



ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

20 July 31, 2012

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

Los Angeles County
Board of Supervisors

July 31, 2012

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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

**L.A. CARE HEALTH PLAN JOINT POWERS AUTHORITY JOINT EXERCISE
OF POWERS AGREEMENT
(ALL SUPERVISORIAL DISTRICTS)
(3 VOTES)**

SUBJECT

Request approval of the Joint Exercise of Powers Agreement between the County of Los Angeles and the Local Initiative Health Authority for Los Angeles County (doing business as L.A. Care Health Plan).

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and instruct the Chairman to sign the Joint Exercise of Powers Agreement (Agreement) between County of Los Angeles (County) and L.A. Care Health Plan (L.A. Care) to create the L.A. Care Health Plan Joint Powers Authority (JPA) that will establish a new Knox-Keene licensed health plan to administer and operate L.A. Care's non-Medi-Cal programs, and any new programs which may be developed by the JPA, at no required cost to County, effective upon date of execution and continued thereafter unless earlier terminated by either party.

2. Delegate authority to the Director of Health Services and Director of Public Social Services or their designees to execute amendments and contract assignments/ delegations that are necessary in transitioning the provision of health services of the In-Home Supportive Services (IHSS) Health Benefits Program from L.A. Care as the health plan to the JPA, subject to review and approval by County Counsel and the Chief Executive Office, and notification to the Board.

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

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

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PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of the first recommendation will result in the execution of the Agreement (Exhibit I), and creation upon proper filing with the Secretary of State, of a JPA to seek a new health plan license from the Department of Managed Health Care to engage in the administration and operation of non-Medi-Cal managed care programs in Los Angeles County. Creation of the JPA will provide L.A. Care with the opportunity to avail itself of the option provided by the State for health plans with both Medi-Cal and non-Medi-Cal lines of business to establish a separate legal entity for each. This option was created when the State first imposed a quality improvement fee (QIF) in 2005 (currently referred to as a Managed Care Organization or "MCO" tax) on Medi-Cal managed care plans. The option allows Medi-Cal and non-Medi-Cal revenues to be segregated into separate legal entities so that the MCO tax is not levied on non-Medi-Cal (commercial) revenues. This option was not put in place by L.A. Care at that time because its non-Medi-Cal business was minimal. With the recent transition of the IHSS program to L.A. Care, it is now feasible and more cost-effective for L.A. Care to avail itself of the State option to separate its Medi-Cal and non-Medi-Cal lines of business through the establishment of a JPA.

Approval of the second recommendation will allow the DHS and DPSS Directors or their designees to undertake the necessary contract actions to transition the IHSS and other managed care programs from L.A. Care to the JPA.

Implementation of Strategic Plan Goals

The recommended actions support Goal 1, Operational Effectiveness, and Goal 2, Fiscal Sustainability, of the County's Strategic Plan.

FISCAL IMPACT/FINANCING

The County will not be financially responsible for any costs incurred by the JPA for the administration, operation and licensing of a new health care service plan and related activities, and for any liabilities incurred thereto, pursuant to the Agreement terms and conditions. Such costs shall be assumed exclusively by L.A. Care with reimbursement provided by the JPA. The JPA will assume all of its own liabilities.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Beginning in 2005, the QIF has been imposed on all health plan revenues for plans that have a Medi-Cal managed care contract with the State Department of Health Care Services. A similar fee (known as the MCO tax) recently replaced the QIF and is currently being levied on Medi-Cal-contracted health plans for revenues generated by all their lines of business. The State uses the MCO tax revenues to draw down Federal match funds are used to support the Healthy Families and other managed care programs as permitted under California Revenue and Taxation Code 12201, et seq.

An option is provided by the State to allow health plans to establish separate legal entities, one for their Medi-Cal business and another for their non-Medi-Cal (commercial) business, to ensure that plans' non-Medi-Cal revenue is not subject to the MCO tax. Most health plans have already split

their Medi-Cal and non-Medi-Cal lines of business into separate legal entities so that the entity that has a Medi-Cal contract with the State pays the MCO tax on its Medi-Cal revenue, while the other entity operating the non Medi-cal lines of business does not. L.A. Care did not previously establish a separate entity because it did not have a significant non Medi-Cal line of business. However, with the recent addition of the IHSS line of business, L.A. Care needs to separate its Medi-Cal revenue from its commercial revenue by creating a separate legal entity, and has requested the County to jointly create a JPA for that purpose.

The creation of a JPA is a common practice adopted by many other public health plans and the counties in which they operate to allow for the separation of Medi-Cal and non-Medi-Cal revenues. The creation of a JPA preserves the governing board of the public health plan's board, keeps the governance over all lines of business consistent, and expedites Knox-Keene licensing approval from the State Department of Managed Health Care. Over the last six years since these JPAs have been in operation, L.A. Care reports that the public plans and their partner counties have experienced no difficulties or challenges with this relationship.

The Agreement is authorized pursuant to the Joint Exercise of Powers Act (Government Code 6500 et seq.). Among other things, the JPA Governing Board will have the authority to: 1) enter into contracts to provide or arrange for health care services for any or all non-Medi-Cal enrollees on an exclusive or nonexclusive basis under payment provisions on any basis negotiated between the parties; 2) incur debts, liabilities and obligations; provided that no debt, liability or obligation of the JPA is a debt, liability or obligation of either party except as separately agreed to by either party; 3) employ agents or employees; and 4) apply for, accept, receive and disburse grants, loans and other aids from any agency of the United States of America or of the State.

The governing board of the JPA will be identical in composition with the Board of Governors of L.A. Care, with the County appointing the same LA. Care Board members to the governing board of the JPA, while L.A. Care would appoint the remaining L.A. Care Board members as the remaining JPA board members.

The JPA agreement provides for termination by either party upon sixty (60) day prior written notice if in the best interest of the terminating party. Upon such termination and wind-down of the JPA, the property and funds of the JPA would become the property of L.A. Care.

It should be noted that the statutory authority for the MCO tax expired on June 30, 2012. As a result, the State Legislature will be meeting in August to vote for an extension, which may be an issue given that the recently enacted State budget "trailer bill" Assembly Bill 1494, eliminated the main reason for the tax, as specified under the terms of the Bill, by terminating the Healthy Families Program and transitioning its 880,000 children into Medi-Cal beginning on January 1, 2013.

CONTRACTING PROCESS

Not applicable.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of these actions will have no impact on the Department.

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:ck

Enclosures

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors
Department of Public Social Services

**JOINT EXERCISE OF POWERS AGREEMENT
ESTABLISHING L.A. CARE HEALTH PLAN JOINT POWERS AUTHORITY**

This Joint Exercise of Powers Agreement (“Agreement”) is entered into by the County of Los Angeles, California, a charter county and a subdivision of the State of California (“County”), and The Local Initiative Health Authority for Los Angeles County, operating and doing business as L.A. Care Health Plan, a public agency duly organized and existing pursuant to the Los Angeles County Ordinance No. 94-0100 and Welfare & Institutions Code Section 14087.96 *et seq.* (“L.A. Care”), for the purpose of establishing the L.A. Care Health Plan Joint Powers Authority (“JPA”) pursuant to the Joint Exercise of Powers Act, Government Code Section 6500 *et seq.* (“Act”).

I.

RECITALS

WHEREAS, L.A. Care currently is a Knox-Keene licensed health care service plan; and

WHEREAS, L.A. Care is the designated Local Initiative Health Authority in Los Angeles County for the administration of Medi-Cal Managed Care, and as such provides Medi-Cal health services through its provider network; and

WHEREAS, L.A. Care also administers certain health services and programs that are not related to Medi-Cal; and

WHEREAS, L.A. Care and the County intend through this Agreement to create the JPA to serve as a new Knox-Keene licensed health care service plan which will enroll members currently enrolled in L.A. Care programs other than Medi-Cal, and any new programs or lines of business which may be developed by the JPA (collectively referred to hereinafter as “non-Medi-Cal programs”); and

WHEREAS, the County desires to establish a JPA for said purposes, and along with L.A. Care, be one of the two (2) Members of the JPA; and

WHEREAS, L.A. Care and the County desire to be the sole initial member entities of the JPA, and are referred to collectively as “Members” and individually as “Member”; and

WHEREAS, the Members are individually authorized to provide medical care and services to the public under the Medi-Cal program of the State of California and other publicly-assisted medical and the health care programs; and

WHEREAS, in so doing, it is the intent of the Members to remove the non-Medi-Cal programs from L.A. Care to the JPA; and

WHEREAS, the County is authorized pursuant to the Act to enter into this Agreement for the establishment of the JPA; and

WHEREAS, L.A. Care is also authorized under the Act and Welfare & Institutions Code Section 14087.9605 to enter into this Agreement for the establishment of the JPA.

NOW, THEREFORE, in consideration of the above premises and of the mutual promises herein contained, the Members do hereby agree as follows:

II.

CREATION OF JPA

1. Creation. Pursuant to the Act, there is hereby created a public entity to be known as the “L.A. Care Health Plan Joint Powers Authority” (hereinafter referred to as “JPA”). The JPA shall be a public entity separate and apart from the Members, and shall administer this Agreement as set forth herein.
 - a. Within thirty (30) days after the effective date of this Agreement, the JPA shall file with the Secretary of State a Notice of Agreement as specified by Section 6503.5 of the Government Code.
 - b. Within seventy (70) days after the date of commencement of its legal existence, the JPA shall file with the Secretary of State, on a form prescribed by the Secretary of State, and also with the county clerk, a statement for Roster of Public Agencies as specified by Section 53051 of the Government Code.
2. Assumption of Responsibilities. As soon as practicable after the date of execution of this Agreement and subject to licensure as set forth below, the Directors shall give notice (in the manner required by Section 16) of the organizational meeting of the Board. At such meeting the Board shall provide for its regular meetings as required by Section 16.
3. Delegation of Powers. The Members hereby delegate to the JPA the power and duty to operate the non-Medi-Cal programs and services that were operated by L.A. Care immediately prior to formation of the JPA, as may be necessary or convenient to carry out the purposes of the JPA.
4. Licensure. The JPA shall, prior to the Assumption of Responsibilities and Delegation of Powers, obtain the license or other certification required by the Department of Managed Health Care or other appropriate state agency to carry out its functions under this Agreement.
5. Purposes of JPA. This Agreement provides for the joint exercise of powers common to the Members. Subject to compliance with all relevant and applicable statutes and regulations including Title 28 of the California Code of Regulations and Chapter 2.2 of the Health and

Safety Code (together the "Knox-Keene Act" and if applicable Chapter 5.5 of Title 10 of the California Code of Regulations [the "MRMIB regulations"]) the JPA will develop, administer, improve, operate, manage, and maintain a new health care service plan, which shall include the enrollment of non-Medi-Cal enrollees, and will provide or arrange for all health care services for such enrollees as may be required by the Knox-Keene Act, MRMIB and other regulations. The JPA's mission is the efficient administration and operation of non-Medi-Cal programs and services, including non-Medi-Cal programs and services previously administered and operated by L.A. Care will otherwise assign to the JPA to administer. By so doing, the Members seek to benefit the public by reducing costs and increase revenues thereby expanding public health care programs within Los Angeles County.

III.

POWERS

6. General Powers. The JPA shall possess and may exercise all of the powers provided in the Act; those powers which are common to each of the Members and necessary to the accomplishment of the purposes of this Agreement and all other powers as authorized by law; subject to the restrictions set forth in Section 9.
7. Power to Administer and Operate non-Medi-Cal Programs and Services. Without limiting the foregoing, the JPA shall have all powers which are necessary or convenient to the administration and operation of any and all programs other than Medi-Cal.
8. Specific Powers. Without limiting the foregoing, the JPA is hereby authorized, in its own name, to exercise all powers provided by the Act, including, but not limited to, the following:
 - To enter into contracts to provide or arrange for health care services for any or all non-Medi-Cal enrollees. The contracts may be on an exclusive or nonexclusive basis, and shall include payment provisions on any basis negotiated between the parties;
 - To make and enter into contracts necessary for the conduct of business;
 - To incur debts, liabilities and obligations; provided that no debt, liability or obligation of the JPA is a debt, liability or obligation of any Member except as separately agreed to by a Member;
 - To employ agents or employees;
 - To lease real or personal property as lessee or lessor;
 - To hold or dispose property;
 - To receive contributions and donations of property, funds, services and other forms of assistance from any source;
 - To receive, collect, invest and disburse moneys;
 - To assign, delegate or contract with a Member or third party to perform any duty of the JPA, including, but not limited to, acting as a administrator for the JPA;
 - To secure its obligations with deeds of trust on its property;
 - To apply for, accept, receive and disburse grants, loans and other aids from any agency of the United States of America or of the State;

- To invest any money in the treasury pursuant to Section 6505.5 of the Government Code which is not required for the immediate necessities of the JPA, as the JPA determines is advisable, in the same manner and upon the same conditions as local agencies, pursuant to Section 53601 of the Government Code;
- To carry out and enforce all the provisions of this Agreement;
- To make loans to the Members, to the extent the Members are authorized by law to borrow moneys; and
- To sue and be sued in its own name.

These powers will be exercised in the manner provided by applicable law and as expressly set forth in this Agreement.

9. Restrictions on Exercise of Powers. The powers of the JPA shall be exercised in the manner provided in the Act and other applicable law, and in the manner consistent with the policies and procedures of L.A. Care. Pursuant to Government Code Section 6509, the powers shall be further subject to the restrictions upon the manner of exercising such powers that are imposed upon L.A. Care under Welfare & Institutions Code Section 14087.96 *et seq.* and Section 14087.3 *et seq.* in the exercise of similar powers.
10. Obligation of JPA. By way of this Agreement and pursuant to Government Code, Section 6508.1, the Members agree that the debts, liabilities and obligations of the JPA shall not be the debts, liabilities and obligations of its two (2) Member entities. Notwithstanding the foregoing, the disposition of assets in satisfaction of liabilities, shall be as set forth in Section 27 of this Agreement. This Agreement shall not be interpreted in a manner that contradicts the provisions of Welfare & Institutions Code Section 14087.96 *et seq.* or applicable provisions of Welfare & Institutions Code Section 14087.3 *et seq.*, or otherwise imposes upon the County any debts, liabilities; obligations, responsibilities of L.A. Care and or the JPA.
11. Appointment of an Administrator.
 - a. Pursuant to Sections 6506 and 6509 of the Government Code, L. A. Care is hereby appointed by the Members as the administrator (“Administrator”) to execute the provisions of this Agreement and implement programs undertaken by the JPA. The Members acknowledge that this designation may cause potential conflicts of interest to arise and waive any liability on the part of L.A. Care arising out of any such conflict of interest.
 - b. Subject to Section 12 of this Agreement, the JPA will pay L.A. Care for services rendered. The County shall not be responsible for any costs incurred by L.A. Care implementing this Agreement.
12. Capitalization of the JPA. Capitalization of the JPA, which shall include, but not be limited to, all costs incurred and associated with the design, planning, licensing, operation and maintenance of a new health care service plan and related activities pursuant to this Agreement, shall be derived exclusively from L.A. Care. The County shall not provide any capital funds for the JPA, nor shall the County be responsible for any operational or

administrative costs incurred by the JPA in fulfillment of its purposes pursuant to this Agreement. The Members acknowledge that the County and L.A. Care may enter into separate agreements for other services, including without limitation the management and administration under this Agreement.

IV.

BOARD OF DIRECTORS; MEETINGS

13. Number of Directors. Pursuant to Government Code, Section 6506, the JPA shall be administered by a governing board constituted pursuant to this Agreement to wit: A Board of Directors consisting of thirteen (13) Directors, or such other number as established and appointed under L.A. Care's enabling legislation (Welfare & Institutions Code Sections 14087.96 *et seq.* and 14087.3 *et seq.*) and/or the County ordinance establishing L.A. Care itself, as amended from time to time.
14. Composition and Appointment of Board of Directors. The members of the Board of Governors of L.A. Care shall be *ex officio* the sole members of the Board of Directors of the JPA. A vacancy in the Board of Governors of L.A. Care shall result in a corresponding vacancy in the Board of Directors of the JPA.
15. Business of the Board of Directors. Official business of the JPA shall be conducted only at appropriately convened meetings of its Board of Directors, in a manner consistent with the Ralph M. Brown Act, Government Code Section 54950 *et seq.* ("Brown Act"), and shall not be combined with business conducted by the Board of Governors of L.A. Care at that board's meetings.
 - a. Notwithstanding the foregoing, L.A. Care Board of Governors may take formal action on behalf of L.A. Care (at an L.A. Care meeting) on matters that relate to the JPA or to its activities.
 - b. Notwithstanding the foregoing, a meeting of the Board of Directors of the JPA may be held immediately prior to, immediately after, or during an intervening period of, a meeting of the Board of Governors of L.A. Care, provided that the requirements of the Brown Act are met with respect to such meeting.
16. Meetings of the Board of Directors. The JPA shall have Regular Meetings and Special Meetings as follows:
 - a. *Regular Meetings.* The Board shall provide for its regular meetings; provided, the date, hour and place of the holding of regular meetings shall be fixed by a duly adopted motion of the Board and a copy of such motion shall be filed with each of the Members.

- b. *Special Meetings.* Special meetings of the Board may be called in accordance with the applicable provisions of the Brown Act.
 - c. *Call Notice and Conduct of Meetings.* All meetings of the Board, including without limitation, regular, adjourned regular and special meetings, shall be called, noticed, held and conducted in accordance with the applicable provisions of the Brown Act. Meetings of the Board shall be identified as such in its notices and agenda, as distinguished from the notices and agendas of the Board of Governors of L.A. Care.
17. Quorum; Required Votes. Directors constituting a majority of seats actually held shall constitute a quorum for the transaction of business, except that less than a quorum may adjourn. The affirmative votes of at least a majority of the Directors present at a meeting shall be required to take an action by the Board consistent with the limitations set forth in the Brown Act. Notwithstanding the aforesaid provisions, quorum for holding JPA Board of Directors meetings, initiating business or taking an action at any regular, special or any adjourned meeting may be less than the majority of the voting members of the Board of Directors of JPA, in the same manner as so authorized by applicable law with respect to L.A. Care, including without limitation Welfare & Institutions Code Section 14087.9635 relating to conflicts of interest provisions.
18. Voting. Each Director shall have one vote.
19. Minutes. The Secretary of the JPA shall cause to be kept minutes of the meetings of the Board and shall, as soon as possible after each meeting, cause the minutes to be submitted to the Board of Directors for approval. When approved, minutes shall be signed by the Secretary and kept with the proceedings of the Board of Directors.
20. Additional Powers and Duties. In addition to the General and Specific Powers of the JPA as set forth herein, the Board possesses additional powers and duties as follows:
- a. Administration of the JPA Agreement. The Board shall be the entity that will be responsible for the administration of this JPA Agreement.
 - b. Bonding Persons Having Access to Public Funds. The Board may designate persons, in addition to the Secretary and the Treasurer, who may handle or gain access to records, funds or accounts of the JPA for a specified limited purpose. The Secretary and Treasurer, and any aforementioned designee, shall be required to file an official bond in an amount to be fixed by the County and L.A. Care which may be in the form of a master bond.
 - c. Bylaws. The Board shall adopt, and amend from time to time, such bylaws, rules and regulations for the conduct of its meetings as are necessary for the purposes hereof. However, in order to ensure the efficient operation of the JPA and its Members, such bylaws shall not be materially inconsistent with the bylaws of L.A. Care or the governing provisions of the County with respect to the same subject matter, without the consent of L.A. Care or the County, respectively.

- d. Committee. The bylaws may provide for the establishment of such committees as the Board may find necessary or convenient for the conduct of the business of the JPA.
- e. Initial Policies and Procedures. Upon formation of the JPA the Board may adopt the then current policies and procedures of L.A. Care by reference, to the extent that said policies and procedures are not materially inconsistent with the objectives and mission of the JPA or the policies and procedures of L.A. Care. These policies and procedures will remain in effect until such time as the Board elects to adopt superseding policies and procedures, however such superseding policies and procedures shall not be materially inconsistent with the objectives and mission of the JPA or the policies and procedures of L.A. Care.

V.

OFFICERS

- 21. Chair, Vice-Chair, Secretary. The Board of Governors of L.A. Care holding the positions of chair, vice chair and secretary of L.A. Care Board shall hold the positions of the Chair, Vice Chair, and Secretary, respectively, of the JPA Board of Directors.
- 22. Executive Director. The Chief Executive Officer of L.A. Care shall act as the Executive Director of the JPA.
- 23. Powers and Duties. The Chair, the Vice-Chair, and the Executive Director may sign all contracts on behalf of the JPA, and shall perform such other duties as may be imposed by the Board. The Secretary shall countersign all contracts signed by the Chair or Vice-Chair on behalf of the JPA, perform such other duties as may be imposed by the Board, and cause an executed copy of this Agreement to be filed with the Secretary of State pursuant to the Act.
- 24. Treasurer. Pursuant to Section 6505.6 of the Act, the Chief Financial Officer of L.A. Care is hereby designated, *ex officio*, as the Treasurer of the JPA. The Treasurer shall: (1) be the depository and shall have custody of all of the accounts, funds and money of the JPA from whatever source, and shall have the duties and obligations set forth in Sections 6505 and 6505.5 of the Government Code; (2) assure that there shall be strict accountability of all funds and reporting of all receipts and disbursements of the JPA; (3) pursuant to Section 6505 and Section 6505.6 of the Act, make arrangements with an independent certified public accountant or firm of certified public accountants for the annual audit of accounts and records of the JPA, as may be authorized and required under the Act; and (4) pursuant to section 6505.1 of the Act, have charge of, handle and have access to all accounts, funds and money of the JPA and all records of the JPA relating thereto with the Secretary having charge of, handle and have access to all other records of the JPA.
- 25. Assistant Officers. The Board may by duly adopted motion appoint such assistants to act in the place of the Secretary or other officers of the JPA (other than any Director), and may by

duly adopted motion provide for the appointment of additional officers of the JPA who may or may not be Directors, as the Board shall from time to time deem appropriate.

VI.

CONTRIBUTION: ACCOUNTS AND REPORTS: FUNDS

26. Contributions. The Members may in the appropriate circumstance when required hereunder: (a) make contributions from their treasuries for the purposes set forth herein, (b) make payments of public funds to defray the cost of such purposes, (c) make advances of public funds for such purposes, such advances to be repaid as provided herein, or (d) use its personnel, equipment or property in lieu of other contributions or advances. The provisions of Section 6513 of the Government Code are hereby incorporated into this Agreement by reference.
27. Accounts and Reports. To the extent not covered by the duties assigned to a trustee or fiscal agent chosen by the JPA, the Treasurer shall establish and maintain such funds and accounts as may be required by good accounting practice. The books and records of the JPA or the Treasurer shall be open to inspection at all reasonable times by Members. The Treasurer, within 180 days after the close of each Fiscal Year, shall give a complete written report of all financial activities for such Fiscal Year to the Members.
28. Disbursement of Funds. Subject to the applicable provisions of any instrument or agreement that the JPA may lawfully enter into, the Treasurer of the JPA shall receive, have custody of and disburse JPA funds in accordance with generally accepted accounting practices, and shall make the disbursements required by this Agreement, or to carry out any of the provisions or purposes of this Agreement.
29. Distribution of Assets; Credit to the Members. All accounts or funds created and established pursuant to any instrument or agreement to which the JPA is a party, and any property or funds acquired as the result of the joint exercise of powers shall inure to the sole benefit of L.A. Care.
30. Financial Accountability. There shall be strict accountability of all funds and a report of all receipts and disbursements.

VII.

ADDITIONAL PROVISIONS

31. Privileges and Immunities.
 - a. All of the privileges and immunities from liability, exemptions from laws, ordinances and rules, all pension, relief, disability, workers' compensation and other benefits which apply to the activities of officers, agents, or employees of a public agency when performing their respective functions shall apply to the officers, agents or employees of the JPA to the same degree and extent while

engaged in the performance of any of the functions and other duties of such officers, agents or employees under this Agreement.

- b. All of the privileges and immunities from liability, exemptions from laws, ordinances and rules, all pension, relief, disability, workers' compensation and other benefits which apply to the activity of officers, agents or employees of a Member when performing their respective functions within the territorial limits of their respective public agencies shall apply to the officers, agents or employees of the JPA to the same degree and extent while engaged in the performance of any of their functions and duties extraterritorially.

32. Non-Member Employees. In the event any officers, agents, or employees are directly employed by the Board of the JPA, none shall be deemed, by reason of their employment by the Board to be employed by the Members, or either of them, and are not entitled to any of the benefits associated with Member employment.

33. Term. This Agreement shall become effective, and the JPA shall come into existence only in the event that the Managed Care Organization gross premium tax assessed upon L.A. Care and other California health plans pursuant to provisions of California Revenue & Taxation Code Section 12201 *et seq.* or a similar tax is extended beyond or after July 1, 2012 and as of the date of execution hereof by the Members, and this Agreement and the JPA shall thereafter continue in full force and effect so long as its purpose has not been completed unless terminated by the Members, or by either Member as provided in Section 34.

34. Termination. The Members may terminate this Agreement and the JPA, as follows:

- a. Either Member may terminate this Agreement, and the JPA as an entity, upon the provision of sixty (60) days written notice to the non-terminating Member, in the event that its respective governing body determines that it is in the terminating Member's interest to do so.
- b. In the event of termination, the JPA Board of Directors shall thereupon direct the officers of the JPA to wind-up the affairs of the JPA in accordance with the provisions of this Agreement, provided, however, that the JPA and this Agreement shall continue to exist after termination for the purpose of disposing of all claims, distribution of assets, and all other functions necessary to conclude the affairs of the JPA.
- c. Upon termination of this Agreement, all property of the JPA, both real and personal, and all funds shall be transferred to and become the property and funds of L.A. Care, unless otherwise agreed by the Members.

35. Limitations on Liability.

- a. Pursuant to Section 6508.1 of the Government Code, the County, and L.A. Care shall not be liable; and the members of the JPA Board of Directors, the

members of L.A. Care Board of Governors, the members of the Los Angeles County Board of Supervisors and the officers, agents or employees of the JPA, the County and L.A. Care shall not be personally liable for the debts, liabilities or obligations, contractual or otherwise, of the JPA. Debts, liabilities or obligations shall be satisfied out of the assets of the JPA including any available insurance.

- b. To the fullest extent permitted under Government Code § Section 895 *et seq.*, the Members agree that any liability which is otherwise imposed by law upon anyone of the Members or upon the JPA for injury caused by a negligent or wrongful act or omission occurring in the performance of this Agreement shall first be satisfied out of the assets of the JPA, including any available insurance; and then shall be the sole responsibility of L.A. Care.

36. Insurance. The JPA shall secure general liability, errors and omissions, commercial liability, automobile liability and workers' compensation and other appropriate insurance policies sufficient to cover its activities. The minimum insurance protection shall be the minimum insurance requirements specified by the contracts between L.A. Care or the JPA on the one hand and the parties with whom they contract not the other. The insurance policies covering the JPA shall name the County and L.A. Care as an "additional insured" on all policies. Premiums for these policies shall be the obligation solely of the JPA.

37. Indemnification.

- a. The JPA shall indemnify, defend and hold harmless the County, its Special Districts, elected and appointed officers, employees, agents from and against any and all liability, including but not limited to, demands, claims, actions, fees, costs and expenses (including attorney and expert witness fees), arising from or connected with the JPA's acts and/or omissions arising from and /or relating to this Agreement, including, but not limited, to those acts and/or omissions in the performance of its powers, duties and obligations derived from this Agreement.
- b. The JPA shall also indemnify, save, defend and hold harmless L.A. Care, its Board of Governors, officers, agents, employees and volunteers, from and against any and all liabilities, and any and all claims, lawsuits, judgments, settlements, actions in law or equity, costs and expenses (including attorney, court and expert witness fees) from whatever source derived, arising out of or otherwise connected to the acts or omissions of the JPA in the performance of its powers, duties and obligations derived from this Agreement.

38. Conflict of Interest.

- a. To the extent permitted by law, the provision of Section 14087.969 of the Welfare and Institutions Code relating to conflict of interest in contracting shall apply to members of the Board of Directors of the JPA as it does to members of the Board of Governors of L.A. Care. In all other respects the JPA shall be conducted consistent with applicable provisions of the Political Reform Act, provisions of the Government Code related to personal interests in contracts and other applicable conflicts of interest law.

- b. The JPA shall file a Conflict of Interest Code as mandated by the Political Reform Act, and officers and employees of the JPA shall file statements of economic interest as required.
- c. To the extent permitted by the California Rules of Professional Conduct and other applicable laws and regulations, the Members agree that legal counsel to one or both of the Members may serve as legal counsel to the JPA.

39. Notices. Notices hereunder shall be in writing and shall be sufficient if delivered to:

Local Initiative Health Authority for Los Angeles County
(L.A. Care Health Plan)
1055 W. 7th Street, 10th Floor
Los Angeles, CA 90017
Attention: Chief Executive Officer

County of Los Angeles
500 West Temple Street, Seventh Floor
Los Angeles, California 90012
Attention: Chief Executive Officer

With a copy to:

County of Los Angeles
Department of Health Services
313 N. Figueroa Street, 6th Floor East
Los Angeles, California 90012
Attention: Chief, Contracts and Grants

- 40. Section Headings. All section headings in this Agreement are for convenience of reference only and are not to be construed as modifying or governing the language in the section referred to or to define or limit the scope of any provision of this Agreement.
- 41. Consent. Whenever in this Agreement any consent or approval is required, the same shall not be unreasonably withheld.
- 42. Waiver. The waiver by a Member of the non-performance of an obligation by the other Member shall not constitute a waiver of rights nor shall it relieve the nonperforming Member of ongoing performance.
- 43. Governing Law. This Agreement is made in the State of California under the constitution and law of the State of California, and is to be so construed.
- 44. Amendments. This Agreement may be amended at any time, or from time to time, by one or more supplemental agreements executed by both of the Members either as

required in order to carry out any of the provisions or this Agreement or for any other purpose, including without limitation addition of new parties in furtherance of the purposes of this Agreement.

45. Enforcement by JPA. The JPA is hereby authorized to take any legal or an equitable actions including but not limited to injunction and specific performance; necessary or permitted by law to enforce this Agreement, any other obligation under this Agreement or to achieve the purposes of this Agreement.
46. Severability. Should any part term or provision of this Agreement be decided by any court of competent jurisdiction to be illegal or in conflict with any law of the State of California or otherwise be rendered unenforceable or ineffectual, the validity of the remaining portions or provisions shall not be affected thereby.
47. Successors. This Agreement shall be binding upon and shall inure to the benefit of the successors of the Members, respectively. No Member may assign any right or obligation hereunder without the written consent of all of the other Members.
48. Execution in Counterparts. This Agreement may be executed in counterparts, each of which shall be an original and all of which shall constitute but one and the same agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and attested by their proper officers thereunto duly authorized and their official seals to be hereto affixed, on the day and year set opposite the name of each of the parties.



SACHI A. HAMAI,
Executive Officer Board
of Supervisors of the
County of Los Angeles

By *[Signature]*
Deputy

APPROVED AS TO FORM
John F. Krattli
County Counsel

By *[Signature]*
Deputy

COUNTY OF LOS ANGELES, CALIFORNIA

By: *[Signature]*
Zev Yaroslavsky, Chairman, Board of Supervisors

By: *[Signature]*
Howard A. Kahn, Chief Executive Officer
Local Initiative Health Authority for Los Angeles County
(Operating and doing business as L.A. Care Health Plan)

I hereby certify that pursuant to
Section 25103 of the Government Code,
a copy of this document has been made.

SACHI A. HAMAI
Executive Officer
Clerk of the Board of Supervisors
By *[Signature]*
Deputy

77822

ADOPTED
BOARD OF SUPERVISORS

20 JUL 31 2012

[Signature]
SACHI A. HAMAI
EXECUTIVE OFFICER