



Board of Supervisors Operations Cluster Agenda Review Meeting

DATE: November 13, 2024

TIME: 2:00 p.m. – 4:00 p.m.

MEETING CHAIR: John Leonard, 3rd Supervisorial District

CEO MEETING FACILITATOR: Thomas Luscombe

THIS MEETING IS HELD UNDER THE GUIDELINES OF BOARD POLICY 3.055

To participate in this meeting in-person, the meeting location is:

Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012
Room 374-A

To participate in this meeting virtually, please call teleconference number

1 (323) 776-6996 and enter the following 522268816# or [Click here to join the meeting](#)

Teams Meeting ID: 237 250 878 670

Passcode: UoBQAE

For Spanish Interpretation, the Public should send emails within 48 hours in advance of the meeting to ClusterAccommodationRequest@bos.lacounty.gov

Members of the Public may address the Operations Cluster on any agenda item during General Public Comment.

The meeting chair will determine the amount of time allowed for each item.

THIS TELECONFERENCE WILL BE MUTED FOR ALL CALLERS. PLEASE DIAL *6 TO UNMUTE YOUR PHONE WHEN IT IS YOUR TIME TO SPEAK.

1. CALL TO ORDER

2. GENERAL PUBLIC COMMENT

3. DISCUSSION ITEM(S):

- A) Board Letter:
NINE-YEAR LEASE
PROBATION DEPARTMENT
43423 DIVISION STREET LANCASTER
CEO/RE – Alexandra Nguyen-Rivera, Section Chief, Leasing

- B) Board Letter:
APPROVAL OF RETROACTIVE PAYMENT TO ULTIMATE KRONOS GROUP
FOR PROVIDING SOFTWARE AS A SERVICE LICENSE
LACoFD/CIO – LaVerne Holley, Chief, Materials Management

- C) Board Letter:
APPROVAL OF AMENDMENT TO SOLE SOURCE AGREEMENT WITH
GLOBAL HEALTHCARE EXCHANGE LLC FOR SUPPLY CHAIN
PROCUREMENT AND DATA MANAGEMENT SOFTWARE AND SERVICES
DHS/CIO – Julio Alvarado, Director of Contracts and Grants,
Jason Ginsberg, Chief, Supply Chain Operations and
Kevin Lynch, Chief Information Officer

- D) Board Letter:
APPROVAL OF AMENDMENTS TO FOUR AGREEMENTS FOR REVENUE
CYCLE MANAGEMENT AND RELATED SERVICES ON A SOLE
SOURCE BASIS
DHS/CIO – Julio Alvarado, Director of Contracts and Grants,
Caroline Balfour, Chief Revenue Cycle Management and
Kevin Lynch, Chief Information Officer

- E) Board Letter:
ACQUISITION OF COMPUTER EQUIPMENT FOR ONE IBM STORAGE
ARRAY, ONE IBM POWER10 SYSTEM AND TWO HIGH PERFORMANCE
ENTERPRISE STORAGE ARRAYS TO REPLACE END-OF-LIFE HARDWARE
HOSTING COUNTYWIDE APPLICATIONS
ISD – Rumi Salihue, Division Manager

- F) Board Letter:
RECOMMENDATION TO AWARD AGREEMENTS FOR THE LOS ANGELES
COUNTY DISPUTE RESOLUTION PROGRAM
DCBA – Rigoberto Reyes, Deputy Director

4. PRESENTATION ITEM(S):

None available.

5. ADJOURNMENT

UPCOMING ITEM(S) FOR NOVEMBER 20, 2024:

- A) CEO/RE - THREE-YEAR LEASE AMENDMENT
DEPARTMENT OF PUBLIC HEALTH
3530 WILSHIRE BOULEVARD, LOS ANGELES
- B) CEO/RE - FIVE-YEAR LEASE
SHERIFF'S DEPARTMENT
3055 WILSHIRE BOULEVARD, LOS ANGELES
- C) LASD/CIO - ADVANCE NOTIFICATION OF INTENT TO ENTER INTO
NEGOTIATIONS FOR A SOLE SOURCE CONTRACT WITH MOTOROLA
SOLUTIONS, INC. TO PROVIDE MAINTENANCE AND SUPPORT SERVICES
FOR CUSTODY DIGITAL TRUNKED LAND MOBILE RADIO SYSTEM
- D) LASD/CIO - APPROVE SOLE SOURCE AMENDMENT NUMBER FIVE TO
EXTEND AGREEMENT NUMBER 42201 WITH DATAWORKS PLUS, LLC FOR
CONTINUED MAINTENANCE AND SUPPORT SERVICES FOR THE DIGITAL
MUGSHOT SYSTEM
- E) LACoFD/CIO - APPROVAL OF AMENDMENT TO EXTEND SOLE SOURCE
CONTRACT NUMBER FR10534 WITH PERATON INC., FOR MAINTENANCE
SERVICES FOR 9-1-1 COMPUTER AIDED DISPATCH SYSTEM

IF YOU WOULD LIKE TO EMAIL A COMMENT ON AN ITEM ON THE
OPERATIONS CLUSTER AGENDA, PLEASE USE THE FOLLOWING EMAIL
AND INCLUDE THE AGENDA NUMBER YOU ARE COMMENTING ON:

OPS_CLUSTER_COMMENTS@CEO.LACOUNTY.GOV

BOARD LETTER/MEMO CLUSTER FACT SHEET

 Board Letter

 Board Memo

 Other

CLUSTER AGENDA REVIEW DATE	11/13/2024	
BOARD MEETING DATE	12/3/2024	
SUPERVISORIAL DISTRICT AFFECTED	<input type="checkbox"/> All <input type="checkbox"/> 1 st <input type="checkbox"/> 2 nd <input type="checkbox"/> 3 rd <input type="checkbox"/> 4 th <input checked="" type="checkbox"/> 5 th	
DEPARTMENT(S)	Probation	
SUBJECT	Nine-year new lease for 11,340 SF at 43423 Division St. Units 101, 102, 103, 104, 201, 202, 203, 204, and 205, Lancaster, CA 93535	
PROGRAM	Antelope Valley Juvenile Probation	
AUTHORIZES DELEGATED AUTHORITY TO DEPT	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
SOLE SOURCE CONTRACT	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, please explain why:	
SB 1439 SUPPLEMENTAL DECLARATION FORM REVIEW COMPLETED BY EXEC OFFICE	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No – Not Applicable If unsure whether a matter is subject to the Levine Act, email your packet to EOLevineAct@bos.lacounty.gov to avoid delays in scheduling your Board Letter	
DEADLINES/ TIME CONSTRAINTS	The existing lease cannot be renewed and is currently in holdover with no penalty.	
COST & FUNDING	Total cost: \$5,947,000 which includes two-months' rent abatement, low-voltage and TI costs.	Funding source: 100 percent net County cost (NCC)
	TERMS (if applicable): The proposed new lease will have an annual rental cost of \$271,000 in the first year but with a two-month rent abatement of \$46,000 will equal \$225,000. County will be responsible for utility and janitorial costs.	
	Explanation: Sufficient funding to cover the proposed rent for the first year of the proposed lease term will be included in the Fiscal Year 2024-25 Operating budget and will be billed back to Probation. Future funding for the costs associated with the proposed lease will be addressed through the annual budget process for Probation.	
PURPOSE OF REQUEST	Approval of the recommended actions will authorize and provide use of office space for Probation.	
BACKGROUND (include internal/external issues that may exist including any related motions)	The proposed lease at the Premises will serve as a replacement site for Probation's existing site at 43917 Division St., Lancaster which is owned by a landlord of concern. Upon completion of TIs and relocation from the current site, the County will terminate the existing lease.	
EQUITY INDEX OR LENS WAS UTILIZED	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, please explain how:	
SUPPORTS ONE OF THE NINE BOARD PRIORITIES	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, please state which one(s) and explain how:	
DEPARTMENTAL CONTACTS	Alexandra Nguyen-Rivera Section Chief, Leasing CEO Real Estate Division 213-974-4189 arivera@ceo.lacounty.gov	



**Chief
Executive
Office.**

COUNTY OF LOS ANGELES

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, CA 90012
(213) 974-1101 ceo.lacounty.gov

CHIEF EXECUTIVE OFFICER

Fesia A. Davenport

"To Enrich Lives Through Effective and Caring Service"

December 3, 2024

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

Dear Supervisors:

**NINE-YEAR LEASE
PROBATION DEPARTMENT
43423 DIVISION STREET LANCASTER
(FIFTH DISTRICT) (3 VOTES)**

SUBJECT

Approval of a proposed new nine-year lease for 11,340 square feet of office space, and 45 on-site parking spaces for the Probation Department (Probation) for the Antelope Valley Juvenile Probation Office.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that the proposed lease is exempt from the California Environmental Quality Act (CEQA) for the reasons stated in this Board letter and in the record of the project.
2. Authorize the Chief Executive Officer, or her designee, to execute the proposed lease with Rami Darghalli as Trustee of the Rami Darghalli Revocable Living Trust Dated January 13, 2005 (Landlord), for approximately 11,340 square feet of office space, and 45 on-site parking spaces located at 43423 Division Street Units 101, 102, 103, 104, 201, 202, 203, 204, and 205, Lancaster (Premises) to be occupied by Probation. The estimated maximum first year base rental cost is \$271,000, but with a two-month rent abatement of approximately \$46,000, will equal \$225,000. The estimated total proposed lease cost including rent abatement, tenant improvements (TIs) costs, and low-voltage costs is \$5,947,000 over the proposed nine-year term. The rental costs will be funded 100 percent by net County cost (NCC) that is already included in Probation's existing budget. Probation will not be requesting additional NCC for this action.

3. Authorize the Chief Executive Officer, or her designee, to reimburse the Landlord up to \$1,758,000 for the County's TI contribution, if paid in lump sum or \$2,233,000 if amortized over seven years at 7 percent interest per annum.
4. Authorize the Probation Officer to contract with and direct the Internal Services Department (ISD), in coordination with the Chief Executive Officer, or her designee, for the acquisition and installation of telephone, data, and low-voltage systems and vendor installation (Low-Voltage Items) at a total cost not-to-exceed \$986,000 paid in a lump sum. The cost for the Low-Voltage Items is in addition to the rental costs and the County's TI contribution payable to the Landlord.
5. Authorize and direct the Chief Executive Officer, or her designee, to execute any other ancillary documentation necessary to effectuate the terms of the proposed lease, and to take actions necessary and appropriate to implement the proposed lease, including, without limitation, exercising any early termination rights.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The Antelope Valley Juvenile Probation Office is currently located at 43917 Division Street, Lancaster, and provides direct service to the Antelope Valley Delinquency courts and to the juvenile offenders and their families served by this Court. The programs occupying space at this location include Community Based Supervision, Dual Supervision with the Department of Children and Family Services, Juvenile Court Investigation and Probation deputies who participate in Teen Court. The services include investigation, supervision, school-based programs, and transitional living programs in support of Probation's mission. The proposed lease at the Premises will serve as a replacement site for Probation's existing site.

Probation currently occupies 15,500 square feet of office space at its existing site. The proposed Premises will be slightly smaller at 11,340 square feet. The proposed Premises will house 59 staff using 59 workstations and enclosed offices. On-site coverage is necessary for the direct services to be provided. The proposed Premises was selected because another Probation program is already located in the building which provides synergy between the two programs and the Landlord proposed better terms. Upon completion of construction at the proposed Premises, the lease at the existing site will be terminated.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan North Star 1 – "Make Investments That Transform Lives" – provides that LA County is a highly responsive organization investing in solutions that address our most complex societal challenges (health, jobs, housing, food insecurity, and recidivism) affecting our most vulnerable communities – one person at a time.

The proposed lease is also consistent with Strategic Asset Management Goal – Create countywide understanding of asset needs and priorities and Key Objective No. 5 – Fund Highest Priority Needs.

The proposed lease supports the above goals and objective by providing Probation a directly operated office to service the Antelope Valley and surrounding areas.

In addition, the proposed lease conforms with the Asset Management Principles outlined in Enclosure A.

FISCAL IMPACT/FINANCING

The estimated maximum first year base rental cost is \$271,000, but with a two-month rent abatement of approximately \$46,000, will equal \$225,000, which includes parking at no additional cost. The aggregate cost associated with the proposed lease over the entire nine-year term, including rent abatement, TIs, and Low-Voltage Items is \$5,947,000, as shown in Enclosure B-1. The proposed lease costs will be fully funded by 100 percent NCC that is already included in Probation's existing budget. Probation will not be requesting additional NCC for this action.

Sufficient funding to cover the proposed rent for the first year of the proposed lease term is included in the Fiscal Year (FY) 2024-25 Rent Expense budget and will be billed back to Probation. Probation has sufficient funding in its FY 2024-25 Operating Budget to cover the proposed rent for the first year. Future funding for the costs associated with the proposed lease will be addressed through the annual budget process.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

In addition to the terms previously stated, the proposed lease also includes the following provisions:

- The annual rental rate will be \$23.88 per square foot. Base rent is subject to fixed annual increases of 3 percent.
- The Landlord has agreed to two months of rent abatement.
- Total TI costs are expected to be \$1,985,000. The Landlord will provide approximately \$227,000 (\$20 per square foot) base TI allowance.
- The County will reimburse the Landlord up to \$1,758,000 (\$155 per square foot) as the County's lump sum TI contribution. If the Landlord advances the County's TI contribution, this amount will be amortized over seven years with interest at 7 percent for a fully amortized amount not to exceed \$2,233,000.

- The County will pay \$986,000 for the lump sum cost of the Low-Voltage Items.
- The Landlord is responsible for the operating and maintenance cost of the building, and the County is responsible for utilities and janitorial costs. The County is not subject to the building's operating expense increases.
- There are 45 on-site parking spaces included in the base rent.
- The proposed lease is for a nine-year initial term with no options to extend the proposed lease.
- The County has the right to terminate the proposed lease any time after the 84th month with 180 days' notice.
- Holdover at the proposed lease expiration is permitted on the same lease terms and conditions. The monthly base rent during the holdover period will remain the same and subject to the regular increases.
- The proposed lease will be effective upon approval by the Board and full execution of the proposed lease, but the term and rent will commence upon the first day of the month following thirty days after substantial completion of the TIs by the Landlord and acceptance of the proposed Premises by the County.

The Chief Executive Office (CEO) issued a flyer soliciting proposals for available space from landlords, brokers, and other owner representatives, for this space need, through the Board's Executive Office website and Real Estate's County website. No responses were received. The CEO conducted a market search of available office space for lease but was unable to identify any sites that could accommodate this requirement more economically. Based upon a review of available industry data, it has been established that the annual rental range for a comparable lease in the area is between \$21.60 and \$32.16 per square foot per year. The base annual rental rate of \$23.88 per square foot per year for the proposed lease represents a rate that is within the market range for the area. We were unable to identify any sites that could accommodate this requirement more economically. We recommend the proposed Premises as the most suitable to meet the County's space requirements.

Co-working office space is not programmatically practical due to the direct and in-person services of the program that requires confidentiality.

Enclosure C shows all County-owned and leased facilities within the surveyed areas and there are no County-owned or leased facilities available for this space requirement.

The Department of Public Works has inspected the facility and found it suitable for County occupancy. Construction of the TIs will be completed in compliance with relevant building and construction laws and regulations, including the Americans with Disabilities Act. The required notification letter to the City of Lancaster has been sent in accordance with Government Code Section 25351.

County Counsel has reviewed the proposed lease and has approved it as to form. The proposed lease is authorized by Government Code Section 25351, which allows the County to enter into leases and agreements for the leasing of buildings, as necessary, to carry out the work of the county government.

The proposed lease will provide a suitable office location for Probation's program(s), which is consistent with the County's Facility Location Policy, adopted by the Board on July 24, 2012, as outlined in Enclosure D.

ENVIRONMENTAL DOCUMENTATION

This project is exempt from CEQA, as specified in Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by the Board, and section 15301 of the State CEQA Guidelines (Existing Facilities). The proposed lease, which involves the leasing of existing office space with minor TIs within an existing building, with no expansion of the existing building, is within a class of projects that have been determined not to have a significant effect on the environment and meets the criteria set forth in section 15301 of the State CEQA Guidelines (Guidelines), and Class 1 of the County's Environmental Document Reporting Procedures and Guidelines, Appendix G. In addition, based on the proposed project records, it will comply with all applicable regulations, and there are no cumulative impacts, unusual circumstances, damage to scenic highways, listing on hazardous waste site lists compiled, pursuant to Government Code Section 65962.5, or indications that it may cause a substantial adverse change in the significance of a historical resource that would make the exemption inapplicable.

Upon the Board's approval of the recommended actions, a Notice of Exemption will be filed with the Registrar-Recorder/County Clerk in accordance with section 21152 of the California Public Resources Code.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The proposed lease will adequately provide the necessary office space and parking for this County requirement. Probation concurs with the proposed lease and recommendations.

The Honorable Board of Supervisors
December 3, 2024
Page 6

Respectfully submitted,

FESIA A. DAVENPORT
Chief Executive Officer

FAD:JMN:JTC
JLC:HD:ANR:OM:gb

Enclosures

c: Executive Office, Board of Supervisors
County Counsel
Auditor-Controller
Internal Services
Probation

**PROBATION DEPARTMENT
43423 DIVISION STREET UNITS 102, 103, 104, 201, 202, 203, 204, AND 205, LANCASTER**

Asset Management Principles Compliance Form¹

1.	<u>Occupancy</u>	Yes	No	N/A
A	Does lease consolidate administrative functions? ²			X
B	Does lease co-locate with other functions to better serve clients? ²	X		
C	Does this lease centralize business support functions? ²			X
D	Does this lease meet the guideline of 200 sq. ft of space per person? ² 192 sq. ft of space per person based on 59 staff due to better space planning.		X	
E	Does lease meet the 4/1000 sq. ft. parking ratio guideline? ² 45 parking spots is a ratio of 3.96/1,000		X	
F	Does public parking and mass-transit exist to facilitate employee, client and visitor access to the proposed lease location? ²	X		
2.	<u>Capital</u>			
A	Is it a substantial net County cost (NCC) program?	X		
B	Is this a long-term County program?	X		
C	If yes to 2 A or B; is it a capital lease or an operating lease with an option to buy?		X	
D	If no, are there any suitable County-owned facilities available?		X	
E	If yes, why is lease being recommended over occupancy in County-owned space?			X
F	Is Building Description Report enclosed as Enclosure C?			X
G	Was build-to-suit or capital project considered? ²			X
3.	<u>Portfolio Management</u>			
A	Did department use CEO Space Request Evaluation (SRE)?	X		
B	Was the space need justified?	X		
C	If a renewal lease, was co-location with other County departments considered?			X
D	Why was this program not co-located?			
	1. ____ The program clientele requires a "stand alone" facility.			
	2. <u>X</u> No suitable County occupied properties in project area.			
	3. <u>X</u> No County-owned facilities available for the project.			
	4. ____ Could not get City clearance or approval.			
	5. ____ The Program is being co-located.			
E	Is lease a full-service lease? ² County pays for utilities and janitorial.		X	
F	Has growth projection been considered in space request?	X		
G	¹ Has the Dept. of Public Works completed seismic review/approval?			X
¹ As approved by the Board of Supervisors 11/17/98				
² If not, why not?				

OVERVIEW OF THE PROPOSED BUDGETED LEASE COSTS

43423 Division Street, Lancaster
Probation

Basic Lease Assumptions

Leased Area (sq.ft.) 11,340

	Monthly	Annual
Base Rent (PSF)	\$1.99	\$23.88
Rent Abatement (Months)	2	
Term	108	9
Annual Rent Adjustments	3.00%	

Parking # of Spaces 45

Tenant Improvement Costs (Reimbursable)	Lump Sum	Annual Interest Rate	Amortized Cost @ IR, 7	Difference
		(IR)	Yrs.	
	\$1,757,700	7.00%	\$2,228,386	\$470,686

Low Voltage Costs (TESMA Labor & Materials) Lump Sum \$986,000

	1 st Year	2nd Year	3rd Year	4th Year	5th Year	6th Year	7th Year	8th Year	9th Year	Total 9 Years Rental Costs
Annual Base Rent Costs	\$271,000	\$280,000	\$289,000	\$298,000	\$307,000	\$317,000	\$327,000	\$337,000	\$348,000	\$2,774,000
Rent Abatement ⁽¹⁾	(\$46,000)									(\$46,000)
Rent Paid to Landlord	\$225,000	\$280,000	\$289,000	\$298,000	\$307,000	\$317,000	\$327,000	\$337,000	\$348,000	\$2,728,000
TI Allowance (Reimbursable)	\$319,000	\$319,000	\$319,000	\$319,000	\$319,000	\$319,000	\$319,000			\$2,233,000
Total Costs Paid to Landlord	\$544,000	\$599,000	\$608,000	\$617,000	\$626,000	\$636,000	\$646,000	\$337,000	\$348,000	\$4,961,000
Low Voltage Costs	\$986,000									\$986,000
Total Annual Lease Costs⁽²⁾	\$1,530,000	\$599,000	\$608,000	\$617,000	\$626,000	\$636,000	\$646,000	\$337,000	\$348,000	\$5,947,000

⁽¹⁾ Tenant shall have two months of Rent Abatement.

⁽²⁾ County shall pay separately for its utility and janitorial costs. This is a new lease and historical cost data is not available.

***Calculation note: All numbers are rounded up to ensure sufficient funds available to pay the specified expense.**

**PROBATION DEPARTMENT
SPACE SEARCH – 5 MILE RADIUS IN LANCASTER, CALIFORNIA**

LACO	Name	Address	Ownership	Proprietor	Gross SqFt	SQ FT Available
4683	Probation - (AB - 109)Antelope Valley Reg Off	43423 N Division St. Lancaster 93535	Leased	Probation	13,800	None
A255	Child Support Services - Div VI Reg Office	42281 10th St. W Lancaster 93534	Leased	Child Support Services	14,600	None
10209	Antelope Valley Juvenile Program	43917 Division St. Lancaster 93535	Leased	Probation	15,500	None
A079	Assessor - Lancaster Regional Offices	251 E Ave K-6 Lancaster 93535	Owned	Assessor	15,338	None
4586	Lancaster Courthouse - Services Building	1110 W Ave J Lancaster 93534	Owned	Chief Executive Office (CEO)	18,488	None
X495	PW - Waterworks North Maintenance HQ Building	260 E Ave K-8 Lancaster 93535	Owned	Public Works	13,200	None
A459	DCFS - Administrative Lancaster	300 E Ave K-6 Lancaster 93535	Leased	Children and Family Services	11,000	None
X542	PW - Waterworks North Maint Area Office	260 E Ave K-8 and K-10 Lancaster 93535	Owned	Public Works	12,883	None

FACILITY LOCATION POLICY ANALYSIS

Proposed lease: Lease for the Probation Department at 43423 Division Street Units 101, 102, 103, 104, 201, 202, 203, 204, and 205, Lancaster – 5th District.

A. Establish Service Function Category – Probation to provide direct service to the Antelope Valley Delinquency Courts and to the juvenile offenders and their families served by this Court.

B. Determination of the Service Area – This proposed Lease will provide the Probation Department occupancy of 11,340 square feet of office space and 45 on-site parking spaces.

C. Apply Location Selection Criteria to Service Area Data

- Need for proximity to service area and population: Continued need for Probation operation in the Antelope Valley and surrounding areas.
- Need for proximity to existing County facilities: N/A
- Need for proximity to Los Angeles Civic Center: N/A
- Economic Development Potential: N/A
- Proximity to public transportation: The location is adequately served by local transit services.
- Availability of affordable housing for County staff: The surrounding area provides for affordable housing and rental opportunities.
- Use of historic buildings: N/A
- Availability and compatibility of existing buildings: The new location is available to lease and meets all of Probation's needs.
- Compatibility with local land use plans: The City of Lancaster has been notified of the proposed County use which is consistent with its use and zoning for office space at this location.
- Estimated acquisition/construction and ongoing operational costs: The aggregate cost associated with the proposed lease over the nine-year term is \$5,947,000.

D. Analyze results and identify location alternatives

Based upon a review of available industry data, it has been established that the annual rental range for a comparable lease in the area is between \$21.60 and \$32.16 per square foot, per year. The base annual rental rate of \$23.88 per square foot, per year for the proposed lease represents a rate that is within the market range for the area. We were unable to identify any sites that could accommodate this requirement more economically. We recommend the proposed Premises as the most suitable to meet the County's space requirements.

E. Determine benefits and drawbacks of each alternative based upon functional needs, service area, cost, and other Location Selection Criteria

The proposed lease will provide adequate and efficient office space for 59 staff and clients consistent with the County's Facility Location Policy, adopted by the Board on July 24, 2012.

**COUNTY OF LOS ANGELES
CHIEF EXECUTIVE OFFICE**

LEASE AGREEMENT

COUNTY OF LOS ANGELES - Tenant

**RAMI DARGHALLI AS TRUSTEE OF THE RAMI DARGHALLI REVOCABLE LIVING TRUST
DATED JANUARY 13, 2005 – Landlord**

**43423 DIVISION STREET,
UNITS 101, 102, 103, 104, 201, 202, 203, 204, 205
LANCASTER, CALIFORNIA**

TABLE OF CONTENTS

	Page
1. BASIC LEASE INFORMATION	1
1.1 Terms	1
1.2 Defined Terms Relating to Landlord's Work Letter	3
1.3 Exhibits to Lease	4
2. PREMISES	4
2.1 Lease of Premises	4
2.2 Measurement of Premises	4
3. COMMON AREAS	4
4. COMMENCEMENT AND EXPIRATION DATES	5
4.1 Term	5
4.2 Termination Right	5
4.3 Early Entry	6
4.4 Early Termination	6
4.5 Lease Expiration Notice	6
5. RENT	6
5.1 Base Rent	6
5.2 Base Rent Adjustments	6
5.3 Rent Abatement	6
5.4 Method of Payment and Required Information	6
6. USES	7
7. HOLDOVER	7
8. COMPLIANCE WITH LAW	7
9. DAMAGE OR DESTRUCTION	8
9.1 Damage	8
9.2 Tenant Termination Right	8
9.3 Damage In Last Year	8
9.4 Default By Landlord	9
10. REPAIRS AND MAINTENANCE	9
10.1 Landlord Representations	9
10.2 Landlord Obligations	11
10.3 Tenant Obligations	11
10.4 Tenant's Right to Repair	12
11. SERVICES AND UTILITIES	12
11.1 Services	12
11.2 Utilities	13
12. TAXES	14
13. LANDLORD ACCESS	14
14. TENANT DEFAULT	14
14.1 Default	14
14.2 Termination	14
14.3 No Effect on Indemnity	14
15. LANDLORD DEFAULT	15
15.1 Remedies	15
15.2 Waiver	15
15.3 Emergency	15
16. ASSIGNMENT AND SUBLETTING	16
16.1 Assignment and Subletting	16
16.2 Sale	16

17.	ALTERATIONS AND ADDITIONS	17
17.1	Landlord Consent	17
17.2	End of Term	17
18.	CONDEMNATION	17
18.1	Controlling Terms	17
18.2	Total Taking	17
18.3	Partial Taking	17
18.4	Restoration	18
18.5	Award	18
18.6	Waiver of Statute	18
19.	INDEMNIFICATION	18
19.1	Landlord's Indemnity	18
19.2	Tenant's Indemnity	19
20.	INSURANCE	19
20.1	Waiver	19
20.2	General Insurance Provisions – Landlord Requirements	19
20.3	Insurance Coverage Types And Limits	22
20.4	Landlord Requirements	22
21.	PARKING	23
21.1	Tenant's Rights	23
21.2	Remedies	23
22.	ENVIRONMENTAL MATTERS	24
22.1	Hazardous Materials	24
22.2	Landlord Indemnity	24
23.	ESTOPPEL CERTIFICATES	25
24.	TENANT IMPROVEMENTS	25
25.	LIENS	25
26.	SUBORDINATION AND MORTGAGES	25
26.1	Subordination and Non-Disturbance	25
26.2	Existing Deeds of Trust	25
26.3	Notice of Default	25
27.	SURRENDER OF POSSESSION	26
28.	SIGNAGE	26
29.	QUIET ENJOYMENT	26
30.	GENERAL	26
30.1	Headings	26
30.2	Successors and Assigns	26
30.3	Brokers	26
30.4	Entire Agreement	27
30.5	Severability	27
30.6	Notices	27
30.7	Governing Law and Venue	27
30.8	Waivers	27
30.9	Time of Essence	27
30.10	Consent	27
30.11	Community Business Enterprises	28
30.12	Memorandum of Lease	28
30.13	Counterparts; Electronic Signatures	28
31.	AUTHORITY	28
32.	ACKNOWLEDGEMENT BY LANDLORD	29
32.1	Consideration of GAIN Program Participants	29

32.2	Solicitation of Consideration	29
32.3	Landlord Assignment	30
32.4	Smoking in County Facilities.	31
33.	IRREVOCABLE OFFER	31
34.	RIGHT OF FIRST OFFER TO LEASE ADDITIONAL PREMISES.	32

EXHIBITS

- Exhibit A – Floor Plan of the Premises
- Exhibit B – Commencement Date Memorandum and Confirmation of Lease Terms
- Exhibit C – Heating, Ventilation, and Air Conditioning Standards
- Exhibit D – Cleaning and Maintenance Schedule
- Exhibit E – Subordination, Non-disturbance and Attornment Agreement
- Exhibit F – Tenant Estoppel Certificate
- Exhibit G – Community Business Enterprises Form
- Exhibit H – Memorandum of Lease Terms
- Exhibit I – Landlord's Work Letter

ADDENDUM NO. 1 – Additional Terms to Lease Agreement

COUNTY OF LOS ANGELES
CHIEF EXECUTIVE OFFICE

LEASE AGREEMENT

This LEASE AGREEMENT ("Lease") is entered into as of the _____ day of _____, 20__ between RAMI DARGHALLI AS TRUSTEE OF THE RAMI DARGHALLI REVOCABLE LIVING TRUST DATED JANUARY 13, 2005 ("Landlord"), and COUNTY OF LOS ANGELES, a body corporate and politic ("Tenant" or "County").

Landlord and Tenant agree:

1. BASIC LEASE INFORMATION

1.1 Terms

The following terms as used herein shall have the meanings provided in this Section 1, unless otherwise specifically modified by provisions of this Lease:

(a) Landlord's Address for Notices:	42913 Capital Dr. #111 Lancaster, CA 93535 Attn: Rami Darghalli Email: rami@ramcomgmt.com _
(b) Tenant's Address for Notices:	County of Los Angeles Chief Executive Office - Real Estate Division 320 West Temple Street, 7th Floor Los Angeles, CA 90012 Attention: Director of Real Estate With a copy to: County of Los Angeles Office of the County Counsel 648 Kenneth Hahn Hall of Administration 500 West Temple Street, Suite 648 Los Angeles, CA 90012-2713 Attention: Property Division
(c) Premises:	Approximately 11,340 rentable square feet, in the Building (defined below), as shown on <u>Exhibit A</u> attached hereto.
(d) Building:	The Building located at 43423 Division Street, Lancaster, California, which is currently assessed by the County Assessor as APN 3126-008-015 (collectively, the "Property");
(e) Term:	Nine (9) years, commencing the first day of the month following thirty (30) days after

	substantial completion of Landlord's Work, delivery of Premises to Tenant, and Tenant acceptance of the Premises.
(f) Estimated Commencement Date:	June 1, 2025
(g) Irrevocable Offer Expiration Date: (see Section 33)	January 1, 2025
(h) Base Rent:	<p>\$1.99 per rentable square foot per month</p> <p>(i.e., \$22,566.60 per month or \$270,799.20 per year)</p> <p>The Base Rent shall increase by three percent (3%) per annum. The monthly rent for months two (2) and three (3) of the Lease Term shall be abated.</p>
(i) Early Termination (see Section 4.4)	One Hundred and Eighty (180) days' notice on or after the eighty-fourth (84 th) month following the Commencement Date of the Lease
(j) Rentable Square Feet in the Premises:	11,340 rentable square feet
(k) Initial Departmental Use:	Tenant may use and occupy the Premises for office space for the juvenile probation office and, for any other lawful use. Tenant will be permitted to replace the initial tenant department with any County of Los Angeles Department or Division or associated agency at its sole discretion, subject to Section 6.
(l) Parking Spaces:	Forty-five (45) unreserved spaces
(m) Tenant's Hours of Operation:	6 a.m. to 8 p.m. Monday through Friday, and 9 a.m. to 2 p.m. on Saturdays
(n) Asbestos Report:	A report dated April 13, 2023 prepared by Mailman Environmental, LLC, a licensed California Asbestos contractor.
(o) Seismic Report	A report dated April 30, 2013 prepared by the Department of Public Works.
(p) Disabled Access Survey	A report dated March 28, 2023 prepared by Department of General Services Real Estate Services Division.

1.2 Defined Terms Relating to Landlord's Work Letter

(a) Landlord's TI Allowance:	\$226,800.00 (\$20 per rentable square foot of the Premises).
(b) Tenant's TI Contribution:	\$1,757,700.00 (\$155 per rentable square foot of the Premises)
(c) Tenant's TI Contribution Amortization Rate and Change Authorization Amortization Rate:	Fixed seven percent (7%) per annum for seven (7) years.
(d) Estimated Monthly Payments Attributable to Total TI Costs in Excess of Landlord's TI Allowance	\$26,528.40 per month, ending on the Termination Date of the Original Term.
(e) Tenant's Work Letter Representative:	<u>An assigned staff person of the Chief Executive Office-Real Estate Division</u>
(f) Landlord's Work Letter Representative:	_____
(g) Landlord's Address for Work Letter Notices:	42913 Capital Dr. #111 Lancaster, CA 93535 Email: rami@ramcomgmt.com
(h) Tenant's Address for Work Letter Notices:	County of Los Angeles Chief Executive Office - Real Estate Division 320 West Temple Street, 7th Floor Los Angeles, CA 90012 Attention: Director of Real Estate
1.3 <u>Exhibits to Lease</u>	Exhibit A - Floor Plan of Premises Exhibit B - Commencement Date Memorandum and Confirmation of Lease Terms Exhibit C - HVAC Standards Exhibit D - Cleaning and Maintenance Schedule Exhibit E - Subordination, Non-Disturbance and Attornment Agreement Exhibit F - Tenant Estoppel Certificate Exhibit G - Community Business Enterprises Form Exhibit H - Memorandum of Lease Exhibit I - Landlord's Work Letter

2. PREMISES

2.1 Lease of Premises

Landlord does hereby lease to Tenant, and Tenant does hereby lease from Landlord, upon the terms and conditions herein set forth, the Premises described in Section 1.1 and depicted on Exhibit A attached hereto.

2.2 Measurement of Premises

Tenant shall have the right at any time during the Term of this Lease to field-measure and verify the exact footage of the Premises and/or the Building. All measurements shall be taken in accordance with the methods of measuring rentable area as described in the Standard Method for Measuring Floor Area in Office Buildings, ANSI/BOMA Z65.1-2010, as promulgated by the Building Owners and Management Association ("BOMA") International, except that no penthouse mechanical room space shall be included in the measurement. Should this measurement be less than the square footage stated above, then Tenant shall have the right to adjust such square footage and reduce the Base Rent in Section 1.1 accomplished by the mutual execution of an amendment to this Lease. Landlord acknowledges the space has been marketed at the above-indicated rental amount and in the event of subsequent physical measurements, Landlord agrees there will be no increase made to the Base Rent if the measured square footage exceeds the amount represented by Landlord.

3. COMMON AREAS

Tenant may use the following areas ("Common Areas") in common with Landlord and any other tenants of the Building: the entrances, lobbies, corridors and other public areas of the Building, walkways, landscaped areas, driveways necessary for access to the Premises, parking areas and other common facilities designated by Landlord from time to time for common use of all tenants of the Building. Tenant shall comply with all reasonable, non-discriminatory rules and regulations regarding the use of the Common Area established by Landlord.

4. COMMENCEMENT AND EXPIRATION DATES

4.1 Term

The term of this Lease shall commence upon the Commencement Date and terminate on the Termination Date. Within thirty (30) days of determining the Commencement Date, Landlord and Tenant shall acknowledge in writing the Commencement Date by executing a Commencement Date Memorandum and Confirmation of Lease Terms in the form attached hereto as Exhibit B. The term "Tenant's Acceptance of the Premises" as used in this Lease shall mean the date upon which the Tenant Improvements and the Premises are Substantially Complete, Tenant has inspected the Premises, and Tenant has accepted the Tenant Improvements and the Premises in writing. The terms "Substantial Completion" or "Substantially Complete" as used in this Lease shall mean compliance with all of the following:

- (a) The shell and core of the Building are complete and in compliance with all applicable laws and codes, and all of the building systems are operational to the extent necessary to service the Premises;
- (b) Landlord has sufficiently completed all the work required to be performed by Landlord in accordance with this Lease and Landlord's Work Letter (if any), including the installation of modular furniture systems, if so required (except minor punch list items which Landlord shall thereafter promptly complete), such that Tenant can conduct normal business operations from the Premises;
- (c) Landlord has obtained a certificate of occupancy for the Building, or a temporary certificate of occupancy for that portion of the Building that includes all of the Premises, or its equivalent;
- (d) Tenant has been provided with the number of parking privileges and spaces to which it is entitled under this Lease; and
- (e) If Landlord is responsible for the installation of telecommunications systems, then such systems shall be completely operational.

4.2 Termination Right

If the Commencement Date has not occurred within sixty (60) days after the Estimated Commencement Date, subject to Tenant Delays or Force Majeure Delays, as provided in Landlord's Work Letter executed concurrently herewith and attached hereto as Exhibit I and incorporated herein by reference, then Tenant may thereafter, at any time before the Commencement Date occurs, terminate this Lease effective upon the giving of written notice to Landlord, and the parties shall have no further rights or obligations to one another hereunder.

4.3 Early Entry

Tenant shall be entitled to enter the Premises not less than thirty (30) days prior to the Commencement Date for the purpose of installing Tenant's furniture, fixtures, and equipment in the Premises. Such early entry shall be subject to all provisions hereof, but shall not advance the Termination Date, and Tenant shall not pay Base Rent nor any other charges for such early entry period.

4.4 Early Termination

Tenant shall have the right to terminate this Lease at any time after the Early Termination date specified in Section 1.1, by giving Landlord not less than one hundred and eighty (180) days prior written notice, executed by Tenant's Chief Executive Officer or his/her designee.

4.5 Lease Expiration Notice

No later than twelve (12) months, nor earlier than eighteen (18) months, prior to the expiration of the Lease Term, Landlord shall provide a written notice to Tenant notifying Tenant of the Termination Date.

5. RENT

5.1 Base Rent

Tenant shall pay Landlord the Base Rent stated in Section 1.1 during the Term hereof within fifteen (15) days after (a) the Commencement Date, and (b) the first day of each calendar month thereafter, provided that at least fifteen (15) business days prior to the Commencement Date, Landlord must provide the Auditor-Controller (A-C) of the County of Los Angeles with the following information: (i) name and address of Landlord or other party to whom Base Rent should be paid, (ii) Landlord's federal tax ID number; (iii) name of contact person and contact information (including phone number) for Landlord; (iv) a completed IRS form W-9, and (v) evidence of insurance in compliance with Section 20.2. If Landlord fails to timely provide the information required pursuant to this Section 5.1, or to provide updates for any changed information, then Tenant shall not be required to pay Base Rent to Landlord until fifteen (15) business days after Landlord provides such information. Base Rent for any partial calendar month during the Term shall be prorated in proportion to the number of days during the Term within such calendar month.

5.2 Base Rent Adjustments

On the first (1st) anniversary of the Commencement Date and every anniversary thereafter (each an "Adjustment Date"), the Base Rent shall be increased by an amount equal to three percent (3%) of the Base Rent for the immediately preceding 12-month period.

5.3 Rent Abatement

The monthly rent for months two (2) and three (3) of the Lease Term shall be abated.

5.4 Method of Payment and Required Information

The Tenant may, at its sole discretion, determine the most appropriate, efficient, secure, and timely form of payment for any amounts due under this Lease. Landlord further agrees that the default form of payment shall be Electronic Funds Transfer (EFT) or direct deposit, unless an alternative method of payment is deemed appropriate by the A-C.

Subject to Section 5.1, the Landlord shall provide the A-C with electronic banking and related information for the Landlord and/or any other payee that the Landlord designates to receive payment pursuant to this Lease. Such electronic banking and related information includes, but is not limited to: bank account number and routing number, legal business name, valid taxpayer identification number or TIN, a working e-mail address capable of receiving remittance advices and other payment related correspondence, and any other information that the A-C determines is reasonably necessary to process the payment and comply with all accounting, record keeping, and tax reporting requirements.

Any provision of law, grant, or funding agreement requiring a specific form or method of payment other than EFT or direct deposit shall supersede this

requirement with respect to those payments. Upon the Commencement Date or at any time during the duration of the Lease, a Landlord may submit a written request for an exemption to this requirement. Such request must be based on specific legal, business or operational needs and explain why the payment method designated by the A-C is not feasible and an alternative is necessary. The A-C, in consultation with the contracting department(s), shall decide whether to approve exemption requests.

6. USES

Landlord agrees that the demised Premises, together with all appurtenances thereto, shall be used by the Tenant for the government department set forth in Section 1.1, any other County Department the County designates, any other governmental purposes, or other lawful purposes that do not materially adversely interfere with other uses in the Building, during Tenant's Hours of Operation, after Tenant's Hours of Operation, and on weekends and holidays.

7. HOLDOVER

If Tenant remains in possession of the Premises or any part thereof after the expiration of the term of this Lease, such occupancy shall be a tenancy which is terminable only upon ninety (90) days written notice from Landlord or thirty (30) days written notice from Tenant's Chief Executive Officer or his/her designee at the last monthly Base Rent payable under this Lease, plus any other charges payable under this Lease, and subject to all of the terms, covenants and conditions of this Lease.

8. COMPLIANCE WITH LAW

Tenant shall, at Tenant's expense, comply promptly with all applicable statutes, ordinances, rules, regulations, orders and requirements in effect during the term hereof regulating the use, occupancy or improvement of the Premises by Tenant. Landlord, not Tenant, shall, at its sole cost, at all times cause the Premises and the Building to comply with all applicable statutes, ordinances, rules, regulations, orders and requirements in effect and binding upon Tenant or Landlord during the term hereof, including but not limited to the Americans with Disabilities Act ("ADA"), except if such compliance is made necessary as a result of Tenant's particular use of or alterations or improvements to the Premises.

9. DAMAGE OR DESTRUCTION

9.1 Damage

If any portion of the Premises is damaged by fire or any other cause rendering the Premises totally or partially inaccessible or unusable, and the Premises may be restored to a complete architectural unit of the same value, condition and character that existed immediately prior to such casualty in less than one hundred eighty (180) days, then Landlord shall promptly, at Landlord's expense, repair such damage, and this Lease shall continue in full force and effect. If all or any portion of the Premises shall be made unusable by fire or other casualty, Landlord shall immediately secure the area to prevent injury to persons and/or vandalism to the improvements. Landlord shall promptly, but in any event within ten (10) days, cause an architect or general contractor selected by Landlord to provide Landlord and Tenant with a written estimate of the amount of time required to substantially

complete the repair and restoration of the Premises and make the Premises leasable again using standard working methods. The failure to do so shall be a material default hereunder. Base Rent shall abate to the extent that the Premises are unusable by Tenant.

9.2 Tenant Termination Right

If any portion of the Premises is damaged by fire or any other cause rendering the Premises totally or partially inaccessible or unusable, and the Premises will not be restored to a complete architectural unit of the same value, condition and character that existed immediately prior to such casualty in less than one hundred eighty (180) days for any reason, then Tenant may terminate this Lease by giving Landlord written notice within ten days after Tenant's receipt of written notice from Landlord or its agents specifying such time period of repair; and this Lease shall terminate and the Base Rent shall be abated from the date the Premises became unusable. If Tenant does not elect to terminate this Lease, then Landlord shall promptly commence and diligently prosecute to completion the repairs to the Building or Premises, provided that insurance proceeds are available to repair the damages.

9.3 Damage In Last Year

Notwithstanding the foregoing provisions, if any material destruction to the Premises occurs during the last year of the Term, then either Landlord or Tenant may terminate this Lease by giving written notice to the other not more than thirty (30) days after such destruction, in which case:

- (a) Landlord shall have no obligation to restore the Premises;
- (b) Landlord may retain all insurance proceeds relating to such destruction, and
- (c) This Lease shall terminate as of the date which is thirty (30) days after such written notice of termination.

9.4 Default By Landlord

If Landlord is required to repair and restore the Premises as provided for in this Section 9, and Landlord thereafter fails to diligently prosecute said repair and restoration work to completion, as determined by Tenant in its reasonable discretion, then Tenant may, at its sole election:

- (a) Declare a default hereunder, or
- (b) Perform or cause to be performed the restoration work and deduct the cost thereof, plus interest thereon at ten percent (10%) per annum, from the next installment(s) of Base Rent due as a charge against the Landlord.

10. REPAIRS AND MAINTENANCE

10.1 Landlord Representations

- (a) Landlord represents to Tenant that, as of the date hereof and on the Commencement Date:
- i. The Premises, the Building, and all Common Areas (including electrical, heating, ventilating, and air conditioning ("HVAC"), mechanical, plumbing, gas and fire/life safety systems in the Building and similar building service systems) comply with all current laws, codes, and ordinances, including but not limited to the Americans With Disabilities Act, and are in good working order and condition;
 - ii. The Building and the Premises comply with all covenants, conditions, restrictions and insurance underwriter's requirements;
 - iii. The Premises, the Building and the Common Areas are free of the presence of Hazardous Materials (as hereinafter defined); and
 - iv. Landlord has not received any notice from any governmental agency that the Building or the Premises are in violation of any law or regulation.
- (b) Landlord represents, based upon a professional inspection of the Premises and the Building and the Asbestos Report (as defined in Section 1.1) that the Premises and the Building contain no asbestos containing materials (other than as may be reflected in the Asbestos Report). Landlord shall, prior to Tenant's occupancy, abate, at Landlord's sole cost and expense, all asbestos-containing materials to the extent required by law and provide Tenant with an updated report from a licensed California Asbestos contractor to that effect.
- (c) CASp Inspection:

In accordance with California Civil Code Section 1938, Landlord hereby states that the Premises and the Common Areas:
[Check the appropriate box]

Have undergone inspection by a Certified Access Specialist (a "CASp") and have been determined to meet all applicable construction related accessibility standards pursuant to California Civil Code Section 55.53. Landlord shall provide Tenant with a copy of the CASp inspection report and a current disability access inspection certificate for the Premises within seven (7) days after the execution of this Lease.

Have undergone inspection by a Certified Access Specialist and have not been determined to meet all applicable construction related accessibility standards pursuant to California Civil Code Section 55.53. Landlord has provided Tenant with a copy of the CASp inspection report at least 48 hours prior to the execution of this Lease. A Certified Access Specialist (CASp) can inspect the subject premises and determine whether

the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises.

Have not undergone inspection by a Certified Access Specialist. A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises.

The foregoing statement is provided solely for the purpose of complying with California Civil Code Section 1938 and shall not affect the Landlord's and Tenant's respective responsibilities for compliance with any design and construction related accessibility obligations as provided under this Lease or any Work Letter.

- (d) Landlord agrees to indemnify and hold harmless Tenant from all damages, costs, and expenses, which result from a material breach of Landlord's representations contained in this Section 10.1.

10.2 Landlord Obligations

- (a) Landlord shall keep and maintain the Property in good condition and repair and promptly make repairs to and perform maintenance upon and replace as needed:
 - i. the structural elements of the Building, including without limitation, all permanent exterior and interior walls, floors and ceilings, foundations, roof, concealed plumbing, stairways, concealed electrical systems and intra-building telephone network cables;
 - ii. mechanical (including HVAC), electrical, plumbing and fire/life systems serving the Building;
 - iii. the Common Areas;
 - iv. exterior windows of the Building.

- (b) Landlord, at its sole cost and expense, shall also perform all maintenance and repairs to the Premises, and shall keep the Premises in good condition and repair, reasonable wear and tear excepted. Landlord's repair obligations include, without limitation, repairs to, or replacements of:
 - i. Exterior doors, door frames and hardware
 - ii. Emergency exit signage and battery replacement
 - iii. HVAC equipment dedicated to the mechanical rooms housing Tenant's computer servers and related equipment; and
 - iv. Light fixtures, bulbs, tubes and ballasts
- (c) Landlord shall, to the best of its ability, provide all reports, maintenance records, or other documentation as may be requested from time to time.

10.3 Tenant Obligations

Without limiting Landlord's repair and maintenance obligations, Tenant shall be responsible for (i) the cost of repairing any area of the Property damaged by Tenant or by Tenant's agents, employees, invitees or visitors, and (ii) the repair of low voltage electronic, phone and data cabling and related equipment that is installed by or for the exclusive benefit of Tenant. All repairs and replacements shall:

- (a) be made and performed by contractors or mechanics approved by Landlord, which consent shall not be unreasonably withheld, conditioned or delayed;
- (b) be at least equal in quality, value and utility to the original work or installation; and
- (c) be in accordance with all applicable laws.

10.4 Tenant's Right to Repair

- (a) If Tenant provides written notice (or oral notice in the event of an emergency, such as damage or destruction to or of any portion of the Building structure and/or the Building systems, and/or anything that could cause material disruption to Tenant's business) to Landlord of an event or circumstance which requires the action of Landlord with respect to repair and/or maintenance, and if Landlord fails to provide such action within a reasonable period of time given the circumstances after the giving of such notice, but in any event not later than five (5) days after the giving of such notice, then Tenant may proceed to take the required action (provided, however, that no such notice shall be required in the event of an emergency which threatens life or where there is imminent danger to property or a possibility that a failure to take immediate action could cause a material disruption in Tenant's normal and customary business activities). Tenant shall have access to the Building to the extent necessary to perform the work contemplated by this provision. If such action was required under the terms of this Lease to have been taken by Landlord and was not taken by Landlord within such period (unless such notice was not required as

provided above), and Tenant took such required action, then Tenant shall be entitled to prompt reimbursement by Landlord of Tenant's reasonable costs and expenses in having taken such action plus interest thereon at ten percent (10%) per annum. If not reimbursed by Landlord within ten (10) days after written notice, then Tenant shall be entitled to deduct from Base Rent payable by Tenant under this Lease the amount set forth in its invoice for such work. The remedies provided in this Section are in addition to the remedies provided in Section 15.

- (b) Notwithstanding any provisions of this Lease to the contrary, Tenant, acting through the County's Chief Executive Office, may request that the Landlord perform, supply and administer any repairs, maintenance, building services and/or alterations that are the responsibility of the Tenant, not to exceed \$5,000, as part of a separate purchase order issued by the County on Tenant's behalf. Any improvements by Landlord shall be subject to (i) the Work Letter provisions regarding selection and bidding of contractors, Landlord-Tenant coordination and audit rights, and Tenant's remedies found in said Work Letter; and (ii) compliance with County Internal Services Department Purchasing Policy and Procedure No. A-0300, effective November 22, 2016, delivered to Landlord and incorporated by reference herein. This Section shall not apply to any Tenant Improvements as defined in Section 24.

11. SERVICES AND UTILITIES

11.1 Services

- (a) Heating, Ventilation and Air Conditioning (HVAC)

Landlord shall furnish heating, ventilation and air conditioning ("HVAC"), during Tenant's Hours of Operations in amounts required for the use and occupancy of the Premises for normal office purposes to a standard comparable to other first-class buildings and not less than the standard set forth in Exhibit C attached hereto. In addition, Landlord shall furnish HVAC at all times (i.e., twenty-four (24) hours per day, seven (7) days per week, three hundred sixty-five (365) days per year) to the mechanical rooms housing Tenant's computer servers and related equipment.

- (b) Electricity

Landlord shall furnish to the Premises the amount of electric current provided for in the Landlord's Work Letter (if applicable) but in any event not less than seven (7) watts of electric current (connected load) per square foot of rentable square feet in the Premises, for power and lighting and electric current for HVAC, and Landlord shall provide the existing or new transformers or sub-panels on each floor of the Premises necessary for Tenant to utilize such capacity in the Premises. Subject to section 11.2, gas and electricity are separately metered and therefore Tenant responsibility.

(c) Elevators

Landlord shall furnish freight and passenger elevator services to the Premises during Tenant's Hours of Operations. During all other hours, Landlord shall furnish passenger elevator cab service in the elevator bank serving the Premises on an as needed basis, and, by prior arrangement with Landlord's building manager, freight elevator service.

(d) Water

Landlord shall make available in the Premises warm and cold water for normal lavatory and kitchen purposes and potable water for drinking purposes, all of which shall meet applicable government standards.

(e) Intentionally Omitted

(f) Access

Landlord shall furnish to Tenant's employees and agents access to the Building, Premises and Common Areas on a seven day per week, 24 hour per day basis, subject to compliance with such reasonable security measures as shall from time to time be in effect for the Building. If required, Landlord shall provide access cards or fobs to all Tenant employees for Building entry, elevators, and/or floor access, at Landlord's sole cost and expense.

(g) Pest Control

Landlord at its sole cost and expense shall provide any and all pest control services to the Premises per the specifications set forth in Exhibit D attached hereto.

11.2 Utilities

Landlord shall furnish the above services and utilities to the Premises which utilities have been separately metered by the Landlord and shall be paid for by the Tenant.

12. TAXES

Landlord, at its sole cost and expense, shall pay, prior to delinquency, all real property taxes, assessments and special assessments which may be levied or assessed against the Premises or the Building during the term of this Lease or any renewal or holdover period thereof.

In the event Landlord fails or refuses to pay any or all taxes or assessments when due, Tenant may, at its sole discretion, give Landlord thirty (30) calendar days prior written notice and thereafter pay such taxes and assessments and deduct the payments from the next installments of rent due as a charge against the Landlord.

13. LANDLORD ACCESS

Tenant shall permit Landlord and its agents to enter the Premises during Tenant's Hours of Operations upon prior written notice only for the purpose of inspecting the Premises for

any reasonable purpose. If Landlord temporarily closes any portion of the Building or the Premises, Base Rent shall be prorated based upon the percentage of the Premises or the Building rendered unusable and not used by Tenant. Landlord shall have the right at any and all times to enter the Premises in the event of an emergency and notify Tenant immediately thereafter.

14. TENANT DEFAULT

14.1 Default

The occurrence of any one or more of the following events shall constitute a material default and breach of this Lease by Tenant ("Default"):

- (a) the failure by Tenant to make any payment of Base Rent or any other payment required to be made by Tenant hereunder (except to the extent an offset is expressly permitted hereunder) as and when due, and the failure continues for a period of ten (10) days after written notice to Tenant;
- (b) the failure by Tenant to observe or perform any of the other covenants, conditions or provisions of this Lease, where such failure shall continue for a period of thirty (30) days after written notice from Landlord specifying in detail the nature of the default; provided, however, if more than thirty (30) days are reasonably required for its cure then Tenant shall not be deemed to be in default if Tenant commences such cure, within said thirty (30)-day period and thereafter diligently prosecutes such cure to completion.

14.2 Termination

Tenant agrees that if a Default should occur and should not be cured within the time periods set forth above, it shall be lawful for Landlord to terminate this Lease upon the giving of written notice to Tenant. In addition thereto, Landlord shall have such other rights or remedies as may be provided by law.

14.3 No Effect on Indemnity

Nothing in this Article shall be deemed to affect either Landlord or Tenant's right to indemnification under any indemnification clause or clauses set forth in this Lease.

15. LANDLORD DEFAULT

15.1 Remedies

In addition to the provisions for Landlord's default provided by Sections 9.4, 10.4, 19, 21.2 and 32.3, Landlord shall be in default ("Landlord Default") in the performance of any obligation required to be performed by Landlord under this Lease if Landlord has failed to perform such obligation within five (5) days after the giving of written notice with respect thereto by Tenant (which notice shall be, if appropriate, the same notice given under Section 10.4); provided, however, that if the nature of the Landlord Default is such that the same cannot reasonably be cured within such five day period, Landlord shall not be deemed to be in Landlord Default if Landlord shall within such period commence such cure and thereafter diligently prosecute the same to completion. If the Landlord Default is of such a nature that it materially and substantially interferes with Tenant's occupancy and

use of the Premises and if such Landlord Default is not cured within the foregoing cure period, then Tenant shall have the right, at its option, with or without further notice or demand of any kind to Landlord or any other person, to any one or more of the following described remedies in addition to all other rights and remedies provided at law or in equity or elsewhere herein:

- (a) to remedy such default or breach and deduct the costs thereof (including but not limited to attorney' fees) plus interest at the rate of ten percent (10%) per annum from the installments of Base Rent next falling due;
- (b) to pursue the remedy of specific performance;
- (c) to seek money damages for loss arising from Landlord's failure to discharge its obligations under this Lease or offset such damages against Base Rent next coming due; and/or
- (d) to terminate this Lease.

15.2 Waiver

Nothing herein contained shall relieve Landlord from its duty to effect the repair, replacement, correction or maintenance required to restore any affected services, or to perform any other obligations to the standard prescribed in this Lease, nor shall this Section be construed to obligate Tenant to undertake any such work.

15.3 Emergency

Notwithstanding the foregoing cure period, Tenant may cure any default where the failure promptly to cure such default would, in the reasonable opinion of Tenant, create or allow to persist an emergency condition, or materially and adversely affect the operation of Tenant's business in the Premises. In such cases, Tenant may perform the necessary work through its Internal Services Department and deduct the cost of said work from the Base Rent next due.

16. ASSIGNMENT AND SUBLETTING

16.1 Assignment and Subletting

Tenant may assign, mortgage, encumber or otherwise transfer this Lease or sublet the whole or any part of the Premises without first obtaining Landlord's prior consent; provided, however, no such assignment, subletting or other transfer shall relieve Tenant of any liability under this Lease unless Landlord has given its written consent thereto, which Landlord shall not unreasonably withhold if the assignee has a financial condition which is reasonably sufficient for it to be responsible for all future obligations under this Lease.

16.2 Sale

If Landlord sells or conveys the Property, then all liabilities and obligations of Landlord accruing under this Lease after the sale or conveyance shall be binding upon the new owner, and the transferor shall be released from all liability under this Lease accruing subsequent to such sale or conveyance, provided that the transferee assumes Landlord's remaining obligations hereunder in writing.

Nothing in this Section 16.2 shall be deemed to release Landlord's successor in interest from responsibility for any condition (including but not limited to deferred maintenance) existing on the date of transfer.

Upon any sale or transfer of the Property by Landlord, Landlord shall provide thirty (30) days prior written notice of said sale or transfer to Tenant. In addition, Landlord shall provide the following information to Tenant, at Tenant's Address for Notice (set forth in Section 1.1 hereof), as a condition of Tenant's obligation to pay Base Rent to the new owner:

- (a) A letter from the Landlord confirming that the Property was transferred to the new owner, along with written evidence of the transfer of the Property (e.g., a recorded deed).
- (b) A signed letter from the new owner including the following information:
 - i. Name and address of new owner or other party to whom Base Rent should be paid
 - ii. Federal tax ID number for new owner
 - iii. Name of contact person and contact information (including phone number) for new owner
 - iv. Proof of insurance
- (c) A W-9 form for new owner.

Tenant shall not be obligated to pay any rental amounts to any party other than the Landlord named herein until such time as all the requirements of this Section 16.2 are satisfied.

17. ALTERATIONS AND ADDITIONS

17.1 Landlord Consent

Tenant shall not make any structural alterations, improvements, additions, or utility installations in or about the Premises (collectively, "Alterations") without first obtaining the written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed. If Landlord fails to respond in writing within thirty (30) days after Tenant's request, then Landlord shall be deemed to have approved the requested Alterations. However, Landlord's consent shall not be required for any Alteration that satisfies all of the following criteria:

- (a) complies with all laws;
- (b) is not visible from the exterior of the Premises or Building;
- (c) will not materially affect the systems or structure of the Building; and
- (d) does not unreasonably interfere with the normal and customary business office operations of other tenants in the Building.

17.2 End of Term

Any Alterations not removed by Tenant shall become the property of Landlord and remain upon and be surrendered with the Premises at the expiration of the Term.

18. CONDEMNATION

18.1 Controlling Terms

If during the Term, or during the period of time between the execution of this Lease and the Commencement Date, there is any taking of all or any part of the Premises or any interest in this Lease by Condemnation (as defined below), this Section shall determine the rights and obligations of Tenant and Landlord. "Condemnation" shall mean the exercise of any governmental power to take title to any portion of the Premises, whether by legal proceedings or otherwise, by a Condemnor (as defined below) or a voluntary sale or transfer by Landlord to any Condemnor either under threat of a Condemnor's exercise of such power or while legal proceedings are pending for the exercise of such power. "Condemnor" shall mean any public or quasi-public authority, or private corporation or individual, having the power of Condemnation.

18.2 Total Taking

If the Premises are totally taken by Condemnation, this Lease shall terminate on the date the Condemnor has a right to possession of the Premises (the "Date of Taking").

18.3 Partial Taking

If any portion, but not all, of the Premises or the Common Areas is taken by Condemnation, this Lease shall remain in effect, except that Tenant may elect to terminate this Lease if, in Tenant's reasonable judgment, the remaining portion of the Premises (including the space available for parking) is rendered unsuitable for Tenant's continued use of the Premises. If Tenant elects to so terminate this Lease, Tenant must exercise its right to terminate by giving notice to Landlord within thirty (30) days after the date that the nature and the extent of the Condemnation have been determined (the "Determination Date"), which notice shall set forth the date of termination. Such termination date shall not be earlier than thirty (30) days nor later than ninety (90) days after Tenant has notified Landlord of its election to terminate; except that this Lease shall terminate on the Date of Taking if the Date of Taking falls on a date before the termination date designated by Tenant. If Tenant does not so notify Landlord within thirty (30) days after the Determination Date, all obligations of Tenant under this Lease shall remain in effect, except that Base Rent shall be equitably abated in proportion to the degree to which Tenant's use of the Premises and the Common Areas is impaired by such Condemnation.

18.4 Restoration

Notwithstanding the preceding paragraph, if, within thirty (30) days after the Determination Date, Landlord notifies Tenant that Landlord, at its sole cost, will add to the remaining Premises and/or the Common Areas so that the Premises and the space available for parking, will be substantially the same (as reasonably

determined by Tenant) after the Date of Taking as they were before the Date of Taking, and Landlord commences the restoration promptly and, subject to reasonable allowance for delays that are not caused by Landlord, completes it within ninety (90) days after Landlord so notifies Tenant, then this Lease shall continue in effect. In such event, all obligations of Tenant under this Lease shall remain in effect, except that Base Rent shall be equitably abated or reduced during the period from the Date of Taking until the completion of such restoration.

18.5 Award

The Award (as defined below) shall be divided between Landlord and Tenant as their respective interests may appear. "Award" shall mean all compensation, sums or anything of value awarded, paid or received on a total or partial Condemnation of the Premises. Tenant shall be entitled to any awards for relocation benefits or goodwill belonging to Tenant.

18.6 Waiver of Statute

Landlord and Tenant hereby waive the provision of California Code of Civil Procedure Section 1265.130 allowing Landlord or Tenant to petition the Superior Court to terminate this Lease in the event of a partial taking of the Premises.

19. INDEMNIFICATION

19.1 Landlord's Indemnity

The Landlord shall indemnify, defend and hold harmless the Tenant from and against any and all liability, loss, injury or damage including (but not limited to) demands, claims, actions, fees, costs and expenses (including attorney and expert witness fees), arising from or connected with the Landlord's repair, maintenance and other acts and omissions arising from and/or relating to the Landlord's ownership of the Premises.

19.2 Tenant's Indemnity

The Tenant shall indemnify, defend and hold harmless the Landlord, from and against any and all liability, loss, injury or damage, including (but not limited to) demands, claims, actions, fees, costs and expenses (including attorney and expert witness fees) arising from or connected with the Tenant's repair, maintenance and other acts and omissions arising from and/or relating to the Tenant's use of the Premises.

20. INSURANCE

During the term of this Lease, the following insurance requirements will be in effect:

20.1 Waiver

Both the Tenant and Landlord each agree to release the other and waive their rights of recovery against the other for damage to their respective property arising from perils insured in the Causes-of-Loss Special Form (ISO form CP 10 30).

20.2 General Insurance Provisions – Landlord Requirements

Without limiting the Landlord's indemnification of Tenant and during the term of this Lease, and until all of its obligations pursuant to this Lease have been met, Landlord shall provide and maintain at its own expense insurance coverage satisfying the requirements specified in this Lease. These minimum insurance coverage terms, types and limits (the "Required Insurance") also are in addition to and separate from any other contractual obligation imposed upon Landlord pursuant to this Lease. The Tenant in no way warrants that the Required Insurance is sufficient to protect the Landlord for liabilities which may arise from or relate to this Lease.

(a) Evidence of Coverage and Notice to Tenant

- i. Certificate(s) of insurance coverage ("Certificate") satisfactory to Tenant, and a copy of an Additional Insured endorsement confirming that Tenant and its Agents (defined below) has been given insured status under the Landlord's General Liability policy, shall be delivered to Tenant at the address shown below and provided prior to the start day of this Lease.
- ii. Renewal Certificates shall be provided to Tenant not less than 10 days prior to Landlord's policy expiration dates. The Tenant reserves the right to obtain complete, certified copies of any required Landlord insurance policies at any time.
- iii. Certificates shall identify all Required Insurance coverage types and limits specified herein, reference this Lease 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 the Landlord identified in this Lease. Certificates shall provide the full name of each insurer providing coverage, its NAIC (National Association of Insurance Commissioners) identification number, its financial rating, the amounts of any policy deductibles or self-insured retentions exceeding twenty-five thousand (\$25,000.00) dollars and list any Tenant-required endorsement forms.
- iv. Neither the Tenant's failure to obtain, nor the Tenant'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 Landlord, its insurance broker(s) and/or insurer(s), shall be construed as a waiver of any of the Required Insurance provisions.
- v. Certificates and copies of any required endorsements, and/or notices of cancellation shall be delivered to:

County of Los Angeles
 Chief Executive Office - Real Estate Division
 320 West Temple Street, 7th Floor
 Los Angeles, CA 90012
 Attention: Director of Real Estate

Landlord also shall promptly notify Tenant of any third-party claim or suit filed against Landlord which arises from or relates to this Lease and could result in the filing of a claim or lawsuit against Landlord and/or Tenant.

(b) Additional Insured Status and Scope of Coverage

The Tenant, which is the County of Los Angeles, its Special Districts, Elected Officials, Officers, Agents, Employees and Volunteers (collectively, "Tenant and its Agents"), shall be provided additional insured status under Landlord's General Liability policy with respect to liability arising from or connected with the Landlord's acts, errors, and omissions arising from and/or relating to the Landlord's operations on and/or its ownership of the premises. Tenant's additional insured status shall apply with respect to liability and defense of suits arising out of the Landlord's acts or omissions, whether such liability is attributable to the Landlord or to the Tenant. The full policy limits and scope of protection also shall apply to the Tenant as an additional insured, even if they exceed the Tenant's minimum Required Insurance specifications herein. Use of an automatic additional insured endorsement form is acceptable providing it satisfies the Required Insurance provisions herein.

(c) Cancellation of or Changes in Insurance

Landlord shall provide the Tenant with, or Landlord's insurance policies shall contain a provision that the Tenant shall receive, written notice of cancellation or any change in Required Insurance, including insurer, limits of coverage, term of coverage or policy period. The written notice shall be provided to the Tenant at least ten (10) days in advance of cancellation for non-payment of premium and thirty (30) days in advance for any other cancellation or policy change. Failure to provide written notice of cancellation or any change in Required Insurance may constitute a material breach of the Lease, in the sole discretion of the Tenant, upon which the Tenant may suspend or terminate this Lease.

(d) Failure to Maintain Insurance

Landlord's failure to maintain or to provide acceptable evidence that it maintains the Required Insurance shall constitute a material breach of the Lease, upon which County immediately may withhold payments due to Landlord, and/or suspend or terminate this Lease. County, at its sole discretion, may obtain damages from Landlord resulting from said breach. Alternatively, the County may purchase the Required Insurance, and without further notice to Landlord, deduct the premium cost from sums due to Landlord or pursue Landlord reimbursement.

(e) Insurer Financial Ratings

Insurance is to be provided by an insurance company authorized to do business in California and acceptable to the Tenant, with an A.M. Best rating of not less than A:VII, unless otherwise approved by the Tenant.

(f) Landlord's Insurance Shall Be Primary

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

(g) Waiver of Subrogation

To the fullest extent permitted by law, the Landlord hereby waives its and its insurer(s) rights of recovery against Tenant under all required insurance policies for any loss arising from or related to this Lease. The Landlord shall require its insurers to execute any waiver of subrogation endorsements which may be necessary to affect such waiver.

(h) Deductibles and Self-Insured Retentions ("SIRs")

Landlord's policies shall not obligate the Tenant to pay any portion of any Landlord deductible or SIR. The Tenant retains the right to require Landlord to reduce or eliminate policy deductibles and SIRs as respects the Tenant, or to provide a bond guaranteeing Landlord's payment of all deductibles and SIRs, including all related claims investigation, administration and defense expenses. Such bond shall be executed by a corporate surety licensed to transact business in the State of California.

(i) Claims Made Coverage

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

(j) Application of Excess Liability Coverage

Landlord 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.

(k) Separation of Insureds

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.

(l) Tenant Review and Approval of Insurance Requirements

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

20.3 Insurance Coverage Types And Limits

- (a) Tenant Requirements: During the term of this Lease, Tenant shall maintain a program of insurance coverage as described below:
 - i. Commercial General Liability Insurance, providing scope of coverage equivalent to ISO policy form CG 00 01, naming Landlord and its Agents as an additional insured, with limits of not less than:

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

Tenant, at its sole option, may satisfy all or any part of this insurance requirement through use of a program of self-insurance (self-funding of its liabilities). Certificate evidencing coverage or letter evidencing self-funding will be provided to Landlord after execution of this Lease at Landlord's request.

20.4 Landlord Requirements

During the term of this Lease, Landlord shall provide and maintain the following programs of insurance coverage:

- (a) Commercial General Liability Insurance, providing scope of coverage equivalent to ISO policy form CG 00 01, naming Tenant and Tenant's Agents as an additional insured, with limits of not less than:

General Aggregate:	\$ 10 million
Products/Completed Operations Aggregate:	\$ 10 million
Personal and Advertising Injury:	\$ 5 million
Each Occurrence:	\$ 5 million

- (b) Commercial Property Insurance. Such insurance shall:
 - i. Provide coverage for Tenant's property and any tenant improvements and betterments to the Premises; this coverage shall be at least as broad as that provided by the Causes-of-Loss Special Form (ISO form CP 10 30), excluding earthquake and including flood and ordinance or law coverage.
 - ii. Be written for the full replacement cost of the Property, with a deductible no greater than \$250,000 or 5% of the Property value, whichever is less. Insurance proceeds shall be payable to the Landlord and Tenant, as their interests may appear.

21. PARKING

21.1 Tenant's Rights

Tenant shall have the right to the number of 45 unreserved parking spaces set forth in Section 1.1, without charge, for the Term of this Lease. No tandem parking

shall be required or allowed, and Tenant shall be entitled to full in/out privileges at all times. Tenant's parking rights shall be subject to reasonable parking rules and regulations adopted by Landlord from time to time, provided that such procedures shall be uniformly applied to all tenants. Tenant acknowledges that all unreserved parking spaces are not for the exclusive use of Tenant, rather, all such parking spaces are to be used on a non-exclusive, first-come, first-served basis by Tenant and other tenants, occupants, licensees, invitees and permittees of the Building. Landlord, at its sole expense, shall provide Tenant with at least one (1) parking access card or key fob for each reserved or unreserved parking space set forth in Section 1.1, if applicable.

21.2 Remedies

Landlord acknowledges that it is a material term of this Lease that Tenant receives all of the parking spaces to which it is entitled under this Lease for the entire Term of this Lease and that it would be impracticable and extremely difficult to fix the actual damages for a breach of such provisions. It is therefore agreed that if, for any reason whatsoever, a material number of the parking spaces required above are not available to Tenant (in addition to the rights given to Tenant under Section 14 and Sections 9 and 17 in the event of casualty or condemnation), then Tenant may:

- (a) terminate this Lease by giving written notice of such termination to Landlord, which notice shall be effective thirty (30) days thereafter, or
- (b) deduct from the Base Rent thereafter accruing hereunder an amount each month equal to the Base Rent times the percentage of parking spaces not so provided times the number 1.5, but such deduction from Base Rent shall be not less than ten percent (10%) nor more than one hundred percent (100%) of the Base Rent.

22. ENVIRONMENTAL MATTERS

22.1 Hazardous Materials

Tenant shall not cause nor permit, nor allow any of Tenant's employees agents, customers, visitors, invitees, licensee, contractor, assignees or subtenants to cause or permit, any Hazardous Materials to be brought upon, stored, manufactured, generated, blended, handled, recycled, treated, disposed or used on, under or about the Premises, the Building or the Common Areas, except for routine office and janitorial supplies in usual and customary quantities stored, used and disposed of in accordance with all applicable Environmental Laws. As used herein, "Hazardous Materials" means any chemical, substance, material, controlled substance, object, condition, waste, living organism or combination thereof, whether solid, semi solid, liquid or gaseous, which is or may be hazardous to human health or safety or to the environment due to its radioactivity, ignitability, corrosivity, reactivity, explosivity, toxicity, carcinogenicity, mutagenicity, phytotoxicity, infectiousness or other harmful or potentially harmful properties or effects, including, without limitation, molds, toxic levels of bacteria, tobacco smoke within the Premises, petroleum and petroleum products, asbestos, radon, polychlorinated biphenyls (PCBs), refrigerants (including those substances defined in the Environmental Protection Agency's "Refrigerant Recycling Rule," as amended from time to time) and all of those chemicals, substances, materials,

controlled substances, objects, conditions, wastes, living organisms or combinations thereof which are now or become in the future listed, defined or regulated in any manner by any Environmental Law based upon, directly or indirectly, such properties or effects. As used herein, "Environmental Laws" means any and all federal, state or local environmental, health and/or safety-related laws, regulations, standards, decisions of courts, ordinances, rules, codes, orders, decrees, directives, guidelines, permits or permit conditions, currently existing and as amended, enacted, issued or adopted in the future which are or become applicable to Tenant, the Premises, the Building or the Common Areas.

22.2 Landlord Indemnity

Landlord shall indemnify, protect, defend (by counsel acceptable to Tenant) and hold harmless Tenant from and against any and all claims, judgments, causes of action, damage, penalties, fines, taxes, costs, liabilities, losses and expenses arising at any time during or after the Term as a result (directly or indirectly) of, or in connection with, the presence of Hazardous Materials on, under or about the Premises, Building or Common Areas or other violation of laws relating to Hazardous Materials other than those caused by Tenant. This indemnity shall include, without limitation, the cost of any required or necessary repair, cleanup or detoxification, and the preparation and implementation of any closure, monitoring or other required plans, as such action is required by local or state laws or any governmental agency. Landlord shall promptly deliver to Tenant a copy of any notice received from any governmental agency during the Term of this Lease concerning the presence of Hazardous Materials in the Building or the Premises. Landlord's obligations pursuant to the foregoing indemnity shall survive the expiration or termination of this Lease. A default by Landlord under this Section shall constitute a material default under this Lease.

23. ESTOPPEL CERTIFICATES

Tenant shall, within 30 business days after written request of Landlord, execute, acknowledge and deliver to Landlord or its designee a written statement in the form of Exhibit F attached hereto (properly completed) but shall have no other obligation to deliver any other form of estoppel certificate. It is intended that any such statement delivered pursuant to this Section may be relied upon by a prospective purchaser of Landlord's interest in the Premises or a holder of any mortgage upon Landlord's interest in the Premises.

24. TENANT IMPROVEMENTS

Prior to the Commencement Date, Landlord shall construct the Tenant Improvements in the manner set forth in Landlord's Work Letter executed by Landlord and Tenant concurrently herewith.

25. LIENS

Tenant shall keep its interest in this Lease and the Premises free from any liens arising out of any work performed or materials ordered or obligations incurred by Tenant. Landlord shall keep its interest in this Lease and the Premises free from any liens which would impair the interest of Tenant hereunder and hereby indemnifies and holds Tenant harmless from any liability or loss from any such lien.

26. SUBORDINATION AND MORTGAGES

26.1 Subordination and Non-Disturbance

Tenant agrees, at Landlord's option, to subordinate this Lease to the lien of any mortgages or deeds of trust now or hereafter in force against the Building; provided, however, Tenant's obligation to subordinate this Lease is expressly conditioned upon Tenant receiving a written agreement in the form of Exhibit E attached hereto and provided further that no such subordination shall affect any option to extend the Term of this Lease, right of first offer to lease additional premises, option to purchase, or right of first offer to purchase the Property included herein.

26.2 Existing Deeds of Trust

The beneficiary under any existing deed of trust affecting the Building shall provide a written agreement to Tenant in the form of Exhibit E attached hereto, within 30 days after the execution of this Lease.

26.3 Notice of Default

If any mortgagee or beneficiary under a deed of trust affecting the Property gives written notice of its name and address to Tenant by registered mail and requests copies of any notice of default that Tenant serves upon Landlord, Tenant agrees to use its best efforts (but without liability for failure to do so) to give such mortgagee or beneficiary a copy of any notice of default that Tenant serves upon Landlord which could permit Tenant to terminate this Lease, along with an additional ten days within which to cure such default.

27. SURRENDER OF POSSESSION

Subject to casualty, at the expiration of the Term of this Lease, whether by lapse of time or otherwise, Tenant shall promptly and peacefully surrender the Premises to Landlord in a "broom-clean" condition. Tenant may (but shall not be required to) remove, at its own expense, all fixtures, equipment and all other personal property placed or installed in or upon the Premises by Tenant, or under its authority (including any modular furniture).

28. SIGNAGE

Tenant shall be allowed building standard signage on the directory located in the ground floor lobby of the Building and elevator lobbies of the floors of the Premises and suite signage, all of which shall be at Landlord's expense. Tenant shall have the right to install, at Landlord's sole cost and expense, up to two (2) lines per 1,000 rentable square feet of the Premises on the Building's directory board in the main lobby of the Building. Tenant shall be permitted to install signs at the Premises that conform with any and all applicable laws and ordinances.

29. QUIET ENJOYMENT

So long as Tenant is not in default hereunder, Tenant shall have the right to the peaceful and quiet enjoyment and possession of the Premises and the Common Areas during the Term of this Lease, subject to the terms and conditions of this Lease.

30. **GENERAL**

30.1 **Headings**

Titles to Sections of this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part hereof.

30.2 **Successors and Assigns**

All of the covenants, agreements, terms and conditions contained in this Lease shall inure to and be binding upon the Landlord and Tenant and their respective successors and assigns.

30.3 **Brokers**

Landlord and Tenant each represent and warrant to each other that it has not engaged any broker, finder or other person who would be entitled to any commission or fees in respect of the negotiation, execution or delivery of this Lease other than as disclosed to the other in writing and shall indemnify and hold harmless each other against any loss, cost, liability or expense incurred by the other party as a result of any claim asserted by any such broker, finder or other person on the basis of any arrangements or agreements made or alleged to have been made in variance with this representation. Tenant shall receive from Landlord or Landlord's broker, within ten days after the execution of this Lease, an amount equal to 50% of all commissions due to Landlord's broker as a result of the execution of this Lease, as set forth in a separate written agreement between Landlord and Landlord's broker, a copy of which has been delivered by Landlord to Tenant prior to the execution of this Lease.

30.4 **Entire Agreement**

This Lease (including all exhibits hereto and the Landlord's Work Letter) is the final and complete expression of Landlord and Tenant relating in any manner to the leasing, use and occupancy of the Premises, to Tenant's use of the Building and other matters set forth in this Lease. No prior agreements or understanding pertaining to the same shall be valid or of any force or effect, and the covenants and agreements of this Lease shall not be altered, modified or added to except in writing signed by both Landlord and Tenant.

30.5 **Severability**

Any provision of this Lease which shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision hereof, and the remaining provisions hereof shall nevertheless remain in full force and effect.

30.6 **Notices**

The parties shall give all notices in writing by (i) personal delivery, (ii) national-recognized, next-day courier service, or (iii) first-class registered or certified mail, postage prepaid, to the Landlord's Address for Notice and Tenant's Address for Notice as set forth in Section 1.1. Without limiting the generality of the foregoing, Landlord's notices to Tenant shall not be effective if they are delivered to the Premises or to another address that is not set forth in Section 1.1(b) hereof. Any

notice given under this Lease shall be deemed effective upon the date of delivery (whether accepted or refused), which, for certified mail and courier service, shall be established by U.S. Post Office return receipt or the courier's proof of delivery, respectively.

30.7 Governing Law and Venue

This Lease shall be governed by and construed in accordance with the internal laws of the State of California. Any litigation with respect to this Lease shall be conducted in the County of Los Angeles, State of California.

30.8 Waivers

No waiver by Landlord or Tenant of any provision hereof shall be deemed a waiver of any other provision hereof or of any subsequent breach by Landlord or Tenant of the same or any other provision. Landlord's or Tenant's consent to or approval of any act shall not be deemed to render unnecessary the obtaining of Landlord's or Tenant's consent to or approval of any subsequent act by Landlord or Tenant.

30.9 Time of Essence

Time is of the essence for the performance of all of the obligations specified hereunder.

30.10 Consent

Whenever any consent is required by Landlord or Tenant hereunder, such consent shall not be unreasonably withheld, conditioned or delayed and, unless otherwise specifically provided herein, shall be deemed granted if not refused within ten (10) business days after written request is made therefore, together with all necessary information.

30.11 Community Business Enterprises

Landlord shall complete and deliver to Tenant concurrently with the execution hereof a Community Business Enterprises form set forth as Exhibit G attached hereto.

30.12 Memorandum of Lease

If requested by Tenant, Landlord and Tenant shall execute and acknowledge a Memorandum of Lease in the form of Exhibit H attached hereto, which Memorandum may be recorded by Tenant in the Official Records of Los Angeles County.

30.13 Counterparts: Electronic Signatures

This Lease and any other documents necessary for the consummation of the transaction contemplated by this Lease may be executed in counterparts, including both counterparts that are executed on paper and counterparts that are in the form of electronic records and are executed electronically. An electronic signature means any electronic sound, symbol or process attached to or logically associated with a record and executed and adopted by a party with the intent to sign such

record, including facsimile or e-mail electronic signatures. All executed counterparts shall constitute one agreement, and each counterpart shall be deemed an original. The parties hereby acknowledge and agree that electronic records and electronic signatures, as well as facsimile signatures, may be used in connection with the execution of this Lease and electronic signatures, facsimile signatures or signatures transmitted by electronic mail in so-called pdf format shall be legal and binding and shall have the same full force and effect as if a paper original of this Lease had been delivered had been signed using a handwritten signature. Landlord and Tenant (i) agree that an electronic signature, whether digital or encrypted, of a party to this Lease is intended to authenticate this writing and to have the same force and effect as a manual signature, (ii) intended to be bound by the signatures (whether original, faxed or electronic) on any document sent or delivered by facsimile or, electronic mail, or other electronic means, (iii) are aware that the other party will rely on such signatures, and (iv) hereby waive any defenses to the enforcement of the terms of this Lease based on the foregoing forms of signature. If this Lease has been executed by electronic signature, all parties executing this document are expressly consenting under the United States Federal Electronic Signatures in Global and National Commerce Act of 2000 ("E-SIGN") and California Uniform Electronic Transactions Act ("UETA")(Cal. Civ. Code § 1633.1, et seq.), that a signature by fax, email or other electronic means shall constitute an Electronic Signature to an Electronic Record under both E-SIGN and UETA with respect to this specific transaction.

31. AUTHORITY

Only the County's Board of Supervisors ("Board of Supervisors") has the authority, by formally approving and/or executing this Lease, to bind Tenant to the terms included herein. Landlord understands that no material terms of this Lease may be altered or deleted, nor may any new material terms be added to this Lease, without the express written approval of the Board of Supervisors, either through an amendment to the Lease or by other formal board action. No County officer, employee, agent or independent contractor has any authority to alter, add or delete the material terms of this Lease, and Landlord may not rely upon any representations to the contrary. This limitation of authority applies to all material terms of the Lease including, without limitation, any monetary ceiling established for Tenant Improvements or other project costs of Landlord which are subject to reimbursement by Tenant. Tenant shall not reimburse Landlord for any expenses which exceed this ceiling. Notwithstanding the foregoing, the Chief Executive Office of the County (the "Chief Executive Office") may take any administrative act on behalf of Tenant hereunder which does not have the effect of increasing Base Rent or other financial obligations of Tenant under this Lease, including without limitation, granting any approvals, terminating this Lease in the manner provided herein by an early termination notice or otherwise, signing estoppel certificates, signing the Commencement Date Memorandum and Confirmation of Lease Terms or subordinating this Lease. Each individual executing this Lease on behalf of Landlord represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of Landlord, and that this Lease is binding upon Landlord in accordance with its terms.

32. ACKNOWLEDGEMENT BY LANDLORD

Landlord acknowledges that it is aware of the following provisions:

32.1 Consideration of GAIN Program Participants

Should Landlord require additional or replacement personnel after the effective date of this Lease, Landlord shall give consideration for any such employment openings to participants in the County Department of Public Social Services' Greater Avenues for Independence ("GAIN") Program who meet Landlord's minimum qualifications for the open position. The County will refer GAIN participants by job category to Landlord.

32.2 Solicitation of Consideration

It is improper for any County officer, employee or agent to solicit consideration in any form from a landlord. A landlord shall not offer or give, either directly or through an intermediary, consideration in any form to a County officer, employee or agent who has had any involvement in the procurement, negotiation, consummation, administration or management of a lease.

Landlord shall immediately report any attempt by a County officer, employee or agent to solicit such improper consideration. The report shall be made to the County Auditor-Controller's Employee Fraud Hotline at (800) 544-6861.

Landlord hereby represents and warrants that it has not provided, and will not provide, any financial benefits to any County official, employee or agent who has had any involvement in the procurement, negotiation, consummation, administration or management of this Lease. Landlord hereby agrees that if it violates any of the terms of this Section 32.2, then the County may declare this Lease null and void, and the County reserves the right to exercise any and all other remedies available under applicable law.

32.3 Landlord Assignment

- (a) Landlord may assign, transfer, mortgage, hypothecate or encumber Landlord's right, title and interest in and to this Lease or any portion thereof (including the right to receive rental payments but excluding its duties and obligations hereunder), and Landlord may execute any and all instruments providing for the payment of Base Rent directly to an assignee or transferee, but only if the conditions set forth in this Section are met.
- (b) Any document or agreement purporting to assign, transfer, mortgage, hypothecate or encumber Landlord's right, title and interest in and to this Lease, or any portion thereof, as security for the Landlord's obligation to repay any monetary obligation, is hereinafter referred to as a "Security Agreement." Any Security Agreement which is executed without full compliance with the requirements of this Section shall be void.
- (c) Each assignee or transferee under the Security Agreement shall certify and agree in writing that such assignee or transferee has read and is familiar with the requirements of Sections 5950-5955 of California Government Code, which prohibits the offer or sale of any security constituting a fractional interest in this Lease or any portion thereof, without the prior written consent of the Tenant. Notwithstanding the foregoing, the Tenant hereby acknowledges and agrees that Landlord shall have the right to encumber the Property with CMBS (commercial mortgage backed

securities) financing or other traditional real estate financing. However, Landlord may not encumber the Property through any type of bond financing vehicle, including but not limited to certificate of participation financing.

- (d) Violation by Landlord of the provisions of Section 5951 of the California Government Code will constitute a material breach of this Lease, upon which the Tenant may impose damages in an amount equal to the greater of \$500,000 or 10% of the aggregate principal portion of all rental payments payable by the Tenant during the entire Term of this Lease, it being expressly agreed that the aforesaid amount shall be imposed as liquidated damages, and not as a forfeiture or penalty. It is further specifically agreed that the aforesaid amount is presumed to be the amount of damages sustained by reason of any such violation, because from the circumstances and nature of the violation it would be impracticable and extremely difficult to fix actual damages. In addition, the Tenant may exercise or pursue any other right or remedy it may have under this Lease or applicable law.
- (e) Landlord shall give Tenant written notice and a copy of each and every assignment, transfer, hypothecation or encumbrance of Landlord's interest in this Lease and any instrument relating thereto (including, but not limited to, instruments providing for the payment of Base Rent directly to an assignee or transferee) at least thirty (30) days prior to the effective date thereof.
- (f) Landlord shall not furnish any information concerning Tenant or the subject matter of this Lease (including, but not limited to, offering memoranda, financial statements, economic and demographic information, and legal opinions rendered by the office of counsel for the Tenant) to any person or entity, except with Tenant's prior written consent. Landlord shall indemnify, defend and hold Tenant and its officers, agents and employees harmless from and against all claims and liability alleged to arise from the inaccuracy or incompleteness of any information furnished by Landlord in violation of this Section 32.3.
- (g) The provisions of this Section 32.3 shall be binding upon and applicable to the parties hereto and their respective successors and assigns. Whenever in this Section Landlord is referred to, such reference shall be deemed to include Landlord's successors or assigns, and all covenants and agreements by or on behalf of Landlord herein shall bind and apply to Landlord's successors and assigns, whether so expressed or not.

32.4 Smoking in County Facilities.

The Surgeon General of the United States has concluded that passive smoke exposure is the third leading cause of preventable death in the United States. The United States Environmental Protection Agency has found second-hand smoke to be a known carcinogen. It is recognized that the County has a responsibility to establish, maintain and promote a healthful and safe working environment and to reduce health and safety risks of its employees and the public at large. Tobacco smoke is a hazard to the health of County employees and the general public and represents an annoyance which should be regulated and banned in all county facilities to the end that air quality in all such facilities be improved for the preservation and improvement of the health of all County employees and the public. Therefore, to the greatest extent possible, the rights and comfort of all employees shall be respected. Reasonable effort shall be made to provide smokers a place to smoke in areas open to the sky or otherwise located outside County facilities and, except as provided under Los Angeles County, California - Code of Ordinances Chapter 2.126 ("LAMC 2.126"), all portions of County-owned facilities and all portions of facilities leased by or from the County, which areas are not open to the sky, shall be designated as "no smoking" areas. Smoking, including the use of electronic smoking devices, shall be prohibited in the following areas of County facilities: (1) Within 50 feet of any operable entry or exit door or operable window of any County building and within 25 feet of any access ramp or handicap path; (2) Within any County parking lot, parking structure, or parking garage, whether enclosed or open to the sky; or (3) Within any driving range and eating area, including outdoor eating areas, of any County golf course. International no-smoking signs and other appropriate signs which designate no-smoking areas shall be clearly, sufficiently and conspicuously posted in every room, building or other place so covered by LAMC 2.126. The manner of such posting, including the wording, size, color and place of posting, whether on the walls, doors, tables, counters, stands or elsewhere, shall be at the discretion of the building proprietor so long as clarity, sufficiency and conspicuousness are apparent in communicating the intent. (Los Angeles County, California - Code of Ordinances Chapter 2.126.)

33. IRREVOCABLE OFFER

In consideration for the time and expense that Tenant will invest in this Lease, including but not limited to preliminary space planning, legal review, and preparation and noticing for presentation to the Tenant Real Estate Management Commission of Los Angeles County, as necessary, in reliance on Landlord's agreement to lease the Premises to Tenant under the terms of this Lease, Landlord irrevocably offers to enter into this Lease and not to revoke this offer until the Irrevocable Offer Expiration Date, as defined in Section 1.1.

34. RIGHT OF FIRST OFFER TO LEASE ADDITIONAL PREMISES.

(a) Provided that no material Default has occurred and is continuing under the Lease, if at any time prior to the last twelve (12) months of the Term, Landlord intends to offer leasable space located in the Building (the "Additional Premises") for lease to third parties or to accept an offer of a third party to lease the Additional Premises, Landlord shall first give written notice to Tenant of the rental rate and other material terms upon which Landlord is willing to lease the Additional Premises ("Landlord's Lease Notice").

Landlord's Lease Notice shall constitute an offer to lease the Additional Premises to Tenant at the rental rate and upon the terms and conditions contained in Landlord's Lease Notice and shall state the anticipated date of availability of the Additional Premises. Tenant shall have ninety (90) business days after receipt of Landlord's Lease Notice to accept such offer. Tenant shall accept such offer, if at all, only by delivery to Landlord of Tenant's irrevocable written commitment to lease the Additional Premises at the rental rate and upon the terms and conditions contained in Landlord's Lease Notice (the "Expansion Commitment").

(b) If Tenant delivers to Landlord the Expansion Commitment within such ninety (90) business day period, all (but not part) of the Additional Premises shall be leased to Tenant commencing on the earlier of (a) the date Tenant first uses the Additional Premises for the Permitted Use; or (b) thirty (30) days after Landlord provides Tenant with possession of the Additional Premises and continuing for a period of time coterminous with the remaining Term, including any options to extend the Term. Tenant shall lease the Additional Premises upon the same terms, conditions and covenants as are contained in the Lease except that (i) the Base Rent for the Additional Premises shall be at the rate set forth in Landlord's Lease Notice, and (ii) any terms and conditions set forth in Landlord's Lease Notice that are inconsistent with the terms and conditions of the Lease shall control.


(c) Except as otherwise set forth in Landlord's Lease Notice, possession of the Additional Premises shall be delivered to Tenant on an "as-is" basis. Landlord shall prepare and Landlord and Tenant shall execute and deliver a written agreement modifying and supplementing the Lease and specifying that the Additional Premises are part of the Premises and, except as otherwise specified in Landlord's Lease Notice, subject to all of the terms and conditions of the Lease.

(d) Time is of the essence with respect to the exercise by Tenant of its rights granted hereunder. In the event Tenant fails to deliver to Landlord Tenant's Expansion Commitment within the ninety (90) business day period prescribed above, all rights of Tenant to lease the Additional Premises shall terminate and Landlord shall have no further obligation to notify Tenant of any proposed leasing of the Additional Premises, and Landlord shall thereafter have the unconditional right to lease the Additional Premises to third parties or to accept offers from third parties to lease the Additional Premises without further obligation to Tenant. The rights granted to Tenant under this Section 34 shall not apply to any sales or similar transfers of the Additional Premises.

IN WITNESS WHEREOF this Lease has been executed the day and year first set forth above.

LANDLORD:

RAMI DARGHALLI AS TRUSTEE OF THE
RAMI DARGHALLI REVOCABLE LIVING
TRUST DATED JANUARY 13, 2005

By:  Rami Darghalli 09/25/24
Rami Darghalli
Trustee

TENANT:

COUNTY OF LOS ANGELES,
a body corporate and politic

FESIA A. DAVENPORT
Chief Executive Officer

By: _____
John T. Cooke
Assistant Chief Executive Officer

ATTEST:

DEAN C. LOGAN
Registrar-Recorder/County Clerk
of the County of Los Angeles

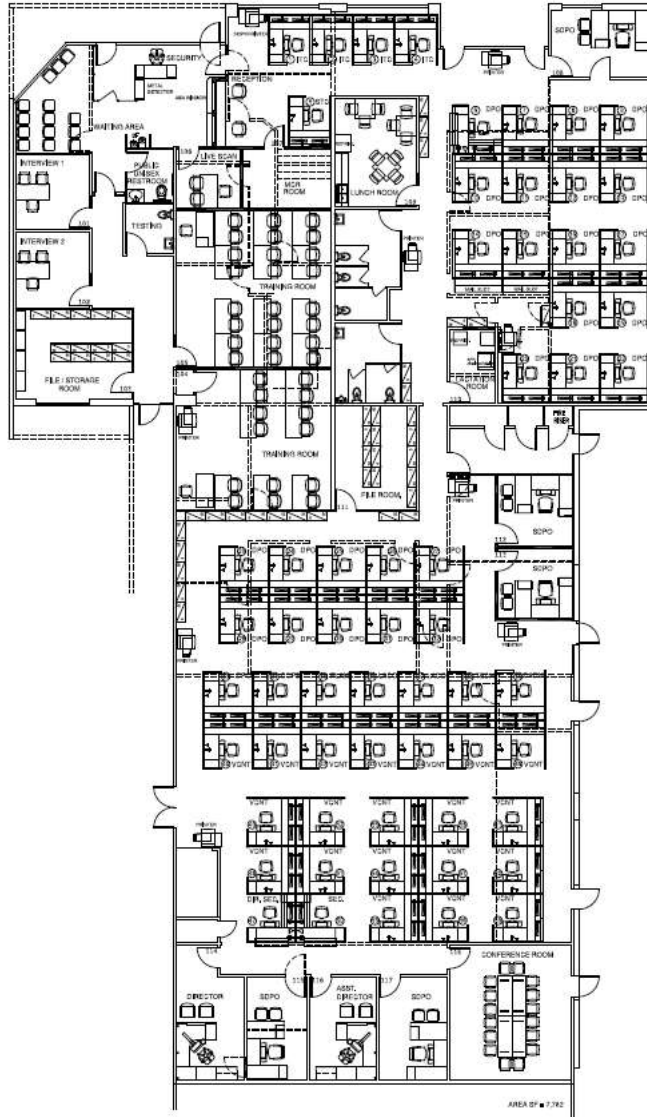
By: _____
Deputy

APPROVED AS TO FORM:

DAWYN R. HARRISON
County Counsel

By: _____
Senior Deputy

EXHIBIT A
SITE PLAN OF PREMISES



PRELIMINARY FLOOR PLAN

ANTELOPE VALLEY JUVENILE OFFICE
43423 DIVISION STREET, LANCASTER

EXHIBIT B

**COMMENCEMENT DATE MEMORANDUM
AND CONFIRMATION OF LEASE TERMS**

Reference is made to that certain Lease Agreement ("Lease") dated _____, 20__, between County of Los Angeles, a body corporate and politic ("Tenant"), and RAMI DARGHALLI AS TRUSTEE OF THE RAMI DARGHALLI REVOCABLE LIVING TRUST DATED JANUARY 13, 2005 ("Landlord"), whereby Landlord leased to Tenant and Tenant leased from Landlord certain premises in the building located at 43423 Division Street, Lancaster, California ("Premises"),

Landlord and Tenant hereby acknowledge as follow:

- 1) Landlord delivered possession of the Premises to Tenant in a Substantially Complete condition on the first day of the month following thirty (30) days after substantial completion of Landlord's Work, delivery of Premises to Tenant, and Tenant acceptance of the Premises;
- 2) Tenant has accepted possession of the Premises and now occupies the same;
- 3) The Lease will commence on _____ ("Commencement Date");
- 4) The Premises contain 11,340 rentable square feet of space; and

For clarification and the purpose of calculating future rental rate adjustments:

- 5) Base Rent per month is \$22,566.60.
- 6) Increases shall be a three percent (3%) per annum commencing on the first anniversary of the Commencement Date, and every anniversary of the Commencement Date thereafter.
- 7) The monthly rent for months two (2) and three (3) of the Lease Term shall be abated.

IN WITNESS WHEREOF, this memorandum is executed this _____ day of _____,
20____.

Tenant:

COUNTY OF LOS ANGELES,
a body corporate and politic

Landlord:

RAMI DARGHALLI AS TRUSTEE OF THE
RAMI DARGHALLI REVOCABLE LIVING
TRUST DATED JANUARY 13, 2005

By: _____
Joyce Chang
Senior Manager

By: _____
Rami Darghalli
Trustee

EXHIBIT C

HEATING, VENTILATION AND AIR CONDITIONING

Landlord shall supply cooling, ventilating and heating with capacity to produce the following results effective during Tenant's Hours of Operation established by the Lease and within tolerances normal in comparable office buildings; maintenance of inside space conditions of not greater than 78 degrees Fahrenheit when the outside air temperature is not more than 93 degrees Fahrenheit dry bulb and 70 degrees Fahrenheit wet bulb, and not less than 70 degrees Fahrenheit when the outside air temperature is not lower than 42 degrees Fahrenheit dry bulb. Interior space is designated at a rate of one zone for approximately each 1,000 square feet and one diffuser for each 200 square feet of usable/net square footage within the Premises. If energy requirements prohibit Landlord from complying with these requirements, Tenant shall not unreasonably withhold its consent to temporary waivers or modifications.

EXHIBIT D

CLEANING AND MAINTENANCE SCHEDULE

A. DAILY (Monday through Friday)

1. Emergency exit signage and egress battery replacement as needed within 72 hours after notice by Tenant.
2. Graffiti expunged as needed within 72 hours after notice by Tenant.

B. MONTHLY

1. HVAC chiller water checked for bacteria and water conditioned as necessary.

C. QUARTERLY

1. HVAC units serviced for preventative maintenance purposes, vents cleaned, and all filters changed.

D. SEMI-ANNUALLY

1. Windows washed as required inside and outside but not less frequently than twice annually.

E. ANNUALLY

1. Bathroom and any other ceramic tile surfaces professionally cleaned using a hand-scrub process. All grout and porous surfaces resealed with a professional grade sealant.
2. Touch up paint all interior painted surfaces in a color and finish to match existing.

F. AS NEEDED

1. Premises and the sidewalks, driveways, parking areas and all means of access and egress for the Premises should be maintained in good repair, and in clean and safe condition at all times.
2. All lawns, shrubbery and foliage on the grounds of the Premises should be maintained in good condition and neat in appearance. Grass and shrubbery must be replanted as needed to maintain the grounds in good appearance and condition.
3. Interior and exterior pest control inspections and remediation frequency is to be determined by a licensed exterminator.
4. Carpets to be cleaned using a non-detergent, low moisture, soil encapsulation system as recommended by the carpet manufacturer. The following schedule will be maintained for carpet cleaning:

- i. heavy traffic areas cleaned as needed, with a minimum frequency of once per year;
- ii. moderate traffic areas cleaned as needed, with a minimum of once per year; and
- iii. clean light traffic areas a minimum of once per year.

Landlord agrees that bonnet cleaning is not an acceptable method of cleaning carpets.

5. All walls repainted, and wall coverings replaced throughout the Premises. The paint finish should be eggshell or semi-gloss as directed by Tenant and in a color acceptable to Tenant. In no event will Landlord be required to repaint or replace wall coverings more than one (1) time in a five (5) year period (the "Occurrence") except for touch-up paint as provided in Paragraph 6.C. of this Exhibit E. The initial tenant improvements completed prior to Tenant's occupancy or as a condition to the renewal of the Lease shall not constitute an Occurrence for the purpose of determining the frequency of this work.
6. All HVAC ducts cleaned as needed, but no less than every five (5) years.

G. GENERAL

Landlord shall, upon request of Tenant, produce written service contracts as evidence of compliance with the terms of this Cleaning and Maintenance Schedule.

EXHIBIT E

**SUBORDINATION, NON-DISTURBANCE
AND ATTORNMENT AGREEMENT**

**RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:**)
)
County of Los Angeles)
Chief Executive Office)
Real Estate Division)
320 W. Temple Street, 7th Floor)
Los Angeles, California 90012) **Space above for Recorder's Use**

**SUBORDINATION, NON-DISTURBANCE
AND ATTORNMENT AGREEMENT**

NOTICE: THIS SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT RESULTS IN YOUR LEASEHOLD ESTATE BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.

This Subordination, Non-disturbance and Attornment Agreement ("Agreement") is entered into as of the ____ day of _____, 20__ by and among COUNTY OF LOS ANGELES, a body corporate and politic ("Tenant"), [*Insert name of Landlord*], ("Borrower") and [*Insert name of Lender*], ("Lender").

Factual Background

- A. Borrower owns certain real property more particularly described in the attached Exhibit A. The term "Property" herein means that real property together with all improvements (the "Improvements") located on it.
- B. Lender has made or agreed to make a loan to Borrower. The Loan is or will be secured by a deed of trust or mortgage encumbering the Property (the "Deed of Trust").
- C. Tenant and Borrower (as "Landlord") entered into a lease dated _____ (the "Lease") under which Borrower leased to Tenant a portion of the Improvements located within the Property and more particularly described in the Lease (the "Premises").
- D. Tenant is willing to agree to subordinate certain of Tenant's rights under the Lease to the lien of the Deed of Trust and to attorn to Lender on the terms and conditions of this Agreement. Tenant is willing to agree to such subordination and attornment and other conditions, provided that Lender agrees to a non-disturbance provision, all as set forth more fully below.

Agreement

Therefore, the parties agree as follows:

1. Subordination. The lien of the Deed of Trust and all amendments, modifications and extensions thereto shall be and remain at all times a lien on the Property prior and superior to the Lease, except that if Tenant is granted any option to extend the Term of the Lease, right of first offer to lease additional premises or option to purchase the Property or right of first offer to purchase the Property in the Lease, such provisions shall not be affected or diminished by any such subordination.

2. Definitions of "Transfer of the Property" and "Purchaser". As used herein, the term "Transfer of the Property" means any transfer of Borrower's interest in the Property by foreclosure, trustee's sale or other action or proceeding for the enforcement of the Deed of Trust or by deed in lieu thereof. The term "Purchaser", as used herein, means any transferee, including Lender, of the interest of Borrower as a result of any such Transfer of the Property and also includes any and all successors and assigns, including Lender, of such transferee.

3. Non-disturbance. The enforcement of the Deed of Trust shall not terminate the Lease or disturb Tenant in the possession and use of the leasehold estate created thereby.

4. Attornment. Subject to Section 3 above, if any Transfer of the Property should occur, Tenant shall and hereby does attorn to Purchaser, including Lender if it should be the Purchaser, as the landlord under the Lease, and Tenant shall be bound to Purchaser under all of the terms, covenants and conditions of the Lease for the balance of the Lease term and any extensions or renewals of it which may then or later be in effect under any validly exercised extension or renewal option contained in the Lease, all with the same force and effect as if Purchaser had been the original landlord under the Lease. This attornment shall be effective and self-operative without the execution of any further instruments upon Purchaser's succeeding to the interest of the landlord under the Lease.

5. Lender Not Obligated. Lender, if it becomes the Purchaser or if it takes possession under the Deed of Trust, and any other Purchaser shall not:

(a) be liable for any damages or other relief attributable to any act or omission of any prior Landlord under the Lease, including Borrower, unless such act or omission continues after the date that Lender or Purchaser succeeds to the interest of such prior landlord; or

(b) be subject to any offset or defense not specifically provided for in the Lease which Tenant may have against any prior landlord under the Lease, unless resulting from a default or breach by such prior landlord which continues after Lender or Purchaser succeeds to the interest of such prior landlord; and provided that any offsets deducted by Tenant prior to the date that Lender or Purchaser succeeds to the interest of such prior landlord shall not be subject to challenge; or

(c) be bound by any prepayment by Tenant of more than one (1) month's installment of rent, unless the Lease expressly requires such prepayment; or

(d) be obligated for any security deposit not actually delivered to Purchaser; or

(e) be bound by any modification or amendment of or to the Lease which materially increases Landlord's obligations under the Lease or materially decreases Tenant's obligation under the Lease, unless Lender has approved such modification or amendment in writing, which approval shall not be unreasonably withheld, conditioned or delayed.

6. Notices. All notices given under this Agreement shall be in writing and shall be given by personal delivery, overnight receipted courier or by registered or certified United States mail, postage prepaid, sent to the party at its address appearing below. Notices shall be effective upon receipt (or on the date when proper delivery is refused). Addresses for notices may be changed by any party by notice to all other parties in accordance with this Section.

To Lender: _____

To Borrower: _____

To Tenant: County of Los Angeles
Chief Executive Office
Real Estate Division
320 W. Temple Street, 7th Floor
Los Angeles, California 90012
Attention: Director of Real Estate

7. Miscellaneous Provisions. This Agreement shall inure to the benefit of and be binding upon the parties and their respective successors and assigns. This Agreement is governed by the laws of the State of California without regard to the choice of law rules of that State.

TENANT: COUNTY OF LOS ANGELES,
a body corporate and politic

By: _____
Name: _____
Title: _____

BORROWER: *[Insert name of Landlord]*

By: _____
Name: _____
Title: _____

LENDER: *[Insert name of Lender],*

By: _____
Name: _____
Title: _____

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) SS.
COUNTY OF _____)

On _____, before me, _____
Date Name And Title Of Officer (e.g. "Jane Doe, Notary Public")

personally appeared _____,
Name of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature (Seal)

EXHIBIT F

TENANT ESTOPPEL CERTIFICATE

To: [Insert name of party to rely on document]

Attn: _____

Re: Date of Certificate: _____
Lease Dated: _____
Current Landlord: _____
Located at: _____
Premises: _____
Commencement Date of Term: _____
Expiration Date: _____
Current Rent: _____

County of Los Angeles ("Tenant") hereby certifies that, to its actual knowledge, as of the date hereof:

1. Tenant is the present holder of the tenant's interest under the lease described above, as it may be amended to date (the "Lease"). The Lease covers the premises described above (the "Premises") in the building (the "Building") at the address set forth above.

2. (a) A true, correct and complete copy of the Lease (including all modifications, amendments, supplements, side letters, addenda and riders of and to it) is attached to this Certificate as Exhibit A.

(b) The current Rent is set forth above.

(c) The term of the Lease commenced on the Commencement Date set forth above and will expire on the Expiration Date set forth above, including any presently exercised option or renewal term. Tenant has no option or right to renew, extend or cancel the Lease, or to lease additional space in the Premises or Building, or to use any parking other than that specified in the Lease.

(d) Except as specified in the Lease, Tenant has no option or preferential right to purchase all or any part of the Premises (or the land of which the Premises are a part).

(e) Tenant has made no agreement with Landlord or any agent, representative or employee of Landlord concerning free rent, partial rent, rebate of rental payments or any other similar rent concession except as expressly set forth in the Lease.

3. (a) The Lease constitutes the entire agreement between Tenant and Landlord with respect to the Premises, has not been modified changed, altered or amended, except as set forth in Exhibit A, and is in full force and effect. There are no other agreements, written or oral, which affect Tenant's occupancy of the Premises.

(b) To the knowledge of Tenant, Tenant has not given Landlord written notice of a material default under the Lease which has not been cured.

(c) Tenant's interest in the Lease has not been assigned or encumbered.

(d) Tenant is not entitled to any credit against any rent or other charge or rent concession under the Lease, except as set forth in the Lease.

(e) No rental payments have been made more than one (1) month in advance.

4. All contributions required to be paid by Landlord to date for improvements to the Premises have been paid in full, and all of Landlord's obligations with respect to tenant improvements have been fully performed, except: _____.

IN WITNESS WHEREOF, the Tenant has executed this Tenant Estoppel Certificate as of the day set forth above.

COUNTY OF LOS ANGELES,
a body corporate and politic

By: _____
Name: _____
Title: _____

EXHIBIT G

COMMUNITY BUSINESS ENTERPRISE FORM

INSTRUCTIONS: All Landlords shall submit this form on an annual basis on or before December 30th of each year of the term of this agreement as evidence of MBE/WBE participation. The information requested below is for statistical purposes only. The final analysis and consideration of the lease will be determined without regard to race, creed, color or gender. (Categories listed below are based on those described in 49 CFR Section 23.5)

I. Minority/Women Participation in Firm (Partners, Associate Partners, Managers, Staff, etc.)

1. Firm Name: _____	3. Contact Person/Telephone Number: _____
2. Address: _____ _____	4. Total number of employees in the firm: _____

5. Provide the number of all minority employees and women in each category.	Owners, Partners and Associate Partners		Managers		Staff	
	All O,P & AP	Women	All Managers	Women	All Staff	Women
Black/African American						
Hispanic/Latin American						
Asian American						
Portuguese American						
American Indian/Alaskan Native						
All Others						

II. PERCENTAGE OF MINORITY/WOMEN OWNERSHIP IN FIRM

1. Type of Business Structure: (Corporation, Partnership, Sole Proprietorship, Etc.) _____

III. MINORITY/WOMEN-OWNED FIRM CERTIFICATION

2. Total Number of Ownership/Partners, Etc.: _____	Is your firm currently certified as a minority owned business firm by the:
3. Provide the percentage of ownership in each	State of California? Yes No
Black/African American	City of Los Angeles? Yes No
Hispanic/Latin American	Federal Government? Yes No
Asian American	
Portuguese American	
American Indian/Alaskan Native	
All Others	

Section D. OPTION TO PROVIDE REQUESTED INFORMATION

We do not wish to provide the information required in this form.

Firm Name: _____

Signature/Title: _____

Date: _____

EXHIBIT H

MEMORANDUM OF LEASE

**RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:**

County of Los Angeles
Chief Executive Office
Real Estate Division
320 W. Temple Street, 7th Floor
Los Angeles, California 90012
Attention: Director of Real Estate

This document is recorded for the benefit of the County of Los Angeles and recording is exempt from recording fees pursuant to California Government Code Section 27383. This transaction is exempt from documentary transfer tax pursuant to California Revenue and Taxation Code Section 11922.

MEMORANDUM OF LEASE

This Memorandum of Lease ("Memorandum") is made and entered into by and between RAMI DARGHALLI AS TRUSTEE OF THE RAMI DARGHALLI REVOCABLE LIVING TRUST DATED JANUARY 13, 2005 (the "Landlord"), and the COUNTY OF LOS ANGELES, a public body corporate and politic, duly organized and existing under the laws of the State of California (the "Tenant"), who agree as follows:

Landlord and Tenant have entered into an unrecorded lease dated _____, 20__ (the "Lease") of certain real property located in the County of Los Angeles, State of California, described in Exhibit A attached hereto and incorporated herein by reference, for a term commencing on _____, 20__, and ending on a date _____ years after the commencement date, unless such term is extended or sooner terminated pursuant to the terms and conditions set forth in the Lease.

This Memorandum has been prepared for the purpose of giving notice of the Lease and of its terms, covenants, and conditions, and for no other purposes. The provisions of this Memorandum shall not in any way change or affect the provisions of the Lease, the terms of which remain in full force and effect.

Dated: _____, 20__.

LANDLORD:

RAMI DARGHALLI AS TRUSTEE OF THE
RAMI DARGHALLI REVOCABLE LIVING
TRUST DATED JANUARY 13, 2005

By: _____
Its: _____

By: _____
Its: _____

TENANT:

COUNTY OF LOS ANGELES,
a body corporate and politic

FESIA A. DAVENPORT
Chief Executive Officer

By: _____
John T. Cooke
Assistant Chief Executive Officer

ATTEST:

DEAN C. LOGAN
Registrar-Recorder/County Clerk
of the County of Los Angeles

By: _____
Deputy

APPROVED AS TO FORM:

DAWYN R. HARRISON
County Counsel

By: _____
Senior Deputy

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) SS.
COUNTY OF _____)

On _____, before me, _____
Date Name And Title Of Officer (e.g. "Jane Doe, Notary Public")

personally appeared _____,
Name of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature (Seal)

EXHIBIT I
LANDLORD'S WORK LETTER

LANDLORD'S WORK LETTER

For

**COUNTY OF LOS ANGELES
CHIEF EXECUTIVE OFFICE
LEASE AGREEMENT**

COUNTY OF LOS ANGELES, as Tenant

**RAMI DARGHALLI AS TRUSTEE OF THE RAMI DARGHALLI REVOCABLE LIVING TRUST
DATED JANUARY 13, 2005, as Landlord**

Property Address:

**43423 DIVISION STREET,
UNITS 101, 102, 103, 104, 201, 202, 203, 204, 205
LANCASTER, CA**

LANDLORD'S WORK LETTER

This Work Letter supplements the Lease Agreement (the "Lease") dated _____, 20____, executed concurrently herewith, by and between RAMI DARGHALLI AS TRUSTEE OF THE RAMI DARGHALLI REVOCABLE LIVING TRUST DATED JANUARY 13, 2005, as Landlord, and COUNTY OF LOS ANGELES, a body corporate and politic, as Tenant, covering certain Premises described in the Lease. Terms capitalized but not otherwise defined herein shall have the meanings ascribed to them in the Lease.

The parties hereby agree as follows:

1. Basic Work Letter Information. The following terms as used herein shall have the meanings provided in this Section unless otherwise specifically modified by provisions of this Work Letter.

- | | |
|---|--|
| (a) <u>Total TI Costs</u> | \$1,984,500.00 (i.e., \$175 per rentable square foot of the Premises) |
| (i) <u>Landlord's TI Allowance</u> | \$226,800.00 (i.e., \$20.00 per rentable square foot of the Premises) |
| (ii) <u>Tenant's TI Contribution</u> | \$1,757,700.00 (i.e., \$155.00 per rentable square foot of the Premises) |
| (b) <u>TI Amortization Rate and Change Authorization Amortization Rate:</u> | Fixed seven percent (7%) per annum for seven (7) years |
| (c) <u>Tenant's Work Letter Representative</u> | An assigned staff person of the Chief Executive Office-Real Estate Division |
| (d) <u>Landlord's Work Letter Representative</u> | _____ or an assigned staff person of the Landlord |
| (e) <u>Landlord's Address for Work Letter Notices</u> | 42913 Capital Dr. #111
Lancaster, CA 93535
Email: rami@ramcomgmt.com
Attn: Rami Darghalli |
| (f) <u>Tenant's Address for Work Letter Notices</u> | County of Los Angeles
Chief Executive Office - Real Estate Division
320 West Temple Street, 7th Floor
Los Angeles, CA 90012
Attention: Director of Real Estate |
| (g) <u>Addenda</u> | Addendum A: Base Building Improvements
Addendum B: Tenant Improvements
Addendum C: Form of Preliminary and Final TI Cost Summary |

2. Construction of the Building.

2.1 **Base Building Improvements.** Landlord has constructed or shall construct the base building improvements described on Addendum A hereto (the "Base Building Improvements") as a part of the Building. If the Base Building Improvements must be changed or added to in order to accommodate the special needs of Tenant in the Premises, such changes or additions shall not be considered Tenant Improvements (as defined below) unless such changes or additions are specifically described in Addendum B hereto.

2.2 Additional Costs Not Total TI Costs.

(a) If the Building as initially constructed does not comply with current life-fire safety codes, disabled access codes (including, without limitation, the Americans with Disabilities Act of 1990 (ADA), and/or earthquake safety codes, and Landlord incurs increased design or construction costs that it would not have incurred if the Building had been in compliance with such codes, then such costs shall not be included in the calculation of Total TI Costs (as defined below), and Tenant shall have no financial responsibility for such costs.

(b) Landlord must identify all noncompliant code related items utilizing an independent third-party expert at Landlord's sole cost and expense. Any work that Landlord must undertake to cause the Premises to comply with the access requirements of the ADA or to make existing building systems, including but not limited to electrical service and HVAC equipment, fully operational shall be at Landlord's sole cost and expense. Total TI Costs shall not include any costs associated with (i) asbestos abatement or compliance with the Hazardous Materials provision of the Lease, including all expenses associated with curing any "Sick Building Syndromes", (ii) fire sprinkler system installation or upgrade, (iii) conversion of air conditioning systems to eliminate use of CFC refrigerants that are harmful to the atmosphere, (iv) utility costs incurred during construction, (v) costs incurred in order to cause the Premises to comply with any mechanical or electrical requirements set forth in the Lease, nor (v) supervision or overhead costs of Landlord.

(c) Landlord shall be solely responsible for all costs and expenses necessary to increase and / or maintain permitted structural floor loading in order to accommodate Tenant's libraries, file rooms, unusual live loads and other such uses.

(d) Upon Substantial Completion, Landlord, at its sole cost and expense, shall field-measure and verify the exact footage of the Premises and/or the Building and deliver said measurement to Tenant. Should this measurement be less than the square footage stated above, then Tenant shall have the right to adjust such square footage and reduce the Base Rent in Section 1.1 of the Lease accomplished by the mutual execution of an amendment to the Lease. Landlord acknowledges the space has been marketed at the Lease indicated rental amount and in the event of subsequent physical measurements, Landlord agrees there will be no increase made to the Base Rent if the measured square footage exceeds the amount represented by Landlord.. All measurements shall be taken in accordance with the methods of measuring rentable area as described in the Standard Method for Measuring Floor Area in Office Buildings, ANSI/BOMA Z65.1-2010, as promulgated by the Building Owners and Management Association ("BOMA") International, except that no penthouse mechanical room space shall be included in the measurement.

2.3 **Base Building Plans.** Landlord has delivered to Tenant complete and accurate "as built" plans and specifications for the Building in an AutoCAD 2015 (or later version) and

Adobe PDF electronic format via USB flash drive and set-up of a web-based download link. If Tenant incurs additional costs because such plans and specifications are incomplete or inaccurate, then any delay caused thereby shall not be a Tenant Delay (as defined below), but shall be deemed to be a delay caused by Landlord, and Landlord shall pay for any increased costs caused by such delay.

2.4 **Survey.** Where 'as-built' plans are missing, Landlord must perform a survey of existing space, which shall include existing floor plans and mechanical, electrical, and plumbing systems. The survey shall be at Landlord's sole cost and expense. Landlord shall submit such survey to the Tenant such that the initial Space Plan (as defined in Section 5.1) can be modified to conform to the existing conditions.

3. Selection of Architect. Landlord shall not proceed with any bid solicitation for architectural services until final space plan is furnished to the Landlord. Once Landlord receives the final space plan, Landlord shall promptly solicit at least three (3) proposals from qualified licensed architects familiar with all applicable laws and building requirements detailing a scope of work sufficient to complete the Working Drawings (as defined below). Landlord shall select an architect, subject to Tenant's acceptance, which shall not be unreasonably withheld, and which acceptance (or rejection for reasonable reasons) shall be granted within five (5) calendar days after Landlord has submitted the name of the selected architect to Tenant, together with detailed proposals outlining the cost for design/engineering services. This procedure shall be repeated until Tenant accepts an architect (the "Architect"), and Tenant's written acceptance has been delivered to and received by Landlord.

4. Selection of Contractor. The Final Plans (as defined below) and a proposed construction contract accepted by Tenant shall be submitted to a sufficient number of qualified contractors, selected by Landlord, so that a minimum of three (3) bids are received. Each contractor shall be requested to submit a sealed fixed price contract bid price (on an American Institute of Architects (AIA) form) to construct the Tenant Improvements depicted on the Final Plans. Landlord shall select the most qualified bidder offering the lowest price after adjustments for inconsistent assumptions, and Landlord shall submit all bids, along with Landlord's recommendation, to Tenant for Tenant's review and acceptance. Following Tenant's acceptance, Landlord shall enter into a construction contract (the "Construction Contract") with the lowest qualified bidder (the "Contractor") to construct the Tenant Improvements, consistent with the terms of the accepted bid.

5. Preparation of Plans and Specifications and Construction Schedule.

5.1 **Preparation of Space Plan.** Concurrently with the execution of this Lease, Tenant shall submit to Landlord specifications for the Premises, which shall include a space plan, and when available, low voltage and furniture plans and shall depict, without limitation, all demising walls, corridors, entrances, exits, doors, and interior partitions, and the locations of all offices, conference rooms, computer rooms, mini-service kitchens, and the reception area, library, and file room (collectively, the "Space Plan").

5.2 **Preparation and Review of Working Drawings.** Within thirty (30) days after the date the Space Plan is submitted to Landlord (the "Plan Submission Date"), Landlord shall instruct the Architect to commence preparation of working drawings (the "Working Drawings"), which shall (a) be consistent with the Space Plan and the Preliminary TI Cost Summary (as defined below), (b) be compatible with the design, construction and equipment of the Building, (c) comply with all applicable laws, (d) be capable of physical measurement and construction, (e) contain all

information required for the construction of the Tenant Improvements and the preparation of the Engineering Drawings (as defined below), and (f) include all partition locations, plumbing locations, air conditioning system and duct work, special air conditioning requirements, reflected ceiling plans, office equipment locations, and special security systems. The Working Drawings may be submitted in one or more stages and at one or more times provided that a schedule to submit the Working Drawings is provided to, and approved by, the Tenant. Landlord shall provide Tenant the Working Drawings, or such portion thereof as has been submitted, for Tenant's review and acceptance. Landlord shall be solely responsible for ensuring that the Working Drawings fully comply with all applicable building codes and cover any expenses that result from the errors, omissions or inconsistencies in the Architect's Instruments of Service.

5.3 Preparation and Review of Engineering Drawings. Landlord shall cause the Architect to coordinate with the Engineer and to integrate all engineering drawings prepared by the Engineer, including but not limited to complete mechanical, electrical, and plumbing plans ("Engineering Drawings"), into the Working Drawings. The Engineering Drawings may be submitted in one or more stages and at one or more times for Tenant's review and acceptance.

5.4 Integration of Working Drawings and Engineering Drawings into Final Plans. After Tenant has accepted the Engineering Drawings, Landlord shall cause the Architect to integrate the accepted Working Drawings with the accepted Engineering Drawings (collectively "Final Plans") and deliver the Final Plans to Tenant for Tenant's review in an AutoCAD 2015 (or later version) and Adobe PDF electronic format via USB flash drive and set-up a web-based download link. The Final Plans shall be suitable for plan check review and permitting by local agencies having jurisdiction, for the layout, improvement and finish of the Premises consistent with the design and construction of the Base Building Improvements, including electrical and mechanical drawings, capacity reports, dimensioned partition plans, floor and wall finish plans, reflected ceiling plans, power, telephone communications and data plans, life safety devices, construction detail sheets including millwork detail plans showing the location of partitions, light fixtures, electrical outlets, telephone outlets, sprinklers, doors, equipment specifications (including weight specifications and cooling requirements), power requirements (including voltage, amps, phase, and special plugs and connections), wall finishes, floor coverings, millwork and other Tenant Improvements. Landlord's review of the Space Plan, Working Drawings, Engineering Drawings, and Final Plans shall be at Landlord's sole cost and expense.

5.5 Tenant's Plan Review and Acceptance. Tenant shall accept or reject the Working Drawings, the Engineering Drawings and the Final Plans within twenty-one (21) calendar days after Tenant receives the applicable plans and drawings from Landlord. If Tenant rejects any such plans or drawings, then Tenant shall notify Landlord thereof, specifying in detail the reason for such rejection, in which case Landlord shall revise the applicable plans or drawings and deliver revised plans or drawings to Tenant within fourteen (14) calendar days after receipt of Tenant's rejection notice. This procedure shall be repeated until the applicable plans are accepted by Tenant. If, after such procedure, the parties cannot agree on the Working Drawings, the Engineering Drawings or the Final Plans, then Tenant may elect to terminate the Lease and this Work Letter by delivering a written termination notice to Landlord, whereupon all monies previously paid to Landlord shall be promptly refunded to Tenant, and the parties shall have no further obligations under the Lease and the Work Letter. Tenant's acceptance of the Working Drawings, Engineering Drawings and/or the Final Plans shall not be deemed to be a representation by Tenant as to the adequacy or correctness of the design of the Tenant Improvements, which shall be Landlord's sole responsibility.

5.6 **Schedule.** Within twenty-one (21) calendar days of the Plan Submission Date, Landlord shall submit to Tenant a detailed baseline construction schedule, subject to acceptance by Tenant, which shall not be unreasonably withheld, setting forth the completion dates of certain project milestones, including but not limited to completion of Working Drawings, completion of Engineering Drawings, submission of plans to local jurisdiction for review, issuance of building permit, submission of plans to contractors for bidding, award of the Construction Contract, construction commencement date, interim schedule milestone dates, and the date of Substantial Completion. The schedule shall be apportioned by construction activity and include time required for the completion of each portion of the work. As the construction continues, Landlord shall amend the construction schedule at least once each month to reflect any changes to the projected dates, and Landlord shall promptly submit the revised construction schedules to Tenant. If the amended construction schedule identifies delays to the project's critical path, the Landlord shall provide a recovery schedule and/or request for a contract time extension.

5.7 **Submittals.** The Landlord shall submit to Tenant any Shop Drawings, Product Data Sheets / Samples or similar submittals required by the Final Plans in coordination with the construction schedule and with reasonable promptness, so as not to cause any delay in the construction of the Tenant Improvements. The purpose of Shop Drawings, Product Data, Samples and similar submittals is to demonstrate the way by which the Contractor proposes to construct a design concept expressed in the Final Plans. "Shop Drawings" include drawings, diagrams, schedules and other data specially prepared by the Contractor or a subcontractor, manufacturer, supplier or distributor to illustrate some portion of the Tenant Improvements. "Product Data Sheets / Samples" include illustrations, summary performance charts, instructions, brochures, diagrams, manufacturer specifications and other information furnished by the Landlord to illustrate materials or equipment for some portion of the Tenant Improvements. "Samples" are physical examples that illustrate materials, equipment or workmanship for some portion of the Tenant Improvements. The Contractor shall construct no portion of the Tenant Improvements for which the Final Plans require submittal and review of Shop Drawings, Product Data, Samples or similar submittals until the respective submittal has been reviewed and accepted by the Architect.

6. Landlord's TI Cost Summary and Payment of Total TI Costs.

6.1 **Cost Summary.** Within seven (7) calendar days after the Plan Submission Date, Landlord shall submit to Tenant a preliminary cost summary for the Tenant Improvements in a format similar to Addendum C attached hereto (the "Preliminary TI Cost Summary"), which must not exceed the sum of Landlord's TI Allowance and Tenant's TI Contribution. The Preliminary TI Cost Summary shall be revised into final form within ten (10) days after the date that the Contractor is selected and will be referred to herein as the "Final TI Cost Summary". Tenant shall have fourteen (14) calendar days after the date of receipt of the Final TI Cost Summary to accept or reject the Final TI Cost Summary, including but not limited to any Contractor overhead, profit and/or general conditions costs included therein; provided, however, that any proposed increase to Tenant's TI Contribution shown on the Final TI Cost Summary shall not be effective unless approved in a separate written agreement executed by Landlord and Tenant. Tenant's failure to accept or reject the Final TI Cost Summary in writing within such period shall be deemed to be rejected. Construction of the Tenant Improvements shall not begin until Tenant accepts the Final TI Cost Summary in writing. If Tenant rejects the Final TI Cost Summary due to matters related to cost and the Final TI Cost Summary is ten percent (10%) or more higher in cost than projected in the Preliminary TI Cost Summary, then, at Tenant's request, Landlord shall cause the Architect and the Engineer to redesign the Tenant Improvements, at Landlord's sole expense, to comply with the Preliminary TI Cost Summary, and any delay caused by the necessity to rebid or redesign the Tenant Improvements shall not be considered a Tenant Delay. If Tenant rejects the

Preliminary TI Cost Summary or the Final TI Cost Summary, the parties shall promptly confer to resolve all issues relating thereto. If after such consultation, the parties cannot agree on the Preliminary TI Cost Summary or the Final TI Cost Summary, then Tenant may elect to terminate the Lease and this Work Letter by delivering written termination notice to Landlord, whereupon all monies previously paid to Landlord shall be promptly refunded to Tenant, and the parties shall have no further obligations under the Lease or this Work Letter.

6.2 Landlord's TI Allowance and Tenant's TI Contribution. All improvements required by the Final Plans, as further described in Addendum B hereto, and any and all modular furniture described in the Modular Specifications (as defined below) shall be referred to herein, collectively, as "Tenant Improvements" or "TI." Costs of Tenant Improvements shall include costs for furniture, , soft costs, and any other costs approved in writing by Tenant (collectively "Total TI Costs"), all of which must not exceed the sum of Landlord's TI Allowance, Tenant's TI Contribution, and the cost of any Change Authorizations (as defined below) that are approved in writing by both parties. Landlord shall be solely responsible for any delay or increased cost in completing the Tenant Improvements. Except as otherwise provided herein, all Total TI Costs shall be paid by Landlord and deducted from Landlord's TI Allowance. If the Total TI Costs exceed Landlord's TI Allowance, then Tenant may authorize Landlord to pay the overage in an amount not exceeding Tenant's TI Contribution. Thereafter, Tenant shall pay such overage to Landlord as provided in Section 6.3 below.

6.3 Method of Payment. Tenant shall be obligated to pay Landlord that portion of Tenant's TI Contribution used to pay for any Total TI Costs in excess of Landlord's TI Allowance' thirty (30) calendar days after all of the following conditions have been met: (i) Tenant Improvements are Substantially Complete (as defined in the Lease); (ii) Landlord has provided Tenant with all documentation substantiating all Tenant Improvements' expenses, including without limitation, receipts, invoices, proof of payment, unconditional lien releases and approved changed orders; and (iii) Tenant has reconciled all Tenant Improvements' costs to determine and confirm the total Tenant Improvements amount spent and the amount of Tenant's TI Contribution owed to Landlord. At Tenant's election, such payment may be made (a) in a lump sum,, or (b) in equal monthly payments, amortized over the term of the Lease at the TI Amortization Rate. Tenant may, at any time during the Term, prepay all or any portion of the Total TI Costs in excess of the Landlord's TI Allowance and pay any remaining amount in equal monthly payments, amortized over the remaining term of the Lease at the TI Amortization Rate.

6.4 Base Rent Credit for Unused Portions of Landlord's TI Allowance. If the Total TI Costs are less than the Landlord's TI Allowance, then the amount of any unused portion of the Landlord's TI Allowance shall be applied as a credit against the next installment(s) of Base Rent due under the Lease.

7. Construction of Tenant Improvements.

7.1 Tenant Improvements. Tenant Improvements to be constructed by Landlord are described more particularly on Addendum B hereto. If any work required by the Final Plans is not described on Addendum B hereto, such work shall be considered a Base Building Improvement and shall be performed by Landlord at its own cost and expense and not included in the cost of Tenant Improvements.

7.2 Bids. Unless waived by Tenant in writing, any major contractors, subcontractors and material suppliers providing labor and/or materials for the Tenant Improvements shall be selected only after a minimum of three (3) bids have been solicited from responsible and qualified

persons. The bids shall include an itemized list of all materials and labor and shall include all additional costs, including architects and engineering fees, permits, reasonable contractor's profit and overhead, and project management fees. Landlord shall also obtain a minimum of three (3) bids from responsible and qualified bidders for the purchase and installation of Tenant's office furniture system, if applicable, in accordance with Section 9.1 below.

7.3 Permits. Landlord shall obtain the approval of all applicable governmental authorities and all permits required for the Tenant Improvements, promptly after Tenant's acceptance of the Final Plans. Landlord shall obtain plan check approval prior to soliciting bids from contractors pursuant to Section 4 hereof.

7.4 Commencement of Construction. Landlord shall commence construction of the Tenant Improvements within twenty-one (21) calendar days after Tenant's acceptance of the Contractor pursuant to Section 4 hereof. Contractor shall obtain the building permit for the Tenant Improvements prior to the commencement of construction. Thereafter, Landlord shall diligently proceed to construct and complete all Tenant Improvements in a good and workmanlike manner, subject only to any cessation that may be caused by Force Majeure Delays (as defined below).

7.5 Construction. Construction of the Tenant Improvements will be subject to the following terms and conditions:

(a) Notice of Nonresponsibility. Landlord and the Contractor shall cooperate with Tenant in posting a notice or notices of nonresponsibility by Tenant in compliance with California Civil Code Section 8444.

(b) Decorating Decisions. All design and programming, space planning and interior decorating services, such as selection of wall paint colors and/or wall coverings, furniture, fixtures, flooring and base, and any other decor selection efforts required by Tenant, shall be provided by Landlord, at Landlord's expense, in accordance with Tenant's Space Plan. Landlord shall consult with Tenant with respect to all such decorating services and decisions.

(c) Warranties. Landlord warrants that the Tenant Improvements shall be free from any defects in workmanship and materials for a period of not less than two (2) years from the date of Substantial Completion (as defined in the Lease). Landlord shall require each contractor and subcontractor to provide warranties of like duration in all construction contracts relating to the Tenant Improvements and, upon Tenant's request, Landlord shall assign to Tenant any such warranties relating to the Tenant Improvements. Patent defects in the Tenant Improvements shall be brought to Landlord's attention promptly. Latent or hidden defects in the Tenant Improvements shall be brought to Landlord's attention promptly upon Tenant's becoming aware of such defects. Landlord, at Landlord's sole cost and expense, shall promptly cause such defects to be repaired following receipt of notice thereof, and Tenant shall have the same rights with respect thereto as set forth herein for all other punch-list items.

(d) Clean-Up and Substandard Work. Landlord will be responsible for all clean-up with respect to the Tenant Improvements, whether in the Premises or in other areas utilized by Landlord or its contractors, and Landlord agrees to reimburse Tenant for any and all expenses incurred by Tenant by reason of substandard work performed by Landlord's contractor or contractors (as reasonably determined by Tenant according to the usual standards of work in the Building) or as a result of inadequate clean-up.

(e) Compliance with Laws. The Premises shall comply with all applicable city, county, state and federal building codes, regulations and ordinances required for beneficial occupancy, including but not limited to all provisions of the California Labor Code. **Without limiting the generality of the foregoing, construction of the Tenant Improvements shall comply with all applicable laws and regulations, including but not limited to the provisions of the California Labor Code relating to the payment of prevailing wages on public works projects, unless the work is otherwise exempt therefrom pursuant to the California Labor Code. Under the provisions of the Labor Code, the State Department of Industrial Relations will ascertain the prevailing hourly wage rate and details pertinent thereto for each craft, classification, or type of workman or mechanic needed for the construction of the Tenant Improvements. Particulars of the current prevailing wage scale, as approved by the Board of Supervisors, which are applicable to the work, are filed with the Clerk of the Board of Supervisors and must be posted at the site. Notwithstanding the foregoing or any language to the contrary contained herein, the payment of prevailing wages according to the current prevailing wage scale and compliance with applicable prevailing wage statutes shall be required where there is a Tenant's TI Contribution made towards the Total TI Costs of the Tenant Improvements to be performed.**

(f) Access During Construction. Tenant shall have the right to conduct site visits to observe progress of the Tenant Improvements during the course of construction. Additionally, pursuant to Section 4.3 of the Lease, Tenant shall be entitled to enter the Premises at least thirty (30) calendar days prior to the Commencement Date for the purpose of installing Tenant's furniture, fixtures and equipment in the Premises. Landlord and Tenant shall use reasonable good faith efforts to coordinate the work of their respective contractors to achieve timely completion of the Tenant Improvements and Tenant's installation work.

7.6 Completion/Close Out. The Premises shall not be considered Substantially Complete until the Tenant Improvements have been completed in accordance with the Final Plans and Section 4.1 of the Lease, subject only to the completion of minor punch-list items that will not interfere with Tenant's use and occupancy of the Premises for Tenant's permitted and intended use under the Lease. Upon Substantial Completion of the Tenant Improvements, Landlord shall notify Tenant in writing and, within fourteen (14) calendar days of Tenant's receipt of such notice, Landlord and Tenant shall conduct a "walk-through" inspection of the Premises and prepare a punch-list of known or apparent deficiencies or incomplete work required to be corrected or completed by Landlord. Landlord, at Landlord's sole cost and expense, shall cause all punch-list items to be repaired or completed as soon as possible, but in no event later than thirty (30) days following the walk-through inspection. If Landlord fails to complete any of the punch-list items within such 30-day period, then Tenant, in addition to its other rights and remedies under the Lease, after giving ten (10) days written notice to Landlord, shall have the right, but not the obligation, to cause such punch-list items to be completed, with the cost thereof plus ten percent (10%) for Tenant's overhead and supervision to be deducted from the next installment(s) of rent or other amounts payable by Tenant under the Lease.

7.7 Conformed Plans. Within sixty (60) days after Substantial Completion of the Tenant Improvements and Landlord's receipt from the Contractor of all field changes, Landlord shall submit to Tenant a set of conformed plans ("as-builts") incorporating, in accordance with standard industry custom and practice, field changes made and changes and/or revisions that have been made subsequent to the submission of the Final Plans. Such "as-built" or "record documents" shall be submitted in an AutoCAD 2015 (or later version) format, along with one

complete set of plans and specifications Adobe PDF electronic format via USB flash drive and set up of a web-based download link.

8. Requests for Change. Tenant and Landlord may request changes, additions, deletions or substitutions in the Final Plans (each, a "Request for Change"), provided that the requesting party must submit a written request to the other party and that Requests for Change will not be effective unless approved in writing by both Tenant and Landlord (a "Change Authorization"). Only the County's Chief Executive Officer or his/her designee is authorized to execute Change Authorizations on behalf of Tenant. If Tenant requests any changes or substitutions to the Tenant Improvements after the Final Plans and the Final TI Cost Summary have been accepted ("Tenant-Requested Changes"), then any additional costs related thereto in excess of Landlord's TI Allowance shall be paid by Tenant, provided that Tenant executes a written Change Authorization prior to the performance of the applicable work. Tenant shall be obligated to pay Landlord for the Tenant Request for Change as part of Tenant's portion of Tenant's TI Contribution used to pay for any Total TI Costs in excess of Landlord's TI Allowance as defined in Section 6.3. Landlord shall be solely responsible for the cost of any Change Authorizations or other Requests for Change that are not Tenant-Requested Changes or approved by the Chief Executive Officer or his/her designee. Landlord shall submit to the Chief Executive Officer or his/her designee with each Request for Change: (i) the specific cost of the requested change, (ii) the cumulative net total cost of all Change Authorizations previously executed, and (iii) an estimate of the number of days by which the construction time will be increased or shortened if the Request for Change is approved. Each Change Authorization must be signed and dated by tenant department, Landlord and the Chief Executive Officer or his/her designee in order to be effective.

9. Furniture System.

9.1 Intentionally Omitted.

9.2 Alternatively, Tenant may elect to finance the cost of modular furniture through lease-purchase financing with a third-party lender ("Creditor"). If Tenant elects to enter into a lease-purchase financing of any furniture or telecommunications equipment (individually or collectively, "Personal Property") through a Creditor, Landlord expressly agrees as follows:

(a) The Personal Property shall not become part of the real property, but shall remain personal property removable by the Creditor and its assigns, provided that any damage to the Building or the Premises caused by such removal shall be repaired by Creditor.

(b) Landlord must receive written notice from Creditor of any plan by Creditor to remove the Personal Property from the Building.

(c) This Section 9.2 shall be binding on the representatives, successors and assigns of all parties hereto and shall inure to the benefit of the successors-in-interest to all parties hereto.

(d) Landlord hereby waives any right to gain possession of any of Personal Property during the term of the Lease.

10. Total TI Costs Adjustment and Right to Audit. Within seven (7) calendar days of the issuance of a Certificate of Occupancy for the Premises or a final sign-off by the County of Los Angeles, whichever occurs first, Landlord shall provide to Tenant a statement showing (a) all Total TI Costs in reasonable detail and sorted into the same line items as the Final TI Cost Summary,

and (b) the amount of Total TI Costs that is in excess of Landlord's TI Allowance and payable hereunder by Tenant to Landlord. Upon approval of such statement by Tenant, payments by either party pursuant to the Lease and this Work Letter shall be adjusted as appropriate based upon such statement. Tenant shall have the right to audit the Total TI Costs at any time after the date of Tenant's Acceptance of the Premises. If the audit shows that Tenant is entitled to a reduction in payments made by Tenant to the Landlord pursuant to this Work Letter, then Tenant shall provide Landlord with a copy of the audit summary, and inform Landlord if Tenant wants Landlord to pay Tenant the amount of any over-payment made by Tenant within thirty (30) calendar days or if Tenant will apply such amount as a credit against the next installment(s) of Base Rent due under the Lease, and any future payments owed by Tenant shall be adjusted as appropriate based upon the audit results. Landlord shall require the Contractor to include audit provisions in all subcontracts which allow Tenant to audit the subcontractors' books and records with respect to the Tenant Improvements.

11. Telephone/Computer Room and Equipment. Landlord shall complete the telephone equipment room(s), including permanent power and HVAC, in compliance with the Space Plan, Low-Voltage Plan and specifications provided by Tenant, at least thirty (30) calendar days prior to the Estimated Commencement Date. During this thirty (30) day period, the Landlord shall be responsible for the security and protection of any telephone/data equipment delivered to the site prior to the Estimated Commencement Date.

12. Delay.

12.1 Tenant Delays and Force Majeure Delays. Except as set forth in this Section 12, Tenant shall not be charged as a result of any delay in the construction of Tenant Improvements. Subject to the provisions of Section 12.2, the Estimated Commencement Date set forth in the Lease shall be extended one (1) day for each day that: (a) Tenant fails or refuses to give authorizations or approvals within the time periods required herein, but only to the extent such delays delay the commencement or completion of construction of the Tenant Improvements (referred to herein as "Tenant Delay(s)"); or (b) Substantial Completion of the Tenant Improvements is delayed by lightning, earthquake, fire, storm, tornado, flood, washout, explosion, strike, lockout, labor disturbance, civil disturbance, riot, war, act of a public enemy, sabotage or other similar causes beyond the reasonable control of Landlord (referred to herein as "Force Majeure Delay(s)").

12.2 Limitations.

(a) Notice. No Tenant Delay or Force Majeure Delay shall be deemed to have occurred unless, within forty eight (48) hours of the event giving rise to such claim, Landlord provides Tenant with written notice in compliance with the Lease specifying that a delay is claimed to have occurred because of actions, inaction or circumstances specified in the notice in reasonable detail. If such actions, inaction, or circumstances qualify as a Tenant Delay or Force Majeure Delay, then a Tenant Delay or Force Majeure Delay, as applicable, shall be deemed to have occurred, commencing as of the date Tenant received such notice from Landlord.

(b) Mitigation. Tenant Delays and Force Majeure Delays shall delay the Estimated Commencement Date only if Substantial Completion of the Tenant Improvements is delayed, despite Landlord's reasonable efforts to adapt and compensate for such delays, efforts which Landlord shall be obligated to make (provided that the additional cost incurred by

Landlord due to such efforts does not exceed \$1,000 on a cumulative basis, unless Tenant agrees to pay to the excess).

(c) Concurrent Delays. Tenant Delays and Force Majeure Delays shall be recognized hereunder only if they are not concurrent with any other Tenant Delay or Force Majeure Delay that is effective hereunder. For example, if fourteen (14) calendar days of Tenant Delays and six (6) calendar days of Force Majeure Delays occur during the same fourteen (14) calendar day period, then the Estimated Commencement Date would be extended by only fourteen (14) calendar days; on the other hand, if such Tenant Delays and Force Majeure Delays did not occur during the same period, then the Estimated Commencement Date would be extended by twenty (20) calendar days.

(d) Change Authorizations. Landlord may not claim that a Tenant-Requested Change was the cause of a delay in the construction of the Tenant Improvements unless the anticipated delay is specified in writing in the executed Change Authorization and affects the Critical Path of the Construction Schedule..

(e) Work Scope Precedence. In case of conflicts or discrepancies between or among this Landlord Work Letter, plans, and specifications, plans shall supersede specifications for quantity, specifications shall supersede plans for quality, and this Landlord Work Letter shall supersede both plans and specifications.

13. Tenant Remedies. If Landlord fails to obtain the building permit to construct the Tenant Improvements within a reasonable time, taking all factors into consideration, or if the Tenant Improvements have not been completed within sixty (60) calendar days after the Estimated Commencement Date, then Tenant may, at its option:

13.1 Cancel the Lease upon thirty (30) calendar days' written notice to Landlord; or

13.2 Upon thirty (30) calendar days' written notice to Landlord, assume the responsibility for constructing and/or completing the Tenant Improvements itself. If Tenant elects to construct or complete the Tenant Improvements itself, then:

(a) Tenant, its officers, employees, agents, contractors and assignees, shall have free access to the Premises and the Building at all reasonable times for the purpose of constructing the Tenant Improvements and for any other purposes reasonably related thereto; and

(b) Base Rent shall be reduced by Tenant's total expense in constructing the Tenant Improvements, including any financing charges for capital and a reasonable amount for Tenant's administrative costs, and including interest at the rate of six percent (6%) per annum ("Tenant's Total Expense"). The rent reduction schedule shall be as mutually agreed to between the parties or, if no such agreement is made, Tenant's Total Expense shall be fully amortized in equal monthly amounts over five (5) years and deducted from the Base Rent payable under the Lease.

Any default by Landlord under the terms of this Work Letter shall constitute a Landlord Default under the Lease and shall entitle Tenant to exercise all remedies set forth in the Lease.

14. Representatives.

14.1 **Tenant Representative.** Tenant has designated Tenant's Work Letter Representative as its sole representative with respect to the matters set forth in this Work Letter who, until further notice to Landlord, shall have the full authority and responsibility to act on behalf of Tenant as required in this Work Letter and whose address, for purposes of any notices to be given regarding matters pertaining to this Work Letter only, is Tenant's Address for Work Letter Notice as set forth in Section 1.2 of the Lease.

14.2 **Landlord Representative.** Landlord has designated Landlord's Work Letter Representative as its sole representative with respect to the matters set forth in this Work Letter who, until further notice to Tenant, shall have the full authority and responsibility to act on behalf of Landlord as required in this Work Letter and whose address, for purposes of any notices to be given regarding matters pertaining to this Work Letter only, is Landlord's Address for Work Letter Notice as set forth in Section 1.2 of the Lease.

15. Elevator Usage During Move-In. In the event that the use of the freight elevators and/or hoists is not sufficient to meet Tenant's requirements during the early entry period set forth in Section 4.3 of the Lease, (a) Landlord shall cause to be made operational a temporary construction elevator and hoist, or (b) Tenant shall have priority usage of two (2) passenger elevators in the elevator bank that services the Premises in order to assist Tenant in the installation of Tenant's fixtures, furniture and equipment. Any elevator usage provided under this Section 15 shall be at no cost to Tenant.

16. Construction Meetings. During the course of construction, meetings shall be held between the Contractor, Landlord and Tenant at least once per week, unless Tenant directs otherwise, at a time and place that is mutually convenient. An initial construction meeting shall be held within seven (7) calendar days after the date the Contractor is selected. Contractor shall provide minutes of each construction meeting to Tenant within a reasonable time thereafter, but not later than three (3) calendar days after the date of the construction meeting.

17. Delivery. Delivery of all plans and drawings referred to in this Work Letter shall be either by commercial messenger service, personal hand delivery or Landlord can set up a web-based download, unless otherwise agreed by Landlord and Tenant.

18. Miscellaneous. This Landlord Work Letter sets forth the entire understanding and agreement between the Parties with respect to the subject matter of this Landlord Work Letter. This Landlord Work Letter may be amended only in a writing signed by both Parties. Any notice to a party for a breach of this Landlord Work Letter must be delivered in writing per the terms as set forth in Section 30.6 of the Lease. This Landlord Work Letter shall be construed as if jointly drafted by the parties. This Landlord Work Letter will not be effective unless and until signed by both Parties. Neither party may assign this Landlord Work Letter or its rights or obligations hereunder without the other party's prior written consent. This Landlord Work Letter will be binding upon, enforceable by and inure to the benefit of the Parties and each of their successors and permitted assigns. Provisions contained in this Landlord Work Letter shall prevail in case of conflict over the terms of the Lease. This Landlord Work Letter is hereby incorporated into and made part of the Lease. All the terms and conditions of the Lease remain in full force and effect, except as expressly indicated otherwise in this Landlord Work Letter. This Landlord Work Letter will become effective as of the Effective Date and shall continue in effect, except to the extent it is amended or terminated in accordance with terms of the Lease.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Work Letter as of the dates set forth below.

LANDLORD:

RAMI DARGHALLI AS TRUSTEE OF THE RAMI DARGHALLI REVOCABLE LIVING TRUST DATED JANUARY 13, 2005

By: Rami Darghalli
Rami Darghalli
Trustee
Date Signed: 09/25/24

TENANT:

COUNTY OF LOS ANGELES,
a body corporate and politic

FESIA A. DAVENPORT
CHIEF EXECUTIVE OFFICER

By: _____
John T. Cooke
Assistant Chief Executive Officer

ADDENDUM A To Landlord's Work Letter

BASE BUILDING IMPROVEMENTS

Landlord has constructed (or will construct) the Building to include the following:

(a) the Building shell and exterior, including perimeter window systems and mullions in good condition. If building has not been constructed or is still under construction, no tenant improvements work shall commence until building has been signed off by the City having jurisdiction and Certificate of Occupancy has been received.

(b) Must also include including mechanical, electrical, sprinkler, plumbing, Fire life safety, heating, air conditioning, ventilation and structural systems within the Building core, stubbed out to the face of the core wall at locations determined by Landlord;

(c) toilet rooms per code, including necessary plumbing fixtures, ceramic tile floors, accessories, ceilings and lighting, with running hot and cold water;

(d) Drywall or lath and plaster covering the exposed side of all exposed core walls, core and perimeter columns and the interior exposed side of all exterior building wall areas except at and under windows. Also included:

(e) public stairways;

(f) passenger and freight elevators;

(g) parking facilities;

(h) ground floor lobby;

(i) finished elevator lobbies (with carpet, lights, finished walls and ceiling);

(j) exterior plazas and landscaping;

(k) loading dock and/or area;

(l) water bottle filling stations/drinking fountains at the core;

(m) electrical/telephone closet with not less than seven (7) watts per square foot of rentable area of normal power in the floor electrical closet;

(n) conduit access sufficient for Tenant's electrical wiring (no additional improvement to increase conduit access will be furnished by Landlord unless there is not sufficient riser space as required for a 1.5" diameter signal cable from the Building main telecommunication vault to the telephone closets in which case Landlord, at no cost to Tenant and without deduction from Landlord's TI Allowance, shall cause such riser space to be made available to Tenant, and provided further that Tenant shall be responsible for the cost for removing the riser floor seal at each floor and the patching of each seal after installation of Tenant's cable);

(o) two (2) 208/120 and one (1) 480/277 Volt (VAC) panels connected to the Building power system;

- (p) mechanical equipment room with ducted mechanical exhaust system;
- (q) concrete floors with troweled finish ready for tenants floor finish, level to specified tolerances and designed to support a minimum live load of fifty (50) pounds per square foot and a partition load of twenty (20) pounds per square foot;
- (r) standard window coverings;
- (s) primary HVAC duct for cooling and primary HVAC duct for heating (heating is for perimeter zone only) to loop from the mechanical equipment room around the building core;
- (t) hot and cold air loops located within the Premises;
- (u) primary fire sprinkler distribution, including secondary piping and sprinkler heads as required for the unoccupied Premises;
- (v) primary fire-life safety enunciation system "backbone" and panels suitable for Tenant's secondary distribution;
- (w) access at panels in the service core for distribution of Building requirements electrical power (initially 120/208 V for power and 277V for fluorescent lighting) up to the limits permitted under applicable law at the time the Building receives the initial temporary certificate of occupancy for the Building; and
- (x) Drywall on the service core walls, columns and sills in the Premises.
- (y) Demolition and removal of any existing improvements or equipment situated within the Premises, unless the Final Plans show that such improvements and/or equipment will remain in the Premises.

ADDENDUM B To Landlord's Work Letter

TENANT IMPROVEMENTS

Tenant improvements shall include:

- (a) Tenant ceilings and lighting;
- (b) Floor finish in the Premises (except elevator lobbies and public corridors on multi-tenant floors and toilet rooms);
- (c) Interior finishes of any kind within the Premises (except elevator lobbies and public corridors on multi-tenant floors and core area toilet rooms);
- (d) Interior partitions, doors and hardware within the Premises;
- (e) Terminal boxes and reheat coils or other HVAC or air distribution devices to or within the Premises;
- (f) Distribution of electrical services, plumbing services and sprinklers from the core to the Premises, and domestic hot water heater and associated hot water piping;
- (g) Any and all signs for Tenant and the power therefor;
- (h) Security, fire and life-safety systems throughout the Premises, including exit signs, intercoms and extinguishers;
- (i) Additional and/or above standard electrical capacity; and
- (j) Fiber optic access.

ADDENDUM C To Landlord's Work Letter

PRELIMINARY AND FINAL TI COST SUMMARY

___ Preliminary TI Cost Summary
___ Final TI Cost Summary

Lease No. 78386
Address 43423 DIVISION STREET,
UNITS 201, 202, 203, 204, 205, 206,
AND 104, LANCASTER, CA

Cost Category	
Architecture and Engineering Contract	\$
Plan Check Fees & Permits	\$
General Contractor	\$
(Profit)	\$
(Overhead)	\$
Other (Specify)	\$
Total TI Costs	\$

BOARD LETTER/MEMO CLUSTER FACT SHEET

 Board Letter

 Board Memo

 Other

CLUSTER AGENDA REVIEW DATE	11/13/2024		
BOARD MEETING DATE	12/3/2024		
SUPERVISORIAL DISTRICT AFFECTED	<input checked="" type="checkbox"/> All <input type="checkbox"/> 1 st <input type="checkbox"/> 2 nd <input type="checkbox"/> 3 rd <input type="checkbox"/> 4 th <input type="checkbox"/> 5 th		
DEPARTMENT(S)	Fire		
SUBJECT	Requesting Board of Supervisors approval to authorize the Internal Services Department, as the County's Purchasing Agent, to issue a confirming Purchase Order to Ultimate Kronos Group for providing Software as a Service licensing to the District.		
PROGRAM	Various		
AUTHORIZES DELEGATED AUTHORITY TO DEPT	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
SOLE SOURCE CONTRACT	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
	If Yes, please explain why:		
SB 1439 SUPPLEMENTAL DECLARATION FORM REVIEW COMPLETED BY EXEC OFFICE	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No – Not Applicable If unsure whether a matter is subject to the Levine Act, email your packet to EOLevineAct@bos.lacounty.gov to avoid delays in scheduling your Board Letter.		
DEADLINES/ TIME CONSTRAINTS	N/A		
COST & FUNDING	Total cost:	Funding source:	
	\$175,142	Fire Department, Information Management Division	
	TERMS (if applicable): N/A		
	Explanation:		
PURPOSE OF REQUEST	Authorize ISD, as the County's Purchasing Agent, to issue a confirming PO to UKG/Kronos in the amount of \$175,142 for providing SaaS licensing to the District.		
BACKGROUND (include internal/external issues that may exist including any related motions)	Approval of the recommended actions will authorize ISD, as the County's Purchasing Agent, to issue a confirming PO to enable the District to pay \$175,142 to UKG/Kronos for SaaS services which provides licenses for Workforce Central (WFC) to resolve a disagreement over the amount owed by the District.		
EQUITY INDEX OR LENS WAS UTILIZED	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, please explain how:		
SUPPORTS ONE OF THE NINE BOARD PRIORITIES	<input type="checkbox"/> Yes <input type="checkbox"/> No If Yes, please state which one(s) and explain how: Strategic Plan North Star 3, Realize tomorrow's government today, and Focus Area Goal G. Internal Controls and Processes, by strengthening our internal controls and processes while being cognizant of efficiency to continue good stewardship of the public trust and fiscal responsibility.		
DEPARTMENTAL CONTACTS	Name, Title, Phone # & Email: LaVerne Holley, Chief, Materials Management, 323-838-2371, LaVerne.Holley@fire.lacounty.gov		



COUNTY OF LOS ANGELES FIRE DEPARTMENT



ANTHONY C. MARRONE
FIRE CHIEF
FORESTER & FIRE WARDEN

1320 NORTH EASTERN AVENUE
LOS ANGELES, CALIFORNIA 90063-3294
(323) 881-2401
www.fire.lacounty.gov

*"Proud Protectors of Life,
the Environment, and Property"*

BOARD OF SUPERVISORS
LINDSEY P. HORVATH, CHAIR
THIRD DISTRICT

HILDA L. SOLIS
FIRST DISTRICT
JANICE HAHN
FOURTH DISTRICT
HOLLY J. MITCHELL
SECOND DISTRICT
KATHRYN BARGER
FIFTH DISTRICT

December 3, 2024

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

Dear Supervisors:

APPROVAL OF RETROACTIVE PAYMENT TO ULTIMATE KRONOS GROUP FOR PROVIDING SOFTWARE AS A SERVICE LICENSE (ALL SUPERVISORIAL DISTRICTS) (3 VOTES)

**CIO RECOMMENDATION: APPROVE (X) APPROVE WITH MODIFICATION ()
DISAPPROVE ()**

SUBJECT

The Consolidated Fire Protection District of Los Angeles County (District) is requesting Board of Supervisors' (Board) approval to authorize the Internal Services Department (ISD), as the County's Purchasing Agent, to issue a confirming Purchase Order (PO) to Ultimate Kronos Group (UKG/Kronos) for providing Software as a Service (SaaS) licensing to the District.

IT IS RECOMMENDED THAT THE BOARD, ACTING AS THE GOVERNING BODY OF THE CONSOLIDATED FIRE PROTECTION DISTRICT OF LOS ANGELES COUNTY:

1. Authorize ISD, as the County's Purchasing Agent, to issue a confirming PO to UKG/Kronos in the amount of \$175,142 for providing SaaS licensing to the District.
2. Find that these services are exempt from the provisions of the California Environmental Quality Act (CEQA).

SERVING THE UNINCORPORATED AREAS OF LOS ANGELES COUNTY AND THE CITIES OF:

AGOURA HILLS
ARTESIA
AZUSA
BALDWIN PARK
BELL
BELL GARDENS
BELLFLOWER
BRADBURY
CALABASAS

CARSON
CERRITOS
CLAREMONT
COMMERCE
COVINA
CUDAHY
DIAMOND BAR
DUARTE

EL MONTE
GARDENA
GLEN DORA
HAWAIIAN GARDENS
HAWTHORNE
HERMOSA BEACH
HIDDEN HILLS
HUNTINGTON PARK
INDUSTRY

INGLEWOOD
IRVINDALE
LA CANADA-FLINTRIDGE
LA HABRA
LA MIRADA
LA PUENTE
LAKEWOOD
LANCASTER

LAWNDALE
LOMITA
LYNWOOD
MALIBU
MAYWOOD
NORWALK
PALMDALE
PALOS VERDES ESTATES
PARAMOUNT

PICO RIVERA
POMONA
RANCHO PALOS VERDES
ROLLING HILLS
ROLLING HILLS ESTATES
ROSEMEAD
SAN DIMAS
SANTA CLARITA

SIGNAL HILL
SOUTH EL MONTE
SOUTH GATE
TEMPLE CITY
VERNON
WALNUT
WEST HOLLYWOOD
WESTLAKE VILLAGE
WHITTIER

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of the recommended actions will authorize ISD, as the County's Purchasing Agent, to issue a confirming PO to enable the District to pay \$175,142 to UKG/Kronos for SaaS services which provides licenses for Workforce Central (WFC) to resolve a disagreement over the amount owed by the District.

The District utilized UKG WFC Telestaff software to manage Lifeguard staffing for many years. In 2018, the District upgraded the staffing system to the SaaS platform which required the District and ISD, as the buyer, to enter into an agreement ("2018 Agreement") governing the use of WFC SaaS software. The terms of the 2018 Agreement were a three-year automatic renewal agreement with two optional years. The agreement had a provision that it could be terminated by either party with 30 days of notice.

During FY 2019-20, the District procured additional WFC licenses to expand the scope of the Lifeguard staffing system to cover all public safety employees within the District, as well as include the timekeeping functionality. This system was intended to replace two legacy systems used by District badge personnel, Fire Office, and Internet Protocol Field Incident Reporting System (IPFIRS). In order to effectuate the expanded needs, to purchase new licenses, and renew the WFC Telestaff and WFC Timekeeper licenses, the District entered into an agreement ("2020 Agreement"), which adopted the terms of the 2018 Agreement.

During development of the Lifeguard Timekeeping System, the District determined that the system was not suitable for implementation due to issues with the system requiring a large quantity of processes which could not be automated and would have to be manually completed by Payroll every pay period. The District then determined it would cease development on the proposed consolidated system during FY 2021-22. Notice to downgrade WFC Telestaff was sent to UKG/Kronos on August 24, 2021, and September 24, 2021, for WFC Timekeeper.

While the process of downgrading SaaS licenses for WFC Telestaff was straightforward, miscommunication and communication delays were encountered downgrading the WFC Timekeeper licenses. While a termination of service request was made for all WFC Timekeeper licenses on March 7, 2023, SaaS fees continued to accrue on the licenses, and the outstanding balance grew to \$464,640. The District did not agree it owed UKG/Kronos the \$464,640 because it believes UKG/Kronos contributed to the delays. Subsequently, UKG/Kronos and the District negotiated an amount agreeable to both parties. The new outstanding balance is \$175,142.

The District has deemed this incident urgent as UKG/Kronos has noted an increased risk of suspension of other services provided. Specifically, UKG/Kronos has notified the District that they are considering exercising their right to suspend services for the production Lifeguard staffing system, Telestaff, if payment is not addressed promptly. This software is also licensed from UKG/Kronos. Timekeeper was to be an extension of Telestaff which is utilized to identify the availability of Lifeguard staff and immediately backfill and assign them to a Lifeguard worksite. If payment is not rendered promptly, UKG/Kronos will suspend Telestaff services which would require the Department to manually call each Lifeguard employee for

availability. This would affect the timeliness of providing critical Lifeguard services to the public.

Implementation of Strategic Plan Goals

Approval of the recommended action is consistent with the County's Strategic Plan North Star 3, Realize tomorrow's government today, and Focus Area Goal G. Internal Controls and Processes, by strengthening our internal controls and processes while being cognizant of efficiency to continue good stewardship of the public trust and fiscal responsibility.

FISCAL IMPACT/FINANCING

The District, as a Special District, is funded independently from the County's General Fund, and relies primarily on property tax revenue to provide essential fire protection and emergency medical services.

The District's FY 2024-25 Final Adopted Budget includes sufficient funding to cover the purchase of \$175,142 for October 13, 2021, to June 12, 2023, for licensing services received from UKG/Kronos.

There is no impact to Net County Cost.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Board Policy 5.300 (Retroactive Contracts) requires that the Retroactive Contracts Review Committee (RCRC) review all requests for retroactive contract payments. As authorized under Board Policy 5.300 and Subsection 4.1 of the Implementation Instructions for Retroactive Contracts Review Committee Procedures, the District has determined that payments to this Contractor are urgent, and the District is seeking your Board's approval of the recommended action prior to meeting with the RCRC. Upon Board approval, the District will follow the RCRC procedures. The presentation to the RCRC is anticipated to occur in December 2024, following which the District will submit its Board memo notifying the Board of completion of the retroactive review process and provide the Board with its Corrective Action Plan.

As a corrective action, the District will ensure improved monitoring procedures are in place and has discussed with staff to be more diligent in monitoring internal requisitions to ensure critical deadlines are met. Additionally, the District will consult with ISD if District staff cannot successfully rectify issues with vendors in a timely manner and obtain the required documentation to avoid future retroactive purchases.

In compliance with Board Policy 6.020, "Chief Information Office (CIO) Board Letter Approval," the OCIO reviewed the information technology (IT) components (management, design, development, acquisition, expansion, or purchase of IT systems and/or related services) of this request and recommends approval. The OCIO determined this recommended action does not include any new IT items that would necessitate a formal written CIO analysis.

CONTRACTING PROCESS

Upon your Board's approval, the PO will be processed by ISD in accordance with the County's purchasing policies and procedures.

IMPACT ON CURRENT SERVICES

The vendor, UKG/Kronos, has notified the District that they are considering exercising their right to suspend services for the production Lifeguard staffing system, Telestaff, if payment is not addressed promptly. This software is also licensed from UKG/Kronos. Timekeeper was to be an extension of Telestaff which is utilized to identify the availability of Lifeguard staff and immediately backfill and assign them to a Lifeguard worksite. If payment is not rendered promptly, UKG/Kronos will suspend Telestaff services which would require the Department to manually call each Lifeguard employee for availability. This would affect the timeliness of providing critical Lifeguard services to the public. Approval of the recommendation will enable the District to pay for services received during prior fiscal years.

CONCLUSION

Upon approval by your Honorable Board, please instruct the Executive Officer of the Board to return the adopted stamped Board Letter to the following:

Consolidated Fire Protection District of Los Angeles County
Executive Office - Business Operations
Attention: Marissa Martin Jensen, Administrative Services Manager II
1320 North Eastern Avenue
Los Angeles, CA 90063
Marissa.MartinJensen@fire.lacounty.gov

Internal Services Department Purchasing & Contracts Services
Attention: Gerald Plummer, Division Manager
1100 North Eastern Avenue, Suite 102
Los Angeles, CA 90063
GPlummer@isd.lacounty.gov

The District's contact, LaVerne Holley, may be reached at 323-838-2371.

Respectfully submitted,

ANTHONY C. MARRONE, FIRE CHIEF

REVIEWED BY:

PETER LOO
CHIEF INFORMATION OFFICER

ACM:lh

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

DRAFT

BOARD LETTER/MEMO CLUSTER FACT SHEET

 Board Letter

 Board Memo

 Other

CLUSTER AGENDA REVIEW DATE	11/13/2024	
BOARD MEETING DATE	12/3/2024	
SUPERVISORIAL DISTRICT AFFECTED	<input checked="" type="checkbox"/> All <input type="checkbox"/> 1 st <input type="checkbox"/> 2 nd <input type="checkbox"/> 3 rd <input type="checkbox"/> 4 th <input type="checkbox"/> 5 th	
DEPARTMENT(S)	Department of Health Services (DHS)	
SUBJECT	Requesting approval of amendment 12 to the existing sole source agreement with Global Healthcare Exchange LLC, designated as Agreement No. H-704447, for supply chain procurement and data management software and services at the Department of Health Services (DHS) facilities to increase the maximum agreement sum, extend the term, and update the terms and conditions.	
PROGRAM	Not Applicable	
AUTHORIZES DELEGATED AUTHORITY TO DEPT	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
SOLE SOURCE CONTRACT	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If Yes, please explain why: The system is exclusive to GHX and it has been highly customized to DHS requirements; and the System grants DHS access to group purchasing for medical commodities.	
SB 1439 SUPPLEMENTAL DECLARATION FORM REVIEW COMPLETED BY EXEC OFFICE	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No – Not Applicable If unsure whether a matter is subject to the Levine Act, email your packet to EOLevineAct@bos.lacounty.gov to avoid delays in scheduling your Board Letter.	
DEADLINES/ TIME CONSTRAINTS	The agreement will expire on December 31, 2024 and will automatically renew on an annual basis through December 31, 2026 but does not have sufficient funding.	
COST & FUNDING	Total cost: \$18,024,033	Funding source: DHS Adopted Budget
	TERMS (if applicable):	
	Explanation: Increase the maximum agreement sum by \$3,673,845- to \$14,087,801, for the current term ending on December 31, 2026, and increase the maximum agreement sum by \$3,936,232 to \$18,024,033 for the term of January 1, 2027 to December 31, 2031.	
PURPOSE OF REQUEST	To request additional funding for the current term through December 31, 2026, and extend the Agreement term through December 31, 2031, and further increase the maximum agreement sum through December 31, 2031. Extending the Agreement is essential for the Department to continue managing the supply chain effectively and maintaining its existing cost savings on the purchase of essential medical supplies/commodities.	
BACKGROUND (include internal/external issues that may exist including any related motions)	GHX provides a supply chain procurement and data management software and services solution (System) that manages, streamlines and maximizes efficiency and automation of supply chain transactions across the DHS enterprise for purchasing medical commodities critical to timely patient care. The Internal Services Department (ISD) is currently negotiating a countywide procure-to-pay solution with full implementation expected after 2026. DHS has been in communication with ISD for this new system and plans to use it once it becomes available. However, after the new system is launched, DHS will still need to rely on its existing System for its specific healthcare-specific supply chain requirements that are unique to DHS and would need assistance with procuring high volume critical purchases.	
EQUITY INDEX OR LENS WAS UTILIZED	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, please explain how:	
SUPPORTS ONE OF THE NINE BOARD PRIORITIES	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If Yes, please state which one(s) and explain how: Board Priorities # 2 & 7 reduces cost of medical supplies enabling savings to be repurposed to support the Board's priorities.	
DEPARTMENTAL CONTACTS	Name, Title, Phone # & Email: - Julio Alvarado, Director, Cont. Admin. & Mntr., (213) 288-7819, Jalvarado@dhs.lacounty.gov - Lillian Anjargolian, Deputy County Counsel, (213) 453-8744, LAnjargolian@counsel.lacounty.gov - Jason Ginsberg, Chief, Supply Chain Operations, (626) 434-3206, Jginsberg@dhs.lacounty.gov	



December 3, 2024

DRAFT

**Los Angeles County
Board of Supervisors**

Hilda L. Solis
First District

Holly J. Mitchell
Second District

Lindsey P. Horvath
Third District

Janice Hahn
Fourth District

Kathryn Barger
Fifth District

Christina R. Ghaly, M.D.
Director

Nina J. Park, M.D.
Chief Deputy Director, Clinical Affairs Population Health

Elizabeth M. Jacobi, J.D.
Administrative Deputy

Aries Limbaga, DNP, MBA
Chief Deputy Director, Operations

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

Tel: (213) 288-8050
Fax: (213) 481-0503

www.dhs.lacounty.gov

*"To advance the
health of our patients
and our communities
by providing
extraordinary care"*



www.dhs.lacounty.gov

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 AMENDMENT TO SOLE SOURCE AGREEMENT
WITH GLOBAL HEALTHCARE EXCHANGE LLC FOR SUPPLY
CHAIN PROCUREMENT AND DATA MANAGEMENT SOFTWARE
AND SERVICES: CIO RECOMMENDATION: APPROVE (X)
(ALL SUPERVISORIAL DISTRICTS)
(3 VOTES)**

SUBJECT

Request approval of amendment to the existing sole source agreement with Global Healthcare Exchange LLC, designated as Agreement No. H-704447, for supply chain procurement and data management software and services at the Department of Health Services (DHS) facilities to increase the maximum agreement sum, extend the term, and update the terms and conditions.

IT IS RECOMMENDED THAT THE BOARD:

1. Authorize the Director of Health Services (Director), or designee, to execute Amendment No. 12 to sole source Agreement No. H-704447 (Agreement) with Global Healthcare Exchange LLC (GHX), to: (i) increase the maximum agreement sum by \$3,673,845 (\$3,353,045 in new Pool Dollars, \$320,800 for services) from \$10,413,956 to \$14,087,801, for the current term ending on December 31, 2026; and (ii) extend the Agreement term for five (5) one (1) year periods through December 31, 2031, and further increase the maximum agreement sum by \$3,936,232 from \$14,087,801 to \$18,024,033, for the continued use of supply chain procurement and data management software and services (System).

2. Delegate authority to the Director, or designee, to execute future Amendments and/or Change Notices, as applicable to: (i) exercise the options to extend the Agreement's term for up to five (5) additional one (1) year periods; (ii) add, delete, and/or change terms and conditions as mandated by Federal or State law regulation, Los Angeles (LA County) policy, LA County Board of Supervisors (Board) and/or Chief Executive Office (CEO); (iii) make changes to the Agreement, including the Statement of Work (SOW) to meet DHS' procurement service and operational efficiency needs and/or to address technology changes and emergencies; (iv) utilize Pool Dollars included as part of the maximum agreement sum to acquire Optional Work such as hardware, additional software, interface, and professional services; and (v) issue written notice(s) of partial or full termination of the Agreement in accordance with the termination provisions of the Agreement without further action from the Board, subject to review and approval by County Counsel.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Background and Justification

GHX is a business exchange that connects healthcare providers with healthcare product vendors, offering healthcare supply chain automation software solutions. GHX maintains updated procurement data for medical supplies, assists members in developing and maintaining standardized and efficient supply formularies for medical supplies, ensures controls for compliance with these formularies, reconciles and cleanses purchasing data for consistency and completeness, and hosts established vendor agreements and pricing to automate the reconciliation of purchases to the group purchasing organization (GPO) contract catalog.

The System provided by GHX is a comprehensive supply chain platform consisting of multiple modules. It was competitively selected by the University HealthSystem Consortium, the predecessor of Vizient, Inc. (Vizient), which provides GPO contracting services. Vizient negotiates vendor contracts on behalf of its members, including DHS, for various medical commodities such as supplies, implants, and equipment. As a Vizient member using the System, DHS has access to Vizient-negotiated GPO vendor contracts providing an alternative to conducting individual solicitations for LA County. This access also enables DHS to leverage economies of scale through group buying, optimizing the procurement of medical commodities. As a result, DHS benefits from more favorable pricing and terms due to the collective purchasing power of Vizient's broader membership.

GHX has developed and deployed several proprietary solutions to manage, streamline and maximize efficiency and automation of supply chain transactions across the DHS enterprise for purchasing medical commodities critical to timely patient care. The

modules include an electronic catalog used for ordering medical and non-medical supplies/commodities, (known as Marketplace), a data cleansing and item master management module (NuVia), a purchasing contract management module (Contract Center), an electronic invoice processing module (OnDemand AP), and a vendor credentialing module (Vendor Credentialing). The System has been modified over the years to address the specific needs of DHS, while allowing DHS to participate in purchasing opportunities available to other large healthcare organizations. GHX Procurement Suite software (Procurement Suite) previously enabled DHS to perform electronic requisitioning. Procurement Suite sunset on September 30, 2024 with the catalog functionality being replaced by GHX Marketplace, which has an electronic catalog used for ordering medical and non-medical supplies/commodities. Additionally, GHX is currently integrated with Vizient's GPO and receives a daily feed from Vizient of the GPO-contracted pricing unique to each member and matches the price to the products purchased through the GHX Marketplace module. This validation ensures that Vizient contract pricing is honored during the procurement process.

The Internal Services Department, (ISD), is currently in negotiations for a LA Countywide procure-to-pay solution with the full implementation of the new system expected to take place after 2026. DHS has been communicating with ISD regarding the plans/timelines for the new system and anticipates using the new system when available. After the new system is implemented, DHS will continue to have the need to utilize the existing System to address its healthcare-specific supply chain requirements that are unique to DHS and would need assistance with procuring high volume critical purchases. For example, using its expertise with healthcare supply chain, GHX does the following: cleanses the DHS "Item Master," provides medical supply/commodity industry standard United Nations Standard Products and Services (UNSPSC) Code and identifies items that are billable and provides the Healthcare Common Procedure Coding System (HCPCS) needed for DHS financial operations. This is the type of healthcare-specific functionality that will need to continue to be provided by GHX to meet the unique needs of DHS.

The current Agreement term will expire on December 31, 2024, and will automatically renew on an annual basis through December 31, 2026, however, the Agreement does not have sufficient funding to support and maintain the System through 2026, due to the addition of the GHX Marketplace module. GHX Marketplace was not available when DHS received Board approval to extend the Agreement on December 7, 2021, therefore, the necessary funding for this module was not included in the Agreement. To ensure continued services and support, an increase in the maximum agreement sum is required for the current term and extension periods.

In addition, DHS needs to increase Pool Dollars for the purchase of Optional Work, such as GHX's Lumere software, Vendormate Kiosks hardware which were previously mentioned as possible additional work in the December 7, 2021 Board letter, however

they were not procured because of insufficient Pool Dollars, or new modules that DHS may choose to purchase in the future. The Lumere software would provide DHS with evidence-based research and analytics related to DHS' use of medical devices. The key features of the Lumere software include evidence-based insights, workflow automation, cost optimization, price benchmarking, and utilization analysis. These features will support DHS in making informed decisions and improving the overall efficiency of its medical supply chain. The Vendormate kiosks, if purchased, would be located at DHS facilities and would streamline and enhance vendor representative access to DHS facilities offering them a seamless check-in process.

Recommendations

Approval of the first recommendation will allow the Director, or an authorized designee, to execute Amendment No. 12 to the Agreement, substantially similar to Exhibit I, to add additional funding for the current term through December 31, 2026, extend the Agreement term through December 31, 2031, and further increase the maximum agreement sum through December 31, 2031.

Approval of the second recommendation will give DHS flexibility to revise the Agreement to exercise the extension options, change terms and conditions in response to changes in law, regulation or policy, update the SOW, utilize Pool Dollars to acquire Optional Work, and issue written notice(s) of partial or full termination of the Agreement in accordance with the termination provisions of the Agreement without further action from the Board, with all actions subject to review and approval by County Counsel.

Extending the Agreement is essential for DHS to continue managing its healthcare supply chain effectively and maintaining its existing cost savings on the purchase of essential medical supplies/commodities.

Implementation of Strategic Plan Goals

The recommended actions support North Star 3, Realize tomorrow's government today, Focus Area Goal E., Data-Driven Decision Making, Focus Area F., Flexible and Efficient Infrastructure, and Focus Area Goal G., Internal Controls and Processes of LA County's Strategic Plan and Goals.

FISCAL IMPACT/FINANCING

The total maximum agreement sum under the Agreement will be increased by \$3,673,845 from \$10,413,956 to \$14,087,801, for the Agreement period ending on December 31, 2026.

The total maximum agreement sum under the Agreement will be increased by \$3,936,232 from \$14,087,801 to \$18,024,033, for the Agreement period starting January 1, 2027 to December 31, 2031.

Funding is included in DHS' Fiscal Year 2024-25 Final Budget. Continued funding will be requested in future fiscal years as necessary. There is no net County cost impact associated with the recommendations.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

County Counsel has approved the Amendment (Exhibit I) as to form only. In compliance with Board Policy 6.020 "Chief Information Office Board Letter", the Office of the Chief Information Officer (OCIO) reviewed the IT components of this request and recommends approval of Amendment No. 12. The OCIO determined that a CIO analysis is not required since the recommended action does not include any new technology.

The Agreement includes all Board-required provisions, including the most recent provisions, "Compliance with County's Women in Technology Hiring Initiative" and "Campaign Contribution Prohibition Following Final Decision in Contract Proceeding".

The Agreement is not a Proposition A Agreement, as the services provided under the Agreement are highly specialized and cannot currently be provided by LA County staff and, therefore, are not subject to the Living Wage Program (Los Angeles County Code Chapter 2.201).

CONTRACTING PROCESS

The Board initially approved the sole source Agreement on September 21, 2010, with extensions through December 31, 2015. On December 1, 2015, the Board approved Amendment No. 5 extending the Agreement term through December 1, 2020 and expanding the SOW to include additional software modules and services. On May 12, 2020, the CEO delegated authority to the Director of DHS or designee, to extend various contracts, allowing DHS to focus its contracting resources on urgent needs in response to the COVID-19 pandemic. DHS exercised this delegated authority and extended the Agreement term through December 31, 2021.

On December 7, 2021, the Board approved Amendment No. 9 to extend the Agreement term through December 31, 2022, with four (4) additional one-year periods through December 31, 2026, and expand the SOW to upgrade and enhance an existing software module. DHS exercised its delegated authority and executed Amendment No. 11 to

The Honorable Board of Supervisors
December 3, 2024
Page 6

expand the SOW to purchase a one (1) year subscription for GHX Marketplace as Optional Work.

On June 12, 2024, DHS notified the Board via Attachment A, of its intent to commence negotiations for the sole source Agreement extension in accordance with the revised Board Policy No. 5.100, Sole Source Contracts and Attachment B provides the sole source checklist in compliance with this Board Policy.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the recommendations will enable DHS to continue supply chain automation that is essential for the purchase of medical supplies/commodities at all DHS facilities and maintain existing cost savings on the purchase of medical supplies/commodities.

Respectfully submitted,

Reviewed by:

Christina R. Ghaly, M.D.
Director

Peter Loo
Chief Information Officer

CRG:se

Enclosures

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

AGREEMENT BY AND BETWEEN COUNTY OF LOS ANGELES
AND
GLOBAL HEALTHCARE EXCHANGE LLC
FOR
SERVICES

Amendment No. 12

THIS AMENDMENT is made and entered into this ___ day of _____ 2024,

By and between COUNTY OF LOS ANGELES
(hereafter "County"),

And GLOBAL HEALTHCARE EXCHANGE LLC
(hereafter "Contractor")

Business Address:

1315 West Century Drive
Louisville, CO 80027

WHEREAS, reference is made to that certain document entitled "Agreement by and between County of Los Angeles and Global Healthcare Exchange LLC for Services," dated September 21, 2010, and further identified as Agreement No. H-704447, including any amendments and any other modifications thereto (cumulatively hereafter referred to as "Agreement"); and

WHEREAS, on _____, the Board of Supervisors ("Board") delegated authority to the Director of Health Services, or designee, to, among other delegations, (i) increase the Pool Dollars and maximum agreement sum, (ii) extend the term of the Agreement, and (iii) add, delete and/or change certain terms and conditions in the Agreement, as mandated by federal or State law or regulation, County policy, the Board and/or Chief Executive Office; and

WHEREAS, it is the intent of the parties hereto to: (i) increase the maximum agreement sum by \$3,673,845 (\$3,353,045 in new Pool Dollars, \$320,800 for services) to \$14,087,801, for the current term ending on December 31, 2026, which includes \$4,855,209 in total Pool Dollars; and (ii) extend the Agreement term for five (5) one (1) year periods through December 31, 2031, and further increase the maximum agreement sum by \$3,936,232 to \$18,024,033, for the continued use of supply chain procurement and data management software and services (System); and (iii) provide for the other changes set forth herein; and

WHEREAS, in 2022 Services for Compliance Document Manager and Vendor Manager have sunset and in 2024 Services for Procurement Suite, Metatrade, and Provider Intelligence will sunset; and

WHEREAS, the Agreement, Sub-paragraph 8.1 - Amendments provides that such changes may be made in the form of an Amendment which is formally approved and executed by the parties; and

WHEREAS, the Contractor warrants that it continues to possess the competence, expertise and personnel necessary to provide services consistent with the requirements of this Agreement and consistent with the professional standard of care for these services.

NOW, THEREFORE, THE PARTIES HERETO AGREE AS FOLLOWS:

1. This Amendment shall be effective upon execution.
2. As notified by the Contractor on February 27, 2024, the product referred to as Procurement Suite will sunset effective September 30, 2024. DHS will receive a credit in the amount of \$233,174.50 for the termination of its access to Procurement Suite.
3. The Agreement, Paragraph 4.0 – Term of Agreement, Sub-paragraph 4.1 and 4.2 are deleted in its entirety and replaced to read as follows:
 - “4.1 The term of this Agreement shall commence on September 21, 2010, and shall expire on December 31, 2026 (Initial Term). Thereafter, at the County's sole discretion, the Agreement may renew for five (5) additional one (1) year periods (each, a Renewal Term). The term of this Agreement, which includes the Initial Term and any exercised Renewal Term, may be terminated sooner in accordance with the terms of this Agreement.
 - 4.2 Each Renewal Term shall be deemed exercised automatically by the County, unless the County provides the Contractor written notice of non-renewal at least ninety (90) days before the expiration of the applicable Renewal Term.”
4. The Agreement, Paragraph 5.0 - Agreement Sum, Billing and Payment, Sub-paragraph 5.5 is deleted in its entirety and replaced to read as follows:

“5.5 County’s Reimbursement to Contractor from July 1, 2013 to June 30, 2026

 - 5.5.1 Between July 1, 2013 through June 30, 2015, the maximum not to exceed cost to County for all services described hereunder is \$797,200. Of this amount, \$488,200 is the total of Contractor's

annual fees (i.e., \$244,100 for FY 2013-2014 and \$244,100 for FY 2014-2015); and \$309,000 is the maximum for Contractor's completion of all work identified in Exhibit B, Section 8.8, Additional Post-Implementation Development, which will be billed at a rate of One Hundred and Ninety-Five Dollars (\$195) per hour, but shall not exceed \$309,000 for the completion of all the work described therein.

5.5.2 County's reimbursement to Contractor for period beginning July 1, 2015 through December 31, 2015 shall not exceed One Hundred Twenty-Two Thousand and Fifty Dollars (\$122,050).

5.5.3 Between January 1, 2016 through December 31, 2020, the maximum not to exceed cost to County for all services described hereunder is \$3,542,535, including \$1,470,410 in Pool Dollars.

5.5.4 Between January 1, 2021 through June 30, 2021, the maximum not to exceed cost to County for all services described hereunder is \$217,600.

5.5.5 Between July 1, 2021 through September 30, 2021, the maximum not to exceed cost to County for all services described hereunder is \$108,801.

5.5.6 Between October 1, 2021 through December 31, 2021, the maximum not to exceed cost to County for all services described hereunder is \$108,801.

5.5.7 Between January 1, 2022 through December 31, 2026, the maximum not to exceed cost to County for all services described hereunder is \$8,296,394, including \$4,855,209 in Pool Dollars.

5.5.8 Between January 1, 2027 through December 31, 2031, the maximum not to exceed cost to County for all services described hereunder is \$3,936,232, as well as the rollover of unspent Pool Dollars as of January 1, 2027."

5. The Agreement, Sub-Paragraph 8.59, Consideration of Hiring GAIN/GROW Program Participants, is deleted in its entirety and replaced as follows:

"8.59 Consideration of Hiring GAIN/START Participants

8.59.1 Should the Contractor require additional or replacement personnel after the effective date of this Agreement, the Contractor will give consideration for any such employment openings to participants in the County's Department of Public

Social Services Greater Avenues for Independence (GAIN) Program or Skills and Training to Achieve Readiness for Tomorrow (START) Program who meet the contractor's minimum qualifications for the open position. For this purpose, consideration will mean that the Contractor will interview qualified candidates. The County will refer GAIN/START participants by job category to the Contractor. Contractors must report all job openings with job requirements to: gainstart@dps.lacounty.gov and BSERVICES@OPPORTUNITY.LACOUNTY.GOV and DPSS will refer qualified GAIN/START job candidates.

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

6. The Agreement, Sub-Paragraph 8.70, COVID-19 Vaccinations of County Contractor Personnel, is deleted in its entirety and replaced to read as follows:

"8.70 Intentionally Omitted"

7. The Agreement is modified to add Sub-Paragraph 8.71, Campaign Contribution Prohibition Following Final Decision in Contract Proceeding, as follows:

"8.71 Campaign Contribution Prohibition Following Final Decision in Contract Proceeding"

Pursuant to Government Code Section 84308, Contractor and its Subcontractors, are prohibited from making a contribution of more than \$250 to a County officer for twelve (12) months after the date of the final decision in the proceeding involving this Contract. Failure to comply with the provisions of Government Code Section 84308 and of this paragraph, may be a material breach of this Contract as determined in the sole discretion of the County."

8. The Agreement is modified to add Sub-Paragraph 8.72, Compliance with County's Women in Technology Hiring Initiative, as follows:

"8.72 Compliance with County's Women in Technology Hiring Initiative"

At the direction of the Board, the County has established a "Women in Technology" (WIT) Hiring Initiative focused on recruiting, training, mentoring and preparing all genders, including women, at-risk youth,

and underrepresented populations (program participants) for County Information Technology (IT) careers. In support of the subject initiative, IT contractors currently offering certification, training, and/or mentoring programs must make such program(s) available to WIT program participants, if feasible. Contractors must report such programs available to: WITProgram@isd.lacounty.gov.”

9. The Agreement, Exhibit C-8 – Fee Schedule is deleted in its entirety and replaced by Exhibit C-9 – Fee Schedule attached hereto as Exhibit B and incorporated herein by reference. All references to Exhibit C-8 in the Agreement shall hereafter be replaced by Exhibit C-9.
10. Except for the changes set forth hereinabove, the Agreement shall not be changed in any respect by this Amendment.

/

/

/

IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be executed by the County's Director of Health Services, or authorized designee, and Contractor has caused this Amendment to be executed on its behalf by its duly authorized officer(s), on the day, month, and year first above written.

COUNTY OF LOS ANGELES

By _____ for
Christina R. Ghaly, M.D.
Director of Health Services

CONTRACTOR

GLOBAL HEALTHCARE EXCHANGE LLC

By _____
Signature

Printed Name

Title

APPROVED AS TO FORM ONLY:
DAWYN R. HARRISON
County Counsel

By _____
Deputy County Counsel

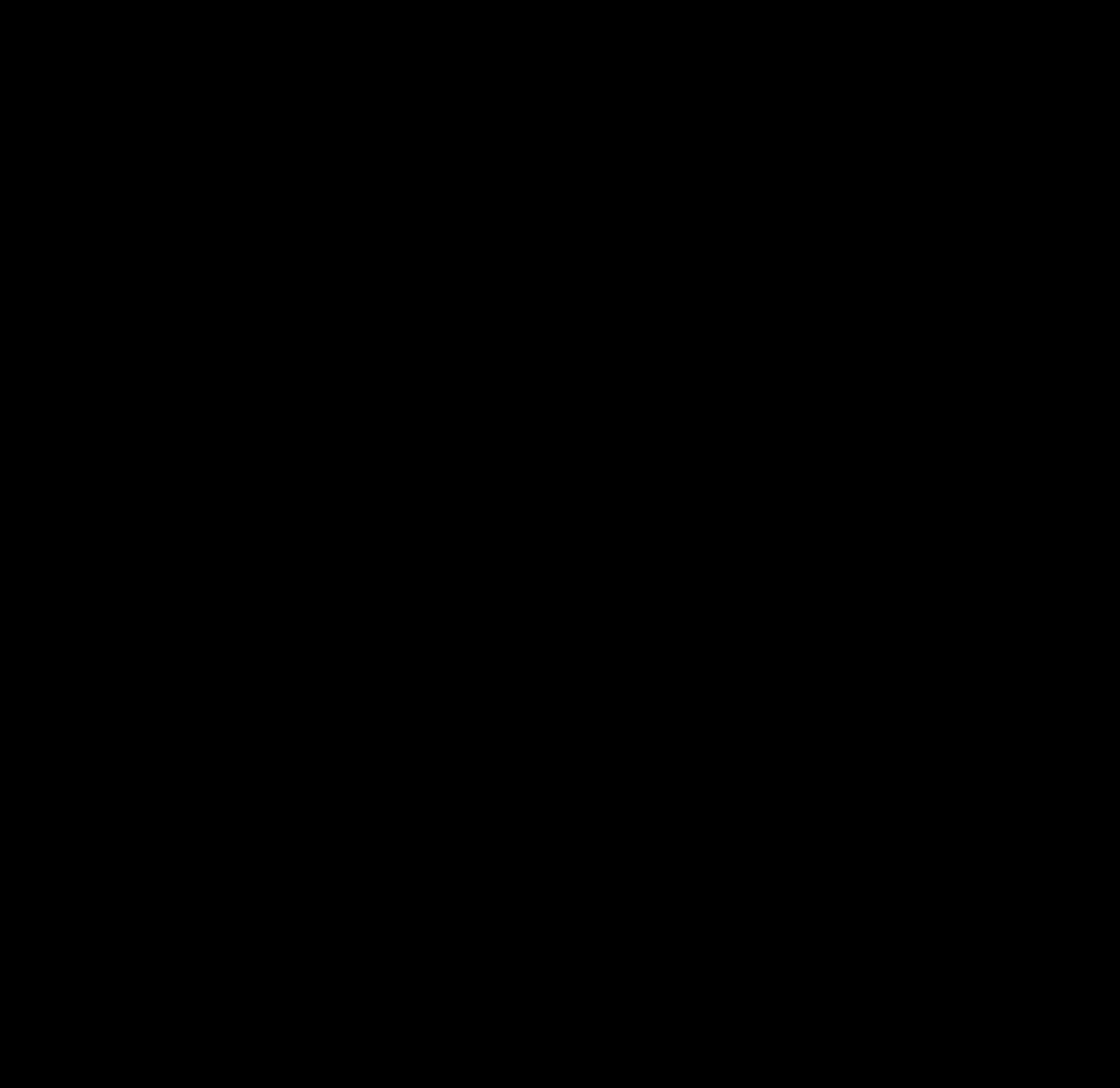
FEE SCHEDULE

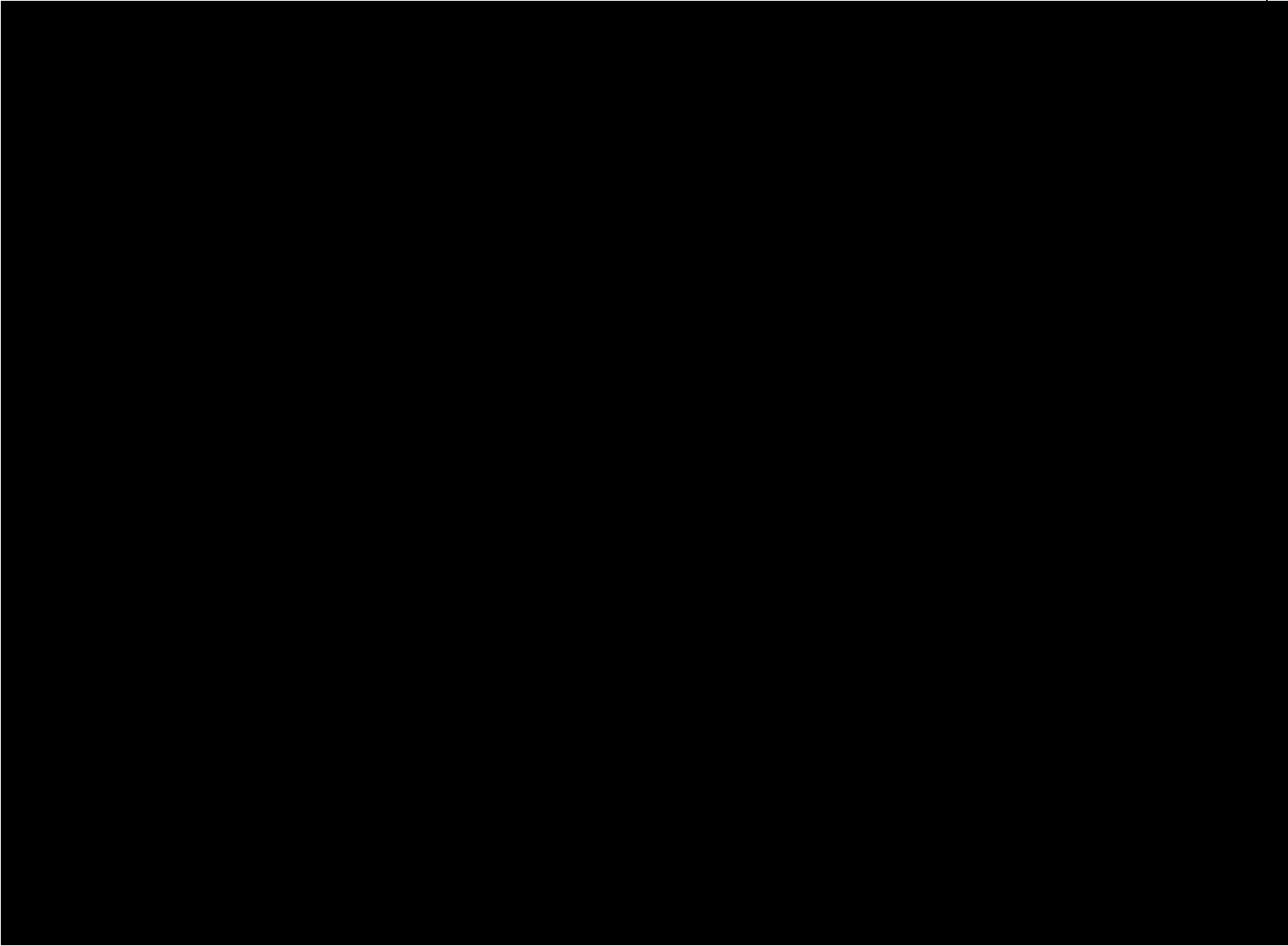
EXHIBIT C-9

Agreement Effective Date	TBD	Agreement Term Length Governing SOW	As defined under Paragraph 4.0 (Term of Agreement) of the base Agreement
		Number of Facilities Covered by Agreement	Found in Affiliates Section of the User Agreement
Primary GPO	Vizient	# MMIS	1

Account Name	Los Angeles County - Department of Health Services 9328 Telstar Ave El Monte, CA 91731
AP Contact at	Name: Jason Ginsberg Title: Chief, Supply Chain Network Email: jginsberg@dhs.lacounty.gov Phone: (323) 914-7926

Table 1: Maximum Agreement Sum	
Total Pool Dollars for Optional Work [1,3]:	\$4,855,209
Maximum Agreement Sum: (Total reimbursement by County to Contractor from September 21, 2010 through December 31, 2031)	\$18,024,033







Health Services
LOS ANGELES COUNTY

ATTACHMENT A

June 12, 2024

**Los Angeles County
Board of Supervisors**

Hilda L. Solis
First District

Holly J. Mitchell
Second District

Lindsey P. Horvath
Third District

Janice Hahn
Fourth District

Kathryn Barger
Fifth District

TO: Supervisor Lindsey P. Horvath, Chair
Supervisor Hilda L. Solis
Supervisor Holly J. Mitchell
Supervisor Janice K. Hahn
Supervisor Kathryn Barger

FROM: Christina R. Ghaly, M.D. 
Director

**SUBJECT: ADVANCE NOTIFICATION OF INTENT TO
NEGOTIATE A SOLE SOURCE AMENDMENT TO
AGREEMENT NO. H-704447 WITH GLOBAL
HEALTHCARE EXCHANGE LLC FOR SUPPLY CHAIN
PROCUREMENT AND DATA MANAGEMENT
SOFTWARE AND SERVICES**

Christina R. Ghaly, M.D.
Director

Hal F. Yee, Jr., M.D., Ph.D.
Chief Deputy Director, Clinical Affairs

Nina J. Park, M.D.
Chief Deputy Director, Population Health

Elizabeth M. Jacobi, J.D.
Administrative Deputy

This is to advise the Board of Supervisors (Board) that the Department of Health Services (DHS) intends to enter into sole source negotiation and then request approval to amend Agreement No. H-704447 (Agreement) with Global Healthcare Exchange LLC (GHX) for use of supply chain procurement and data management software and services (System) to (i) increase the maximum contract amount for the remaining term of the Agreement; (ii) extend the term of the Agreement by up to five additional years; and (iii) purchase related supply chain procurement modules, all on a sole source basis.

Board Policy No. 5.100 requires written notice to the Board when departments do not have delegated authority to increase the maximum amount of a current contract or extend the term of a current contract beyond its original term or change the scope of services.

Background

GHX is a business exchange consisting of healthcare providers and healthcare product vendors. GHX provides healthcare supply chain automation software solutions that maintain updated procurement data for medical supplies, assists members with developing and maintaining a standardized and efficient supply formulary for medical supplies, ensures controls for compliance with these formularies, reconciles and cleanses purchasing data for consistency and completeness, and hosts established vendor agreements and pricing to automate the

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

Tel: (213) 288-8050
Fax: (213) 481-0503

www.dhs.lacounty.gov

"To advance the health of our patients and our communities by providing extraordinary care"



www.dhs.lacounty.gov

reconciliation of purchases to the group purchasing organization, (GPO), contract catalog.

The System provided by GHX is a supply chain platform consisting of several modules that was competitively selected by the University HealthSystem Consortium, the predecessor of Vizient, Inc., (Vizient), which provides GPO contracting services, to negotiate vendor contracts on behalf of its members, including DHS, primarily for medical commodities, including medical supplies, implants, and equipment. As a member of Vizient, using the System, DHS is able to access Vizient-negotiated GPO vendor contracts as an alternative to conducting Los Angeles County, (LA County), solicitations and has leveraged economies of scale, (e.g., group buying), for purchasing medical commodities. For example, DHS purchases needles, syringes, and orthopedic implants using group purchasing, with the prices and terms negotiated for the entire Vizient membership as opposed to purchasing on a single healthcare system basis, allowing it to take advantage of better terms and economies of scale in pricing.

The Board approved a sole source Agreement with GHX on September 21, 2010, for an initial term through June 30, 2013, with a two-year extension and six month-to-month extensions through December 31, 2015. On December 1, 2015, the Board approved Amendment No. 5 to extend the Agreement term for five additional one-year periods through December 31, 2020, and expand the Scope of Work for additional software modules and services.

From 2020-2021, the Chief Executive Office, (CEO), provided delegated authority to the Director of DHS, or its designee, to extend various contracts in support of the response to the COVID-19 pandemic, and DHS exercised the delegated authority to extend the Agreement term through December 31, 2021. On December 7, 2021, CEO provided delegated authority to the Director of DHS, or its designee, to execute Amendment No. 9 to extend the Agreement term through December 31, 2022, with four additional one-year automatic renewal periods through December 31, 2026, with a maximum agreement sum of \$10,413,916 that included the addition of \$1,502,164 in Pool Dollars to acquire Optional Work, such as hardware, additional software, interfaces, and professional services.

Justification

The Agreement will expire on December 31, 2024, and will automatically renew on an annual basis through December 31, 2026, but the Agreement does not have sufficient funding for all needed software and services through 2026. The increase to the maximum contract amount for the authorized extensions is needed to continue support of the System module named, "GHX Marketplace," an electronic catalog used for ordering medical and non-medical supplies/commodities. DHS acquired GHX Marketplace as a replacement for the catalog functionality of the System module referred to as, "GHX Procurement Suite," the electronic requisitioning system which is sunseting on December 31, 2024. While previously approved Pool Dollars allowed

DHS to license access to the new module, ensuring continued availability of a crucial system, GHX Marketplace was not offered as a replacement for GHX Procurement Suite when DHS last received Board approval to extend the Agreement and as such, DHS did not account for the purchase in its Pool Dollars. As a result, there are not sufficient Pool Dollars remaining to continue paying for support for the new module through 2026. It should be noted that the reason GHX Marketplace was not available for sale is because the software was added to the GHX product suite when GHX acquired Prodigio Solutions, Inc. to further cement its status as the leading provider of supply chain technology in healthcare. In addition, DHS needs to increase the Pool Dollars for the purchase of optional work during the extension terms.

The Internal Services Department, (ISD), is currently in negotiations for a LA Countywide procure-to-pay solution with the full implementation of the new system expected to take place after 2026. DHS has been communicating with ISD regarding the plans/timelines for the new system and anticipates using the new system when available. After the new system is implemented, DHS will continue to have the need to utilize the existing System to address its healthcare-specific supply chain requirements that are unique to DHS and would need assistance with procuring high volume critical purchases. For example, using its expertise with healthcare supply chain, GHX does the following: cleanses the DHS "Item Master," provides medical supply/commodity industry standard United Nations Standard Products and Services (UNSPSC) Code and identifies items that are billable and provides the Healthcare Common Procedure Coding System (HCPCS) needed for DHS financial operations. This is the type of healthcare-specific functionality that will need to continue to be provided by GHX to meet the unique needs of DHS.

GHX has implemented several proprietary solutions to manage, streamline and maximize efficiency and automation of supply chain transactions throughout the DHS enterprise for the purchase of medical commodities critical to timely patient care. The modules include an electronic catalog used for ordering medical and non-medical supplies/commodities, (known as Marketplace), a data cleansing and item master management module (NuVia), a purchasing contract management module (Contract Center), an electronic invoice processing module (OnDemand AP), and a vendor credentialing module (Vendor Credentialing). In addition, the System receives a daily feed from Vizient, which allows DHS to take advantage of pricing negotiated as part of the GPO catalog. The System has been implemented over the years to meet the specific needs of DHS, while allowing DHS to participate in purchasing opportunities available to other large healthcare organizations. Finally, to enhance the System to meet the most current requirements of medical purchasing, DHS intends to negotiate terms for the purchase of related System modules, such as a module to perform value analysis of medical supplies and devices.

An increase in the maximum agreement sum, and the Agreement term is necessary for GHX to continue supporting and maintaining the integrated supply chain software modules which focus on healthcare procurement and data management that meets the

procurement automation needs of the DHS enterprise from the requisitioning process to the invoice/payment process. Included in the maximum agreement sum increase is additional funding necessary to keep GHX Marketplace operating with uninterrupted service across DHS-enterprise to allow ordering of critical medical, and non-medical supplies/commodities. Expanding the Agreement is essential for DHS to continue managing the supply chain efficiently and maintaining its existing cost savings on the purchase of medical supplies/commodities.

Conclusion

DHS has determined that GHX is uniquely positioned to continue providing supply chain procurement and data management software and services. DHS will commence negotiations no earlier than four weeks from the date of this notification unless otherwise instructed by the Board.

If you have any questions, you may contact me, or your staff may contact Jason Ginsberg, Chief of Supply Chain Operations by email at jginsberg@dhs.lacounty.gov.

CRG:ja

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

SOLE SOURCE CHECKLIST

Agreement No. H-704447
Global Healthcare Exchange LLC

Department Name: _____

- New Sole Source Contract
- Existing Sole Source Contract Date Sole Source Contract Approved: _____

Check (✓)	<p align="center">JUSTIFICATION FOR SOLE SOURCE CONTRACTS</p> <p align="center">Identify applicable justification and provide documentation for each checked item.</p>
	➤ Only one bona fide source (monopoly) for the service exists; performance and price competition are not available. A monopoly is an “ <i>Exclusive control of the supply of any service in a given market. If more than one source in a given market exists, a monopoly does not exist.</i> ”
	➤ Compliance with applicable statutory and/or regulatory provisions.
	➤ Compliance with State and/or federal programmatic requirements.
	➤ Services provided by other public or County-related entities.
	➤ Services are needed to address an emergent or related time-sensitive need.
	➤ The service provider(s) is required under the provisions of a grant or regulatory requirement.
	➤ 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.
	➤ Services are needed during the time period required to complete a solicitation for replacement services; provided services are needed for no more than 12 months from the expiration of an existing contract which has no available option periods.
	➤ Maintenance and support services are needed for an existing solution/system during the time to complete a solicitation for a new replacement solution/ system; provided the services are needed for no more than 24 months from the expiration of an existing maintenance and support contract which has no available option periods.
	➤ Maintenance service agreements exist on equipment which must be serviced by the original equipment manufacturer or an authorized service representative.
	➤ It is more cost-effective to obtain services by exercising an option under an existing contract.
	➤ It is in the best economic interest of the County (e.g., significant costs to replace an existing system or infrastructure, administrative cost savings and excessive learning curve for a new service provider, etc.) In such cases, departments must demonstrate due diligence in qualifying the cost-savings or cost-avoidance associated with the best economic interest of the County.

Erika Bonilla
Chief Executive Office

Date

BOARD LETTER/MEMO CLUSTER FACT SHEET

 Board Letter

 Board Memo

 Other

CLUSTER AGENDA REVIEW DATE	11/13/2024	
BOARD MEETING DATE	12/3/2024	
SUPERVISORIAL DISTRICT AFFECTED	<input checked="" type="checkbox"/> All <input type="checkbox"/> 1 st <input type="checkbox"/> 2 nd <input type="checkbox"/> 3 rd <input type="checkbox"/> 4 th <input type="checkbox"/> 5 th	
DEPARTMENT(S)	Department of Health Services (DHS)	
SUBJECT	Approval of extension amendments to four (4) existing sole source agreements (QuadraMed Affinity Corporation, Provider Advantage NW Incorporated, Sutherland Healthcare Solutions, Inc., and USCB America) for the provision of software, support services, and financial services in support of the Department of Health Services (DHS) revenue cycle and financial processes	
PROGRAM	Not Applicable	
AUTHORIZES DELEGATED AUTHORITY TO DEPT	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
SOLE SOURCE CONTRACT	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If Yes, please explain why: It is in the best economic interest of the County. Any change to the current contractors would result in an excessive implementation learning curve for both the new contractor(s) and DHS staff, who are well acclimated to the current systems, as well as result in a significant administrative burden.	
SB 1439 SUPPLEMENTAL DECLARATION FORM REVIEW COMPLETED BY EXEC OFFICE	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No – Not Applicable If unsure whether a matter is subject to the Levine Act, email your packet to EOLevineAct@bos.lacounty.gov to avoid delays in scheduling your Board Letter.	
DEADLINES/TIME CONSTRAINTS	The QuadraMed and Provider Advantage Agreements expire on December 31, 2024 with no options to extend.	
COST & FUNDING	Total cost: \$11,273,850 for QuadraMed and \$4,456,817 for Provider Advantage	Funding source: Funding in all cases will be funded by DHS existing resources and will be requested in future fiscal years as needed. Funding in all cases will be funded by DHS existing resources and will be requested in future fiscal years as needed Funding for DPH is related to the Vaccine Revenue program and is included in DPH's operating budget.
	TERMS (if applicable):	
	Explanation: Sutherland and USCB receive a compensation rate ranging from 2% to 25% for Financial Management Services and Financial Billing and Recovery Services based on actual revenues collected.	
PURPOSE OF REQUEST	To request an extension through December 31, 2029 and increase the maximum agreement sum for the four (4) Financial Agreements.	
BACKGROUND (include internal/external issues that may exist including any related motions)	DHS is currently in the process of reorganizing its revenue and financial operations to modernize both its processes and its systems by purchasing a new revenue cycle system that is more seamlessly connected to the DHS electronic health record system (commonly referred to as ORCHID), which will minimize the need to transfer data between several systems, and further allow the County to realize the benefits of its considerable investment in ORCHID. This will be a multi-year effort. In the meantime, to continue to support its billing activities, DHS needs to extend the term for each of its Financial Agreements to support the County until a smooth transition to new systems, processes and vendors. QuadraMed provides the IT system to maintain billing data from ORCHID, Provider Advantage provides tools for the DHS finance team to determine eligibility and coverage status, and Sutherland and USCB provide a wide range of financial services, including commercial insurance billing, collection services, medical billing and follow-up services, to supplement DHS and the Department of Public Health (DPH) revenue recovery efforts. The current processes and procedures are designed to work cohesively. If these agreements are not extended, the revenue recovery practices for both DHS and DPH would be severely impacted hindering the financial sustainability of both departments.	
EQUITY INDEX OR LENS WAS UTILIZED	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, please explain how:	
SUPPORTS ONE OF THE NINE BOARD PRIORITIES	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If Yes, please state which one(s) and explain how: Health Integration – Sutherland and USCB are used by DHS and DPH to streamline and integrate services.	
DEPARTMENTAL CONTACTS	Name, Title, Phone # & Email: - Julio Alvarado, Director, Cont. Admin. & Mntr., (213) 288-7819, jalvarado@dhs.lacounty.gov - Caroline Balfour, (626)525-6100, cbalfour@dhs.lacounty.gov - Kevin Lynch, CIO, (213) 288-8133, KLynch@dhs.lacounty.gov - Lillian Anjargolian, Deputy County Counsel, (213) 453-8744, LAnjargolian@counsel.lacounty.gov	

December 3, 2024

DRAFT

**Los Angeles County
Board of Supervisors**

Hilda L. Solis
First District

Holly J. Mitchell
Second District

Lindsey P. Horvath
Third District

Janice Hahn
Fourth District

Kathryn Barger
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:

**APPROVAL OF AMENDMENTS TO FOUR AGREEMENTS FOR
REVENUE CYCLE MANAGEMENT AND RELATED SERVICES ON
A SOLE SOURCE BASIS
(ALL SUPERVISORIAL DISTRICTS)
(3 VOTES)**

CIO RECOMMENDATION: APPROVE (X)

SUBJECT

Approval of extension amendments to four (4) existing sole source agreements for the provision of software, support services, and financial services in support of the Department of Health Services revenue cycle and financial processes

IT IS RECOMMENDED THAT THE BOARD:

1. Authorize the Director (Director) of the Department of Health Services (DHS), or designee, to execute Amendment No. 2, substantially similar to Exhibit A, to sole source Agreement No. H-707298 (QuadraMed Agreement) with QuadraMed Affinity Corporation (QuadraMed) for the provision of software and hardware maintenance and support services for DHS' patient accounting system (PA System) to (a) extend the term to December 31, 2026, with the option to automatically extend the term for three additional one-year extensions, through December 31, 2029; and (b) increase the maximum obligation by \$11,273,850 for the extension through December 31, 2029, for a maximum agreement sum of \$54,799,401, which includes an estimate of \$8,224,107 for the roll-over unspent Pool Dollars.
2. Authorize the Director, or designee, to execute Amendment No. 7, substantially similar to Exhibit B, to sole source Agreement No. H-701910 (Provider Advantage Agreement) with Provider Advantage NW, Incorporated (Provider Advantage) for the continued provision of

Christina R. Ghaly, M.D.
Director

Nina J. Park, M.D.
Chief Deputy Director, Clinical Affairs Population Health

Elizabeth M. Jacobi, J.D.
Administrative Deputy

Aries Limbaga, DNP, MBA
Chief Deputy Director, Operations

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

Tel: (213) 288-8050
Fax: (213) 481-0503

www.dhs.lacounty.gov

*"To advance the
health of our patients
and our communities
by providing
extraordinary care"*



www.dhs.lacounty.gov

the Health Insurance Portability and Accountability Act (HIPAA) Compliant 270/271 Eligibility Response Software to (a) extend the term to December 31, 2026, with the option to automatically extend the term for three additional one-year extensions, through December 31, 2029; and (b) increase the maximum obligation by \$4,456,817 for the extension through December 31, 2029, for a maximum agreement sum of \$17,276,548.

3. Authorize the Director, or designee, to execute Amendment No. 15, substantially similar to Exhibit C, to sole source Agreement No. H-703466 (Sutherland Agreement) with Sutherland Healthcare Solutions, Inc. (Sutherland) for financial management services to extend the term to December 31, 2026, with the option to extend the term for an additional three one-year extensions, through December 31, 2029.
4. Authorize the Director, or designee, to execute Amendment No. 15, substantially similar to Exhibit D, to sole source Agreement No. H-702058 (USCB Agreement) with USCB America (USCB) for financial billing and recovery services to extend the term to December 31, 2026, with the option to extend the term for an additional three one-year extensions, through December 31, 2029.
5. Delegate authority to the Director, or designee, to execute amendments to each of the QuadraMed Agreement, the Provider Advantage Agreement, the Sutherland Agreement, and USCB Agreement, (collectively, Finance Agreements) to: (a) exercise the options to extend the term for each of the Finance Agreements, if applicable; (b) add, delete, and/or change terms and conditions as mandated by Federal or State law or regulation, Los Angeles County (LA County) policy, LA County Board of Supervisors (Board) and/or Chief Executive Office (CEO); (c) reduce scope of services and the maximum contract sum; and (d) consent to any assignments for each of the Finance Agreements as provided in each Finance Agreement.
6. Delegate authority to the Director, or designee, to approve and execute: (a) Amendments, Change Orders and/or Change Notices, as applicable, to the Finance Agreements for: (i) changes that do not incur additional costs or expenses or that do not otherwise materially affect any term or condition of the Agreement; and (ii) use of Pool Dollars included as part of the maximum contract sum to acquire Optional Work, provided the amounts payable in each case do not exceed the available amount of applicable Pool Dollars; (b) issue written notice(s) of partial or full termination to suspend and/or terminate each of the Finance Agreements in accordance with the termination provisions in each Finance Agreement without further action by the Board.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS

Background and Justification

DHS is currently in the process of reorganizing its revenue and financial operations to modernize both its processes and its systems. These operations are used by DHS to account for the care provided to patients, reconcile claims to insurance companies or other payors, submit for payment, and conduct any related collections activities. This reorganization will consist of changes to both its systems and processes.

As to its system, DHS will be purchasing a new revenue cycle system that is more seamlessly connected to the DHS electronic health record system (commonly referred to as ORCHID), which will minimize the need to transfer data between several systems, and further allow LA County to realize the benefits of its considerable investment in ORCHID. The purchase and implementation of this new system is a multi-year effort, with DHS planning to return to the Board in Summer 2025 for approval of the purchase. This will be followed by an extensive implementation effort, including significant change management, resulting in an anticipated go-live at the first DHS facility in 2027, to be followed by implementation at the remaining DHS facilities in the two (2) years thereafter.

In addition, DHS plans to make changes to its revenue cycle processes and will release solicitations within the next six (6) months for financial billing and recovery services (e.g., billing, collections, denial management, etc.). After extensive review, including engagements with consultants, DHS has determined that it is in the best interest of LA County to break out and reconfigure its financial billing and recovery services into multiple categories, with different contractors for each category. As a result, DHS currently plans to release two (2) solicitations, one for billing, follow-up, and underpayments and a second for denials management and avoidance. Considering the complexity of these services and DHS' efforts to draft solicitations that would attract a broad and diverse range of proposers, DHS anticipates a long solicitation timeline.

In the meantime, to continue to support its billing activities, DHS plans to extend the term for each of its Financial Agreements to support LA County until a smooth transition to new systems, processes and vendors. To minimize the risk of error in reimbursement and patient billing, transitions from revenue cycle systems and processes typically do not include data migration or the processing of claims that were initiated in the old system to the new system. For example, a patient receiving care before a new system "go-live" at a facility will be billed using the old system, including any reimbursement and collection efforts. If the patient receives care after the new system "go-live," any new bills will be processed in the new system. This allows organizations to limit or eliminate the risks of billing and reimbursement errors. To support this "bill cut over" methodology, DHS will need to maintain its current processes, including any contracts supporting these operations, until collection efforts are completed for the last bill issued by the last facility before its transition to the new system.

To execute the current process, DHS relies on four (4) primary contractors: QuadraMed provides the IT system to maintain billing data from ORCHID, Provider Advantage provides tools for the DHS finance team to determine eligibility and coverage status, and finally, Sutherland and USCB provide a wide range of financial services, including commercial insurance billing, collection services, medical billing and follow-up services, to supplement DHS and the Department of Public Health (DPH) revenue recovery efforts. The current processes and procedures are designed to work cohesively.

The PA System relies on QuadraMed's proprietary software, which has been significantly customized to meet the needs of DHS, including the record retention requirements of California Code of Regulations Title 22. Similarly, Provider Advantage provides numerous custom programming features which have been developed specifically for DHS, including a retroactive eligibility identification system, which uses automation to identify Medi-Cal coverage that is awarded after patient services have been rendered. Finally, both Sutherland and USCB utilize proprietary methodologies and possess extensive knowledge and experience required to perform specialized services, including developing proprietary systems to accommodate DHS' medical billing operations, and interfacing their service platforms with DHS' revenue generating systems and operations. For fiscal year 2023-24, Sutherland generated over \$1.0 billion in gross revenue for DHS and 4.0 million in gross revenue for DPH. While USCB generated over \$156.0 million in gross revenue for the same period.

The current term for the Finance Agreements, in each case assuming all existing Board-approved extensions are exercised, is as follows: (i) QuadraMed Agreement, expiring on December 31, 2024; (ii) Provider Advantage Agreement, expiring on December 31, 2024; (iii) Sutherland Agreement, expiring on September 30, 2026; and (iv) USCB Agreement, expiring on September 30, 2026.

If these Agreements are not extended, the revenue recovery practices for both DHS and DPH would be severely impacted hindering the financial sustainability of both departments. Any change to the current contractors would result in an excessive implementation learning curve for both the new contractor(s) and DHS staff, who are well acclimated to the current systems, as well as result in a significant administrative burden.

Recommendations

Approval of the first recommendation will allow the Director, or designee, to execute Amendment No. 2 to the QuadraMed Agreement to extend the term to December 31, 2026, with three (3) one-year automatic extensions, for the continued provision of software and hardware maintenance and support services for DHS' PA System, and will increase the maximum obligation by \$11,273,850 for a maximum agreement sum of \$54,799,401, which includes an estimate of \$8,224,107 for the roll-over unspent Pool Dollars.

Approval of the second recommendation will allow the Director, or designee, to execute Amendment No. 7 to the Provider Advantage Agreement to extend the term to December

31, 2026, with three (3) one-year automatic extensions, for the continued provision of the Health Insurance Portability and Accountability Act (HIPAA) Compliant 270/271 Eligibility Response Software, with a maximum obligation of \$4,456,817 for the extensions through December 31, 2029.

Approval of the third recommendation will allow the Director, or designee, to execute Amendment No. 15 to the Sutherland Agreement to extend the term to December 31, 2026, with three (3) one-year optional extensions, for financial management services.

Approval of the fourth recommendation will allow the Director, or designee, to execute Amendment No. 15 to the USCB Agreement to extend the term to December 31, 2026, with three (3) one-year optional extensions, for financial billing and recovery services.

Approval of the fifth and sixth recommendations will allow the Director, or designee, to execute future amendments, change orders, and/or change notices to each of the Finance Agreements to: (a) exercise the options to extend the term for each of the Finance Agreements, if applicable; (b) add, delete, and/or change terms and conditions as mandated by Federal or State law or regulation, LA County policy, Board and/or CEO; (c) reduce scope of services and the maximum contract sum; (d) consent to any assignments for each of the Finance Agreements as provided in each Finance Agreement; (e) use Pool Dollars included as part of the maximum contract sum to acquire Optional Work, provided the amounts payable in each case do not exceed the available amount of applicable Pool Dollars; and (f) issue written notice(s) of partial or full termination to suspend and/or terminate each of the Finance Agreements in accordance with the termination provisions in each Finance Agreement without further action by the Board.

Implementation of Strategic Plan Goals

The recommended actions support North Star 1 - Make investments that transform lives, Focus Area Goal A. Healthy Individuals and Families, Strategy i. Improve Health Outcomes and North Star 3 – Realize tomorrow’s government today, Focus Area Goal E. Data-Driven Decision Making, Strategy i. Facilitate Data Sharing.

FISCAL IMPACT/FINANCING

The maximum contract sum of the QuadraMed Agreement will increase by \$11,273,850, from \$43,525,551 to \$54,799,401, which includes an estimate of \$8,224,107 for the roll-over unspent Pool Dollars, to extend the term through December 31, 2029.

The maximum contract sum of the Provider Advantage Agreement will increase by \$4,456,817, from \$12,819,731 to \$17,276,548 to extend the term through December 31, 2029.

Sutherland and USCB receive a compensation rate ranging from 2% to 25% for Financial Management Services (FMS) and Financial Billing and Recovery Services (FBRS) based on actual revenues collected. The compensation rate is dependent on the type of payers.

For fiscal year 2022-23, Sutherland generated over \$991.0 million in gross revenue for DHS of which \$35.0 million in fees was paid to Sutherland by DHS, and approximately \$7.0 million in gross revenue for DPH of which \$1.0 million in fees is estimated to be paid to Sutherland by DPH upon reconciliation of invoices between Sutherland and DPH. For the same period, USCB generated over \$126.0 million in gross revenue for DHS of which \$7.3 million in fees was paid to USCB by DHS.

For fiscal year 2023-24, Sutherland generated over \$1.0 billion in gross revenue for DHS of which \$42.7 million in fees was paid to Sutherland by DHS, and approximately \$4.0 million in gross revenue for DPH of which \$0.5 million in fees is estimated to be paid to Sutherland by DPH upon reconciliation of invoices between Sutherland and DPH. For the same period, USCB generated over \$156.0 million in gross revenue for DHS of which \$9.1 million in fees was paid to USCB by DHS.

Funding in all cases will be funded by DHS existing resources and will be requested in future fiscal years as needed. There is no net County cost impact associated with the recommended actions. Funding for DPH is related to the Vaccine Revenue program and is included in DPH's operating budget.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

QuadraMed Agreement

The current QuadraMed Agreement was approved by the Board on November 14, 2017, as a replacement agreement combining two separate agreements for the provision of health information system software and hardware maintenance and support services. The QuadraMed Agreement contains a negotiated limit of liability of \$5 million related to QuadraMed's liability with respect to the Business Associate Agreement, and may be terminated for convenience by LA County upon one hundred eighty (180) days written notice. The QuadraMed Agreement has been updated to include the most recent Board-required provisions--"Compliance with County's Women in Technology Hiring Initiative" and "Campaign Contribution Prohibition Following Final Decision in Contract Proceeding." Additionally, the QuadraMed Agreement was updated to include the Information Security and Privacy Exhibit. However, during negotiations, DHS had to deviate from the standard terms by removing the requirement for QuadraMed to add LA County as an additional insured under its cyber liability insurance policy. Since QuadraMed does not host LA County data and data remains within LA County's infrastructure, DHS made the business decision to accept this change with the understanding that the risk to LA County is minimal compared to the added value of the QuadraMed Agreement. QuadraMed is still required to list LA County as an additional insured under its general liability policy. Finally, the QuadraMed Agreement was

previously managed by the Los Angeles County Health Agency, but it is being transferred to DHS.

Provider Advantage Agreement

The Provider Advantage Agreement was first approved by the Board in 2006 and has been amended several times to update terms and conditions as required by the Board, and the current amendment includes the most recent Board-required provisions--“Compliance with County’s Women in Technology Hiring Initiative” and “Campaign Contribution Prohibition Following Final Decision in Contract Proceeding.”

Sutherland Agreement and USCB Agreement

On June 1, 1999, the Board approved an agreement with Accordis, Inc., subsequently known as Apollo Health Street, Inc. (Apollo), and now known as Sutherland for financial management services and an agreement with USCB for financial billing and recovery services both as the result of a solicitation process.

In subsequent years, amendments have been executed to both agreements to effectuate name changes for both contractors, as well as to extend the term and update various provisions to comply with State, Federal, and LA County rules and regulations, expand the scope of services to provide for efficiencies, and to adjust the maximum contingency fee paid to the contractors. On December 1, 2005 and August 19, 2008, respectively, replacement agreements were approved by the Board to do an overhaul and update all terms and conditions on both agreements. On May 5, 2020, the Board approved amendments to extend the term of the agreements through May 31, 2022.

The Board proclaimed a State of Emergency regarding COVID-19 on March 4, 2020. Using emergency authority granted by the Board, the Agreements were extended to September 30, 2023. Finally, on September 12, 2023, the Board approved extensions of both the Sutherland Agreement and the USCB Agreement through September 30, 2026.

The Finance Agreements are exempt from Proposition A (LA County Code Chapter 2.121) and not subject to the Living Wage Program (LA County Code Chapter 2.201). In all cases, the software and services, as applicable, are very specialized and highly technical and cannot be provided by LA County staff.

County Counsel has approved all the amendments (Exhibits A, B, C, and D) as to form only.

In compliance with Board Policy 6.020, the Office of the Chief Information Officer (OCIO) reviewed the IT components of this request and recommends approval of Amendment No. 2 of the QuadraMed Agreement and Amendment No. 7 of the Provider Advantage Agreement. CIO Analysis pending.

CONTRACTING PROCESS

On May 23, 2024, DHS notified the Board via Attachment A of its intent to commence negotiations with QuadraMed, Provider Advantage, Sutherland, and USCB, for the sole source extensions in accordance with the revised Board Policy No. 5.100, Sole Source Contracts. The Sole Source checklists are attached as Attachment B, C, D, and E in compliance with this Board policy.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the recommendations will prevent a disruption of LA County's revenue cycle and financial processes.

Respectfully submitted,

Reviewed by:

Christina R. Ghaly, M.D.
Director

Peter Loo
Chief Information Officer

CRG:aw

Enclosures

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

Agreement No.: H-707298

AGREEMENT BY AND BETWEEN COUNTY OF LOS ANGELES AND QUADRAMED
AFFINITY CORPORATION FOR REVENUE CYCLE AND LEGACY HEALTH
INFORMATION SYSTEMS MAINTENANCE AND SUPPORT SERVICES

Amendment No. 2

THIS AMENDMENT is made and entered into this ___ day of December, 2024
(**“Amendment 2 Date”**),

By and between

COUNTY OF LOS ANGELES
(hereafter **“County”**),

And

QUADRAMED AFFINITY
CORPORATION
(hereafter **“Contractor”**)

Business Address:

2429 Military Road, Suite 300
Niagara Falls, NY 14304

WHEREAS, reference is made to that certain document entitled “Agreement By and Between County of Los Angeles and QuadraMed Affinity Corporation for Revenue Cycle and Legacy Health Information Systems Maintenance and Support Services” dated January 1, 2018, and further identified as Agreement No. H-707298, including any amendments and any other modifications thereto (cumulatively hereafter referred to as **“Agreement”**); and

WHEREAS, on December 3, 2024 the Board of Supervisors (Board) delegated authority to the Director of the Department of Health Services or designee to: (i) extend the Term of the Agreement, and (ii) execute amendments to add, delete, and/or change certain terms and conditions of the Agreement; and

WHEREAS, the Agreement is slated to expire on December 31, 2024; and

WHEREAS, it is the intent of the parties hereto to: (i) amend the Agreement to extend its Term from January 1, 2025 through December 31, 2026, and provide County with the sole option to extend the Term three (3) times by twelve (12) months each time, such that if all three (3) additional twelve (12) month renewal options are exercised by County, the Agreement will expire on December 31, 2029; and (ii) provide for the other changes set forth herein; and

WHEREAS, the Agreement, Sub-paragraph 13.0, Changes to Agreement, provides that such changes may be made in the form of an Amendment which is formally approved and executed by the parties; and

WHEREAS, the Contractor warrants that it continues to possess the competence, expertise and personnel necessary to provide services consistent with the requirements of this Agreement and consistent with the professional standard of care for these services.

NOW, THEREFORE, THE PARTIES HERETO AGREE AS FOLLOWS:

1. This Amendment shall be effective upon execution.
2. The Agreement, Paragraph 5.1 is deleted in its entirety and replaced to read as follows:

“5.1 The term of this Agreement shall commence upon the Effective Date of January 1, 2018 and shall continue to December 31, 2026 (“**Term**”), subject to, among others, the County’s right to terminate earlier for convenience, non-appropriation of funds, default of Contractor, substandard performance of Contractor, non-responsibility of Contractor, and any other term or condition of the Agreement providing for early termination of the Agreement by the County. The County shall have the sole option to extend the Term three (3) times by twelve (12) months each time, such that if all three (3) additional twelve (12) month renewal options are exercised by County, the Agreement will expire on December 31, 2029.”

3. The Agreement, Paragraph 6.1 (Maximum Agreement Sum) is deleted in its entirety and replaced to read as follows:

“6.1 Maximum Agreement Sum

The Maximum Agreement Sum under this Agreement shall be the total monetary amount payable by the County to the Contractor for supplying all the tasks, subtasks, deliverables, goods, Services, and other work required or requested by the County under and during the Term. If the County does not Approve the work in writing, no payment shall be due to the Contractor for those Services. The Maximum Agreement Sum, including all applicable taxes and Pool Dollars, authorized by the County hereunder shall not exceed fifty-four million seven hundred ninety nine and four hundred and one dollars (\$54,799,401) as further detailed in Exhibit C (Pricing Terms) and all related Schedules, unless the Maximum Agreement Sum is modified pursuant to a duly Approved Amendment to this Agreement by the County’s and the Contractor’s authorized representative(s) pursuant to Section 13.0 (Changes to Agreement). The Maximum Agreement Sum under this Agreement shall cover the authorized payments for all elements of the System, including Maintenance and Support Services and any Optional

Work. The Maximum Agreement Sum shall not be adjusted for any costs or expenses whatsoever of the Contractor.

The Contractor shall maintain a system of record keeping that will allow the Contractor to determine when it has incurred seventy-five percent (75%) of the total Agreement authorization under this Agreement. Upon occurrence of this event, the Contractor shall send written notification to the County's Project Director at the address herein provided in Section 2 (County's Administration) of Exhibit E (Administration of Agreement)."

4. The Agreement, Section 26.26 (Covid-19 Vaccinations of County Contractor Personnel) is deleted in its entirety and replaced to read as follows:

"26.26 Intentionally Omitted"

5. The Agreement is modified to add Section 26.27 – Termination for Improper Consideration to read as follows:

"26.27 TERMINATION FOR IMPROPER CONSIDERATION

26.27.1 The County may, by written notice to the Contractor, immediately terminate the right of the Contractor to proceed under this Agreement if it is found that consideration, in any form, was offered or given by the Contractor, either directly or through an intermediary, to any County officer, employee, or agent with the intent of securing the 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 the Contractor's performance pursuant to the Agreement. In the event of such termination, the County will be entitled to pursue the same remedies against the Contractor as it could pursue in the event of default by the Contractor.

26.27.2 The Contractor must immediately report any attempt by a County officer, employee, or agent to solicit such improper consideration. The report must be made to the Los Angeles County Fraud Hotline at (800) 544-6861 or <https://fraud.lacounty.gov/>.

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

6. The Agreement, Section 26.28 – Campaign Contribution Prohibition Following Final Decision in Contract Proceeding, shall be added and incorporated as follows:

"26.28 CAMPAIGN CONTRIBUTION PROHIBITION FOLLOWING FINAL DECISION IN CONTRACT PROCEEDING

Pursuant to Government Code Section 84308, Contractor and its Subcontractors, are prohibited from making a contribution of more than \$250 to a County officer for twelve (12) months after the date of the final decision in the proceeding involving this Agreement. Failure to comply with the provisions of Government Code Section 84308 and of this paragraph, may be a material breach of this Agreement as determined in the sole discretion of the County."

- 7. The Agreement, Section 26.29 – Compliance with County's Women in Technology Hiring Initiative, shall be added and incorporated as follows:

"26.29 COMPLIANCE WITH COUNTY'S WOMEN IN TECHNOLOGY HIRING INITIATIVE

At the direction of the Board, the County has established a "Women in Technology" (WIT) Hiring Initiative focused on recruiting, training, mentoring and preparing all genders, including women, at-risk youth, and underrepresented populations (program participants) for County Information Technology (IT) careers. In support of the subject initiative, IT contractors currently offering certification, training, and/or mentoring programs must make such program(s) available to WIT program participants, if feasible. Contractors must report such programs available to: WITProgram@isd.lacounty.gov."

- 8. Section 3 (SDRs) of Schedule C.7 (Optional Work) of Exhibit C (Pricing Terms) to the Agreement is hereby deleted in its entirety and replaced with the following:

"3. SDRs

For any SDR acquired by the County as Optional Work, the monthly recurring fee in connection with such SDR for Maintenance and Support Services shall be as follows:

For any SDR acquired prior to the Effective Date of Amendment No. 2: [REDACTED] of the one-time costs for such SDR.

For any SDR acquired after the Effective Date of Amendment No. 2: [REDACTED] of the one-time costs for such SDR."

9. All references to "Los Angeles County+USC Medical Center," "LAC+USC," and "LAC+USCMC" under the Agreement shall mean Los Angeles General Medical Center ("LA GEN").
10. The Agreement, Exhibit G, Glossary is amended to delete Section 39, "Health Agency." All remaining references to the County of Los Angeles Health Agency under this Agreement shall be deleted and replaced with the "County of Los Angeles Department of Health Services," and references to the "Health Agency" shall mean the "Department of Health Services" or "DHS." All references to the "Health Agency Director" shall be deleted and replaced with the Director of the Department of Health Services.
11. Exhibit C (Pricing Terms) is deleted in its entirety and replaced by Exhibit C-1 (Pricing Terms), attached hereto and incorporated herein by reference. All references to Exhibit C (Pricing Terms) in the Agreement shall hereafter be replaced by Exhibit C-1 (Pricing Terms).
12. For the period from the Amendment 2 Date to the expiration or termination of this Agreement, Schedule C.1-1 (Payment Schedule) is deemed deleted in its entirety and replaced by Schedule C.1-2 (Payment Schedule), attached hereto and incorporated herein by reference. All references to Schedule C.1-1 (Payment Schedule) in the Agreement shall hereafter be replaced by Schedule C.1-2 (Payment Schedule).
13. For the period from the Amendment 2 Date to the expiration or termination of this Agreement, Schedule C.2-1 (System Software Fee Schedule) is deemed deleted in its entirety and replaced by Schedule C.2-2 (System Software Fee Schedule), attached hereto and incorporated herein by reference. All references to Schedule C.2-1 (System Software Fee Schedule) in the Agreement shall hereafter be replaced by Schedule C.2-2 (System Software Fee Schedule).
14. For the period from the Amendment 2 Date to the expiration or termination of this Agreement, Schedule C.3 (Third Party System Software Fee Schedule) is deemed deleted in its entirety and replaced by Schedule C.3-1 (Third Party System Software Fee Schedule), attached hereto and incorporated herein by reference. All references to Schedule C.3 (Third Party System Software Fee Schedule) in the Agreement shall hereafter be replaced by Schedule C.3-1 (Third Party System Software Fee Schedule).
15. For the period from the Amendment 2 Date to the expiration or termination of this Agreement, Schedule C.4 (System Hardware Fee Schedule) is deemed deleted in its entirety and replaced by Schedule C.4-1 (System Hardware Fee Schedule), attached hereto and incorporated herein by reference. All references to Schedule C.4 (System Hardware Fee Schedule) shall hereafter be replaced by Schedule C.4-1 (System Hardware Fee Schedule).

Schedule) in the Agreement shall hereafter be replaced by Schedule C.4-1 (System Hardware Fee Schedule).

16. For the period from the Amendment 2 Date to the expiration or termination of this Agreement, Schedule C.5-1 (Professional Services Fee Schedule) is deemed deleted in its entirety and replaced by Schedule C.5-2 (Professional Services Fee Schedule), attached hereto and incorporated herein by reference. All references to Schedule C.5-1 (Professional Services Fee Schedule) in the Agreement shall hereafter be replaced by Schedule C.5-2 (Professional Services Fee Schedule).
17. For the period from the Amendment 2 Date to the expiration or termination of this Agreement, Schedule C.6 (Professional Services Rate Card) is deemed deleted in its entirety and replaced by Schedule C.6-1 (Professional Services Rate Card), attached hereto and incorporated herein by reference. All references to Schedule C.6 (Professional Services Rate Card) in the Agreement shall hereafter be replaced by Schedule C.6-1 (Professional Services Rate Card).
18. The Agreement, Exhibit E-3, Administration of Agreement, is deleted in its entirety and replaced by Exhibit E-4, attached hereto and incorporated herein by reference. All references to Exhibit E-3 in the Agreement shall hereafter be replaced by Exhibit E-4.
19. The Agreement is modified to add Exhibit P, Information Security and Privacy Requirements, attached hereto and incorporated herein by reference.
20. Except for the changes set forth hereinabove, the Agreement shall not be changed in any respect by this Amendment.

//////////

IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be executed by the County's Director of Health Services, or authorized designee, and Contractor has caused this Amendment to be executed on its behalf by its duly authorized officer(s), on the day, month, and year first above written.

COUNTY OF LOS ANGELES

By: _____ for
Christina R. Ghaly, M.D.
Director of the Los Angeles County
Department of Health Services

CONTRACTOR

QUADRAMED AFFINITY
CORPORATION

By: _____
Signature

Printed Name

Title

APPROVED AS TO FORM ONLY:

DAWYN R. HARRISON
County Counsel

By: _____
Deputy County Counsel



EXHIBIT C-1 (PRICING TERMS)

TO THE

**AGREEMENT FOR REVENUE CYCLE AND LEGACY HEALTH INFORMATION
SYSTEMS MAINTENANCE AND SUPPORT SERVICES**

EXHIBIT C-1

PRICING TERMS

This Exhibit C (Pricing Terms) is an attachment and part of to the Agreement for Revenue Cycle and Legacy Health Information Systems Maintenance and Support Services (“**Agreement**”) by and between the County of Los Angeles (“**County**”) and QuadraMed Affinity Corporation (“**Contractor**”) dated for reference purposes as of the Effective Date. Unless specifically defined in this Exhibit, capitalized terms shall have the meanings set forth in the Agreement.

1. INTRODUCTION

The fundamental premise of the fee and pricing structure under the Agreement is that all elements of the System, including the System Software, System Hardware, Third Party Software, Services, Maintenance and Support Services, Professional Services, and any Optional Work and any other Services provided by Contractor under the Agreement are paid for only in the amount, and solely through the contractually specified mechanisms for payment of the fees (the “**Authorized Billing and Payment Mechanisms**”) set forth in this Exhibit C (Pricing Terms), regardless of whether or not all costs or expenses to Contractor for providing a specific element of the System, Services, or other work can be directly traced to, or are captured by, an Authorized Billing and Payment Mechanism, each described in Section 2 (Authorized Billing And Payment Mechanisms). It is understood and agreed by the Parties that the total amount to be paid by County under the Agreement cannot exceed the Maximum Agreement Sum unless the Maximum Agreement Sum is modified pursuant to a duly Approved Amendment to the Agreement by the Board and Contractor’s authorized representative(s) pursuant to Section 13 (Changes to Agreement) of the Agreement. The Maximum Agreement Sum, which includes Pool Dollars allocated for the provision of Optional Work, is the maximum amount that could be paid, but is not a commitment to pay, under the Agreement.

The amounts to be paid by County under this Agreement through the Authorized Billing and Payment Mechanisms include all Contractor costs, including Contractor overhead, profit margin, and all costs of services, product, and goods delivery within the definition of Services hereunder. The Maximum Agreement Sum is the total amount that is allocated by County for payment under this Agreement, but is not the amount to be paid to Contractor under this Agreement. In the absence of the approval by County of Optional Work, and Amendment approving additional System capabilities; the maximum amount to be paid to Contractor over the Term under this Agreement is forty-one million nine hundred eighty-five thousand two hundred ninety-four dollars (\$41,985,294).

2. AUTHORIZED BILLING AND PAYMENT MECHANISMS

There are only three (3) Authorized Billing and Payment Mechanisms for payment of the fees under this Agreement. Each of these is detailed in this Section 2 (Authorized Billing and Payment Mechanisms) of this Exhibit C (Pricing Terms) and listed as follows:

- (i) Recurring Monthly Fees
- (ii) Change Order/Optional Work
- (iii) Amendment

Contractor cannot invoice County under the Agreement except as provided under one of the Authorized Billing and Payment Mechanisms, and will not be entitled to, and will not receive, any payment, except as provided under one of the Authorized Billing and Payment Mechanisms set forth in this Section 2 (Authorized Billing and Payment Mechanisms).

2.1. Recurring Monthly Fees and Discounts

This Exhibit C (Pricing Terms) sets forth the timing and amounts of the Recurring Monthly Fees. The total Recurring Monthly Fees amount of [REDACTED] as of the Amendment 2 Date, as reflected in Schedule C.1-2 (Payment Schedule) as Total Recurring Monthly Fees and increasing to the amount of [REDACTED] through the Term, are fixed and are not subject to change except as otherwise provided in this Section 2.1 (Recurring Monthly Fees and Discounts). The Recurring Monthly Fees were negotiated between Contractor and County as a material condition under this Agreement to capture all compensation to Contractor for the System Software licenses (including Third Party Software), Services (including Professional Services, Maintenance and Support Services), and System Hardware acquired by County under the Agreement, subject only to (1) the Authorized Billing and Payment Mechanisms, and (2) the following exception: the monthly fees under Schedule C.4 (System Hardware Fee Schedule) are estimates for the actual fees for Maintenance and Support Services for Hardware; actual costs will be passed through to County as charged to Contractor.

The Parties understand and agree that, except as expressly provided for with regard to Optional Work or Pool Dollars or an Amendment derived from one of the Authorized Billing and Payment Mechanisms, there is no concept of a financial change order applicable to the Agreement. The limitations on the concept of a financial change order are intentional and are designed to ensure that the fixed fee elements of the Agreement remain unchanged and predictable throughout the Term.

2.2. Optional Work and Discounts

Payment for the provision of Optional Work shall be as set forth in Section 4.3 (Optional Work) of the Agreement and, as to Professional Services, at the Professional Service Rates for Optional Work set forth in Schedule C.5 (Professional Services Fee Schedule). Contractor has also provided optional pricing for additional Licensed Software, and related Services, as set forth in Schedule C.7 (Optional Work).

The discount percentage to be applied to New Software pursuant to Section 4.3.1 (New Software) of the Agreement shall be based on the discounts provided as of the Effective Date of this Agreement for the System Software. Contractor is committed to offering the County preferred competitive pricing at levels consistent with the pricing provided in this Agreement, and in connection with New Software or other Services, will demonstrate to County the financial factors supporting the preferred pricing provided. The objective of the above is for the County to have confidence that the economic terms provided by Contractor with regard to future transactions are consistent with the preferred terms Contractor has agreed to under this Agreement.

The Agreement allocates a maximum amount of twelve million eight hundred fourteen thousand and one hundred and seven dollars (\$12,814,107) in Pool Dollars for the provision of Optional Work. Pool Dollars may be used for payment of Optional Work.

2.3. Amendments

Amendments to the Agreement are governed by Section 13.1 (Amendments) of the Agreement.

3. INVOICE DISCOUNTS

Except as otherwise provided in this Exhibit C (Pricing Terms), payments by County to Contractor for Services provided hereunder will occur within thirty (30) days of receipt by County of Contractor's invoice and County approval of the particular invoice. County shall be entitled to a [REDACTED] percent ([REDACTED]) discount for payments made by County to Contractor by the later of (i) the date that is thirty (30) days after receipt by County of Contractor's invoice for such Services or (ii) the date that is thirty (30) days prior to the due date for such invoice, or portions thereof, which are not provided by subcontractors or other third parties under this Agreement.

County's failure to pay within the thirty (30) days, however, shall not be deemed as automatic invoice approval or acceptance by County of any deliverable, service or other Services for which payment is sought, nor shall it entitle Contractor to impose an interest or other penalty on any late payment.

4. CONSUMPTION PRICING ADJUSTMENTS

Prior to the Amendment 2 Date, the Parties have agreed to adjust the usage for certain Services under this Agreement, including (i) adjustments corresponding to user count decreases and other County usage metric decreases; and (ii) reductions as a result of certain Services that are no longer provided by Contractor under this Agreement, in each case as reflected in invoices Approved by County pursuant to Section 6.4 (County Approval of Invoices) of the Agreement (as used herein, "**Consumption Pricing Adjustments**"). The Consumption Pricing Adjustments remain in full force and effect as agreed to by the Parties prior to the Amendment 2 Date. The Parties agree that all amounts payable by County under this Agreement for Services delivered prior to the Amendment 2 Date have been fully invoiced by Contractor as of the Amendment 2 Date.



SCHEDULE C.1-2 (PAYMENT SCHEDULE)

OF

EXHIBIT C (PRICING TERMS)

TO THE

AGREEMENT FOR REVENUE CYCLE AND LEGACY HEALTH INFORMATION
SYSTEMS MAINTENANCE AND SUPPORT SERVICES

SCHEDULE C.1-2

PAYMENT SCHEDULE

	2025	2026	2027 <small>(Optional)</small>	2028 <small>(Optional)</small>	2029 <small>(Optional)</small>	TOTAL
System Software Maintenance	\$2,126,796	\$2,129,088	\$2,194,164	\$2,196,732	\$2,199,468	\$28,487,040
3rd Party Maintenance	\$269,744	\$278,540	\$287,733	\$297,934	\$264,684	\$5,152,434
Consolidated Hardware - System Hardware Maintenance	\$0	\$0	\$0	\$0	\$0	\$5,550,564
Professional Services	\$8,466	\$8,466	\$8,670	\$8,670	\$8,670	\$2,795,256
Sub-Total	\$2,405,006	\$2,416,094	\$2,490,567	\$2,503,336	\$2,472,822	\$41,985,294
Optional Work (Professional Pool)						\$12,814,107
Total Contract Sum						\$54,799,401



SCHEDULE C.2-2 (SYSTEM SOFTWARE FEE SCHEDULE)

OF

EXHIBIT C (PRICING TERMS)

TO THE

AGREEMENT FOR REVENUE CYCLE AND LEGACY HEALTH INFORMATION
SYSTEMS MAINTENANCE AND SUPPORT SERVICES

SCHEDULE C.2-2

SYSTEM SOFTWARE FEE SCHEDULE

Monthly Maintenance and Support Fee per Facility by Year				
2025	2026	2027 (Optional)	2028 (Optional)	2029 (Optional)

Item #	Affinity Revenue Cycle							
1	HUMC							
2	OVUMC							
3	LA GEN							
4	RLAMC							
5	KDMC	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6	HDH	N/A	N/A	N/A	N/A	N/A	N/A	N/A
7	ACN							

Item #	Clintegrity 30 (Quantum)					
1	HUMC	N/A	N/A	N/A	N/A	N/A
2	OVUMC	N/A	N/A	N/A	N/A	N/A
3	LA GEN	N/A	N/A	N/A	N/A	N/A
4	RLAMC	N/A	N/A	N/A	N/A	N/A
5	KDMC	N/A	N/A	N/A	N/A	N/A
6	HDH	N/A	N/A	N/A	N/A	N/A

Item #	Legacy PA Duplicate License Access for Modify data ⁽¹⁾					
1	HUMC	N/A	N/A	N/A	N/A	N/A
2	OVUMC	N/A	N/A	N/A	N/A	N/A
3	LA GEN	N/A	N/A	N/A	N/A	N/A
4	RLAMC	N/A	N/A	N/A	N/A	N/A
5	KDMC	N/A	N/A	N/A	N/A	N/A
6	HDH	N/A	N/A	N/A	N/A	N/A

⁽¹⁾ As each facility no longer modifies data in Legacy Patient Accounting (PA), then the County has a perpetual view-only license at no cost for that applicable facility. See Exhibit N (QuadraMed Legacy Systems).

Item #	MODEL Directory Hosted ¹					
1	MODEL					

⁽¹⁾ Not eligible for [redacted] prompt pay discount as outlined in Section 3 (Invoice Discounts) of Exhibit C-1 (Pricing Terms)



SCHEDULE C.3-1 (THIRD PARTY SYSTEM SOFTWARE FEE SCHEDULE)

OF

EXHIBIT C (PRICING TERMS)

TO THE

AGREEMENT FOR REVENUE CYCLE AND LEGACY HEALTH INFORMATION
SYSTEMS MAINTENANCE AND SUPPORT SERVICES

SCHEDULE C.3-1

THIRD PARTY SYSTEM SOFTWARE FEE SCHEDULE

Monthly Maintenance and Support Fee per Facility by Year				
2025	2026	2027 (Optional)	2028 (Optional)	2029 (Optional)

Item #	Intersystems IRIS For Health 202.1 Enterprise		2025	2026	2027 (Optional)	2028 (Optional)	2029 (Optional)
1	HUMC	82 concurrent users (112 concurrent users prior to the Amendment 2 Date)					
2	OVUMC	95 concurrent users (150 concurrent users prior to the Amendment 2 Date)					
3	LA GEN	95 concurrent users (150 concurrent users prior to the Amendment 2 Date)					
4	RLAMC	40 concurrent users (60 concurrent users prior to the Amendment 2 Date)					
5	KDMC	N/A (71 concurrent users prior to the Amendment 2 Date)	N/A	N/A	N/A	N/A	N/A
6	HDH	N/A (50 concurrent users prior to the Amendment 2 Date)	N/A	N/A	N/A	N/A	N/A
7	ACN	81 concurrent users					

Item #	SQL Server		2025	2026	2027 (Optional)	2028 (Optional)	2029 (Optional)
1	HUMC						
1.1		Microsoft SQL Server 2000 Enterprise Edition Run Time Processor License (QTY 4)	N/A	N/A	N/A	N/A	N/A
1.2		Microsoft SQL Server 2000 Enterprise Edition Run-Time Client Access License (CAL) (QTY 10)	N/A	N/A	N/A	N/A	N/A
1.3		SQL Svr Std 2000 1 Processor License Runtime - maximum of 2GB memory (QTY 2)	N/A	N/A	N/A	N/A	N/A
2	OVUMC						
2.1		SQL Server Enterprise Edition RUNTIME 2005 x64 1 Processor License (QTY 4)	N/A	N/A	N/A	N/A	N/A
2.2		SQL Svr Std 2000 1 Processor License Runtime - maximum of 2GB memory (QTY 2)	N/A	N/A	N/A	N/A	N/A
3	LA GEN						
3.1		Microsoft SQL Server 2000 Enterprise Edition Run Time Processor License (QTY 6)	N/A	N/A	N/A	N/A	N/A
3.2		Microsoft SQL Server 2000 Enterprise Edition Run Time Processor License (QTY 2)	N/A	N/A	N/A	N/A	N/A
3.3		SQL Svr Std 2000 1 Processor License Runtime - maximum of 2GB memory (QTY 5)	N/A	N/A	N/A	N/A	N/A
4	RLAMC						
4.1		SQL Server Standard 2000 1 processor License Runtime (QTY 2)	N/A	N/A	N/A	N/A	N/A
5	KDMC						
5.1		SQL Server Standard Edition 2005 Win32 Runtime (QTY 2)	N/A	N/A	N/A	N/A	N/A
5.2		Microsoft SQL Server 2005 Enterprise Edition Run-Time Processor License (QTY 4)	N/A	N/A	N/A	N/A	N/A
5.3		Microsoft SQL Server 2005 Enterprise Edition Run-Time Client Access License (QTY 10)	N/A	N/A	N/A	N/A	N/A
6	HDH						
6.1		SQL Server Standard Edition 2005 Win32 Runtime (QTY 2)	N/A	N/A	N/A	N/A	N/A
6.2		Microsoft SQL Server 2000 Enterprise Edition Run-Time Processor License (QTY 2)	N/A	N/A	N/A	N/A	N/A
6.3		Microsoft SQL Server 2000 Enterprise Edition Run-Time Client Access License (QTY 10)	N/A	N/A	N/A	N/A	N/A

Item #	SecureLink (Unlimited User)		2025	2026	2027 (Optional)	2028 (Optional)	2029 (Optional)
1	HUMC						
2	OVUMC						

3	LA GEN						
4	RLAMC						
5	KDMC		N/A	N/A	N/A	N/A	N/A
6	HDH		N/A	N/A	N/A	N/A	N/A
7	ACN						

Item #	SQL Connect (1-16 Concurrent users)						
1	HUMC		N/A	N/A	N/A	N/A	N/A
2	OVUMC		N/A	N/A	N/A	N/A	N/A
3	LA GEN						
4	RLAMC		N/A	N/A	N/A	N/A	N/A
5	KDMC		N/A	N/A	N/A	N/A	N/A
6	HDH		N/A	N/A	N/A	N/A	N/A

Annual Maintenance and Support Fee per Facility by Year				
2025	2026	2027 (Optional)	2028 (Optional)	2029 (Optional)

Item #	American Medical Association (AMA) CPT Code set file ¹						
1	HUMC	208 User licenses					N/A
2	OVUMC	208 User licenses					N/A
3	LA GEN	212 User licenses					N/A
4	RLAMC	208 User licenses					N/A
5	KDMC	208 User licenses	N/A	N/A	N/A	N/A	N/A
6	HDH	208 User licenses	N/A	N/A	N/A	N/A	N/A
7	ACN	416 User licenses					N/A

⁽¹⁾ Invoiced annually, due January 1st each year for the Services to be delivered the subsequent Contract Year



SCHEDULE C.4-1 (SYSTEM HARDWARE FEE SCHEDULE)

OF

EXHIBIT C (PRICING TERMS)

TO THE

AGREEMENT FOR REVENUE CYCLE AND LEGACY HEALTH INFORMATION
SYSTEMS MAINTENANCE AND SUPPORT SERVICES

SCHEDULE C.4-1

SYSTEM HARDWARE FEE SCHEDULE

			Monthly Maintenance and Support Fee by Facility by Year	
2025	2026	2027 (Optional)	2028 (Optional)	2029 (Optional)

Hardware Consolidation System Hardware Located at LA GEN and KDMC⁽¹⁾							
Affinity Production or ASRS Server (Consolidated Report Server)							
1	HUMC	0.183	N/A	N/A	N/A	N/A	N/A
2	OVUMC	0.187	N/A	N/A	N/A	N/A	N/A
3	LA GEN	0.295	N/A	N/A	N/A	N/A	N/A
4	RLAMC	0.103	N/A	N/A	N/A	N/A	N/A
5	KDMC	0.154	N/A	N/A	N/A	N/A	N/A
6	HDH	0.078	N/A	N/A	N/A	N/A	N/A

⁽¹⁾ Estimated System Hardware Monthly Maintenance Fee may be different from actual pass-through amount.



SCHEDULE C.5-2 (PROFESSIONAL SERVICES FEE SCHEDULE)

OF

EXHIBIT C (PRICING TERMS)

TO THE

AGREEMENT FOR REVENUE CYCLE AND LEGACY HEALTH INFORMATION
SYSTEMS MAINTENANCE AND SUPPORT SERVICES

SCHEDULE C.5-2

PROFESSIONAL SERVICES FEE SCHEDULE

Monthly Fee by Year				
2025	2026	2027 (Optional)	2028 (Optional)	2029 (Optional)

Item #					
1	Project Director / Coordinator	Vacant ^	Vacant ^	Vacant ^	Vacant ^
2	Patient Accounting Coordinator	N/A	N/A	N/A	N/A
3	Clerical Administrator (ten (10) hours per month)	■	■	■	■

^ The Project Director/Coordinator monthly fees for 2023 and subsequent years are optional. Upon County's request, Contractor shall provide County with a Project Director/Coordinator position as Optional Work at a monthly fee of ■ (for Part-Time) or ■ (for Full-Time) of the then-current Level A Project Director / Coordinator Monthly Rate set forth in Schedule C.6 (Professional Services Rate Card).



SCHEDULE C.6-1 (PROFESSIONAL SERVICES RATE CARD)

OF

EXHIBIT C (PRICING TERMS)

TO THE

AGREEMENT FOR REVENUE CYCLE AND LEGACY HEALTH INFORMATION
SYSTEMS MAINTENANCE AND SUPPORT SERVICES

SCHEDULE C.6-1

PROFESSIONAL SERVICES RATE CARD¹

Role	2025	2026	2027 (Optional)	2028 (Optional)	2029 (Optional)
Level A Project Director / Coordinator					
Hourly Rate	██████████	██████████	██████████	██████████	██████████
Monthly Rate	██████████	██████████	██████████	██████████	██████████
A Level A individual directs and manages activities of Contractor's staff to accomplish such tasks and objectives as are defined from time to time by Contractor and County. A Level A individual reports to County's Project Director regarding performance, personnel matters, operating standards, systems evaluation, and actions on all activities being performed by Contractor personnel.					
Level B Project Manager / System Architect / Engineer					
Hourly Rate	██████████	██████████	██████████	██████████	██████████
Monthly Rate	██████████	██████████	██████████	██████████	██████████
A Level B individual provides consultation regarding specific tasks and objectives defined from time to time by Contractor and County related to the general operation and support of the System. A Level B individual manages on-site activities of Contractor's staff and monitors quality and productivity standards for such tasks and objectives as are defined by Contractor and County. A Level B individual performs analysis and system design for new or custom utilities, programs, or software functions.					
Level C Programmers and Installers					
Hourly Rate	██████████	██████████	██████████	██████████	██████████
Monthly Rate	██████████	██████████	██████████	██████████	██████████
A Level C individual performs programming, customizations, documentation writing and editing, custom operational training, testing, maintenance, review, installation and implementation of original or previously written programs, systems, utilities or functions.					
Level D					
Hourly Rate	██████████	██████████	██████████	██████████	██████████
Monthly Rate	██████████	██████████	██████████	██████████	██████████
A Level D assists in testing and debugging of programs, provides technical assistance in problem solving, and provides general training services.					
Level E					
Hourly Rate	██████████	██████████	██████████	██████████	██████████
Monthly Rate	██████████	██████████	██████████	██████████	██████████
A Level E individual is responsible for monitoring operation of programs, executing specified functions such as creating tapes or printing reports, performing backup procedures, and, to the extent authorized by Contractor and County, answering system user calls, participating in configuration services, and providing operations training services. A Level E individual is responsible for scheduling tasks and work assignments for Contractor's staff and assisting with supervision and quality monitoring.					
Level F Administrative / Clerical					
Hourly Rate	██████████	██████████	██████████	██████████	██████████
Monthly Rate	██████████	██████████	██████████	██████████	██████████
A Level F individual is responsible for performing assigned technical, data entry, and other clerical services and administrative work to accomplish tasks and objectives as defined by Contractor and County.					

⁽¹⁾ County is eligible to receive a ██████ percent (████) discount on purchases of blocks of at least forty (40) hours under this Schedule C.6-1 (Professional Services Rate Card).

Classroom Training rates full day	██████████ /day with a maximum of 8 persons.
Classroom Training rates 1/2 day (4 hours)	██████████ per 4 hours with a maximum of 8 persons. Any hours over 4 hours but less than 8 hours is charged by the hour at Level C.



EXHIBIT E-4 (ADMINISTRATION OF AGREEMENT)

TO THE

AGREEMENT FOR REVENUE CYCLE AND LEGACY HEALTH INFORMATION
SYSTEMS MAINTENANCE AND SUPPORT SERVICES

EXHIBIT E-4

ADMINISTRATION OF AGREEMENT

This Exhibit E-4 (Administration of Agreement) is an attachment and part of the Agreement for Revenue Cycle and Legacy Health Information Systems Maintenance and Support Services (the “**Agreement**”), dated as of the Effective Date and entered by County and Contractor.

SECTION 1: CONTRACTOR’S ADMINISTRATION

Contractor’s Project Director:

Name: Devon Rawson
Title: Senior Vice President
Address: 400 Galleria Pkwy SE, Suite 1600
Atlanta, GA 30339
Telephone: [REDACTED]
Facsimile:
Email Address: [REDACTED]

Contractor’s Project Manager:

Name: Shannon Johnson
Title: Director, Support and Professional Services
Address: 400 Galleria Pkwy SE, Suite 1600
Atlanta, GA 30339
Telephone: [REDACTED]
Facsimile:
Email Address: [REDACTED]

Contractor’s Authorized Officials:

Name: Devon Rawson
Title: Senior Vice President
Address: 400 Galleria Pkwy SE, Suite 1600
Atlanta, GA 30339
Telephone: [REDACTED]
Facsimile:
Email Address: [REDACTED]

Notices to Contractor shall be sent to the following:

Name: Devon Rawson
Title: Senior Vice President
Address: 400 Galleria Pkwy SE, Suite 1600
Atlanta, GA 30339
Telephone: [REDACTED]
Facsimile:
Email Address: [REDACTED]

SECTION 2: COUNTY'S ADMINISTRATION

County's Project Director

Name: Gary Hanna
Title: Chief Information Officer
Address: 1100 N. State St., Clinic Tower, A6D
Los Angeles, CA 90033
Telephone: (323) 409-2691
Facsimile:
Email Address: ghanna@dhs.lacounty.gov

County's Project Manager

Name: Kayee Chan
Title: Enterprise Business Applications Support
Address: 1100 N. State St., Clinic Tower, A6D
Los Angeles, CA 90033
Telephone: (323) 409-5599
Facsimile:
Email Address: kchan@dhs.lacounty.gov

NOTICES

Notices to County shall be sent to the County's Project Director, with a copy to:

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

EXHIBIT P

INFORMATION SECURITY AND PRIVACY REQUIREMENTS

CONTRACTOR'S NAME: Quadramed Affinity Corporation

COUNTY AGREEMENT / CONTRACT: H-707298

The County of Los Angeles ("County") is committed to safeguarding the Integrity of County systems, Data, Information and protecting the privacy rights of the individuals that it serves. This Information Security and Privacy Requirements Exhibit P ("Exhibit") sets forth County's and Contractor's commitment and agreement to fulfill each of their obligations under applicable state and federal laws, rules and regulations, as well as applicable industry standards concerning privacy, Data protections, Information Security, Confidentiality, Availability and Integrity of such Information. The Information Security and privacy requirements and procedures in this Exhibit are to be established by Contractor before the Effective Date of the Contract (as defined below) and maintained throughout the term of the Contract.

These requirements and procedures are a minimum standard and are in addition to the requirements of the underlying base agreement between County and Contractor (the "Contract") and any other agreements between the parties. However, it is the Contractor's sole obligation to: (i) implement appropriate and reasonable measures to secure and protect its systems and all County Information against internal and external Threats and Risks; and (ii) continuously review and revise those measures to address ongoing Threats and Risks. Failure to comply with the minimum requirements and procedures set forth in this Exhibit will constitute a material, non-curable breach of Contract by Contractor, entitling County, in addition to the cumulative of all other remedies available to it at law, in equity, or under the Contract, to immediately terminate the Contract. To the extent there are conflicts between this Exhibit and the Contract, this Exhibit shall prevail unless stated otherwise.

1. For clarity, as of the date of this Exhibit, the Contractor neither stores nor exports the County's data. Consequently, all related terms and conditions shall only apply if and when the Contractor begins to store or export the County's data to its managed systems and environments. **DEFINITIONS**

Unless otherwise defined in the Contract, the definitions herein contained are specific to the uses within this Exhibit.

- a. **Availability:** the condition of Information being accessible and usable upon demand by an authorized entity (Workforce Member or process).
- b. **Confidentiality:** the condition that Information is not disclosed to system entities (users, processes, devices) unless they have been authorized to access the Information.
- c. **County Information:** all Data and Information belonging to County.
- d. **Data:** a subset of Information comprised of qualitative or quantitative values.
- e. **Incident:** a suspected, attempted, successful, or imminent Threat of unauthorized electronic and/or physical access, use, disclosure, breach, modification, or destruction of information; interference with Information Technology operations; or significant violation of County policy.
- f. **Information:** any communication or representation of knowledge or understanding such as facts, Data, or opinions in any medium or form, including electronic, textual, numerical, graphic, cartographic, narrative, or audiovisual.
- g. **Information Security Policy:** high level statements of intention and direction of an organization used to create an organization's Information Security Program as formally expressed by its top management.
- h. **Information Security Program:** formalized and implemented Information Security Policies, standards and procedures that are documented describing the program management safeguards and common controls in place or those planned for meeting County's information security requirements.

- i. **Information Technology:** any equipment or interconnected system or subsystem of equipment that is used in the automatic acquisition, storage, manipulation, management, movement, control, display, switching, interchange, transmission, or reception of Data or Information.
- j. **Integrity:** the condition whereby Data or Information has not been improperly modified or destroyed and authenticity of the Data or Information can be ensured.
- k. **Mobile Device Management (MDM):** software that allows Information Technology administrators to control, secure, and enforce policies on smartphones, tablets, and other endpoints.
- l. **Privacy Policy:** high level statements of intention and direction of an organization used to create an organization's Privacy Program as formally expressed by its top management.
- m. **Privacy Program:** A formal document that provides an overview of an organization's privacy program, including a description of the structure of the privacy program, the resources dedicated to the privacy program, the role of the organization's privacy official and other staff, the strategic goals and objectives of the Privacy Program, and the program management controls and common controls in place or planned for meeting applicable privacy requirements and managing privacy risks.
- n. **Risk:** a measure of the extent to which County is threatened by a potential circumstance or event, Risk is typically a function of: (i) the adverse impacts that would arise if the circumstance or event occurs; and (ii) the likelihood of occurrence.
- o. **Threat:** any circumstance or event with the potential to adversely impact County operations (including mission, functions, image, or reputation), organizational assets, individuals, or other organizations through an Information System via unauthorized access, destruction, disclosure, modification of Information, and/or denial of service.
- p. **Vulnerability:** a weakness in a system, application, network or process that is subject to exploitation or misuse.
- q. **Workforce Member:** employees, volunteers and other persons whose conduct, in the performance of work for County, is under the direct control of County, whether or not they are paid by County. This includes, but may not be limited to, full and part time elected or appointed officials, employees, affiliates, associates, students, volunteers and staff from third party entities who provide service to County.

2. INFORMATION SECURITY AND PRIVACY PROGRAMS

- a. **Information Security Program.** Contractor shall maintain a company-wide Information Security Program designed to evaluate Risks to the Confidentiality, Availability and Integrity of County Information covered under the Contract.

Contractor's Information Security Program shall include the creation and maintenance of Information Security Policies, standards, and procedures. Information Security Policies, standards and procedures will be communicated to all Contractor employees in a relevant, accessible and understandable form and will be regularly reviewed and evaluated to ensure operational effectiveness and compliance with all applicable laws and regulations and to address new and emerging Threats and Risks.

Contractor shall exercise the same degree of care in safeguarding and protecting County Information that Contractor exercises with respect to its own Information and Data, but in no event less than a reasonable degree of care. Contractor will implement, maintain and use appropriate administrative, technical and physical security measures to preserve the Confidentiality, Integrity and Availability of County Information.

Contractor's Information Security Program shall:

- Protect the Confidentiality, Integrity and Availability of County Information in Contractor's possession or control;
- Protect against any anticipated Threats or hazards to the Confidentiality, Integrity and Availability of County Information;

- Protect against unauthorized or unlawful access, use, disclosure, alteration and destruction of County Information;
 - Protect against accidental loss or destruction of, or damage to, County Information; and
 - Safeguard County Information in compliance with any applicable laws and regulations which apply to the Contractor.
- b. **Privacy Program.** Contractor shall establish and maintain a company-wide Privacy Program designed to incorporate Privacy Policies and practices in its business operations to provide safeguards for Information, including County Information. Contractor's Privacy Program shall include the development of, and ongoing reviews and updates to Privacy Policies, guidelines, procedures and appropriate workforce privacy training within its organization. These Privacy Policies, guidelines, procedures and appropriate training will be provided to all Contractor employees, agents and volunteers. Contractor's Privacy Policies, guidelines and procedures shall be continuously reviewed and updated for effectiveness and compliance with applicable laws and regulations, and to appropriately respond to new and emerging Threats and Risks. Contractor's Privacy Program shall perform ongoing monitoring and audits of operations to identify and mitigate privacy Threats.

Contractor shall exercise the same degree of care in safeguarding the privacy of County Information that Contractor exercises with respect to its own Information, but in no event less than a reasonable degree of care. Contractor will implement, maintain, and use appropriate privacy practices and protocols to preserve the Confidentiality of County Information.

Contractor's Privacy Program shall include: A Privacy Program framework that identifies and ensures that Contractor complies with all applicable laws and regulations;

- External Privacy Policies, and internal privacy policies, procedures and controls to support the privacy program;
- Protections against unauthorized or unlawful access, use, disclosure, alteration, or destruction of County Information;
- A training program that covers Privacy Policies, protocols and awareness;
- A response plan to address privacy Incidents and privacy breaches; and
- Ongoing privacy assessments and audits.

3. PROPERTY RIGHTS TO COUNTY INFORMATION

All County Information is deemed property of County, and County shall retain exclusive rights and ownership thereto. County Information shall not be used by Contractor for any purpose other than as required under the Contract, nor shall such or any part of such be disclosed, sold, assigned, leased, or otherwise disposed of, to third parties by Contractor, or commercially exploited or otherwise used by, or on behalf of, Contractor, its officers, directors, employees, or agents. Contractor may assert no lien on or right to withhold from County, any County Information it receives from, receives addressed to, or stores on behalf of, County. Notwithstanding the foregoing, Contractor may aggregate, compile, and use County Information in order to improve, develop or enhance the System Software and/or other services offered, or to be offered, by Contractor, provided that (i) no County Information in such aggregated or compiled pool is identifiable as originating from, or can be traced back to County, and (ii) such Data or Information cannot be associated or matched with the identity of an individual alone, or linkable to a specific individual. Contractor specifically consents to County's access to such County Information held, stored, or maintained on any and all devices Contractor owns, leases or possesses.

4. CONTRACTOR'S USE OF COUNTY INFORMATION

Contractor may use County Information only as necessary to carry out its obligations under the Contract. Contractor shall collect, maintain, or use County Information only for the purposes specified in the Contract and, in all cases, in compliance with all applicable local, state, and federal laws and regulations governing the collection, maintenance, transmission, dissemination, storage, use, and destruction of County Information, including, but not limited to, (i) any state and federal law governing the protection of personal Information, (ii)

any state and federal security breach notification laws, and (iii) the rules, regulations and directives of the Federal Trade Commission, as amended from time to time.

5. SHARING COUNTY INFORMATION AND DATA

Contractor shall not share, release, disclose, disseminate, make available, transfer, or otherwise communicate orally, in writing, or by electronic or other means, County Information to a third party for monetary or other valuable consideration.

6. CONFIDENTIALITY

- a. **Confidentiality of County Information.** Contractor agrees that all County Information is Confidential and proprietary to County regardless of whether such Information was disclosed intentionally or unintentionally, or marked as "confidential".
- b. **Disclosure of County Information.** Contractor may disclose County Information only as necessary to carry out its obligations under the Contract, or as required by law, and is prohibited from using County Information for any other purpose without the prior express written approval of County's contract administrator in consultation with County's Chief Information Security Officer and/or Chief Privacy Officer. If required by a court of competent jurisdiction or an administrative body to disclose County Information, Contractor shall notify County's contract administrator immediately and prior to any such disclosure, to provide County an opportunity to oppose or otherwise respond to such disclosure, unless prohibited by law from doing so.
- c. **Disclosure Restrictions of Non-Public Information.** While performing work under the Contract, Contractor may encounter County Non-public Information ("NPI") in the course of performing the Contract, including, but not limited to, licensed technology, drawings, schematics, manuals, sealed court records, and other materials described and/or identified as "Internal Use", "Confidential" or "Restricted" as defined in Board of Supervisors Policy 6.104 – Information Classification Policy as NPI. Contractor shall not disclose or publish any County NPI and material received or used in performance of the Contract. This obligation is perpetual.
- d. **Individual Requests.** Contractor shall acknowledge any request or instructions from County regarding the exercise of any individual's privacy rights provided under applicable federal or state laws. Contractor shall have in place appropriate policies and procedures to promptly respond to such requests and comply with any request or instructions from County within seven (7) calendar days. If an individual makes a request directly to Contractor involving County Information, Contractor shall notify County within five (5) calendar days and County will coordinate an appropriate response, which may include instructing Contractor to assist in fulfilling the request. Similarly, if Contractor receives a privacy or security complaint from an individual regarding County Information, Contractor shall notify County as described in Section 14 SECURITY AND PRIVACY INCIDENTS, and County will coordinate an appropriate response.
- e. **Retention of County Information.** Contractor shall not retain any County Information for any period longer than necessary for Contractor to fulfill its obligations under the Contract and applicable law, whichever is longest.

7. CONTRACTOR EMPLOYEES

Contractor shall perform background and security investigation procedures in the manner prescribed in this section unless the Contract prescribes procedures for conducting background and security investigations that are no less stringent than the procedures described in this section.

To the extent permitted by applicable law, Contractor shall screen and conduct background investigations on all Contractor employees and Subcontractors as appropriate to their role for potential security Risks. Contractor, in compliance with its legal obligations, shall conduct an individualized assessment (or seek written assurances from Subcontractors) of their employees, agents, and volunteers regarding the nature and gravity of a criminal offense or conduct; the time that has passed since a criminal offense or conduct and completion of the sentence; and the nature of the access to County Information to ensure that no individual accesses County Information whose past criminal conduct poses a risk or threat to County Information.

Contractor shall require all employees, agents, and volunteers to abide by the requirements in this Exhibit, as set forth in the Contract, and sign an appropriate written Confidentiality/non-disclosure agreement with

Contractor.

Contractor shall supply each of its employees with appropriate, annual training regarding Information Security procedures, Risks and Threats. Contractor agrees that training will cover, but may not be limited to the following topics:

- a) **Secure Authentication:** The importance of utilizing secure authentication, including proper management of authentication credentials (login name and password) and multi-factor authentication.
- b) **Social Engineering Attacks:** Identifying different forms of social engineering including, but not limited to, phishing, phone scams, and impersonation calls.
- c) **Handling of County Information:** The proper identification, storage, transfer, archiving, and destruction of County Information.
- d) **Causes of Unintentional Information Exposure:** Provide awareness of causes of unintentional exposure of Information such as lost mobile devices, emailing Information to inappropriate recipients, etc.
- e) **Identifying and Reporting Incidents:** Awareness of the most common indicators of an Incident and how such indicators should be reported within the organization.
- f) **Privacy:** Contractor's Privacy Policies and procedures as described in Section 2b. Privacy Program.

Contractor shall have an established set of procedures to ensure Contractor's employees promptly report actual and/or suspected breaches of security.

8. SUBCONTRACTORS AND THIRD PARTIES

County acknowledges that in the course of performing its services, Contractor may desire or require the use of goods, services, and/or assistance of Subcontractors or other third parties or suppliers. The terms of this Exhibit shall also apply to all Subcontractors and third parties. Contractor or third party shall be subject to the following terms and conditions: (i) each Subcontractor and third party must agree in writing to comply with and be bound by the applicable terms and conditions of this Exhibit, both for itself and to enable Contractor to be and remain in compliance with its obligations hereunder, including those provisions relating to Confidentiality, Integrity, Availability, disclosures, security, and such other terms and conditions as may be reasonably necessary to effectuate the Contract including this Exhibit; and (ii) Contractor shall be and remain fully liable for the acts and omissions of each Subcontractor and third party, and fully responsible for the due and proper performance of all Contractor obligations under the Contract.

Contractor shall obtain advance written approval from County's Chief Information Security Officer and/or Chief Privacy Officer, or authorized designee(s), prior to subcontracting any services subject to this Exhibit.

9. STORAGE AND TRANSMISSION OF COUNTY INFORMATION

All County Information shall be rendered unusable, unreadable, or indecipherable to unauthorized individuals. Without limiting the generality of the foregoing, Contractor will encrypt all workstations, portable devices (such as mobile, wearables, tablets,) and removable media (such as portable or removable hard disks, floppy disks, USB memory drives, CDs, DVDs, magnetic tape, and all other removable storage media) that store County Information in accordance with Federal Information Processing Standard (FIPS) 140-2 or otherwise approved by County's Chief Information Security Officer.

Contractor shall encrypt County Information transmitted on networks outside of Contractor's control with Transport Layer Security (TLS) 1.2 or higher or Internet Protocol Security (IPSec), at a minimum cipher strength of 128 bit or an equivalent secure transmission protocol or method approved by County's Chief Information Security Officer, or authorized designee.

In addition, Contractor shall not store County Information in the cloud or in any other online storage provider without written authorization from County's Chief Information Security Officer. All mobile devices storing County Information shall be managed by a Mobile Device Management system. Such system must provide provisions to enforce a password/passcode on enrolled mobile devices. All workstations/Personal Computers (including laptops, 2-in-1s, and tablets) will maintain the latest operating system security patches, and the latest virus definitions. Virus scans must be performed at least monthly or Contractor shall employ real-time monitoring and behavioral analysis of files with scanning occurring when files are accessed or written to.

Request for less frequent scanning must be approved in writing by County's Chief Information Security Officer.

Furthermore, the hosting environment for storing County Information under the Contract shall be subject to County's approval. Contractor shall also obtain County's approval prior to transitioning data to a different hosting environment by providing, among others, the name of the new hosting environment provider(s), the applicable certifications and the service levels. Contractor warrants and agrees that, notwithstanding County's approval of any changes in the hosting environment, such changes shall not impact Contractor's compliance with the provisions of this Exhibit or performance under the Contract.

10. RETURN OR DESTRUCTION OF COUNTY INFORMATION

Contractor shall return or destroy County Information in the manner prescribed in this section unless the Contract prescribes procedures for returning or destroying County Information and those procedures are no less stringent than the procedures described in this section.

- a. **Return or Destruction.** Upon County's written request, or upon expiration or termination of the Contract for any reason, Contractor shall (i) promptly return or destroy, at County's option, all originals and copies of all documents and materials it has received containing County Information; or (ii) if return or destruction is not permissible under applicable law, continue to protect such Information in accordance with the terms of the Contract; and (iii) deliver or destroy, at County's option, all originals and copies of all summaries, records, descriptions, modifications, negatives, drawings, adoptions and other documents or materials, whether in writing or in machine-readable form, prepared by Contractor, prepared under its direction, or at its request, from the documents and materials referred to in Subsection (i) of this Section. For all documents or materials referred to in Subsections (i) and (ii) of this Section that County requests be returned to County, Contractor shall provide a written attestation on company letterhead certifying that all documents and materials have been delivered to County. For documents or materials referred to in Subsections (i) and (ii) of this Section that County requests be destroyed, Contractor shall provide an attestation on company letterhead and certified documentation from a media destruction firm consistent with subdivision b of this Section. Upon termination or expiration of the Contract or at any time upon County's request, Contractor shall return all hardware, if any, provided by County to Contractor. The hardware should be physically sealed and returned via a bonded courier or as otherwise directed by County.
- b. **Method of Destruction.** Contractor shall destroy all originals and copies by (i) cross-cut shredding paper, film, or other hard copy media so that the Information cannot be read or otherwise reconstructed; and (ii) purging, or destroying electronic media containing County Information consistent with NIST Special Publication 800-88, "Guidelines for Media Sanitization" such that County Information cannot be retrieved. Contractor will provide an attestation on company letterhead and certified documentation from a media destruction firm, detailing the destruction method used and County Information involved, the date of destruction, and the company or individual who performed the destruction. Such statement will be sent to the designated County contract manager within ten (10) days of termination or expiration of the Contract or at any time upon County's request. On termination or expiration of the Contract, County will return or destroy all Contractor's Information marked as confidential (excluding items licensed to County hereunder, or that provided to County by Contractor hereunder), at County's option.

11. PHYSICAL AND ENVIRONMENTAL SECURITY

All Contractor facilities that process County Information will be located in secure areas and protected by perimeter security such as barrier access controls (e.g., the use of guards and entry badges) that provide a physically secure environment from unauthorized access, damage, and interference.

All Contractor facilities that process County Information will be maintained with physical and environmental controls (temperature and humidity) that meet or exceed hardware manufacturer's specifications.

12. OPERATIONAL MANAGEMENT, BUSINESS CONTINUITY AND DISASTER RECOVERY

Contractor shall: (i) monitor and manage all of its Information processing facilities, including, without limitation, implementing operational procedures, change management, and Incident response procedures consistent with Section 14 SECURITY AND PRIVACY INCIDENTS; and (ii) deploy adequate anti-malware software and adequate back-up systems to ensure essential business Information can be promptly recovered in the event of a disaster or media failure; and (iii) ensure its operating procedures are adequately documented and

designed to protect Information and computer media from theft and unauthorized access.

Contractor shall also maintain and provide business continuity and disaster recovery plans. These plans must include a geographically separate back-up data center and a formal framework by which an unplanned event will be managed to minimize the loss of County Information and services. The formal framework includes a defined back-up policy and associated procedures, including documented policies and procedures designed to: (i) perform back-up of data to a remote back-up data center in a scheduled and timely manner; (ii) provide effective controls to safeguard backed-up data; (iii) securely transfer County Information to and from back-up location; and (iv) fully restore applications and operating systems. If Contractor makes backups to removable media (as described in Section 9 STORAGE AND TRANSMISSION OF COUNTY INFORMATION), all such backups shall be encrypted in compliance with the encryption requirements noted above in Section 9 STORAGE AND TRANSMISSION OF COUNTY INFORMATION.

13. ACCESS CONTROL

Subject to and without limiting the requirements under Section 9 STORAGE AND TRANSMISSION OF COUNTY INFORMATION, County Information (i) may only be made available and accessible to those parties explicitly authorized under the Contract or otherwise expressly approved by County's Project Director or County's Project Manager in writing; and (ii) if transferred using removable media (as described in Section 9 STORAGE AND TRANSMISSION OF COUNTY INFORMATION) must be sent via a bonded courier and protected using encryption technology designated by Contractor and approved by County's Chief Information Security Officer, or authorized designee, in writing. The foregoing requirements shall apply to back-up media stored by Contractor at off-site facilities.

Contractor shall implement formal procedures to control access to County systems, services, and/or Information, including, but not limited to, user account management procedures and the following controls:

- a. Network access to both internal and external networked services shall be controlled, including, but not limited to, the use of industry standard and properly configured firewalls;
- b. Operating systems will be used to enforce access controls to computer resources, which shall include without limitation multi-factor authentication, use of virtual private networks (VPN), authorization and event logging;
- c. Contractor will conduct regular, no less frequently than semi-annually, user access reviews to ensure that unnecessary and/or unused access to County Information is removed in a timely manner;
- d. Applications will include access control to limit user access to County Information and application system functions;
- e. All systems will be monitored to detect deviation from access control policies and identify suspicious activity. Contractor shall record, review and act upon all events in accordance with Incident response policies set forth in Section 14 SECURITY AND PRIVACY INCIDENTS; and
- f. In the event any hardware, storage media, or removable media (as described in Section 9 STORAGE AND TRANSMISSION OF COUNTY INFORMATION) must be disposed of or sent off-site for servicing, Contractor shall ensure that all County Information, has been eradicated from such hardware and/or media using industry best practices as discussed in Section 9 STORAGE AND TRANSMISSION OF COUNTY INFORMATION.

14. SECURITY AND PRIVACY INCIDENTS

In the event of a Security or Privacy Incident, Contractor shall:

- a. Promptly notify the Department of Health Services ("DHS") Chief Information Security Officer, the Departmental Information Security Officer and the DHS Chief Privacy Officer of any Incidents involving County Information, within twenty-four (24) hours of detection of the Incident. All notifications shall be submitted via encrypted email and telephone to the following:

DHS Chief Information Security Officer and DHS Chief Privacy Officer:

via the Enterprise Help Desk at helpdesk@dhs.lacounty.gov and by phone at (323) 409-8000.

DHS Chief Information Security Officer:

Jeff Zito
jzito@dhs.lacounty.gov

DHS Chief Privacy Officer:

Jennifer Papp, RD, CHPC
jpapp@dhs.lacounty.gov

Departmental Information Security Officer:

Vahe Haratounian
vharatounian@dhs.lacounty.gov

County Chief Information Security Officer and Chief Privacy Officer email

CISO-CPO_Notify@lacounty.gov

- b. Include the following Information in all notices:
 - i. The date and time of discovery of the Incident,
 - ii. The approximate date and time of the Incident,
 - iii. A description of the type of County Information involved in the reported Incident, and
 - iv. A summary of the relevant facts, including a description of measures being taken to respond to and remediate the Incident, and any planned corrective actions as they are identified.
 - v. The name and contact information for the organizations official representative(s), with relevant business and technical information relating to the incident.
- c. Cooperate with County to investigate the Incident and seek to identify the specific County Information involved in the Incident upon County's written request, without charge, unless the Incident was caused by the acts or omissions of County. As Information about the Incident is collected or otherwise becomes available to Contractor, and unless prohibited by law, Contractor shall provide Information regarding the nature and consequences of the Incident that are reasonably requested by County to allow County to notify affected individuals, government agencies, and/or credit bureaus.
- d. Immediately initiate the appropriate portions of its Business Continuity and/or Disaster Recovery plans in the event of an Incident causing an interference with Information Technology operations.
- e. Assist and cooperate with forensic investigators, County, law firms, and and/or law enforcement agencies at the direction of County to help determine the nature, extent and source of any Incident and reasonably assist and cooperate with County on any additional disclosures that County is required to make as a result of the Incident.
- f. Allow County or its third-party designee at County's election to perform a review of documentation, as they relate to the receipt, maintenance, use, retention and authorized destruction of County Information.

Unless otherwise contradicted in the Contract, Contractor shall be (i) liable for all damages and fines, (ii) responsible for all corrective action, and (iii) responsible for all notifications arising from an Incident involving County Information caused by the Contractor.

15. NON-EXCLUSIVE EQUITABLE REMEDY

Contractor acknowledges and agrees that due to the unique nature of County Information there can be no adequate remedy at law for any breach of its obligations hereunder, that any such breach may result in irreparable harm to County, and therefore, that upon any such breach, County will be entitled to appropriate equitable remedies, and may seek injunctive relief from a court of competent jurisdiction without the necessity of proving actual loss, in addition to whatever remedies are available within law or equity. Any material breach of Section 6 CONFIDENTIALITY shall constitute a material breach of the Contract and be grounds for immediate termination of the Contract in the exclusive discretion of County.

16. AUDIT AND INSPECTION

- a. **Self-Audits.** Contractor shall periodically conduct audits, assessments, testing of the system of controls, and testing of Information Security and privacy procedures, including penetration testing, intrusion detection, and firewall configuration reviews. These periodic audits will be conducted by staff certified to perform the specific audit in question at Contractor's sole cost and expense through either (i) an internal independent audit function, (ii) a nationally recognized, external, independent auditor, or (iii) another independent auditor approved by County.

Contractor shall have a process for correcting control deficiencies that have been identified in the periodic audit, including follow up documentation providing evidence of such corrections. Contractor shall provide a summary of the audit results and a summary of the corrective action documentation to County promptly upon its completion at County's request. With respect to any other report, certification, or audit or test results prepared or received by Contractor that contains any County Information, Contractor shall promptly provide County with copies of the same upon County's reasonable request, including identification of any failure or exception in Contractor's Information systems, products, and services, and the corresponding steps taken by Contractor to mitigate such failure or exception. Any reports and related materials provided to County pursuant to this Section shall be provided at no additional charge to County.

- b. **County Requested Audits.** At its own expense, County or an independent third-party auditor commissioned by County shall have the right to audit Contractor's external-facing security and privacy policies. Upon County's request, but no more than once annually unless required for investigating an incident or a breach, Contractor shall complete a questionnaire regarding Contractor's Information Security and/or program. If the audit reveals material non-compliance with this Exhibit, County may exercise its termination rights underneath the Contract.

Such audit shall be conducted during Contractor's normal business hours with reasonable advance notice, in a manner that does not materially disrupt or otherwise unreasonably and adversely affect Contractor's normal business operations. County's request for the audit will specify the scope and areas (e.g., Administrative, Physical, and Technical) that are subject to the audit and may include, but are not limited to the policies and procedures related to: physical controls inspection, process reviews, policy reviews, evidence of external and internal Vulnerability scans, penetration test results, evidence of code reviews, and evidence of system configuration and audit log reviews. Contractor agrees to comply, within acceptable reasonable timeframes, with all reasonable recommendations that result from such inspections, tests and audits.

When not prohibited by regulation, Contractor will provide to County a summary of: (i) the results of any security audits, security reviews, or other relevant audits, conducted by Contractor or a third party; and (ii) corrective actions or modifications, if any, Contractor will implement in response to such audits.

17. CYBER LIABILITY INSURANCE

Contractor shall secure and maintain cyber liability insurance coverage in the manner prescribed in this section unless the Contract prescribes cyber liability insurance coverage provisions and those provisions are no less stringent than those described in this section.

Contractor shall secure and maintain cyber liability insurance coverage with limits of at least \$10,000,000 per occurrence and in the aggregate during the term of the Contract, including coverage for: network security liability; privacy liability; privacy regulatory proceeding defense, response, expenses and fines; technology professional liability (errors and omissions); privacy breach expense reimbursement (liability arising from the loss or disclosure of County Information no matter how it occurs); system breach; denial or loss of service; introduction, implantation, or spread of malicious software code; unauthorized access to or use of computer systems; and Data/Information loss and business interruption; any other liability or risk that arises out of Contract. The procuring of the insurance described herein, or delivery of the certificates of insurance described herein, shall not be construed as a limitation upon Contractor's liability or as full performance of its indemnification obligations hereunder. No exclusion/restriction for unencrypted portable devices/media may be on the policy.

18. PRIVACY AND SECURITY INDEMNIFICATION

Subject to any limitation of liability in the Contract, Contractor agrees to indemnify, defend, and hold harmless County, its Special Districts, elected and appointed officers, agents, employees, and volunteers from and against any and all claims, demands liabilities, damages, judgments, awards, losses, costs, expenses or fees including reasonable attorneys' fees, accounting and other expert, consulting or professional fees, and amounts paid in any settlement arising from:

- Contractor's violation of any federal and state laws in connection with its accessing, collecting, processing, storing, disclosing or otherwise using County Information;
- Contractor's failure to perform or comply with any terms and conditions of the Contract or related agreements with County; and/or,
- Any Information loss, breach of Confidentiality, or Incident involving any County Information that occurs on the Contractor's systems or networks (including all costs and expenses incurred by County to remedy the effects of such loss, breach of Confidentiality, or Incident, which may include (i) providing appropriate notice to individuals and governmental authorities, (ii) responding to individuals' and governmental authorities' inquiries, (iii) providing credit monitoring to individuals, and (iv) conducting litigation and settlements with individuals and governmental authorities). Notwithstanding the preceding sentences, 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 a 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 to 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.

Contract No.: H-701910

HIPAA COMPLIANT 270/271 ELIGIBILITY RESPONSE SOFTWARE AGREEMENT

Amendment No. 7

THIS AMENDMENT is made and entered into this [redacted] day of [redacted], 2024 (“**Amendment Effective Date**”),

By and between

COUNTY OF LOS ANGELES
(hereafter “**County**”),

And

**PROVIDER ADVANTAGE, NW
INC.**
(hereafter “**Contractor**”)

Business Address:

1 SW Columbia Street, Suite 550
Portland, OR 97258-2015

WHEREAS, reference is made to that certain document entitled “HIPAA Compliant 270/271 Eligibility Response Software Agreement”, dated March 21, 2006, and further identified as Agreement No.: H-701910, including any amendments and any other modifications thereto (cumulatively hereafter referred to as “**Agreement**”); and

WHEREAS, on [redacted], the Board of Supervisors (Board) delegated authority to the Director of the Department of Health Services or designee to extend the agreement term to December 31, 2026, with up to three (3) additional one (1) year automatic renewal periods through December 31, 2029; and

WHEREAS, it is the intent of the parties to amend the Agreement to: (i) extend its term through December 31, 2026, and provide County with the sole option to extend the term three (3) times by twelve (12) months each time, such that if all three (3) additional twelve (12) month renewal options are exercised by County, the Agreement will expire on December 31, 2029; and (ii) provide for the other changes set forth herein; and

WHEREAS, the Agreement provides that changes in accordance to Paragraph 7, Change Notices and Amendments, may be made in the form of an Amendment which is formally approved and executed by the parties; and

WHEREAS, the Contractor warrants that it possesses the competence, expertise and personnel necessary to provide services consistent with the requirements of the Agreement, as amended herein, and consistent with the professional standard of care for these services.

NOW, THEREFORE, THE PARTIES HERETO AGREE AS FOLLOWS:

1. This Amendment shall commence and be effective upon the Amendment Effective Date.
2. The Agreement, Paragraph 5.1, is deleted in its entirety and replaced as follows:

“5.1 The term of this Agreement shall commence on March 21, 2006, and continue in full force and effect through December 31, 2026, with up to three (3) additional one (1) year automatic renewal periods, such that if all three (3) additional one (1) year renewal options are exercised by County, the Agreement will expire on December 31, 2029, unless sooner terminated or extended, in whole or in part, as provided in this Agreement.”

3. The Agreement, Sub-paragraph 8.2, MAXIMUM CONTRACT SUM, is amended to delete Sub-paragraph 8.2.1 in its entirety and replace it with the following:

“8.2.1 The revised Contract Sum for all services for the period March 21, 2006 to December 31, 2026, and the three (3) optional one (1) year extension periods, including all applicable taxes, authorized by County hereunder shall not exceed \$17,132,837 for the entire term of the Agreement, which includes \$23,747 in Pool Dollars and the three (3) optional one (1) year periods, in accordance with Schedule B-5, Schedule of Payments. This maximum obligation 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 under this Agreement. All work completed by Contractor must be approved in writing by County. If County does not approve work in writing, no payment shall be due to Contractor for that work.”

4. The Agreement, Sub-paragraph 15.3, INSURANCE COVERAGE REQUIREMENTS, is amended to delete Sub-paragraph 15.3.4, Professional/Cyber Liability in its entirety and replaced as follows:

“15.3.4 Professional/Cyber Liability- Errors and Omissions insurance covering Contractor's liability arising from or related to this Agreement, with limits of not less than \$5 million per occurrence and in the aggregate. Further, Contractor understands and agrees it shall maintain such coverage for a period of not less than two (2) years following this Agreement's expiration, termination or cancellation.”

5. The Agreement, Paragraph 57, NO PAYMENT FOR SERVICES PROVIDED FOLLOWING EXPIRATION/TERMINATION OF AGREEMENT, is deleted in its entirety and replaced as follows:

“57. NO PAYMENT FOR SERVICES PROVIDED FOLLOWING EXPIRATION/TERMINATION OF AGREEMENT

Except as set forth in Paragraph 78, CONTRACTOR’S CLOSE-OUT OBLIGATIONS, Contractor shall have no claim against County for payment of any money or reimbursement, of any kind whatsoever, for any service provided by Contractor after the expiration or other termination of this 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 the Agreement shall not constitute a waiver of County’s right to recover such payment from Contractor. This provision shall survive the expiration or other termination of this Agreement.”

6. The Agreement, Paragraph 77, SURVIVAL, is deleted in its entirety and replaced as follows:

“77. Survival

In addition to any provisions of this Agreement which specifically state that they will survive the termination or expiration of this Agreement and any rights and obligations under this Agreement which by their nature should survive, the following Paragraphs shall survive any termination or expiration of this Agreement:

Sub-paragraph 15.1 (Indemnification)

Sub-paragraph 15.2 (General Provisions for all Insurance Coverage), but only to the extent provided for by Paragraph 15 but only to the extent provided for by Paragraph 15.

Sub-paragraph 15.3 (Insurance Coverage), but for coverage requirements only to the extent provided for by Paragraph 15.

Paragraph 16 (Record Retention and Inspection/Audit Settlement) but only for the applicable retention period required under law or the Agreement.

Paragraph 21 (Compliance with Applicable Laws)

Paragraph 26 (Governing Law, Jurisdiction, and Venue)

Paragraph 35 (Confidentiality)

Paragraph 57 (No Payment for Services Provided Following Expiration/Termination of Agreement)

Paragraph 77 (Survival)

Paragraph 78 (Contractor's Close-Out Obligations), but only for the duration of close-out obligations.

Exhibit H-1 - Business Associate Under the Health Insurance Portability and Accountability Act of 1996 (HIPAA) until all Protected Health Information (PHI) or other covered data is either returned or destroyed in compliance with the HIPAA regulations or applicable law.

Exhibit I.1 - Information Security and Privacy Requirements but only until all data subject to these obligations has been returned, destroyed, or otherwise rendered inaccessible in compliance with applicable privacy laws.

Exhibit J - Contractor Acknowledgement and Confidentiality Agreement subject to the applicable duration of confidentiality requirements.

7. The Agreement, Paragraph 78, CONTRACTOR'S CLOSE-OUT OBLIGATIONS, shall be added and incorporated as follows:

“78. CONTRACTOR'S CLOSE-OUT OBLIGATIONS

Upon the expiration of this Agreement or its termination by either party for any reason, including the breach of this Agreement by the other party, the rights of County shall in any and all events be provided as set forth in this Paragraph 78, CONTRACTOR'S CLOSE-OUT OBLIGATIONS. Unless the parties have specifically agreed upon a termination transition plan prior to the time of termination (the “**Termination Transition Plan**”), the rights of County upon any termination, including any expiration, shall be as set forth in this Paragraph 78, CONTRACTOR'S CLOSE-OUT OBLIGATIONS. If a Termination Transition Plan has been agreed to, then the rights of County upon any expiration or termination of this Agreement shall be as set forth in the most recent County-approved Termination Transition Plan, and also as set forth in this Paragraph 78, CONTRACTOR'S CLOSE-OUT OBLIGATIONS. In the event of any inconsistency between this Paragraph 78, CONTRACTOR'S CLOSE-OUT OBLIGATIONS, and the applicable Termination Transition Plan, this Paragraph 78, CONTRACTOR'S CLOSE-OUT OBLIGATIONS, shall govern. If no Termination Transition Plan has been agreed to by the parties at the time of any expiration or termination of this Agreement, then Contractor shall continue to perform the services under the Agreement, at performance standards and service levels in effect at the time of termination or expiration, as well as the termination transition

services, which services shall be provided as set forth in this Paragraph 78, CONTRACTOR'S CLOSE-OUT OBLIGATIONS. Contractor shall provide County with all of the services and all of the termination transition services as provided in this Paragraph 78, CONTRACTOR'S CLOSE-OUT OBLIGATIONS, and in the then most recent version of the Termination Transition Plan, if any. The duty of Contractor to provide such services shall be conditioned on County continuing to comply with its obligations under the Agreement, including payment of all fees. Contractor shall have no right to withhold or limit its performance or any of such termination transition services on the basis of any alleged breach of this Agreement by County, other than a failure by County to timely pay the amounts due hereunder during the termination transition period. County shall have the right to seek specific performance of this Paragraph 78, CONTRACTOR'S CLOSE-OUT OBLIGATIONS, in any court of competent jurisdiction and Contractor hereby waives any defense that damages are an adequate remedy. Compliance with this Paragraph 78, CONTRACTOR'S CLOSE-OUT OBLIGATIONS, by either party shall not constitute a waiver or estoppel with regard to any rights or remedies available to the parties. Contractor will (a) meet with County as soon as practicable after a notice of termination or notice of a decision to not extend this Agreement has been given, to discuss any potential modifications to the then most current Termination Transition Plan, if any; (b) use all commercially reasonable efforts to assist County in effecting a transition of the services provided by Contractor hereunder, in accordance with Contractor's best practices, to County or another vendor chosen by County; and (c) be compensated for transition-related services and costs by payment by County in accordance with the rates set forth in this Agreement or at Contractor's then current rate for the applicable service if not set forth in this Agreement. Contractor will provide termination transition services for a period defined in the Termination Transition Plan, if any, but in no event less than six (6) months following the expiration or termination of this Agreement. Thereafter, Contractor shall provide extensions of termination transition services as requested by County in serial thirty (30) calendar day extension terms for up to an additional six (6) months. The total period of termination transition services, including all extensions provided for herein, shall not exceed twelve (12) months."

8. The Agreement, Paragraph 79, TERMINATION FOR IMPROPER CONSIDERATION, shall be added and incorporated as follows:

"79. TERMINATION FOR IMPROPER CONSIDERATION

79.1 The County may, by written notice to the Contractor, immediately terminate the right of the Contractor to proceed under this Agreement if it is found that consideration, in any form, was offered or given by the Contractor, either directly or through an intermediary, to any County officer, employee, or agent with the intent of securing the 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 the Contractor's performance pursuant to the Agreement. In the event of such termination, the County will be entitled to pursue the same remedies against the Contractor as it could pursue in the event of default by the Contractor.

79.2 The Contractor must immediately report any attempt by a County officer, employee, or agent to solicit such improper consideration. The report must be made to the Los Angeles County Fraud Hotline at (800) 544-6861 or <https://fraud.lacounty.gov/>.

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

9. The Agreement, Paragraph 80, COMPLIANCE WITH COUNTY'S WOMEN IN TECHNOLOGY HIRING INITIATIVE, shall be added and incorporated as follows:

"80. COMPLIANCE WITH COUNTY'S WOMEN IN TECHNOLOGY HIRING INITIATIVE

At the direction of the Board, the County has established a "Women in Technology" (WIT) Hiring Initiative focused on recruiting, training, mentoring and preparing all genders, including women, at-risk youth, and underrepresented populations (program participants) for County Information Technology (IT) careers. In support of the subject initiative, IT contractors currently offering certification, training, and/or mentoring programs must make such program(s) available to WIT program participants, if feasible. Contractors must report such programs available to: WITProgram@isd.lacounty.gov."

10. The Agreement, Paragraph 81, CAMPAIGN CONTRIBUTION PROHIBITION FOLLOWING FINAL DECISION IN CONTRACT PROCEEDING, shall be added and incorporated as follows:

"81. CAMPAIGN CONTRIBUTION PROHIBITION FOLLOWING FINAL DECISION IN CONTRACT PROCEEDING

Pursuant to Government Code Section 84308, Contractor and its Subcontractors, are prohibited from making a contribution of more than \$250 to a County officer for twelve (12) months after the date of the final decision in the proceeding involving this Agreement. Failure to comply with the provisions of Government Code Section 84308 and of this paragraph, may be a material breach of this Agreement as determined in the sole discretion of the County."

11. The Agreement, Paragraph 82, PROHIBITION FROM PARTICIPATION IN FUTURE SOLICITATION(S), shall be added and incorporated as follows:

"82. PROHIBITION FROM PARTICIPATION IN FUTURE SOLICITATION(S)

A Proposer, or a Contractor or its subsidiary or Subcontractor ("Proposer/Contractor"), is prohibited from submitting a bid or proposal in a County solicitation if the Proposer/Contractor has provided advice or consultation for the solicitation. A Proposer/ Contractor is also prohibited from submitting a bid or proposal in a County solicitation if the Proposer/Contractor has developed or prepared any of the solicitation materials on behalf of the County. A violation of this provision shall result in the disqualification of the Proposer/Contractor from participation in the County solicitation or the termination or cancellation of any resultant County contract. This provision shall survive the expiration, or other termination of this Agreement."

12. The Agreement, Paragraph 83, COMPLIANCE WITH THE COUNTY POLICY OF EQUITY, shall be added and incorporated as follows:

"83. COMPLIANCE WITH THE COUNTY POLICY OF EQUITY

The Contractor acknowledges that the County takes its commitment to preserving the dignity and professionalism of the workplace very seriously, as set forth in the County Policy of Equity (CPOE) (<https://ceop.lacounty.gov/>). The Contractor further acknowledges that the County strives to provide a workplace free from discrimination, harassment, retaliation and inappropriate conduct based on a protected characteristic, and which may violate the CPOE. The Contractor, including its employees and subcontractors, acknowledges and certifies receipt and understanding of the CPOE. Failure of the Contractor, its employees or its subcontractors to uphold the County's expectations of a workplace in California free from harassment and discrimination, including inappropriate conduct based on a protected characteristic, may subject the Contractor to termination of contractual agreements as well as civil liability."

13. The Agreement, Paragraph 84, COMPLIANCE WITH FAIR CHANCE EMPLOYMENT PRACTICES, shall be added and incorporated as follows:

"84. COMPLIANCE WITH FAIR CHANCE EMPLOYMENT PRACTICES

Contractor shall comply with any applicable fair chance employment hiring practices set forth in California Government Code Section 12952, Employment Discrimination: Conviction History. Contractor's violation of

this Sub-paragraph of the Agreement may constitute a material breach of the Agreement. In the event of such material breach, the County may, in its sole discretion, terminate the Agreement.”

14. The Agreement, Paragraph 85, FORCE MAJEURE, shall be added and incorporated as follows:

“85. FORCE MAJEURE

Neither party shall be liable for any failure or delay in performance under this Agreement to the extent said failures or delays are proximately caused by causes beyond that party's reasonable control and occurring without its fault or negligence, including, without limitation, acts of God, wars, riots, national emergencies, pandemics, strikes, lockouts, shortages of materials, or failure of power or communications systems (each, a force majeure event), provided that the party whose performance is affected gives prompt written notice to the other party of the force majeure event. Dates by which performance obligations are scheduled to be met will be extended for a period of time equal to the time lost due to any delay so caused. In the event Contractor's failure to perform arises out of a force majeure event, Contractor agrees to use reasonable efforts to obtain goods or services from other sources, if applicable and commercially feasible, and to take reasonable steps to mitigate the damages and reduce the delay caused by such force majeure event. Any actions taken by Contractor under this clause shall be subject to the limitations of liability set forth elsewhere in this Agreement.”

15. All references to “Los Angeles County+USC Medical Center,” “LAC+USC,” and “LAC+USCMC” under the Agreement shall mean Los Angeles General Medical Center.
16. The Agreement, Exhibit B-4, Schedule of Payments, is deleted in its entirety and replaced by Exhibit B-5, Schedule of Payments, attached hereto and incorporated herein by reference. All references to Exhibit B-4 in the Agreement shall hereafter be replaced by Exhibit B-5.
17. The Agreement, Exhibit 1.1, Information Security and Privacy Requirements is deleted in its entirety and replaced by Exhibit 1.1-1, Information Security and Privacy Requirements, attached hereto and incorporated herein by reference.
18. Except for the changes set forth hereinabove, the Agreement shall not be changed in any respect by this Amendment.

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

COUNTY OF LOS ANGELES

By: _____ for
Christina R. Ghaly, M.D.
Director of the Los Angeles County
Department of Health Services

CONTRACTOR

PROVIDER ADVANTAGE, NW INC.

By: _____
Signature

Printed Name

Title

APPROVED AS TO FORM ONLY
BY THE OFFICE OF THE
COUNTY COUNSEL



EXHIBIT B-5 (SCHEDULE OF PAYMENTS)

TO THE

HIPAA COMPLIANT 270/271 ELIGIBILITY RESPONSE
SOFTWARE AGREEMENT

**Exhibit B-5
SCHEDULE OF PAYMENTS**

CHART I.

Provider Advantage NW, Inc. Agreement H-701910
4/1/2012-12/31/2017

I. 270/271

Deliverable No.	Deliverable Title	4/1/2006-3/31/2009	4/1/2009-3/31/2010	4/1/2010-3/31/2011	4/1/2011-6/30/2011	FY 11-12		FY 12-13	FY 13-14		FY 14-15	FY 15-16	FY 16-17	7/1/2017-12/31/2017	GRAND TOTAL
						7/1/2011-3/31/2012	4/1/2012-6/30/2012	7/1/2012-6/30/2013	7/1/2013-3/31/2014	4/1/2014-6/30/2014	7/1/2014-6/30/2015	7/1/2015-6/30/2016	7/1/2016-6/30/2017		
1	System Maintenance (1)	\$744,000	\$240,000	\$240,000	\$63,000	\$189,000	\$69,458	\$264,600	\$208,373	\$69,456	\$277,830	\$277,830	\$277,830	\$138,912	\$3,060,289
1.a	Interface Upgrade and Replacement	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$14,200	\$4,200	\$16,800	\$0	\$0	\$0	\$35,200
2	Clearing House Eligibility Transactions (2)	\$22,500	\$7,500	\$7,500	\$1,875	\$5,625	\$1,875	\$7,500	\$5,625	\$1,875	\$7,500	\$7,500	\$7,500	\$3,750	\$88,125
3	Transaction Processing After Design Limits (3)	\$80,100	\$1,000	\$1,000	\$0	\$1,000	\$250	\$404,809	\$347,007	\$115,419	\$461,676	\$461,676	\$461,676	\$230,838	\$2,566,451
4	Professional Services Fees (4)	\$97,200	\$42,000	\$44,100	\$3,150	\$43,150	\$12,150	\$98,600	\$38,950	\$12,501	\$50,000	\$50,000	\$50,000	\$25,002	\$566,803
5	On Site Training as Needed (5)	\$21,900	\$14,000	\$14,000	\$0	\$14,000	\$3,500	\$14,000	\$10,500	\$3,501	\$14,000	\$14,000	\$14,000	\$7,002	\$144,403
6	Pool Dollars	\$3,000	\$1,000	\$1,000	\$0	\$1,000	\$250	\$1,000	\$750	\$249	\$1,000	\$1,000	\$1,000	\$498	\$11,747
	Total	\$968,700	\$305,500	\$307,600	\$68,025	\$253,775	\$87,483	\$790,509	\$625,405	\$207,201	\$828,806	\$812,006	\$812,006	\$406,002	\$6,473,018

II. DEMOGRAPHIC AND ADDRESS VALIDATION

Deliverable No.	Deliverable Title	4/1/2006-3/31/2009	4/1/2009-3/31/2010	4/1/2010-3/31/2011	4/1/2011-6/30/2011	FY 11-12		FY 12-13	FY 13-14		FY 14-15	FY 15-16	FY 16-17	7/1/2017-12/31/2017	GRAND TOTAL
						7/1/2011-3/31/2012	4/1/2012-6/30/2012	7/1/2012-6/30/2013	7/1/2013-3/31/2014	4/1/2014-6/30/2014	7/1/2014-6/30/2015	7/1/2015-6/30/2016	7/1/2016-6/30/2017		
7	Professional Services Fees (4)	\$0	\$0	\$0	\$0	\$0	\$0	\$10,067	\$22,281	\$0	\$0	\$0	\$0	\$0	\$32,348
8	On Site Training as Needed (5)	\$0	\$0	\$0	\$0	\$0	\$0	\$6,000	\$6,000	\$2,000	\$6,000	\$6,000	\$6,000	\$3,000	\$35,000
9	Minimum Address Validation Subscription	\$0	\$0	\$0	\$0	\$0	\$0	\$12,075	\$15,525	\$4,680	\$20,700	\$20,700	\$20,700	\$10,350	\$104,730
10	Minimum Demographic Validation Subscription	\$0	\$0	\$0	\$0	\$0	\$0	\$10,500	\$21,900	\$7,200	\$30,000	\$30,000	\$30,000	\$15,000	\$144,600
11	Software License	\$0	\$0	\$0	\$0	\$0	\$0	\$35,000	\$0	\$0	\$0	\$0	\$0	\$0	\$35,000
12 & 13	Transaction Processing After Limits	\$0	\$0	\$0	\$0	\$0	\$0	\$12,075	\$0	\$16,231	\$84,150	\$84,150	\$84,150	\$42,078	\$322,834
	Total							\$85,717	\$65,706	\$30,111	\$140,850	\$140,850	\$140,850	\$70,428	\$674,512

III. GRAND TOTAL

Grand Total	4/1/2006-3/31/2009	4/1/2009-3/31/2010	4/1/2010-3/31/2011	4/1/2011-6/30/2011	FY 11-12		FY 12-13	FY 13-14		FY 14-15	FY 15-16	FY 16-17	7/1/2017-12/31/2017	GRAND TOTAL
					7/1/2011-3/31/2012	4/1/2012-6/30/2012	7/1/2012-6/30/2013	7/1/2013-3/31/2014	4/1/2014-6/30/2014	7/1/2014-6/30/2015	7/1/2015-6/30/2016	7/1/2016-6/30/2017		
	\$968,700	\$305,500	\$307,600	\$68,025	\$253,775	\$87,483	\$876,226	\$691,111	\$237,312	\$969,656	\$952,856	\$952,856	\$476,430	\$7,147,530

CHART II.

Provider Advantage NW, Inc. Agreement H-701910
1/1/2018-12/31/2029

I. 270/271, ADDRESS AND DEMOGRAPHIC VALIDATION, AND GRAND TOTAL

Deliverable No.	Deliverable Title	1/1/2018-12/31/2018	1/1/2019-12/31/2019	1/1/2020-12/31/2020	1/1/2021-12/31/2021	1/1/2022-12/31/2022	1/1/2023-12/31/2023	1/1/2024-12/31/2024	AMENDMENT #6 TOTAL	1/1/2025-12/31/2025	1/1/2026-12/31/2026	1/1/2027-12/31/2027 (Optional)	1/1/2028-12/31/2028 (Optional)	1/1/2029-12/31/2029 (Optional)	AMENDMENT #7 TOTAL	PRIOR YEARS (4/1/2006-12/31/2017)	CONTRACT GRAND TOTAL
1	System Maintenance (1)	\$660,000	\$679,800	\$700,194	\$721,200	\$742,836	\$742,836	\$742,836	\$4,989,702	\$782,621	\$782,621	\$806,100	\$830,283	\$855,191	\$4,056,816	\$3,060,289	\$12,106,807
1.a	Interface Upgrade and Replacement	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$35,200	\$35,200
2	Eligibility Transactions (2)	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$52,500	\$0	\$0	\$0	\$0	\$0	\$0	\$88,125	\$140,625
3	Transaction Processing After Limits (3)	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$70,000	Based on actual usage	Based on actual usage	Based on actual usage	Based on actual usage	Based on actual usage	Based on actual usage	\$2,566,451	\$2,636,451 and based on actual usage
4	Professional Services Fees (4)	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$350,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$250,000	\$566,803	\$1,166,803
5	On Site Training as Needed (5)	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$98,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$70,000	\$144,403	\$312,403
6	Pool Dollars	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$7,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$5,000	\$11,747	\$23,747
7	Professional Services Fees (4) AVDV	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$32,348	\$32,348
8	On Site Training as Needed (5) AVDV	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$35,000	\$35,000
9	Address Validation (7)	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$35,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$25,000	\$104,730	\$164,730
10	Demographic Validation (8)	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$70,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$50,000	\$144,600	\$264,600
11	Software License AVDV	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$35,000	\$35,000
12 & 13	Transaction Processing After Limits	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$322,834	\$322,834
	Total	\$757,500	\$777,300	\$797,694	\$818,700	\$840,336	\$840,336	\$840,336	\$5,672,202	\$862,621	\$862,621	\$886,100	\$910,283	\$935,191	\$4,456,816	\$7,147,530	\$17,276,548

* Funds not used in designated FY shall roll over into the following FYs. Funds shall be redistributed between "Deliverable" categories if needed for program completion and approved by Director.

[Exhibit continued on the following page]

- (1) The System Maintenance fee shall include a fixed monthly System Maintenance Fee of \$40,000.00 for up to 2,500,000 eligibility transactions per month. The System Maintenance fees above reflect the annual cost of living adjustments as set forth in Paragraph 9.3 (Cost of Living Adjustment) of the Agreement.
- (2) Eligibility Transaction fees for up to 2,500,000 transactions are included in the Section 1 System Maintenance Fee above. In the event County discontinues its direct connection to Medi-Cal and Contractor incurs third party transaction fees, vendor fees, licensing fees, royalty fees and/or surcharges, including fees imposed by payers, health plans and/or licensors of codes as a result, County will be invoiced at cost for such fees as agreed upon by County and Contractor in writing.
- (3) Transaction Processing after the monthly limit of 2,500,000 eligibility transactions per month shall be at the rate of \$0.055 per transaction.
- (4) Custom Programming shall be charged on an as needed basis as per the Custom Programming Professional Rate Card, below. It is estimated that 226 programming hours will be used per year at the Class A rate per hour. Class B and Class C rates are per hour.

Custom Programming Professional Rate Card												
Role	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Level A Project Director Hourly Rate	\$221	\$221	\$225	\$225	\$225	\$230	\$230	\$235	\$235	\$235	\$240	\$240
Level B Project Manager Hourly Rate	\$187	\$187	\$191	\$191	\$191	\$195	\$195	\$199	\$199	\$199	\$203	\$203
Level C Programmers and Installers Hourly Rate	\$161	\$161	\$164	\$164	\$164	\$168	\$168	\$171	\$171	\$171	\$174	\$174

- (5) Travel expenses for onsite annual training are allocated at \$2,000 per person for 2 Contractor staff for each year, (one week of training). Contractor training staff is billed at \$1,000 per diem for 5 days of training; (\$10,000 of staff charges for two persons for one week plus \$2,000 per person travel expenses). The travel expenses will be based on actual expenses and reimbursed subject to the Auditor-Controller guidelines. Training sessions may be combined across facilities and Revenue360® modules at the discretion of the County.
- (6) Contractor shall pass through without additional mark-up to the County any telecommunications surcharges or other surcharges, etc., assessed by a Health Plan or telecommunications carrier to Contractor that is related to the Agreement, but is outside the Agreement. An estimate of \$1,000 per year is included for this type of expense.
- (7) The Contractor shall process Address Validation transactions on a transaction pricing basis (see Exhibit B-5, Chart II, Schedule of Payments).

Transaction Type	From	To	Transaction Price
Address Validation	0	75,000	\$0.023

- (8) The Contractor shall process Demographic Validation (DV) transactions on a transaction pricing basis (see Exhibit B-5, Chart II, Schedule of Payments).

Transaction Type	From	To	Transaction Price
Demographic Validation	0	50,000	\$0.36



EXHIBIT 1.1-1 (INFORMATION SECURITY
AND PRIVACY REQUIREMENTS)

TO THE

HIPAA COMPLIANT 270/271 ELIGIBILITY RESPONSE
SOFTWARE AGREEMENT

EXHIBIT I.1-1

INFORMATION SECURITY AND PRIVACY REQUIREMENTS

CONTRACTOR'S NAME: _____

COUNTY AGREEMENT / CONTRACT: _____

The County of Los Angeles (“County”) is committed to safeguarding the Integrity of County systems, Data, Information and protecting the privacy rights of the individuals that it serves. This Information Security and Privacy Requirements Exhibit I.1-1 (“Exhibit”) sets forth County’s and Contractor’s commitment and agreement to fulfill each of their obligations under applicable state and federal laws, rules and regulations, as well as applicable industry standards concerning privacy, Data protections, Information Security, Confidentiality, Availability and Integrity of such Information. The Information Security and privacy requirements and procedures in this Exhibit are to be established by Contractor before the Effective Date of the Contract (as defined below) and maintained throughout the term of the Contract.

These requirements and procedures are a minimum standard and are in addition to the requirements of the underlying agreement including any amendments, exhibits, and any other modifications thereto between County and Contractor (the “Contract”) and any other agreements between the parties. However, it is the Contractor's sole obligation to: (i) implement appropriate and reasonable measures to secure and protect its systems and all County Information against internal and external Threats and Risks; and (ii) continuously review and revise those measures to address ongoing Threats and Risks. Failure to comply with the minimum requirements and procedures set forth in this Exhibit will constitute a material, non-curable breach of Contract by Contractor, entitling County, in addition to the cumulative of all other remedies available to it at law, in equity, or under the Contract, to immediately terminate the Contract. To the extent there are conflicts between this Exhibit and the Contract, this Exhibit shall prevail unless stated otherwise.

1. DEFINITIONS

Unless otherwise defined in the Contract, the definitions herein contained are specific to the uses within this Exhibit.

- a. **Availability:** the condition of Information being accessible and usable upon demand by an authorized entity (Workforce Member or process).
- b. **Confidentiality:** the condition that Information is not disclosed to system entities (users, processes, devices) unless they have been authorized to access the Information.
- c. **County Information:** all Data and Information belonging to County.
- d. **Data:** a subset of Information comprised of qualitative or quantitative values.
- e. **Incident:** a suspected, attempted, successful, or imminent Threat of unauthorized electronic and/or physical access, use, disclosure, breach, modification, or destruction of information; interference with Information Technology operations; or significant violation of County policy.
- f. **Information:** any communication or representation of knowledge or understanding such as facts, Data, or opinions in any medium or form, including electronic, textual, numerical, graphic, cartographic, narrative, or audiovisual.
- g. **Information Security Policy:** high level statements of intention and direction of an organization used to create an organization’s Information Security Program as formally expressed by its top management.
- h. **Information Security Program:** formalized and implemented Information Security Policies, standards and procedures that are documented describing the program management safeguards and common controls in place or those planned for meeting County’s information security requirements.
- i. **Information Technology:** any equipment or interconnected system or subsystem of equipment that is used in the automatic acquisition, storage, manipulation, management, movement, control, display, switching, interchange, transmission, or reception of Data or Information.
- j. **Integrity:** the condition whereby Data or Information has not been improperly modified or destroyed and authenticity of the Data or Information can be ensured.
- k. **Mobile Device Management (MDM):** software that allows Information Technology administrators to control, secure, and enforce policies on smartphones, tablets, and other endpoints.
- l. **Privacy Policy:** high level statements of intention and direction of an organization used to create an organization’s Privacy Program as formally expressed by its top management.

- m. **Privacy Program:** A formal document that provides an overview of an organization’s privacy program, including a description of the structure of the privacy program, the resources dedicated to the privacy program, the role of the organization’s privacy official and other staff, the strategic goals and objectives of the Privacy Program, and the program management controls and common controls in place or planned for meeting applicable privacy requirements and managing privacy risks.
- n. **Risk:** a measure of the extent to which County is threatened by a potential circumstance or event, Risk is typically a function of: (i) the adverse impacts that would arise if the circumstance or event occurs; and (ii) the likelihood of occurrence.
- o. **Threat:** any circumstance or event with the potential to adversely impact County operations (including mission, functions, image, or reputation), organizational assets, individuals, or other organizations through an Information System via unauthorized access, destruction, disclosure, modification of Information, and/or denial of service.
- p. **Vulnerability:** a weakness in a system, application, network or process that is subject to exploitation or misuse.
- q. **Workforce Member:** employees, volunteers and other persons whose conduct, in the performance of work for County, is under the direct control of County, whether or not they are paid by County. This includes, but may not be limited to, full and part time elected or appointed officials, employees, affiliates, associates, students, volunteers and staff from third party entities who provide service to County.

2. INFORMATION SECURITY AND PRIVACY PROGRAMS

- a. **Information Security Program.** Contractor shall maintain a company-wide Information Security Program designed to evaluate Risks to the Confidentiality, Availability and Integrity of County Information covered under the Contract.

Contractor’s Information Security Program shall include the creation and maintenance of Information Security Policies, standards, and procedures. Information Security Policies, standards and procedures will be communicated to all Contractor employees in a relevant, accessible and understandable form and will be regularly reviewed and evaluated to ensure operational effectiveness and compliance with all applicable laws and regulations and to address new and emerging Threats and Risks.

Contractor shall exercise the same degree of care in safeguarding and protecting County Information that Contractor exercises with respect to its own Information and Data, but in no event less than a reasonable degree of care. Contractor will implement, maintain and use appropriate administrative, technical and physical security measures to preserve the Confidentiality, Integrity and Availability of County Information.

Contractor’s Information Security Program shall take reasonable care to:

- Protect the Confidentiality, Integrity and Availability of County Information in Contractor’s possession or control;
- Protect against any reasonably anticipated Threats or hazards to the Confidentiality, Integrity and Availability of County Information;
- Protect against unauthorized or unlawful access, use, disclosure, alteration and destruction of County Information;
- Protect against accidental loss or destruction of, or damage to, County Information; and
- Safeguard County Information in compliance with any applicable laws and regulations which apply to the Contractor.

- b. **Privacy Program.** Contractor shall establish and maintain a company-wide Privacy Program designed to incorporate Privacy Policies and practices in its business operations to provide safeguards for Information, including County Information. Contractor’s Privacy Program shall include the development of, and ongoing reviews and updates to Privacy Policies, guidelines, procedures and appropriate workforce privacy training within its organization. These Privacy Policies, guidelines, procedures and appropriate training will be provided to all Contractor employees, agents and volunteers. Contractor’s Privacy Policies, guidelines and procedures shall be continuously reviewed and updated no less than annually for effectiveness and compliance with applicable laws and regulations, and to appropriately respond to new and emerging Threats and Risks. Contractor’s Privacy Program shall perform ongoing monitoring and audits of operations to identify and mitigate privacy Threats.

Contractor shall exercise the same degree of care in safeguarding the privacy of County Information that Contractor exercises with respect to its own Information, but in no event less than a reasonable degree of care. Contractor will implement, maintain, and use appropriate privacy practices and protocols to preserve the Confidentiality of County Information.

Contractor's Privacy Program shall include: A Privacy Program framework that identifies and ensures that Contractor complies with all applicable laws and regulations;

- External Privacy Policies, and internal privacy policies, procedures and controls to support the privacy program;
- Protections against unauthorized or unlawful access, use, disclosure, alteration, or destruction of County Information;
- A training program that covers Privacy Policies, protocols and awareness;
- A response plan to address privacy Incidents and privacy breaches; and
- Ongoing privacy assessments and audits.

3. PROPERTY RIGHTS TO COUNTY INFORMATION

All County Information is deemed property of County, and County shall retain exclusive rights and ownership thereto. County Information shall not be used by Contractor for any purpose other than as permitted under the applicable Business Associate Agreement, as required under the Contract, or required by law. Neither County Information nor any part thereof shall be disclosed, sold, assigned, leased, or otherwise disposed of, to third parties by Contractor, or commercially exploited or otherwise used by, or on behalf of, Contractor, its officers, directors, employees, or agents. Contractor may assert no lien on or right to withhold from County, any County Information it receives from, receives addressed to, or stores on behalf of, County. Notwithstanding the foregoing, Contractor may aggregate, compile, and use County Information in order to improve, develop or enhance the System Software and/or other services offered, or to be offered, by Contractor, provided that (i) no County Information in such aggregated or compiled pool is identifiable as originating from, or can be traced back to County, and (ii) such Data or Information cannot be associated or matched with the identity of an individual alone, or linkable to a specific individual. Contractor specifically consents to County's access to such County Information held, stored, or maintained on any and all devices Contractor owns, leases or possesses.

4. CONTRACTOR'S USE OF COUNTY INFORMATION

Contractor may use County Information only as necessary to carry out its obligations under the Contract. Contractor shall collect, maintain, or use County Information only for the purposes specified in the Contract and, in all cases, in compliance with all applicable local, state, and federal laws and regulations governing the collection, maintenance, transmission, dissemination, storage, use, and destruction of County Information, including, but not limited to, (i) any state and federal law governing the protection of personal Information, (ii) any state and federal security breach notification laws, and (iii) the rules, regulations and directives of the Federal Trade Commission, as amended from time to time.

5. SHARING COUNTY INFORMATION AND DATA

Contractor shall not share, release, disclose, disseminate, make available, transfer, or otherwise communicate orally, in writing, or by electronic or other means, County Information to a third party for monetary or other valuable consideration.

6. CONFIDENTIALITY

- a. **Confidentiality of County Information.** Contractor agrees that all County Information is Confidential and proprietary to County regardless of whether such Information was disclosed intentionally or unintentionally, or marked as "confidential".
- b. **Disclosure of County Information.** Contractor may disclose County Information only as necessary to carry out its obligations under the Contract, or as required by law, and is prohibited from using County Information for any other purpose without the prior express written approval of County's contract administrator in consultation with County's Chief Information Security Officer and/or Chief Privacy Officer. If required by a court of competent jurisdiction or an administrative body to disclose County Information, Contractor shall notify County's contract administrator immediately and prior to any such disclosure, to provide County an opportunity to oppose or otherwise respond to such disclosure, unless prohibited by law from doing so.
- c. **Disclosure Restrictions of Non-Public Information.** While performing work under the Contract, Contractor may encounter County Non-public Information ("NPI") in the course of performing the Contract, including, but not limited to, licensed technology, drawings, schematics, manuals, sealed court records, and other materials described and/or identified as "Internal Use", "Confidential" or "Restricted" as defined in Board of Supervisors Policy 6.104 – Information Classification Policy as NPI. Contractor shall not disclose or publish any County NPI and material received or used in performance of the Contract. This obligation is perpetual.
- d. **Individual Requests.** Contractor shall acknowledge any request or instructions from County regarding the exercise of any individual's privacy rights provided under applicable federal or state laws. Contractor shall have in place appropriate policies and procedures to promptly respond to such requests and comply with any request or instructions from County within seven (7) calendar

days. If an individual makes a request directly to Contractor involving County Information, Contractor shall notify County within five (5) calendar days and County will coordinate an appropriate response, which may include instructing Contractor to assist in fulfilling the request. Similarly, if Contractor receives a privacy or security complaint from an individual regarding County Information, Contractor shall notify County as described in Section 14 SECURITY AND PRIVACY INCIDENTS, and County will coordinate an appropriate response.

- e. **Retention of County Information.** Contractor shall not retain any County Information for any period longer than necessary for Contractor to fulfill its obligations under the Contract and applicable law, whichever is longest.

7. CONTRACTOR EMPLOYEES

Contractor shall perform background and security investigation procedures in the manner prescribed in this section unless the Contract prescribes procedures for conducting background and security investigations that are no less stringent than the procedures described in this section.

To the extent permitted by applicable law, Contractor shall screen and conduct background investigations on all Contractor employees and Subcontractors as appropriate to their role for potential security Risks. Such background investigations conducted in accordance with the applicable law, and may include criminal and financial history to the extent permitted under the law and will be repeated as necessary, in accordance with Contractor policies governing such matters. The fees associated with the background investigation shall be borne by Contractor, regardless of whether the member of the Contractor's staff passes or fails the background investigation. Contractor, in compliance with its legal obligations, shall conduct an individualized assessment of their employees, agents, and volunteers regarding the nature and gravity of a criminal offense or conduct; the time that has passed since a criminal offense or conduct and completion of the sentence; and the nature of the access to County Information to ensure that no individual accesses County Information whose past criminal conduct poses a risk or threat to County Information.

Contractor shall require all employees, agents, and volunteers to abide by the requirements in this Exhibit, as set forth in the Contract, and sign an appropriate written Confidentiality/non-disclosure agreement with Contractor.

Contractor shall supply each of its employees with appropriate, annual training regarding Information Security procedures, Risks and Threats. Contractor agrees that training will cover, but may not be limited to the following topics:

- a) **Secure Authentication:** The importance of utilizing secure authentication, including proper management of authentication credentials (login name and password) and multi-factor authentication.
- b) **Social Engineering Attacks:** Identifying different forms of social engineering including, but not limited to, phishing, phone scams, and impersonation calls.
- c) **Handling of Confidential Information which may include County Information:** The proper identification, storage, transfer, archiving, and destruction of Confidential Information.
- d) **Causes of Unintentional Information Exposure:** Provide awareness of causes of unintentional exposure of Information such as lost mobile devices, emailing Information to inappropriate recipients, etc.
- e) **Identifying and Reporting Incidents:** Awareness of the most common indicators of an Incident and how such indicators should be reported within the organization.
- f) **Privacy:** Contractor's Privacy Policies and procedures as described in Section 2b. Privacy Program.

Contractor shall have an established set of procedures to ensure Contractor's employees promptly report actual and/or suspected breaches of security.

8. SUBCONTRACTORS AND THIRD PARTIES

County acknowledges that in the course of performing its services, Contractor may desire or require the use of goods, services, and/or assistance of Subcontractors.. Contractor may engage sub Subcontractors for material portions of the services provided under this Agreement, subject to the following: (i) each Subcontractor must agree in writing to comply with and be bound by the applicable terms and conditions of this Exhibit, as necessary to enable Contractor to comply with its obligations hereunder, including provisions related to Confidentiality, Integrity, Availability, disclosures and security; and (ii) Contractor shall be and remain fully liable for the acts and omissions of each Subcontractor.

Contractor shall obtain advance written approval from County's Chief Information Security Officer and/or Chief Privacy Officer, or authorized designee(s), prior to subcontracting any services subject to this Exhibit.

9. STORAGE AND TRANSMISSION OF COUNTY INFORMATION

All County Information shall be rendered unusable, unreadable, or indecipherable to unauthorized individuals. Without limiting the generality of the foregoing, Contractor will encrypt all workstations, portable devices (such as mobile, wearables, tablets,) and removable media (such as portable or removable hard disks, floppy disks, USB memory drives, CDs, DVDs, magnetic tape, and all other removable storage media) that store County Information in accordance with Federal Information Processing Standard (FIPS) 140-2 or otherwise approved by County's Chief Information Security Officer.

Contractor shall encrypt County Information transmitted on networks outside of Contractor's control with Transport Layer Security (TLS) 1.2 or higher or Internet Protocol Security (IPSec), at a minimum cipher strength of 128 bit or an equivalent secure transmission protocol or method approved by County's Chief Information Security Officer, or authorized designee.

In addition, Contractor shall not store County Information in the cloud or in any other online storage provider without written authorization from County's Chief Information Security Officer. All mobile devices storing County Information shall be managed by a Mobile Device Management system. Such system must provide provisions to enforce a password/passcode on enrolled mobile devices. All workstations/Personal Computers (including laptops, 2-in-1s, and tablets) will maintain the latest operating system security patches, and the latest virus definitions. Virus scans must be performed at least monthly. Request for less frequent scanning must be approved in writing by County's Chief Information Security Officer.

Furthermore, the hosting environment for storing County Information under the Contract shall be subject to County's approval. Contractor shall also obtain County's approval prior to transitioning data to a different hosting environment by providing, among others, the name of the new hosting environment provider(s), the applicable certifications and the service levels. Contractor warrants and agrees that, notwithstanding County's approval of any changes in the hosting environment, such changes shall not impact Contractor's compliance with the provisions of this Exhibit or performance under the Contract.

10. RETURN OR DESTRUCTION OF COUNTY INFORMATION

Contractor shall return or destroy County Information in the manner prescribed in this section unless the Contract prescribes procedures for returning or destroying County Information and those procedures are no less stringent than the procedures described in this section.

- a. **Return or Destruction.** Upon County's written request, or upon expiration or termination of the Contract for any reason, Contractor shall (i) promptly return or destroy, at County's option, all originals and copies of all documents and materials it has received containing County Information; or (ii) if return or destruction is not permissible under applicable law, rule, or regulation, continue to protect such Information in accordance with the terms of the Contract; and (iii) deliver or destroy, at County's option, all originals and copies of all summaries, records, descriptions, modifications, negatives, drawings, adoptions and other documents or materials, whether in writing or in machine-readable form, prepared by Contractor, prepared under its direction, or at its request, from the documents and materials referred to in Subsection (i) of this Section. For all documents or materials referred to in Subsections (i) and (ii) of this Section that County requests be returned to County, Contractor shall provide a written attestation on company letterhead certifying that all documents and materials have been delivered to County. For documents or materials referred to in Subsections (i) and (ii) of this Section that County requests be destroyed, Contractor shall provide an attestation on company letterhead and certified documentation from a media destruction firm consistent with subdivision b of this Section. Upon termination or expiration of the Contract or at any time upon County's request, Contractor shall return all hardware, if any, provided by County to Contractor. The hardware should be physically sealed and returned via a bonded courier or as otherwise directed by County.
- b. **Method of Destruction.** Contractor shall destroy all originals and copies by (i) cross-cut shredding paper, film, or other hard copy media so that the Information cannot be read or otherwise reconstructed; and (ii) purging, or destroying electronic media containing County Information consistent with NIST Special Publication 800-88, "Guidelines for Media Sanitization" such that County Information cannot be retrieved. Contractor will provide an attestation on company letterhead and certified documentation from a media destruction firm, detailing the destruction method used and County Information involved, the date of destruction, and the company or individual who performed the destruction. Such statement will be sent to the designated County contract manager within ten (10) days of termination or expiration of the Contract or at any time upon County's request. On termination or expiration of the Contract, County will return or destroy all Contractor's Information marked as confidential (excluding items licensed to County hereunder, or that provided to County by Contractor hereunder), at County's option.

11. PHYSICAL AND ENVIRONMENTAL SECURITY

All Contractor facilities that process County Information will be located in secure areas and protected

by perimeter security such as barrier access controls (e.g., the use of guards and entry badges) that provide a physically secure environment from unauthorized access, damage, and interference.

All Contractor facilities that process County Information will be maintained with physical and environmental controls (temperature and humidity) that meet or exceed hardware manufacturer's specifications.

12. OPERATIONAL MANAGEMENT, BUSINESS CONTINUITY AND DISASTER RECOVERY

Contractor shall: (i) monitor and manage all of its Information processing facilities, including, without limitation, implementing operational procedures, change management, and Incident response procedures consistent with Section 14 SECURITY AND PRIVACY INCIDENTS; and (ii) deploy adequate anti-malware software and adequate back-up systems to ensure essential business Information can be promptly recovered in the event of a disaster or media failure; and (iii) ensure its operating procedures are adequately documented and designed to protect Information and computer media from theft and unauthorized access.

Contractor shall also maintain and provide business continuity and disaster recovery plans. These plans must include a geographically separate back-up data center and a formal framework by which an unplanned event will be managed to minimize the loss of County Information and services. The formal framework includes a defined back-up policy and associated procedures, including documented policies and procedures designed to: (i) perform back-up of data to a remote back-up data center in a scheduled and timely manner; (ii) provide effective controls to safeguard backed-up data; (iii) securely transfer County Information to and from back-up location; (iv) fully restore applications and operating systems; and (v) demonstrate periodic testing of restoration from back-up location. If Contractor makes backups to removable media (as described in Section 9 STORAGE AND TRANSMISSION OF COUNTY INFORMATION), all such backups shall be encrypted in compliance with the encryption requirements noted above in Section 9 STORAGE AND TRANSMISSION OF COUNTY INFORMATION.

13. ACCESS CONTROL

Subject to and without limiting the requirements under Section 9 STORAGE AND TRANSMISSION OF COUNTY INFORMATION, County Information (i) may only be made available and accessible to those parties explicitly authorized under the Contract or otherwise expressly approved by County's Project Director or County's Project Manager in writing; and (ii) if transferred using removable media (as described in Section 9 STORAGE AND TRANSMISSION OF COUNTY INFORMATION) must be sent via a bonded courier and protected using encryption technology designated by Contractor and approved by County's Chief Information Security Officer, or authorized designee, in writing. The foregoing requirements shall apply to back-up media stored by Contractor at off-site facilities.

Contractor shall implement formal procedures to control access to County systems, services, and/or Information, including, but not limited to, user account management procedures and the following controls:

- a. Network access to both internal and external networked services shall be controlled, including, but not limited to, the use of industry standard and properly configured firewalls;
- b. Operating systems will be used to enforce access controls to computer resources, which shall where applicable multi-factor authentication, use of virtual private networks (VPN), authorization and event logging;
- c. Contractor will conduct regular, no less frequently than semi-annually, user access reviews to ensure that unnecessary and/or unused access to confidential information which may include County Information is removed in a timely manner;
- d. Applications will include access control to limit user access to confidential information which may include County Information and application system functions;
- e. All systems will be monitored to detect deviation from access control policies and identify suspicious activity. Contractor shall record, review and act upon all events in accordance with Incident response policies set forth in Section 14 SECURITY AND PRIVACY INCIDENTS; and
- f. In the event any hardware, storage media, or removable media (as described in Section 9 STORAGE AND TRANSMISSION OF COUNTY INFORMATION) must be disposed of or sent off-site for servicing, Contractor shall ensure that all County Information, has been eradicated from such hardware and/or media using industry best practices as discussed in Section 9 STORAGE AND TRANSMISSION OF COUNTY INFORMATION.

14. SECURITY AND PRIVACY INCIDENTS

In the event of a Security or Privacy Incident, Contractor shall:

- a. Promptly notify the Department of Health Services ("DHS") Chief Information Security Officer, the Departmental Information Security Officer and the DHS Chief Privacy Officer of any Incidents involving County Information, within twenty-four (24) hours of confirmation of the Incident. All

notifications shall be submitted via encrypted email and telephone to the following:

DHS Chief Information Security Officer and DHS Chief Privacy Officer:

via the Enterprise Help Desk at helpdesk@dhs.lacounty.gov and by phone at (323) 409-8000.

DHS Chief Information Security Officer:

Jeff Zito
jzito@dhs.lacounty.gov

DHS Chief Privacy Officer:

Jennifer Papp, RD, CHPC
jpapp@dhs.lacounty.gov

Departmental Information Security Officer:

Vahe Haratounian
vharatounian@dhs.lacounty.gov

County Chief Information Security Officer and Chief Privacy Officer email

CISO-CPO_Notify@lacounty.gov

- b. Include the following Information in all notices:
 - i. The date and time of discovery of the Incident,
 - ii. The approximate date and time of the Incident,
 - iii. A description of the type of County Information involved in the reported Incident, and
 - iv. A summary of the relevant facts, including a description of measures being taken to respond to and remediate the Incident, and any planned corrective actions as they are identified.
 - v. The name and contact information for the organizations official representative(s), with relevant business and technical information relating to the incident.
- c. Cooperate with County to investigate the Incident and seek to identify the specific County Information involved in the Incident upon County's written request, without charge, unless the Incident was caused by the acts or omissions of County. As Information about the Incident is collected or otherwise becomes available to Contractor, and unless prohibited by law, Contractor shall provide Information regarding the nature and consequences of the Incident that are reasonably requested by County to allow County to notify affected individuals, government agencies, and/or credit bureaus.
- d. Immediately initiate the appropriate portions of its Business Continuity and/or Disaster Recovery plans in the event of an Incident causing an interference with Information Technology operations.
- e. Assist and cooperate with forensic investigators, County, law firms, and and/or law enforcement agencies at the direction of County to help determine the nature, extent and source of any Incident and reasonably assist and cooperate with County on any additional disclosures that County is required to make as a result of the Incident.
- f. Allow County or its third-party designee at County's election to perform audits and tests of Contractor's environment that may include, but are not limited to, interviews of relevant employees, review of documentation or technical inspection of systems, as they relate to the receipt, maintenance, use, retention and authorized destruction of County Information.

Contractor shall be liable for damages and fines, corrective action, and legally required notifications arising from an Incident involving County Information caused by the Contractor's negligence, but only to the extent and under the terms and conditions set forth in the Contract. Any breach of this Exhibit, or any liability arising therefrom, shall be subject to the same terms, limitations, and remedies as those set forth in the Contract including any limitations on liability. Any liability or obligations arising from a breach of this Exhibit shall be cumulative with, and not duplicative of, any obligations or liabilities set forth in the Contract, and in no event shall Contractor's total liability under both this Exhibit and the Contract exceed the limitations of liability set forth in the Contract.

15. NON-EXCLUSIVE EQUITABLE REMEDY

Contractor acknowledges and agrees that due to the unique nature of County Information there can be no adequate remedy at law for any breach of its obligations hereunder, that any such breach may result in irreparable harm to County, and therefore, that upon any such breach, County will be entitled to seek appropriate equitable remedies, and may seek injunctive relief from a court of competent jurisdiction without the necessity of proving actual loss, in addition to whatever remedies are available within law or equity. Any breach of Section 6 CONFIDENTIALITY shall constitute a material breach of the

Contract and be grounds for immediate termination of the Contract in the exclusive discretion of County.

16. AUDIT AND INSPECTION

Contractor shall engage in self-audit programs throughout the Term of the Agreement and provide the following or similar certificates and reports (which may be in the form of executive summaries) upon written request, but not more than once annually:

A SOC 2 Type 2 report; and/or HITRUST certification or similar security framework assessment reports; and a report of an assessment of penetration and vulnerability testing that includes the OWASP Top 10 vulnerabilities.

All certificates and reports must be active or have a reporting period ending within the twelve (12) month period prior to the request date and be renewed annually.

County Requested Audits. Upon County's request and subject to Contractor's then applicable fee Contractor shall complete a questionnaire regarding Contractor's Information Security and/or program.

ADDENDUM A: SOFTWARE AS A SERVICE (SaaS)

- a. **License:** Subject to the terms and conditions set forth in the Contract, including payment of the license fees by to Contractor, Contractor hereby grants to County a non-exclusive, non-transferable worldwide County license to use the SaaS in the continental United States, as well as any documentation and training materials, during the term of the Contract to enable County to use the full benefits of the SaaS and achieve the purposes stated herein. County shall not, and shall not permit any third party to, copy, modify, create derivative works of, reverse engineer, decompile, disassemble, or otherwise attempt to discover the source code of the SaaS.
- b. **Business Continuity:** In the event that Contractor's infrastructure containing or processing County Information becomes lost, altered, damaged, interrupted, destroyed or otherwise limited in functionality in a way that affects County's use of the SaaS, Contractor shall immediately and within twenty two (22) hours implement Contractor's Business Continuity Plan.
- c. **Enhancements:** Upgrades, replacements and new versions: Contractor agrees to provide to County, at no cost, prior to, and during installation and implementation of the SaaS any software/firmware enhancements, upgrades, and replacements which Contractor initiates or generates that are within the scope of the SaaS and that are made available at no charge to the Contractor's other customers.

During the term of the Contract, Contractor shall promptly notify County of any available updates, enhancements or newer versions of the SaaS and within thirty (30) Days update or provide the new version to County. Contractor shall provide any accompanying documentation in the form of new or revised documentation necessary to enable County to understand and use the enhanced, updated, or replaced SaaS.

During the Contract term, Contractor shall not delete or disable a feature or functionality of the SaaS unless Contractor provides thirty (30) Days advance notice. Should there be a replacement feature or functionality, the replacement shall be at no additional cost to County. The replacement shall be at no additional cost to County. If Contractor fails to abide by the obligations in this section, County reserves the right to terminate the Contract for material breach and receive a pro-rated refund.
- d. **Location of County Information:** Contractor warrants and represents that it shall store and process County Information only in the continental United States and that at no time will SSI traverse County Data in the borders of the continental United States in an unencrypted manner.
- e. **Services Provided by a Subcontractor:** Prior to the use of any Subcontractor for the SaaS under the Contract, Contractor shall notify County of the proposed subcontractor(s) and the purposes for which they may be engaged at least thirty (30) Days prior to engaging the Subcontractor and obtain written consent of County's Contract Administrator.

Agreement No. H-703466

FINANCIAL MANAGEMENT SERVICES AGREEMENT
AMENDMENT NO. 15

THIS AMENDMENT (this “**Amendment**”) is made and entered into this [] day of [], 2024,

By and between COUNTY OF LOS ANGELES
(hereafter “**County**”),

And SUTHERLAND HEALTHCARE SOLUTIONS, INC.
(hereafter “**Contractor**”).

Business Address:

21061 South Western Avenue, Suite 100
Torrance, CA 90501

WHEREAS, reference is made to that certain document entitled “FINANCIAL MANAGEMENT SERVICES AGREEMENT”, dated September 1, 2008, and further identified as Agreement No. H-703466, including any amendments and any other modifications thereto (cumulatively hereafter referred to as the “**Agreement**”); and

WHEREAS, on [], the Board of Supervisors delegated authority to the Director of Health Services, or designee, among other delegations, to extend the Term of the Agreement for the period October 1, 2025, through December 31, 2026, with the County’s sole option to extend the Term up to three (3) times by twelve (12) months each time, such that if all three (3) additional twelve (12) month renewal options are exercised by County, the Agreement will expire on December 31, 2029; and

WHEREAS, it is the intent of the parties hereto to amend the Agreement to extend its Term, to update certain terms and conditions to the Agreement, and to provide for the other changes set forth herein; and

WHEREAS, the Agreement, provides that changes in accordance to Paragraph 16, ALTERATIONS OF TERMS, may be made in the form of an amendment which is formally approved and executed by the parties; and

WHEREAS, the Contractor warrants that it continues to possess the competence, expertise and personnel necessary to provide services consistent with the requirements of this Agreement and consistent with the professional standard of care for these services.

NOW, THEREFORE, THE PARTIES HERETO AGREE AS FOLLOWS:

1. This Amendment shall be effective on January 1, 2025.

2. The Agreement is hereby incorporated by reference, and all of its terms and conditions, including capitalized terms defined herein, shall be given full force and effect as if fully set forth herein.
3. The Agreement, Paragraph 1, TERM, is deleted in its entirety and replaced to read as follows:

“1. TERM

The term of this Agreement shall commence September 1, 2008, unless sooner cancelled or terminated as provided herein, and shall continue in full force and effect, through and including December 31, 2026 (“**Term**”). The County shall have the sole option to extend this Agreement Term three (3) times by twelve (12) months each time, such that if all three (3) additional twelve (12) month renewal options are exercised by County, the Agreement will expire on December 31, 2029. Such option and extension shall be exercised at the sole discretion of the Director, or designee as authorized by the Board of Supervisors.

In any event, this Agreement may be canceled or terminated at any time by either party, with or without cause, upon the giving of at least thirty (30) calendar days advance written notice to the other party. Further, County may also suspend the performance of services hereunder, in whole or in part, upon the giving of at least thirty (30) calendar days advance written notice to Contractor. County’s notice shall set forth the extent of the suspension and the requirements for full restoration of the performance obligations.

Notwithstanding any other provision of this Agreement, the failure of Contractor or its officers, employees, agents, or subcontractors to comply with any of the terms of this Agreement or any written directions by or on behalf of County issued pursuant hereto shall constitute a material breach hereto, and this Agreement may be terminated by County immediately. County’s failure to exercise this right of termination shall not constitute a waiver of such right, which may be exercised at any subsequent time.

The Contractor shall notify DHS when this Agreement is within three (3) months from the expiration of the Term as provided for hereinabove. Upon occurrence of this event, the Contractor shall send written notification to DHS at the address provided in Paragraph 18, NOTICES, of the Agreement.”

4. The Agreement, Paragraph 6, CONTRACTOR’S CLOSE-OUT OBLIGATIONS, is deleted in its entirety and replaced to read as follows:

“6. CONTRACTOR’S CLOSE-OUT OBLIGATIONS

Contractor shall continue to process all accepted accounts in Contractor’s

inventory that have been referred by Director to Contractor prior to the time of expiration of this Agreement, unless the Agreement is sooner terminated with or without cause by County and such termination by County includes County's termination of such services. Contractor shall complete the processing of such accounts and make every effort to expedite close-out. Contractor shall be reimbursed at the same rates as stated in Exhibit A. Contractor shall complete the processing of all such accepted accounts in accordance with the terms and conditions of this Agreement, as well as all required reports.

Upon the expiration of this Agreement or its termination by either party for any reason, including the breach of this Agreement by the other party, the rights of County shall in any and all events be provided as set forth in this Paragraph 6, CONTRACTOR'S CLOSE-OUT OBLIGATIONS. Unless the parties have specifically agreed upon a termination transition plan prior to the time of termination (the "**Termination Transition Plan**"), the rights of County upon any termination, including any expiration, shall be as set forth in this Paragraph 6, CONTRACTOR'S CLOSE-OUT OBLIGATIONS. If a Termination Transition Plan has been agreed to, then the rights of County upon any expiration or termination of this Agreement shall be as set forth in the most recent County-approved Termination Transition Plan, and also as set forth in this Paragraph 6, CONTRACTOR'S CLOSE-OUT OBLIGATIONS. In the event of any inconsistency between this Paragraph 6, CONTRACTOR'S CLOSE-OUT OBLIGATIONS, and the applicable Termination Transition Plan, this Paragraph 6, CONTRACTOR'S CLOSE-OUT OBLIGATIONS, shall govern. If no Termination Transition Plan has been agreed to by the parties at the time of any expiration or termination of this Agreement, then Contractor shall continue to perform the services under the Agreement, at performance standards and service levels in effect at the time of termination or expiration, as well as the termination transition services, which services shall be provided as set forth in this Paragraph 6, CONTRACTOR'S CLOSE-OUT OBLIGATIONS. Contractor shall provide County with all of the services and all of the termination transition services as provided in this Paragraph 6, CONTRACTOR'S CLOSE-OUT OBLIGATIONS, and in the then most recent version of the Termination Transition Plan, if any. The duty of Contractor to provide such services shall be conditioned on County continuing to comply with its obligations under the Agreement, including payment of all fees. Contractor shall have no right to withhold or limit its performance or any of such termination transition services on the basis of any alleged breach of this Agreement by County, other than a failure by County to timely pay the amounts due hereunder during the termination transition period. County shall have the right to seek specific performance of this Paragraph 6, CONTRACTOR'S CLOSE-OUT OBLIGATIONS, in any court of competent jurisdiction and Contractor hereby waives any defense that damages are an adequate remedy. Compliance with this Paragraph 6, CONTRACTOR'S CLOSE-OUT OBLIGATIONS, by either party shall not constitute a waiver or estoppel with regard to any rights or remedies available to the parties. Contractor will (a) meet with County as soon as practicable after a notice of termination or notice of a decision to not extend this Agreement has been

given, to discuss any potential modifications to the then most current Termination Transition Plan, if any; (b) use all commercially reasonable efforts to assist County in effecting a transition of the services provided by Contractor hereunder, in accordance with Contractor's best practices, to County or another vendor chosen by County; and (c) be compensated for transition-related services and costs by payment by County in accordance with the rates set forth in this Agreement. Contractor will provide termination transition services for a period defined in the Termination Transition Plan, if any, but in no event less than six (6) months following the expiration or termination of this Agreement. Thereafter, Contractor shall provide extensions of termination transition services as requested by County in serial thirty (30) calendar day extension terms for up to an additional six (6) months, or longer as agreed to in writing by the parties. The total period of termination transition services, including all extensions provided for herein, shall not exceed twelve (12) months, unless otherwise agreed to in writing by the parties."

5. The Agreement, Additional Provisions, Paragraph, 38, TERMINATION FOR IMPROPER CONSIDERATION, is deleted in its entirety and replaced to read as follows:

"38. TERMINATION FOR IMPROPER CONSIDERATION

38.1 The County may, by written notice to the Contractor, immediately terminate the right of the Contractor to proceed under this Agreement if it is found that consideration, in any form, was offered or given by the Contractor, either directly or through an intermediary, to any County officer, employee, or agent with the intent of securing the 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 the Contractor's performance pursuant to the Agreement. In the event of such termination, the County will be entitled to pursue the same remedies against the Contractor as it could pursue in the event of default by the Contractor.

38.2 The Contractor must immediately report any attempt by a County officer, employee, or agent to solicit such improper consideration. The report must be made to the Los Angeles County Fraud Hotline at (800) 544-6861 or <https://fraud.lacounty.gov/>.

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

6. The Agreement is modified to add to Additional Provisions, Paragraph, 61, CAMPAIGN CONTRIBUTION PROHIBITION FOLLOWING FINAL DECISION IN CONTRACT PROCEEDING, to read as follows:

"61. CAMPAIGN CONTRIBUTION PROHIBITION FOLLOWING FINAL DECISION IN CONTRACT PROCEEDING

Pursuant to Government Code Section 84308, Contractor and its Subcontractors, are prohibited from making a contribution of more than \$250 to a County officer for twelve (12) months after the date of the final decision in the proceeding involving this Agreement. Failure to comply with the provisions of Government Code Section 84308 and of this paragraph, may be a material breach of this Agreement as determined in the sole discretion of the County."

7. All references to "Los Angeles County+USC Medical Center," "LAC+USC," and "LAC+USCMC" under the Agreement shall mean Los Angeles General Medical Center.
8. The Agreement, Exhibit A-3, Statement of Work, is deleted in its entirety and replaced by Exhibit A-4, Statement of Work, attached hereto and incorporated herein by reference. All references to Exhibit A-3, Statement of Work, in the Agreement shall hereafter be replaced with Exhibit A-4, Statement of Work. Exhibit A-4, Statement of Work is effective as of January 1, 2025.
9. Except for the changes set forth hereinabove, the Agreement shall not be changed in any respect by this Amendment.

IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be executed by the County's Director of Health Services, or authorized designee, and Contractor has caused this Amendment to be executed on its behalf by its duly authorized officer(s), on the day, month, and year first above written.

COUNTY OF LOS ANGELES

By: _____ for
Christina R. Ghaly, M.D.
Director of the Los Angeles County Department of
Health Services

CONTRACTOR

SUTHERLAND HEALTHCARE SOLUTIONS,
INC.

By: _____
Signature

Printed Name

Title

APPROVED AS TO FORM ONLY:

DAWYN R. HARRISON
County Counsel

By: _____
Deputy

EXHIBIT A-4

FINANCIAL MANAGEMENT SERVICES

STATEMENT OF WORK

FINANCIAL MANAGEMENT SERVICES**STATEMENT OF WORK**

TABLE OF CONTENTS

PARAGRAPH	PAGE
1.0 DEFINITIONS	1
2.0 SCOPE OF WORK	2
3.0 SPECIFIC WORK REQUIREMENTS	3
3.1 Electronic Data Interchange And Clearinghouse Services (EDICS)	4
3.2 Financial Billing and Follow-Up Services (FBFS)	5
3.3 Specialty Mental Health Billing.....	9
3.4 Third-Party Resource Identification and Recovery Services (TPRIRS).....	13
3.5 Cost Report Recovery Services (CRRS).....	17
3.6 Underpaid Account Identification and Billing Services (UAIBS)	21
4.0 REQUIRED REPORTS.....	23
5.0 ADDITION/DELETION OF FACILITIES, SPECIFIC TASKS AND/OR WORK HOURS	23
6.0 QUALITY CONTROL	23
7.0 QUALITY ASSURANCE PLAN	24
7.1 Contract Discrepancy Report.....	25
7.2 County Observations	24
8.0 RESPONSIBILITIES	24
8.1 County Personnel and Records	25
8.2 County Access to Information	26
8.3 Contractor's General Responsibilities	26
8.4 Contractor's Project Manager	27
8.5 Contractor Personnel.....	27
8.6 Contractor Training.....	28
8.7 Contractor's Office.....	28
8.8 Additional Covenants of Contractor	28
9.0 PERFORMANCE REQUIREMENTS SUMMARY	29
10.0 PROVISION FOR PAYMENT	29
11.0 SPECIAL ACCOUNTS.....	35

FINANCIAL MANAGEMENT SERVICES

STATEMENT OF WORK

LISTING OF ATTACHMENTS

ATTACHMENT A - FACILITIES LIST

ATTACHMENT B - PERFORMANCE REQUIREMENTS SUMMARY

ATTACHMENT C - MAXIMUM CONTINGENCY FEE SCHEDULE

1.0 DEFINITIONS

The terms used throughout this Agreement and in this Exhibit A-4, STATEMENT OF WORK (SOW), unless otherwise stated shall mean the following:

- 1.1 Facility(ies): A Facility is a County of Los Angeles – Department of Health Services, Department of Public Health, and Department of Mental Health facility that provides health care services.
- 1.2 Confidential Information: All information, tangible or intangible, in whatever form or medium provided or obtained by a party or its representative, directly or indirectly, whether orally or in documents, through and by observation or otherwise, including any developed or learned information by an employee during the course of employment.
- 1.3 Document or Documentation: Any form or medium provided, including, but not limited to, writings, drawings, graphs, charts, photographs, phonographic records, tape recordings, discs and data compilations in whatever form recorded or stored from which information can be obtained and/or translated.
- 1.4 Referred Account: A Referred Account is an account that has been forwarded to Contractor by a Facility, in accordance with the provisions of this Agreement and as further identified in this SOW, for Contractor's assessment and acceptance or rejection.
- 1.5 Accepted Account: An Accepted Account is a Referred Account that has been referred to and accepted by Contractor for processing in accordance with the provisions of this Agreement.
- 1.6 Approved Account: An Approved Account is an Accepted Account that Contractor has requested outside of accounts typically referred to Contractor and received authorization from the referring facility to provide services in accordance with the provisions of this Agreement.
- 1.7 Other Third-Party Payer: Other Third-Party Payer is a payer source, other than Medi-Cal, Medicare, commercial insurance, or Health Care Plan, for an account, including but not limited to, certain government payers (e.g., Genetically Handicapped Person Program ("GHPP"), Child Health and Disability Prevention ("CHDP"), Family Planning, Access, Care and Treatment Program ("FPACT"), Children Medical Services ("CMS"), Cancer Detection Program).
- 1.8 County Project Monitor: County staff responsible for overseeing the day-to-day administration of this Agreement.
- 1.9 Clean Claim: A claim having all billing elements available in the County System (e.g., Affinity RCO, ORCHID) when reviewed to bill in a timely manner and within timely billing requirement by payer statute of limitations and County contract.
- 1.10 Billed Claim: A claim, or sometimes referred to as a "transaction", that has been billed to a third-party payer in accordance with the terms and conditions of this

Agreement, and in accordance with all regulatory requirements, requesting payment for services provided by the County.

- 1.11 Paid Claim: A billed claim for which the County has received payment from a third-party payer.

2.0 SCOPE OF WORK

- 2.1 Contractor shall provide one or more of the following Financial Management Services of this Agreement: 1) Electronic Data Interchange and Clearinghouse Services, 2) Financial Billing and Follow-up Services, 3) Specialty Mental Health Billing, 4) Third-Party Resource Identification and Recovery Services, 5) Cost Report Recovery Services, and 6) Underpaid Account Identification and Billing Services, as further described in Paragraph 3.0, Specific Work Requirements of this Exhibit A-4. Each service above has various specific requirements which must be performed by Contractor, as detailed in 3.0, Specific Work Requirements, to satisfy the County's protocols, payer requirements, and governmental regulations.
- 2.2 Director may refer the following types of accounts within the categories listed above to Contractor: (1) self-pay accounts determined by the County to have partially or fully unpaid balances for eligibility determination; (2) non-self-pay accounts, whether billed or unbilled as having third-party coverage (e.g., Medi-Cal, Medicare, health care plan and commercial insurance), (3) non-self-pay accounts rejected for payment or otherwise not paid; (4) other types of accounts and/or from different automated systems than herein specified. Notwithstanding the above, Director reserves the right to discontinue any assigned service(s), or recall specific accounts or restrict specific accounts or account types from referral to Contractor. If an account is recalled, Contractor shall terminate services immediately and return the account to County within five (5) business days of notice, provided the recall is not solely for the purpose of denying contractor payment for services rendered on the recalled account.
- 2.3 In performing these services, Contractor shall readily accept County's patient financial, admission, eligibility, and other data in various formats (electronic media, magnetic tape, hard copies, and other formats that become available) as determined by the Director. The County Facilities utilize an all-inclusive charge; however, Contractor may be required to perform itemized billings when required by applicable law or payer requirements. All claims processed by Contractor shall comply with the Office of Inspector General (OIG) Program Guidance, State, Federal, HIPAA/HITECH Transaction Code Set (TCS) requirements.
- 2.4 Contractor shall maintain a comprehensive data warehouse of all accounts, claims, transactions. The database shall be cumulative and contain all accounts processed by Contractor as well as data provided by County and obtained by vendor in performing these services. Upon request by the Director, Contractor shall provide management reports, at no cost to County, as well as customized reports or a system providing County with the ability to generate Ad Hoc reports in a timeframe agreed upon by Director and Contractor.

- 2.5 Contractor shall provide complete detailed written documentation of the systems, methods, and procedures employed in identification of claims (e.g., eligibility, under paid claims), claims billing, collection, account posting, claims denial and denial follow-up activities. Such documentation exclusive of software shall be provided upon expiration of the term of this Agreement, should County so notify Contractor.
- 2.6 Comprehensive Audit Trail and Appeal Support: Contractor shall maintain a comprehensive written audit trail and provide audit and appeal support to County, including but not limited to, responding to Auditor requests for documentation and information, packaging information according to Auditor requirements, and interfacing with the Auditors during document review. Contractor shall make available all audit supporting documentation in format and frequency as requested by the Auditor, and the County.
- 2.7 Additional Services: Contractor shall provide ongoing consultant and support services, at no cost to County, including recommendations relating to the future maintenance and updating of the systems, methods and procedures employed by Contractor. Contractor shall also provide recommendations as to how County billings and collections performance might be improved, and support services required to continue provision of those services to be performed by Contractor under this Agreement, at a comparable level of automation/efficiency, during any planned future financial accounting, patient registration, or any other Facility system procured by County and during any other system conversions or augmentations.

3.0 SPECIFIC WORK REQUIREMENTS

The following indicates the areas of services assigned to Contractor, subsidiaries, or subcontractors, as applicable. Contractor may be requested to perform the services below at individual or all Facilities, including but not limited to, Facilities listed in Attachment A – Facilities List. However, the County may, at any time during the term of this Agreement, add or delete services or Facilities in Attachment A –Facilities List. County shall provide Contractor with at least sixty (60) day notice for addition or deletion of services or Facilities which will result in a of greater than 10% in volume. Contractor shall process all claims timely and in compliance with applicable law and payer requirements. The County is due a “Penalty” as a result of Contractor’s failure to meet the Standard Performance Requirement identified in Exhibit A-4, Attachment B, Performance Requirements Summary. A Penalty shall apply in the event of Contractor’s failure to achieve the agreed upon Standard Performance Requirement during any measurement period. Contractor shall credit the County on the invoice following the month in which the failure, and resulting Penalty, occurs. In performing these services, Contractor shall readily accept County’s patient financial, admission, eligibility, and other data in various formats as determined by Facilities (e.g. HL7 data or other formats that become available). Contractor shall provide:

- A. Electronic Data Interchange and Clearinghouse Services (EDICS);
- B. Financial Billing and Follow-up Services (FBFS);
- C. Specialty Mental Health Billing;
- D. Third-party Resource and Identification and Recovery Services (TPRIRS);

- E. Cost Report Recovery Services (CRRS); and
- F. Underpaid Accounts Identification and Billing Services (UAIBS).

3.1 ELECTRONIC DATA INTERCHANGE AND CLEARINGHOUSE SERVICES (EDICS)

Contractor shall provide EDICS to Facilities, including maintaining a comprehensive data warehouse and revenue cycle management (e.g. eligibility verification, electronic remittance, claim status reports, rejection analysis), as directed by the County. In performing EDICS, Contractor shall:

- 3.1.1 Submit HIPAA/HITECH compliant Health Care Claim (837) transactions to Medi-Cal, Medicare and other third-party payers or its designated fiscal Intermediary. Data transmission shall utilize HIPAA/HITECH compliant transactions and code sets where such standards exist. Contractor shall enable Facilities to electronically transmit claims on at least a weekly basis or at other frequency requested. Contractor shall have the ability to receive Remittance Advices (835 transaction), Eligibility (271 transaction), and Claim Status (277 transaction) should those services be required. In submitting HIPAA/HITECH compliant Health Care Claim (837) transactions, the Contractor shall:
 - 3.1.1.1 Incorporate detailed edits to identify potential errors, including but not limited to, duplicate claims, provider ID requirements, claim accuracy and coding verification and enable County personnel to make on-line corrections to claims. In addition, Contractor shall provide mechanisms to ensure follow-up notices/reports are provided on unpaid and underpaid claims.
 - 3.1.1.2 Integrate electronic claims with hardcopy document submissions (i.e. medical records, authorizations) where appropriate or required by the payer(s) or its fiscal intermediary.
 - 3.1.1.3 Provide County with real time interactive web-portal capability for direct data entry and editing, electronic claims tracking, file uploading, claim payment status (276/277 transaction) and verification, transaction logs and record history, and payer messaging.
 - 3.1.1.4 Provide comprehensive billing details and summaries of all claims processed through Contractor's system including reports (i.e. aging report, average days to bill/collect, benchmark reports) for auditing or other management purposes.
 - 3.1.1.5 Provide all programming changes for any customized and routine reports or customized claims processing, as requested by the County or as required by payer changes (e.g., State requirements, 5010 health claim format).

- 3.1.1.6 Contractor shall provide a secured system environment for data transfer and exchange. Contractor's system shall include, but not limited to, maintaining a secure portal, login and password security, and user authentication and verification. Contractor shall, at the Director's request, provide secured data transfer into the County's current electronic data capturing system in compliance with the County's specified format (e.g., HL7).
- 3.1.1.7 Provide technical support services during implementation and operations maintenance at no additional cost.
- 3.1.1.8 Provide training sessions to County staff at Facilities, as may be requested by the Facility. The subject matter shall include, but not be limited to, new or updated information concerning:
- Medi-Cal billing procedures.
 - Medicare billing procedures.
 - Medi-Cal Manage Care
 - Commercial insurance billing procedures.
 - Other Third-Party Payer billing procedures.
 - Utilization of the reports generated.

3.2 Financial Billing and Follow-Up Services (FBFS)

- 3.2.1 Contractor shall provide FBFS as requested by Facilities for referred accounts. The County currently utilizes an all-inclusive charge, however, FBFS may include itemized billing where required by applicable law or payer requirements and encompasses the following third-party programs: Medicare, Medi-Cal, Health Care Plan and Commercial Insurance (i.e. HMO, HCP, and Medi-Cal Linked), and other third-party payers and may be specific to inpatient accounts or outpatient accounts or both. This includes billing and follow-up services, denial reprocessing, reviewing medical records for appeals, and using automated systems where available and appropriate or as requested by County.
- 3.2.2 Contractor shall request the necessary information (e.g., TARS, allocation of days (AOD) or patient discharge summaries) needed to develop valid reimbursement claims directly from the facility(ies) (e.g., Utilization Review, Medical Records, Patient Financial Services) including comprehensive chart review to access coding, development of clean claims necessary for itemized billing. Contractor shall provide personnel to assist in retrieving/photocopying documents. Contractor will provide personnel to assist in retrieving/photocopying documents as may be requested by the Source Organizations and return all account documentation reviewed in the same condition and sequence in which they were originally received.
- 3.2.3 Contractor shall, within five (5) business days, bring to the attention of the Facility Patient Accounts Manager/CBO Manager, when the Contractor is

having difficulty in obtaining information which prohibits the Contractor from billing or following-up on accounts.

- 3.2.4 If Contractor cannot obtain the necessary medical records coding from the Facility, the Contractor, at Contractor's own cost, may utilize its own coding staff or contracted coding vendor that has been approved by County as a subcontractor. Notwithstanding the foregoing, the Contractor may charge separately for "Special Accounts" identified under Change Order Number 9.
- 3.2.5 Contractor shall provide any one or all of the following services to Facilities as agreed upon between County and Contractor:
- 3.2.5.1 Research unbilled Inpatient and/or Outpatient accounts that have been classified as having third-party coverage on the Accounts Receivable (A/R).
- 3.2.5.2 Research all unbilled accounts on the A/R systems with discharge or service dates as requested by Facility to verify third-party coverage, except those assigned by County to other contract service providers. Contractor shall verify eligibility or recommend other appropriate disposition of these accounts to Facility staff, if no eligibility can be determined or non-matching eligibility.
- 3.2.5.3 Employ a claim edit system to review all data from Facility systems to create claims that are compliant with payer regulations and work with Facility staff to resolve all pre-bill edit failures (e.g., missing or incorrect patient demographic and charge information, partial eligibility matches, and missing or incomplete medical record data). The updated information will be entered directly into the Contractor's billing processes. Contractor shall review medical record/chart as necessary where itemized billing is required.
- 3.2.5.4 Generate electronic or hardcopy of claims, including itemized claims where appropriate and necessary, and ensure claims are compliant with Federal, State, and other regulatory requirements and submit claims timely to the appropriate fiscal intermediary or other third-party payers. Contractor shall develop and bill Medicare, Medi-Cal, health care plan and commercial insurance, or other third-party payer, claims that meet the requirements of the applicable fiscal intermediary or third-party payer, in electronic format where possible. Contractor shall generate electronic or hardcopy work queues of claims with invalid eligibility matches and research accounts on payer's on-line eligibility systems or with the Facilities' eligibility systems. If valid eligibility is identified, the information shall be entered directly into the billing system by Contractor.

When necessary, Contractor shall review medical records to ensure all mandated codes exist prior to billing. The updated information will be entered directly into the Contractor's billing processes by Contractor staff.

- 3.2.5.5 Provide County updated demographic and third-party resources information at the time of billing to include third-party updates and third-party payer identification number (e.g., insurance code updates, Medi-Cal ID#), in electronic format—Insurance Change Reports. Provide updates for revised and/or corrected information obtained by vendor in electronic format.
- 3.2.5.6 Develop fully and submit, in a timely manner, completed Medi-Cal, Medicare, health care plan and commercial insurance, and/or any other third-party claims/billings, in electronic format where appropriate to fiscal intermediary for Medi-Cal or fiscal intermediary for Medicare, or the appropriate Independent Practice Association (IPA) /Participating Physician Group (PPG) or capitated Hospital and/or other third-party payers or fiscal intermediaries.
- 3.2.5.7 Follow-up on billed and unpaid accounts, according to the third-party payer timeline and follow appropriate processes, to determine claim status including usage of 276/277 transactions.
- 3.2.5.8 Follow-up on underpaid and denied claims, determine the cause of the denial, correct deficiency, and resubmit claims for payment unless the claim is determined to be uncollectible. When necessary, Contractor shall review medical records of denied or incorrectly paid claims to determine if an appeal is appropriate. If an appeal is appropriate, Contractor shall file the appeal with the appropriate payer (e.g., IPA/PPG, capitated hospital). Contractor shall document the reasons the account is uncollectible and report to the referring Facility(ies).
 - 3.2.5.8.1 Respond within ten (10) business days from posting of remittance or correspondence, if information is available, to additional information requested (e.g., correspondence) by Medicare, Medi-Cal, health care plan and commercial insurance, other third-party payer or from applicable fiscal intermediary.
 - 3.2.5.8.2. Research and resubmit claims billed by Contractor which are suspended or denied by the fiscal intermediary (e.g., complete and return resubmission turnaround documents, Claim Inquiry Forms (CIF)) and provide all follow-up services for denied claims and pursue third-party payments until the account is determined to be uncollectible.

Contractor shall document the reasons the account is uncollectible and report to the Facilities.

- 3.2.6 Pursue full reimbursement for all commercial and managed care insurance accounts identified by the Facility(ies). Contractor shall submit in writing any proposed settlement/account compromise greater than 5% discount, with amount and reason for compromise, to County for approval prior to acceptance, in accordance with DHS' procedures. Contractor shall negotiate with the third-party payer to ensure that the compromise offer is fair and equitable. Contractor shall submit all compromise offers to County only when it has determined that the offered amount is the best offer that can be negotiated. For this purpose, Contractor shall provide County all information/documentation within three (3) business days. If County personnel are required to attend hearings and/or settlement conferences, Contractor shall notify County at a minimum of fifteen (15) business days in advance of the hearing/conference date.
- 3.2.7 Establish and maintain a claim/payment tracking system to identify by account, category, Facility, and in total, amounts billed, collected, pending, underpaid/denied, paid, and accounts referred back to Facilities. Contractor shall provide aging reports for accounts billed each month or as requested by referring Facility(ies).
- 3.2.8 Shall the County request, the Contractor will post (HIPAA/HITECH Compliant 835 transaction) the payments, denials, adjustments, and transfers, electronically, to all applicable Facility's A/R systems within four (4) business days. Contractor shall post, on a continuing basis, Medi-Cal, Medicare, health plan and commercial insurance and other third-party remittances and contractual allowances within four (4) business days after Contractor's receipt of Remittance Advices. Contractor shall provide payment posting detail for accounts that have been billed by Contractor and subsequently paid.
- 3.2.9 Establish a payment tracking process on the accounts billed by Contractor to identify amounts billed and amount collected and provide an accounts aging report for the accounts billed by Contractor and perform monthly review of all Accepted Accounts that were paid to ensure accounts are appropriately adjudicated.
- 3.2.10 Research credit balances on Accepted Accounts and billed accounts to ensure payments are correctly recorded. If overpayment is identified, Contractor shall process either a corrected claim or a void claim where applicable. For those claims where corrected claim and/or voided claim is not applicable customer shall provide contractor with a notification process for customer to issue refund check. to the appropriate third-party payer(s) within the timeframe specified by the payer. Contractor shall provide monthly reports that identify overpayments and the appropriate actions taken to initiate refunds and/or corrections.

- 3.2.11 Provide Facilities with a listing of the accounts with amounts determined to be self-pay.
- 3.2.12 Provide payments, adjustments, and billing information transactions in electronic format.
- 3.2.13 Provide various management reports (i.e., eligibility identifications, claims billed, collections, remittance advice, underpayments, denials, and other reports, in formats, content, and frequency).
- 3.2.14 Return health care plan and commercial Insurance accounts to the County that have been billed but are unadjudicated two hundred seventy (270) calendar days after the last billing, except as otherwise instructed by the Facility. Contractor shall supply supporting documentation not available to the County upon request, in the format requested by the County.
- 3.2.15 Follow regulatory and DHS balance billing guideline for emergency services and other health care services.
- 3.2.16 Provide, develop, and maintain a database to accumulate patient data, charge information, billing statistics, payment information, and other data as necessary. Contractor shall allow County's staff to access the database for inquiries, reporting, and as otherwise necessary.
- 3.2.17 Provide automation of various management reports as specified and defined by the County.
- 3.2.18 Provide County with a quarterly assessment of each Facility's performance. Any concerns and recommendations to improve FBFS shall be included in such report.

3.3 Specialty Mental Health Billing

Contractor shall provide assistance to County in submitting HIPAA/HITECH compliant claims for specialty mental health Inpatient (IP), Inpatient Professional (IP Pro) Outpatient (OP), and Emergency Room (ER) services. Contractor shall also provide follow-up services, denial reprocessing, reviewing medical records for appeals, data collection and reporting, and using automated systems where available and appropriate or as requested by County, as specified further below. DHS provides mental health services which do not qualify as specialty mental health. Contractor's responsibilities for such non-specialty mental health services are included in and subject to the provisions in Paragraph 3.2 (Financial Billing and Follow-Up Services (FBFS)).

- For purposes of this Paragraph 3.3, "DMH-Responsible Patients" include Medi-Cal beneficiaries who require specialty mental health services, including persons qualified for State-only Medi-Cal, and indigent and uninsured persons.

- For purposes of this Paragraph 3.3, “Non-DMH-Responsible Patients” include persons receiving specialty mental health services who are covered by Medicare or a third-party insurer.
- 3.3.1 Contractor shall provide the services under the terms and conditions set forth below in Paragraphs 3.3.2 through 3.3.8 for specialty mental health services provided to DMH-Responsible Patients. All claims shall be submitted to the Los Angeles County Department of Mental Health (LAC-DMH) in accordance with LAC-DMH’s policies and procedures.
 - 3.3.2 Contractor shall provide the services discussed in this Paragraph 3.3 to referred accounts for specialty mental health services. County shall generate referred accounts reports for DMH-Responsible Patients IP, IP Pro, OP and ER services once a month and will provide the reports securely.
 - 3.3.3 Contractor shall request the information (e.g., TARS, allocation of days (AOD) or patient discharge summaries) necessary to develop valid reimbursement claims directly from Facility(ies) (e.g., Utilization Review, Medical Records, Patient Financial Services) including comprehensive chart review to access coding, and allow for the development of clean claims for itemized billing. At the County’s request, Contractor shall provide personnel to assist in retrieving/copying documents and shall return all account documentation reviewed in the same condition and sequence in which they were originally received.
 - 3.3.4 If Contractor cannot obtain the necessary coding from Facility, the Contractor, may utilize its own coding staff or a contracted coding vendor that has been approved by County as a subcontractor. Notwithstanding the foregoing, the Contractor may charge County separately for “Special Accounts” identified under Change Order Number 9.
 - 3.3.5 Contractor shall provide any or all of the following services in connection with specialty mental health services to DMH-Responsible Patients as agreed upon between County and Contractor:
 - 3.3.5.1 Research unbilled IP, IP Pro, OP and ER accounts that have been classified as having Medi-Cal on the Accounts Receivable (A/R).
 - 3.3.5.2 Employ a claim edit system to review all data from Facility systems to create claims that are compliant with LAC-DMH rules, work with Facility staff to resolve all pre-bill edit failures (e.g., missing or incorrect patient demographic and charge information, partial eligibility matches, and missing or incomplete medical record data). The updated information will be entered directly into the Contractor’s billing processes.

Contractor shall review medical record/chart as necessary where itemized billing is required.

- 3.3.5.3 Verify Medi-Cal eligibility for all claims designated as Medi-Cal.
- 3.3.5.4 If LAC-DMH requires encounters to be opened in its system in order to accept or process claims, Contractor shall open such encounters and input all necessary data into Integrated Behavioral Health Information Systems (IBHIS) using information from Affinity RCO or ORCHID.
- 3.3.5.5 Generate electronic (837 transaction) claims, and ensure such claims are compliant with Federal, State, LAC-DMH and other regulatory requirements and submit claims timely to LAC-DMH. All submitted claims, including but not limited to ER, must comply with regulatory and DHS balance billing requirements. All submitted claims must properly reflect whether they are for Medi-Cal beneficiaries or for the indigent and the uninsured. The County currently utilizes an all-inclusive charge; however, the referred specialty mental health service accounts may need itemized billing where required by applicable law or LAC-DMH's requirements. The updated information will be entered directly into the Contractor's billing platform by Contractor staff.
- 3.3.5.6 Have Contractor's supervisors review all billing reports to validate the accuracy and appropriateness of accounts billed to Medi-Cal.
- 3.3.5.7 Generate electronic work queues of claims with invalid eligibility matches and research accounts on payers' on-line eligibility systems or with the Facilities' eligibility systems. If valid eligibility is identified, the information shall be entered directly into the billing system by Contractor.
- 3.3.5.8 Provide County updated demographic and third-party resources information at the time of billing to include third-party updates and third-party payer identification number (e.g., insurance code updates, Medi-Cal ID#), in electronic format—Insurance Change Reports. Provide updates for revised and/or corrected information obtained by Contractor or subcontractor in an electronic format.
- 3.3.5.9 Follow-up on billed and unpaid accounts, according to LAC-DMH's timeline and follow appropriate processes to determine claim status, including use of 276/277 transactions.
- 3.3.5.10 Follow-up on underpaid and denied claims, determine for each such claim the cause of the denial, correct the deficiency(ies), and resubmit claim for payment unless the claim is determined

to be uncollectible. When necessary, Contractor shall review medical records of denied or incorrectly paid claims to determine if an appeal is appropriate. If an appeal is appropriate, Contractor shall file the appeal using LAC-DMH and/or Medi-Cal's appeal processes. If Contractor determines that the account is uncollectible, Contractor shall document the reasons the account is uncollectible and report to the referring Facility(ies).

3.3.5.10.1 Respond to additional information requests (e.g., correspondence) by LAC-DMH and/or Medi-Cal within ten (10) business days from posting of remittance or correspondence, if information is available.

3.3.5.10.2 Research and resubmit claims billed by Contractor which are suspended or denied by LAC-DMH (e.g., complete and return resubmission turnaround documents) and provide all follow-up services for denied claims and pursue payment until the accounts are determined to be uncollectible. Contractor shall document the reasons the account is uncollectible and report to the Facilities.

3.3.6 Contractor shall establish and maintain a claim/payment tracking and reporting system to identify by account, category, Facility, and in total, amounts billed, collected, pending, underpaid/denied, paid, and accounts referred back to Facilities. If requested by County, provide information included in such reporting system in an electronic format. Contractor shall further provide aging reports for accounts billed each month or as requested by referring Facility(ies). Additionally, unless County instructs to the contrary, Contractor will perform monthly review of all billed accounts that were paid to ensure accounts are appropriately adjudicated.

3.3.7 If the County requests, the Contractor will post the payments, denials, adjustments, and transfers, electronically to all applicable Facility's A/R systems within four (4) business days. Contractor shall post on a continuing basis, Medi-Cal, and other LAC-DMH remittances and contractual allowances within four (4) business days after Contractor's receipt of Remittance Advices. Contractor shall provide payment posting detail for accounts that have been billed by Contractor and subsequently paid.

3.3.8 Contractor will research, based on data provided by County or otherwise known to Contractor, credit balances on referred and billed accounts to ensure payments are correctly recorded. If an overpayment is identified, Contractor shall process either a corrected claim or a void claim as appropriate. For those claims where a corrected claim and/or voided claim is not appropriate, the relevant Facility shall provide Contractor with a

notification process for Facility to issue refund check to LAC- DMH or Medi-Cal within the timeframe specified by the payer. Contractor shall provide monthly reports that identify overpayments and the appropriate actions taken to initiate refunds and/or corrections.

- 3.3.9 As agreed upon by County and Contractor, Contractor shall provide any or all of the same services described in paragraphs 3.3.2 through 3.3.8 above to referred accounts for specialty mental health IP, IP Pro, OP and ER services provided to Non-DMH-Responsible Patients. For purposes of such services, any reference in paragraphs 3.3.2 through 3.3.8 to LAC- DMH or Medi-Cal shall be understood to mean the rules, systems, processes or procedures of the applicable non-LAC-DMH payer.
- 3.3.10 County shall bill deductibles, coinsurance or other copayment to the patient, unless the patient has other health coverage which is responsible for such amounts, in which case Contractor shall bill the other health coverage.
- 3.3.11 Contractor shall comply with all rules related to coordination of benefits in billing patients with multiple payers (e.g. patients who are eligible for both Medicare and Medi-Cal) and shall assure that all payments received by primary coverage are disclosed on claims to secondary coverage, as required by law or the payer.
- 3.3.12 Contractor will provide, develop, and maintain a database to accumulate patient data, charge information, billing statistics, payment information, and other data as necessary. Contractor shall allow County's staff to access the database for inquiries, reporting, and as otherwise necessary.
- 3.3.13 Contractor will provide various management reports (e.g., eligibility identifications, claims billed, collections, remittance advice, underpayments, denials, and other reports), in such formats, content, and frequency as shall be requested by County. Automate such management reports as specified by the County.
- 3.3.14 Contractor will provide County with a quarterly assessment of each Facility's performance in connection with the services described in this paragraph 3.3. Any concerns and recommendations to improve the performance of services under this Paragraph 3.3 shall be included in such report.
- 3.3.15 Contractor will include information related to Non-DMH-Responsible Patients in the services provided pursuant to paragraphs 3.3.12 through 3.3.14.

3.4 Third-Party Resource Identification and Recovery Services (TPRIRS)

After DHS's best efforts have been exhausted, Contractor may review underpaid or unpaid accounts for third-party coverage identification and claim processing services provided that the Contractor has not performed FBFS. In performing TPRIRS, Contractor shall:

- 3.4.1 Provide all Facilities receiving TPRIRS with a monthly listing of accounts that are eligible for third-party reimbursement for which Contractor has conducted a review to ensure that no claim by County or another contractor has been paid or is pending adjudication by the third-party payer or its fiscal intermediary. The Facilities will exclude accounts from this listing, that are currently being pursued by the County or another contractor. The Contractor shall then pursue reimbursement only for accounts which have been approved by the Facility.
- 3.4.2 Provide all Facilities receiving TPRIRS with a monthly cumulative listing (electronic or paper) of Approved Accounts that are being pursued within five (5) calendar days of identifying third-party eligibility where payment was not received.
- 3.4.3 Contractor shall pursue Approved Accounts for full reimbursement within sixty (60) calendar days of the approval date.
- 3.4.4 If Contractor needs additional time to process Approved Account(s), additional time may be requested by Contractor and may be granted by the County, not to exceed one hundred and twenty (120) calendar days after Contractor initially received Approved Account from County.
- 3.4.5 Contractor shall request the necessary information (e.g., TARS, AOD or patient discharge summaries) needed to develop valid reimbursement claims directly from the facility(ies) (e.g., Utilization Review, Medical Records, Patient Financial Services) including comprehensive chart review to access coding, development of clean claims, necessary for itemized billing. Contractor shall provide personnel to assist in retrieving/photocopying documents.
 - 3.4.5.1 Contractor shall notify the Patient Accounts Manager/CBO Manager within five (5) business days, when the Contractor is having difficulty in obtaining information which prohibits the Contractor from billing or following-up on accepted accounts.
 - 3.4.5.2 If Contractor cannot obtain the necessary medical records coding from the Facility, the Contractor may elect to utilize its own coding staff or contracted coding vendor if already approved by County as a subcontractor.
- 3.4.6 Utilize demographic, charge, and remittance data to construct a file of unliquidated accounts that are unidentified by the Facility as having third-party coverage. The Contractor shall then apply remittance data to this file of

un-identified accounts to identify and eliminate all previously liquidated services.

- 3.4.7 Employ a claim edit system to review all data from Facility systems to create a claim that is compliant with payer regulations and work with Facility staff to resolve all pre-bill edit failures (e.g., missing or incorrect patient demographic and charge information, partial eligibility matches, and missing or incomplete medical record data). The updated information will be entered directly into the Contractor's billing processes.
- 3.4.8 Generate electronic or hardcopy of claims, including itemized claims when necessary, and ensure claims are compliant with Federal, State, and other regulatory requirements and submit claims timely to the appropriate fiscal intermediary and other third-party payers. Contractor shall develop and bill Medicare, Medi-Cal, health care plan and commercial insurance, or other third-party payer claims that meet the requirements of the applicable fiscal intermediary or third-party payer, preferably in electronic format where applicable. Contractor shall generate electronic or hardcopy work queues of claims with invalid eligibility matches and research accounts on payer's on-line eligibility systems or with the Facilities' eligibility systems. If valid eligibility is identified, the information will be entered directly into the Contractor's billing system. When necessary, Contractor shall review medical records to ensure all mandated codes exist prior to billing. The updated information will be entered directly into the Contractor's billing processes by Contractor staff.
- 3.4.9 Provide updated demographic and third-party resources information at the time of billing to include third-party updates and third-party identification number (e.g., insurance code updates, Medi-Cal ID#) in electronic format.
- 3.4.10 Develop fully and submit completed Medi-Cal, Medicare, health care plan and commercial insurance, and/or any other third-party claims/billings, preferably electronically to fiscal intermediary for Medi-Cal, or fiscal intermediary for Medicare, or the appropriate Independent Practice Association (IPA) /Participating Physician Group (PPG) or capitated Hospital and/or other third-party payers or fiscal intermediaries.
- 3.4.11 Follow-up on billed and unpaid accounts according to the third-party payer timeline and follow appropriate processes to determine claim status including usage of 276/277 transactions.
- 3.4.12 Follow-up on denied claims, determine the cause of the denial, correct deficiency, and resubmit claims for payment unless the claim is determined to be uncollectible. When necessary, Contractor shall review medical records of denied or incorrectly paid claims to determine if an appeal is appropriate. If an appeal is appropriate, Contractor shall file the appeal with the appropriate payer (e.g., IPA/PPG, capitated hospital). Contractor shall document the reasons the account is uncollectible and report to the referring Facility(ies).

- 3.4.12.1 Respond within ten (10) business days after posting of remittance or correspondence, if information is available, to additional information requested (e.g., correspondence) by Medicare, Medi-Cal, health care plan and commercial insurance, other third-party payer or from applicable fiscal intermediary.
- 3.4.12.2 Research and resubmit claims billed by Contractor which are suspended or denied by the fiscal intermediary (e.g., complete and return resubmission turnaround documents, CIF) and provide all follow-up services for denied claims and pursue third-party payments until the account is determined to be uncollectible. Contractor shall document the reasons the account is uncollectible and report to the Facilities.
- 3.4.13 Pursue full reimbursement for all commercial and managed care insurance account. Contractor shall submit in writing any proposed settlement/account compromise greater than 5% discount, with amount and reason for compromise, to County for approval prior to acceptance in accordance with procedures as follows: Contractor shall negotiate with the third-party to ensure that the settlement amount allocated to the County is fair and equitable. Contractor shall submit such compromise offers to County only when they have determined that the offered amount is the best offer that can be negotiated. For this purpose, Contractor shall provide County all information/ documentation within three (3) business days. If County personnel are required to attend hearings and/or settlement conferences, Contractor shall notify County at a minimum of fifteen (15) business days in advance of the hearing/conference date.
- 3.4.14 Establish and maintain a claim/payment tracking system to identify by account, category, Facility, and in total, amounts billed, collected, pending, denied, paid, and accounts referred back to Facilities or primary contractor(s). Contractor shall provide aging reports for accounts billed each month or as requested by referring Facility(ies).
- 3.4.15 Post (HIPAA/HITECH Compliant 835 transaction) the payments, adjustments, and transfers, preferably electronically, to all applicable Facility's A/R systems within four (4) business days. Contractor shall post on a continuing basis, Medi-Cal, Medicare and other third-party remittances and contractual allowances within four (4) business days after Contractor's receipt of Remittance Advices. Contractor shall provide payment posting detail for accounts that have been billed by Contractor and subsequently paid.
- 3.4.16 Establish a payment tracking process on the accounts billed by Contractor to identify amounts billed and amount collected and provide an accounts aging report for the accounts billed by Contractor and perform monthly review of all Accepted Accounts that were paid to ensure accounts are appropriately adjudicated.

- 3.4.17 Research credit balances on Accepted and billed accounts to ensure payments are correctly recorded. If overpayment is identified, Contractor shall process either a corrected claim or a void claim where applicable. For those claims where corrected claim and/or voided claim is not applicable customer shall provide contractor with a notification process for customer to issue refund check. repayment to the appropriate third-party payer(s) within the timeframe specified by the payer. Contractor shall provide monthly reports that identify over-payments and the appropriate actions taken to initiate refunds and/or corrections.
- 3.4.18 Provide Facilities with a listing of the accounts with amounts determined to be self-pay.
- 3.4.19 Provide payments, adjustments, and billing information transactions in electronic format.
- 3.4.20 Provide various management reports (i.e., eligibility identifications, claims billed, collections, remittance advice, denials, and other reports, in formats, content, and frequency).
- 3.4.21 Follow regulatory and DHS balance billing guideline for emergency services and other health care services.
- 3.4.22 Provide, develop, and maintain a database to accumulate patient data, charge information, billing statistics, payment information, and other data as necessary. Contractor shall allow County's staff to access the database for inquiries, reporting, and as otherwise necessary.
- 3.4.23 Provide automation of various management reports as specified and defined by the County.
- 3.4.24 Provide County with a quarterly assessment of each Facility's performance. Any concerns and recommendations to improve TPRIRS shall be included in such report.

3.5 **Cost Report Recovery Services (CRRS)**

At the County's direction Contractor shall provide CRRS to Facilities, including but not limited to:

- A. If requested, Medicare Bad Debt Recovery Services;
- B. Disproportionate Share Recovery Services; and
- C. Indirect Medical Education Recovery Services.

3.5.1 **Medicare Bad Debt Recovery Services (MBDRS)**

Contractor shall maximize Medicare Bad Debt reimbursement costs by substantiating Medicare Bad Debts information and provide federally acceptable Medicare claims. Contractor shall develop an integrated

database to identify and process Medicare billing and collection information, i.e., the amount of bad debts associated with co-insurance and deductibles and produce auditable Medicare Bad Debt Reports by Facility. Contractor shall:

- 3.5.1.1 Prepare a Medicare Bad Debt Report for each Fiscal Year (FY) as requested by Director. Each report shall include a listing, by Facility of Medicare Bad Debt accounts and account activity.
- 3.5.1.2 Create and compile a data warehouse of electronic Medicare payment data (Remittance) for County inpatient and outpatient accounts. Contractor shall match the Remittance data to County Facility Statistical Master file.
- 3.5.1.3 Obtain information from the County for Medicare accounts deemed uncollectible.
- 3.5.1.4 Analyze Medicare account(s) information to identify any coinsurance and deductible payments.
- 3.5.1.5 Analyze collection activities/data from Patient Accounts system and any ancillary files (received from the County and/or other County contractors) to a) identify collection activity, and b) examine write-off transaction and write-off timing.
- 3.5.1.6 Identify potentially qualifying accounts by various codes, indicating their characteristics as they pertain to Medicare Bad Debt claiming.
- 3.5.1.7 Create a listing of Medicare Bad Debt accounts by Facility for all accounts that qualify for Medicare Bad Debt claiming. Each listing shall comply with the requirements as outlined under the latest adopted regulation such as the Centers for Medicare and Medicaid (CMS) Provider Reimbursement Manual (PRM) or Transmittal which includes but not limited to specific patient demographics, Medicare Health Insurance Claims (HIC) number, coinsurance amount, deductible amount, payments, write-offs, and Medicare Bad Debt allowable amount.
- 3.5.1.8 Provide this Medicare Bad Debt Report (by Facility) to the County within sixty (60) days following the end of each fiscal year (June 30), or as requested by the County.

3.5.2 Disproportionate Share Recovery Services (DSRS)

As requested by the County and with Contractor's concurrence, Contractor shall provide Medicare DSRS to Maximize County's Medicare Disproportionate Share Hospital (DSH) reimbursement in compliance with Medicare regulations. Contractor shall develop an integrated database to

identify additional eligibility inpatient days, prepare necessary documentation, and secure acceptance from the Medicare fiscal intermediary for Medicare DSH claiming. Further, Contractor shall produce reports and compile detailed listing and claims for filing with Medicare, as required or as requested by County with concurrence of Contractor to provide claiming for eligible inpatient days. DSRS shall be provided by Contractor for all inpatient hospital Facilities, except as otherwise determined by the County. Contractor shall prepare Facility-specific listings and reports of eligible patient days and Medicare DSRS claims for dates of service as requested by County. Contractor shall:

3.5.2.1 Create and compile a data warehouse of electronic inpatient account information. Contractor shall reformat account information provided by County to standard Medicare DSH record types, creating records for all accounts.

3.5.2.2 Identify a universe of the potential Medicare DSH population by analyzing the compiled inpatient account information and segregating inpatient account information into potential Medicare DSH groups for each fiscal year as determined by County. To identify the universe of the potential Medicare DSH population, Contractor shall:

- A. Match inpatient account records against Medi-Cal remittance data.
- B. Match inpatient account records against eligible 1115 waiver days
- C. Match inpatient account records against uninsured accounts
- D. Perform self-pay conversion processing to identify potential incremental Medi-Cal and Medi-Cal Managed Care days.
- E. Select accounts with patient days for dates of service for each fiscal year as requested by Director and categorize accounts by Medicare DSH type.
- F. Accurately match inpatient account records to Medi-Cal eligibility dates.
- G. Review days already claimed and paid by the fiscal intermediary and deduct these days from the Medicare DSH population.
- H. Independently evaluate accuracy of the Medicare-assigned Supplemental Security Income (SSI) ratio for each fiscal year as determined by County, as follows:
 - 1) Match the federal Centers for Medicare and Medicaid Services SSI file to inpatient account records;
 - 2) Identify "dual-eligible" inpatient account records found on County system but not found on SSI file;

- 3) Research inconsistencies for non-matching instances to ascertain Medi-Cal coverage type, if any; and
- 4) Create a report of "dual eligible" inpatient account records not included in SSI ratio.

3.5.2.3 Prepare listings and reports by Facility as follows:

- A. Medicare DSH exclusion report.
- B. Payment status segregation report.
- C. Reconciliation report of paid days to DSH listing, as necessary.
- D. Plan code and service type summary report listing.
- E. Medicare detail report (for filing with Medicare).

3.5.2.4 Additional Runs – Contractor shall perform up to three (3) additional runs after its initial Medicare detail report for filing with Medicare to potentially increase the Medi-Cal eligible days. The timing of the runs will be determined by the County. Contractor shall be paid a fee based on Paragraph 10.0, Provision For Payment of this Exhibit A-4, depending upon the issuance of the Revised Notice of Program Reimbursement (RNPR) reflecting these additional Medi-Cal eligible days.

3.5.2.5 For fiscal years where a final Medicare Cost Report settlement has been rendered, prepare claims for reopening or appeal, as appropriate and as determined by the County.

3.5.2.6 For fiscal years where a final Medicare Cost Report is pending, prepare claims for supplementing the pending Report.

3.5.2.7 Provide Medicare DSRS claims with dates of service to County upon request, where a final Medicare Cost Report settlement has been rendered or pending. Contractor shall provide to County Medicare DSRS claims with dates of service as determined by the County, within two (2) years following the end of the fiscal year (June 30).

3.5.2.8 The parties also wish to clarify their intent with respect to the DSRS to be provided under the Agreement, including under SOW, Exhibit A-4.

3.5.2.8.1 The parties acknowledge and agree that, pursuant to Subsection 3.5.2, Disproportionate Share Recovery Services, Subsections 3.5.2.4 and 3.5.2.6, Sutherland will assist the County in filing amended cost reports by March 15, two years following the year covered by the cost reports to be amended. Such amended cost reports will reflect a revised claim of Medicaid eligible days based on an up-to-

date determination of days for which Medicaid eligibility has been verified through the State's system.

3.5.2.8.2 The parties acknowledge and agree that the County is not required to ask Sutherland to perform, and Sutherland is not required to agree to perform DSRS in connection with the reopening of any cost report, or in connection with the appeal from any Notice of Program Reimbursement or revised Notice of Program Reimbursement. The County may, at its sole discretion, ask Sutherland to perform such services or may have them performed internally or by another entity.

3.5.2.8.3 Sutherland acknowledges and agrees that the Director of the County Department of Health Services or his delegate has only assigned to Sutherland, DSRS in connection with the filing, or amending of cost reports through and including FYE 6/30/20. If the Agreement is extended to May 31, 2022, or to subsequent years, DSRS in connection with FYE 6/30/2022, or subsequent years included in the extension period(s) will also be assigned to Sutherland. The County may assign DSRS associated with filing or amending cost reports for various fiscal years to other vendors.

3.5.3 Indirect Medical Education Recovery Services (IMERS)

At the County's discretion and with Contractor's concurrence, Contractor shall provide IMERS to Maximize County's Indirect Medical Education (IME) reimbursement in compliance with Medicare policies and regulations. Contractor shall:

3.5.3.1 Review the current impact of existing IME reimbursement and analyze the recovery rate. Develop, with Facility's approval, a processing flow to optimize IME reimbursement at Facilities.

3.5.3.2 Implement with Facility's approval, methodology for production of shadow billing, follow-up and collection.

3.5.3.3 Provide appropriate periodic reporting to County to document results.

3.6 Underpaid Account Identification and Billing Services (UAIBS)

Contractor shall identify underpaid accounts after these accounts have been closed by County or its primary contractor(s): Assign accounts will be based on

protocol established and agreed upon between County and Contractor. Contractor shall:

- 3.6.1 Utilize demographic, charge, and payment data, Contractor shall identify and construct a file of underpaid accounts as having third-party coverage.
- 3.6.2 Apply appropriate fee schedules to determine if the claims were paid accordingly or if additional payment can be received due to errors or insufficient information and eliminate all accounts which were reimbursed appropriately.
- 3.6.3 Provide all Facilities receiving UAIBS with a monthly listing of accounts that are found to have been underpaid by the third-party payer (e.g. workers' compensation, commercial insurance), for which Contractor has conducted a review sufficient to ensure that no claim by County or its primary contractor exists. Facilities will delete accounts from the listing that are currently being pursued by the County or its primary contractor. Contractor shall then pursue reimbursement only for accounts remaining on the listing.
- 3.6.4 Provide all Facilities receiving UAIBS with a monthly listing (electronic or paper) of Approved Accounts which will not be pursued and no additional reimbursement was received, with an explanation of the reason(s) further efforts will not be pursued.
- 3.6.5 Employ a claim edit system to review all data from Facility systems to create a revised claim that is compliant with payer regulations and work with Facility staff to resolve all pre-bill edit failures (e.g., missing or incorrect patient demographic and charge information).
- 3.6.6 Provide County updated demographic and third-party resources information at the time of billing to include insurance information updates and third-party identification number (Carrier code updates, insurance billed) in electronic format.
- 3.6.7 Fully develop and submit, unless otherwise instructed by County, completed third-party revised claims/billings, preferably electronically, to the third-party payers or fiscal intermediaries.
- 3.6.8 Follow-up on denied claims, determine the cause of the denial, correct deficiency, and resubmit claims for payment unless and until the claim is determined to be uncollectible. Contractor shall document the reasons the account is uncollectible and report to the applicable Facilities.
- 3.6.9 Maintain a claim/payment tracking system to identify by account, category, Facility, and in total, amounts billed, collected, pending, denied, paid, and accounts referred back to Facilities or primary contractor(s). Contractor shall provide aging reports for accounts billed each month or as requested by applicable Facilities.

3.6.10 Post the payments and adjustments to all applicable Facility's accounts receivable systems within four (4) business days, as may be requested. Contractor's failure to post this information timely and accurately will result in fines/assessments as referenced in Attachment B – Performance Requirement Summary.

3.6.11 Provide (in electronic format) payments and adjustment transactions.

3.6.12 Provide various management reports regarding underpaid claims accepted, accepted claims not pursued and reason for not pursuing, claim billed, collections, remittance advice, denials, and other reports, in formats, content, and frequency to be determined by the County.

4.0 REQUIRED REPORTS

Contractor shall provide management reports, at no cost to County, provided the data is within Contractor's scope of services. All routine management reports (including Mental Health) must be provided timely per established due date.

From time to time, the County may request additional reports or one time only reports (i.e., new management reports, ad-hoc reports) created from Contractor's existing data fields. Contractor shall make such reports available to County within one week from Director's request or as otherwise agreed to by County and Contractor.

5.0 ADDITION/DELETION OF FACILITIES, SPECIFIC TASKS AND/OR WORK HOURS

5.1 Contractor shall provide one or more services listed in SCOPE OF WORK, Sub-Paragraph 2.1 as requested by each Facility listed in Attachment A, Facilities List.

5.2 The Contractor's awarded services may change as a result of deletion or addition of new Facility(ies), future consolidation of existing Facilities or as changes are required by law. Therefore, Contractor shall accept assignments or deletions of Facility(ies) and/or services deemed by the County to be in its best interest.

6.0 QUALITY CONTROL

The Contractor shall establish and maintain a written Quality Control Plan to ensure that the requirements of the Agreement are met. The Quality Control Plan may be in a chart format. An updated copy must be provided to the County's Project Director ten (10) business days after to the Agreement start date and within ten (10) business days when changes occur during the term of the Agreement. The plan shall discuss, but not be limited to, the following:

6.1 The Contractor's quality control or monitoring system covering each individual item listed in Paragraph 9.0, Performance Requirements Summary, of this SOW. It must specify the activities to be monitored on either a scheduled or unscheduled basis, how often monitoring will be accomplished, and the title of the individual(s) who will perform the monitoring.

6.2 The methods for identifying and preventing deficiencies in the quality of service performed before the level of performance becomes unacceptable and not in compliance with the Agreement.

- 6.3 The methods for documenting the monitoring results and, if necessary, the corrective actions taken.
- 6.4 The method for assuring that confidentiality of patient information is maintained while in the care of Contractor.
- 6.5 The method for assuring new Contractor employees will sign an Acknowledgement of Confidentiality Agreement prior to starting employment and will understand and abide by its terms upon starting employment.

On an ongoing basis, the Contractor's performance will be compared to the Agreement standards and Acceptable Quality Levels (AQLs) as referenced in Attachment B – Performance Requirement Summary. DHS may use a variety of inspection methods to evaluate the Contractor's performance, including but not limited to: random sampling; one hundred percent inspection of its output items on a periodic basis (daily, weekly, monthly, quarterly, semiannually or annually) as determined necessary to assure a sufficient evaluation of the Contractor's performance; review of reports and files; complaints from DHS; site visits; write off reports; and patient complaints.

7.0 QUALITY ASSURANCE PLAN

The County will evaluate the Contractor's performance under this Agreement using the quality assurance procedures as defined in Section 14.0, County's Quality Assurance Plan, of the Additional Provisions of this Agreement.

7.1 Contract Discrepancy Report

Verbal notification of a Contract discrepancy will be made to the Contractor Project Manager as soon as possible whenever a Contract discrepancy is identified. The problem shall be resolved within a time-period mutually agreed upon by the County and Contractor. The County Project Monitor will determine whether a formal Contract Discrepancy Report shall be issued. Upon receipt of this document, the Contractor is required to respond in writing to the County Project Monitor within five (5) business days, with a plan for correction of all deficiencies identified in the Contract Discrepancy Report.

7.2 County Observations

In addition to departmental contracting staff, other County personnel may observe performance, activities, and review documents relevant to this Agreement at any time during normal business hours. However, these personnel may not unreasonably interfere with the Contractor's performance.

8.0 RESPONSIBILITIES

COUNTY

8.1 County Personnel and Records

8.1.1 County Administration

The Director shall have the authority to administer this Agreement on behalf of the County. The Director retains professional and administrative responsibility for the services rendered under this Agreement. A listing of all

County Administration referenced in the following Sub-paragraphs is designated in Exhibit F-1, County's Administration, of the Agreement. The County shall notify the Contractor in writing of any change in the names or addresses shown.

8.1.1.1 County's Project Director

Person designated by the County with authority for the County on administrative matters relating to this Agreement that cannot be resolved by the County's Project Manager. Responsibilities of the County's Project Director include:

- ensuring that the objectives of this Agreement are met; and
- providing direction to the Contractor in the areas relating to County policy, information requirements, and procedural requirements.

8.1.1.2 County's Project Manager

8.1.1.2.1 The responsibilities of the County's Project Manager include:

- Meeting with the Contractor's Project Manager on a regular basis;
- inspecting any and all tasks, deliverables, goods, services, or other work provided by or on behalf of the Contractor; and
- approving invoices.

8.1.1.2.2 The County's Project Manager is not authorized to make any changes in any of the terms and conditions of this Agreement and is not authorized to further obligate the County in any respect whatsoever.

8.1.1.3 County's Project Monitor

8.1.1.3.1 The County's Project Monitor is responsible for overseeing the day-to-day administration of this Agreement. The Project Monitor reports to the County's Project Manager.

- 8.1.1.4 County does not anticipate assigning any County employees to assist Contractor on a full-time basis regarding services to be provided by Contractor pursuant to this Agreement. However, County personnel will be made available to Contractor, if deemed necessary by the County, to provide input and assistance in order to answer questions and provide necessary liaison between Contractor and County departments.
- 8.1.1.5 The various operational/administrative records and statistics of County's health operations shall be provided to Contractor for review and evaluation whenever deemed appropriate and feasible by County, and as may be allowed by applicable law.

8.2 County Access to Information

- 8.2.1 In order for Contractor to perform the services described in this SOW, County shall cooperate with Contractor to allow access to such financial, medical and other operating data as may be allowed by Director and applicable law, including among other things the following:
 - 8.2.1.1 Patient demographic, admission, and registration data from the respective Facility admission and registration system files, as available in format determined by Director.
 - 8.2.1.2 Inpatient and ambulatory billing forms and billing folders for Medi-Cal, Medicare, and commercial insurance.
 - 8.2.1.3 Affinity or other County patient accounting and accounts receivable information including all itemized and all-inclusive charges required for billing in format and timeframe determined by Director.
 - 8.2.1.4 Medicare, Medi-Cal, and other third-party payer Remittance Files.
 - 8.2.1.5 County patient medical records, for purposes of determining and verifying dates of patient service and other diagnosis information required for successful reimbursement.
 - 8.2.1.6 File layouts, if necessary, for each of the files.
 - 8.2.1.7 At Director's discretion, any additional files, documents, system access, or information deemed appropriate to Facilitate performance of the services described in SOW.

CONTRACTOR

8.3 Contractor's General Responsibilities

- 8.3.1 Contractor shall work independently on designated assignments in accordance with this SOW.
- 8.3.2 Notwithstanding any representation by County regarding the participation of County personnel in any phase of this project, Contractor assumes sole responsibility for the timely accomplishment of all activities assigned in this Agreement.
- 8.3.3 Contractor(s) shall furnish all labor, materials, supplies, personnel, equipment, and administrative support necessary to perform the services under this Agreement. Contractor shall use materials and equipment that are safe for the environment and safe for use by the employee. At the County's sole discretion, the County may assign space, chairs, desks, and office equipment (e.g., telephones, fax machines, photocopying equipment) on a non-exclusive basis, for work area and related use by the Contractor. In the event the County assigns space and office equipment to the Contractor, Contractor shall use the space and office equipment only for the purpose of the performance of services hereunder. The Contractor is prohibited from use of such space and office equipment for the purposes other than for the performance of this Agreement

8.4 Contractor's Project Manager

- 8.4.1 Contractor shall provide a full-time Contract Project Manager or designated alternate. County must have access to the Contract Manager during the hours of 8:00 a.m. to 5:00 p.m., Monday through Friday except holidays, Contractor shall provide a telephone number where the Project Manager may be reached.
- 8.4.2 Manager shall act as a central point of contact with the County.
- 8.4.3 Manager/alternate shall have full authority to act for Contractor on all matters relating to the daily operation of the Agreement. Contract Manager/alternate shall be able to effectively communicate, in English, both orally and in writing.
- 8.4.4 Contractor shall respond to all County inquiries, including but not limited to, status and follow-up, telephonic, e-mail or facsimile inquiry, within one business day of initial inquiry. Failure to respond in a timely manner will result in fines/assessments as referenced in Attachment B – Performance Requirement Summary.

8.5 Contractor Personnel

- 8.5.1 Contractor shall assign a sufficient number of employees to perform the required work.
- 8.5.2 **Background and Security Investigations**

- 8.5.2.1 All Contractor staff performing work under this Agreement shall undergo and pass, to the satisfaction of the County, a background investigation as a condition of beginning and continuing to work under this Agreement. The County shall use its discretion in determining the method of background clearance to be used, which may include but is not limited to fingerprinting. The County shall perform the background check.
- 8.5.2.2 The County may request that the Contractor's staff be immediately removed from working on the County Agreement at any time during the term of this Agreement. The County will not provide to the Contractor nor to the Contractor's staff any information obtained through the County conducted background clearance.
- 8.5.2.3 The County may immediately, at the sole discretion of the County, deny or terminate facility access to the Contractor's staff that do not pass such investigation(s) to the satisfaction of the County whose background or conduct is incompatible with County facility access.
- 8.5.2.4 Disqualification, if any, of the Contractor's staff, pursuant to this Sub-paragraph 8.5.2, shall not relieve the Contractor of its obligation to complete all work in accordance with the terms and conditions of this Agreement.

8.6 Contractor Training

Contractor shall provide training programs for all new employees and continuing in-service training for all employees to perform the required work of this Agreement. Contractor's staff must be adequately trained and adhere to County Facility's information security policies and the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and the Health Information Technology for Economic and Clinical Health Act (HITECH) regulations in protecting the privacy and confidentiality of patient information at all times. Failure to comply with these requirements may result in fines/penalties, contract termination and/or legal prosecution.

8.7 Contractor's Office

Contractor shall maintain an office with a telephone in the company's name where Contractor conducts business. The office shall be staffed during the hours of 8:00 a.m. to 5:00 p.m., Monday through Friday except holidays, by at least one employee who can respond to inquiries and complaints which may be received about the Contractor's performance of the Agreement.

8.8 Additional Covenants of Contractor

In performing the services described in this SOW, Contractor shall:

- 8.8.1 Have no contact for collection with any of the patients of County's Facilities, without the prior written consent of the Director, during the course of Contractor's performance of any of the services in this Agreement.
- 8.8.2 Use reasonable care to avoid duplicate invoicing.
- 8.8.3 If so requested in advance by County, return all the material provided by County promptly and in the same condition and sequence in which is requested by the County.
- 8.8.4 Respect the confidential information with regard to County patient and Facility financial records. Contractor contractually recognizes the confidentiality of all County patient data and therefore, shall obtain/extract only that information needed to discover and generate required third-party billing information. All such collected information shall remain the property of County.
- 8.8.5 Upon termination of Agreement, if so requested by the Director, Contractor shall provide County, in a format designated by the Director, with the data currently maintained in performance of services under this Agreement in accordance this SOW.

9.0 PERFORMANCE REQUIREMENTS SUMMARY

- 9.1 All listings of services used in the Performance Requirements Summary (PRS) are intended to be completely consistent with the Agreement and the SOW, and are not meant in any case to create, extend, revise, or expand any obligation of Contractor beyond that defined in the Agreement and the SOW. In any case of apparent inconsistency between services as stated in the Agreement and the SOW and Attachment B, the PRS Chart, the meaning apparent in the Agreement and the SOW will prevail. If any service seems to be created in this PRS which is not clearly and forthrightly set forth in the Agreement and the SOW, that apparent service will be null and void and place no requirement on Contractor.
- 9.2 The Contractor is expected to perform all services described herein. The PRS Chart describes certain required services which will be monitored by the County during the term of the Agreement, and for which Contractor may be assessed financial deductions from payment if the service has not been satisfactorily provided. The PRS Chart indicates the SOW and/or Agreement section of the performance referenced (column 1); the service and expected standard to be provided (column 2); the monitoring method that will be used (column 4); and the deductions/fees to be assessed for services that are not satisfactory (column 5).
- 9.3 Contractor shall be responsible for measuring and monitoring Standard Performance Requirements (SPRs), and shall provide County with monthly reports showing SPR performance during the reporting period. The parties will collaboratively develop the format and components of such reports during the first ninety (90) days after January 1, 2025, during which Contractor will measure the SPRs and will retrospectively report its performance against the SPRs upon finalization and mutual agreement of the required reports. All such reports are due

on the fifteenth (15th) calendar day of the month following the month for which such report relates; provided, however, that if the fifteenth (15th) calendar day is a weekend or County holiday, such reports shall be due on the first (1st) County business day thereafter. Such monthly SPR reports shall include a level of detail sufficient for County to verify Contractor's compliance with the applicable SPRs, including the following:

- (i) As to Contractor's calculation of all SPRs and all Penalties for the SPRs, Contractor's monthly SPR reports shall include the formulas used by Contractor to calculate the SPRs and Penalties for the SPRs, as opposed to hard-coded values.
- (ii) As to any SPR that does not meet the applicable Acceptable Quality Level according to the data set forth in the applicable monitoring tool developed, but that Contractor alleges actually did meet the applicable Acceptable Quality Level (e.g., due to an error or inaccuracy of the data), the Parties shall discuss such SPR during the Performance Requirement Review Meetings (as defined below), and such SPR shall only be deemed to have met the applicable Acceptable Quality Level if County agrees that the SPR actually met the applicable Acceptable Quality Level, notwithstanding the data.
- (iii) Within fifteen (15) calendar days following Contractor's provision of the prior month's SPR report, County and Contractor will meet to discuss all SPRs on Contractor's monthly SPR reports occurring in the prior calendar month ("**Performance Requirement Review Meetings**"). During such meetings, Contractor and County will resolve SPR disputes and issues pursuant to mutual agreement by the Parties.

10.0 PROVISION FOR PAYMENT

In accordance with the body of this Agreement, and as further set forth herein, County shall compensate Contractor as follows:

- 10.1 The fee payable to Contractor with respect to Medi-Cal, Medicare, health care plan and commercial insurance, and other third-party payer payments received by County as a consequence of this SOW Sections 3.1-EDICS, 3.2- FBFS, 3.4-TPRIRS, and 3.6-UAIBS shall be negotiated by the Director and the Contractor but not be greater than the amounts identified on Attachment C – Maximum Contingency Fee Schedule. The negotiated fees will be incorporated into this Agreement via a written change notice. Fees may be renegotiated, or reduced in the event for which County's internal resources were used, and County's intervention were required for reimbursement of accounts, i.e. HCP Settlements.
- 10.2 Contractor shall be paid on a contingent fee basis for MBDRS provided to the county pursuant to SOW Section 3.5.1- MBDRS, and shall be negotiated by the Director and the Contractor but shall not, over the term of Agreement, be greater than twenty percent (20%) of the incremental Medicare Bad Debt settlement payments received by County as a direct result of Contractor's efforts.
- 10.3 Contractor shall be paid on a contingent fee basis for DSRS provided to the County pursuant to SOW Section 3.5.2 – DSRS, herein, and shall be negotiated by the director and the Contractor but shall not, over the term of the Agreement, be greater than twelve percent (12%) of the incremental (defined in Section 10.3.1

and 10.3.2 below) Medicare DSH reimbursements (an amount attributable to the Medi-Cal eligible days portion of the Medicare disproportionate share percentage) received by the County as a direct result of Contractor's efforts. The contingency fee paid to Contractor shall be calculated by each fiscal year, this amount is be calculated by dividing the Medi-Cal eligible and 1115 Waiver days ratio by the sum of the Medi-Cal, 1115 Waiver and SSI ratios. The resulting ratio will be applied to the total DSH reimbursement amount as per audit to determine the amount attributable to the Medi-Cal eligible days. The SSI ratio is provided by The Centers for Medicare and Medicaid Services ("CMS").

10.3.1 For FYE June 30, 1993 through the close of FYE June 30, 1997 - Incremental is defined as the additional Medi-Cal eligible days identified by Contractor and accepted by the Medicare Administrative Contractor that are greater than the days recognized in determining the DSH payment in the Notice of Program Reimbursement.

10.3.2 FYE June 30, 2002 and Forward – Incremental is defined as the additional Medi-Cal eligible days identified by Contractor that are greater than zero (0), due to Federal requirements of matching every Medi-Cal eligible day to the State Eligibility Verification Process or other State records that determines eligibility.

10.3.3 The amounts that Contractor will be paid for each phase of the claiming process are as follows:

10.3.3.1 Claiming submitted by Contractor based on Cost Reports

10.3.3.1.1 For patient care provided July 1, 2001 through September 30, 2013, County will pay Contractor a contingency fee of four percent (4%) determined by applying the formula calculated in Section 10.3 above to the final amount of DSH reimbursement determined in the Notice of Program Reimbursement or to the supplemental value reflected in any Revised Notice of Program Reimbursement issued after a non-appeal related reopening for which Contractor was responsible, except for patient care services rendered by provider Martin Luther King Jr./Drew Medical Center for July 1, 2001 through June 30, 2002 and Olive View-UCLA Medical Center for July 1, 2002 through June 30, 2003. For those two providers, for the designated period the County shall pay Contractor a contingency fee of 12 percent (12%) determined by applying the formula calculated in Section 10.3 above to the final amount of DSH reimbursement reflected in these providers' Revised Notice of Program Reimbursements, regardless of whether the Revised Notice of Program Reimbursement was issued as a result of an appeal or a reopening request.

10.3.3.1.2 For patient care provided on or after October 1, 2013, County will pay Contractor ten percent (10%) determined by applying the formula in Section 10.3, to the final amount of DSH reimbursement determined in the Notice of Program Reimbursement. Notwithstanding the previous sentences, payment for DSRS related to Rancho Los Amigos National Rehabilitation Center's inpatient rehabilitation unit shall be four percent (4%) of amount received as a result of the adjustment for low income patients described in 42 C.F.R Section 412.624(e)(2), or any successor regulation.

10.3.3.1.3 Payment to Sutherland for DSRS related to patient care provided on or after October 1, 2013, shall not consider any reimbursement received by the County as uncompensated care payments pursuant to 42 C.F.R. Section 412.106(g), or any successor regulation.

10.3.3.2 Claiming for Additional Reimbursement Recognized after Audit

10.3.3.2.1 For purposes of this section, supplemental value reflected in a Revised Notice of Program

Reimbursement means the difference between allowable DSH payment in the preceding Notice of Program Reimbursement, and the amount of allowable DSH payments in the Revised Notice of Program Reimbursement attributable to the Medicaid eligible days which the Contractor identified and the Medicare Administrative Contractor accepted. As reflected in Section 10.3, the Contractor shall not be paid for additional DSH reimbursement related to changes in the SSI Ratio provided by CMS.

- 10.3.3.2.2 County will pay Contractor a contingency fee of twelve percent (12%) of the supplemental value reflected in a Revised Notice of Program Reimbursement issued after reopening or appeal for the service periods July 1, 1992 through June 30, 1997 for the following providers: LAC+USC Medical Center, Harbor-UCLA Medical Center, Martin Luther King Jr./Drew Medical Center, and Olive View-UCLA Medical Center.
- 10.3.3.2.3 County will pay Contractor a contingency fee of four percent (4%) of the supplemental value reflected in a Revised Notice of Program Reimbursement which is issued as the result of an appeal for all providers for the periods July 1, 2001 through September 30, 2013, except for Martin Luther King Jr./Drew Medical Center for July 1, 2001 through June 30, 2002 and Olive View-UCLA Medical Center for July 1, 2002 through June 30, 2003. Payment for those providers for those periods shall be governed by Section 10.3.3.1.
- 10.3.3.2.4 For patient care provided on or after October 1, 2013, County will pay Contractor ten percent (10%) determined by applying the formula in Section 10.3, to the supplemental value reflected in any Revised Notice of Program Reimbursement issued after a reopening or appeal for which Contractor was responsible. Notwithstanding the previous sentences, payment for DSRS related to Rancho Los Amigos National Rehabilitation Center's inpatient rehabilitation unit shall be four percent (4%) of amount received as a result of the adjustment for low income patients described in 42 C.F.R Section 412.624(e)(2), or any successor regulation.

10.3.4 Interim Payment and Reconciliation

- 10.3.4.1 At the request of Contractor, County shall make an interim payment of Contractor's contingent fee for each fiscal year in an amount not to exceed four percent (4%) related to services provided between July 1, 2001 and September 30, 2013, and not to exceed ten percent (10%) for services provided thereafter. Such interim payment shall be based on the incremental Medicare DSH reimbursement paid during the tentative settlement for each fiscal year by the Medicare Administrative Contractor. Interim payment made by the County to the Contractor shall relate only to the Medicaid eligible days portion of the claim only and may be paid in amount less than the full amount owed as agreed upon by County and Contractor. The Contractor shall not be paid for DSH reimbursement related to the SSI Ratio provided by CMS or if the Provider Statistical and Reimbursement Group Appeal is resolved subsequent to the Medicare DHS-Medicaid eligible group appeal. If the Medicare Administrative Contractor has already made a tentative settlement for the fiscal year, the interim payment amount shall be based on the difference between the Medicare DSH reimbursement previously paid and the DSH amount paid during the most recent tentative settlement.
- 10.3.4.2 Upon issuance of a Notice of Program Reimbursement or a revised Notice of Program Reimbursement for a particular fiscal year that related to Medicare DSH-Medicare eligible days, the County will reconcile any interim payments for that fiscal year with the amount determined to be due pursuant to Section 10.3.3 above. If the County has not paid the full amount due, it will remit the difference to Sutherland. If the County paid Sutherland more than the amount due, Sutherland shall repay County within 15 days of receiving a notice of the overpayment or, with County's express written permission, may offset the overpayment against other amounts owed by Sutherland to County.
- 10.4 Contractor shall be paid on a contingent fee basis for services provided to the County pursuant to Section 3.5.3-IMERS, herein, and shall be negotiated by the Director and the Contractor but shall not, over the term of Agreement, be greater than twenty five percent (25%) of the incremental IMERS revenue received by County as a direct result of Contractor's efforts.
- 10.5 All amounts payable to Contractor pursuant to this Paragraph 10.0, Provision for Payment, shall be paid by County to Contractor within a reasonable period of time following County's receipt of complete and correct payments for the billings generated by Contractor. At a minimum, Contractor shall submit monthly invoices detailing the payments received from all Third-Party payers during the prior month separated by facility, services, and payers. In no case shall County pay to Contractor any amounts pursuant to this Paragraph 10.0, Provision for Payment, for any Third-Party payments received by Facilities prior to date of commencement

of this Agreement. Contractor shall be entitled to payments, pursuant to this Paragraph 10.0, Provision for Payment, for completed services provided by Contractor on accounts which were referred to and accepted by Contractor and not recalled by County.

- 10.6 All disputed accounts shall be resolved by County and Contractor as follows:
- 10.6.1 County will use a “Disputed Account Form” mutually agreed upon by County and Contractor.
 - 10.6.2 Each disputed account may be returned to Contractor for additional information.
 - 10.6.3 Contractor shall have thirty (30) days from receipt of a Disputed Account Form to respond to County’s dispute.
 - 10.6.4 County shall have thirty (30) days to accept or reject Contractor’s response and process Contractor’s invoice for the disputed claim. If County rejects Contractor’s response and denies payment, Contractor must file an appeal to the Chief of Consolidated Business Office – Quality or designee for final disposition.
 - 10.6.5 All invoices are assumed to be accurate unless County objects in writing within thirty (30) days of receipt of disputed invoice. If County in good faith disputes all or any portion of any invoice, County shall pay the undisputed amounts of such invoice when due and may, at its option, withhold the disputed portion pending resolution of the dispute or by mutual agreement. If County withholds any payment pursuant to this Section, County shall notify Contractor of the basis for such withholding. Upon resolution of the dispute, County shall pay to Contractor the unpaid portion, if any, of the disputed amount(s).
- 10.7 Contractor hereby agrees that any Payments made by County to Contractor for patient stays/visits originally approved by a Third-Party payer, but later disallowed in audit or otherwise recouped by the payer or its intermediary, except for Medi-Cal cost report settlements, shall be repaid/offset to County, provided however the disallowed payments are a result of the services supplied by the Contractor’s under this Agreement. The County is due a “Penalty” as a result of Contractor’s failure to meet the Standard Performance Requirement identified in Exhibit A-4, Attachment B. A Penalty shall apply in the event of Contractor’s failure to achieve the agreed upon Standard Performance Requirement during any measurement period. Contractor shall credit the County on the invoice following the month in which the failure and resulting Penalty occurs. All repayments/offsets of Payments to be made by Contractor shall be due and payable by Contractor upon Contractor’s receipt of an itemized invoice indicating the specific nature and amount of the audit disallowance(s) and/or recoupment(s) and affirming County’s intention to immediately repay any disallowances to the effective payer(s). If Contractor fails to immediately reimburse County following its receipt of such invoice, Director may,

at his or her sole discretion, deduct such amount from future payments to Contractor.

- 10.8 Contractor hereby agrees that should it become necessary, due to temporary failure of Contractor to provide adequate EDICS, Contractor shall not be entitled to receive any fees specified in this Paragraph for claims submitted for payment through alternative means. Contractor shall be responsible for all lost revenue resulting from its failure to provide EDICS and if necessary, establish or subcontract with a qualified alternative third-party to provide EDICS.
- 10.9 Contractor also agrees to maintain records sufficient to document all billings submitted as part of this Agreement. Those records shall serve as the basis of the computations required pursuant to Paragraph 10.0, Provision for Payment and shall contain the following information:
- A. Accounts billed;
 - B. Invoice/control numbers of all billings submitted;
 - C. Dates of billings;
 - D. Amounts paid to County, by invoice/control number;
 - E. Dates of payments to County;
 - F. Amounts due to Contractor;
 - G. Dates of payments to Contractor by County; and
 - H. Account Notes.
- 10.10 County shall cooperate in providing Contractor with access to the information necessary for Contractor to maintain such ledgers and Contractor shall make such ledgers available to County for its inspection.

11.0 SPECIAL ACCOUNTS

From time to time, the County may designate accounts for processing based on County and Contractor mutually agreeing to established protocols or by referral of accounts as "Special" Accounts." Contingent fees on these accounts shall be set by the Director, or designee, with the written approval of the Contractor, but shall not be greater than the amounts identified on Attachment C - Maximum Contingency Fee Schedule in this SOW with any exception or additional terms set forth in writing by the Director. The written approval of reduced contingent fees by the Contractor for any and all special accounts (e.g., Disproportionate Share Hospital), shall be memorialized in the form of a written Change Notice pursuant to Paragraph 16, Alteration of Terms, of this Agreement and the fully executed Change Notice thereafter will be incorporated into and shall become part of the Agreement.

FACILITIES LIST

**(DETAILED LISTING OF COUNTY FACILITIES
BY FACILITIES, ACN's, and JUVENILE FACILITIES)**

HEALTH SERVICES HEADQUARTERS/ADMINISTRATION (HSA)	
FACILITY	LOCATION
Health Services Administration (HSA)	313 N. Figueroa St., Los Angeles CA 90012
Consolidated Business Office (CBO)	5555 Ferguson Sr. Commerce, CA 90022
Emergency Medical Services (EMS)	10100 Pioneer Blvd. Suite 200 Santa Fe Springs, CA 90670

DHS HOSPITALS	
FACILITY	LOCATION
Harbor/UCLA Medical Center	1000 W. Carson St. Torrance, CA 90509
Gardena High (School Based)	1301 W 182nd St, Gardena, CA 90248
Harbor-UCLA Family Health Center	1403 Lomita Blvd. Ste. 200, Harbor City, CA 90710
Los Angeles General Medical Center (LA General)	2051 Marengo St., Los Angeles CA 90033
Star Clinic	242 East 6th St., Los Angeles, CA 90014
Olive View-UCLA Medical Center	14445 Olive View Drive Sylmar, CA 91342
Rancho Los Amigos National Rehabilitation Center	7601 E. Imperial Highway Downey, CA 90242

AMBULATORY CARE NETWORK	
FACILITY	LOCATION
Alvarado Health Center	2200 W. 3rd Street Suite 400, Los Angeles, CA 90057
Antelope Valley Health Center	335 E. Avenue K-6, Ste B, Lancaster, CA 93535
Bell Health Center	6901 Atlantic Avenue, Bell, CA 90201
Bellflower Health Center	10005 Flower St., Bellflower, CA 90706
Curtis Tucker Health Center	123 W. Manchester Blvd., Inglewood, CA 90301
Dollarhide Health Center	1108 North Oleander Ave., Compton, CA 90222
East Los Angeles Health Center	133 N. Sunol Dr. Ste 150, Los Angeles, CA 90063
East San Gabriel Valley Health Center	1359 N. Grand Ave., Covina, CA 91724
Edward R. Roybal Comprehensive Health Center	245 S. Fetterly Ave., Los Angeles, CA 90022
El Monte Comprehensive Health Center	10953 Ramona Blvd. Ste 221, El Monte, CA 91731
Glendale Health Center	501 N. Glendale Ave., Glendale, CA 91206
H Claude Hudson Comprehensive Health Center	2829 S. Grand Ave., Los Angeles, CA 90007

FACILITIES LIST

**(DETAILED LISTING OF COUNTY FACILITIES
BY FACILITIES, ACN's, and JUVENILE FACILITIES)**

AMBULATORY CARE NETWORK	
FACILITY	LOCATION
Harbor-UCLA Family Health Center	1403 Lomita Blvd., Harbor City, CA 90710
Harbor-UCLA Medical Center - Hospital Based	1000 W. Carson St., Torrance, CA 90502
High Desert Regional Health Center	335 East Avenue I, Lancaster, CA 93535
Hubert H. Humphrey Comprehensive Health Center	5850 S. Main St., Ste. 1127, Los Angeles, CA 90003
La Puente Health Center	15930 Central Ave., La Puente, CA 91744
LA General Medical Center	2051 Marengo St., Los Angeles, CA 90033
Lake Los Angeles Community Clinic	16921 E. Avenue O, Ste G, Lake Los Angeles, CA 93591
Littlerock Community Clinic	8201 Pearlblossom Hwy., Littlerock, CA 93543
Long Beach Comprehensive Health Center	1333 Chestnut Ave., Long Beach, CA 90813
Martin Luther King, Jr. Outpatient Center	12021 Wilmington Ave, Los Angeles, CA 90059
Mid-Valley Comprehensive Health Center	7515 Van Nuys Blvd., Van Nuys, CA 91405
Olive View-UCLA Medical Center - Hospital Based	14445 Olive View Dr., Sylmar, CA 91342
Rancho Los Amigos National Rehabilitation Center - Hospital Based	7601 Imperial Hwy., Downey, CA 90242
Edward R. Roybal Comprehensive Health Center	245 S. Fetterly Ave., Los Angeles, CA 90022
San Fernando Health Center	1212 Pico St., San Fernando, CA 91340
South Valley Health Center	38350 40th St. East, Ste 100, Palmdale, CA 93552
Torrance Health Center	711 Del Amo Blvd., Torrance, CA 90502
Star Clinic	242 E. 6th St., Los Angeles, CA 90014
West Valley Health Center	20151 Nordhoff St., Chatsworth, CA 91311
Wilmington Health Center	1325 Broad Ave., Wilmington CA 90744

JUVENILE CLINICS	
Central Juvenile Hall	1605 Eastlake Ave. Los Angeles CA 90033
Los Padrinos Juvenile Hall	7285 Quill Dr, Downey, CA 90242
Barry J. Nidorf Juvenile Hall	16350 Filbert St, Sylmar, CA 91342

FACILITIES LIST

**(DETAILED LISTING OF COUNTY FACILITIES
BY FACILITIES, ACN's, and JUVENILE FACILITIES)**

DPH - PUBLIC HEALTH CENTERS	
FACILITY	LOCATION
Antelope Valley Health Center	335 East Avenue K-6 Ste B., Lancaster, CA 93535
Central Health Center	241 N. Figueroa St., Los Angeles, CA 90012
Curtis Tucker Health Center	123 W. Manchester Blvd., Inglewood, CA 90301
Glendale Health Center	501 N. Glendale Ave., Glendale, CA 91206
Hollywood/Wilshire Health Center	5205 Melrose Ave., Los Angeles, CA 90038
Martin Luther King Jr. (South) Health Center	11833 s. Wilmington Ave., Los Angeles, CA 90059
Monrovia Health Center	330 W. Maple Ave., Monrovia, CA 91016
North Hollywood Health Center	5300 Tujunga Ave., North Hollywood, CA 91601
Pacoima Health Center	13300 Van Nuys Blvd., Pacoima, CA 91331
Pomona Health Center	750 S. Park Ave., Pomona, CA 91766
Ruth Temple Health Center	3834 S. Western Ave., Los Angeles, CA 90062
Burke/Simms/Mann Health Center	2509 Pico Blvd., Santa Monica, CA 90405
Torrance Health Center	711 Del Amo Blvd., Torrance, CA 90502
Whittier Health Center	7643 Painter Ave., Whittier, CA 90602
Central Satellite Clinic – The Leavey Health Center	522 S. San Pedro St., Los Angeles, CA 90013

OTHER PUBLIC HEALTH PROGRAMS	
Public Health Lab	12750 Erickson Ave., Downey, CA 90242
MCAH – Nurse-Family Partnership Program	600 S. Commonwealth Ave Ste 800., Los Angeles, CA 90005

PERFORMANCE REQUIREMENTS SUMMARY

CRITERIA 1: BILLING	STANDARD PERFORMANCE REQUIREMENT	MONITORING TOOL	Acceptable Quality Level (AQL)	ASSESSMENT
<p>A. Speed of Billing</p> <p>Exhibit A-4, Statement of Work (SOW), Sections:</p> <p>3.2.5.1 3.2.5.2 3.2.5.3 3.2.5.4 3.2.5.5 3.2.5.6</p>	<p>Contractor shall bill each facility claim within forty-five (45) days of receipt of all required Claim Elements and no later than ninety-one (91) days from date of discharge (provided that all required Claim Elements are timely made available to Contractor within 7 business days of the requirement). A clean claim is defined as a claim(s) having all Claim Elements and all such elements have been provided to the Contractor via HL7 or a mutually agreed upon electronic format seven (7) business days prior to Payor's timeframe. Claim elements ("Claim Elements") include but are not limited to:</p> <ul style="list-style-type: none"> • Complete and accurate Patient demographic information • Complete and accurate coding • Required Physician information • Complete and accurate charges required by the payer • Completed UR review on Inpatient admissions for FFS Medicare, Medi-Cal & Mental Health populations • Pre-Authorization along with the authorization number when required • Valid insurance information including: <ul style="list-style-type: none"> ○ Correct plan codes ○ Correct plan order ○ Correct Payer name ○ Correct ID # <p>Calculation of this performance requirement shall start from January 1, 2025.</p>	<p>Transmission Report</p>	<p>97%</p>	<p>\$5000/month for each month in which the AQL was not met</p>

PERFORMANCE REQUIREMENTS SUMMARY

CRITERIA 1: BILLING	STANDARD PERFORMANCE REQUIREMENT	MONITORING TOOL	Acceptable Quality Level (AQL)	ASSESSMENT
<p>B. Untimely Billing</p> <p>Exhibit A-4, Statement of Work (SOW), Sections: 3.2.5.1 3.2.5.2 3.2.5.3 3.2.5.4 3.2.5.5 3.2.5.6</p>	<p>Contractor shall timely bill a clean claim within the timeframe as specified in the Agreement and according to the payer contracts. A clean claim is defined as a claim(s) having all Claim Elements and all such elements have been provided to the Contractor via HL7 or a mutually agreed upon electronic format seven (7) business days prior to Payor's timeframe.</p> <p><u>Timely billing is calculated as follows:</u> AQL shall be calculated as a percentage of the total undisputed number of accounts written-off divided by total number of billable accounts for the Fiscal Year (July-June) on average across all accounts placed with the Contractor for that Fiscal Year. Contractor will monitor and share reporting with the County on a monthly basis for tracking purposes only. No penalties shall be assessed until after the final Write-Off calculation is completed after the Fiscal Year closes. Penalties, if any shall only be assessed on those accounts that are written off after the AQL acceptable limit has been reached. Calculation shall start with accounts that are considered to be in the timely billing period from January 1, 2025.</p>	<p>Monthly Write-Off Report</p>	<p>97%</p>	<p><u>Inpatient Institutional:</u> \$1,500/Occurrence if estimated reimbursement amount > = \$100K \$1,000/Occurrence if estimated reimbursement amount < \$100k <u>Outpatient Institutional:</u> \$50/Occurrence <u>Professional:</u> \$50/Occurrence For purposes of this SLA, "Occurrence" means each Fiscal Year where the AQL % is not met (provided that all required Claim Elements are timely made available to Contractor), excluding any applicable claims that do not need to be billed within the applicable timeframe per the AQL acceptable limit.</p>

PERFORMANCE REQUIREMENTS SUMMARY

CRITERIA 1: BILLING	STANDARD PERFORMANCE REQUIREMENT	MONITORING TOOL	Acceptable Quality Level (AQL)	ASSESSMENT
<p>C. Untimely Follow-up</p> <p>SOW Sections: 3.2.5.7 3.2.5.8</p>	<p>Contractor shall timely follow-up and exert all efforts to resolve denied/unpaid or underpaid claims within the timeframe indicated in the Agreement and as otherwise required to prevent write-offs due to untimely follow-up.</p> <p><u>Timely follow up is calculated as follows:</u> AQL shall be calculated as a percentage of the total undisputed number of accounts written-off that would have been reimbursed by the payer divided by total number of billable accounts for the Fiscal Year (July-June) on average across all accounts placed with the Contractor for that Fiscal Year. Contractor will monitor and share reporting with the County on a monthly basis for tracking purposes only. No penalties shall be assessed until after the final Write-Off calculation is completed after the Fiscal Year closes. Penalties, if any shall only be assessed on those accounts that are written off after the AQL acceptable limit has been reached. Calculation shall start with accounts that are considered to be in the untimely follow up period on January 1, 2025.</p> <p>Applicable Write-off Adjustment Codes and Reason Codes: MMC: 20153 – 02, 33, 40, 44, 53 Commercial: 20072 – 02, 33, 40, 44, 53 The codes corresponding to Contractor’s untimely follow-up will be adjusted by the Parties on an ongoing basis throughout the Term.</p>	<p>Monthly Write- Off Report</p>	<p>97%</p>	<p><u>Inpatient Institutional:</u> \$1,500/Occurrence if estimated reimbursement amount > = \$100K \$1,000/Occurrence if estimated reimbursement amount < \$100k</p> <p><u>Outpatient Institutional:</u> \$50/Occurrence</p> <p><u>Professional:</u> \$50/Occurrence</p> <p>For purposes of this SLA, “Occurrence” means each claim that is written off per adjustment or reason codes corresponding to Contractor’s untimely follow-up that would have been reimbursable otherwise, as described in the “Standard Performance Requirement” column, excluding any applicable claims that are permitted to be written off per the AQL acceptable limit.</p>

PERFORMANCE REQUIREMENTS SUMMARY

CRITERIA 2: Payment & Adjustment Posting (as applicable to respective Contractors)	STANDARD PERFORMANCE REQUIREMENT	MONITORING TOOL	Acceptable Quality Level (AQL)	ASSESSMENT
<p>A. Duplicate Payment Batch Posting</p> <p>SOW Sections: 3.2.11 3.2.13 3.6.10</p>	<p>Contractor shall accurately post Payment Batches. Contractor shall solely use and post Batch Number(s) provided by County. In no event that Contractor shall create/rename/alter a Batch Number without prior approval from CBO General Accounting/Posting Unit.</p>	<p>Periodic Audit of Accounts through reconciliation of batches posted to Affinity RCO vs. Payments recorded by CBO General Accounting/Posting Unit.</p>	<p>97%</p>	<p>\$1,000/Occurrence/Batch</p>
<p>B. Erroneous Posting of Recoupment/Refunds</p> <p>SOW Section: 10.7</p>	<p>All refunds/recoupments that are off-set by another account shall be posted in Affinity to both accounts affected provided the County has supplied Contractor with necessary account information to process such refunds/recoupments.</p>	<p>Periodic Audit of Accounts through reconciliation of batches posted to Affinity RCO vs. Payments recorded by CBO General Accounting/Posting Unit.</p>	<p>97%</p>	<p>\$200/Occurrence/Account</p>

PERFORMANCE REQUIREMENTS SUMMARY

CRITERIA 2: Payment & Adjustment Posting (as applicable to respective Contractors)	STANDARD PERFORMANCE REQUIREMENT	MONITORING TOOL	Acceptable Quality Level (AQL)	ASSESSMENT
C. Untimely Processing of State Program Refunds SOW Section: 3.2.5.8	Create and timely process electronic CIFs for Medi-Cal OP denials or payments. Contractor shall within sixty (60) calendar days process CIF from County's initial notification. If CIF is not due to Contractor's error, Contractor will process CIF and any fees charged for the original bill will not be refunded. Accounts must be identified with Carrier Code 465 – Credit Balance	Account Trial Balance (ATB)	97%	\$50 /Account

CRITERIA 3: INVOICING	STANDARD PERFORMANCE REQUIREMENT	MONITORING TOOL	Acceptable Quality Level (AQL)	ASSESSMENT
A. Duplicate Invoicing of Accounts SOW Section: 10.9	Contractor shall invoice County only once per payment per account with the proper batch number and account details on a monthly statement.	Monthly reconciliation of payments against accounts in previous invoices in the last 2 years.	97%	Inpatient Institutional: \$100/Occurrence Outpatient Institutional: \$100/Occurrence/Account Professional: \$100/Occurrence/Account

PERFORMANCE REQUIREMENTS SUMMARY

CRITERIA 3: INVOICING	STANDARD PERFORMANCE REQUIREMENT	MONITORING TOOL	Acceptable Quality Level (AQL)	ASSESSMENT
B. Failure to Respond to Request on Overpaid Fees SOW Section: 10.6.5	Contractor shall acknowledge County request within 1 business day and Contractor shall provide Agreement/disagreement to County's request within ten (10) business days from inquiry date. Upon mutual Agreement on funds to be reimbursed to the County, Contractor shall reimburse County on the next monthly invoice from the mutual Agreement date.	Monthly reconciliation of accounts against accounts in previous invoices.	97%	\$500/Occurrence/Batch

CRITERIA 4: OTHER	STANDARD PERFORMANCE REQUIREMENT	MONITORING TOOL	Acceptable Quality Level (AQL)	ASSESSMENT
A. Management Reports SOW Sections: 2.4 4.0	Contractor shall provide management reports, at no cost, as well as customized reports or a system providing County with the ability to generate ad hoc reports in a timeframe agreed upon with Director and Contractor.	Availability of Report	1 Business Day	\$100/incomplete/inaccurate report \$50 per report each day late
B. Maintain Written Quality Control Plan SOW Section: 6.1	Contractor shall establish and maintain written Quality Control Plan to ensure that the requirements of the Agreement are met.	Receipt and Review of Plan	1 Business Day	\$1000 if plan is incomplete \$50 per each day late.

PERFORMANCE REQUIREMENTS SUMMARY

CRITERIA 4: OTHER	STANDARD PERFORMANCE REQUIREMENT	MONITORING TOOL	Acceptable Quality Level (AQL)	ASSESSMENT
C. Respond to County Inquiries SOW Section: 8.4.4	Contractor shall respond to all County inquiries, including but not limited to, status and follow-up, telephonic, e-mail or facsimile inquiry, within one business day of initial inquiry. County will adhere to Contractors Responsibility Matrix.	Receipt of Response	1 Business Day	\$100 per day when timeframe is not adhered to.
D. Confidentiality Agreement, County Confidential Information SOW Section: 6.1.5	Contractor and Contractor Employee Acknowledgement and Confidentiality Agreements signed and provided to DHS within three (3) business days.	None	Review of reports, complaints	\$100 per day per employee when form not signed; \$1,000 per unauthorized release of information

Penalty Cap:

1. County and Contractor agree to the Standard Performance Requirements (the “**SPRs**”) measurement and expectations detailed in this Attachment B, Performance Requirements Summary. Any adjustments to the SPRs must be agreed upon by both County and Contractor.
2. Should Contractor fail to meet any of the SPRs listed in the Performance Requirements Summary during any measurement period, in addition to payment of the applicable Penalty, Contractor shall provide County with a written plan for improving Contractor’s performance within fifteen (15) business day of failing to meet SPR. Such plan shall be subject to County’s approval, and such approval shall not be unreasonably withheld. Contractor shall promptly implement such plan (the “Improvement Plan”) when it has received approval from County. Contractor shall provide feedback on selected errors discovered and, in consultation with County, make agreed upon changes to the issues causing the errors.
3. For the purposes of these SPRs and their associated penalties, the measurement will be recorded and monitored and the respective penalty shall be calculated as stated in this Attachment B, Performance Requirements Summary.
4. The aggregate sum of the penalties assessed by the County on the Contractor for failed SPRs pursuant to the Attachment B, Performance Requirements Summary, for failed SPR(s) during a particular Fiscal Year shall not exceed five percent (5%) of the Contractor’s average total invoiced amount for the Fiscal Year; the five percent (5%) constitutes the “Penalty Cap”.

PERFORMANCE REQUIREMENTS SUMMARY

5. In the event the County assesses penalties on the Contractor in a measurement period in which the aggregate sum of assessed penalties equals the five percent (5%), the Penalty Cap shall automatically increase to ten percent (10%) for subsequent Fiscal Years.
6. The Penalty Cap shall revert to five percent (5%) when the aggregate amount of Penalty assessments in a Fiscal Year is below five percent (5%).

FINANCIAL MANAGEMENT SERVICES

MAXIMUM CONTINGENCY FEE SCHEDULE

CONTRACT PROVISION	MEDI-CAL	MEDICARE	CROSSOVER MEDI-CAL PORTION	INSURANCE	ALL OTHER PAYORS
Exhibit A-4, Statement of Work (SOW) Section: 3.1 EDICS	No greater than \$5 for each transaction	No greater than \$5 for each transaction	No greater than \$5 for each transaction	No greater than \$5 for each transaction	No greater than \$5 for each transaction
SOW Section: 3.2 FBFS	No greater than \$86 per I/P paid day No greater than \$14 per O/P paid visit	All Inclusive Billing. No greater than 15.5 % of payments received Itemized billing is required. No greater than 25 % of payments received	No greater than \$86 per I/P paid claim No greater than \$7 per O/P paid claim	All Inclusive Billing. No greater than 14% of payments received Itemized billing is required. No greater than 25 % of payments received	All Inclusive Billing. No greater than 15.5% of payments received Itemized billing is required. No greater than 25 % of payments received

FINANCIAL MANAGEMENT SERVICES

MAXIMUM CONTINGENCY FEE SCHEDULE

CONTRACT PROVISION	MEDI-CAL	MEDICARE	CROSSOVER MEDI-CAL PORTION	INSURANCE	ALL OTHER PAYORS
SOW Section: 3.4 TPRIRS	No greater than \$345 per I/P paid day No greater than \$28 per O/P paid visit	All Inclusive Billing. No greater than 25 % of payments received Itemized billing is required. No greater than 25 % of payments received	No greater than: \$173 per I/P paid claim No greater than \$14 per O/P paid claim	All Inclusive Billing. No greater than 25% of payments received Itemized billing is required. No greater than 25 % of payments received	All Inclusive Billing. No greater than 25% of payments received Itemized billing is required. No greater than 25 % of payments received
SOW Section: 3.6 UAIBS	No greater than \$345 per I/P paid day No greater than \$28 per O/P paid visit	All Inclusive Billing. No greater than 25_ % of payments received Itemized billing is required. No greater than 25 % of payments received	No greater than: \$173 per I/P paid claim No greater than \$14 per O/P paid claim	All Inclusive Billing. No greater than 25% of payments received Itemized billing is required. No greater than 25 % of payments received	All Inclusive Billing. No greater than 25% of payments received Itemized billing is required. No greater than 25% of payments received

- Contract Provision SOW Section 3.5 - Cost Report Recovery Services (CRRS): Contingency fees are provided in SOW Sections 10.2, 10.3 and 10.4.
- There is a CAP of \$19,500 per paid account for FBFS and TPRIRS.
- The fees shall be negotiated by Director and Contractor but shall be no greater than the fees indicated on this Attachment C – Maximum Contingency Fee Schedule (Maximum Amounts).
- Department of Public Health
- Department of Mental Health

Notes: I/P = Inpatient; O/P = Outpatient; SOW = Exhibit A-4, SOW

Agreement No. H-702058

FINANCIAL BILLING AND RECOVERY SERVICES AGREEMENT
AMENDMENT NO. 15

THIS AMENDMENT (this “**Amendment**”) is made and entered into this [redacted] day of [redacted], 2024,

By and between COUNTY OF LOS ANGELES
(hereafter “**County**”),

And USCB INC. dba USCB AMERICA
(hereafter “**Contractor**”).

Business Address:

3333 Wilshire Blvd., 7th Floor
Los Angeles, CA 90010

WHEREAS, reference is made to that certain document entitled “FINANCIAL BILLING AND RECOVERY SERVICES AGREEMENT”, dated July 1, 2006, and further identified as Agreement No. H-702058, including any amendments thereto (all hereafter referred to as the “**Agreement**”); and

WHEREAS, on [redacted], the Board of Supervisors delegated authority to the Director of Health Services, or designee, among other delegations, to extend the Term of the Agreement for the period October 1, 2025, through December 31, 2026, with the County’s sole option to extend the Term up to three (3) times by twelve (12) months each time, such that if all three (3) additional twelve (12) month renewal options are exercised by County, the Agreement will expire on December 31, 2029; and

WHEREAS, it is the intent of the parties hereto to amend the Agreement to extend its Term, to update certain terms and conditions to the Agreement, and to provide for the other changes set forth herein; and

WHEREAS, the Agreement provides that changes in accordance with Paragraph 14, AMENDMENTS, may be made in the form of an amendment which is formally approved and executed by the parties; and

WHEREAS, the Contractor warrants that it continues to possess the competence, expertise and personnel necessary to provide services consistent with the requirements of this Agreement and consistent with the professional standard of care for these services.

NOW, THEREFORE, THE PARTIES HERETO AGREE AS FOLLOWS:

1. This Amendment shall be effective upon execution.

2. The Agreement is hereby incorporated by reference, and all of its terms and conditions, including capitalized terms defined herein, shall be given full force and effect as if fully set forth herein.
3. The Agreement, Paragraph 1, TERM, is deleted in its entirety and replaced to read as follows:

“1. TERM

The term of this Agreement shall commence July 1, 2006, unless sooner cancelled or terminated as provided herein, and shall continue in full force and effect, through and including December 31, 2026 (“**Term**”). The County shall have the sole option to extend this Agreement Term three (3) times by twelve (12) months each time, such that if all three (3) additional twelve (12) month renewal options are exercised by County, the Agreement will expire on December 31, 2029. Such option and extension shall be exercised at the sole discretion of the Director, or designee as authorized by the Board of Supervisors.

In any event, this Agreement may be canceled or terminated at any time by either party, with or without cause, upon the giving of at least thirty (30) calendar days advance written notice to the other party. Further, County may also suspend the performance of services hereunder, in whole or in part, upon the giving of at least thirty (30) calendar days advance written notice to Contractor. County’s notice shall set forth the extent of the suspension and the requirements for full restoration of the performance obligations.

Notwithstanding any other provision of this Agreement, the failure of Contractor or its officers, employees, agents, or subcontractors to comply with any of the terms of this Agreement or any written directions by or on behalf of County issued pursuant hereto shall constitute a material breach hereto, and this Agreement may be terminated by County immediately. County’s failure to exercise this right of termination shall not constitute a waiver of such right, which may be exercised at any subsequent time.

The Contractor shall notify DHS when this Agreement is within three (3) months from the expiration of the Term as provided for hereinabove. Upon occurrence of this event, the Contractor shall send written notification to DHS at the address provided in Paragraph 16, NOTICES, of the Agreement.”

4. The Agreement, Additional Provisions, Paragraph 39, CONTRACTOR’S CLOSE-OUT OBLIGATIONS, is deleted in its entirety and replaced to read as follows:

“39. CONTRACTOR’S CLOSE-OUT OBLIGATIONS

Contractor shall continue to process all accepted accounts in Contractor's inventory that have been referred to Contractor prior to the time of expiration of this Agreement, unless the Agreement is sooner terminated with or without cause by County and such termination by County includes County's termination of such services. Contractor shall complete the processing of all such accounts and make every effort to expedite close-out. Contractor shall complete the processing of all such accepted accounts in accordance with the terms and conditions of this Agreement, as well as all required reports.

Upon the expiration of this Agreement or its termination by either party for any reason, including the breach of this Agreement by the other party, the rights of County shall in any and all events be provided as set forth in this Paragraph 39, CONTRACTOR'S CLOSE-OUT OBLIGATIONS. Unless the parties have specifically agreed upon a termination transition plan prior to the time of termination (the "**Termination Transition Plan**"), the rights of County upon any termination, including any expiration, shall be as set forth in this Paragraph 39, CONTRACTOR'S CLOSE-OUT OBLIGATIONS. If a Termination Transition Plan has been agreed to, then the rights of County upon any expiration or termination of this Agreement shall be as set forth in the most recent County-approved Termination Transition Plan, and also as set forth in this Paragraph 39, CONTRACTOR'S CLOSE-OUT OBLIGATIONS. In the event of any inconsistency between this Paragraph 39, CONTRACTOR'S CLOSE-OUT OBLIGATIONS, and the applicable Termination Transition Plan, this Paragraph 39, CONTRACTOR'S CLOSE-OUT OBLIGATIONS, shall govern. If no Termination Transition Plan has been agreed to by the parties at the time of any expiration or termination of this Agreement, then Contractor shall continue to perform the services under the Agreement, at performance standards and service levels in effect at the time of termination or expiration, as well as the termination transition services, which services shall be provided as set forth in this Paragraph 39, CONTRACTOR'S CLOSE-OUT OBLIGATIONS. Contractor shall provide County with all of the services and all of the termination transition services as provided in this Paragraph 39, CONTRACTOR'S CLOSE-OUT OBLIGATIONS, and in the then most recent version of the Termination Transition Plan, if any. The duty of Contractor to provide such services shall be conditioned on County continuing to comply with its obligations under the Agreement, including payment of all fees. Contractor shall have no right to withhold or limit its performance or any of such termination transition services on the basis of any alleged breach of this Agreement by County, other than a failure by County to timely pay the amounts due hereunder during the termination transition period. County shall have the right to seek specific performance of this Paragraph 39, CONTRACTOR'S CLOSE-OUT OBLIGATIONS, in any court of competent jurisdiction and Contractor hereby waives any defense that damages are an adequate remedy.

Compliance with this Paragraph 39, CONTRACTOR'S CLOSE-OUT OBLIGATIONS, by either party shall not constitute a waiver or estoppel with regard to any rights or remedies available to the parties. Contractor will (a) meet with County as soon as practicable after a notice of termination or notice of a decision to not extend this Agreement has been given, to discuss any potential modifications to the then most current Termination Transition Plan, if any; (b) use all commercially reasonable efforts to assist County in effecting a transition of the services provided by Contractor hereunder, in accordance with Contractor's best practices, to County or another vendor chosen by County; and (c) be compensated for transition-related services and costs by payment by County in accordance with the rates set forth in this Agreement. Contractor will provide termination transition services for a period defined in the Termination Transition Plan, if any, but in no event less than six (6) months following the expiration or termination of this Agreement. Thereafter, Contractor shall provide extensions of termination transition services as requested by County in serial thirty (30) calendar day extension terms for up to an additional six (6) months, or longer as agreed to in writing by the parties. The total period of termination transition services, including all extensions provided for herein, shall not exceed twelve (12) months, unless otherwise agreed to in writing by the parties."

5. The Agreement, Additional Provisions, Paragraph 40, NO PAYMENT FOR SERVICES PROVIDED FOLLOWING EXPIRATION/TERMINATION OF AGREEMENT, is deleted in its entirety and replaced to read as follows:

"40. NO PAYMENT FOR SERVICES PROVIDED FOLLOWING EXPIRATION/TERMINATION OF AGREEMENT

Except as set forth under Additional Provisions, Paragraph 39, CONTRACTOR'S CLOSE-OUT OBLIGATIONS, the Contractor shall have no claim against the County for payment of any money or reimbursement, of any kind whatsoever, for any service provided by the Contractor after the expiration or other termination of this Agreement. Should the Contractor receive any such payment it shall immediately notify the County and shall immediately repay all such funds to the County. Payment by the County for services rendered after expiration/termination of this Agreement shall not constitute a waiver of the County's right to recover such payment from the Contractor. This provision shall survive the expiration or other termination of this Agreement."

6. The Agreement, Additional Provisions, Paragraph 30 (C) TERMINATION FOR IMPROPER CONSIDERATION is deleted in its entirety and replaced to read as follows:

"30C. TERMINATION FOR IMPROPER CONSIDERATION

1. The County may, by written notice to the Contractor, immediately terminate the right of the Contractor to proceed under this Agreement if it is found that consideration, in any form, was offered or given by the Contractor, either directly or through an intermediary, to any County officer, employee, or agent with the intent of securing the 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 the Contractor's performance pursuant to the Agreement. In the event of such termination, the County will be entitled to pursue the same remedies against the Contractor as it could pursue in the event of default by the Contractor.
 2. The Contractor must immediately report any attempt by a County officer, employee, or agent to solicit such improper consideration. The report must be made to the Los Angeles County Fraud Hotline at (800) 544-6861 or <https://fraud.lacounty.gov/>.
 3. Among other items, such improper consideration may take the form of cash, discounts, services, the provision of travel or entertainment, or tangible gifts."
7. The Agreement is modified to add to Additional Provisions, Paragraph 49, CAMPAIGN CONTRIBUTION PROHIBITION FOLLOWING FINAL DECISION IN CONTRACT PROCEEDING to read as follows:
- "49. CAMPAIGN CONTRIBUTION PROHIBITION FOLLOWING FINAL DECISION IN CONTRACT PROCEEDING
- Pursuant to Government Code Section 84308, Contractor and its Subcontractors, are prohibited from making a contribution of more than \$250 to a County officer for twelve (12) months after the date of the final decision in the proceeding involving this Agreement. Failure to comply with the provisions of Government Code Section 84308 and of this paragraph, may be a material breach of this Agreement as determined in the sole discretion of the County."
8. The Agreement, Exhibit A-1, Statement of Work, is deleted in its entirety and replaced by Exhibit A-2, Statement of Work, attached hereto and incorporated herein by reference. All references to Exhibit A-1 in the Agreement shall hereafter be replaced by Exhibit A-2, Statement of Work.
 9. All references to "Los Angeles County+USC Medical Center," "LAC+USC," and "LAC+USCMC" under the Agreement shall mean Los Angeles General Medical Center.
 10. Except for the changes set forth hereinabove, the Agreement shall not be changed in any respect by this Amendment

IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be executed by the County's Director of Health Services, or authorized designee, and Contractor has caused this Amendment to be executed on its behalf by its duly authorized officer(s), on the day, month, and year first above written.

COUNTY OF LOS ANGELES

By: _____ for
Christina R. Ghaly, M.D.
Director of the Los Angeles County
Department of Health Services

CONTRACTOR

USCB Inc. dba USCB America

By: _____
Signature

Printed Name

Title

APPROVED AS TO FORM ONLY:

DAWYN R. HARRISON
County Counsel

By: _____
Deputy County Counsel

EXHIBIT A-2

FINANCIAL BILLING AND RECOVERY SERVICES

STATEMENT OF WORK

FINANCIAL BILLING AND RECOVERY SERVICES

STATEMENT OF WORK

TABLE OF CONTENTS

PARAGRAPH		PAGE
1.0	DEFINITIONS.....	1
2.0	SCOPE OF WORK.....	2
3.0	SPECIFIC WORK REQUIREMENTS	3
3.1	Financial Billing and Follow-Up Services (FBFS)	3
3.2	Third-Party Resource Identification and Recovery Services (TPRIRS).....	7
3.3	Medicare Bad Debt Recovery Services (MBDRS).....	11
3.4	Underpaid Account Identification and Billing Services (UAIBS).....	11
4.0	REQUIRED REPORTS	13
5.0	ADDITION/DELETION OF FACILITIES, SPECIFIC TASKS AND/OR WORK HOURS..	13
6.0	QUALITY CONTROL.....	13
7.0	QUALITY ASSURANCE PLAN.....	14
7.1	Contract Discrepancy Report	14
7.2	County Observations	14
8.0	RESPONSIBILITIES.....	14
8.1	County Personnel and Records	14
8.1.1	County Administration.....	14
8.2	County Access to Information	16
8.3	Contractor’s General Responsibilities	16
8.4	Contractor’s Project Manager.....	17
8.5	Contractor Personnel	17
8.6	Contractor Training	18
8.7	Contractor’s Office	18
8.8	Additional Covenants of Contractor.....	18
9.0	PERFORMANCE REQUIREMENTS SUMMARY	19
10.0	PROVISION FOR PAYMENT	19
11.0	SPECIAL ACCOUNTS	21

FINANCIAL BILLING AND RECOVERY SERVICES

STATEMENT OF WORK

LISTING OF ATTACHMENTS

ATTACHMENT A - FACILITIES LIST

ATTACHMENT B - PERFORMANCE REQUIREMENTS SUMMARY

ATTACHMENT C - MAXIMUM CONTINGENCY FEES SCHEDULE

1.0 DEFINITIONS

The terms used throughout this Agreement and in this Exhibit A-2, STATEMENT OF WORK (SOW), unless otherwise stated shall mean the following:

- 1.1 Facility(ies): A Facility is a County of Los Angeles – Department of Health Services facility that provides health care services.
- 1.2 Confidential Information: All information, tangible or intangible, in whatever form or medium provided or obtained by a party or its representative, directly or indirectly, whether orally or in documents, through and by observation or otherwise, including any developed or learned information by an employee during the course of employment.
- 1.3 Document or Documentation: Any form or medium provided, including, but not limited to, writings, drawings, graphs, charts, photographs, phonographic records, tape recordings, discs and data compilations in whatever form recorded or stored from which information can be obtained and/or translated.
- 1.4 Referred Account: A Referred Account is an account that has been forwarded to Contractor by a Facility, in accordance with the provisions of this Agreement and as further identified in this SOW, for Contractor's assessment and acceptance or rejection.
- 1.5 Accepted Account: An Accepted Account is a Referred Account that has been referred to and accepted by Contractor for processing in accordance with the provisions of this Agreement.
- 1.6 Approved Account: An Approved Account is an Accepted Account that Contractor has requested and received authorization from the referring facility to provide services in accordance with the provisions of this Agreement.
- 1.7 Other Third-Party Payer: Other Third-Party Payer is a payer source, other than commercial insurance, or Health Care Plan, for an account, including but not limited to, certain government payers (e.g., Genetically Handicapped Person Program ("GHPP"), Child Health and Disability Prevention ("CHDP"), Family Planning, Access, Care and Treatment Program ("FPACT"), Children Medical Services ("CMS"), Cancer Detection Program).
- 1.8 County's Project Monitor: County staff responsible for overseeing the day-to-day administration of this agreement.
- 1.9 Clean Claim: A claim having all billing elements available in the County System when reviewed to bill in timely manner and within timely billing requirement (e.g., Affinity/ORCHID) by payer statute of limitations and County contract.
- 1.10 Billed Claim: A claim, or sometimes referred to as a "transaction", that has been billed to a third-party payer in accordance with the terms and conditions of this Agreement, and in accordance with all regulatory requirements, requesting payment for services provided by the County.
- 1.11 Paid Claim: A billed claim for which the County has received payment from a third-party payer.

2.0 SCOPE OF WORK

- 2.1 Contractor shall provide one or more of the following Financial Management Services of this agreement: 1) Financial Billing and Follow-up Services, 2) Third-Party Resource Identification and Recovery Services, 3) Medicare Bad Debt Recovery Services, and 4) Underpaid Account Identification and Billing Services, as further described in Paragraph 3.0 - Specific Work Requirements of this SOW. Each service above has various specific requirements which must be performed by Contractor, as detailed in 3.0, Specific Work Requirements, to satisfy the County's protocols, payer requirements, and governmental regulations.
- 2.2 Director may refer the following types of accounts within the categories listed above to Contractor: (1) self-pay accounts determined by the County to have partially or fully unpaid balances; (2) non-self-pay accounts, whether billed or unbilled as having third-party coverage (e.g., health care plan and commercial insurance); (3) non-self-pay accounts rejected for payment or otherwise not paid; and (4) other types of accounts and/or from different automated systems than herein specified. Notwithstanding the above, Director reserves the right to discontinue any assigned service(s) or recall specific accounts or restrict specific accounts or account types from referral to Contractor. If an account is recalled, Contractor shall terminate services immediately and return the account to County within five (5) business days of notice, provided the recall is not solely for the purpose of denying contractor payment for services rendered on the recalled account.
- 2.3 In performing these services, Contractor shall readily accept County's patient financial, admission, eligibility, and other data in various formats (electronic media, magnetic tape, hard copies, and other formats that become available) as determined by the Director. The County Facilities utilize an all-inclusive charge; however, Contractor may be required to perform itemized billings when required by applicable law or payer requirements. All claims processed by Contractor shall comply with the Office of Inspector General (OIG) Program Guidance, State, Federal, HIPAA/HITECH Transaction Code Set (TCS) requirements.
- 2.4 Contractor shall maintain a comprehensive database of all accounts, claims, and transactions. The database shall be cumulative and contain all accounts processed by Contractor as well as data provided by County and obtained by vendor in performing these services. Upon request by the Director, Contractor shall provide management reports, at no cost to County, as well as customized reports or a system providing County with the ability to generate Ad Hoc reports in a reasonable timeframe agreed upon by Director and Contractor.
- 2.5 Contractor shall maintain complete detailed written documentation of the systems, methods, and procedures employed in identification of claims (e.g., eligibility and under paid claims), claims billing, collection, account posting, claims denial and denial follow-up activities to perform the services required under contract.
- 2.6 Comprehensive Audit Trail and Appeal Support: Contractor shall maintain a comprehensive written audit trail and provide audit and appeal support to County, including but not limited to, responding to Auditor requests for documentation and

information, packaging information according to Auditor requirements, and interfacing with the Auditors during document review. Contractor shall make available all audit supporting documentation in format and frequency as requested by the Auditor, and the County.

- 2.7 Additional Services: Contractor shall provide ongoing consultant and support services, at no cost to County, including recommendations relating to the future maintenance and updating of the systems, methods and procedures employed by Contractor. Contractor shall also provide recommendations as to how County billings and collections performance might be improved, and support services required to continue provision of those services to be performed by Contractor under this Agreement, at a comparable level of automation/efficiency, during any planned future financial accounting, patient registration, or any other Facility system procured by County and during any other system conversions or augmentations.

3.0 SPECIFIC WORK REQUIREMENTS

The following indicates the areas of services assigned to Contractor, subsidiaries, or subcontractors, as applicable. Contractor may be requested to perform the services below at individual or all Facilities, including but not limited to, Facilities listed in Attachment A - Facilities List. However, the County may, at any time during the term of this Agreement, add or delete services or Facilities in Attachment A –Facilities List. Contractor shall process all claims timely and in compliance with applicable law and payer requirements.

If Contractor fails to process claims timely or default on other contract terms that resulted in lost revenue for the County, County shall have the right to recoup such revenues from future payments to Contractor, or through other means as determine appropriate by County as described in the Attachment B – Performance Requirements Summary. Contractor has the right to rebuttal preliminary conclusions made by County before final determination is made by the County Director to recoup such revenues. County shall provide methodology adopted and defined to determine lost revenue with each account deemed to be lost due to Contractor’s failure to process claims timely. In performing these services, Contractor shall readily accept County’s patient financial, admission, eligibility, and other data in various formats as determined by Facilities (e.g. HL7 data or other formats that become available). Contractor shall provide:

1. Financial Billing and Follow-up Services (FBFS);
2. Third Party Resource and Identification and Recovery Services (TPRIRS);
3. Medicare Bad Debt Recovery Services (MBDRS); and
4. Underpaid Accounts Identification and Billing Services (UAIBS).

3.1 Financial Billing and Follow-Up Services (FBFS)

3.1.1 Contractor shall provide FBFS as requested by Facilities for referred accounts. The County currently utilizes an all-inclusive charge, however, FBFS may include itemized billing where required by applicable law or payer requirements and encompasses the following third-party programs: Health Care Plan and Commercial Insurance (i.e. HMO, and HCP) and other third-party payers and may be specific to inpatient accounts or outpatient accounts or both. This includes billing and follow-up services,

denial reprocessing, reviewing medical records for appeals, and using automated systems where available and appropriate or as requested by County.

- 3.1.2 Contractor shall request the necessary information (e.g. patient discharge summaries) needed to develop valid reimbursement claims directly from the facility(ies) (e.g., Utilization Review, Medical Records, Patient Financial Services) including comprehensive chart review to access coding, development of clean claims necessary for itemized billing. Contractor will provide personnel to assist in retrieving/photocopying documents as may be requested by the Payor or County and return all account documentation reviewed in the same condition and sequence in which they were originally received.
- 3.1.3 Contractor shall, within five (5) business days, bring to the attention of the Facility Patient Accounts Manager/CBO Manager, when the Contractor is having difficulty in obtaining information which prohibits the Contractor from billing or following-up on accounts.
- 3.1.4 If Contractor cannot obtain the necessary medical records coding from the Facility the account will be closed.
- 3.1.5 Contractor shall provide any one or all of the following services to Facilities as agreed upon between County and Contractor:
 - 3.1.5.1 Research unbilled Inpatient and/or Outpatient accounts that have been classified as having third-party coverage on the Accounts Receivable (A/R).
 - 3.1.5.2 Research all unbilled accounts on the A/R systems with discharge or service dates as requested by Facility to verify third-party coverage, except those assigned by County to other contract service providers. Contractor shall verify eligibility or recommend other appropriate disposition of these accounts to Facility staff, if no eligibility can be determined or non-matching eligibility.
 - 3.1.5.3 Employ a claim edit system to review all data from Facility systems to create claims that are compliant with payer regulations and work with Facility staff to resolve all pre-bill edit failures (e.g., missing or incorrect patient demographic and charge information, partial eligibility matches, and missing or incomplete medical record data). The updated information will be entered directly into the Contractor's billing processes.
 - 3.1.5.4 Generate electronic or hardcopy of claims, including itemized claims where appropriate and necessary, and ensure claims are compliant with Federal, State, and other regulatory requirements and submit claims timely to the appropriate fiscal intermediary or other third-party payers. Contractor shall develop and bill health care plan and commercial insurance, or

other third-party payer, claims that meet the requirements of the applicable fiscal intermediary or third-party payer, in electronic format where possible. Contractor shall generate electronic or hardcopy work queues of claims with invalid eligibility matches and research accounts on payer's on-line eligibility systems or with the Facilities' eligibility systems. If valid eligibility is identified, the information shall be entered directly into the billing system by Contractor. When necessary, Contractor shall review medical records to ensure all mandated codes exist in County's system prior to billing. The updated information will be entered directly into the Contractor's billing processes by Contractor staff.

- 3.1.5.5 Provide County updated demographic and third-party resources information at the time of billing to include third-party updates and third-party payer identification number (e.g., insurance code updates) in electronic format—Insurance Change Reports. Provide updates for revised and/or corrected information obtained by vendor in electronic format.
- 3.1.5.6 Develop fully and submit, in a timely manner, completed health care plan and commercial insurance, and/or any other third-party claims/billings, in electronic format where appropriate to the appropriate Independent Practice Association (IPA) /Participating Physician Group (PPG) or capitated Hospital and/or other third-party payers or fiscal intermediaries.
- 3.1.5.7 Follow-up on billed and unpaid accounts, according to the third-party payer timeline and follow appropriate processes, to determine claim status including usage of 276/277 transactions.
- 3.1.5.8 Follow-up on underpaid and denied claims, determine the cause of the denial, correct deficiency, and resubmit claims for payment unless the claim is determined to be uncollectible. When necessary, Contractor shall review medical records of denied or incorrectly paid claims to determine if an appeal is appropriate. If an appeal is appropriate, Contractor shall file the appeal with the appropriate payer (e.g., IPA/PPG, capitated hospital). Contractor shall document the reasons the account is uncollectible and report to the referring Facility(ies).
 - 3.1.5.8.1 Respond within ten (10) business days, if information is available, to additional information requested (e.g., correspondence) by health care plan and commercial insurance, other third-party payer or from applicable fiscal intermediary.
 - 3.1.5.8.2 Research and resubmit claims billed by Contractor which are not paid or denied and provide all follow-up services for denied claims and pursue third-party payments until the account is determined to be

uncollectible. Contractor shall document the reasons the account is uncollectible and report to the Facilities.

- 3.1.6 Pursue full reimbursement for all commercial and managed care insurance accounts identified by the Facility(ies). Contractor shall submit in writing any proposed settlement/account compromise, with amount and reason for compromise, to County for approval prior to acceptance, in accordance with DHS' procedures. Contractor shall negotiate with the third-party payer to ensure that the compromise offer is fair and equitable. Contractor shall submit all compromise offers to County only when it has determined that the offered amount is the best offer that can be negotiated. For this purpose, Contractor shall provide County all information/documentation within three (3) business days. If County personnel are required to attend hearings and/or settlement conferences, Contractor shall notify County at a minimum of fifteen (15) business days in advance of the hearing/conference date.
- 3.1.7 Establish and Maintain a claim/payment tracking system to identify by account, category, Facility, and in total, amounts billed, collected, pending, underpaid/denied, paid, and accounts referred back to Facilities. Contractor shall provide aging reports for accounts billed each month or as requested by referring Facility(ies).
- 3.1.8 Post (HIPAA/HITECH Compliant 835 transaction) the payments, denials, and adjustments, electronically, to all applicable Facility's A/R systems within four (4) business days. Contractor shall post, on a continuing basis, health plan and commercial insurance and other third-party remittances and contractual allowances within four (4) business days after Contractor's receipt of Remittance Advices. Contractor shall provide payment posting detail for accounts that have been billed by Contractor and subsequently paid.
- 3.1.9 Establish a payment tracking process on the accounts billed by Contractor to identify amounts billed and amount collected and provide an accounts aging report for the accounts billed by Contractor and perform monthly review of all Accepted Accounts that were paid to ensure accounts are appropriately adjudicated.
- 3.1.10 Research credit balances on Accepted Accounts and billed accounts to ensure payments are correctly recorded. If overpayment is identified, Contractor shall advise County of the overpayment by the appropriate third-party payer(s) - Contractor shall provide monthly close report that identify overpayments for County to take the appropriate actions to initiate refunds and/or corrections. County is to notify Contractor of the refunds for Contractor to take the necessary steps to remove the payment from their system.
- 3.1.11 Provide Facilities with a closed report of the accounts with amounts determined to be self-pay.

- 3.1.12 Provide payments, adjustments, and billing information transactions in electronic format.
- 3.1.13 Provide various management reports (i.e., eligibility identifications, claims billed, collections, remittance advice, underpayments, denials, and other reports, in formats, content, and frequency).
- 3.1.14 Return health care plan and commercial insurance accounts that are unbilled within one hundred fifty (150) calendar days after Contractor initially received the account from County, except as otherwise instructed by the Facility(ies). Contractor shall return all supporting documentation received from County, including but not limited to, eligibility information, medical records, correspondence and explanation of benefits upon return of the accounts in the format provided by the County.
- 3.1.15 Return health care plan and commercial Insurance accounts to the County that have been billed but are unadjudicated two hundred seventy (270) calendar days after the last billing, except as otherwise instructed by the Facility. Contractor shall return all supporting documentation received from County, including but not limited to, eligibility information, medical records, correspondence and explanation of benefits, upon return of the accounts in the format provided by the County.
- 3.1.16 Follow regulatory and DHS balance billing guideline for emergency services and other health care services.
- 3.1.17 Provide County with access to run/print various management report through automation.
- 3.1.18 Provide County with a quarterly assessment of each Facility's performance. Any concerns and recommendations to improve FBFS shall be included in such report.

3.2 Third-Party Resource Identification and Recovery Services (TPRIRS)

After DHS's best efforts have been exhausted, Contractor may review underpaid or unpaid accounts for third-party coverage identification and claim processing services provided that the Contractor has not performed FBFS. In performing TPRIRS, Contractor shall:

- 3.2.1 Provide all Facilities receiving TPRIRS with a monthly listing of accounts that are eligible for third-party reimbursement for which Contractor has conducted a review to ensure that no claim by County or another contractor has been paid or is pending adjudication by the third-party payer or its fiscal intermediary. The Facilities will exclude accounts from this listing, that are currently being pursued by the County or another contractor. The Contractor shall then pursue reimbursement only for accounts which have been approved by the Facility.
- 3.2.2 Provide all Facilities receiving TPRIRS with a monthly cumulative listing (electronic or paper) of Approved Accounts that are being pursued within

five (5) calendar days of identifying third-party eligibility where payment was not received.

- 3.2.3 Contractor shall pursue Approved Accounts for full reimbursement within sixty (60) calendar days of the approval date.
- 3.2.4 If Contractor needs additional time to process Approved Account(s), additional time may be requested by Contractor and may be granted by the County, not to exceed one hundred and twenty (120) calendar days after Contractor initially received Approved Account from County.
- 3.2.5 Contractor shall request the necessary information (e.g., patient discharge summaries) needed to develop valid reimbursement claims directly from the facility(ies) (e.g., Utilization Review, Medical Records, Patient Financial Services) including comprehensive chart review to access coding, development of clean claims necessary for itemized billing. Contractor shall provide personnel to assist in retrieving/photocopying documents.
 - 3.2.5.1 Contractor shall notify the Patient Accounts Manager/CBO Manager within five (5) business days, when the Contractor is having difficulty in obtaining information which prohibits the Contractor from billing or following-up on accepted accounts.
 - 3.2.5.2 If Contractor cannot obtain the necessary medical records coding from the Facility, the Contractor may elect to utilize its own coding staff or contracted coding vendor if already approved by County as a subcontractor.
- 3.2.6 Utilize demographic, charge, and remittance data to construct a file of un-liquidated accounts that are unidentified by the Facility as having third-party coverage. The Contractor shall then apply remittance data to this file of un-identified accounts to identify and eliminate all previously liquidated services.
- 3.2.7 Employ a claim edit system to review all data from Facility systems to create a claim that is compliant with payer regulations and work with Facility staff to resolve all pre-bill edit failures (e.g., missing or incorrect patient demographic and charge information, partial eligibility matches, and missing or incomplete medical record data). The updated information will be entered directly into the Contractor's billing processes.
- 3.2.8 Generate electronic or hardcopy of claims, including itemized claims when necessary, and ensure claims are compliant with Federal, State, and other regulatory requirements and submit claims timely to the appropriate fiscal intermediary and other third-party payers. Contractor shall develop and bill health care plan and commercial insurance, or other third-party payer claims that meet the requirements of the applicable fiscal intermediary or third-party payer, preferably in electronic format where applicable. Contractor shall generate electronic or hardcopy work queues of claims with invalid eligibility matches and research accounts on payer's on-line eligibility systems or with the Facilities' eligibility systems. If valid eligibility

is identified, the information will be entered directly into the Contractor's billing system. When necessary, Contractor shall review medical records to ensure all mandated codes exist prior to billing. The updated information will be entered directly into the Contractor's billing processes by Contractor staff.

- 3.2.9 Provide updated demographic and third-party resources information at the time of billing to include third-party updates and third-party identification number (e.g., insurance code updates,) in electronic format.
- 3.2.10 Develop fully and submit completed, health care plan and commercial insurance, and/or any other third-party claims/billings, preferably electronically to the appropriate Independent Practice Association (IPA) /Participating Physician Group (PPG) or capitated Hospital and/or other third-party payers or fiscal intermediaries.
- 3.2.11 Follow-up on billed and unpaid accounts according to the third-party payer timeline and follow appropriate processes to determine claim status including usage of 276/277 transactions.
- 3.2.12 Follow-up on denied claims, determine the cause of the denial, correct deficiency, and resubmit claims for payment unless the claim is determined to be uncollectible. When necessary, Contractor shall review medical records of denied or incorrectly paid claims to determine if an appeal is appropriate. If an appeal is appropriate, Contractor shall file the appeal with the appropriate payer (e.g., IPA/PPG, capitated hospital.). Contractor shall document the reasons the account is uncollectible and report to the referring Facility(ies).
 - 3.2.12.1 Respond within ten (10) business days, if information is available, to additional information requested (e.g., correspondence), by health care plan and commercial insurance, other third-party payer or from applicable fiscal intermediary.
 - 3.2.12.2 Research and resubmit claims billed by Contractor which are not paid or denied and provide all follow-up services for denied claims and pursue third-party payments until the account is determined to be uncollectible. Contractor shall document the reasons the account is uncollectible and report to the Facilities.
- 3.2.13 Pursue full reimbursement for all commercial and managed care insurance account. Contractor shall submit in writing any proposed settlement/account compromise, with amount and reason for compromise, to County for approval prior to acceptance in accordance with procedures as follows: Contractor shall negotiate with the third party to ensure that the settlement amount allocated to the County is fair and equitable. Contractor shall submit such compromise offers to County only when they have determined that the offered amount is the best offer that can be negotiated. For this purpose, Contractor shall provide County all information/ documentation within three (3) business days.

If County personnel are required to attend hearings and/or settlement conferences, Contractor shall notify County at a minimum of fifteen (15) business days in advance of the hearing/conference date.

- 3.2.14 Establish and maintain a claim/payment tracking system to identify by account, category, Facility, and in total, amounts billed, collected, pending, denied, paid, and accounts referred back to Facilities or primary contractor(s). Contractor shall provide aging reports for accounts billed each month or as requested by referring Facility(ies).
- 3.2.15 Post (HIPAA/HITECH Compliant 835 transaction) the payments, and adjustments, preferably electronically, to all applicable Facility's A/R systems within four (4) business days. Contractor shall post on a continuing basis, third-party remittances and contractual allowances within four (4) business days after Contractor's receipt of Remittance Advices. Contractor shall provide payment posting detail for accounts that have been billed by Contractor and subsequently paid.
- 3.2.16 Establish a payment tracking process on the accounts billed by Contractor to identify amounts billed and amount collected and provide an accounts aging report for the accounts billed by Contractor and perform monthly review of all Accepted Accounts that were paid to ensure accounts are appropriately adjudicated.
- 3.2.17 Research credit balances on Accepted and billed accounts to ensure payments are correctly recorded. If overpayment is identified, Contractor shall advise County the overpayment by the appropriate third-party payer(s). Contractor shall provide monthly close reports that identify overpayments for County to take the appropriate actions to initiate refunds and/or corrections.
- 3.2.18 Provide Facilities with a closed report of the accounts with amounts determined to be self-pay.
- 3.2.19 Provide payments, adjustments, and billing information transactions in electronic format.
- 3.2.20 Provide County with access to run/print various management reports (i.e., eligibility identifications, claims billed, collections, remittance advice, denials, and other reports, in formats, content, and frequency) through automation.
- 3.2.21 Follow regulatory and DHS balance billing guideline for emergency services and other health care services.
- 3.2.22 Provide, develop, and maintain a database to accumulate patient data, charge information, billing statistics, payment information, and other data as necessary. Contractor shall allow County's staff to access the database for inquiries, reporting, and as otherwise necessary.

- 3.2.23 Provide County with a quarterly assessment of each Facility's performance. Any concerns and recommendations to improve TPRIRS shall be included in such report.

3.3 Medicare Bad Debt Recovery Services (MBDRS)

Contractor shall maximize Medicare Bad Debt reimbursement costs by substantiating Medicare Bad Debts information and provide federally acceptable Medicare claims. Contractor shall develop an integrated database to identify and process Medicare billing and collection information, i.e., the amount of bad debts associated with co-insurance and deductibles and produce auditable Medicare Bad Debt Reports by Facility. Contractor shall:

- 3.3.1 Prepare a Medicare Bad Debt Report for each Fiscal Year (FY) as requested by Director. Each report shall include a listing, by Facility of Medicare Bad Debt accounts and account activity as referenced in Schedule of Information – Listing of Medicare Bad Debts Claimed. Create and compile a data warehouse of electronic Medicare payment (Remittance) for County inpatient and outpatient accounts. Contractor shall match the Remittance data to County Facility Statistical Master file.
- 3.3.2 Obtain information from the County for Medicare accounts deemed uncollectible.
- 3.3.3 Analyze Medicare account(s) information to identify any coinsurance and deductible payments.
- 3.3.4 Analyze collection activities/data from Patient Accounts system and any ancillary files (received from the County and/or other County contractors) to a) identify collection activity, and b) examine write-off transaction and write-off timing.
- 3.3.5 Identify potentially qualifying accounts by various codes, indicating their characteristics as they pertain to Medicare Bad Debt claiming.
- 3.3.6 Create a listing of Medicare Bad Debt accounts by Facility for all accounts that qualify for Medicare Bad Debt claiming. Each listing shall include patient demographics, Medicare Health Insurance Claims (HIC) number, coinsurance amount, deductible amount, payments, write-offs, and Medicare Bad Debt allowable amount.
- 3.3.7 Provide this Medicare Bad Debt Report (by Facility) to the County within sixty (60) days following the end of each fiscal year (June 30), or as requested by the County.

3.4 Underpaid Account Identification and Billing Services (UAIBS)

Contractor shall identify underpaid accounts after these accounts have been closed by County or its primary contractor(s): Assigned accounts will be based on protocol established and agreed upon between County and Contractor. Contractor shall:

- 3.4.1 Utilize demographic, charge, and payment data, Contractor shall identify and construct a file of underpaid accounts as having third-party coverage.
- 3.4.2 Apply appropriate fee schedules to determine if the claims were paid accordingly or if additional payment can be received due to errors or insufficient information and eliminate all accounts which were reimbursed appropriately.
- 3.4.3 Provide all Facilities receiving UAIBS with a monthly listing of accounts that are found to have been underpaid by the third-party payer (e.g. workers' compensation and commercial insurance), for which Contractor has conducted a review sufficient to ensure that no claim by County or its primary contractor exists. Facilities will delete accounts from the listing that are currently being pursued by the County or its primary contractor. Contractor shall then pursue reimbursement only for accounts remaining on the listing.
- 3.4.4 Provide all Facilities receiving UAIBS with a monthly listing (electronic or paper) of Approved Accounts which will not be pursued and no additional reimbursement was received, with an explanation of the reason(s) further efforts will not be pursued.
- 3.4.5 Employ a claim edit system to review all data from Facility systems to create a revised claim that is compliant with payer regulations and work with Facility staff to resolve all pre-bill edit failures (e.g., missing or incorrect patient demographic and charge information).
- 3.4.6 Provide County updated demographic and third-party resources information at the time of billing to include insurance information updates and third-party identification number (Carrier code updates and insurance billed) in electronic format.
- 3.4.7 Fully develop and submit, unless otherwise instructed by County, completed third-party revised claims/billings, preferably electronically, to the third-party payers or fiscal intermediaries.
- 3.4.8 Follow-up on denied claims, determine the cause of the denial, correct deficiency, and resubmit claims for payment unless and until the claim is determined to be uncollectible. Contractor shall document the reasons the account is uncollectible and report to the applicable Facilities.
- 3.4.9 Maintain a claim/payment tracking system to identify by account, category, Facility, and in total, amounts billed, collected, pending, denied, paid, and accounts referred back to Facilities or primary contractor(s). Contractor shall provide aging reports for accounts billed each month or as requested by applicable Facilities.
- 3.4.10 Post the payments, and adjustments to all applicable Facility's accounts receivable systems within four (4) business days, as may be requested. Contractor's failure to post this information timely and accurately will result

in fines/assessments as referenced in Attachment B – Performance Requirement Summary.

3.4.11 Provide (in electronic format) payments and adjustment transactions.

3.4.12 Provide various management reports regarding underpaid claims accepted, accepted claims not pursued and reason for not pursuing, claim billed, collections, remittance advice, denials, and other reports, in formats, content, and frequency to be determined by the County and Contractor as reasonable and necessary.

4.0 REQUIRED REPORTS

Contractor shall provide management reports, at no cost to County. All routine management reports must be provided timely per established due date.

From time to time, the County may request additional reports or one time only reports (i.e., new management reports, ad-hoc reports) created from Contractor’s existing data fields. Contractor shall make such reports available to County within one week from Director’s request or as otherwise agreed to by County and Contractor.

5.0 ADDITION/DELETION OF FACILITIES, SPECIFIC TASKS AND/OR WORK HOURS

5.1 Contractor shall provide one or more services listed in SCOPE OF WORK, Paragraph 1.1 as requested by each Facility listed in Attachment A.

5.1 The Contractor’s awarded services may change as a result of deletion or addition of new Facility(ies), future consolidation of existing Facilities or as changes are required by law. Therefore, Contractor shall accept assignments or deletions of Facility(ies) and/or services deemed by the County to be in its best interest.

6.0 QUALITY CONTROL

The Contractor shall establish and maintain a written Quality Control Plan to ensure that the requirements of the Agreement are met. The Quality Control Plan may be in a chart format. An updated copy must be provided to the County’s Project Director ten (10) business days after to the Agreement start date and within ten (10) business days when changes occur during the term of the Agreement. The plan shall discuss, but not be limited to, the following:

6.1 The Contractor’s quality control or monitoring system covering each individual item listed in Paragraph 9.0, Performance Requirements Summary, of this SOW. It must specify the activities to be monitored on either a scheduled or unscheduled basis, how often monitoring will be accomplished, and the title of the individual(s) who will perform the monitoring.

6.2 The methods for identifying and preventing deficiencies in the quality of service performed before the level of performance becomes unacceptable and not in compliance with the Agreement.

6.3 The methods for documenting the monitoring results and, if necessary, the

corrective actions taken.

- 6.4 The method for assuring that confidentiality of patient information is maintained while in the care of Contractor.
- 6.5 The method for assuring new Contractor employees will sign an Acknowledgement of Confidentiality Agreement prior to starting employment and will understand and abide by its terms upon starting employment.

On an ongoing basis, the Contractor's performance will be compared to the Agreement standards and Acceptable Quality Levels (AQLs) as referenced in Attachment B – Performance Requirement Summary. DHS may use a variety of inspection methods to evaluate the Contractor's performance, including but not limited to: random sampling; one hundred percent inspection of its output items on a periodic basis (daily, weekly, monthly, quarterly, semiannually or annually) as determined necessary to assure a sufficient evaluation of the Contractor's performance; review of reports and files; complaints from DHS; site visits; write off reports; and patient complaints.

7.0 QUALITY ASSURANCE PLAN

The County will evaluate the Contractor's performance under this Agreement using the quality assurance procedures as defined in Section 29, County's Quality Assurance Plan, of the Additional Provisions of this Agreement.

7.1 Contract Discrepancy Report

Verbal notification of a Contract discrepancy will be made to the Contractor Project Manager as soon as possible whenever a Contract discrepancy is identified. The problem shall be resolved within a time-period mutually agreed upon by the County and Contractor. The County Project Monitor will determine whether a formal Contract Discrepancy Report shall be issued. Upon receipt of this document, the Contractor is required to respond in writing to the County Project Monitor within five (5) business days, with a plan for correction of all deficiencies identified in the Contract Discrepancy Report.

7.2 County Observations

In addition to departmental contracting staff, other County personnel may observe performance, activities, and review documents relevant to this Agreement at any time during normal business hours. However, these personnel may not unreasonably interfere with the Contractor's performance.

8.0 RESPONSIBILITIES

COUNTY

8.1 County Personnel and Records

8.1.1 County Administration

The Director shall have the authority to administer this Agreement on behalf of the County. The Director retains professional and administrative responsibility for the services rendered under this Agreement. A listing of all County Administration referenced in the following Sub-paragraphs is designated in Exhibit E, County's Administration, of the Agreement. The County shall notify the Contractor in writing of any change in the names or addresses shown.

8.1.1.1 County's Project Director

Person designated by the County with authority for the County on administrative matters relating to this Agreement that cannot be resolved by the County's Project Manager. Responsibilities of the County's Project Director include:

- ensuring that the objectives of this Agreement are met; and
- providing direction to the Contractor in the areas relating to County policy, information requirements, and procedural requirements.

8.1.1.2 County's Project Manager

8.1.1.2.1 The responsibilities of the County's Project Manager include:

- Meeting with the Contractor's Project Manager on a regular basis;
- inspecting any and all tasks, deliverables, goods, services, or other work provided by or on behalf of the Contractor; and
- approving invoices.

8.1.1.2.2 The County's Project Manager is not authorized to make any changes in any of the terms and conditions of this Agreement and is not authorized to further obligate the County in any respect whatsoever.

8.1.1.3 County's Project Monitor

8.1.1.3.1 The County's Project Monitor is responsible for overseeing the day-to-day administration of this Agreement. The Project Monitor reports to the County's Project Manager.

8.1.1.4 County does not anticipate assigning any County employees to assist Contractor on a full-time basis regarding services to be provided by Contractor pursuant to this Agreement. However, County personnel will be made available to Contractor, if deemed necessary by the County, to provide input and assistance in order to answer questions and provide necessary liaison between Contractor and County departments.

8.1.1.5 At the County's sole discretion, the County may assign space, chairs, desks, and office equipment (e.g., telephones, fax machines, photocopying equipment, etc.) on a non-exclusive basis, for work area and related use by the Contractor. In the event the County assigns space and office equipment to the Contractor, Contractor shall use the space and office equipment only for the purpose of the performance of services hereunder. The Contractor is prohibited from use of such space and office equipment for the purposes other than for the performance of this Agreement.

8.2 County Access to Information

8.2.1 In order for Contractor to perform the services described in this SOW, County shall cooperate with Contractor to allow access to such financial, medical and other operating data as may be allowed by Director and applicable law, including among other things the following:

8.2.1.1 Patient demographic, admission, and registration data from the respective Facility admission and registration system files, as available in format determined by Director.

8.2.1.2 Inpatient and ambulatory billing forms and billing folders for, HCP and commercial insurance.

8.2.1.3 Affinity or other County patient accounting and accounts receivable information in format and timeframe determined by Director.

8.2.1.4 County patient medical records, for purposes of determining and verifying dates of patient service and other diagnosis information required for successful reimbursement.

8.2.1.5 File layouts, if necessary, for each of the files.

8.2.1.6 At Director's discretion, any additional files, documents, system access, or information deemed appropriate to Facilitate performance of the services described in SOW.

CONTRACTOR

8.3 Contractor's General Responsibilities

8.3.1 Contractor shall work independently on designated assignments in accordance with this SOW.

8.3.2 Notwithstanding any representation by County regarding the participation of County personnel in any phase of this project, Contractor assumes sole responsibility for the timely accomplishment of all activities assigned in this Agreement.

8.3.3 Contractor(s) shall furnish all labor, materials, supplies, personnel, equipment, and administrative support necessary to perform the services under this Agreement. Contractor shall use materials and equipment that are safe for the environment and safe for use by the employee.

8.4 Contractor's Project Manager

8.4.1 Contractor shall provide a full-time Contractor Project Manager or designated alternate. County must have access to the Contract Manager during the hours of 8:00 a.m. to 5:00 p.m., Monday through Friday except holidays. Contractor shall provide a telephone number where the Project Manager may be reached.

8.4.2 Manager shall act as a central point of contact with the County.

8.4.3 Manager/alternate shall have full authority to act for Contractor on all matters relating to the daily operation of the Agreement. Contract Manager/alternate shall be able to effectively communicate, in English, both orally and in writing.

8.4.4 Contractor shall respond to all County inquiries, including but not limited to, status and follow-up, telephonic, e-mail or facsimile inquiry, within one business of initial inquiry. Failure to respond in a timely manner will result in fines/assessments as referenced in Attachment B – Performance Requirement Summary.

8.5 Contractor Personnel

8.5.1 Contractor shall assign a sufficient number of employees to perform the required work.

8.5.2 Background and Security Investigations

8.5.2.1 All Contractor staff performing work under this Agreement shall undergo and pass, to the satisfaction of the County, a background investigation as a condition of beginning and continuing to work under this Agreement. The County shall use its discretion in determining the method of background clearance to be used, which may include but is not limited to fingerprinting. The County shall perform the background check.

8.5.2.2 The County may request that the Contractor's staff be immediately removed from working on the County Agreement at any time during the term of this Agreement. The County will not provide to the Contractor nor to the Contractor's staff any information obtained through the County conducted background clearance.

8.5.2.3 The County may immediately, at the sole discretion of the County, deny or terminate facility access to the Contractor's staff that do not pass such investigation(s) to the satisfaction of

the County whose background or conduct is incompatible with County facility access.

- 8.5.2.4 Disqualification, if any, of the Contractor's staff, pursuant to this Sub-paragraph 8.5.2, shall not relieve the Contractor of its obligation to complete all work in accordance with the terms and conditions of this Agreement.

8.6 Contractor Training

Contractor shall provide training programs for all new employees and continuing in-service training for all employees to perform the required work of this Agreement. Contractor's staff must be adequately trained and adhere to County Facility's information security policies and the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and the Health Information Technology for Economic and Clinical Health Act (HITECH) regulations in protecting the privacy and confidentiality of patient information at all times. Failure to comply with these requirements may result in fines/penalties, contract termination and/or legal prosecution.

8.7 Contractor's Office

Contractor shall maintain an office with a telephone in the company's name where Contractor conducts business. The office shall be staffed during the hours of 8:00 a.m. to 5:00 p.m., Monday through Friday, except holidays, by at least one employee who can respond to inquiries and complaints which may be received about the Contractor's performance of the Agreement. When the office is closed, an answering service shall be provided to receive calls.

8.8 Additional Covenants of Contractor

In performing the services described in this SOW, Contractor shall:

- 8.8.1 Have no contact for collection with any of the patients of County's Facilities, without the prior written consent of the Director, during the course of Contractor's performance of any of the services in this Agreement.
- 8.8.2 Use reasonable care to avoid duplicate invoicing.
- 8.8.3 If so requested in advance by County, return all the material provided by County promptly and in the same condition and sequence in which is requested by the County.
- 8.8.4 Respect the confidential information with regard to County patient and Facility financial records. Contractor contractually recognizes the confidentiality of all County patient data and therefore, shall obtain/extract only that information needed to discover and generate required third-party billing information. All such collected information shall remain the property of County.
- 8.8.5 Upon termination of Agreement, if so requested by the Director, Contractor shall provide County, in a format designated by the Director, with the data

currently maintained in performance of services under this Agreement in accordance this SOW.

9.0 PERFORMANCE REQUIREMENTS SUMMARY

- 9.1 All listings of services used in the Performance Requirements Summary (PRS) are intended to be completely consistent with the Agreement and the SOW, and are not meant in any case to create, extend, revise, or expand any obligation of Contractor beyond that defined in the Agreement and the SOW. In any case of apparent inconsistency between services as stated in the Agreement and the SOW and Attachment B, the PRS Chart, the meaning apparent in the Agreement and the SOW will prevail. If any service seems to be created in this PRS which is not clearly and forthrightly set forth in the Agreement and the SOW, that apparent service will be null and void and place no requirement on Contractor.
- 9.2 The Contractor is expected to perform all services described herein. The PRS Chart describes certain required services which will be monitored by the County during the term of the Agreement, and for which Contractor may be assessed financial deductions from payment if the service has not been satisfactorily provided. The PRS Chart indicates the SOW and/or Agreement section of the performance referenced (column 1); the service and expected standard to be provided (column 2); the monitoring method that will be used (column 4); and the deductions/fees to be assessed for services that are not satisfactory (column 5).
- 9.3 Contractor shall be responsible for measuring and monitoring Standard Performance Requirements (SPRs), and shall provide County with monthly reports showing SPR performance during the reporting period. All such reports are due on the fifteenth (15th) calendar day of the month following the month for which such report relates; provided, however, that if the fifteenth (15th) calendar day is a weekend or County holiday, such reports shall be due on the first (1st) County business day thereafter. Such monthly SPR reports shall include a level of detail sufficient for County to verify Contractor's compliance with the applicable SPRs, including the following:
- (i) As to Contractor's calculation of all SPRs and all Penalties for the SPRs, Contractor's monthly SPR reports shall include the formulas used by Contractor to calculate the SPRs and Penalties for the SPRs, as opposed to hard-coded values.
 - (ii) As to any SPR that does not meet the applicable Acceptable Quality Level according to the data set forth in the applicable monitoring tool identified in Attachment B (Performance Requirement Summary) ("**Ticketing System**"), but that Contractor alleges actually did meet the applicable Acceptable Quality Level (e.g., due to an error or inaccuracy of the data reflected in the Ticketing System), the Parties shall discuss such SPR during the Performance Requirement Review Meetings (as defined below), and such SPR shall only be deemed to have met the applicable Acceptable Quality Level if County agrees that the SPR actually met the applicable Acceptable Quality Level, notwithstanding the data reflected in the Ticketing System.

- (iii) Within fifteen (15) calendar days following Contractor's provision of the prior month's SPR report, County and Contractor will meet to discuss all SPRs on Contractor's monthly SPR reports occurring in the prior calendar month ("**Performance Requirement Review Meetings**"). During such meetings, Contractor and County will resolve SPR disputes and issues pursuant to mutual agreement by the Parties.

10.0 PROVISION FOR PAYMENT

In accordance with the body of this Agreement, and as further set forth herein, County shall compensate Contractor as follows:

- 10.1 The fee payable to Contractor with respect to health care plan and commercial insurance, and other third-party payer payments received by County as a consequence of this SOW Sections 3.1 – FBFS, 3.2 – TPRIRS, and 3.4 - UAIBS shall be negotiated by the Director and the Contractor but shall be the lessor of twenty-five percent (25%) of those, commercial insurance, and managed care payments received by the County as a result of Contractor's billing efforts or the amounts identified on Attachment C – Maximum Contingency Fees Schedule. The negotiated fee will be incorporated into this Agreement via a written change notice. Fees may be renegotiated, or reduced in the event for which County's internal resources were used, and County's intervention were required for reimbursement of accounts, i.e. HCP Settlements.
- 10.2 Contractor shall be paid on a contingent fee basis for MBDRS provided to the county pursuant to SOW Section 3.3 - MBDRS, and shall be negotiated by the Director and the Contractor but shall not, over the term of Agreement, be greater than twenty-five percent (25%) of the incremental Medicare Bad Debt settlement payments received by County as a direct result of Contractor's efforts.
- 10.3 All amounts payable to Contractor pursuant to this Paragraph 10.0, Provision for Payment, shall be paid by County to Contractor within a reasonable period of time following County's receipt of complete and correct payments for the billings generated by Contractor. At a minimum, Contractor shall submit monthly invoices detailing the payments received from all Third-Party payers during the prior month separated by facility, services, and payers. In no case shall County pay to Contractor any amounts pursuant to this Paragraph 10.0, Provision for Payment, for any Third-Party payments received by Facilities prior to date of commencement of this Agreement. Contractor shall be entitled to payments, pursuant to this Paragraph 10.0, Provision for Payment, for completed services provided by Contractor on accounts which were referred to and accepted by Contractor and not recalled by County.

All disputed accounts shall be resolved by County and Contractor as follows:

- 10.3.1 County will use a "Disputed Account Form" mutually agreed upon by County and Contractor.
- 10.3.2 Each disputed account may be returned to Contractor for additional information.

- 10.3.3 Contractor shall have thirty (30) days from receipt of a Disputed Account Form to respond to County's dispute.
- 10.3.4 County shall have thirty (30) days to accept or reject Contractor's response and process Contractor's invoice for the disputed claim. If County rejects Contractor's response and denies payment, Contractor must file an appeal to the Chief of Consolidated Business Office – Quality or designee for final disposition.
- 10.4 Contractor hereby agrees that any Payments made by County to Contractor for patient stays/visits originally approved by a Third-Party payer, but later disallowed in audit or otherwise recouped by the payer or its intermediary, except for Medi-Cal cost report settlements, shall be repaid/offset to County, provided, however, the disallowed payments are a result of the services supplied by the Contractor's under this Agreement. The County is due a "Penalty" as a result of Contractor's failure to meet the Standard Performance Requirement identified in Exhibit A-2, Attachment B. A Penalty shall apply in the event of Contractor's failure to achieve the agreed upon Standard Performance Requirement as specified in Attachment B, PRS. Contractor shall credit the County on the invoice following the month in which the failure and resulting Penalty occurs. All repayments/offsets of Payments to be made by Contractor shall be due and payable by Contractor upon Contractor's receipt of an itemized invoice indicating the specific nature and amount of the audit disallowance(s) and/or recoupment(s) and affirming County's intention to immediately repay any disallowances to the effective payer(s). If Contractor fails to reimburse County within ten (10) business days following its receipt of overpayment notice on such invoice, Director may, at his or her sole discretion, deduct such amount from future payments to Contractor.
- 10.5 Contractor also agrees to maintain records sufficient to document all billings submitted as part of this Agreement. Those records shall serve as the basis of the computations required pursuant to Paragraph 10.0, Provision for Payment and shall contain the following information:
- A. Accounts billed;
 - B. Invoice/control numbers of all billings submitted;
 - C. Dates of billings;
 - D. Amounts paid to County, by invoice/control number;
 - E. Dates of payments to County;
 - F. Amounts due to Contractor;
 - G. Dates of payments to Contractor by County; and
 - H. Account Notes.
- 10.6 County shall cooperate in providing Contractor with access to the information necessary for Contractor to maintain such ledgers and Contractor shall make such ledgers available to County for its inspection.

11.0 SPECIAL ACCOUNTS

From time to time, the County may designate accounts for processing based on County and Contractor mutually agreeing to established protocols or by referral of accounts as "Special" Accounts." Contingent fees on these accounts shall be set by the Director, or

designee, with the written approval of the Contractor, but shall not be greater than the amounts identified on Attachment C - Maximum Contingency Fees Schedule in this SOW with any exception or additional terms set forth in writing by the Director. The written approval of reduced contingent fees by the Contractor for any and all special accounts (e.g., Disproportionate Share Hospital), shall be memorialized in the form of a written Change Notice pursuant to Paragraph 14, Amendments, of this Agreement and the fully executed Change Notice thereafter will be incorporated into and shall become part of the Agreement.

FACILITIES LIST

**DETAILED LISTING OF COUNTY FACILITIES
BY FACILITIES, ACN's, and JUVENILE FACILITIES**

HEALTH SERVICES HEADQUARTERS/ADMINISTRATION (HSA)	
FACILITY	LOCATION
Health Services Administration (HSA)	313 N. Figueroa St., Los Angeles CA 90012
Consolidated Business Office (CBO)	5555 Ferguson Sr. Commerce, CA 90022
Emergency Medical Services (EMS)	10100 Pioneer Blvd. Suite 200 Santa Fe Springs, CA 90670

DHS HOSPITALS	
FACILITY	LOCATION
Harbor/UCLA Medical Center	1000 W. Carson St. Torrance, CA 90509
Gardena High (School Based)	1301 W 182nd St, Gardena, CA 90248
Harbor-UCLA Family Health Center	1403 Lomita Blvd. Ste. 200, Harbor City, CA 90710
Los Angeles General Medical Center (LA General)	2051 Marengo St., Los Angeles CA 90033
Star Clinic	242 East 6th St., Los Angeles, CA 90014
Olive View-UCLA Medical Center	14445 Olive View Drive Sylmar, CA 91342
Rancho Los Amigos National Rehabilitation Center	7601 E. Imperial Highway Downey, CA 90242

AMBULATORY CARE NETWORK	
FACILITY	LOCATION
Alvarado Health Center	2200 W. 3rd Street Suite 400, Los Angeles, CA 90057
Antelope Valley Health Center	335 E. Avenue K-6, Ste B, Lancaster, CA 93535
Bell Health Center	6901 Atlantic Avenue, Bell, CA 90201
Bellflower Health Center	10005 Flower St., Bellflower, CA 90706
Curtis Tucker Health Center	123 W. Manchester Blvd., Inglewood, CA 90301
East Los Angeles Health Center	133 N. Sunol Dr. Ste 150, Los Angeles, CA 90063
El Monte Comprehensive Health Center	10953 Ramona Blvd. Ste 221, El Monte, CA 91731
Glendale Health Center	501 N. Glendale Ave., Glendale, CA 91206
Harbor-UCLA Family Health Center	1403 Lomita Blvd., Harbor City, CA 90710
Harbor-UCLA Medical Center - Hospital Based	1000 W. Carson St., Torrance, CA 90502
H Claude Hudson Comprehensive Health Center	2829 S. Grand Ave., Los Angeles, CA 90007

FACILITIES LIST

**DETAILED LISTING OF COUNTY FACILITIES
BY FACILITIES, ACN's, and JUVENILE FACILITIES**

AMBULATORY CARE NETWORK	
FACILITY	LOCATION
High Desert Regional HC	335 East Avenue I, Lancaster, CA 93535
Hubert H. Humphrey Comprehensive Health Center	5850 S. Main St., Ste. 1127, Los Angeles, CA 90003
LA General Medical Center	2051 Marengo St., Los Angeles, CA 90033
La Puente Health Center	15930 Central Ave., La Puente, CA 91744
Lake Los Angeles Community Clinic	16921 E. Avenue O, Ste G, Palmdale, CA 93591
Littlerock Community Clinic	8201 Pearblossom Hwy., Littlerock, CA 93543
Long Beach Comprehensive Health Center	1333 Chestnut Ave., Long Beach, CA 90813
Martin Luther King, Jr. Outpatient Center	12021 Wilmington Ave, Los Angeles, CA 90059
Mid-Valley Comprehensive Health Center	7515 Van Nuys Blvd., Van Nuys, CA 91405
Olive View-UCLA Medical Center - Hospital Based	14445 Olive View Dr., Sylmar, CA 91342
Rancho Los Amigos National Rehabilitation Center - Hospital Based	7601 Imperial Hwy., Downey, CA 90242
Edward R. Roybal Comprehensive Health Center	245 S. Fetterly Ave., Los Angeles, CA 90022
San Fernando Health Center	1212 Pico St., San Fernando, CA 91340
South Valley Health Center	38350 40th St. East, Ste 100, Palmdale, CA 93552
Torrance Health Center	711 Del Amo Blvd., Torrance, CA 90502
West Valley Health Center	20151 Nordhoff St., Chatsworth, CA 91311
Wilmington Health Center	1325 Broad Ave., Wilmington CA 90744

JUVENILE CLINICS	
Central Juvenile Hall	1605 Eastlake Ave. Los Angeles CA 90033
Los Padrinos Juvenile Hall	7285 Quill Dr, Downey, CA 90242
Barry J. Nidorf Juvenile Hall	16350 Filbert St, Sylmar, CA 91342

PERFORMANCE REQUIREMENTS SUMMARY

CRITERIA 1: BILLING	STANDARD PERFORMANCE REQUIREMENT	MONITORING TOOL	Acceptable Quality Level (AQL)	ASSESSMENT
<p>A. Untimely Billing</p> <p>Exhibit A-2, Statement of Work (SOW), Sections: 3.1.5.1 3.1.5.2 3.1.5.3 3.1.5.4 3.1.5.5 3.1.5.6</p>	<p>“Claim Elements” are defined as all billing elements in the County System (e.g., Affinity/ORCHID) necessary to produce a “clean claim,” which are to be provided or otherwise made available to Contractor by County. Contractor shall bill each claim within forty-five (45) days of the Claim Elements as to such claim being made available to Contractor, and no later than ninety-one (91) days from date of discharge (provided that all required Claim Elements are timely made available to Contractor).</p> <p><u>Timely billing is calculated as follows:</u> AQL shall be calculated as the percentage of (i) as to all claims for which the Claim Elements have been made available to Contractor in a calendar month, the total number of such claims billed by Contractor within forty-five (45) days of the Claim Elements as to such claim being made available to Contractor, and no later than ninety-one (91) days from date of discharge (provided that all required Claim Elements are timely made available to Contractor); divided by (ii) the total number of claims for which the Claim Elements were made available to Contractor in such calendar month. The AQL shall be calculated per facility, per category. Penalties, if any, shall only be assessed on those claims that are not billed within the applicable timeframe after the AQL acceptable limit has been reached.</p>	<p>Transmission Report</p>	<p><u>Inpatient Institutional</u></p> <p>100% if Charge Amount > = \$100K</p> <p>97% if Charge Amount < \$100k</p> <p><u>Outpatient Institutional</u></p> <p>97%</p> <p><u>Professional</u></p> <p>97%</p>	<p><u>Inpatient Institutional</u></p> <p>\$1,500/Occurrence if Charge Amount > = \$100K</p> <p>\$1,000/Occurrence if Charge Amount < \$100k</p> <p><u>Outpatient Institutional</u></p> <p>\$100/Occurrence</p> <p><u>Professional</u></p> <p>\$100/Occurrence</p> <p>For purposes of this SLA, “Occurrence” means each claim that is not billed within forty-five (45) days of the Claim Elements for such claim being made available to Contractor, and no later than ninety-one (91) days from date of discharge (provided that all required Claim Elements are timely made available to Contractor), excluding any applicable claims that do not need to be billed within the applicable timeframe per the AQL acceptable limit.</p>

PERFORMANCE REQUIREMENTS SUMMARY

CRITERIA 1: BILLING	STANDARD PERFORMANCE REQUIREMENT	MONITORING TOOL	Acceptable Quality Level (AQL)	ASSESSMENT
<p>B. Untimely Follow-up</p> <p>SOW Sections: 3.1.5.7 3.1.5.8</p>	<p>Contractor shall timely follow-up and exert all efforts to resolve denied/unpaid or underpaid claims within the timeframe indicated in the agreement and as otherwise required to prevent write-offs due to untimely follow-up.</p> <p><u>Timely follow up is calculated as follows:</u> AQL shall be calculated as a percentage of (1) the total number of billable claims in a calendar month minus the total number of claims written-off in that calendar month per adjustment or reason codes corresponding to Contractor's untimely follow-up as described below, divided by (2) total number of billable claims that calendar month, per facility, per category. Penalties, if any, shall</p>	<p>Monthly Write-Off Report</p>	<p><u>Inpatient Institutional</u></p> <p>100% if Charge Amount > = \$100K</p> <p>97% if Charge Amount < \$100k</p> <p><u>Outpatient Institutional</u></p> <p>97%</p> <p><u>Professional</u></p>	<p><u>Inpatient Institutional</u></p> <p>\$1,500/Occurrence if Charge Amount > = \$100K</p> <p>\$1,000/Occurrence if Charge Amount < \$100k</p> <p><u>Outpatient Institutional</u></p> <p>\$100/Occurrence</p> <p><u>Professional</u></p>

PERFORMANCE REQUIREMENTS SUMMARY

	<p>only be assessed on those claims that are written off after the AQL acceptable limit has been reached.</p> <p>Applicable Write-off Adjustment Codes and Reason Codes*: MMC: 20153 – 02, 33, 40, 44, 53 Commercial: 20072 – 02, 33, 40, 44, 53 * Note that the codes corresponding to Contractor’s untimely follow-up will be adjusted by the Parties on an ongoing basis throughout the Term.</p>		97%	\$100/Occurrence
			97%	<p>For purposes of this SLA, “Occurrence” means each claim that is written off per adjustment or reason codes corresponding to Contractor’s untimely follow-up as described in the “Standard Performance Requirement” column, excluding any applicable claims that are permitted to be written off per the AQL acceptable limit.</p>
CRITERIA 2: Payment & Adjustment Posting (as applicable to respective Contractors)	STANDARD PERFORMANCE REQUIREMENT	MONITORING TOOL	Acceptable Quality Level (AQL)	ASSESSMENT
A. Duplicate Payment Batch Posting SOW Sections: 3.1.8 3.1.10	<p>Contractor shall accurately post Payment Batches. Contractor shall solely use and post Batch Number(s) provided by County. In no event that Contractor shall create/rename/alter a Batch Number without prior approval from CBO General Accounting/Posting Unit.</p> <p>County shall provide a list of batch numbers issued by CBO in order to generate payment batches (K card batches).</p>	Periodic Audit of Accounts through reconciliation of batches posted to Affinity RCO vs. Payments recorded by CBO General Accounting/Posting Unit.	97%	\$1000/Occurrence/Batch

PERFORMANCE REQUIREMENTS SUMMARY

<p>B. Erroneous Posting of Recoupment/ Refunds</p> <p>SOW Section: 10.7</p>	<p>All refunds/recoupments that are off-set by another account shall be posted in Affinity to both accounts affected.</p>	<p>Periodic Audit of Accounts through reconciliation of batches posted to Affinity RCO vs. Payments recorded by CBO General Accounting/ Posting Unit.</p>	<p align="center">97%</p>	<p>\$200/Occurrence/Account</p>
<p>CRITERIA 3: INVOICING</p>	<p>STANDARD PERFORMANCE REQUIREMENT</p>	<p>MONITORING TOOL</p>	<p>Acceptable Quality Level (AQL)</p>	<p>ASSESSMENT</p>
<p>A. Duplicate Invoicing of Accounts</p> <p>SOW Section: 10.9</p>	<p>Contractor shall invoice County only once per account (unless payer processes a duplicate payment on the same batch) with the proper batch number and account details on a monthly statement.</p>	<p>Monthly reconciliation of accounts against accounts in previous invoices in the last 2 years.</p>	<p align="center">97%</p>	<p>Inpatient Institutional: \$100/Occurrence</p> <p>Outpatient Institutional: \$100/Occurrence</p> <p>Professional: \$100/Occurrence</p>
<p>CRITERIA 3: INVOICING</p>	<p>STANDARD PERFORMANCE REQUIREMENT</p>	<p>MONITORING TOOL</p>	<p>Acceptable Quality Level (AQL)</p>	<p>ASSESSMENT</p>
<p>B. Failure to Respond to Request on Overpaid Fees</p> <p>SOW Section: 10.7</p>	<p>Contractor shall acknowledge County request within one (1) business day and Contractor shall provide agreement/disagreement to County's request within ten (10) business days from inquiry date.</p> <p>Upon mutual agreement on funds to be reimbursed to the County, Contractor shall reimburse County on the next monthly invoice from the mutual agreement date.</p>	<p>Monthly reconciliation of accounts against accounts in previous invoices in the last 2 years.</p>	<p align="center">97%</p>	<p>\$500/Occurrence/Batch</p>

PERFORMANCE REQUIREMENTS SUMMARY

CRITERIA 4: OTHER	STANDARD PERFORMANCE REQUIREMENT	MONITORING TOOL	Acceptable Quality Level (AQL)	ASSESSMENT
A. Management Reports SOW Sections: 2.4 4.0	Contractor shall provide management reports, at no cost, as well as customized reports or a system providing County with the ability to generate ad hoc reports in a timeframe agreed upon with Director and Contractor.	Review of Report	1 Business Day	\$100/incomplete/inaccurate report \$50per report each day late
B. Maintain Written Quality Control Plan SOW Section: 6.0	Contractor shall establish and maintain written Quality Control Plan to ensure that the requirements of the Agreement are met. Quality Control Plan due date is 10 business days.	Receipt and Review of Plan	1 Business Day	\$1,000 if plan is incomplete \$50 per each day late.
C. Respond to County Inquiries SOW Section: 8.4.4	Contractor shall respond to all County inquiries, including but not limited to, status and follow-up, telephonic, e-mail or facsimile inquiry, within one business day of initial inquiry. County shall respond to all Contractor inquiries including but not limited to status and follow-up, telephonic, e-mail or facsimile inquiry, within one business day of initial inquiry.	Review of Inquiries	1 Business Day	\$10 per day when timeframe is not adhered to.
D. Confidentiality Agreement and County Confidential Information SOW Section: 6.5	Contractor and Contractor Employee Acknowledgement and Confidentiality Agreements signed and provided to DHS within three (3) business days.	None	Review of reports, complaints	\$100 per day per employee when form not signed; \$1,000 per unauthorized release of information

Penalty Cap:

1. County and Contractor agree to the Standard Performance Requirements (the “**SPRs**”) measurement and expectations detailed in this Attachment B, Performance Requirements Summary. Any adjustments to the SPRs must be agreed upon by both County and Contractor.
2. Should Contractor fail to meet any of the SPRs listed in the Performance Requirements Summary during any measurement period, in addition to payment of

PERFORMANCE REQUIREMENTS SUMMARY

the applicable Penalty, Contractor shall provide County with a written plan for improving Contractor's performance within five (5) business day of failing to meet SPR. Such plan shall be subject to County's approval, and such approval shall not be unreasonably withheld. Contractor shall promptly implement such plan (the "Improvement Plan") when it has received approval from County. Contractor shall provide feedback on selected errors discovered and, in consultation with County, make agreed upon changes to the issues causing the errors.

3. For the purposes of these SPRs and their associated penalties, the measurement will be recorded and monitored and the respective penalty shall be calculated as stated in Attachment B, Performance Requirements Summary.
4. The aggregate sum of the penalties assessed by the County on the Contractor for failed SPRs pursuant to this Attachment B, Performance Requirements Summary, for failed SPR(s) during a particular Fiscal Year shall not exceed five percent (5%) of the Contractor's average total invoiced amount for the Fiscal Year; the five percent (5%) constitutes the "Penalty Cap".
5. In the event the County assesses penalties on the Contractor in a Fiscal Year in which the aggregate sum of assessed penalties equals the five percent (5%), the Penalty Cap shall automatically increase to ten percent (10%) for subsequent Fiscal Years.
6. The Penalty Cap shall revert to five percent (5%) when the aggregate amount of Penalty assessments in a Fiscal Year is below five percent (5%).

FINANCIAL BILLING AND RECOVERY SERVICES

MAXIMUM CONTINGENCY FEES SCHEDULE

CONTRACT PROVISION	INSURANCE	ALL OTHER PAYORS
Exhibit A-2, Statement of Work (SOW) Section: 3.1 FBFS	All Inclusive Billing. No greater than 14% of payments received Itemized billing is required. No greater than 25 % of payments received	All Inclusive Billing. No greater than 15.5% of payments received Itemized billing is required. No greater than 25 % of payments received
SOW Section: 3.2 TPRIRS	All Inclusive Billing. No greater than 25% of payments received Itemized billing is required. No greater than 25 % of payments received	All Inclusive Billing. No greater than 25% of payments received Itemized billing is required. No greater than 25 % of payments received
SOW Section: 3.4 UAIBS	All Inclusive Billing. No greater than 25% of payments received Itemized billing is required. No greater than 25 % of payments received	All Inclusive Billing. No greater than 25% of payments received Itemized billing is required. No greater than 25% of payments received

- Contract Provision SOW Section 3.3 – Medicare Bad Debt Recovery Services (MBDRS): Contingency fees are provided in SOW Sections 10.2. There is a CAP of \$19,500 per paid account for FBFS and TPRIRS.
- The fees shall be negotiated by Director and Contractor but shall be no greater than the fees indicated on this Attachment C – Maximum Contingency Fees Schedule (Maximum Amounts).

Notes: I/P = Inpatient; O/P = Outpatient; SOW = Exhibit A-2, SOW



May 23, 2024

**Los Angeles County
Board of Supervisors**

Hilda L. Solis
First District


Holly J. Mitchell
Second District

Lindsey P. Horvath
Third District

Janice K. Hahn
Fourth District

Kathryn Barger
Fifth District

TO: Supervisor Lindsey P. Horvath, Chair
Supervisor Hilda L. Solis
Supervisor Holly J. Mitchell
Supervisor Janice K. Hahn
Supervisor Kathryn Barger

FROM: Christina R. Ghaly, M.D. 
Director

SUBJECT: **ADVANCE NOTIFICATION OF INTENT TO EXTEND
FOUR SOLE SOURCE AGREEMENTS RELATED TO
REVENUE CYCLE OPERATIONS ON A SOLE
SOURCE BASIS**

Christina R. Ghaly, M.D.
Director

Hal F. Yee, Jr., M.D., Ph.D.
Chief Deputy Director, Clinical Affairs

Nina J. Park, M.D.
Chief Deputy Director, Population Health

Elizabeth M. Jacobi, J.D.
Administrative Deputy

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

Tel: (213) 288-8050
Fax: (213) 481-0503

www.dhs.lacounty.gov

This is to advise the Board of Supervisors (Board) that the Department of Health Services (DHS) intends to request approval of extensions to the following agreements: (i) Agreement No. H-707298 (QuadraMed Agreement) with QuadraMed Affinity Corporation (QuadraMed) for the continued provision of software and hardware maintenance and support services for DHS' Patient Accounting System (PA System) and the limited hardware and software components of the legacy Turnkey Healthcare Information Systems; (ii) Agreement No. H-701910 (Provider Advantage Agreement) with Provider Advantage NW, Incorporated (Provider Advantage) for the continued provision of the Health Insurance Portability and Accountability Act (HIPAA) Compliant 270/271 Eligibility Response Software; (iii) Agreement No. H-703466 (Sutherland Agreement) with Sutherland Healthcare Solutions, Inc. (Sutherland) for financial management services; and (iv) Agreement No. H-702058 (USCB Agreement) with USCB America (USCB) for financial billing and recovery services, all on a sole source basis through December 2029.

Board Policy No. 5.100 requires written notice to the Board when departments do not have delegated authority to extend the term of a current contract beyond its original term.

Background

The Los Angeles County, (LA County), maintains several agreements in support of DHS' revenue and financial operations. These operations are used by DHS to account for the care provided to patients, reconcile

*"To advance the health of our
patients and our communities by
providing extraordinary care"*



www.dhs.lacounty.gov

claims to insurance companies or other payors, submit for payment, and conduct any related collections activities.

The term for each agreement, in each case assuming all existing Board-approved extensions are exercised, is as follows: (i) QuadraMed Agreement, expiring on December 31, 2024; (ii) Provider Advantage Agreement, expiring on December 31, 2024; (iii) Sutherland Agreement, expiring on September 30, 2026; and (iv) USCB Agreement, expiring on September 30, 2026.

Justification

DHS is currently in the process of reorganizing its revenue and financial operations to modernize both its processes and its systems. This will include the purchase of a new revenue cycle system that is more seamlessly connected to the DHS electronic health record system, (commonly referred to as ORCHID), which will minimize the need to transfer data between several systems, and further allow LA County to realize the benefits of its considerable investment in ORCHID. The purchase and implementation of this new system is a multi-year effort, with DHS planning to return to the Board in Spring 2025 for approval of the purchase. This will be followed by an extensive implementation effort, including significant change management, resulting in an anticipated go-live at the first DHS facility in Summer 2026, to be followed by implementation at the remaining DHS facilities in the two years thereafter.

To minimize the risk of error in reimbursement and patient billing, transitions from revenue cycle systems and processes typically do not include data migration or the processing of claims that were initiated in the old system in the new system. For example, a patient receiving care before a new system "go-live" at a facility will be billed using the old system, including any reimbursement and collection efforts. If the patient receives care after the new system "go-live," any new bills will be processed in the new system. This allows organizations to limit or eliminate the risks of billing and reimbursement errors. To support this "bill cut over" methodology, DHS will need to maintain its current processes, including any contracts supporting these operations, until collection efforts are completed for the last bill issued by the last facility before its transition to the new system.

To execute the current process, DHS relies on four primary contractors: QuadraMed provides the IT system to maintain billing data from ORCHID, Provider Advantage provides tools for the DHS finance team to determine eligibility and coverage status, and finally, Sutherland and USCB provide a wide range of financial services, including commercial insurance billing, collection services, medical billing and follow-up services, to supplement DHS and the Department of Public Health (DPH) revenue recovery efforts. The current processes and procedures are designed to work cohesively. For example, Provider Advantage's eligibility software is integrated with QuadraMed's system to obtain patient healthcare eligibility during registration. Sutherland is familiar with QuadraMed and how best to extract the necessary information from the system to provide their services.

The PA System relies on QuadraMed's proprietary software, which has been significantly customized to meet the needs of DHS, including the record retention requirements of California Code of Regulations Title 22. Similarly, Provider Advantage provides numerous custom programming features which have been developed specifically for DHS, including a retroactive eligibility identification system, which uses automation to identify Medi-Cal coverage that is awarded after patient services have been rendered. Finally, both Sutherland and USCB utilize proprietary methodologies and possess extensive knowledge and experience required to perform specialized services, including developing proprietary systems to accommodate DHS' medical billing operations, and interfacing their service platforms with DHS' revenue generating systems and operations. Sutherland assists DHS in collecting approximately \$1.05 billion in gross revenue annually and \$30 million in gross revenue annually for DPH. USCB assists DHS in collecting approximately \$114.8 million in gross revenue annually.

As noted above, DHS is currently in negotiations for the purchase of a new revenue cycle system, which will eliminate the need for both the PA System and the services provided by Provider Advantage. Regarding Sutherland and USCB, DHS will be releasing procurements in the next six months to solicit proposals for financial and billing services. DHS is considering how best to structure these solicitations to allow LA County to adopt modern financial practices, including itemized patient billing. In addition, DHS is considering issuing multiple solicitations for different parts of these financial services (e.g., collections, denial management).

If these Agreements are not extended, the revenue recovery practices for both DHS and DPH would be severely impacted hindering the financial sustainability of both departments. Any change to the current contractors would result in an excessive implementation learning curve for both the new contractor(s) and DHS staff, who are well acclimated to the current systems, as well as result in a significant administrative burden. Therefore, DHS has determined that it is in the best economic interest of LA County to pursue sole-source extensions for each of the four agreements referenced above.

Conclusion

DHS will commence negotiations no earlier than four weeks from the date of this notification unless otherwise instructed by the Board.

If you have any questions, you may contact me or your staff may contact, Allan Wecker, Chief Financial Officer for the Department of Health Services, by email at awecker@dhs.lacounty.gov.

CRG:aw

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

SOLE SOURCE CHECKLIST

Department Name: _____

- New Sole Source Contract
 - Sole Source Amendment to Existing Contract
- Date Existing Contract First Approved: _____

Check (✓)	JUSTIFICATION FOR SOLE SOURCE CONTRACTS AND AMENDMENTS Identify applicable justification and provide documentation for each checked item.
	➤ Only one bona fide source (monopoly) for the service exists; performance and price competition are not available. A monopoly is an <i>“Exclusive control of the supply of any service in a given market. If more than one source in a given market exists, a monopoly does not exist.”</i>
	➤ Compliance with applicable statutory and/or regulatory provisions.
	➤ Compliance with State and/or federal programmatic requirements.
	➤ Services provided by other public or County-related entities.
	➤ Services are needed to address an emergent or related time-sensitive need.
	➤ The service provider(s) is required under the provisions of a grant or regulatory requirement.
	➤ Services are needed during the time period required to complete a solicitation for replacement services; provided services are needed for no more than 12 months from the expiration of an existing contract which has no available option periods.
	➤ Maintenance and support services are needed for an existing solution/system during the time to complete a solicitation for a new replacement solution/system; provided the services are needed for no more than 24 months from the expiration of an existing maintenance and support contract which has no available option periods.
	➤ Maintenance service agreements exist on equipment which must be serviced by the original equipment manufacturer or an authorized service representative.
	➤ It is more cost-effective to obtain services by exercising an option under an existing contract.
	➤ It is in the best economic interest of the County (e.g., significant costs and time to replace an existing system or infrastructure, administrative cost and time savings and excessive learning curve for a new service provider, etc.). In such cases, departments must demonstrate due diligence in qualifying the cost-savings or cost-avoidance associated with the best economic interest of the County.



 Chief Executive Office

_____ Date

SOLE SOURCE CHECKLIST

ATTACHMENT C (FOR PROVIDER ADVANTAGE)

Department Name: _____

- New Sole Source Contract
 - Sole Source Amendment to Existing Contract
- Date Existing Contract First Approved: _____

Check (✓)	JUSTIFICATION FOR SOLE SOURCE CONTRACTS AND AMENDMENTS Identify applicable justification and provide documentation for each checked item.
	➤ Only one bona fide source (monopoly) for the service exists; performance and price competition are not available. A monopoly is an <i>“Exclusive control of the supply of any service in a given market. If more than one source in a given market exists, a monopoly does not exist.”</i>
	➤ Compliance with applicable statutory and/or regulatory provisions.
	➤ Compliance with State and/or federal programmatic requirements.
	➤ Services provided by other public or County-related entities.
	➤ Services are needed to address an emergent or related time-sensitive need.
	➤ The service provider(s) is required under the provisions of a grant or regulatory requirement.
	➤ Services are needed during the time period required to complete a solicitation for replacement services; provided services are needed for no more than 12 months from the expiration of an existing contract which has no available option periods.
	➤ Maintenance and support services are needed for an existing solution/system during the time to complete a solicitation for a new replacement solution/system; provided the services are needed for no more than 24 months from the expiration of an existing maintenance and support contract which has no available option periods.
	➤ Maintenance service agreements exist on equipment which must be serviced by the original equipment manufacturer or an authorized service representative.
	➤ It is more cost-effective to obtain services by exercising an option under an existing contract.
	➤ It is in the best economic interest of the County (e.g., significant costs and time to replace an existing system or infrastructure, administrative cost and time savings and excessive learning curve for a new service provider, etc.). In such cases, departments must demonstrate due diligence in qualifying the cost-savings or cost-avoidance associated with the best economic interest of the County.



 Chief Executive Office

 Date

SOLE SOURCE CHECKLIST

ATTACHMENT D FOR SUTHERLAND HEALTHCARE SOLUTIONS INC.

Department Name: _____

- New Sole Source Contract
- Sole Source Amendment to Existing Contract :
Date Existing Contract First Approved: _____

Check (✓)	JUSTIFICATION FOR SOLE SOURCE CONTRACTS AND AMENDMENTS Identify applicable justification and provide documentation for each checked item.
	➤ Only one bona fide source (monopoly) for the service exists; performance and price competition are not available. A monopoly is an <i>“Exclusive control of the supply of any service in a given market. If more than one source in a given market exists, a monopoly does not exist.”</i>
	➤ Compliance with applicable statutory and/or regulatory provisions.
	➤ Compliance with State and/or federal programmatic requirements.
	➤ Services provided by other public or County-related entities.
	➤ Services are needed to address an emergent or related time-sensitive need.
	➤ The service provider(s) is required under the provisions of a grant or regulatory requirement.
	➤ Services are needed during the time period required to complete a solicitation for replacement services; provided services are needed for no more than 12 months from the expiration of an existing contract which has no available option periods.
	➤ Maintenance and support services are needed for an existing solution/system during the time to complete a solicitation for a new replacement solution/system; provided the services are needed for no more than 24 months from the expiration of an existing maintenance and support contract which has no available option periods.
	➤ Maintenance service agreements exist on equipment which must be serviced by the original equipment manufacturer or an authorized service representative.
	➤ It is more cost-effective to obtain services by exercising an option under an existing contract.
	➤ It is in the best economic interest of the County (e.g., significant costs and time to replace an existing system or infrastructure, administrative cost and time savings and excessive learning curve for a new service provider, etc.). In such cases, departments must demonstrate due diligence in qualifying the cost-savings or cost-avoidance associated with the best economic interest of the County.



 Chief Executive Office

 Date

SOLE SOURCE CHECKLIST

Department Name: _____

- New Sole Source Contract
- Sole Source Amendment to Existing Contract :
Date Existing Contract First Approved: _____

Check (✓)	JUSTIFICATION FOR SOLE SOURCE CONTRACTS AND AMENDMENTS Identify applicable justification and provide documentation for each checked item.
	➤ Only one bona fide source (monopoly) for the service exists; performance and price competition are not available. A monopoly is an <i>“Exclusive control of the supply of any service in a given market. If more than one source in a given market exists, a monopoly does not exist.”</i>
	➤ Compliance with applicable statutory and/or regulatory provisions.
	➤ Compliance with State and/or federal programmatic requirements.
	➤ Services provided by other public or County-related entities.
	➤ Services are needed to address an emergent or related time-sensitive need.
	➤ The service provider(s) is required under the provisions of a grant or regulatory requirement.
	➤ Services are needed during the time period required to complete a solicitation for replacement services; provided services are needed for no more than 12 months from the expiration of an existing contract which has no available option periods.
	➤ Maintenance and support services are needed for an existing solution/system during the time to complete a solicitation for a new replacement solution/system; provided the services are needed for no more than 24 months from the expiration of an existing maintenance and support contract which has no available option periods.
	➤ Maintenance service agreements exist on equipment which must be serviced by the original equipment manufacturer or an authorized service representative.
	➤ It is more cost-effective to obtain services by exercising an option under an existing contract.
	➤ It is in the best economic interest of the County (e.g., significant costs and time to replace an existing system or infrastructure, administrative cost and time savings and excessive learning curve for a new service provider, etc.). In such cases, departments must demonstrate due diligence in qualifying the cost-savings or cost-avoidance associated with the best economic interest of the County.

Erika Bonilla
Chief Executive Office

Date



**Chief
Information
Office**

Peter Loo
CHIEF INFORMATION OFFICER

DRAFT

Attachment

CIO

ANALYSIS

BOARD AGENDA DATE:

12/3/2024

SUBJECT:

**APPROVAL OF AMENDMENTS TO FOUR AGREEMENTS FOR REVENUE CYCLE
MANAGEMENT AND RELATED SERVICES**

CONTRACT TYPE:

New Contract Sole Source Amendment to Contract #: See below

SUMMARY:

Description:

DHS is modernizing its revenue and financial operations and its systems. The financial operations include accounting for the care provided to patients, reconciling claims to insurance companies or other payors, submitting for payment, and conducting any related collections activities. This reorganization will result in changes to its revenue cycle management systems and financial operations. DHS plans to purchase a modern revenue cycle system from Oracle and solicit for replacement contract for financial services in 2025. In the meantime, DHS is seeking approval to amend the following contracts:

- 1) Amendment 2 to Agreement H-707298 with QuadraMed to extend the term to December 31, 2029 (for continued use of its Patient Accounting System), increasing its contract cost by \$11,273,850 to a maximum agreement sum of \$54,799,401;
- 2) Amendment 7 to Agreement H-701910 with Provider Advantage to extend the term to December 31, 2029 (for continued use of its HIPAA Compliant 270/271 Eligibility Response Software) increasing its contract cost by \$4,456,817 to a maximum agreement sum of \$17,276,548;
- 3) Amendment 15 to Agreement H-703466 with Sutherland Healthcare Solutions to extend the term to December 31, 2029 (for financial management services) at compensation rates from 2% to 15% based on actual revenues; and
- 4) Amendment 15 to Agreement H-702058 with USCB America to extend the term to December 31, 2029 (for financial billing and recovery services) at compensation rates from 2% to 15% based on actual revenues.

DHS submitted a Board notification for these sole source amendments on May 21, 2024.

FINANCIAL ANALYSIS:

Contract costs:

Amendments through December 31, 2029:

Amendment 2 with QuadraMed	\$	11,273,850
Amendment 7 with Provider Advantage.....	\$	4,456,817
Amendment 15 with Sutherland.....	2% - 15% of actual revenue	
Amendment 15 with USCB America.....	2% - 15% of actual revenue	

Notes:

Funding in all cases is included in the DHS FY 2024-25 Budget and will be requested in future fiscal years, as needed. There is not NCC impact associated with the recommended actions. Funding for DPH is related to the Vaccine Revenue program and is included in DPH's Operating budget.

RISKS:

- Information Security:** The County's Office of the Chief Information Security Officer (OCISO) reviewed the security components of this Contract and did not identify any issues. The OCISO also confirmed that the Contract contains the latest approved Information Security and Privacy Requirements Exhibit. The Amendment with QuadraMed deviated from the standard terms by removing the LA County as an additional insured under its cyber liability insurance policy, since QuadraMed does not host LA County data and data remains within LA County's infrastructure managed by DHS.
- Contract Risks:** No Contract risks were identified. The Amendments were updated to include contains all Board required terms and conditions.

PREPARED BY:

(NAME) DEPUTY CHIEF INFORMATION OFFICER

DATE

APPROVED:

PETER LOO, CHIEF INFORMATION OFFICER

DATE



REVENUE AND FINANCIAL OPERATIONS AGREEMENTS

Presented to Operations Cluster
November 13, 2024



Introductions and Agenda

Department of Health Services

- Julio Alvarado, Director Contracts and Grants
- Caroline Balfour, Chief Revenue Cycle Management
- Kevin Lynch, Chief Information Officer

Agenda

- Revenue and Financial Operations Agreements
- Upcoming Contracting and Solicitations
- Future of Finance Operations and DHS



Financial Billing and Recovery Services



Health Services
LOS ANGELES COUNTY

Sutherland Healthcare Solutions, Inc. (Sutherland) and USCB America (USCB)

- Edit and compliantly bill contracted payors (e.g., LA Care, Medi-Cal) on behalf of the County.
- Insurance claims follow-up – Monitor, communicate with health plans, and ensure appropriate and timely payment in accordance with contracted insurance plans and government plans.
- Denials management – Identify and appeal both clinical and technical denials (such as no pre-authorization, service not covered). Includes resolution, mitigation, and reporting and process improvement identification.
- Credit balances – Monitor, identify, review and react to credit balances (e.g., duplicate payments) and process refunds where appropriate.



Information Technology Systems



QuadraMed Affinity Corporation (QuadraMed)

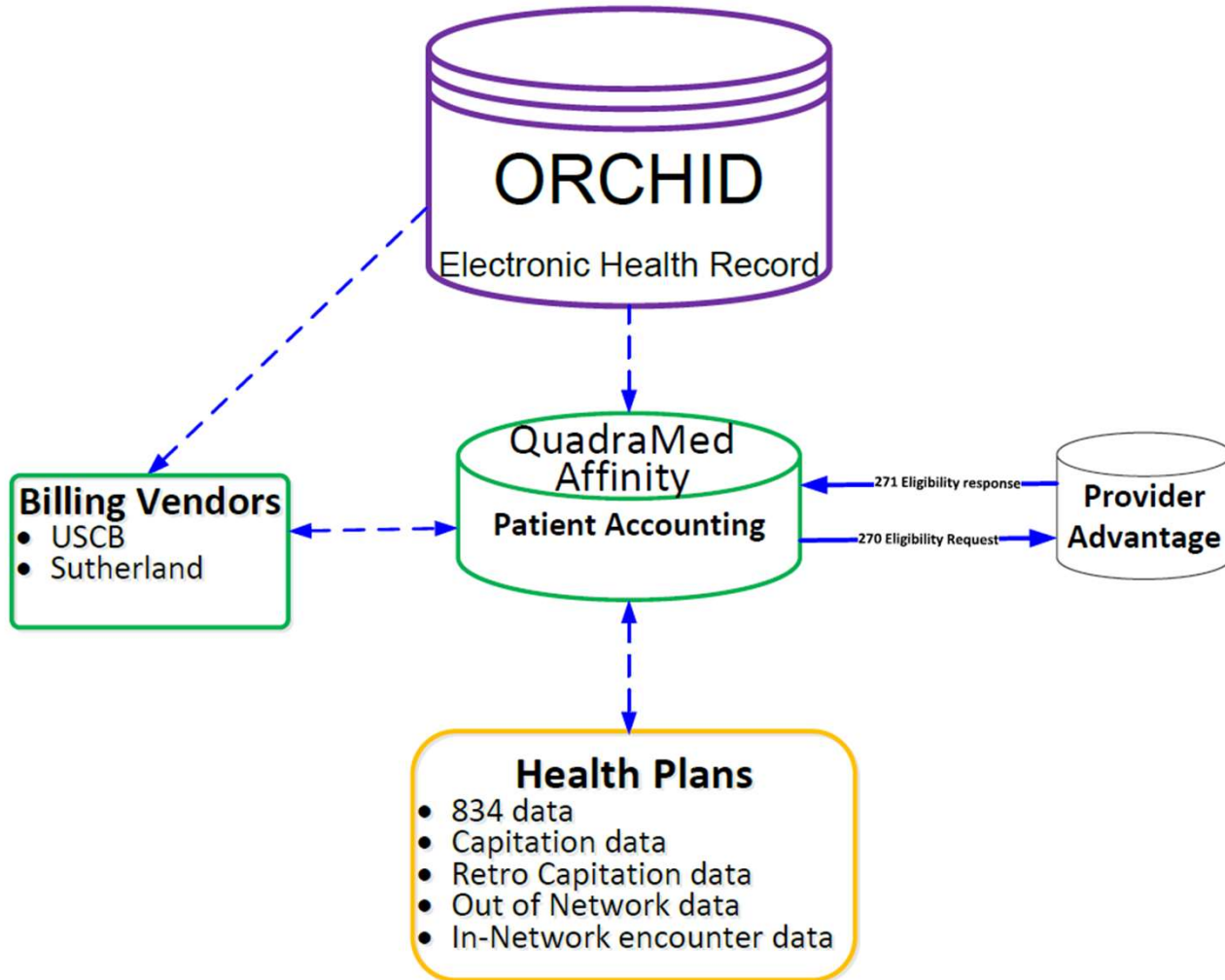
- Patient accounting system at DHS used for accounts receivable - tracks patients' medical services, charges, billing, and payment information at the patient account level.
- Receives patient demographic and medical record information from ORCHID.
- Sends charge information to third-party billers, (e.g., Sutherland, USCB).
- Receives and posts remittance advice and payment information from payors, (e.g., Medi-Cal, Medicare, Blue Cross, etc.).

Provider Advantage NW, Incorporated (Provider Advantage)

- Insurance/program eligibility – system for checking patient insurance and program coverage information directly with the State.
- Automated retroactive eligibility re-inquiry that checks every patient account with no coverage.



DHS Revenue Cycle Systems





Sutherland and USCB



Agreement	Current Term	Extension	Compensation Rate
Sutherland (Amendment 15)	Expires 9/30/26	Extend to December 31, 2026, with the option to extend for three (3) additional one-year extensions, through December 31, 2029.	2% to 25% for Financial Management Services (FMS) and Financial Billing and Recovery Services (FBRS) based on actual revenues collected.
USCB (Amendment 15)			



QuadraMed and Provider Advantage



Agreement	Current Term	Extension	Current Agreement Sum	Proposed Increase	New Total
QuadraMed (Amendment 2)	Expires 12/31/24	Extend to December 31, 2026, with the option to automatically extend for three (3) additional one-year extensions, through December 31, 2029.	\$43,525,551	\$11,273,850	\$54,799,401
Provider Advantage (Amendment 7)			\$12,819,731	\$4,456,817	\$17,276,548



Upcoming Contracting and Solicitations



- Purchase of modern revenue cycle system from Oracle (formerly known as Cerner).
 - Anticipated Board approval – Winter 2025
- Finance Operations Solicitations
 1. Billing, follow-up, and underpayments
 2. Denials management and avoidance
 3. New revenue cycle system implementation
 4. Finance operations transformation and optimization
 - Anticipated release – Spring 2025



Future of Finance Operations (RCM) and DHS



Transformation – Establishing an Industry Standard “Revenue Cycle”

- Patient-Centric Billing Practices
 - Implement billing processes that prioritize patient experience and accessibility, fostering a more patient focused and patient friendly billing environment.
- Transition to Itemized Billing
 - Move from all-inclusive billing to an industry-standard itemized billing model, which will include the separate billing of physician services.
- Collaboration
 - Foster alignment between patient access, utilization management and back-end revenue cycle team.
- Partnerships
 - Collaborate with managed care plans to improve contract compliance by providing feedback to the contracts team.
- Integration with ORCHID
 - Ensure alignment and integration with ORCHID.



Future of Finance Operations (RCM) and DHS



Transformation – Establishing an Industry Standard “Revenue Cycle” (continued)

- Revenue Integrity and Quality Team
 - Establish a dedicated team within the revenue cycle to ensure proper and compliant charging, reconciliation and a clean single chargemaster, including new single CDM
- Coding and Health Information Management (HIM)
 - Continue to improve the operations and automation of our coding and HIM teams to increase efficiency and accuracy.
- Vendor Integration
 - Require that vendors operate within our system to enhance transparency and ensure that our system is the system of record.
- Reporting
 - Develop improved reporting and dashboards using industry standard Key Performance Indicators (KPIs) to track performance effectively.
- Data-Driven Decision-Making
 - Utilize data analytics to guide strategic decisions in accounts receivable management.



Questions



BOARD LETTER/MEMO CLUSTER FACT SHEET

 Board Letter

 Board Memo

 Other

CLUSTER AGENDA REVIEW DATE	11/13/2024	
BOARD MEETING DATE	12/3/2024	
SUPERVISORIAL DISTRICT AFFECTED	<input checked="" type="checkbox"/> All <input type="checkbox"/> 1 st <input type="checkbox"/> 2 nd <input type="checkbox"/> 3 rd <input type="checkbox"/> 4 th <input type="checkbox"/> 5 th	
DEPARTMENT(S)	Internal Services Department	
SUBJECT	Request to purchase Computer equipment for end-of-life systems. 1) IBM Storage Array (DS8910F) for Mainframe System at Local Recovery Center 2) IBM Power10 Enterprise Computer system at Data Center 1 3) Two (2) Enterprise Storage Array high-performance systems to continue to provide compute, replication, and data storage services to hosted critical County Applications. One at Data Center 1 and one at Local Recovery Center.	
PROGRAM	N/A	
AUTHORIZES DELEGATED AUTHORITY TO DEPT	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
SOLE SOURCE CONTRACT	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
	If Yes, please explain why: N/A	
SB 1439 SUPPLEMENTAL DECLARATION FORM REVIEW COMPLETED BY EXEC OFFICE	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No – Not Applicable If unsure whether a matter is subject to the Levine Act, email your packet to EOLevineAct@bos.lacounty.gov to avoid delays in scheduling your Board Letter.	
DEADLINES/ TIME CONSTRAINTS	1) Request to purchase one IBM DS8910F Storage Array to be completed by end of calendar year due to the critical nature of the County hosted applications and the need for timely data protection. The current equipment had reached end of service life on June 30, 2024., 2) Request to purchase one IBM Power10 enterprise system for planned replacement of end-of-life IBM Power8 systems The timelines will also coincide with the Auditor Controller LACES 4x upgrade plan in the upcoming months. 3) Request to purchase two (2) Enterprise Storage Area Network (SAN) high-performance systems to replace end-of-life current storage arrays servicing both Primary and Secondary Data Centers. Also, the purchases are necessary to guarantee uninterrupted operations and access to critical application such as eHR and eCAPS.	
COST & FUNDING	Total cost: \$5,962,000	Funding source: ISD has adequate funding for these computer equipment in the FY 2024-25 Adopted Budget. No additional net County cost is required for these acquisitions.
	TERMS (if applicable): N/A	
	Explanation: ISD will recover all costs through existing billing charges to customer departments. There will be no change in the billing or cost to customers departments.	
PURPOSE OF REQUEST	Replace end-of-life systems	
BACKGROUND (include internal/external issues that may exist including any related motions)	All requested equipment has passed their five-year useful life, and the annual maintenance has grown/increased. Approval of recommended purchases will ensure ISD can acquire the resources necessary to operate County computer systems managed by the Department.	
EQUITY INDEX OR LENS WAS UTILIZED	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, please explain how:	
SUPPORTS ONE OF THE NINE BOARD PRIORITIES	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, please state which one(s) and explain how:	
DEPARTMENTAL CONTACTS	Name, Title, Phone # & Email: Rumi Salihue, Division Manager, (562) 955-3420, MSalihue@isd.lacounty.gov	



County of Los Angeles
INTERNAL SERVICES DEPARTMENT

1100 North Eastern Avenue
Los Angeles, California 90063

MICHAEL OWH
Director

Speed. Reliability. Value.

Telephone: (323) 267-2101
FAX: (323) 264-7135

December 3, 2024

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

Dear Supervisors:

**ACQUISITION OF COMPUTER EQUIPMENT FOR ONE IBM STORAGE ARRAY,
ONE IBM POWER10 SYSTEM AND TWO HIGH PERFORMANCE
ENTERPRISE STORAGE ARRAYS TO REPLACE
END-OF-LIFE HARDWARE HOSTING COUNTYWIDE APPLICATIONS
(ALL SUPERVISORIAL DISTRICTS - 3 VOTES)**

SUBJECT

Request for approval to purchase computer equipment at a cost greater than \$250,000 to meet the technology needs of County Departments.

IT IS RECOMMENDED THAT YOUR BOARD:

Authorize the Director of the Internal Services Department (ISD), as the County's Purchasing Agent, to purchase computer equipment as a combined capital asset expenditure not to exceed a total of \$5,962,000, including hardware, software, and sales tax, to replace the existing systems that have been identified as end-of-life and to consolidate workloads at Data Center 1 and Local Recovery Center.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

This request is for approval to procure:

1. One (1) IBM Storage Array; the current IBM storage array was purchased in 2017, has passed five-year useful life and has been on extended support. The cost of maintenance has also grown, and IBM has withdrawn the current storage array from the market. This acquisition will provide a fully supported storage array with cost savings in maintenance. Applications owned by County Departments such as the Sheriff, Superior Courts, Public Works, District Attorney, Probation, Health Services, Treasurer-Tax Collector, Auditor-Controller, and Assessor are hosted on this system, which performs as a disaster recovery and data protection platform. The total cost of this equipment will not exceed \$575,000.
2. One (1) IBM Power10 enterprise system; the current IBM Power8 systems were purchased in 2017, have passed five-year useful life and is on extended support. The cost of maintenance has also grown. This acquisition will provide consolidation and a fully supported system with cost savings in maintenance. Critical County applications, such as the Auditor-Controller Enterprise Human Resource (eHR) and Electronic Countywide Accounting and Purchasing System (eCAPS), law enforcement applications such as the Consolidated Criminal History Recording System, Treasurer Tax Collector, and District Attorney systems, as well as data interfaces, will be supported using the new IBM Power10 system. The total cost of this equipment will not exceed \$1,187,000.
3. Two (2) Enterprise Storage Area Network high-performance systems, servicing the Primary and Secondary Data Centers; the current Dell VMAX and xTremIO storage systems have passed five-year useful life and has been on extended support. The cost of maintenance has also grown, and Dell has withdrawn the VMAX and xTremIO models from the market. This acquisition will provide a fully supported storage system with cost savings in maintenance and enable additional storage for current and planned growth. Critical County applications such as the Auditor-Controller eHR and eCAPS, law enforcement applications such as Consolidated Criminal History Recording System, and date interfaces will be supported using the new storage arrays. The applications will be migrated, and data will be replicated between Data Centers for Disaster Recovery and Business Continuity. The total cost of the equipment will not exceed \$4,200,000.

The total cost of all equipment will not exceed \$5,962,000.

Implementation of Strategic Plan Goals

The recommended action supports the County's Strategic Plan, Goal North Star 3 F (Flexible and Efficient Infrastructure) by replacing or modernizing legacy/obsolete infrastructure and leveraging technological advancements that increase visibility, accessibility, and ease of use for residents. Replacement of end-of-life equipment will also avoid high support and maintenance costs for the County.

FISCAL IMPACT/FINANCING

ISD has adequate funding for these computer equipment acquisitions cost not to exceed \$5,962,000 in the FY 2024-25 Adopted Budget. ISD will recover all these costs through existing billing charges to customer departments. There will be no change in the billing or cost to customer departments. All costs have been planned, budgeted, and approved for equipment refresh.

No additional net County cost is required for these acquisitions.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

This request complies with the County Equipment Policy that your Board approved on October 16, 2001. This policy requires that departments obtain Board approval to purchase or finance equipment with a unit cost of \$250,000 or greater.

The Chief Information Office (CIO) has reviewed this request and recommends approval. The CIO determined that the recommended action simply replaces end-of-life equipment. Therefore, no formal CIO Analysis is required.

CONTRACTING PROCESS

This procurement falls under the statutory authority of the County's Purchasing Agent and will be accomplished in accordance with the County's Purchasing Policies and Procedures. Brand specific solicitations will be competitively solicited among authorized IBM resellers, and open bid for Distributed system Storage arrays as appropriate and awarded to the lowest responsible and responsive bidder.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The current IBM Mainframe storage array has been withdrawn from the market and the annual maintenance for the current equipment has increased. Replacement of the storage array is specific to supporting the Mainframe infrastructure and is crucial part of integration for system operations. The system enables replication and disaster recovery for nine (9) County Departments. These departments have 16 business-critical applications running on the Mainframe. Some of the critical applications, such as the County Warrant System, Automated Jail Information System, Adult Probation System, Trial Courts Information System, Secured/Unsecured Tax Roll System, Prosecutor Information Management System, Medical Eligibility System, and Property Database System, will be impacted with no options for data recovery or protection. It is also noteworthy to mention that critical data interfaces, such as the Department of Justice Interface Computing, Department of Motor Vehicle, etc., will not be able to process data or provide disaster recovery capabilities.

The current IBM Power8 systems have passed end-of-life and the annual maintenance for the current systems has increased. The recommended purchase of the IBM Power10 system is necessary to guarantee uninterrupted operations to critical applications such as the Auditor-Controller eHR and eCAPS, law enforcement applications such as Consolidated Criminal History Recording System, Treasurer-Tax Collector, District Attorney systems and data interfaces.

The current Dell VMAX and XtremIO storage arrays have been withdrawn from the market and the annual maintenance for the current storage systems has increased. Approval of the recommended purchase of these storage systems is necessary to guarantee uninterrupted operations and access to critical applications such as the Auditor-Controller eHR and eCAPS.

Your approval will ensure ISD can acquire the resources necessary to operate County computer systems managed by the Department.

The Honorable Board of Supervisors
December 3, 2024
Page 5

CONCLUSION

Upon your Board's approval, the Executive Office, Board of Supervisors, is requested to return one adopted stamped Board letter to ISD.

Respectfully submitted,

MICHAEL OWH
Director

MO:MA:BC:RS:ef

c: Chief Executive Officer
County Counsel

DRAFT

BOARD LETTER/MEMO CLUSTER FACT SHEET

 Board Letter

 Board Memo

 Other

CLUSTER AGENDA REVIEW DATE	11/13/2024	
BOARD MEETING DATE	12/3/2024	
SUPERVISORIAL DISTRICT AFFECTED	<input checked="" type="checkbox"/> All <input type="checkbox"/> 1 st <input type="checkbox"/> 2 nd <input type="checkbox"/> 3 rd <input type="checkbox"/> 4 th <input type="checkbox"/> 5 th	
DEPARTMENT(S)	Department of Consumer and Business Affairs (DCBA)	
SUBJECT	Awarding New Contracts for the Dispute Resolution Program	
PROGRAM	Dispute Resolution Program (DRP)	
AUTHORIZES DELEGATED AUTHORITY TO DEPT	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
SOLE SOURCE CONTRACT	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, please explain why:	
SB 1439 SUPPLEMENTAL DECLARATION FORM REVIEW COMPLETED BY EXEC OFFICE	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No – Not Applicable If unsure whether a matter is subject to the Levine Act, email your packet to EOLevineAct@bos.lacounty.gov to avoid delays in scheduling your Board Letter.	
DEADLINES/ TIME CONSTRAINTS	The current agreements expire on December 31, 2024. This request to award agreements effective January 1, 2025 will ensure seamless DRP Services.	
COST & FUNDING	Total cost: \$3.3 million for the initial 18 months term and \$2.2 million for each annual optional renewals for a maximum total of \$9.9 million.	Funding source: DRP Special Fund – Court Filing Fees. DCBA administers the DRP Special Fund.
	TERMS (if applicable): Initial term of eighteen (18) months with three (3) one-year optional renewals for a maximum contract term of 4 years and 6 months .	
	Explanation: DCBA will exercise the optional renewals in accordance with the agreements, as required.	
PURPOSE OF REQUEST	This request will allow DCBA to partner with non-profits and a government entity to provide mediation services throughout Los Angeles County without interruption. The current agreement is set to expire on December 31, 2024. This request will allow the Department to execute agreements effective January 1, 2025.	
BACKGROUND (include internal/external issues that may exist including any related motions)	None to note.	
EQUITY INDEX OR LENS WAS UTILIZED	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, please explain how:	
SUPPORTS ONE OF THE NINE BOARD PRIORITIES	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If Yes, please state which one(s) and explain how: This will support the Board's Homeless Initiative as many of the mediations conducted through the program are for tenant and landlord disputes. The outcomes of these mediations allow tenants to continue residing in their residence, reducing homelessness.	
DEPARTMENTAL CONTACTS	Name and Title: Rigoberto Reyes, Deputy Director Phone: 213.712.5492 Email: Rreyes@dcba.lacounty.gov	



LOS ANGELES COUNTY
CONSUMER & BUSINESS AFFAIRS

[Board of Supervisors](#)

December 3, 2024

Hilda L. Solis
First District

Holly J. Mitchell
Second District

Lindsey P. Horvath
Third District

Janice Hahn
Fourth District

Kathryn Barger
Fifth District

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

Dear Supervisors:

[Director](#)
Rafael Carbajal

[Chief Deputy](#)
Joel Ayala

**RECOMMENDATION TO AWARD AGREEMENTS FOR
THE LOS ANGELES COUNTY DISPUTE RESOLUTION PROGRAM
(ALL SUPERVISORIAL DISTRICTS) (3 VOTES)**

SUBJECT

The Department of Consumer and Business Affairs (DCBA) seeks delegated authority to award and execute competitive agreements (Subawards) for the Dispute Resolution Program (DRP) with seven (7) non-profit organizations and one (1) governmental entity. The DRP provides conciliation and mediation services to individuals, businesses, and organizations involved in a wide-range of disputes such as consumer-merchant, landlord-tenant, family-related, neighbor-to-neighbor, and debt dispute in which participants exercise control over the resolution process and are able to design their own solutions.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Delegate authority to the Director of DCBA, or their designee, to award and execute, and if necessary, terminate for convenience, competitively-bid Subawards with eight (8) subrecipients, listed on Attachment I (collectively, Subrecipients), totaling \$9.9 million for the provision of DRP services for an initial term of eighteen (18) months with three (3) one-year renewal options, effective January 1, 2025 and upon approval as to form by County Counsel. Allocations to the Subrecipients are subject to the availability of funding and are contingent upon each Subrecipient's performance in meeting the goals of the DRP in Los Angeles County (County).
2. Delegate authority to the Director of DCBA, or their designee, to execute future amendments to extend the Subaward(s) for three (3) additional

one-year optional renewals for a maximum total Subaward term of four (4) years and six (6) months, at the discretion of DCBA in accordance with the term of the Subaward, and upon approval as to form by County Counsel (Counsel).

3. Delegate authority to the Director of DCBA, or their designee, to: (a) execute amendments as needed throughout the Subaward term to add, when possible, any newly relevant or updated State and/or County terms and conditions; and (b) to increase or decrease the subaward amount in response to the availability of funding and based on Subrecipient performance provided that: (i) any increase or decrease to the Subaward amounts (including but not limited to baseline funds, one-time-only funds, and/or supplemental monies), which may exceed ten percent (10%) of the maximum Subaward sum each Subrecipient receives, which includes all optional renewals, the total allocation does not exceed available funding; (ii) modify performance goals consistent with funding allocation modifications; and update the statement of work as operationally necessary, and (iii) approval of Counsel as to form is obtained prior to such amendments.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

In 1986, the California Dispute Resolution Programs Act (Act) was signed into law. The DRP allows the County, through DCBA, to fund dispute resolution services from a portion of certain filing fees collected in civil court actions. Currently, DCBA contracts with seven (7) agencies to train and supervise mediators and volunteers who provide conciliation and mediation services at little or no cost to individuals, businesses, and organizations involved in various types of disputes throughout the County. This reduces and/or eliminates the need to go through full court proceedings.

The current subawards sunset on December 31, 2024. The recommended actions will ensure the continued provision of DRP services in the County, resolving approximately 2,300 cases annually by contracted partners and about 450 cases by DCBA.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The recommended action supports the County's Strategic Plan North Star 1, Make Investments That Transform Lives. The Dispute Resolution Program (DRP) makes investments that transform lives by providing vulnerable tenants and residents with mediation services to resolve housing and other debt disputes that, if left unresolved, may lead to housing instability, including eviction.

FISCAL IMPACT/FINANCING

The total maximum Subaward sum for the combined Subawards will be approximately \$9.9 million for the Subaward term of four (4) years and six (6) months. The DRP is fully funded through civil court filing fees that are collected in the DRP Special Fund, established by the County, pursuant to the Act.

There is no impact on the County General fund, as the DRP is fully financed by the DRP Special Fund.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Act designated the California Department of Consumer Affairs ("State") to oversee the statewide administration of all dispute resolution programs. In the County, DCBA is the designated agency authorized to implement, administer, and fund the County's DRP using funds from the DRP Special Fund.

The DRP assists people who live, work, or operate in the County by providing various alternative dispute resolution options to resolve formal judicial proceedings with the help of professionally trained mediators. DRP provides these services at little or no cost to clients. In addition to being more cost effective than traditional litigation, these services are more accessible, friendly, time effective, and satisfying than the traditional litigation, resulting in more equitable access to justice for traditionally underserved County residents.

The recommended Subawards will include the County's standard terms and conditions to ensure compliance with all required Board policies, programs, and ordinances, including consideration of qualified County employees targeted for layoffs, consideration of GAIN/START participants for employment openings, acknowledgement of County's commitment to Safely Surrendered Baby Law, and fair chance employment practices.

CONTRACTING PROCESS

On August 12, 2024, DCBA released a Request for Proposals (RFP), Number CA-25-004, to solicit proposals from qualified agencies to provide DRP services in Los Angeles County. Responses to the RFP were due to DCBA on September 13, 2024.

The contracting opportunity announcement was posted on the County's "Doing Business With Los Angeles" website, DCBA's departmental website, and approximately 320 Southern California Mediation Association members were notified of the RFP release through an electronic mail blast. The RFP was also advertised through DCBA's social media channels and in greater County

newspapers such as LA Opinion, Long Beach Press-Telegram, Torrance Daily Breeze, Los Angeles Daily News, San Gabriel Valley Tribune, Korea Times, Chinese Daily News, and Valley Press.

DCBA received nine (9) proposals by eight (8) entities by the submission deadline. The proposal submissions were reviewed and assessed by an evaluation committee comprised of subject matter experts in accordance with Policy 5.054 – Evaluation methodology for Proposals. As a result, DCBA recommends executing Subawards with the entities listed in Attachment I.

On October 22, 2024, all recommended entities were notified of the RFP results. DCBA has obtained Letters of Intent from all the recommended entities.

The eight (8) Subrecipients recommended for an award met all the RFP requirements and have agreed to cover all service areas outlined in Attachment I to ensure equitable coverage of DRP services Countywide.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the recommended actions will allow for the continued provision of DRP services to individuals, businesses, and organizations involved in various types of disputes Countywide. As such, it is in the County's best interest to award and execute Subawards with the eight (8) entities outlined in Attachment I.

Respectfully submitted,

Rafael Carbajal
Director

RC:AB:SR:ae

c: Executive Office, Board of Supervisors
County Counsel



Los Angeles County Dispute Resolution Program Providers

Effective January 2025

Subrecipient	Supervisorial Districts Served
1 Asian Pacific American Dispute Resolution Center	1,4,5
2 California Conference for Equality and Justice	1,2
3 California Lawyers for the Arts	1,2,3,4,5
4 Center for Conflict Resolution	1,2,3,4,5
5 Centinela Youth Services	1,2,3,4,5
6 City of Los Angeles	1,2,3,4,5
7 Korean American Coalition	1,2,3,4,5
8 Loyola Marymount University	1,2,3,4,5