall be Primary

Contractor's insurance policies, with respect to any claims related to this Agreement, shall be primary with respect to all other sources of coverage available to Contractor. Any County maintained insurance or self-insurance coverage shall be in excess of and not contribute to any Contractor coverage.

10.2.4 Waiver of Subrogation

To the fullest extent permitted by law, Contractor hereby waives its rights and its insurer(s)' rights of recovery against County under all the Required Insurance for any loss arising from or relating to this Agreement. Contractor shall require its insurers to execute any waiver of subrogation endorsements which may be necessary to affect such waiver.

10.2.5 Subcontractors Insurance Coverage Requirements

Contractor shall provide County with each subcontractor's separate evidence of insurance coverage. Contractor shall be responsible for verifying each subcontractor complies with the Required Insurance provisions herein, and shall require that each subcontractor name County and Contractor as additional insureds on the subcontractor's General Liability policy. Contractor shall obtain County's prior review and approval of any subcontractor request for modification of the Required Insurance.

10.2.6 Deductibles And Self-Insurance Retention (SIRs)

Contractor's policies shall not obligate County to pay any portion of any Contractor deductible or SIR. Contractor shall provide to County documentation supporting Contractor's financial viability.

10.2.7 Claims Made Coverage

If any part of the Required Insurance is written on a claims made basis, any policy retroactive date shall precede the effective date of this Agreement. Contractor understands and agrees it shall maintain such coverage for a period of not less than three (3) years following Agreement expiration, termination or cancellation.

10.2.8 Application of Excess Liability Coverage

Contractor's may use a combination of primary, and excess insurance policies which provide coverage as broad as ("follow form" over) the underlying primary policies, to satisfy the Required Insurance provisions.

10.2.9 Separation of Insured

All liability policies shall provide cross-liability coverage as would be afforded by the standard ISO (Insurance Services Office, Inc.) separation of insureds provision with no insured versus insured exclusions or limitations.

10.2.10 Alternative Risk Financial Programs

County reserves the right to review Contractor use of self-insurance, risk retention groups, risk purchasing groups, pooling arrangements and captive insurance to satisfy the Required Insurance provisions. In the event, upon County's approval, Contractor



resorts to any such alternate risk financial program to satisfy the insurance requirements hereunder.

10.2.11 County Review And Approval Of Insurance Requirements

County reserves the right to review and adjust the Required Insurance provisions, conditioned upon County's determination of changes in risk exposures.

10.3 INSURANCE COVERAGE REQUIREMENTS

10.3.1 Commercial General Liability

10.3.2 Commercial General Liability insurance (providing scope of coverage equivalent to ISO policy form CG 00 01), naming County and its Agents as an additional insured, with limits of not less than:

General Aggregate:	\$2 million
Personal and Advertising Injury:	\$1 million
Each Occurrence:	\$1 million

10.3.3 Automobile Liability

Automobile Liability insurance (providing scope of coverage equivalent to ISO policy form CA 00 01) with limits of not less than \$1 million for bodily injury and property damage, in combined or equivalent split limits, for each single accident. Insurance shall cover liability arising out of Contractor's use of autos pursuant to this Agreement, including owned, leased, hired, and/or non-owned autos, as each may be applicable.

10.3.4 Workers Compensation and Employer's Liability

Workers Compensation and Employers' Liability insurance or qualified self-insurance satisfying statutory requirements, which includes Employers' Liability coverage with limits of not less than \$1 million per accident. If Contractor will provide leased employees, or, is an employee leasing or temporary staffing firm or a professional employer organization (PEO), coverage also shall include an Alternate Employer Endorsement (providing scope of coverage equivalent to ISO policy form WC 00 03 01 A) naming County as the Alternate Employer, and the endorsement form shall be modified to provide that County will receive not less than thirty (30) days advance written notice of cancellation of this coverage provision. If applicable to Contractor's operations, coverage also shall be arranged to satisfy the requirements of any federal workers or workmen's compensation law or any federal occupational disease law.

10.3.5 Professional Liability/Errors and Omissions

Professional Liability/Errors and Omissions Insurance covering Contractor's liability arising from or related to this Agreement, with limits of not less than \$1 million per claim and \$2 million aggregate. Further, Contractor understands and agrees it shall maintain such coverage for a period of not less than three (3) years following this Agreement's expiration, termination or cancellation.

10.3.6 Product/Completed Operations Liability

Product/completed liability insurance with limits of not less than \$1 million.

10.4 FAILURE TO MAINTAIN COVERAGE

Contractor's failure to maintain or to provide acceptable evidence that it maintains the Required Insurance shall constitute a material breach of the Agreement, upon which County immediately may withhold payments due to Contractor, and/or suspend or terminate this Agreement. County, at its sole discretion, may obtain damages from Contractor resulting from said breach.

## **11. INFORMATION TECHNOLOGY AND SECURITY**

### **11.1 OPIS SOFTWARE**

County and the OPIS Software Vendor will have entered into an agreement for the OPIS Software Vendor to license, implement and maintain and support the OPIS Software that will interface with the CFS System. Contractor agrees to enter into its own agreement with the OPIS Software Vendor, pursuant to which Contractor will be obligated to pay the OPIS Software Vendor for the cost of the OPIS Software license and implementation for all County Pharmacies, including any and all interfaces between the OPIS Software and the CFS System.

### **11.2 DISCLOSURE OF INFORMATION**

This Agreement, including all of its terms and conditions with the exception of those specifically marked as "PROPRIETARY" or "CONFIDENTIAL" and any Confidential Information (as defined in Paragraph 11.3 (Confidentiality and Security)), is subject to the California Public Records Act. Should Contractor need to identify its services and related clients, Contractor shall publicize its role under this Agreement under the following conditions:

1. Contractor shall develop all publicity material in a professional manner.
2. During the term of this Agreement, Contractor shall not, and shall not authorize another to, publish or disseminate any commercial advertisements, press releases, feature articles, or other materials using the name of County without the prior written consent of County's Project Director, which consent shall not be unreasonably withheld.
3. Contractor may, without the prior written consent of County, indicate in its proposals and sales that it has been awarded this Agreement with County, provided that the requirements of this Paragraph 11.2 shall apply.

### **11.3 CONFIDENTIALITY AND SECURITY**

- 11.3.1 Each party shall protect, secure and keep confidential all records, materials, documents, data and/or other information, including but not limited to billing and sensitive financial information, County records, data and information, County Materials, Protected Health Information (as such term is defined in the Business Associate Agreement) and any other data, records and information received, obtained and/or produced under the provisions of this Agreement or deemed confidential by applicable Federal, State or local law (hereinafter "Confidential Information"), subject to the California Public Records Act. Each party shall use whatever appropriate security measures are necessary to protect such Confidential Information from loss, damage and/or unauthorized dissemination by any cause, including but not limited to fire and theft.

A party's Confidential Information shall not include information that: (i) was lawfully known to either party prior to the disclosure by the other; (ii) is or becomes generally

available to the public other than by breach of this Agreement; (iii) otherwise becomes lawfully available on a non-confidential basis from a third party who is not under an obligation of confidence to either party; or (iv) is independently developed by the other party.

Contractor shall not disclose to any person or entity any information identifying, characterizing or relating to any trait, feature, function, risk, threat, vulnerability, weakness or problem regarding any data or system security in County's computer system(s), nor any safeguard, counter-measure, contingency plan, policy or procedure for any data or system security contemplated or implemented by County without County's prior written consent.

- 11.3.2 Contractor shall ensure that all of its officers, employees, agents and subcontractors performing work hereunder have entered into confidentiality agreements no less protective of County's confidentiality than the terms of this Agreement, including this Paragraph 11.3 and Exhibit C (Confidentiality and Assignment Agreement).

Subject to and in addition to the provisions of Paragraph 9 (Indemnification), Contractor shall indemnify, defend and hold harmless County, its officers, employees, and agents, from and against any and all loss, damage, liability, and expense, including, but not limited to, defense costs and legal, accounting and other expert, consulting or professional fees, to the extent arising from or related to any disclosure of such Confidential Information by Contractor, its officers, employees, or agents, except for any disclosure specifically authorized by this Paragraph 11.3.

- 11.3.3 With respect to any Confidential Information obtained by Contractor pursuant to this Agreement, Contractor shall: (i) ensure that only those Contractor personnel and/or subcontractor employees required to perform the work hereunder shall have access to such information; (ii) not use any such information for any purpose whatsoever other than carrying out the express terms of this Agreement; (iii) promptly transmit to County all requests for disclosure of any such information; (iv) not disclose, except as otherwise specifically permitted by this Agreement, any such information to any person or organization other than County without County's prior written authorization that the information is releasable; and (v) upon expiration or termination of this Agreement, return all such information to County or maintain such information according to the procedure set forth herein or written procedures sent to Contractor by County for this purpose.

- 11.3.4 Contractor acknowledges that a breach by either party of this Paragraph 11.3 may result in irreparable injury to County that may not be adequately compensated by monetary damages and that, in addition to County's other rights under this Paragraph 11.3 and at law and in equity, County shall have the right to seek injunctive relief to enforce the provisions of this Paragraph 11.3. The provisions of this Paragraph 11.3 shall survive the expiration or termination of this Agreement.

#### 11.4 PROPRIETARY CONSIDERATIONS

##### 11.4.1 County Materials

Contractor and County agree that all materials, plans, reports, project plans including the CFS Project Plan, documentation and training materials developed by or solely for County, departmental procedures and processes, deliverables, data and any other information provided by County or by Contractor pursuant to and for delivery to County under this Agreement (collectively "County Materials"), and all copyrights,

patent rights, trade secret rights and other proprietary rights therein shall be the sole property of County, excluding materials in which Contractor or any subcontractor, as applicable, have Proprietary Rights. Contractor hereby assigns and transfers to County all of Contractor's right, title, and interest in and to all such County Materials, provided that notwithstanding such County ownership, Contractor may retain possession of all working papers prepared by Contractor. During and for a minimum of five (5) years subsequent to the term of this Agreement, Contractor shall retain any and all such working papers. County shall have the right to inspect any and all such working papers, make copies thereof, and use the working papers and the information contained therein.

#### 11.4.2 Transfer to County

Upon request of County, Contractor shall execute all documents reasonably requested by County and shall perform all other acts reasonably requested by County to assign and transfer to, and vest in, County all Contractor's right, title and interest in and to the County Materials, including, but not limited to, all copyright, patent and trade secret rights. County shall have the right to register all copyrights and patents in the name of County of Los Angeles. Further, County shall have the right to assign, license or otherwise transfer any and all County's right, title and interest, including, but not limited to, copyrights and patents, in and to the County Materials.

#### 11.4.3 Contractor's Obligations

Contractor shall protect the security of and keep confidential all County Materials and shall use commercially reasonable security measures are necessary to protect all such County Materials from loss or damage by any cause, including fire and theft.

#### 11.4.4 Proprietary and Confidential

Any and all County 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 County's Project Director as proprietary or confidential, and shall be plainly and prominently marked by Contractor as "PROPRIETARY" or "CONFIDENTIAL".

Notwithstanding any other provision of this Agreement, County shall not be obligated in any way under this Agreement for:

1. Any disclosure of any materials which County is required to make under the California Public Records Act or otherwise by law. County will use commercial reasonable efforts to give Contractor prior written notice before making any such disclosures; and
2. Any Contractor's proprietary and/or confidential materials not plainly and prominently marked with restrictive legends.

## **12. AGREEMENT TERMINATION**

### 12.1 TERMINATION FOR DEFAULT

Either party may terminate or suspend this Agreement for default of the other party as provided in this Paragraph 12.1 below. Such suspension or termination may be made in whole or in part with respect to any or all of the affected County Facilities, as determined by the party wronged as result of default of the other party.

### 12.1.1 County Default

Contractor may, by written notice to County, terminate or suspend this Agreement for default due to County's non-payment as provided in this Paragraph 12.1.1. If County does not remit any undisputed applicable CFS Fees by the Payment Overdue Date, then Contractor may escalate County's non-payment starting from Contractor's Project Manager and County's Project Manager in accordance with the Dispute Resolution Procedure. If, following the Dispute Resolution Procedure, the non-payment dispute is not resolved by the parties within thirty (30) days, then Contractor shall be entitled upon written notice to County to either (i) terminate this Agreement, or (ii) suspend Contractor's performance under this Agreement until County cures the non-payment. If Contractor elects to suspend performance under clause (ii) of the preceding sentence, Contractor may thereafter terminate this Agreement upon written notice to County.

### 12.1.2 Contractor Default

County may, by written notice to Contractor, suspend or terminate the whole or any part of this Agreement if:

1. Contractor fails to timely provide and/or satisfactorily perform any task, subtask, deliverable, goods, service or other work within the times specified in this Agreement, including the finalized CFS Project Plan; or
2. Contractor fails to demonstrate a high probability of timely fulfillment of the performance requirements under this Agreement; or
3. Contractor fails to make progress as to endanger performance of this Agreement in accordance with its terms; or
4. Contractor fails to perform or comply with any other provisions of this Agreement or materially breaches this Agreement;

and does not cure such failure or fails to correct such failure or breach within thirty (30) days (or such longer period as County may authorize in writing) of receipt of written notice from County specifying such failure or breach, except that Contractor shall not be entitled to any cure period, and County may terminate immediately, in the event that Contractor's failure to perform or comply is not reasonably capable of being cured without good reason, prior communication and not primarily due to County's fault.

If, after County has given notice of termination under the provisions of this Paragraph 12.1.2, it is determined by County that Contractor was not in default, or that the default was excusable, upon written notice by County to Contractor, the rights and obligations of the parties shall be the same as if the notice of termination had been issued pursuant to Paragraph 12.2 (Termination for Convenience).

The rights and remedies of the parties provided in this Paragraph 12.1.2 shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Agreement.

## 12.2 TERMINATION FOR CONVENIENCE

- 12.2.1 Commencing upon one (1) year from the CFS-Live of the first County Facility implemented, this Agreement may be terminated, in whole or in part, permanently or from time to time, when such action is deemed by County to be in its best interest.

Termination of work hereunder shall be effected by notice of termination to Contractor specifying the extent to which performance of work is terminated and the date upon which such termination becomes effective, which shall be no less than sixty (60) calendar days after the notice is sent. In the event County has purported to terminate this Agreement for default by notice pursuant to Paragraph 12.1 (Termination for Default) and it has later been determined that Contractor was not in default, no additional notice shall be required upon such determination.

- 12.2.2 After receipt of a notice of termination, Contractor shall submit to County, in the form and with any certifications as may be prescribed by County, Contractor's termination claim and invoice. Such claim and invoice shall be submitted promptly, but no later than thirty (30) days from the effective date of termination.
- 12.2.3 Following a determination by authorized officials of either the Federal or State government that any provision of this Agreement violates either Federal or State law, or both, or following a court determination that any provision of this Agreement violates either Federal or State law, or both, the parties shall terminate this Agreement within thirty (30) calendar days if the parties are unable, within the interim, to negotiate a revised Agreement that cures the violation(s).

### 12.3 TERMINATION FOR INSOLVENCY

- 12.3.1 County may terminate this Agreement immediately at any time upon the occurrence of any of the following:
1. Insolvency of Contractor. Contractor shall be deemed to be insolvent if it has ceased to pay or has admitted in writing its inability to pay its debts for at least sixty (60) days in the ordinary course of business or cannot pay its debts as they become due, whether or not a petition has been filed under the United States Bankruptcy Code and whether or not Contractor is insolvent within the meaning of the United States Bankruptcy Code, provided that Contractor shall not be deemed insolvent if it has ceased in the normal course of business to pay its debts which are disputed in good faith and which are not related to this Agreement as determined by County;
  2. The filing of a voluntary or involuntary petition to have Contractor declared bankrupt, where the involuntary petition is not dismissed within sixty (60) days;
  3. The appointment of a receiver or trustee for Contractor; or
  4. The execution by Contractor of an assignment for the benefit of creditors.
- 12.3.2 The rights and remedies of County provided in this Paragraph 12.3 shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Agreement.
- 12.3.3 Contractor agrees that if Contractor as a debtor-in-possession, or if a trustee in bankruptcy, rejects this Agreement, County may elect to retain its rights under this Agreement, as provided under Section 365(n) of the United States Bankruptcy Code (11 United States Code, Section 365(n)). Upon written request of County to Contractor or the trustee in bankruptcy, as applicable, Contractor or such trustee shall allow County to exercise all of its rights and benefits under this Agreement including, without limitation, such Section 365(n), and shall not interfere with the rights and

benefits of County as provided therein. The foregoing shall survive the termination or expiration of this Agreement for any reason whatsoever.

12.4 TERMINATION FOR IMPROPER CONSIDERATION

12.4.1 County may, by written notice to Contractor, immediately terminate the right of Contractor to proceed under this Agreement if it is found that consideration, in any form, was offered or given by Contractor, either directly or through an intermediary, to any County officer, employee or agent with the intent of securing this Agreement or securing favorable treatment with respect to the award, Amendment or extension of the Agreement or the making of any determinations with respect to Contractor's performance pursuant to this 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.

12.4.2 Contractor shall immediately report any attempt by a County officer or employee to solicit such improper consideration. The report shall be made either to County manager charged with the supervision of the employee or to County's Auditor-Controller Employee Fraud Hotline at (213) 974 0914 or (800) 544 6861. County shall report to Contractor any attempt by a Contractor employee to provide any improper consideration to a County employee to the Cardinal Health Business Conduct Hot line (800) 926-0834.

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

12.5 EFFECT OF TERMINATION

In the event that either party, upon notice to the other, terminates this Agreement in whole or in part as provided herein, including pursuant to Paragraphs 12.1 (Termination for Default) through 12.4 (Termination for Improper Consideration), then:

1. Contractor and County shall continue the performance of this Agreement to the extent not terminated; and
2. Contractor shall stop work under this Agreement on the date and to the extent specified in such notice and provide to County all completed work and work in progress, in a media reasonably requested by County; and
3. Contractor shall promptly return to County any and all of County's Confidential Information and County Materials that relate to that portion of the Agreement and work terminated by County; and
4. After receipt of a notice of termination, Contractor shall submit to County, in the form and with any certifications as may be prescribed by County, Contractor's termination claim and invoice within thirty (30) days from the effective date of termination; and
5. County shall pay Contractor all monies due in accordance with the terms of the Agreement for the work completed up to the time of termination; and
6. Contractor shall return to County all monies paid by County, yet unearned by Contractor, if applicable; and

7. Notwithstanding the foregoing, upon termination for default under Paragraph 12.1 (Termination for Default) during CFS Project Plan at any County Pharmacy, Contractor shall return all monies paid by County to Contractor during such CFS Implementation, and County shall return to Contractor all products of such terminated CFS Implementation and any fees paid by Contractor for the cost of the OPIS Software license and implementation under Contractor's agreement with the OPIS Software for the benefit of County; and
8. County shall have the right to procure, upon such terms and in such a manner as County may deem appropriate, goods, services, and other work, similar to those so terminated, and Contractor shall be liable to County for, and shall promptly pay to County by cash payment, any and all excess costs reasonably incurred by County to procure and furnish such similar goods, services, and other work.

### **13. STANDARD TERMS AND CONDITIONS**

#### **13.1 PROHIBITION AGAINST ASSIGNMENT AND DELEGATION**

Contractor shall not assign its rights and/or delegate its duties under this Agreement, or do both, whether in whole or in part, without the prior written consent of County, which consent shall not be unreasonably withheld, and any attempted assignment or delegation without such consent shall be null and void. For purposes of this Paragraph 13.1, County's consent shall require a written Amendment to this Agreement, which is formally approved and executed in accordance with Paragraph 8 (Changes to Agreement). Any payments by County to any approved delegatee or assignee on any claim under this Agreement, in consequence of any such consent, shall reduce dollar for dollar any claims which Contractor may have against County and shall be subject to set off, recoupment, or other reduction for any claims which County may have against Contractor, whether under this Agreement or otherwise.

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 this Agreement, such disposition is an assignment requiring the prior consent of County in accordance with the applicable provisions of this Agreement.

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

#### **13.2 SUBCONTRACTING**

- 13.2.1 County has relied, in entering into this Agreement, on the reputation of and on obtaining the personal performance of Contractor itself. Consequently, no



performance of this Agreement, or any portion thereof, shall be subcontracted by Contractor without the prior written approval of County as provided in this Paragraph 13.2. Any attempt by Contractor to subcontract, or reassign or terminate a subcontract with any County approved subcontractor for, any performance under this Agreement without the prior written consent of County shall be null and void and shall be deemed a material breach of this Agreement, upon which County may immediately terminate this Agreement. Notwithstanding the foregoing, Contractor has identified and entered into subcontract(s) with various PRN Staffing agencies, which are deemed approved by County (collectively referred to for purposes of this Paragraph 13.2.1 as “preapproved subcontractor(s)”) for the purpose of this Paragraph 13.2.1.

13.2.2 If Contractor desires to subcontract any portion of its performance under this Agreement with contractors other than preapproved subcontractor(s), Contractor shall provide to County, in writing, a request for written approval to enter into the particular subcontract, which request shall include:

1. The reason(s) for the particular subcontract;
2. Identification of the proposed subcontractor and an explanation of why and how the proposed subcontractor was selected;
3. A detailed description of the work to be performed by the proposed subcontractor;
4. Confidentiality provisions applicable to the proposed subcontractor’s officers, employees and agents, which would be incorporated into the subcontract;
5. A draft copy of the proposed subcontract agreement, which shall, at a minimum:
6. (a) include representations and warranties by subcontractor that subcontractor (i) is qualified to perform the work for which subcontractor has been hired; (ii) maintains the insurance required by this Agreement, and (iii) is solely liable and responsible for any and all of its taxes, payments and compensation, including compensation to its employees; (b) provide for indemnification by subcontractor of County and Contractor under the same terms and conditions as the indemnification provisions of this Agreement set forth in Paragraphs 9 (Indemnification); and (c) include (i) Exhibit C (Confidentiality and Assignment Agreement), (ii) Exhibit F (Contractor’s EEO Certification), (iii) Exhibit G (Safely Surrendered Baby Law) and (iii) any other standard County required provisions.
7. Unless otherwise waived by County, copies of certificates of insurance from the proposed subcontractor which establish that the subcontractor maintains the minimum programs of insurance required by County.
8. Other pertinent information and/or certifications requested by County.

County will review Contractor’s request to subcontract and determine on a case-by-case basis whether or not to consent to such request, which consent shall not be unreasonably withheld.

13.2.3 Subject to and in addition to the provisions of Paragraph 9 (Indemnification), Contractor shall indemnify, defend and hold harmless County, including County

Affiliates, its officers, employees and agents, from and against any and all claims, demands, liabilities, damages, costs and expenses, including, but not limited to, defense costs and legal, accounting or other expert consulting or professional fees to the extent arising from or related to Contractor's use of any subcontractor, including, without limitation, any officers, employees or agents of any subcontractor, in the same manner as required for Contractor, its officers, employees and agents, under this Agreement.

- 13.2.4 Notwithstanding County's consent to any subcontracting, Contractor shall remain fully responsible for any and all performance required of it under this Agreement, including those which Contractor has determined to subcontract, including, but not limited to, the obligation to properly supervise, coordinate and perform all work required under this Agreement. All subcontracts shall be made in the name of Contractor and shall not bind nor purport to bind County. Furthermore, County approval of any subcontract shall not be construed to limit in any way Contractor's performance, obligations, or responsibilities, to County, nor shall such approval limit in any way any of County's rights or remedies contained in this Agreement. Additionally, County's approval of any subcontract shall not be construed in any way to constitute the determination of the allowableness or appropriateness of any cost or payment under this Agreement.
- 13.2.5 County's consent to any subcontracting shall not waive County's right to prior and continuing approval of any and all personnel, including subcontractor employees, providing services under this Agreement. Contractor shall notify its subcontractors of this County's right prior to subcontractors commencing performance under this Agreement. Contractor shall assure that any subcontractor personnel not approved in writing by County shall be immediately removed from the provision of any services under the particular subcontract or that other action is taken as reasonably requested by County. Further, in the event that County consents to any subcontracting, such consent shall be subject to County's right to terminate, in whole or in part, any subcontract at any time upon written notice to Contractor when such subcontractor is deemed by County to be in material breach of its subcontract or this Agreement. County shall not be liable or responsible in any way to Contractor, to any subcontractor, or to any officers, employees, or agents of Contractor or any subcontractor, for any claims, demands, damages, liabilities, losses, costs, or expenses, including, but not limited to, defense costs and legal, accounting and other expert, consulting or professional fees, in any way arising from or related to County's exercise of such right.
- 13.2.6 Notwithstanding County's consent to any subcontracting, Contractor shall be solely liable and responsible for any and all payments and other compensation to all subcontractors, and their officers, employees, agents, and successors in interest, for any services performed by subcontractors under this Agreement.
- 13.2.7 In the event that County consents to any subcontracting, for each subcontract entered into by Contractor, Contractor shall deliver to County's Project Director immediately after the effective date of the subcontract but in no event later than the date any work is performed under the subcontract:
1. A fully executed copy of each subcontract entered into by Contractor, including those entered into with any preapproved subcontractors;

2. An executed Exhibit C (Confidentiality and Assignment Agreement) for each subcontractor approved to perform work under this Agreement; and
  3. An executed Exhibit E (Business Associate Agreement) for each subcontractor, approved to perform work under this Agreement, if required by County; and
  4. Unless otherwise waived by County, certificates of insurance which establish that the subcontractor maintains the minimum programs of insurance required by County.
- 13.2.8 In the event that County consents to any subcontracting, such consent shall apply to each particular subcontract only and shall not be, or be construed to be, a waiver of this Paragraph 13.2 or a blanket consent to any further subcontracting.
- 13.3 RECORDS AND AUDITS
- 13.3.1 Contractor shall maintain accurate and complete financial records of its activities and operation relating to this Agreement in accordance with generally accepted accounting principles. Contractor shall also maintain accurate and complete employment and other records relating to its performance of this Agreement. All such material, including, but not limited to, all financial records, employment records including time cards to the extent legally permissible, and proprietary data and information, shall be kept and maintained by Contractor during the term of this Agreement and for a period of five (5) years thereafter, unless County's written permission is given to dispose of any such material prior to such time. Upon good cause shown in writing, and to the extent such access rights do not constitute an unlawful invasion of privacy of any Contractor employee and would subject Contractor to legal liability, all such material shall be made available by Contractor to County at a location in Los Angeles County. If any such material is located outside Los Angeles County, then, at Contractor's option, the material shall be made available to County at a location in Los Angeles County or Contractor shall pay County for travel, per diem, and other reasonable costs incurred by County to examine, audit, excerpt, copy or transcribe such material at such other location, provided that Contractor's liability for such County incurred costs shall be subject to the transportation, meals and lodging expenditure limits set forth in the then current Chapter 5.40 (Travel and Other Expenses) of the Los Angeles County Code and embodied in Exhibit H (County's Travel Expense Reimbursement Policy).
- 13.3.2 In the event that an audit is conducted of Contractor specifically regarding this Agreement by any Federal or State auditor, or by any auditor or accountant employed by Contractor or otherwise, then Contractor shall provide a copy of such audit report to County's Project Manager within thirty (30) days of Contractor's receipt thereof, unless otherwise provided by applicable Federal or State law or under this Agreement. County will make reasonable efforts to maintain the confidentiality of such audit report(s).
- 13.3.3 Failure on the part of Contractor to comply with any of the provisions of this Paragraph 13.3 shall constitute a material breach of this Agreement upon which County may terminate or suspend this Agreement.
- 13.3.4 FINANCIAL STATEMENTS

Beginning one (1) year after the Effective Date and every year thereafter, until the expiration or termination of this Agreement, if unavailable publicly, Contractor shall submit to County a complete set of financial statements for the preceding Fiscal Year. Such statements shall be no more than eighteen (18) months old at the time of submission to County and shall, at a minimum, include a Balance Sheet (Statement of Financial Position) and Income Statement (Statement of Operations). If audited statements are available, they shall be submitted to meet this requirement. In addition, Contractor shall submit a statement regarding any material pending litigation since Contractor last reported same to County that would materially impact Contractor's ability to provide services under this Agreement.

13.4 INDEPENDENT CONTRACTOR STATUS

13.4.1 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 are not and shall not be, or construed to be, the employees or agents of the other party for any purpose whatsoever. Contractor shall function as, and in all respects is, an independent contractor.

13.4.2 Contractor shall be solely liable and responsible for providing to, or on behalf of, all persons performing work pursuant to this Agreement, all compensation and benefits. County shall have no liability or responsibility for the payment of any salaries, wages, unemployment benefits, disability benefits, Federal, State, or local taxes, or other compensation, benefits, or taxes for any personnel provided by or on behalf of Contractor.

13.4.3 Contractor shall be solely liable and responsible for providing all workers' compensation insurance and benefits, liability insurance, employer taxes, compensation, and benefits to, or on behalf of, all persons performing work pursuant to this Agreement.

13.4.4 Notwithstanding the provisions of this Paragraph 13.4, the employees and agents of Contractor shall, while on the premises of County, comply with all rules and regulations of the premises, including, but not limited to, security requirements.

13.5 WARRANTY AGAINST CONTINGENT FEES

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

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

13.6 MOST FAVORED PUBLIC ENTITY

If Contractor's prices decline, or should Contractor, at any time during the term of this Agreement, provide the same goods or services under similar quantity and delivery conditions to the State of California or any county, municipality, or district of the State with substantially similar requirements as those of County at prices and

terms below those set forth in this Agreement, then such lower prices shall be immediately extended to County for future acquisitions under this Agreement. County shall have the right, at County's expense, to utilize a County auditor or an independent auditor to verify Contractor's compliance with this Paragraph 13.6 by review of Contractor's books and records upon prior written notice containing sufficient facts to justify reasonable suspicion of violation of this provision.

13.7 CONFLICT OF INTEREST

13.7.1 No County employee whose position with County enables such employee to influence the award of this Agreement or any competing agreements, 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 performance of work hereunder, shall in any way participate in County's approval or ongoing evaluation of such work, or in any way attempt to unlawfully influence County's approval or ongoing evaluation of such work.

13.7.2 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 do or could create a conflict of interest. If Contractor hereafter becomes aware of any facts, which might reasonably be expected to create a conflict of interest, it shall immediately make full written disclosure of such facts to County. Full written disclosure shall include, but is not limited to, identification of all persons implicated and a complete description of all relevant circumstances.

13.7.3 Failure by Contractor to comply with the provisions of this Paragraph 13.7 shall constitute a material breach of this Agreement.

13.8 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 the terms, conditions and performance standards of this Agreement. Contractor deficiencies, which County determines are severe or continuing and that may place performance of this Agreement in jeopardy, if not corrected, will be reported to County's Board of Supervisors along with a notice to Contractor. The report will include improvements and/or corrective action measures taken by County and Contractor. If improvement does not occur consistent with the corrective action measures within thirty (30) days of County's notice of Contractor deficiencies, County may, at its sole option, terminate this Agreement, in whole or in part, pursuant to Paragraph 12.1 (Termination for Default) or Paragraph 12.2 (Termination for Convenience), or impose other penalties as specified in this Agreement.

13.9 FORCE MAJEURE

13.9.1 Except with respect to defaults of any subcontractor(s), Contractor shall not be liable for reasonable delays in the completion of work under this Agreement, if its failure to perform arises out of circumstances including but not limited to, , fires, floods, epidemics, quarantine restrictions, other natural occurrences, strikes or freight embargoes, but in every such case the failure to perform must be beyond the control and without any fault or negligence of Contractor.

- 13.9.2 If the failure to perform is caused by the default of a subcontractor, and if such default arises out of causes beyond the control of both Contractor and subcontractor, and without any fault or negligence of either of them, Contractor shall not be liable for reasonable delays in the completion of the work, unless the goods and/or services to be furnished by the subcontractor was obtainable from other sources in sufficient time to permit Contractor to meet the required schedule. Contractor agrees to use all reasonable commercial efforts to obtain such goods or services from other sources. As used in this Paragraph 13.9, the terms “subcontractor” and “subcontractors” mean subcontractor(s) at any tier.
- 13.9.3 Notwithstanding anything herein to the contrary, County shall not be liable for any additional costs incurred by Contractor, or any subcontractor hereto, arising out of or resulting from any Contractor force majeure event.
- 13.10 DISCOUNTS
- If any discount, credit, rebate or other incentive is paid or applied by Contractor, then it is a “discount or other reduction in price” pursuant to the Medicare/Medicaid Anti-Kickback Statute. Each party under this Agreement shall comply with the “safe harbor” regulations stated in 42 C.F.R. § 1001.952(h).
- 13.11 RESOLUTION OF BIDS AND PROPOSALS
- 13.11.1 Contractor acknowledges that, prior to the expiration or earlier termination of this Agreement, County, in its sole discretion, may exercise its right to invite bids or request proposals for the continued provision of the goods and services delivered or contemplated under this Agreement. County shall make the determination to re-solicit bids or request proposals in accordance with applicable County policies.
- 13.11.2 Contractor acknowledges that County, in its sole discretion, may enter into an agreement for the future provision of goods and services, based upon the bids or proposals received, with a provider or providers other than Contractor. Further, Contractor acknowledges that it obtains no greater right to be selected through any future invitation for bids or request for proposals by virtue of its present status as Contractor.
- 13.12 COMPLIANCE WITH APPLICABLE LAWS
- 13.12.1 Contractor’s activities hereunder shall comply with all applicable Federal, State, and local laws, rules, regulations, ordinances, guidelines and directives, and all provisions required thereby to be included in this Agreement are hereby incorporated herein by reference. Contractor shall have up to fifteen (15) days to correct any noncompliance with County rules, regulations, ordinances, guidelines and directives following written notice from County including written copies of such applicable rules, regulations, ordinances, guidelines and/or directives.
- 13.12.2 Subject to and in addition to the provisions of Paragraph 9 (Indemnification), Contractor shall indemnify, defend and hold harmless County, its officers, employees, and agents from and against any and all claims, demands, damages, liabilities, losses, costs and expenses, including, but not limited to, defense costs and legal, accounting and other expert, consulting or professional fees, arising from or related to any violation on the part of Contractor, its employees, agents or subcontractors of any such laws, rules, regulations, ordinances, guidelines or directives.
- 13.13 FAIR LABOR STANDARDS

Contractor shall comply with all applicable provisions of the Federal Fair Labor Standards Act, and shall indemnify, defend and hold harmless County, its officers, employees and agents 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 work performed by Contractor's employees for which County may be found jointly or solely liable.

13.14 NONDISCRIMINATION AND COMPLIANCE WITH CIVIL RIGHTS LAWS

- 13.14.1 Contractor certifies and agrees that all persons employed by it, its affiliates, subsidiaries and holding companies will be treated equally without regard to or because of race, color, religion, ancestry, national origin, sex, age, physical or mental handicap, marital status, sexual orientation or political affiliation, in compliance with all applicable Federal and State anti-discrimination laws and regulations.
- 13.14.2 Contractor shall, pursuant to Los Angeles County Code Section 4.32, certify to and comply with the provisions of Exhibit F (Contractor's EEO Certification).
- 13.14.3 Contractor shall take affirmative action to ensure that applicants and employees are treated equally during employment, without regard to race, color, religion, ancestry, national origin, sex, age, physical or mental handicap, marital status, sexual orientation or political affiliation, in compliance with all applicable Federal and State anti-discrimination laws and regulations. Such action shall include, but is not limited to: employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship.
- 13.14.4 Contractor certifies and agrees that it will deal with its subcontractors, bidders or vendors without regard to or because of race, color, religion, ancestry, national origin, sex, age, physical or mental handicap, marital status, sexual orientation or political affiliation, except to the extent necessary to comply with applicable Federal and State anti-discrimination laws and regulations.
- 13.14.5 Contractor certifies that it, its affiliates, subsidiaries and holding companies are in compliance with all Federal, State, and local laws, including, but not limited to:
1. Title VII, Civil Rights Act of 1964;
  2. Section 504, Rehabilitation Act of 1973;
  3. Age Discrimination Act of 1975;
  4. Title IX, Education Amendments of 1973, as applicable; and
  5. Title 43, Part 17, Code of Federal Regulations, Subparts A & B, and that no person shall, on the grounds of race, creed, color, national origin, political affiliation, marital status, sex, age, or handicap, be subject to discrimination as to any privileges or uses gained under this Agreement or under any project, program or activity supported by this Agreement.
- 13.14.6 In the event of a claim of violation of this Paragraph 13.14, and subject to applicable privacy laws, Contractor shall allow County representatives working on the Agreement access to Contractor's employment records relating to such claim during regular business hours to verify compliance with the provisions of this Paragraph 13.14 when so requested by County.

13.14.7 If County finds that any of the provisions of this Paragraph 13.14 have been violated, such violation shall, at the election of County, constitute a material breach of this Agreement upon which County may 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.

13.14.8 The parties agree that in the event Contractor is found to have violated the anti-discrimination provisions of this Agreement, and that such discrimination was directly associated with the performance of services provided under this Agreement, County may require, pursuant to Los Angeles County Code Section 4.32.010 (E), that Contractor pay the sum of Five Hundred Dollars (\$500) for each such violation, in lieu of terminating or suspending this Agreement, as liquidated damages are extremely difficult to ascertain or calculate precisely. In the alternative, County may elect to terminate this Agreement pursuant to Paragraph 12.1 (Termination for Default).

13.15 NONDISCRIMINATION IN SERVICES

13.15.1 Contractor shall not discriminate in the provision of services hereunder because of race, color, religion, national origin, ancestry, sex, age, or physical or mental handicap, in accordance with all applicable requirements of Federal and State law. For the purpose of this Paragraph 13.15, 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 the facility, providing any service or benefit to any person which is not equivalent or is not provided in an equivalent manner or at an equivalent time to that provided to others; subjecting any person to segregation or separate treatment in any manner related to the receipt of any service; 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.

13.15.2 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 condition of physical or mental handicap.

13.16 COMPLIANCE WITH COUNTY'S JURY SERVICE PROGRAM

13.16.1 Jury Service Program

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

13.16.2 Written Employee Jury Service Policy

Unless Contractor has demonstrated to County's satisfaction either that Contractor is not a "Contractor" as defined under the Jury Service Program (Section 2.203.020 of



County Code) or that Contractor qualifies for an exception to the Jury Service Program (Section 2.203.070 of County Code), Contractor shall have and adhere to a written policy that provides that its Employees (as defined in Paragraph 11.23.2.3 below) shall receive from 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 Contractor or that Contractor deduct from the Employee's regular pay the fees received for jury service.

For purposes of this Paragraph 13.16, "Contractor" means a person, partnership, corporation or other entity which has an agreement with County or a subcontract with 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 agreements or subcontracts. "Employee" means any California resident who is a full time employee of Contractor. "Full time" means forty (40) hours or more worked per week, or a lesser number of hours if: 1) the lesser number is a recognized industry standard as determined by County, or 2) Contractor has a long-standing practice that defines the lesser number of hours as full-time. Full-time employees providing short-term, temporary services of ninety (90) days or less within a 12-month period are not considered full-time for purposes of the Jury Service Program. If Contractor uses any subcontractor to perform services for County under this Agreement, the subcontractor shall also be subject to the provisions of this Paragraph 13.16. The provisions of this Paragraph 13.16 shall be inserted into any such subcontract and a copy of the Jury Service Program shall be attached to the agreement.

If Contractor is not required to comply with the Jury Service Program when the Agreement 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 Program. In either event, Contractor shall immediately implement a written policy consistent with the Jury Service Program. County may also require, at any time during this Agreement and at its sole discretion, that Contractor demonstrate to 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.

Contractor's violation of this Paragraph 13.16 may constitute a material breach of the Agreement. In the event of such material breach, County may, in its sole discretion, terminate this Agreement with Contractor and/or bar Contractor from the award of future County agreements for a period of time consistent with the seriousness of the breach.

13.17 RESTRICTIONS ON LOBBYING

13.17.1 Federal Funds Projects

If any Federal funds are to be used to pay portion for any of Contractor's work under this Agreement, Contractor shall fully comply with all certification and disclosure requirements prescribed by Section 319 of Public law 101-121 (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.

13.17.2 County Projects

Contractor, and each County lobbyist or County lobbying firm, as defined in Los Angeles County Code Section 2.160.010, retained by Contractor, shall fully comply with County's 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 County Lobbyist Ordinance shall constitute a material breach of this Agreement, upon which County may immediately terminate or suspend this Agreement.

13.18 EMPLOYMENT ELIGIBILITY VERIFICATION

- 13.18.1 Contractor warrants that it fully complies with all Federal and State statutes and regulations regarding employment of aliens and others and that all its employees performing services under this Agreement meet the citizenship or alien status requirements contained in Federal and State statutes and regulations, including but not limited to, the Immigration Reform and Control Act of 1986 (P.L. 99-603).
- 13.18.2 Contractor shall obtain from all employees performing under this Agreement, prior to commencing any work hereunder, all verifications 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 the period prescribed by law.
- 13.18.3 Subject to and in addition to the provisions of Paragraph 9 (Indemnification), Contractor shall indemnify, defend, and hold harmless County, its officers, employees and agents from and against any and all claims, demands, damages, liabilities, losses, costs, and expenses, including, but not limited to, defense costs and legal, accounting and other expert, consulting or professional fees, arising out of or in connection with any employer sanctions and any other liability which may be assessed against Contractor or County in connection with any alleged violation of any Federal or State statutes or regulations pertaining to the eligibility for employment of any persons performing work under this Agreement.
- 13.18.4 In the event Contractor fails to comply with the provisions of this Paragraph 13.18, County may, in its sole discretion, terminate this Agreement for default.

13.19 HIRING OF EMPLOYEES

13.19.1 Consideration Of Hiring County Employees Targeted For Layoff On Re-Employment List

Should Contractor require additional or replacement personnel after the Effective Date to perform the work set forth herein, Contractor shall give consideration for such employment openings to qualified permanent County employees who are targeted for layoff and qualified former County employees who are on a re-employment list during the term of this Agreement.

13.19.2 Consideration of GAIN/GROW Program Participants For Employment

Should Contractor require additional or replacement personnel after the Effective Date, Contractor shall give consideration for any such employment openings to participants in 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. For

this purpose, consideration shall mean that Contractor will review resumes and interview qualified candidates. County will refer GAIN/GROW participants by job category to Contractor.

In the event that both laid-off County employees and GAIN/GROW participants are available for hiring, County employees shall be given first priority.

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

13.20.1 Contractor acknowledges that County has established a goal of ensuring that all individuals who benefit financially from County through County agreements 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.

13.20.2 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 State and Federal 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 USC Section 653(a)) and California Unemployment Insurance Code Section 1088.5, and shall, implement all lawfully served Wage and Earnings Withholding Orders or County's Child Support Services Department 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).

13.21 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 Paragraph 13.20 (Contractor's Warranty of Adherence to County's Child Support Compliance Program) shall constitute a default by Contractor under this Agreement. Without limiting the rights and remedies available to County under any other provision of this Agreement, failure to cure such default within ninety (90) days of notice by County's Child Support Services Department shall be grounds upon which the Auditor-Controller or County's Board of Supervisors may terminate this Agreement pursuant to Paragraph 12.1 (Termination for Default) and pursue debarment of Contractor pursuant to Paragraph 13.24 (Contractor Responsibility and Debarment).

13.22 CONTRACTOR'S OBLIGATION UNDER HIPAA

Contractor shall comply with the provisions mandated by HIPAA as a Business Associate of County. Upon execution of this Agreement, but no later than commencing performance of work hereunder, Contractor shall execute the Business Associate Agreement attached as Exhibit E (Business Associate Agreement). Should County amend the Business Associate Agreement as is necessary to comply with the requirements of the Privacy and/or Security Regulations (as such term is defined in the Business Associate Agreement), County shall execute a Change Notice in accordance with Paragraph 8 (Changes to Agreement), and Contractor shall execute the amended Business Associate Agreement immediately thereafter.

13.23 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.

13.24 CONTRACTOR RESPONSIBILITY AND DEBARMENT

- 13.24.1 A responsible contractor is a contractor who has demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity and experience to satisfactorily perform the contract. It is County's policy to conduct business only with responsible contractors.
- 13.24.2 Contractor is hereby notified that, in accordance with Chapter 2.202 of the Los Angeles Code, if County acquires information concerning the performance of Contractor on this Agreement or other contracts which indicates that Contractor is not responsible, County may, in addition to other remedies provided in this Agreement, debar Contractor from bidding or proposing on, or being awarded, and/or performing work on, County agreements for a specified period of time, which generally will not exceed five (5) years, although may exceed five (5) years or be permanent if warranted by the circumstances, and terminate any or all existing agreements Contractor may have with County.
- 13.24.3 County may debar Contractor if County's Board of Supervisors finds, in its discretion, that Contractor has done any of the following: (i) violated any term of an Agreement with County or a nonprofit corporation created by County; (ii) committed any act or omission which negatively reflects on Contractor's quality, fitness or capacity to perform an Agreement with County, any other public entity or a nonprofit corporation created by County, or engaged in a pattern or practice which negatively reflects on same; (iii) committed an act or offense which indicates a lack of business integrity or business honesty; or (iv) made or submitted a false claim against County or any other public entity.
- 13.24.4 If there is evidence that Contractor may be subject to debarment, County's Project Director, or his/her designee, will notify Contractor in writing of the evidence which is the basis for the proposed debarment and will advise Contractor of the scheduled date for a debarment hearing before County's Contractor Hearing Board.
- 13.24.5 The Contractor Hearing Board will conduct a hearing where evidence on the proposed debarment is presented. Contractor and/or Contractor's representative shall be given an opportunity to submit evidence at that hearing. After the hearing, the Contractor Hearing Board will prepare a tentative proposed decision, which shall contain a recommendation regarding whether Contractor should be debarred, and, if so, the appropriate length of time of the debarment. Contractor, County's Project Director, or his/her designee, and County's departments shall be provided with an opportunity to object to the tentative proposed decision prior to its presentation to County's Board of Supervisors.
- 13.24.6 After consideration of any objections, or if no objections are submitted, a record of the hearing, the proposed decision and any other recommendation of the Contractor Hearing Board shall be presented to County's 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.

- 13.24.7 If Contractor has been debarred for a period longer than five (5) years, then 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. County may, in its discretion, reduce the period of debarment or terminate the debarment if it finds that such 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 County.
- 13.24.8 The Contractor Hearing Board will consider a request for review of a debarment determination only where (1) the requesting contractor has been debarred for a period longer than five (5) years, (2) the debarment has been in effect for at least five (5) years and (3) the request is in writing, states one or more of the grounds for reduction of the debarment period or termination of the debarment, and includes supporting documentation. Upon receiving an appropriate request, the Contractor Hearing Board will provide notice of the hearing on the request. At the hearing, the Contractor Hearing Board shall conduct a hearing where evidence on the proposed reduction of debarment period or termination of debarment is presented. This hearing shall be conducted and the request for review decided by the Contractor Hearing Board pursuant to the same procedures as for a debarment hearing.
- 13.24.9 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 County's Board of Supervisors. County's Board of Supervisors shall have the right to modify, deny, or adopt the proposed decision and recommendation of the Contractor Hearing Board.
- 13.24.10 The terms and procedures of Paragraph this 13.24 shall also apply to subcontractors, consultants and partners of Contractor performing work under this Agreement.

13.25 COUNTY AUDIT SETTLEMENTS

If, at any time during or after the term of this Agreement or within five (5) years after the expiration of termination thereof, representatives of County conduct an audit of Contractor regarding the work performed under this Agreement, and if such audit finds that County's dollar liability for such work is less than payments made by County to Contractor, then the difference, together with County's reasonable costs of audit, shall, at County's sole discretion, either be: (i) repaid by Contractor to County by cash payment upon demand; or (ii) at County's sole option, deducted from any amounts due to Contractor from County, whether under this Agreement or otherwise. If such audit finds that County's dollar liability for such work is more than payments made by County to Contractor, then the difference shall be repaid by County to Contractor, provided that in no event shall County's payments to Contractor exceed the Contract Sum set forth in Paragraph 2 (Contract Sum) of Exhibit B (Payment Schedule).

13.26 FEDERAL ACCESS TO RECORDS

If, and to the extent that, Section 1861(v)(1)(i) of the Social Security Act (42 United States Code Section 1395x(v)(1)(i) is applicable, Contractor agrees that for a period of five (5) 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 Comptroller 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.

13.27 LICENSES, PERMITS, REGISTRATIONS, ACCREDITATIONS AND CERTIFICATES

Contractor shall obtain and maintain in effect during the term of this Agreement all licenses, permits, registrations, accreditations and certificates required by all Federal, State, and local laws, ordinances, rules, regulations, guidelines and directives, which are applicable to Contractor's services under this Agreement. Contractor shall further ensure that all of its officers, employees, agents and subcontractors who perform services hereunder, shall obtain and maintain in effect during the term of this Agreement all licenses, permits, registrations, accreditations and certificates which are applicable to their performance hereunder. A copy of each such license, permit, registration, accreditation and certificate required by all applicable Federal, State, and local laws, ordinances, rules, regulations, guidelines and directives shall be provided, in duplicate, to County's Project Director at the address set forth in Section I (County's Key Personnel) of Exhibit D (Administration of Agreement).

13.28 NO THIRD PARTY BENEFICIARIES

Notwithstanding any other provision of this Agreement, Contractor and County do not in any way intend that any person or entity shall acquire any rights as a third party beneficiary of this Agreement, except that this provision shall not be construed to diminish Contractor's indemnification obligations hereunder.

13.29 GOVERNING LAW, JURISDICTION AND VENUE

This Agreement shall be governed by, and construed in accordance with, the laws of the State of California applicable to agreements made and to be performed within the State. 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. As with respect to claims that are subject to exclusive Federal subject matter jurisdiction, Contractor agrees and consents to the exclusive jurisdiction of the Federal District Court of the Central District of California.

13.30 DISPUTE RESOLUTION PROCEDURE

13.30.1 Contractor and County agree to act immediately to mutually resolve any disputes which may arise with respect to this Agreement. All such disputes shall be subject to the provisions of this Paragraph 13.30 (such provisions shall be collectively referred to as the "Dispute Resolution Procedure"). Time is of the essence in the resolution of disputes.

- 13.30.2 Contractor and County agree that, the existence and details of a dispute notwithstanding, both parties shall continue without delay their performance hereunder including the payment of all undisputed amounts, except for any performance which County determines should be delayed as a result of such dispute.
- Subject to the provisions of Paragraph 7.3 (Payments), if Contractor fails to continue without delay its performance hereunder which County, in its sole discretion, determines should not be delayed as a result of such dispute, then any additional costs which may be incurred by Contractor or County as a result of Contractor's failure to continue to so perform shall be borne by Contractor, and Contractor shall make no claim whatsoever against County for such costs. Contractor shall promptly reimburse County for such County costs, as determined by County, or County may deduct all such additional costs from any amounts due to Contractor from County.
- If County fails to continue without delay to perform its responsibilities under this Agreement which County determines should not be delayed as a result of such dispute, then any additional costs incurred by Contractor or County as a result of County's failure to continue to so perform shall be borne by County, and County shall make no claim whatsoever against Contractor for such costs. County shall promptly reimburse Contractor for all such additional Contractor costs subject to the approval of such costs by County.
- 13.30.3 In the event of any dispute between the parties with respect to this Agreement, Contractor and County shall submit the matter to County's Project Manager and Contractor's Project Manager for the purpose of endeavoring to resolve such dispute.
- 13.30.4 In the event that County's Project Manager and Contractor's Project Manager are unable to resolve the dispute within a reasonable time not to exceed fifteen (15) days from the date of submission of the dispute, then the matter shall be immediately submitted to County's Project Director and Contractor's Project Director for further consideration and discussion to attempt to resolve the dispute.
- 13.30.5 In the event that County's Project Director and Contractor's Project Director are unable to resolve the dispute within a reasonable time not to exceed fifteen (15) days from the date of submission of the dispute, then the matter shall be immediately submitted to Contractor's President and the Director. These persons shall have fifteen (15) days to attempt to resolve the dispute.
- 13.30.6 In the event that at these levels, there is not a resolution of the dispute acceptable to both parties, then each party may assert its other rights and remedies provided under this Agreement and/or its rights and remedies as provided by law.
- 13.30.7 All disputes utilizing this dispute resolution procedure shall be documented in writing by each party and shall state the specifics of each alleged dispute and all actions taken. The parties shall act in good faith to resolve all disputes. At both levels described in this Paragraph 13.30, the efforts to resolve a dispute shall be undertaken by conference between the parties' respective representatives, either orally, by face to face meeting or by telephone, or in writing by exchange of correspondence.
- 13.31 WAIVER
- No breach by either party of any provision of this Agreement can be waived unless done in writing. No waiver by either party of any breach of any provision of this Agreement shall constitute a waiver of any other breach or of such provision. Failure

of either party to enforce at any time, or from time to time, any provision of this Agreement shall not be construed as a waiver thereof. The rights and remedies set forth in this Agreement shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Agreement.

13.32 CONTRACTOR PERFORMANCE DURING CIVIL UNREST AND DISASTER

Contractor recognizes that County provides services essential to the residents of the communities it serves, 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, subject to provisions of Paragraph 13.9 (Force Majeure), full performance by Contractor during any riot, insurrection, civil unrest, natural disaster or similar event is not excused if such performance remains physically possible without related danger to Contractor's or subcontractors' employees and suppliers. During any such event in which the health or safety of any of Contractor's staff members would be endangered by performing their services on-site, such staff members may perform any or all of their services remotely. 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.

13.33 DAMAGE TO COUNTY FACILITIES, BUILDING, AND GROUNDS

13.33.1 Contractor shall repair, or cause to be repaired, at its own cost, any and all damage to County 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.

13.33.2 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 amounts due Contractor from County under this Agreement.

13.34 AUTHORIZATION WARRANTY

Each party represents and warrants that the person executing this Agreement or any Amendment thereto pursuant to Paragraph 8 (Changes to Agreement) for that party is an authorized agent of such party who has actual authority to bind the party to each and every term, condition and obligation of this Agreement, and that all requirements of each party have been fulfilled to provide such actual authority.

13.35 FORMS AND PROCEDURES

All forms and procedures used by Contractor to communicate with County in implementation of the provisions of this Agreement shall be subject to review and approval by County prior to use by Contractor. Such forms and procedures shall not conflict in any way with this Agreement and shall incorporate the terms and conditions of this Agreement. In the event of any conflict between such forms and procedures and this Agreement, the provisions of this Agreement shall prevail.

13.36 MINIMUM AGE, LANGUAGE SKILLS AND LEGAL STATUS OF CONTRACTOR PERSONNEL

Contractor cannot assign employees under the age of eighteen (18) to perform work under this Agreement. All of Contractor's employees working at County facilities



must be able to communicate in English. Contractor's employees must be United States citizens or legally present and permitted to work in the United States.

13.37 VALIDITY AND SEVERABILITY

13.37.1 Validity

The invalidity, unenforceability or illegality of any provision of this Agreement shall not render the other provisions hereof invalid, unenforceable or illegal, unless the essential purposes of this Agreement shall be materially impaired thereby.

13.38 SEVERABILITY

In the event that any provision herein contained is held to be invalid, void or illegal by any court of competent jurisdiction, the same shall be deemed severable from the remainder of this Agreement, if practicable, and shall in no way affect, impair or invalidate any other provision contained herein. If any such provision shall be deemed invalid in its scope or breadth, such provision shall be deemed valid to the extent of the scope or breadth permitted by law. If any provision of this Agreement is adjudged void or invalid for any reason whatsoever, but would be valid if part of the wording thereof were deleted or changed, then such provision shall apply with such modifications as may be necessary to make it valid and effective.

13.39 NOTICES

- 13.39.1 All notices or demands required or permitted to be given or made under this Agreement, unless otherwise specified, shall be in writing and shall be addressed to the parties at the following addresses and delivered: (i) by hand with signed receipt; (ii) by first class registered or certified mail, postage prepaid; or (iii) by facsimile or electronic mail transmission followed within twenty-four (24) hours by a confirmation copy mailed by first-class registered or certified mail, postage prepaid. Notices shall be deemed given at the time of signed receipt in the case of hand delivery, three (3) days after deposit in the United States mail as set forth above, or on the date of facsimile or electronic mail transmission if followed by timely confirmation mailing. Addresses may be changed by either party by giving ten (10) days prior written notice thereof to the other party.
- 13.39.2 Director shall have the authority to issue all notices or demands which are required or permitted to be issued by County under this Agreement.
- 13.39.3 To County, notices shall be sent to the attention of County's Project Manager and County's Project Director at the respective locations set forth in Section I (County's Key Personnel) of Exhibit D (Administration of Agreement).
- 13.39.4 To Contractor, notices shall be sent to the attention of Contractor's Contractor Manager at the address set forth in Section II (Contractor's Key Personnel) of Exhibit D (Administration of Agreement).
- 13.39.5 Each party may change the names of the people designated to receive notices pursuant to this Paragraph 13.39 by giving written notice of the change to the other party, subject to County's right of approval in accordance with Paragraph 3.3 (Approval of Contractor's Staff).
- 13.40 NOTICE OF DELAYS

Except as otherwise provided herein, 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 immediately, but no later than within one (1) business day, give to the other party notice thereof, with all relevant information with respect to such actual or potential delay, by telephoning the appropriate personnel of that party, followed by a written notification within one (1) business day.

13.41 NO PAYMENT FOR SERVICES PROVIDED FOLLOWING EXPIRATION/TERMINATION OF AGREEMENT

Contractor shall have no claim against County for payment of any money or reimbursement, of any kind whatsoever, for any services provided by Contractor after the expiration or other termination of this Agreement. Should Contractor receive any such payment, it shall immediately notify County and shall immediately repay all such funds to County. Payment by County for services rendered after expiration/termination of this Agreement shall not constitute a waiver of County's right to recover such payment from Contractor. The provisions of this Paragraph 13.41 shall survive the expiration or other termination of this Agreement.

13.42 ARM'S LENGTH NEGOTIATIONS

This Agreement is the product of arm's length negotiations between Contractor and County. Consequently, each party has had the opportunity to receive advice from independent counsel of its own choosing. This Agreement is to be interpreted fairly as between the parties and not strictly construed as against either party.

13.43 EXCLUSIVITY

During the period when Contractor shall serve as County's wholesale pharmaceutical distributor pursuant to County's separate agreement with Novation, LLC, as it currently exists or may be amended in the future, the parties agree to have an exclusive relationship as to the provision of Central Fill Services as provided in this Agreement.

13.44 ACCESS TO COUNTY FACILITIES

Contractor, its employees and agents, will be granted access to County facilities, subject to Contractor's prior notification to County's Project Director, for the purpose of executing Contractor's obligations hereunder. Access to County facilities shall be restricted to normal business hours, 8:00 a.m. until 5:00 p.m., Pacific Time, Monday through Friday, County observed holidays excepted. Access to County facilities outside of normal business hours must be approved in writing in advance by County's Project Director, which approval shall not be unreasonably withheld. Contractor shall have no tenancy, or any other property or other rights, in County facilities. While present at County facilities, Contractor's personnel shall be accompanied by County personnel at all times, unless this requirement is waived in writing prior to such event by County's Project Director.

13.45 COUNTY FACILITY OFFICE SPACE

In order for Contractor to perform services hereunder and only for the performance of such services, County may elect, subject to County's standard administrative and security requirements, to provide Contractor with office space and equipment, as determined at the discretion of County's Project Director, at a County facility and/or pharmacy, on a non-exclusive use basis. County will also provide Contractor with

- reasonable telephone service in such office space for use only for purposes of this Agreement. County disclaims any and all responsibility for the loss, theft or damage of any property or material left at such County office space by Contractor.
- 13.46 PHYSICAL ALTERATIONS
- Contractor shall not in any way physically alter or improve any County facility without the prior written approval of Director, County's Project Director, County's Project Manager and the Director of County's Internal Services Department, in their discretion.
- 13.47 CONTRACTOR'S OFFICES
- Contractor shall notify in writing to County's Project Director identified in Section I (County's Key Personnel) of Exhibit D (Administration of Agreement) of any change in its business address at least ten (10) Business Days prior to the effective date thereof.
- 13.48 DELIVERY AND RISK OF LOSS
- Contractor shall bear the full risk of loss due to total or partial destruction of any items or products provided by Contractor to County hereunder until such items are delivered to and accepted in writing by County.
- 13.49 STAFF PERFORMANCE WHILE UNDER THE INFLUENCE
- Contractor shall use reasonable efforts to ensure that no employee of Contractor shall perform services hereunder while under the influence of any alcoholic beverage, medication, narcotic or other substance, which might impair his/her physical or mental performance.
- 13.50 CAPTIONS AND PARAGRAPH HEADINGS
- Captions and paragraph headings used in this Agreement are for convenience only and are not a part of this Agreement and shall not be used in construing this Agreement.
- 13.51 COUNTY POLICY REGARDING RECYCLED 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 extent commercially reasonable for the purpose of this Agreement.
- 13.52 CONTRACTOR'S WARRANTY OF COMPLIANCE WITH COUNTY'S DEFAULTED PROPERTY TAX REDUCTION PROGRAM
- 13.52.1 Contractor acknowledges that County has established a goal of ensuring that all individuals and businesses that benefit financially from County through an Agreement 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.
- 13.52.2 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 Agreement will maintain compliance, with Los Angeles Code Chapter 2.206.
- 13.53 PROHIBITION AGAINST INDUCEMENT OR PERSUASION

Notwithstanding the above, Contractor and County agree that, during the term of this Agreement and for a period of one year thereafter, neither party shall in any way intentionally induce or persuade any employee of one party to become an employee or agent of the other party. No bar exists against any hiring action initiated through a public announcement.

13.54 CONTRACTOR'S ACKNOWLEDGEMENT OF COUNTY'S COMMITMENT TO THE SAFELY SURRENDERED BABY LAW

Contractor acknowledges that County places a high priority on the implementation of the Safely Surrendered Baby Law. Contractor understands that it is County's policy to encourage all County Contractors to voluntarily post County's "Safely Surrendered Baby Law" poster in a prominent position at 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. County's Department of Children and Family Services will supply Contractor with the poster to be used. Information on how to receive the poster can be found on the Internet at [www.babysafela.org](http://www.babysafela.org).

13.55 SURVIVAL

The provisions in the following Paragraphs shall survive the expiration or termination of this Agreement for any reason:

- 2.4 Approval of Work
- 9 Indemnification
- 10 Insurance
- 11.2 Disclosure of Information
- 11.3 Confidentiality and Security
- 12.1 Termination for Default

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

**COUNTY OF LOS ANGELES**

By \_\_\_\_\_  
Mitchell Katz, M.D.  
Director  
Department of Health Services

**CONTRACTOR**

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

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

\_\_\_\_\_  
Title

(AFFIX CORPORATE SEAL HERE)

APPROVED AS TO FORM:

ANDREA SHERIDAN ORDIN  
County Counsel

By \_\_\_\_\_  
VICTORIA MANSOURIAN  
Deputy County Counsel

**EXHIBIT A**  
**STATEMENT OF WORK**  
**FOR**  
**CENTRAL FILL SERVICES**

**MAY 2012**  
**VERSION 14.2**

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## CENTRAL FILL SERVICES

### 1. SCOPE OF WORK

Contractor shall provide Central Fill Services (CSF) to all DHS Pharmacies as set forth in Attachment A.1 (County Pharmacies), which will allow the aggregation of DHS originated prescriptions from all County Pharmacies and the electronic transmissions to Contractor's prescription fulfillment center. At Contractor's prescription fulfillment center, Contractor shall be responsible for assembling, verifying, packaging and delivering DHS patient-ready prescriptions back to the originating DHS Pharmacy or delivering directly to the DHS patient home address via a direct patient delivery option.

Contractor shall provide a method to transmit DHS originated prescriptions orders to Contractor's prescription fulfillment center, which must comply with all Federal and State prescription requirements and regulations, including those specified by the California State Board of Pharmacy. This must include, but not be limited to, requirements for pharmacy, pharmacist licensure, Central Fill Services and quality assurance standards.

Contractor shall provide a methodology for the current DHS pharmacy prescription ordering/originating system to communicate directly with Contractor's preferred pharmacy prescriptions processing system used to support the DHS Central Fill Services project and operations.

Contractor shall provide an enterprise system to support the Central Fill Services (CFSIS) which will enable the DHS pharmacies to electronically transmit DHS originated prescriptions orders to Contractor's prescription fulfillment center for processing and distribution to DHS patients.

The following Attachments are attached to and form a part of this Exhibit A.

Attachment A.1 – County Pharmacies

Attachment A.2 – CFS Project Plan

Attachment A.3 – Acceptance Certificate

### 2. DEFINITIONS

For purposes of this Exhibit A (Statement of Work), the terms listed below shall have the definitions listed below in this Section 2. Capitalized terms in this Exhibit A without definitions herein shall have the meanings given to such terms in the Base Agreement

#### 2.1 ADJUDICATION

As used herein, the term "Adjudication" shall mean the process of submitting each prescription transaction in real time at the point of service to the appropriate payor representative for verification of patient eligibility, co-pay required, expected reimbursement amounts as well as verification of the drug formulary status of the specific medication.

**2.2 CENTRAL FILL PHARMACY**

As used herein, the term “Central Fill Pharmacy” shall mean Contractor provided remote, automated pharmacy that fills prescriptions on behalf of County Pharmacies and ships the completed prescriptions to the Originating Pharmacy or the Originating Pharmacy's patients’ home address via a direct patient delivery option.

**2.3 CENTRAL FILL SERVICES; CFS**

As used herein, the terms “Central Fill Services” and “CFS” shall mean and refer to the filling, labeling, sorting, manifesting of prescriptions via automation in a Central Fill Pharmacy on behalf of Originating Pharmacy in which PV-1 (see Pharmacist Verification 1 below) pharmacy services are performed by the Originating Pharmacy and PV-2 (see Pharmacist Verification 2 below) pharmacy services are performed by Contractor with the prescriptions being returned to the Originating Pharmacy or delivered directly to the Originating Pharmacy’s patient home address, as further described in this Exhibit A.

**2.4 DESIGNATED WHOLESALER**

As used herein, the term “Designated Wholesaler” shall mean County’s contracted wholesaler from which Contractor shall obtain medication and who shall be responsible for the provision of inventory to the Central Fill Pharmacy, including compliance with all Federal 340B inventory regulations.

**2.5 FORMULARY**

As used herein, the term “Formulary” shall mean a list of Central Fill Pharmacy products requested by the Originating Pharmacy, which are eligible to be fulfilled through the Central Fill Pharmacy service. The Formulary may be subjected to pre-and post-edits as required by County to implement the Formulary. Contractor shall update in real time the County Formulary.

**2.6 HOLDING ROOM**

As used herein, the term “Holding Room” shall mean the Central Fill Pharmacy where Contractor shall safely store the entire pharmaceutical inventory for County.

**2.7 ORIGINATING PHARMACY**

As used herein, the term “Originating Pharmacy” shall mean the County Pharmacy originating the CFS request. The Originating Pharmacy shall be responsible for all required reporting of scheduled drugs to any and all applicable regulatory agencies, including, without limitation, the United States Drug Enforcement Agency and any California reporting systems or agencies.

**2.8 PHARMACIST VERIFICATION 1 (PV-1)**

As used herein, the term “Pharmacist Verification-1” shall mean the service of ensuring the accuracy of data entry, clinical quality, drug utilization review (DUR), patient counseling and claims adjudication for the prescription by one or more registered pharmacists at the Originating Pharmacy. The PV-1 shall be the pharmacist of record for the integrity of the clinical prescription review process.

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**2.9 PHARMACIST VERIFICATION 2 (PV-2)**

As used herein, the term “Pharmacist Verification-2” shall mean the service of providing accurate verification of prescription fulfillment activities by one or more registered pharmacists for a prescription filled by automated means at the Central Fill Pharmacy. The PV-2 shall be the pharmacist of record for the prescription medication vial content accuracy.

**2.10 REQUIREMENTS AND RESPONSIBILITIES**

As used herein, the term “Requirements and Responsibilities” shall have the meaning specified in Section 2.12 (Requirements and Responsibilities) of this Exhibit A.

**2.11 REPEATED SERVICE FAILURE**

As used herein, the term “Repeated Service Failure” shall have the meaning specified in Section 6.2 (Service Failures) of this Exhibit A.

**2.12 SERVICE FAILURE**

As used herein, the term “Service Failure” shall have the meaning specified in Section 6.2 (Service Failures) of this Exhibit A.

**2.13 SHRINK**

As used herein, the term “Shrink” shall have the meaning specified in Section 3. 11.2 (Risk of Loss and Damage) of this Exhibit A.

**3. REQUIREMENTS AND RESPONSIBILITIES**

In addition to any applicable terms specified elsewhere in this Agreement, Contractor shall be subject to the requirements, responsibilities and warranties set forth in this Section 3 (also “Requirements and Responsibilities”).

**3.1 DESIGNATED DRUG WHOLESALE AND INVENTORY**

Contractor shall obtain medications from County's designated drug wholesaler and shall be responsible for the provision of inventory for Central Fill Pharmacies pursuant to the Agreement for the acquisition of pharmaceuticals. All inventory provided by Contractor on County's behalf to Central Fill Pharmacies shall be known as the inventory of the Designated Wholesaler.

**3.2 CENTRAL FILL SERVICES RESPONSIBILITIES**

**3.2.1 Central Fill Services to Originating Pharmacies:** Central Fill Services provided by Contractor to the County Pharmacy staff designated by County shall include without limitation the state of the art automation, operational management, supplies and materials required for the provision of all Central Fill Services. Contractor shall process all orders for Central Fill Services received from the Originating Pharmacy by Contractor's mail order system up to (i) 5,000 orders or (ii) 150% of average daily order volume measured over the prior thirty (30) business days, whichever is greater. All orders shall be processed and shipped on a daily basis on Business Days to the Originating Pharmacy in one consolidated container, unless such consolidated packaging is infeasible or impractical because of the nature or volume of the pharmaceuticals being shipped. The cut-off time for daily orders received is 5:00 p.m. Pacific Time. Contractor turnaround

time for shall any bundled fill orders that are mailed directly to the Originating Pharmacy will be 5:00 p.m. Pacific Time on the following Business Day. Deliveries will only be made to the Originating Pharmacy. The packages that are received by the Originating Pharmacy and need to be returned to the sender due to act or omission of Contractor will be at the cost of Contractor. A tracking number will be made available by Contractor to the receiving Originating Pharmacy for the purposes of checking delivery status. For refill orders that are placed before the cut-off time, failure to dispatch the completed refill order by the next Business Day will be considered a Service Failure and entitle County to the applicable remedies specified in Section 6 (Remedies) of this Exhibit A and elsewhere in the Agreement.

**3.2.2. Direct Patient Delivery Option:** Upon implementation of Central Fill Services at all County Pharmacies, County shall have the option of amending this Agreement, through an administrative amendment first approved by County Counsel and the Chief Executive Officer, under which amendment Contractor shall provide delivery directly to the homes of individual patients. The Contract Sum shall be adjusted to accommodate any such expansion to direct patient delivery in accordance with the terms set forth in Paragraph 6.1 of the Base Agreement. For delivery of non-controlled substances sent directly to the home address of individual patients, the turnaround time will be three (3) to five (5) Business Days from initial receipt of the refill medication order. The parties will select the means by which direct patient delivery shall occur, whether by U.S. mail or another mutually agreed upon equivalent method, with that method and agreed upon charges to be set forth in the administrative amendment. County also may negotiate with Contractor for next day delivery options for a refill to be sent directly to the patient's home address, such options shall be included in the administrative amendment setting forth the Direct Patient Delivery Option. Patient deliveries will only be made to the patient's home address and charged accordingly.

### **3.3 HOLDING ROOM**

Contractor shall provide sufficient, secure, temperature controlled space, per standards set by the United States Pharmacopeia (USP) within its Central Fill Pharmacy to safely store the entire pharmaceutical inventory. This space shall be known as a "Holding Room". Contractor shall meet County's standards, the requirements of this Agreement and all legal and regulatory requirements for the condition of the Holding Room. Storage of all County medication shall comply with USP standards, at all times Contractor is in possession of County's medication.

### **3.4 PATIENT COMMUNICATION MATERIALS**

Contractor shall develop draft bilingual (English/Spanish) refill instructional patient communication materials for review by County no later than four (4) weeks after the Effective Date. Within fourteen (14) days of receipt, County will review Contractor's proposed materials and shall either accept them or return them to Contractor for changes. Contractor shall make all required changes with ten (10) days of receipt from County. This process shall continue until County accepts Contractor's materials. County's acceptance will be in writing.

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### **3.5 POLICIES AND PROCEDURES**

No later than four (4) weeks after the Effective Date, Contractor shall submit to County for its review operational draft policies and procedures for the entire scope of Central Fill Services. These policies will address all medication dispensing processes from the time a patient requests a prescription to be filled to the time that the patient receives the physical medication. Within fourteen (14) days of receipt, County will review Contractor's proposed policies and procedures and will either accept them or return them to Contractor for changes. Contractor shall make all required changes with ten (10) days of receipt. This process shall continue until County accepts Contractor's policies and procedures. County's acceptance will be in writing.

### **3.6 CENTRAL FILL ACTIVITY REPORTS**

Contractor shall provide daily written reports to County for monitoring the daily activities of centrally filled prescriptions. Contractor shall provide a sample report with defined metrics no later than thirty (30) days prior to commencement of the Central Fill Services. Within fourteen (14) days of receipt, County will review the proposed report and metrics and will either accept them or return them to Contractor for changes. Contractor shall make all required changes within ten (10) days of receipt. County's acceptance will be in writing. County shall have the right to request additional performance metrics for the reports at the time of initial commencement of Central Fill Services or at any time during the term of this Agreement, which shall be mutually agreed upon. Contractor shall identify all necessary reporting requirements for inventory, regulatory and fiscal controls.

As necessary to move to Central Fill Services, Contractor shall provide an assessment of current operation, including but not limited to the following: analyzing current refill statistics, analyzing the list of refill medications utilized, establish baseline of current wait times for refills, determining current workflow in various locations, evaluating capability of other existing DHS Pharmacies set forth in Attachment A.1 (County Pharmacies), documenting current staff utilization, analyzing computer system needs, etc.

### **3.7 FEDERAL 340B INVENTORY REQUIREMENTS**

Contractor shall ensure that the entire pharmaceutical inventory is maintained and dispensed in accordance with Federal 340B regulations, pursuant to the Veterans Health Care Act of 1992. Contractor will develop inventory replacement processes for each Originating Pharmacy that participates in the Federal 340B program, ensuring that all replacement medication purchased under the Federal 340B program is utilized only for Federal 340B eligible patients of the specific Federal 340B covered entity. Contractor shall provide a written inventory management plan that specifies actions for Federal 340B compliance to County prior to commencement of Central Fill Services at any Originating Pharmacy that participates in the Federal 340B program. Within fourteen (14) days of receipt, County will review the proposed plan and either accept it or return it to Contractor for changes. Contractor shall make all required changes within ten (10) days of receipt. County's acceptance will be provided in writing.

---

### **3.8 ORIGINATING PHARMACY INVENTORY REDUCTION AND WORKFLOW**

Contractor shall assist County in the identification of appropriate reductions to the in-house inventory at Originating Pharmacy sites, including those reductions which will be necessary because of the use of Central Fill Services. Contractor also shall provide written recommendations for the redesign of workflow in the Originating Pharmacy sites to accommodate the prescription process for Central Fill Services. Contractor shall provide a detailed workflow diagram, before and after the implementation of Central Fill Services, that reflects necessary workflow changes. The written recommendations and detailed workflow diagram shall be provided to County prior to implementation of Central Fill Services at the specific site. Within fourteen (14) days of receipt, County will review the proposed recommendations and workflow diagram and will either accept in writing or request that Contractor revise documents as agreed to in writing by both Contractor and County. Contractor shall make all required changes within ten (10) days of receipt. County's acceptance will be provided in writing.

### **3.9 MEETINGS**

Contractor shall attend, either via conference call or in person, as mutually agreed upon by the parties, weekly meetings, as scheduled by County, to identify and resolve any issues, either before, during, or after implementation.

### **3.10 CENTRAL FILL PHARMACY STAFFING AND EQUIPMENT**

Contractor shall ensure that each Central Fill Pharmacy is fully staffed with appropriately trained and licensed staff, including staff with expertise in pharmacist management and operational oversight. Such staff shall be focused on ensuring safe dispensing of prescriptions forwarded by the Originating Pharmacy and shall utilize community standards for assurance of medication accuracy. Contractor shall ensure that it maintains all requisite equipment, including up to date and fully functional and maintained automation, supplies and materials so that all Central Fill Services set forth in this Exhibit A are performed in an accurate and timely manner. Contractor shall provide a dedicated on-site pharmacist manager to oversee Services at each Central Fill Pharmacy.

#### **3.10.1 TRAINING FOR CENTRAL FILL SERVICES**

For each County Pharmacy, Contractor shall, at no additional cost beyond the applicable CFS Fees, provide staff training, which shall include but not be limited to the following: preparation and distribution of training materials to County, scheduling of training classes, training of staff, including existing and future hires, ensuring that core competency testing and standards are developed and maintained and providing ongoing refresher training as required by County and applicable federal and state regulations. Training may be provided live, via webcast or video as necessary to meet the needs of the parties.

### **3.11 PHARMACEUTICAL INVENTORY AND TITLE**

#### **3.11.1 INVENTORIES OF DESIGNATED WHOLESALER AND ORIGINATING PHARMACY**

Title to the inventory while at Central Fill Pharmacy shall remain with Designated Wholesaler. At such time as Contractor invoices the Originating Pharmacy for such inventory, which invoicing shall occur pursuant to a separate agreement between County and Designated Wholesaler for the purchase of such pharmaceuticals, title shall pass directly from Designated Wholesaler to the applicable Originating Pharmacy. Upon this

occurrence, the Designated Wholesaler Inventory shall become the Originating Pharmacy inventory. The Originating Pharmacy inventory shall be subject to compliance with Federal 340B regulations and Group Purchasing Organization (GPO) requirements for these wholesaler accounts. Contractor shall at all times maintain records and books of accounts containing complete information concerning all delivery, storage and shipment of the Originating Pharmacy inventory, which records shall be maintained for the time periods set forth in applicable California law. Upon reasonable prior notice and at a mutually agreed time, County shall have the right to enter the Central Fill Pharmacy premises, wherever located, for the purpose of examining, assessing and counting the inventory, including the Originating Pharmacy inventory, and to examine Contractor's books of accounts and other business records related to the inventory, including the inventory of the Originating Pharmacy. Contractor shall establish the necessary reporting requirements for inventory, regulatory and fiscal controls including Federal 340B requirement, including but not limited to daily audit of sent vs. received prescriptions, inventory reports to assure accurate fiscal reporting, Federal 340B anti-diversion requirements.

### 3. 11.2 RISK OF LOSS AND DAMAGE

Notwithstanding any other provision of this Agreement, upon and following delivery and acceptance by Contractor of the Designated Wholesaler inventory, Contractor shall bear all risk of loss or damage to all Designated Wholesaler inventory as well as to the Originating Pharmacy inventory, including without limitation, loss, damage, whether resulting from theft or other diversion, fire or other casualty loss, or otherwise, until such time as (i) the Designated Wholesaler inventory is returned to the Designated Wholesaler inventory, in which case, the Designated Wholesaler inventory will be returned to stock pursuant to the separate pharmaceutical purchase agreement between Contractor and County; and/or (ii) the Originating Pharmacy inventory is delivered to a common carrier for shipment to the Originating Pharmacy or its patient (collectively "Shrink").

On a quarterly basis, a physical inventory of the Designated Wholesaler inventory and the Originating Pharmacy inventory shall be conducted by an independent, third party company in such manner as is mutually agreed upon by the parties.

The Originating Pharmacy shall receive a copy of this physical inventory within fifteen (15) days of its completion. If any Designated Wholesaler or Originating Pharmacy inventory is lost or damaged due to Shrink, the parties shall treat such lost or damaged Designated Wholesaler inventory or Originating Pharmacy inventory as having been purchased by Contractor, and Contractor shall reimburse County for the value of such damaged or lost Designated Wholesaler inventory or Originating Pharmacy inventory.

The value of each damaged or lost item in the inventories shall be determined to be the last purchase price, as identified in the wholesaler purchase records, at the time of the discovery of the loss or damage.

Contractor shall credit the Originating Pharmacy's wholesaler account for this value and provide the credit voucher to the Originating Pharmacy within fifteen (15) days of issuance of credit.

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### 3. 11.3 STORAGE STANDARDS

Contractor shall, at all times, store the Designated Wholesaler and Originating Pharmacy inventories in accordance with all applicable laws, rules, regulations, USP standards, and manufacturer's specifications. Contractor shall keep the Designated Wholesaler inventory in good and saleable condition. Contractor shall not commit waste or destroy any of the inventories of the Designated Wholesaler or the Originating Pharmacy.

#### **4. QUALITY CONTROL**

Contractor shall establish and utilize a comprehensive Quality Control Plan (QCP) to ensure a consistently high level of performance throughout the term of Agreement in providing Central Fill Services. The QCP shall be submitted to, the County's Project Manager for review at least ten (10) days prior to Contractor beginning work under this Agreement. The QCP shall include, but is not limited to the following:

- A. Method of monitoring to ensure that all Agreement requirements and the quality assurance as prescribed by applicable accrediting agencies are met.
- B. Method of keeping quality control records in accordance with Federal and State regulations, which shall include, but are not limited to, applicable accrediting agencies, methods for determination of prescription order accuracy.
- C. Procedures used including documentation of source material, accuracy, sensitivity, specificity, frequency of monitoring, job title and level of personnel performing monitoring functions.
- D. Contractor shall have an ongoing system of quality assurance/improvements and shall keep quality control records and records of all inspections conducted by Contractor. These records, which shall include, but are not limited to, any corrective action taken, the time a problem was first identified, a clear description of the problem and the time elapsed between identification and the completed corrective action, shall be provided to County upon request.

#### **5. QUALITY ASSURANCE PLAN**

In addition to the procedures specified in Paragraph 13.8 (County's Quality Assurance Plan) of the Base Agreement, County will evaluate Contractor's performance under this Agreement using the quality assurance procedures as defined in this Statement of Work.

##### **5.1 MEETINGS**

Contractor may be required to attend scheduled monthly and/or quarterly meetings.

##### **5.2 CONTRACT DISCREPANCY REPORT**

Verbal notification of an Agreement discrepancy will be made to the Contractor's Project Director as soon as possible whenever an Agreement discrepancy is identified. The problem shall be resolved within a time-period mutually agreed upon by County and Contractor and in compliance with Paragraph 13.31 (Dispute Resolution Procedure) of the Base Agreement.

County's Project Manager or his/her designee will determine whether a formal Contract Discrepancy Report shall be issued. Upon receipt of this document, Contractor is required to respond in writing to County's Project Manager within five (5) Business Days, acknowledging the reported discrepancies or presenting contrary evidence. A plan



for correction of all deficiencies identified in the Contract Discrepancy Report shall be submitted to County's Project Manager within ten (10) Business Days.

**5.3 COUNTY OBSERVATIONS**

In addition to departmental contracting staff, other County personnel may observe performance and activities and review documents relevant to this Agreement at any time during normal business hours without unreasonably interfering with Contractor's performance.

**6. REMEDIES**

County shall be entitled to the remedies set forth in this Section 6 below in the event that Contractor fails to meet the performance requirements identified in Section 3 (Requirements and Responsibilities) above.

**6.1 REBATES**

For each individual County Pharmacy, if more than one percent (1%) of all Central Fill Pharmacy orders are not processed as required in this Agreement, Contractor shall rebate Two Dollars and Ninety-five cents (\$2.95), the full dispensing fee per prescription, for all prescriptions which exceed the 1% performance standard for that County Pharmacy. Rebates will not be assessed for processing delays due to an event that constitutes a Force Majeure event pursuant to Paragraph 13.9 (Force Majeure) of the Base Agreement, or for reasons beyond the control of Contractor, as mutually agreed.

**6.2 SERVICE FAILURES**

As used in this Exhibit A, "Service Failure" may include, but is not limited to, Contractor's failure to meet the requirements and responsibilities outlined in Section 3 (Requirements and Responsibilities). County shall be entitled to the remedies set forth in this Section 6.2 below for Service Failures.

**6.2.1 REPEATED SERVICE FAILURE**

Contractor's failure to meet the 1% performance standard on more than three (3) days in any month, or more than nine (9) days in any three (3) consecutive months, shall constitute a "Repeated Service Failure". County shall have the right to terminate this Agreement either for default or for convenience, as elected by County, immediately upon providing written notice to Contractor of a Repeated Service Failure detailing such Repeated Service Failure. Notwithstanding the foregoing, Contractor shall not be responsible for any failure to meet the 1% performance standard if such failure is caused by an error on the part of the Originating Pharmacy, subject to the Paragraph 13.31 (Dispute Resolution Procedure) of the Base Agreement. In such circumstances, the incident shall not count toward the calculation of a Repeated Service Failure.

**6.3 TRANSACTIONAL INFORMATION**

County's Originating Pharmacy shall be responsible for the accuracy of all names, addresses and delivery instructions for transactions fulfilled by the Central Fill Pharmacy. Costs associated with all returns for any reason, except as set forth immediately below, ~~shall be the responsibility of the Originating Pharmacy. Notwithstanding the foregoing,~~ costs associated with returns due to the acts or omissions of the Central Fill Pharmacy shall be Contractor's responsibility. In the event of a dispute over receipt of a

prescription, County shall not be charged for such disputed prescription unless and until the dispute is resolved in Contractor's favor.

**EXHIBIT B**

**PAYMENT SCHEDULE**

**FOR**

**CENTRAL FILL SERVICES  
(CFS)**

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**MAY 2012  
VERSION 14.6**

**PAYMENT SCHEDULE**

This Exhibit B sets forth the pricing and payment terms for the work to be provided under the Agreement, including CFS Implementation and Central Fill Services, whether by Contractor itself or by utilizing subcontractor(s).

1. **CENTRAL FILL SERVICES FEES**

County shall pay Contractor for the provision of Central Fill Services at the maximum CFS Fee of \$2.85 per a successfully completed prescription refill pursuant to the terms of Exhibit A (Statement of Work), subject to the provisions of Paragraph 6 (Pricing Terms and Fees) of the Base Agreement. The CFS Fees shall not increase during the term of the Agreement.

Contractor shall be reimbursed based on the volume scripts filled annually under this Agreement, as provided in the table below.

<b>CENTRAL FILL FEE TABLE*</b>	
<b>VOLUME / DESCRIPTION</b>	<b>CFS FEE</b>
Up to 1,200,000 scripts annually	\$2.85 / script
1,200,001 – 1,700,000 scripts annually	\$2.80 / script
1,700,001 + scripts annually	\$2.75 / script
* The CFS Fees shall include all processing and delivery costs related to prescription fulfillment services back to originating pharmacy. Prescriptions mailed to patient homes will be subject to additional pass-through to County shipping and packaging costs.	

The maximum total of all CFS Fees paid by County to Contractor under the Agreement shall not exceed **\$20,998,343** during the term of the Agreement, as further provided in Section 2 (Contract Sum) below.

Assuming that all County Pharmacies identified in Attachment A.1 (County Pharmacies) receive Central Fill Services, the maximum total annual projected CFS Fees for all County Pharmacies by contract year are as follows:

**EXHIBIT B – PAYMENT SCHEDULE**

<b>CONTRACT YEAR</b>	<b>MAXIMUM SCRIPTS PER YEAR</b>	<b>PROJECTED MAXIMUM ANNUAL CFS FEES*</b>
Year 1	22,178	\$ 63,206
Year 2	405,248	\$ 1,154,956
Year 3	1,299,397	\$ 3,685,317
Year 4	1,437,042	\$ 4,023,716
Year 5	1,437,042	\$ 4,023,716
Year 6	1,437,042	\$ 4,023,716
Year 7	1,437,042	\$ 4,023,716
<b>TOTALS</b>	<b>7,474,990</b>	<b>\$ 20,998,343</b>

\* Projected maximum annual CFS fees rounded to the nearest dollar

2. CONTRACT SUM

Contract Sum shall be County's maximum obligation under the Agreement and shall include the maximum total CFS Fees for Central Fill Services. The Contract Sum allocated for the term of the Agreement, including sales tax amounts, if any, is Twenty Million Nine Hundred Ninety Eight Thousand Three Hundred and Forty Three Dollars (**\$20,998,343**).

**EXHIBIT C**

**CONFIDENTIALITY AND ASSIGNMENT AGREEMENT**

**FOR**

**CENTRAL FILL SERVICES  
(CFS)**

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**MAY 2011  
VERSION 14.2**

CONTRACTOR: CARDINAL

**1. GENERAL INFORMATION**

The organization identified above ("Contractor") is under contract ("Contract") to provide Work (as such term is defined in the Contract) to the County of Los Angeles ("County"). County requires each employee, agent, consultant, outsourced vendor and independent contractor (in this Exhibit C "staff") of this Contractor performing Work under such Contract to understand his/her obligations with respect to the personal, proprietary and other confidential material, data or information, with which he/she will be in contact. Contractor, by executing this Confidentiality and Assignment Agreement ("Agreement"), represents that it shall ensure each such staff member's compliance with the obligations regarding such data and information, as set forth in the Contract, including this Exhibit C.

**2. CONTRACTOR ACKNOWLEDGMENT**

Contractor understands and agrees that all of Contractor's, or any subcontractor's, staff that will provide Work pursuant to the above-referenced Contract are Contractor's, or any subcontractor's, sole responsibility. Contractor understands and agrees that its, or any subcontractor's, staff must rely exclusively upon Contractor, or any subcontractor, for payment of salary and any and all other benefits payable by virtue of such staff's performance of Work under the above-referenced Contract.

Contractor understands and agrees that its, or any subcontractor's, employees are not employees of County for any purpose whatsoever and that such staff do not have and will not acquire any rights or benefits of any kind from County by virtue of performance of Work under the above-referenced Contract. Contractor understands and agrees that its, or any subcontractor's, staff do not have and will not acquire any rights or benefits from County pursuant to any agreement between any person or entity and County.

**3. CONFIDENTIALITY**

Contractor, any subcontractor, and their staff, by virtue of performing Work under the above-referenced Contract, may come in contact with (i) Confidential Information (as such term is defined in the Base Agreement to the Contract), (ii) data and information, which County has an obligation to keep confidential by applicable law or otherwise, and (iii) proprietary information belonging to other organizations doing business with County Contractor, any of its subcontractors (collectively for the purpose of this Exhibit C "Confidentiality and Assignment Agreement"). By signing this Agreement, Contractor agrees that, by virtue of involvement in the Work under the Contract, it, any subcontractor, and their staff shall protect the confidentiality of all such Confidential Information pursuant to the terms of Paragraph 11.3 (Confidentiality and Security) of the Base Agreement and as specified below.

Contractor agrees, on behalf of itself, its subcontractors and all staff, (i) to protect from loss and hold in confidence any and all Confidential Information; (ii) not to directly or indirectly reveal, report, publish, transfer, reproduce to, or for the benefit of, any unauthorized person or otherwise disclose any Confidential Information obtained while performing Work under the above-referenced Contract; and (iii) to utilize the Confidential Information solely for the limited purpose of providing Work pursuant to the Contract. Contractor's, or any subcontractor's, staff

**EXHIBIT C - CONFIDENTIALITY AND ASSIGNMENT AGREEMENT**

shall forward all requests for disclosure or copying of any such information in their possession or care to County's Project Manager under the Contract.

Contractor agrees to report to County's Project Manager under the Contract any and all violations of this Agreement, including unauthorized disclosures or copying of Confidential Information, whether accidental or intentional, and whether by Contractor's, or any subcontractor's, staff and/or by any other person, of which such staff become aware. Contractor agrees and shall ensure that its, or any subcontractor's, staff return possession of all Confidential Information to County's Project Manager under the Contract upon completion of the above-referenced Contract, or termination of employment with the Contractor, or any subcontractor, whichever occurs first.

**4. ASSIGNMENT OF PROPRIETARY RIGHTS**

As used in this Agreement, "Products" means any inventions, trade secrets, ideas, original works of authorship or Confidential Information conceived, developed, discovered or made in whole or in part during performance of Work relating to the Contract by any employee, agent, consultant, outsourced vendor or independent contractor of Contractor, including County Materials (as such term is defined in the Base Agreement to the Contract). All Products, while produced, shall belong exclusively to Contractor whether or not fixed in a tangible medium of expression. Without limiting the foregoing, to the maximum extent permitted under applicable law, all Products shall be deemed to be "works made for hire" under the United States Copyright Act, and Contractor shall be deemed to be the author thereof.

If and to the extent any Products are determined not to constitute "works made for hire", or if any rights in the Products do not accrue to Contractor as a work made for hire, Contractor agrees to ensure that all right, title and interest in such Products, including but not limited to all copyrights, patents, trade secret rights and other proprietary rights in or relating to the Products, are irrevocably assigned and transferred to Contractor to the maximum extent permitted by law all. Without limiting the foregoing, Contractor agrees to ensure that (i) all economic rights to the Products, including the exclusive and unrestricted right to reproduce, manufacture, use, adapt, modify, publish, distribute, sublicense, publicly perform and communicate, translate, lease, import, export, transfer, convey, and otherwise exploit the Products, are assigned and transferred to Contractor; (ii) Contractor is entitled to any and all modifications, uses, publications and other exploitation of the Products without consequences; and (iii) Contractor obtains United States or foreign letters patent, copyright registrations and other proprietary rights covering inventions and original works of authorship in the Products.

Contractor agrees to execute all necessary documents and to perform all other acts in order to assign all of Contractor's right, title and interest in the Products in accordance with Paragraph 11.4.2 (Transfer to County) of the Base Agreement of the Contract.

SIGNED \_\_\_\_\_ DATE \_\_\_\_/\_\_\_\_/\_\_\_\_

PRINTED \_\_\_\_\_ TITLE \_\_\_\_\_



**EXHIBIT D**

**ADMINISTRATION OF AGREEMENT**

**FOR**

**CENTRAL FILL SERVICES  
(CFS)**

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**MAY 2012  
VERSION 14.2**

**I. COUNTY'S KEY PERSONNEL**

**A. COUNTY'S PROJECT DIRECTOR**

Name: Amy Gutierrez

Title: DHS Pharmacy Director

Address: Health Services Administration (HSA) - Room 701

313 N. Figueroa Street

Los Angeles, Ca. 90012

Telephone: 213-240-7717

Facsimile: 213-975-9623

E-Mail Address: [agutierrez@dhs.lacounty.gov](mailto:agutierrez@dhs.lacounty.gov)

**B. COUNTY'S PROJECT MANAGER**

Name: Shane DSouza

Title: Pharmacy Supervisor I

Address: Health Services Administration (HSA) - Room 701

313 N. Figueroa Street

Los Angeles, Ca. 90012

Telephone: 213-240-7739

Facsimile: 213-975-9623

E-Mail Address: [sdsouza@dhs.lacounty.gov](mailto:sdsouza@dhs.lacounty.gov)

**II. CONTRACTOR’S KEY PERSONNEL**

**A. CONTRACTOR’S PROJECT DIRECTOR**

Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Address: CARDINAL HEALTH PHARMACY SERVICES, LLC.  
1330 Enclave Parkway  
Houston, Texas 77077  
Telephone: \_\_\_\_\_  
Facsimile: \_\_\_\_\_  
E-Mail Address: \_\_\_\_\_

**B. CONTRACTOR’S PROJECT MANAGER**

Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Telephone: \_\_\_\_\_  
Facsimile: \_\_\_\_\_  
E-Mail Address: \_\_\_\_\_

**C. CONTRACTOR’S OFFICE**

Address: \_\_\_\_\_  
\_\_\_\_\_  
Telephone: \_\_\_\_\_  
Facsimile: \_\_\_\_\_  
E-Mail Address: \_\_\_\_\_

**EXHIBIT E**

**BUSINESS ASSOCIATE AGREEMENT**

**FOR**

**CENTRAL FILL SERVICES  
(CFS)**

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**MAY 2012  
VERSION 14.2**

**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)**

Pursuant to the Agreement for Central Fill Services (CFS) by and between the County of Los Angeles (“Covered Entity” or “County”) and Cardinal Health Pharmacy Services, LLC, (“Business Associate” or “Contractor”), dated \_\_\_\_\_, 20\_\_\_\_, together with all Exhibits, Attachments and Schedules thereto as may be amended from time to time (“Agreement”), Business Associate provides services (“Services”) to Covered Entity and, in order to provide those Services, receives, has access to or creates Protected Health Information.

Covered Entity is subject to the Administrative Simplification requirements of the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191 (“HIPAA”), and regulations promulgated thereunder, including the Standards for Privacy of Individually Identifiable Health Information (“Privacy Regulations”) and the Health Insurance Reform: Security Standards (“Security Regulations”) at 45 Code of Federal Regulations (C.F.R.) Parts 160 and 164 (together “Privacy and Security Regulations”). The Privacy and Security Regulations require Covered Entity to enter into a contract with Business Associate (“Business Associate Agreement”) 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;

Further, pursuant to the Health Information Technology for Economic and Clinical Health Act, Public Law 111-005 (“HITECH Act”), effective February 17, 2010, certain provisions of the HIPAA Privacy and Security Regulations apply to Business Associates in the same manner as they apply to Covered Entity, and such provisions must be incorporated into the Business Associate Agreement.

This Business Associate Agreement and the following provisions are intended to protect the privacy and provide for the security of Protected Health Information disclosed to or used by Business Associate in compliance with HIPAA's Privacy and Security Regulations and the HITECH Act, as they now exist or may hereafter be amended.

Therefore, the parties agree as follows:

**DEFINITIONS**

- 1.1 “Breach” has the same meaning as the term “breach” in 45 C.F.R. § 164.402.
- 1.2 “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.
- 1.3 “Electronic Health Record” has the same meaning as the term “electronic health record” in the HITECH Act, 42 U.S.C. Section 17921. Electronic Health Record means an electronic record

of health-related information on an individual that is created, gathered, managed, and consulted by authorized health care clinicians and staff.

- 1.4 “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.
- 1.5 “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; or (ii) maintained in electronic media.
- 1.6 “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).
- 1.7 “Minimum Necessary” refers to the minimum necessary standard in 45 C.F.R. § 164.502 (b) as in effect or as amended.
- 1.8 “Privacy Rule” means the Standards for Privacy of Individually Identifiable Health Information at 45 Code of Federal Regulations (C.F.R.) Parts 160 and 164, also referred to as the Privacy Regulations.
- 1.9 “Protected Health Information” and “PHI” have the same meaning as the term “protected health information” in 45 C.F.R. § 160.103, limited to the information created or received by Business Associate from or on behalf of Covered Entity. Protected Health Information includes information 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.
- 1.10 “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.

- 1.11 “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.
- 1.12 “Security Rule” means the Security Standards for the Protection of Electronic Health Information also referred to as the Security Regulations at 45 Code of Federal Regulations (C.F.R.) Part 160 and 164.
- 1.13 “Services” the same meaning as in the Base Agreement.
- 1.14 “Unsecured Protected Health Information” has the same meaning as the term “unsecured protected health information” in 45 C.F.R. § 164.402.
- 1.15 “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.

Terms used, but not otherwise defined, in this Business Associate Agreement or the Agreement shall have the same meaning as those terms in the Privacy and Security Regulations and the HITECH Act.

### **OBLIGATIONS OF BUSINESS ASSOCIATE**

- 2.1 Permitted Uses and Disclosures of Protected Health Information. Business Associate:
- (a) shall Use and Disclose Protected Health Information only as necessary to perform the Services, and as provided in Sections 2.4, 2.5, 2.6, 2.7, 2.8, 2.9, 2.10, 4.3 and 5.2 of this Business Associate 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 or in any manner that would constitute a violation of the Privacy Regulations or the HITECH Act if so Used or Disclosed by Covered Entity.

2.2 Prohibited Uses and Disclosures of Protected Health Information. Business Associate:

- (a) shall not Use or Disclose Protected Health Information for fundraising or marketing purposes.
- (b) shall not disclose Protected Health Information to a health plan for payment or health care operations purposes if the Individual has requested this special restriction and has paid out of pocket in full for the health care item or service to which the Protected Health Information solely relates.
- (c) shall not directly or indirectly receive payment in exchange for Protected Health Information, except with the prior written consent of Covered Entity and as permitted by the HITECH Act. This prohibition shall not affect payment by Covered Entity to Business Associate. Covered Entity shall not provide such written consent except upon express approval of the departmental privacy officer and only to the extent permitted by law, including HIPAA and the HITECH Act.

2.3 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 Business Associate Agreement. Business Associate agrees to limit the Use and Disclosure of Protected Health Information to the Minimum Necessary in accordance with the Privacy and Security Regulation's minimum necessary standard as in effect or as amended.
- (b) as to Electronic Protected 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. Effective February 17, 2010, said safeguards shall be in accordance with 45 C.F.R. §§ 164.308, 164.310, and 164.312 and shall comply with the Security Rule's policies and procedure and documentation requirements.

2.4 Reporting Non-Permitted Use or Disclosure and Security Incidents and Breaches of Unsecured Protected Health Information. Business Associate:

- (a) shall report to Covered Entity each Use or Disclosure of Protected Health Information that is made by Business Associate, its employees, representatives, agents, subcontractors, or other parties under Business Associate's control with Access to Protected Health Information, but which is not specifically permitted by this Business Associate Agreement or otherwise required by law.
- (b) shall report to Covered Entity each Security Incident of which Business Associate becomes aware.
- (c) shall notify Covered Entity of each Breach by Business Associate, its employees, representatives, agents or subcontractors of Unsecured Protected Health Information that



is known to Business Associate or, by exercising reasonable diligence, would have been known to Business Associate. Business Associate shall be deemed to have knowledge of a Breach of Unsecured Protected Health Information if the Breach is known, or by exercising reasonable diligence would have been known, to any person, other than the person committing the Breach, who is an employee, officer, or other agent of the Business Associate as determined in accordance with the federal common law of agency.

2.4.1 Immediate Telephonic Report. Except as provided in Section 2.4.3, notification shall be made immediately upon discovery of the non-permitted Use or Disclosure of Protected Health Information, Security Incident or Breach of Unsecured Protected Health Information by telephone call to (562) 940-3335.

2.4.2 Written Report. Except as provided in Section 2.4.3, the initial telephonic notification shall be followed by written notification made without unreasonable delay and in no event later than three (3) business days from the date of discovery of the non-permitted Use or Disclosure of Protected Health Information, Security Incident, or Breach by the Business Associate to the Chief Privacy Officer at:

Chief Privacy Officer  
Kenneth Hahn Hall of Administration  
500 West Temple Street  
Suite 525  
Los Angeles, California 90012  
[HIPAA@auditor.lacounty.gov](mailto:HIPAA@auditor.lacounty.gov)  
(213) 974-2166

- (a) The notification required by Section 2.4 shall include, to the extent possible, the identification of each Individual whose Unsecured Protected Health Information has been, or is reasonably believed by the Business Associate to have been, accessed, acquired, Used, or Disclosed; and
- (b) the notification required by Section 2.4 shall include, to the extent possible, all information required to provide notification to the Individual under 45 C.F.R. § 164.404(c), including:
  - (i) A brief description of what happened, including the date of the Breach and the date of the discovery of the Breach, if known;
  - (ii) A description of the types of Unsecured Protected Health Information that were involved in the Breach (such as whether full name, social security number, date of birth, home address, account number, diagnosis, disability code, or other types of information were involved);
  - (iii) Any other details necessary to conduct an assessment of whether there is a risk of harm to the Individual;
  - (iv) Any steps Business Associate believes that the Individual could take to protect him or herself from potential harm resulting from the Breach;

- (v) A brief description of what Business Associate is doing to investigate the Breach, to mitigate harm to the Individual, and to protect against any further Breaches; and
- (vi) The name and contact information for the person most knowledgeable regarding the facts and circumstances of the Breach.

If Business Associate is not able to provide the information specified in Section 2.3.2 (a) or (b) at the time of the notification required by Section 2.4.2, Business Associate shall provide such information promptly thereafter as such information becomes available.

- 2.4.3 Request for Delay by Law Enforcement. Business Associate may delay the notification required by Section 2.4 if a law enforcement official states to Business Associate that notification would impede a criminal investigation or cause damage to national security. If the law enforcement official's statement is in writing and specifies the time for which a delay is required, Business Associate shall delay notification, notice, or posting for the time period specified by the official; if the statement is made orally, Business Associate shall document the statement, including the identity of the official making the statement, and delay the notification, notice, or posting temporarily and no longer than 30 days from the date of the oral statement, unless a written statement as described in this section is submitted during that time.
- 2.5 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 Business Associate Agreement.
- 2.6 Breach Notification. Business Associate shall, to the extent Covered Entity determines that there has been a Breach of Unsecured Protected Health Information, provide Breach notification for each and every Breach of Unsecured Protected Health Information by Business Associate, its employees, representatives, agents, or subcontractors in a manner that permits Covered Entity to comply with its obligations under Subpart D, Notification, in the Case of Breach of Unsecured PHI, of the Privacy and Security Regulations, including:
- (a) Notifying each Individual whose Unsecured Protected Health Information has been, or is reasonably believed to have been, accessed, acquired, Used, or Disclosed as a result of such Breach;
  - (b) The notification required by paragraph (a) of this Section 2.6 shall include, to the extent possible:
    - (i) A brief description of what happened, including the date of the Breach and the date of the discovery of the Breach, if known;
    - (ii) A description of the types of Unsecured Protected Health Information that were involved in the Breach (such as whether full name, social security number, date of birth, home address, account number, diagnosis, disability code, or other types of information were involved);

- (iii) Any steps the Individual should take to protect him or herself from potential harm resulting from the Breach;
  - (iv) A brief description of what Business Associate is doing to investigate the Breach, to mitigate harm to individuals, and to protect against any further Breaches; and
  - (v) Contact procedures for Individual(s) to ask questions or learn additional information, which shall include a toll-free telephone number, an e-mail address, Web site, or postal address.
- (c) The notification required by paragraph (a) of this Section 2.6 shall be written in plain language.

Covered Entity, in its sole discretion, may elect to provide the notification required by this Section 2.6, and Business Associate shall reimburse Covered Entity any and all costs incurred by Covered Entity, including costs of notification, internet posting, and/or media publication, as a result of Business Associate's Breach of Unsecured Protected Health Information.

- 2.7 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.
- 2.8 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. If Business Associate maintains an Electronic Health Record, Business Associate shall provide such information in electronic format to enable Covered Entity to fulfill its obligations under the HITECH Act.
- 2.9 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.
- 2.10 Accounting of Disclosures. Upon Covered Entity's request, Business Associate shall provide to Covered Entity an accounting of each Disclosures of Protected Health Information made by

Business Associate or its employees, agents, representatives, or subcontractors in order 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 and/or the HITECH Act which requires an Accounting of Disclosures of Protected Health Information maintained in an Electronic Health Record for treatment, payment, and health care operations.

Any accounting provided by Business Associate under this Section 2.10 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 2.10, 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 2.10 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. If Business Associate maintains an Electronic Health Record, Business Associate shall provide such information in electronic format to enable Covered Entity to fulfill its obligations under the HITECH Act.

- 2.11 Indemnification. Business Associate shall indemnify, defend, and hold harmless Covered Entity, including its elected and appointed officers, employees, and agents, from and against any and all liability, including but not limited to demands, claims, actions, fees, costs, penalties and fines (including regulatory penalties and/or fines), and expenses (including attorney and expert witness fees), arising from or connected with Business Associate's acts and/or omissions arising from and/or relating to this Business Associate Agreement; Business Associate's obligations under this provision extend to compliance and/or enforcement actions and/or activities, whether formal or informal, of Secretary of the federal Department of Health and Human Services and/or Office for Civil Rights.

### **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.

### **TERM AND TERMINATION**

- 4.1 Term. The term of this Business Associate Agreement shall be the same as the term of the Services Agreement. Business Associate's obligations under Sections 2.1 (as modified by Section 4.2), 2.4, 2.5, 2.6, 2.7, 2.8, 2.9, 2.10, 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 the Agreement, upon either party's knowledge of a material breach of this Business Associate Agreement by the other party, the party with knowledge of the other party's breach shall either:

- (a) Provide an opportunity for the breaching party to cure the breach or end the violation and terminate the Agreement if the breaching party does not cure the breach or end the violation within the time specified by the non-breaching party;
- (b) Immediately terminate the Agreement if a party has breached a material term of this Business Associate Agreement and cure is not possible; or
- (c) If neither termination nor cure is feasible, 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 4.3, upon termination for any reason or expiration of the Agreement, Business Associate shall return or destroy all Protected Health Information, received from Covered Entity or created or received by Business Associate on behalf of Covered Entity. This provision shall apply to Protected Health Information that is in the possession of subcontractors or agents of Business Associate. Business Associate shall retain no copies of the Protected Health Information.
- (b) In the event that Business Associate determines that returning or destroying the Protected Health Information is infeasible, Business Associate shall provide to Covered Entity notification of the conditions that make infeasible. If return or destruction is infeasible, Business Associate shall extend the protections of this Business Associate 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.

**MISCELLANEOUS**

- 5.1 No Third Party Beneficiaries. Nothing in this Business Associate Agreement 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 Business Associate Agreement.
- 5.3 Relationship to Services Agreement Provisions. In the event that a provision of this Business Associate Agreement is contrary to a provision of the Agreement, the provision of this Business Associate Agreement shall control. Otherwise, this Business Associate Agreement shall be construed under, and in accordance with, the terms of the Agreement.
- 5.4 Regulatory References. A reference in this Business Associate Agreement 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 Business Associate Agreement 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 Business Associate Agreement from time to time as is necessary for Covered Entity to comply with the requirements of the Privacy and Security Regulations and other privacy laws governing Protected Health Information.

**EXHIBIT F**

**CONTRACTOR'S EEO CERTIFICATION**

**FOR**

**CENTRAL FILL SERVICES  
(CFS)**

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**MAY 2012  
VERSION 14.2**





**EXHIBIT G**

**SAFELY SURRENDERED BABY LAW**

**FOR**

**CENTRAL FILL SERVICES  
(CFS)**

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**MAY 2012  
VERSION 14.2**

# Safely Surrendered



No shame. No blame. No names.

In Los Angeles County: 1-877-BABY SAFE • 1-877-222-9723

[www.babysafela.org](http://www.babysafela.org)



In Los Angeles County: 1 877 BABY SAFE 1 877 222 9723

www.babysafela.org

# Safely Surrendered Baby Law

## What is the Safely Surrendered Baby Law?

California's Safely Surrendered Baby Law allows parents or other persons, with lawful custody, which means anyone to whom the parent has given permission to confidentially surrender a baby. As long as the baby is three days (72 hours) of age or younger and has not been abused or neglected, the baby may be surrendered without fear of arrest or prosecution.

### How does it work?

A distressed parent who is unable or unwilling to care for a baby can legally, confidentially, and safely surrender a baby within three days (72 hours) of birth. The baby must be handed to an employee at a hospital or fire station in Los Angeles County. As long as the baby shows no sign of abuse or neglect, no name or other information is required. In case the parent changes his or her mind at a later date and wants the baby back, staff will use bracelets to help connect them to each other. One bracelet will be placed on the baby, and a matching bracelet will be given to the parent or other surrendering adult.

### What if a parent wants the baby back?

Parents who change their minds can begin the process of reclaiming their baby within 14 days. These parents should call the Los Angeles County Department of Children and Family Services at 1-800-540-4000.

### Can only a parent bring in the baby?

No. While in most cases a parent will bring in the baby, the Law allows other people to bring in the baby if they have lawful custody.

### Does the parent or surrendering adult have to call before bringing in the baby?

No. A parent or surrendering adult can bring in a baby anytime, 24 hours a day, 7 days a week, as long as the parent or surrendering adult surrenders the baby to someone who works at the hospital or fire station.

### Does the parent or surrendering adult have to tell anything to the people taking the baby?

No. However, hospital or fire station personnel will ask the surrendering party to fill out a questionnaire designed to gather important medical history information, which is very useful in caring for the baby. The questionnaire includes a stamped return envelope and can be sent in at a later time.

### What happens to the baby?

The baby will be examined and given medical treatment. Upon release from the hospital, social workers immediately place the baby in a safe and loving home and begin the adoption process.

### What happens to the parent or surrendering adult?

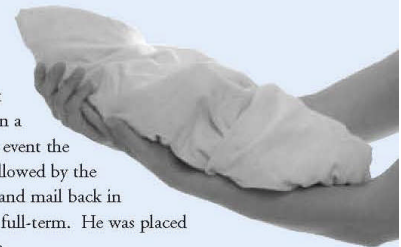
Once the parent or surrendering adult surrenders the baby to hospital or fire station personnel, they may leave at any time.

### Why is California doing this?

The purpose of the Safely Surrendered Baby Law is to protect babies from being abandoned, hurt or killed by their parents. You may have heard tragic stories of babies left in dumpsters or public bathrooms. Their parents may have been under severe emotional distress. The mothers may have hidden their pregnancies, fearful of what would happen if their families found out. Because they were afraid and had no one or nowhere to turn for help, they abandoned their babies. Abandoning a baby is illegal and places the baby in extreme danger. Too often, it results in the baby's death. The Safely Surrendered Baby Law prevents this tragedy from ever happening again in California.

## A baby's story

Early in the morning on April 9, 2005, a healthy baby boy was safely surrendered to nurses at Harbor-UCLA Medical Center. The woman who brought the baby to the hospital identified herself as the baby's aunt and stated the baby's mother had asked her to bring the baby to the hospital on her behalf. The aunt was given a bracelet with a number matching the anklet placed on the baby; this would provide some identification in the event the mother changed her mind about surrendering the baby and wished to reclaim the baby in the 14-day period allowed by the Law. The aunt was also provided with a medical questionnaire and said she would have the mother complete and mail back in the stamped return envelope provided. The baby was examined by medical staff and pronounced healthy and full-term. He was placed with a loving family that had been approved to adopt him by the Department of Children and Family Services.





# *Ley de* Entrega de Bebés *Sin Peligro*

*Los recién nacidos pueden ser entregados en forma segura al personal de cualquier hospital o cuartel de bomberos del Condado de Los Ángeles*

Sin pena. Sin culpa. Sin nombres.

En el Condado de Los Ángeles: 1-877-BABY SAFE • 1-877-222-9723  
[www.babysafela.org](http://www.babysafela.org)

En el Condado de Los Ángeles: 1-877-BABY SAFE • 1-877-222-9723

www.babysafela.org

# Ley de Entrega de Bebés Sin Peligro

## ¿Qué es la Ley de Entrega de Bebés sin Peligro?

La Ley de Entrega de Bebés sin Peligro de California permite la entrega confidencial de un recién nacido por parte de sus padres u otras personas con custodia legal, es decir cualquier persona a quien los padres le hayan dado permiso. Siempre que el bebé tenga tres días (72 horas) de vida o menos, y no haya sufrido abuso ni negligencia, pueden entregar al recién nacido sin temor de ser arrestados o procesados.

*Cada recién nacido se merece la oportunidad de tener una vida saludable. Si alguien que usted conoce está pensando en abandonar a un recién nacido, infórmele que tiene otras opciones. Hasta tres días (72 horas) después del nacimiento, se puede entregar un recién nacido al personal de cualquier hospital o cuartel de bomberos del condado de Los Angeles.*

### ¿Cómo funciona?

El padre/madre con dificultades que no pueda o no quiera cuidar de su recién nacido puede entregarlo en forma legal, confidencial y segura dentro de los tres días (72 horas) del nacimiento. El bebé debe ser entregado a un empleado de cualquier hospital o cuartel de bomberos del Condado de Los Ángeles. Siempre que el bebé no presente signos de abuso o negligencia, no será necesario suministrar nombres ni información alguna. Si el padre/madre cambia de opinión posteriormente y desea recuperar a su bebé, los trabajadores utilizarán brazaletes para poder vincularlos. El bebé llevará un brazaletes y el padre/madre o el adulto que lo entregue recibirá un brazaletes igual.

### ¿Qué pasa si el padre/madre desea recuperar a su bebé?

Los padres que cambien de opinión pueden comenzar el proceso de reclamar a su recién nacido dentro de los 14 días. Estos padres deberán llamar al Departamento de Servicios para Niños y Familias (Department of Children and Family Services) del Condado de Los Ángeles al 1-800-540-4000.

### ¿Sólo los padres podrán llevar al recién nacido?

No. Si bien en la mayoría de los casos son los padres los que llevan al bebé, la ley permite que otras personas lo hagan si tienen custodia legal.

### ¿Los padres o el adulto que entrega al bebé deben llamar antes de llevar al bebé?

No. El padre/madre o adulto puede llevar al bebé en cualquier momento, las 24 horas del día, los 7 días de la semana, siempre y cuando entreguen a su bebé a un empleado del hospital o cuartel de bomberos.

### ¿Es necesario que el padre/madre o adulto diga algo a las personas que reciben al bebé?

No. Sin embargo, el personal del hospital o cuartel de bomberos le pedirá a la persona que entregue al bebé que llene un cuestionario con la finalidad de recabar antecedentes médicos importantes, que resultan de gran utilidad para cuidar bien del bebé. El cuestionario incluye un sobre con el sello postal pagado para enviarlo en otro momento.

### ¿Qué pasará con el bebé?

El bebé será examinado y le brindarán atención médica. Cuando le den el alta del hospital, los trabajadores sociales inmediatamente ubicarán al bebé en un hogar seguro donde estará bien atendido, y se comenzará el proceso de adopción.

### ¿Qué pasará con el padre/madre o adulto que entregue al bebé?

Una vez que los padres o adulto hayan entregado al bebé al personal del hospital o cuartel de bomberos, pueden irse en cualquier momento.

### ¿Por qué se está haciendo esto en California? ?

La finalidad de la Ley de Entrega de Bebés sin Peligro es proteger a los bebés para que no sean abandonados, lastimados o muertos por sus padres. Usted probablemente haya escuchado historias trágicas sobre bebés abandonados en basureros o en baños públicos. Los padres de esos bebés probablemente hayan estado pasando por dificultades emocionales graves. Las madres pueden haber ocultado su embarazo, por temor a lo que pasaría si sus familias se enteraran. Abandonaron a sus bebés porque tenían miedo y no tenían nadie a quien pedir ayuda. El abandono de un recién nacido es ilegal y pone al bebé en una situación de peligro extremo. Muy a menudo el abandono provoca la muerte del bebé. La Ley de Entrega de Bebés sin Peligro impide que vuelva a suceder esta tragedia en California.

## Historia de un bebé

A la mañana temprano del día 9 de abril de 2005, se entregó un recién nacido saludable a las enfermeras del Harbor-UCLA Medical Center. La mujer que llevó el recién nacido al hospital se dio a conocer como la tía del bebé, y dijo que la madre le había pedido que llevara al bebé al hospital en su nombre. Le entregaron a la tía un brazaletes con un número que coincidía con la pulsera del bebé; esto serviría como identificación en caso de que la madre cambiara de opinión con respecto a la entrega del bebé y decidiera recuperarlo dentro del período de 14 días que permite esta ley. También le dieron a la tía un cuestionario médico, y ella dijo que la madre lo llenaría y lo enviaría de vuelta dentro del sobre con franqueo pagado que le habían dado. El personal médico examinó al bebé y se determinó que estaba saludable y a término. El bebé fue ubicado con una buena familia que ya había sido aprobada para adoptarlo por el Departamento de Servicios para Niños y Familias.



**EXHIBIT H**

**COUNTY'S TRAVEL EXPENSE REIMBURSEMENT POLICY**

**FOR**

**CENTRAL FILL SERVICES  
(CFS)**

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**MAY 2012  
VERSION 14.2**

## **COUNTY'S TRAVEL EXPENSE REIMBURSEMENT POLICY**

The Los Angeles, California County Code (Title 5. Personnel) specifies the maximum travel, meal, lodging, and incidental expense reimbursements rates.

### **I. Paragraph 5.40.060 Traveling Expenses – Travel, lodging and meal cost limitations**

Traveling expenses allowed shall not exceed:

- A.1. The actual cost of transportation when by public carrier, if a privately owned vehicle is used to travel to a destination other than one specified in subsection D of Section 5.40.190, at a rate of six cents per mile or the equivalent of the fare via the most appropriate public carrier;
  2. If to a destination outside the state and more than 500 miles from headquarters, the equivalent of the fare via the most appropriate public carrier;
  3. Effective July 1, 2000, persons permanently assigned to duty on Catalina Island shall be entitled to reimbursement for the cost not to exceed two round trips in any one month by boat to the mainland. Such claim shall be filed with the department on the form(s) required by the department head.
- B.1. Lodging \$192.00 per night; breakfast \$11.50; lunch \$15.00 and dinner \$37.50, or not to exceed \$64.00 per day when three meals are purchased upon any one day. The rates set forth in this paragraph shall be subject to annual adjustment by the auditor-controller pursuant to Section 5.40.095 of this Code. Where the cost of a single-occupancy hotel accommodation in a major metropolitan area or capital city, as defined in Section 5.40.090(B), exceeds the limitations set forth in this section and Section 5.40.095, reimbursement may, with prior approval of the Chief Administrative Officer, be made for actual necessary costs of said single-occupancy hotel accommodation, including all taxes, upon presentation to the auditor-controller of a receipt from the hotel concerned.
- a. Notwithstanding subsection B.1. above, employees attending a County-sponsored conference will be reimbursed for receipted lodging, plus taxes, when the lodging is contracted by the County sponsor for the event, and the appointing authority has granted prior approval for attendance and lodging at the contracted rate at the designated hotel;
  - b. Notwithstanding subsection B.1. above, employees attending a non-County-sponsored conference will be reimbursed for receipted lodging, plus taxes, when the lodging is contracted by the conference sponsor for the event, and the appointing authority has granted prior approval for attendance and lodging at the contracted rate at the designated hotel.
2. Unless approved by the chief administrative officer, meals shall not be allowed in the county of Los Angeles except under the following circumstances:
- a. Persons permanently assigned to duty on Catalina Island shall be allowed meals and lodging when ordered by the department head to temporary duty elsewhere in the county, provided such persons are required to remain at the temporary work location overnight,
  - b. Persons permanently assigned to duty in the mountains or in the Antelope Valley shall be allowed meals and lodging when ordered by the department head to temporary duty elsewhere in the county, provided such persons are required to remain at the temporary work location overnight,
  - c. Persons permanently assigned to duty other than in the mountains, in the Antelope Valley, on Catalina Island or in the Santa Clarita Valley shall be allowed meals and lodging when ordered by the department head to temporary duty at Catalina Island, in the mountains, in the Antelope Valley, or in the Santa Clarita Valley, provided such persons are required to remain at the temporary work location overnight,

d. Legislative representatives of the chief administrative office permanently assigned to duty in Washington, D.C. or Sacramento shall be allowed meals, lodging and transportation expenses in Los Angeles County as approved by the chief administrative officer when ordered by the department head to travel to Los Angeles to consult with county officials,

e. Candidates for employment with the county of Los Angeles, special examiners, or subject-matter experts, when they are approved by the chief administrative officer or director of personnel to travel for the examination process;

3. A person traveling by privately owned vehicle or county car shall be allowed actual necessary travel time and meals not to exceed one day each way en route; actual necessary lodging not to exceed one day each way en route if the destination is more than 500 highway miles from headquarters, or as would otherwise be reasonable under the circumstances.

C. The actual cost of portage, not to exceed \$1.00 per day. (Ord. 2006-0003 § 2, 2006; Ord. 2000-0034 § 1, 2000; Ord. 99-0026 § 3, 1999; Ord. 94-0011U § 1, 1994; Ord. 91-0044 § 4, 1991; Ord. 87-0007 § 2, 1987; Ord. 84-0240 § 2, 1984; Ord. 82-0251 § 1, 1982; Ord. 12108 § 1 (part), 1980; Ord. 12084 § 1, 1980; Ord. 12020 § 1, 1979; Ord. 11327 § 1, 1976; Ord. 11139 § 1, 1975; Ord. 10936 § 1, 1974; Ord. 9729 §§ 1 and 2, 1969; Ord. 9005 §§ 1 and 2, 1966; Ord. 7562 § 1, 1959; Ord. 5867 § 1, 1956; Ord. 5236 § 2 (part), 1948; Ord. 4099 Art. 3 § 48.3, 1942.)

II. Paragraph 5.40.095 Maximum travel, meal, lodging and incidental expense reimbursement rates

The auditor-controller shall adjust maximum travel, meal, lodging and incidental expense reimbursement rates based upon annual changes in the National Consumer Price Index (CPI) published by the Bureau of Labor Statistics of the United States Department of Labor. Such adjustments shall be made effective February 1, 1983, based upon the published percentage change in the CPI between December, 1981 and December, 1982. Subsequent adjustments shall be made effective on February 1st of each year thereafter, based upon the published percentage change in the CPI during the preceding calendar year, provided that such percentage change exceeds three percent. If the published percentage change in a calendar year is less than three percent, that percentage change shall be cumulated with the published percentage change in the following calendar year(s) until such time as the cumulative percentage change exceeds three percent, at which time adjustments shall be made to reflect the total cumulative percentage change. Such adjustments in maximum travel reimbursement rates shall be rounded to the nearest quarter dollar. (Ord. 82-0251 § 3, 1982.)



**ATTACHMENT A.1**

**COUNTY PHARMACIES**

**FOR**

**CENTRAL FILL SERVICES**

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Contractor shall provide Central Fill Services according to Exhibit A (Statement of Work) and other work under the Agreement for the following County Pharmacies:

**HIGH DESERT MULTI-SERVICE AMBULATORY CARE CENTER (HD MACC)**

1. HD MACC Pharmacy #1  
44900 N. 60<sup>th</sup> St W  
Lancaster, CA 93536
2. HD Hospital Pharmacy #1 (which is to be the Pilot Pharmacy)  
44900 N. 60<sup>th</sup> St W  
Lancaster, CA 93536

**MARTIN LUTHER KING JR. MULTI-SERVICE AMBULATORY CARE CENTER (MLK MACC)**

1. MLK MACC Pharmacy  
12021 S Wilmington Ave  
Los Angeles, CA 90059
2. Humphrey CHC Pharmacy  
5850 S Main St  
Los Angeles, CA 90003

**RANCHO LOS AMIGOS**

1. Rancho Los Amigos National Rehabilitation Center Pharmacy  
7601 E Imperial Hwy Building 100, Room 123A  
Downey, CA 90242

**LOS ANGELES COUNTY + UNIVERSITY OF SOUTHERN CALIFORNIA**

1. LAC+USC Med Center Outpatient Pharmacy (2P82)  
2010 Zonal Ave  
Los Angeles, CA 90033
2. LAC+USC Clinical Tower Outpatient Pharmacy  
1100 N State St  
Los Angeles, CA 90033
3. Roybal CHC Pharmacy  
245 S. Fetterly Ave., room 1401  
Los Angeles, CA 90022
4. Hudson CHC Pharmacy  
2829 S Grand Ave  
Los Angeles, CA 90007

5. El Monte CHC Pharmacy  
10953 Ramona Blvd.  
El Monte, CA 91731

**HARBOR – UNIVERSITY OF CALIFORNIA, LOS ANGELES**

1. HUMC Med Ctr O/P Phar  
1000 W. Carson St  
Torrance, CA 90509
2. HUMC Family Medical CHC Pharmacy  
1403 Lomita Blvd  
Harbor City, CA 90710
3. HUMC N22 Pharmacy  
1000 W. Carson St  
Torrance, CA 90509
4. Wilmington CHC Pharmacy  
1325 Broad Ave  
Wilmington, CA 90744
5. Long Beach Comp Health Ctr Pharmacy  
1333 Chestnut Ave  
Long Beach, CA 90813

**OLIVEVIEW – UNIVERSITY OF CALIFORNIA AT LOS ANGELES**

1. OVMC Medical Center Pharmacy  
14445 Olive View Dr  
Sylmar, CA 91342
2. Mid Valley CHC Pharmacy  
7515 Van Nuys Blvd  
Van Nuys, CA 91405
3. San Fernando CHC Pharmacy  
1212 Pico Ave  
San Fernando, CA 91340

Contractor also shall provide Central Fill Services according to Exhibit A (Statement of Work), at County's request, to any additional County Pharmacies that may be established during the term of this Agreement. The addition of any such pharmacies to this Agreement shall be memorialized through via a Change Notice or Amendment, as applicable, as set forth in Paragraph 8 (Changes to Agreement) of the Base Agreement. Nothing in the foregoing shall be construed to obligate County to pay any additional fees, costs or expenses as the result of the addition of pharmacy sites, other than those resulting from additional CFS Fees or Maintenance Fees.

**ATTACHMENT A.2**

**CFS PROJECT PLAN**

**FOR**

**CENTRAL FILL SERVICES  
(CFS)**

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**MAY 2012  
VERSION 14.2**

This Attachment A.2 (CFS Project Plan) provides for the requirements and sequence of implementing Central Fill Services at the County Pharmacies.

**I. COUNTY RECOMMENDATIONS**

Recommended sequence of County Pharmacies to implement Central Fill Services.

PHASE I

- A. Central Fill Pharmacy
  - a. Central Fill Pharmacy –site – TBD
- B. High Desert Multi-Service Ambulatory Care Center (HD MACC)
  - a. Pharmacy 1 – HD MACC Pharmacy
  - b. Pharmacy 2 – HD Hospital Pharmacy
- C. Martin Luther King MACC
  - a. MLK MACC Pharmacy
  - b. Humphrey CHC Pharmacy

PHASE II

- D. Olive View UCLA Medical Center
  - a. OVMC Medical Center Pharmacy
  - b. Mid-Valley CHC Pharmacy
  - c. San Fernando CHC Pharmacy
- E. Rancho Los Amigos NRC
  - a. Rancho Los Amigos National Rehabilitation Center Pharmacy
- F. Harbor UCLA Medical Center
  - a. HUMC Medical Center O/P Pharmacy
  - b. HUMC Family Medical CHC Pharmacy
  - c. HUMC N22 Pharmacy
  - d. Wilmington CHC Pharmacy
  - e. Long Beach CHC Pharmacy
- G. LAC+USC Medical Center
  - a. LAC+USC Medical Center OP (2P82)
  - b. LAC+USC Clinical Tower OP Pharmacy
  - c. Roybal CHC Pharmacy
  - d. Hudson CHC Pharmacy
  - e. El Monte CHC Pharmacy

**II. CFS PROJECT IMPLEMENTATION**

CFS Acceptance shall be evidenced by an Acceptance Certificate as set forth in Attachment A.3 (Acceptance Certificate).

**1. Pharmacy 1 – Central Fill Pharmacy**

Activity	Date
Site Readiness Assessment	
Connectivity to CFSIS	
Test Rx Ordering	
CFS-Live	
CFS Acceptance	

**2. Pilot Pharmacies 2 & 3 (HD MACC Pharmacy and HD Hospital Pharmacy)**

Activity	Date
Site Readiness Assessment	
Connectivity to CFSIS	
Test Rx Ordering	
CFS-Live	
CFS Pilot Pharmacy Evaluation	
CFS Acceptance	

**3. Pharmacy 4 - MLK MACC Pharmacy**

Activity	Date
Site Readiness Assessment	
Connectivity to CFSIS	
Test Rx Ordering	
CFS-Live	
CFS Acceptance	

**4. Pharmacy 5 - Humphrey CHC Pharmacy**

Activity	Date
Site Readiness Assessment	
Connectivity to CFSIS	
Test Rx Ordering	
CFS-Live	
CFS Acceptance	

**5. Pharmacy 6 - OVMC Medical Center Pharmacy**

Activity	Date
Site Readiness Assessment	
Connectivity to CFSIS	
Test Rx Ordering	
CFS-Live	
CFS Acceptance	

**6. Pharmacy 7 - Mid-Valley CHC Pharmacy**

Activity	Date
Site Readiness Assessment	
Connectivity to CFSIS	
Test Rx Ordering	
CFS-Live	
CFS Acceptance	

**7. Pharmacy 8 - San Fernando CHC Pharmacy**

Activity	Date
Site Readiness Assessment	
Connectivity to CFSIS	
Test Rx Ordering	
CFS-Live	
CFS Acceptance	

**8. Pharmacy 9 - Rancho Los Amigos National Rehabilitation Center Pharmacy**

Activity	Date
Site Readiness Assessment	
Connectivity to CFSIS	
Test Rx Ordering	
CFS-Live	
CFS Acceptance	

**9. Pharmacy 10 - HUMC Medical Center O/P Pharmacy**

Activity	Date
Site Readiness Assessment	
Connectivity to CFSIS	
Test Rx Ordering	
CFS-Live	
CFS Acceptance	

**10. Pharmacy 11 - HUMC Family Medical CHC Pharmacy**

Activity	Date
Site Readiness Assessment	
Connectivity to CFSIS	
Test Rx Ordering	
CFS-Live	
CFS Acceptance	

**11. Pharmacy 12 - HUMC N22 Pharmacy**

Activity	Date
Site Readiness Assessment	
Connectivity to CFSIS	
Test Rx Ordering	
CFS-Live	
CFS Acceptance	

**12. Pharmacy 13 - Wilmington CHC Pharmacy**

Activity	Date
Site Readiness Assessment	
Connectivity to CFSIS	
Test Rx Ordering	
CFS-Live	
CFS Acceptance	

**13. Pharmacy 14 - Long Beach CHC Pharmacy**

Activity	Date
Site Readiness Assessment	
Connectivity to CFSIS	
Test Rx Ordering	
CFS-Live	
CFS Acceptance	

**14. Pharmacy 15 - LAC+USC Medical Center OP (2P82)**

Activity	Date
Site Readiness Assessment	
Connectivity to CFSIS	
Test Rx Ordering	
CFS-Live	
CFS Acceptance	



**15. Pharmacy 16 - LAC+USC Clinical Tower OP Pharmacy**

Activity	Date
Site Readiness Assessment	
Connectivity to CFSIS	
Test Rx Ordering	
CFS-Live	
CFS Acceptance	

**16. Pharmacy 17 - Roybal CHC Pharmacy**

Activity	Date
Site Readiness Assessment	
Connectivity to CFSIS	
Test Rx Ordering	
CFS-Live	
CFS Acceptance	

**17. Pharmacy 18 - Hudson CHC Pharmacy**

Activity	Date
Site Readiness Assessment	
Connectivity to CFSIS	
Test Rx Ordering	
CFS-Live	
CFS Acceptance	

**18. Pharmacy 19 - El Monte CHC Pharmacy**

Activity	Date
Site Readiness Assessment	
Connectivity to CFSIS	
Test Rx Ordering	
CFS-Live	
CFS Acceptance	

**III. CONTRACTOR'S CFS PROJECT PLAN**

Contractor will attach a detailed implementation plan. Following execution of the Agreement, Contractor shall provide a Project Control Document (PCD), agreed to by both parties, which shall be incorporated and become part of this Attachment A.2.

**ATTACHMENT A.3**

**ACCEPTANCE CERTIFICATE**

**FOR**

**CENTRAL FILL SERVICES  
(CFS)**

---

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VERSION 14.2**



ATTACHMENT A.3 – ACCEPTANCE CERTIFICATE

**ACCEPTANCE CERTIFICATE**

Contract Name <b>Central Fill Services</b>		Contract Number	
Contractor Name and Address: Cardinal Health Pharmacy Services, LLC. 1330 Enclave Parkway, Houston, Texas 77077		Transmittal Date	
<b>FROM:</b>	Contractor's Project Manager	<b>TO:</b>	County's Project Manager
Name:		Name:	
Telephone:		Department Name:	
Signature (Required):		Division Name:	

Contractor hereby certifies to County that as of the date of this Acceptance Certificate, it has satisfied all conditions precedent in the Agreement, including the Exhibits thereto, to the completion and delivery of the Deliverables set forth below, including satisfaction of the completion criteria applicable to such Deliverables and County's approval of the work performed in connection with the achievement of such Deliverables. Contractor further represents and warrants that the work performed in respect of such Deliverables has been completed in accordance with Exhibit A (Statement of Work) and/or any applicable agreed work. Approval and signatures of both County's Project Director and County's Project Manger constitute acceptance of the Deliverables listed below.

Deliverable Number (including all work set forth in the Statement of Work and all other agreed work)	Deliverable Title	Task / Deliverable Summary of Work Completed
<b>Comments:</b>		
Attached hereto is a copy of all supporting Documentation required pursuant to the Agreement and Exhibit A (Statement of Work), including any additional Documentation reasonably requested by County.		
<b>County Acceptance:</b>		
<i>County's Project Manager</i>	<i>Signature</i>	<i>Date</i>
<b>Comments:</b>		
<i>County's Project Director</i>	<i>Signature</i>	<i>Date</i>
<b>Comments:</b>		

Distribution: Original – DHS [Financial Services]  
Copy 1 – Contractor  
Copy 2 – County's Project Director

Copy 3 – County's Project Manager  
Copy 4 – DHS [Master Contract File]