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**ADOPTED**

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

18 July 17, 2012

*Sachi A. Hamai*  
SACHI A. HAMAI  
EXECUTIVE OFFICER

July 17, 2012

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

Dear Supervisors:

**APPROVAL OF AUTHORITY TO ALLOW THE COUNTY OF LOS ANGELES  
TO ACT AS THE HOST COUNTY FOR PURPOSES OF PAYING STATE  
ADMINISTRATIVE COSTS ASSOCIATED WITH THE 1115 WAIVER AND  
DELEGATION OF AUTHORITY TO EXECUTE AGREEMENTS WITH THE  
CALIFORNIA DEPARTMENT OF HEALTH SERVICES AND OTHER  
GOVERNMENTAL ENTITIES IN CONNECTION WITH THAT ROLE  
(ALL SUPERVISORIAL DISTRICTS)  
(3 VOTES)**

**SUBJECT**

Request authority for the County of Los Angeles, through its Department of Health Services, to act as the host county for purposes of paying the State's administrative expenses associated with the Low Income Health Program and request a delegation of authority to the Director of Health Services to sign an agreement with the California Department of Health Care Services and separate agreements with each County or other governmental entity that operates a Low Income Health Program to establish and effectuate the County's duties as the host county.

**IT IS RECOMMENDED THAT YOUR BOARD:**

1. Authorize the County of Los Angeles, acting through the Department of Health Services (DHS), to act as the host county/fiscal intermediary effective on approval through June 30, 2014, for purposes of making payments on behalf of all Low Income Health Program (LIHP) participating entities to the California Department of Health Care Services (DHCS) to reimburse it, as required by law, for the non-federal share of its approved expenses incurred in connection with administering the LIHP at the State level.

2. Delegate authority to the Director of Health Services (Director), or his designee, to execute an agreement with DHCS, substantially similar to Exhibit I, which sets forth both parties' duties and responsibilities in connection with DHS' role as the host county for purposes of paying DHCS for its approved expenses incurred in administering the LIHP at the State level, effective on execution through June 30, 2014.
3. Delegate authority to the Director or his designee to execute agreements, substantially similar to Exhibit II, with each county or governmental entity which participates in the LIHP, which sets forth each party's duties in connection with DHS' role as the fiscal intermediary for purposes of paying DHCS, as required by law, for its allowable expenses incurred in connection with administering the LIHP at the State level, including the County's duty to pay its share, effective on execution through June 30, 2014, at a cost, for DHS' share of DHCS' expenses, not exceed \$500,000 per fiscal year (FY).
4. Delegate authority to the Director or his designee to amend the exhibit 1 to the agreements with each county or governmental entity which participates in the LIHP to reflect changes to the distribution formula or percentages approved by the LIHP Executive Committee.

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

The state statutes which created the LIHP require the counties or other governmental entities that operate LIHPs to pay the non-federal share of DHCS' staffing and other expenses incurred in connection with administering the LIHP at the State level. DHCS, working with the California Association of Public Hospitals (CAPH), determined that the most appropriate way to fulfill that obligation would be to use a single "host county," which will act as a fiscal intermediary between the counties and DHCS to collect the necessary amounts from itself and the other entities, and then make a single payment of approved expenses to DHCS. Los Angeles County was a logical choice as the volunteer to serve in this capacity.

The recommended actions will allow the County of Los Angeles (County), through DHS, to act as the host county, and will authorize the Director or his designee to sign two types of agreements in connection with that role. The first agreement, which will be substantially similar to Exhibit I, is with DHCS and sets forth the mechanisms by which reimbursable DHCS expenses are budgeted, approved, invoiced, paid, and, if necessary, appealed. The second set of agreements, which will be similar to Exhibit II, are with individual counties and other governmental entities which operate LIHPs and provides for DHS to collect from each entity its share of DHCS' allowable expenses and to pay over those amounts to DHCS. Both agreements include a commitment by the County to pay its share of the DHCS' expenses.

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

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

#### **FISCAL IMPACT/FINANCING**

DHS believes that the County will incur few, if any, marginal costs associated with performing its

fiscal intermediary functions as the host county. DHCS' expenses for FY 2011-212 estimated to be approximately \$1,400,000. As a participating LIHP, DHS must, by law, pay its share of DHCS' approved administrative expenses, which are approximately \$300,000 for FY 2011-12 and estimated to be no more than \$500,000 in other fiscal years. Funding for DHS' share of DHCS' expense is included in DHS' FY 2012-13 Adopted Budget and will be requested in future years, as necessary.

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

Since July 1, 2011, DHS has been participating in the LIHP authorized by the section 1115 (a) waiver, California Bridge to Reform Medicaid Demonstration (11-W-00193/9). The LIHP operated by DHS is called Healthy Way LA - Matched.

In authorizing the LIHPs, the Legislature wanted to be sure that it would be implemented without cost to the State. Accordingly, Welfare and Institutions Code sections 15911(j) and 14182.3(e) provide that entities with the LIHP must reimburse the State for the non-federal share of its staffing and other administrative expenses associated with administering the program. The State worked with CAPH to determine how that obligation would be fulfilled. The product of those discussions is the host county agreement with DHCS.

Under that agreement, a LIHP Executive Committee, composed of representatives from CAPH, the California State Association of Counties (CSAC), the County Health Executives Association of California (CHEAC), the County Medical Services Program (CMSP), the County of Los Angeles Department of Health Services, and two other counties, reviews and approves an annual budget from DHCS which defines the expenses considered to be reimbursable. The LIHP Executive Committee also receives and reviews semi-annual progress reports from DHCS, and approves any requests for mid-year budget adjustments. DHCS will invoice the host county quarterly for the non-federal share of its actual costs of administering the LIHP, up to the budgeted amount. DHS will then pay the invoices using funds received from the other LIHP entities as well as its own share. Irrespective of the amount invoiced by DHCS, the County is not obligated to pay more than the amount it has collected plus its own share of the cost. Thus, the County will not be responsible for any shortfall if any of the other entities fail to pay their full share.

Under the contract with DHCS, DHS would also have the right to appeal any inappropriate requests for payment, and may also prosecute appeals on the behalf of the LIHP Executive Committee. The agreement contains mutual indemnification provisions and can be terminated by either party on thirty days advance written notice. The agreement, which is effective on execution, expires on June 30, 2014, which is six months after the scheduled end of the LIHP. Because the State is the other party to the contract, the agreement does not include most of the standard County boilerplate provisions.

DHS would also enter into agreements with each county or other entity operating a LIHP, which will have the same term as the agreement with DHCS. Under those agreements, DHS will invoice each entity annually on a prospective basis for its share of the State's budgeted expenses based on a distribution formula set forth in the agreement, and will use the money exclusively to pay DHCS' allowable expenses. DHS would also be responsible for providing to each entity an annual reconciliation of paid amounts to the approved budget. These agreements will obligate other county or governmental entity to pay the amounts billed within thirty days. This agreement also commits the County to pay its share of DHCS' expenses. The agreement includes mutual indemnification, but makes each party responsible for its own federal claiming. DHS can terminate these agreements on sixty days written notice. The agreement does not include most of the standard County boilerplate provisions.

**CONTRACTING PROCESS**

Not applicable.

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

These agreements assist DHS in fulfilling its obligation to pay DHCS' costs of administering the LIHP at the State level, which is a condition on its receipt of revenue as a LIHP participant. Such revenue has permitted the County to continue to provide health care services to its low income population.

Respectfully submitted,

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

Mitchell H. Katz, M.D.

Director

MHK:hr

Enclosures

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

**AGREEMENT WITH THE CALIFORNIA DEPARTMENT OF  
HEALTH CARE SERVICES FOR ADMINISTRATIVE SERVICES  
RELATED TO THE LOW INCOME HEALTH PROGRAM (LIHP)**

This Agreement is entered into this \_\_\_ day of \_\_\_\_\_ 2012, to be effective as of \_\_\_\_\_, between the California Department of Health Care Services (“DHCS”) and the County of \_\_\_\_\_ (“Host County”) with respect to the matters set forth below.

**WITNESSETH:**

**WHEREAS**, this Agreement is made pursuant to the authority of Welfare and Institutions Code §§ 15911(c) and (j) and 14182.3(e).

**WHEREAS**, DHCS is the single state agency responsible for administering California’s Bridge to Reform section 1115(a) Medicaid Demonstration (“the Demonstration”);

**WHEREAS**, it is necessary and desirable that DHCS perform or contract for the performance of administrative services related to the administration of the Low Income Health Program (“LIHP”) at the state level;

**WHEREAS**, under the Demonstration, entities eligible for participation in the LIHP include a county, city and county, consortium of counties serving a region consisting of more than one county, or health authority (“Participating Entities”).

**WHEREAS**, an group representing the Participating Entities , known as the LIHP Executive Committee, has been constituted to provide certain oversight and administrative review functions; **WHEREAS**, Host County is willing to serve as the Fiscal Intermediary and be responsible for making payments to DHCS for the costs associated with DHCS’ administration of the LIHP under the Demonstration;

**WHEREAS**, DHCS has issued the 2010 Section 1115 Medicaid Waiver State of California County Funded State Demonstration Administration Positions Policy (“the Policy”) dated \_\_\_\_\_, 2012, which is attached hereto as Attachment A for reference, but is not incorporated as a term of this Agreement. .

**WHEREAS**, pursuant to the Policy and in accordance with this Agreement, the LIHP Executive Committee is responsible for reviewing and approving DHCS expenditures associated with administration of the LIHP.

**NOW, THEREFORE, IT IS HEREBY AGREED BY THE PARTIES HERETO AS FOLLOWS:**

**1. Services to be Performed by DHCS.**

A. DHCS shall administer the LIHP at the state level. DHCS' administrative services shall be provided in a professional and diligent manner. Should the scope of work or services to be performed under this Agreement conflict with DHCS' responsibilities as the single state agency for Medicaid in California, the single state agency responsibilities shall take precedence.

B. DHCS shall complete an annual budget and submit it to the LIHP Executive Committee by the first day of each Demonstration Year ("DY") as established in the Special Terms and Conditions governing the Demonstration, and by a date agreed upon by DHCS and the LIHP Executive Committee for DYs prior to the execution of this Agreement. The annual budget shall identify all costs on a category level associated with each proposed position for the DY as well as any appropriate other costs. The template for this budget is attached as Exhibit 1 to the Policy (Attachment A).

C. DHCS shall submit a Semi-Annual Report to the LIHP Executive Committee by the last business day of July and January of each applicable DY. This Report shall include a six-month prospective workload analysis (Exhibit 2 to the Policy) and six-month retrospective workload description (Exhibit 3 to the Policy) for each position identified in Exhibit 1 to the Policy (the annual budget). The content of these reports shall be consistent with the requirements set forth in the Policy (Attachment A).

D. Should DHCS anticipate the need for additional costs/staff during the current DY beyond what has been identified in the approved DY annual budget, it shall submit a written proposal to the appropriate LIHP Executive Committee consistent with the requirements set forth in the Policy.

E. If a request is made by the LIHP Executive Committee in the context of a dispute between DHCS and the LIHP Executive Committee regarding the appropriateness of a budgeted, county-funded position, DHCS shall complete a sample time-study for the position in question in accordance with the requirements and procedures set forth in the Policy. Such time study would be performed on a prospective basis. Except under the specific circumstances identified in the Policy under the section labeled Staffing Position Disputes and Payment Adjustments as allowing for retroactive modifications, all modifications in allowable positions based on such time studies shall be made prospectively only. .

F. DHCS shall submit invoices on a quarterly basis to the Host County. Consistent with Section 3 below, such invoices shall be issued in arrears and reflect the expenditures made during the prior quarter for activities and expenses in the approved budget.

G. DHCS shall claim and retain FFP based on the total expenditures incurred in performing the administrative activities reported in Exhibit 1 to the Policy.

**2. Services to be Performed by Host County.**

A. Host County shall enter into agreements with other Participating Entities, as defined above, for payment of DHCS' approved expenses. It shall collect from such other Participating Entities, and shall contribute its own allocated share of such expenses and deposit the same into a Trust Fund established for this purpose.

B. Host County shall pay from the Trust Fund established pursuant to the agreements between the Participating Entities and the Host County the nonfederal share of DHCS' quarterly invoices for expenditures under this Agreement if the invoices are approved as being in accordance with the annual approved budget. In no event, however, shall Host County have an obligation to pay any amount in excess of the funds available in the Trust Fund.

C. Nothing in this Agreement shall preclude Host County from claiming its administrative expenditures under Attachment J of the Special Terms and Conditions governing the Demonstration, but shall not claim FFP for the expenditures incurred by DHCS under the process described in the Policy.

D. Host County shall complete an annual report which reconciles payments to DHCS with the approved annual budget, and shall distribute the report to DHCS and all other Participating Entities.

**3. Payments.**

A. Payment Amounts

- (1) Host County shall pay DHCS the nonfederal share of approved invoices for actual administrative costs associated with filled positions and other costs after the cost is incurred by DHCS. For purposes of this Agreement "nonfederal share" shall mean the amount determined by multiplying the federally allowable expenditure by 1 minus the percentages specified in 42 U.S.C. Section 1396b(a). Host County shall not be responsible for reimbursement of DHCS' administrative costs incurred prior to June 30, 2011, except for approved Mercer actuarial services related to the LIHP.
- (2) Payments to DHCS for any DY shall not exceed costs identified in the DHCS DY annual budget (Exhibit 1 to the Policy), unless additional amounts are otherwise approved by the LIHP Executive Committee. In no event shall payment be made by Host County for any invoice or portion thereof exceeding this amount.
- (3) The payments made to DHCS by Host County shall represent the nonfederal share of Medicaid administrative expenditures incurred by

DHCS related to the LIHP and shall constitute compliance with Welf. & Insts. Code §§ 15911(j) and 14182.3(e).

**B. Schedule of Invoices**

- (1) DHCS shall submit invoices quarterly to the Host County, with a copy sent simultaneously to the LIHP Executive Committee. These invoices must be sent to the Host County in accordance with the schedule agreed upon by DHCS and the Host County at the beginning of each DY. Invoices may be submitted by mail or by e-mail to an individual designated by Host County to receive such invoices.
- (2) Host County shall compensate DHCS for the applicable approved costs in Exhibit 1 to the Policy within sixty (60) days of receipt of an invoice from DHCS. Each payment shall be based upon the DHCS expenditures set forth in Exhibit 1 to the Policy.
- (3) If DHCS does not submit the budget or semi-annual reports in accordance to the timeframes established in Sections 1.B or 1.C of this Agreement, then, Host County may withhold payments on any invoice relating to the budget, or semiannual report that has not been submitted in accordance with the established timeframes until such item is submitted by DHCS.

**4. Dispute Resolution Process.**

**A. Host County**

- (1) The Host County shall contract with all other Participating Entities to establish the Host County as the sole entity entitled to initiate, pursue, and resolve on behalf of the other Participating Entities, disputes relating to payment for activities undertaken to administer the Demonstration as discussed in Section 4.B. below.
- (2) The LIHP Executive Committee may authorize the Host County as the entity entitled to initiate, pursue, and resolve on behalf of the LIHP Executive Committee, disputes relating to activities undertaken to administer the Demonstration as discussed in Section 4.C. below.

**B. Payment/Invoice Dispute**

- (1) If a dispute arises between the Host County and DHCS regarding payment for activities undertaken to administer the Demonstration, the



Host County must seek resolution using the procedure outlined below in lieu of any other administrative appeal.

- (2) The Host County shall first contact the Section Chief or a designee of the DHCS Branch under which the position or item in dispute is located informally to discuss the dispute. If the dispute cannot be resolved informally, the Host County shall submit a written Notification of Dispute, together with any supporting evidence, within the time specified in subparagraph (3) below, to the Division Chief.
- (3) The Host County shall submit by mail or e-mail a Notification of Dispute and supporting documentation within sixty (60) days of receiving the invoice in dispute. Failure to mail or e-mail a written Notification of Dispute within sixty (60) days shall bar all claims arising out of the invoice. For purposes of determining the timeliness of the submission, the Notification of Dispute shall be considered submitted on the date that it is received.
- (4) The Notification of Dispute shall include the information specified in Paragraph 4.D(1) below. . The Division Chief shall render a written decision within ten (10) working days after receipt of the written Notification of Dispute from the Host County. The decision shall provide the reasons therefore, and shall include the name, address and e-mail address of the Deputy Director with whom an appeal may be filed. If the Host County disagrees with the Division Chief's decision, the Host County may appeal to the appropriate Deputy Director of DHCS as outlined in subparagraph (5) below.
- (5) To appeal a Division Chief's decision, the Host County shall, within ten (10) working days of receipt of the Division Chief's decision, submit by mail or e-mail a written appeal to the Deputy Director of the Division under which the position or item in dispute is located. The appeal shall state the reasons for disagreement with the Division Chief's decision and include a copy of the Host County's original Notification of Dispute, any supporting evidence submitted with the original Notification of Dispute, and a copy of the Division Chief's decision. The Deputy Director or his/her designee may, in his/her discretion, meet with the Host County's designated representative to review the issues raised. A written decision signed by the Deputy Director or his/her designee shall be mailed to the Host County within twenty (20) working days of receipt of the Host County's appeal, unless the parties agree that the time may be extended. The Deputy Director's written decision shall be the final

administrative review of the dispute, subject to judicial review as otherwise permitted by law.

- (6) Notwithstanding the submission and status of any Notification of Dispute or subsequent appeals, the Host County shall continue payment to DHCS (including payment on matters identified in the Notification of Dispute), and DHCS shall continue performing activities undertaken to administer the Demonstration.
- (7) Notwithstanding subparagraph (6) above, if DHCS fails to meet the deadlines for decisions set forth in subparagraphs (4) and/or (5), then Host County may discontinue payment of the disputed portion of the invoice until DHCS fulfills its obligations under this Section 4.B or the dispute is resolved, whichever is earlier.
- (8) In the event that the Division Chief or the Deputy Director determines that an expense paid by the Host County pursuant to subparagraph (6) above was not due and owing to DHCS, then DHCS shall promptly refund the amount overpaid, or shall provide a credit against any future amounts due under this Agreement. The Host County shall have the right to decide whether to receive a refund, or to receive a credit against future amounts owed.

C. Administrative Activity Dispute

- (1) If a dispute arises between DHCS and the LIHP Executive Committee regarding activities undertaken to administer the Demonstration, resolution of the dispute shall be in accordance with the procedures outlined below.
- (2) A dispute under this paragraph C is limited to the following topics:
  - (i) Annual budgets.
  - (ii) Semiannual reports (including retrospective work schedules).
  - (iii) Midyear requests for additional positions.
- (3) If a dispute arises under this section, the Section Chief of the DHCS Division under which the subject matter of the dispute is located, or his or her designee, shall informally discuss the problem with an authorized representative of the LIHP Executive Committee or the Host County if the Host County is authorized by the LIHP Executive Committee to represent the LIHP Executive Committee in the dispute. If the dispute is

not resolved informally, the Division Chief or designee shall submit by mail or e-mail a written Notification of Dispute, together with any evidence, to the LIHP Executive Committee or Host County as appropriate. The Notification of Dispute shall include the information specified in paragraph 4.D(2) below. A representative of the LIHP Executive Committee or the Host County, if requested, will meet and confer with the Division Chief or his/her designee in attempt to resolve the dispute. If that meeting does not result in a resolution of the dispute, the Deputy Director of that Division under which the position or topic of dispute is located may request an opportunity to meet and confer with a representative of the LIHP Executive Committee or Host County as appropriate in an attempt to resolve the dispute. Such request shall be granted.

- (4) If the dispute cannot be resolved using the process outlined in Section 4.C.(3), the dispute shall be submitted in writing to the Director of DHCS for consideration. The Director's written decision shall be the final administrative review of the dispute, subject to judicial review as otherwise permitted by law.

D. Notifications of Dispute

- (1) For disputes relating to payment for activities undertaken to administer the Demonstration, the Notification of Dispute shall state, on the basis of the most accurate information then available to the Host County, all of the following:
  - (i) The information contained in the invoice that is the subject of the dispute.
  - (ii) The identification of any documents and the substance of any oral communications involved in the disputed invoice. Copies of all identified documents shall be attached to the Notification of Dispute.
  - (iii) The factual and/or legal reasons the Host County is disputing the invoice.
  - (iv) The cost impact that is directly attributable to the disputed invoice, and the remedy sought.

- (2) For disputes regarding an activity undertaken to administer the Demonstration, a Notification of Dispute shall state, on the basis of the most accurate information then available to the party raising the dispute, all of the following:
  - (i) The information contained in the annual budget, semiannual report, or midyear request for additional positions that is the subject matter of the dispute.
  - (ii) The identification of any documents and the substance of any oral communications related to the dispute. Copies of all documents identified shall be attached to the Notification of Dispute.
  - (iii) The factual and/or legal reasons the party is disputing the activity.
  - (iv) The cost impact raising the dispute that is directly attributable to the disputed activity.
  - (v) If no cost impact is involved, the desired remedy.

**5. Relationship of Parties.**

It is expressly understood that this is an agreement between two (2) independent entities and that no agency, employee, partnership, joint venture or other relationship is established by this Agreement. The intent by both Host County and DHCS is to create an independent contractual relationship.

**6. Non-Discrimination.**

DHCS agrees that no person shall, on the grounds of race, color, creed, national origin, religious affiliation or non-affiliation, sex, sexual orientation, marital status, age (over forty (40)), disability, medical condition (including but not limited to AIDS, ARC, HIV positive diagnosis, or cancer), political affiliation or union membership be excluded from participation in, be denied the benefits of, or be subjected to discrimination under this agreement.

**7. Assignments and Subcontracts.**

A. This Agreement is not assignable in whole or in part by either party without the written consent of the other party.

B. DHCS shall not employ consultants or subcontractors to carry out the responsibilities undertaken pursuant to this Agreement without written consent of the LIHP Executive Committee.

**8. Amendment of Agreement.**

This Agreement is complete and contains all the terms and conditions agreed upon by the parties relating to payments for DHCS' administrative activities related to the LIHP. No amendment shall be valid unless made in writing and signed by the parties hereto, and no oral understanding or agreement shall be binding on the parties hereto. The parties acknowledge and agree that DHCS may, with the concurrence of the LIHP Executive Committee, modify the Policy contained in Attachment A without the consent of Host County, so long as such modification does not expand or materially modify Host County's obligations under this Agreement.

**9. Records.**

A. Upon written notice, DHCS agrees to provide to Host County or any federal or state department having monitoring or reviewing authority, access to and the right to examine and audit its applicable records and documents for compliance with relevant federal and state statutes, rules and regulations, and this Agreement.

B. DHCS shall maintain and preserve all records relating to this Agreement for a period of three (3) years from the termination date of this Agreement, or until audit findings are resolved, whichever is later.

**10. Compliance with Applicable Laws.**

All services to be performed by DHCS pursuant to this Agreement shall be performed in accordance with all applicable federal and state laws, including, but not limited to, the Americans with Disabilities Act of 1990, as amended, § 504 of the Rehabilitation Act of 1973, as amended. Such services shall also be performed in accordance with all applicable ordinances and regulations, including, but not limited to, appropriate licensure, certification regulations, provisions pertaining to confidentiality of records, and applicable quality assurance regulations.

**11. Notice/Controlling Law**

A. Unless otherwise specified above, any notice, request, demand or other communication required or permitted hereunder shall be deemed to be properly given when deposited in the United States mail, postage prepaid, addressed:

(1) In the case of Host County, to:

Administration Department

[Host County identified as Fiscal Intermediary]

Attn: Administration Director

[Address Line]

[City, State, Zip Code]

Or to such person or address as Host County may, from time to time, furnish to DHCS.

(2) In the case of DHCS, to:

California Department of Health Care Services

Low Income Health Program Division

Attention: Division Chief

1501 Capitol Avenue, Suite 71.3034

P.O. Box 997419, MS 4519

Sacramento, California 95899-7419

Or to such person or address as DHCS may, from time to time, furnish to Host County.

B. The validity of this Agreement and of its terms or provisions, as well as the right and duties of the parties hereunder, the interpretation and performance of this Agreement shall be governed by the laws of the State of California.

**12. Term of the Agreement.**

Subject to compliance with the terms and conditions of this Agreement, the term of this Agreement shall be from the date of execution by the parties through June 30, 2014, unless extended through mutual agreement by DHCS and Host County. Either party may terminate this agreement by delivering written notice of termination to the other party at least thirty (30) days prior to the effective date of termination. Notice shall be addressed to the respective parties as identified in Section 11 above.

**13. Mutual Hold Harmless.**

It is agreed that DHSC shall defend, save harmless, and indemnify Host County, its officers, employees, and agents from any and all claims, liability, loss or expense (including reasonable attorney fees) for injuries or damages to any person and/or property which arise out of the terms and conditions of this Agreement and which result from the negligent or intentional acts or omissions of DHCS, officers, employees or agents. It is further agreed that the Host County shall defend, save harmless, and indemnify DHCS its officers, employees, and agents

from any and all claims, liability, loss or expense (including reasonable attorney fees) for injuries or damages to any person and/or property which arise out of the terms and conditions of this Agreement and which result from the negligent or intentional acts or omissions of Host County, officers, employees or agents

**14. Severability.**

If any term, condition, or provision of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions shall nevertheless continue in full force and effect, and shall not be affected, impaired or invalidated in any way.

**15. Entire Agreement/Amendment.**

This Agreement and any exhibits attached hereto constitute the entire agreement among the parties to it and supersede any prior or contemporaneous understanding or agreement with respect to the services contemplated, and may be amended only in accordance with paragraph 8 above. .

**16. Other Provisions.**

A. The non-enforcement or other waiver of any provision of this Agreement shall not be construed as a continuing waiver or as a waiver of any other provision of this Agreement.

B. Except as specified in this Section 16.B, nothing in this Agreement is intended to confer any rights or remedies on any third party, including, without limitation, any provider(s) or groups of providers, or any right to medical services for any individual(s) or groups of individuals; accordingly, there shall be no third party beneficiary of this Agreement, except the LIHP Executive Committee.

C. Time is of the essence in this Agreement.

D. Each party hereby represents that the person(s) executing this Agreement on its behalf is duly authorized to do so.

IN WITNESS WHEREOF, the parties hereto, by their duly authorized representatives, have affixed their hands.

COUNTY OF LOS ANGELES

Signed By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_

CALIFORNIA DEPARTMENT OF HEALTH CARE SERVICES

Signed By: \_\_\_\_\_

Printed Name: \_\_\_\_\_ [name of signer]

Title: Chief, Contracts and Purchasing Services Section

Date: \_\_\_\_\_



**Agreement Between**  
**[Insert Name of Participating Entity]**  
**and**  
**County of Los Angeles**

This Agreement is made and entered into by and between the [Participating Entity], an entity that participates in the Low Income Health Program (“LIHP”) as part of California’s Bridge to Reform section 1115(a) Medicaid Demonstration, hereinafter referred to as “Participating Entity” and the County of Los Angeles, hereinafter referred to as “Host County.”

**WHEREAS**, Participating Entity desires to help fund a share of the California Department of Health Care Services’ (“DHCS”) Medicaid administrative costs related to administering the LIHP at the state level, by contracting with Host County;

**WHEREAS**, Participating Entity is prepared to provide its applicable share of such administrative expenditures incurred by DHCS under the terms and conditions set forth in this Agreement and pursuant to the distribution formula set forth in Exhibit 1;

**WHEREAS**, Host County is willing to collect and disburse to DHCS payments of Participating Entity’s applicable nonfederal share of DHCS’ LIHP-related administrative expenditures, and has or will enter into an Agreement with DHCS to make such payments (“DHCS Agreement”).

**NOW, THEREFORE, IT IS MUTUALLY AGREED AS FOLLOWS:**

**1. Host County Responsibilities**

A. Host County shall submit an invoice to Participating Entity on an annual prospective basis for Participating Entity's portion of the non-federal share of DHCS' Medicaid administrative costs related to administering the LIHP. The invoiced amount shall be the Participating Entity's portion, as determined in accordance with the distribution formula set forth in Exhibit 1, of the approved annual budget submitted by DHCS pursuant to the Agreement with the California Department of Health Care Services for Administrative Services Related to the Low Income Health Program (“the DHCS Agreement”), attached hereto as Attachment A. Such invoice shall be sent to the person at the address set forth in paragraph 7.B below. For purpose of this Agreement, non-federal share shall mean the amount determined by multiplying the approved annual budget amount by 1 minus the federal medical assistance percentage (“FMAP”). Such invoice may also include the amount due to Host County for its services, pursuant to paragraph 3.B below, or Host County may, at its discretion, issue a separate invoice for such amounts.

B. Host County shall create and maintain a County-Funded State Administrative Positions Trust Fund (“the LIHP Trust Fund”) solely to hold funds received from Participating Entities and from Host County for purposes of fulfilling its obligations under this

Agreement and the DHCS Agreement. Host County shall deposit all payments made pursuant to Paragraph 3.A into such LIHP Trust fund.

i. Host County shall comply with all applicable laws and regulations governing the use of public funds in the collection and disbursement of funds for the LIHP Trust Fund pursuant to the terms of this Agreement.

C. Host County shall utilize the funds paid by Participating Entity under Paragraph 3.A below to pay to DHCS the amounts owed under the DHCS Agreement. Such payments shall be made at the times and in the manner specified in the DHCS Agreement.

D. Host County shall complete an annual report which reconciles payments to DHCS with the approved annual budget, and shall distribute the report to the Participating Entity.

E. Any remaining balance of a Participating Entity's payment in the LIHP Trust Fund not paid by Host County to DHCS pursuant to the DHCS Agreement shall be carried forward to the subsequent year and shall be applied to Participating Entity's required payment amount under Section 3.A of this Agreement for that year, or may be returned to Participating Entity at Host County's election. Upon termination of the DHCS Agreement, Host County shall conduct a reconciliation and distribute any unused balance in the LIHP Trust Fund to Participating Entity in accordance with the distribution formula in Exhibit 1. If any amount in the LIHP Trust Fund is subject to dispute under Section 4 of the DHCS Agreement, then that amount shall not be distributed to Participating Entity until a final decision has been reached in the appeal.

F. Host County shall be the sole entity entitled to initiate, pursue, and resolve disputes relating to payment for DHCS activities undertaken to administer the LIHP, pursuant to Section 4.B. of the DHCS Agreement.

G. If authorized by the LIHP Executive Committee, Host County shall be the sole entity entitled to initiate, pursue, and resolve disputes relating to activities undertaken to administer the LIHP, pursuant Section 4.C. of the DHCS Agreement.

H. Host County shall comply with all Host County obligations set forth in the DHCS Agreement.

I. Host County agrees that it shall deposit into the LIHP Trust Fund amounts equal to Host County's share of the approved budget required by the DHCS Agreement as determined in accordance with the distribution formula set forth in Exhibit 1.

## 2. **Limitations on Host County's Responsibilities**

A. Host County is the host entity only for the purposes of collecting and disbursing funds as set forth in this Agreement and pursuant to the 2010 Section 1115 Medicaid Waiver State of California County Funded State Demonstration Administrative Positions Policy ("the Policy") dated \_\_\_\_\_, 2012, attached hereto as Attachment B, and the DHCS Agreement.

B. Host County shall not be responsible for producing claims, altering data or providing other materials related to Participating Entity's LIHP claims.

C. Host County shall not be financially responsible for paying the applicable nonfederal share of DHCS' LIHP-related Medicaid administrative costs for any Participating Entity which has failed to pay the total amount owed under this Agreement in a timely manner.

D. With the exception of audit exceptions arising from its own claims, Host County shall not be financially responsible for any audit exceptions relating to this Agreement.

**3. Participating Entity Responsibilities**

A. Participating Entity shall pay Host County the applicable amount of the nonfederal share of DHCS Medicaid administrative expenditures related to the LIHP, in accordance with the distribution formula in Exhibit 1, within sixty (60) days of receipt of an invoice from Host County.

B. Participating Entity shall pay Host County an annual fee in accordance with Exhibit 2 to compensate Host County for its responsibilities under this Agreement. Participating Entity agrees that Host County may use such funds in any manner required by law and is under no obligation to use such funds to make any payments due under the DHCS Agreement.

C. Participating Entity shall be responsible for the submission of its own LIHP claims, including any claims pursuant to Attachment J of the Special Terms and Conditions governing California's Bridge to Reform section 1115(a) Medicaid Demonstration.

D. Except as may be otherwise required by law, Participating Entity shall not be financially responsible for paying the applicable nonfederal share of DHCS's-related Medicaid administrative costs for Host County or any other Participating Entity which has failed to pay the total amount owed under the DHCS Agreement.

**4. Enforcement**

The State of California, acting through DHCS, shall have the authority to enforce Participating Entity's obligations under paragraph 3 of this Agreement.

**5. Indemnification and Waiver of Liability**

A. The parties hereto shall indemnify, defend and hold one another, their officers, agents and employees harmless from and against any and all claims, losses, liabilities, damages, demands and actions (all collectively referred to as "liability" herein) arising out of each parties' respective performance of this Agreement, but only in proportion to and to the extent such liabilities are caused by or result from the negligent or intentionally wrongful act or omission of the indemnifying party, its officers, agents or employees.

B. Participating Entity hereby waives any claim against Host County for damages or any other remedy for any action, decision, or failure to act or decide by Host County, its officials, officers, employees, or agents in connection with its duties under Sections 1.F and 1.G above.

**6. Termination**

A. Host County may terminate this Agreement upon sixty (60) days written notice. Sections 1.C, 1.D. and 4 of this Agreement shall survive the termination of this Agreement. In the event that Host County terminates this Agreement it shall be obligated to transfer any funds in the LIHP Trust Fund to whatever entity becomes the successor host county, and to provide a report to Participating Entity showing a reconciliation for the period from the end of the last reconciliation until the date of termination, of all revenue received under this Agreement and all disbursements made from the LIHP Trust Fund. Such reconciliation shall be due before the effective date of the termination.

B. Participating Entity may terminate this Agreement on thirty (30) days written notice if Participating Entity has terminated its LIHP Agreement with DHCS, or will terminate such agreement before the effective date of the termination of this Agreement. Notwithstanding such termination, Participating Entity shall remain liable for the entire amount of its portion of the of the non-federal share of DHCS' Medicaid administrative costs related to administering the LIHP as determined pursuant to paragraph 1.A above for the state fiscal year in which the termination occurs, whether it has been invoiced as of the date of termination or not, as well as for any unpaid balances related to prior fiscal years. Participating Entity shall not have any liability for payments related to fiscal years beginning after the termination of this Agreement.

**7. Effective Date of Agreement**

This Agreement shall be effective from the date of execution by the parties through June 30, 2014, unless extended through mutual agreement in writing by Host County and Participating Entity.

**8. Notices.**

Unless otherwise specified above, any notice, request, demand or other communication required or permitted hereunder shall be deemed to be properly given when deposited in the United States mail, postage prepaid, addressed:

A. In the case of Host County, to:

Eva Guillen  
313 N. Figueroa Street  
Los Angeles, CA 90013

eguillen@dhs.lacounty.gov

Or to such person or address as Host County may, from time to time, furnish to Participating Entity in writing.

B. In the case of Participating Entity:

[persons name and title]

[Mailling address]

[City, State, Zip Code]

[e-mail address]

Or to such alternative person or address as Participating Entity may, from time to time, furnish to Host County.

**9. Other Provisions**

- A. Amendment and Integration This Agreement and any exhibits attached hereto constitute the entire agreement among the parties to it and supersede any prior or contemporaneous understanding or agreement with respect to the parties' rights and responsibilities in connection with the payment and funding of DHCS' administrative activities related to the LIHP. No amendment to this Agreement shall be valid unless made in writing and signed by the parties hereto, and no oral understanding or agreement shall be binding on the parties hereto
- B. Third Party Beneficiaries. Nothing in this Agreement is intended to confer any rights or remedies on any third party, including, without limitation, any provider or groups of providers, or any right to medical services for any individual(s) or groups of individuals; accordingly, there shall be no third party beneficiary of this Agreement.
- C. Waiver. The non-enforcement or other waiver of any provision of this Agreement shall not be construed as a continuing waiver or as a waiver of any other provision of this Agreement.
- D. Authority to Execute. Each party hereby represents that the person executing this Agreement on its behalf is duly authorized to do so.

“Host County”  
Duly Authorized

“Participating Entity”  
Duly Authorized

COUNTY OF LOS ANGELES

[insert name]

Signed By \_\_\_\_\_

Signed By \_\_\_\_\_

Printed Name: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**Exhibit 1**  
**Participating Entity Nonfederal Share Distribution Formula**

**Exhibit 2**  
**Annual Compensation Payment to Host County**



**Attachment A**  
**Agreement with the California Department of Health Care Services for Administrative**  
**Services Related to the Low Income Health Program**

**Attachment B**  
**2010 Section 1115 Medicaid Waiver State of California County Funded State**  
**Demonstration Administrative Positions Policy**