

AGREEMENT FOR SERVICES 448-S1311
Adult Inpatient Mental Health Services

THIS AGREEMENT made and entered into by and between the County of El Dorado, a political subdivision of the State of California (hereinafter referred to as "County") and BHC Heritage Oaks Hospital, Inc., a Tennessee Corporation dba Heritage Oaks Hospital, Inc., duly qualified to do business in the State of California, whose principal place of business is 4250 Auburn Boulevard, Sacramento, CA 95841 and whose Agent for Service of Process is C T Corporation System, 818 West Seventh Street, Second Floor, Los Angeles, CA 90017(hereinafter referred to as "Contractor").

RECITALS

WHEREAS, County has a legal obligation to provide eligible County residents (adults and children) with access to designated mental health services, including acute psychiatric care, in accordance with Welfare and Institutions Code Sections 5600 et seq., 5775 et seq., 14000 et seq., and 17000 et seq., and pursuant to applicable laws and agreements with the State of California; and

WHEREAS, Contractor is willing to provide inpatient acute psychiatric services in accordance with this Agreement to persons for whom County has undertaken to provide designated mental health services, including Bronzan-McCorquodale (formerly Short Doyle), Uniform Method of Determining Ability to Pay (UMDAP), medically indigent individuals, and Medi-Cal Specialty Mental Health Services patients (collectively "Clients"); and

WHEREAS, With the exception of those referring to Short-Doyle Medi-Cal services, any other references to the Short-Doyle Act (Short-Doyle) shall be construed as referring to the Bronzan-McCorquodale Act. (In accordance with Welfare and Institutions Code Section 5600 (b))

WHEREAS, Contractor has represented to County that it is specially trained, experienced, expert and competent to perform the special services required hereunder and County has determined to rely upon such representations; and

WHEREAS, it is the intent of the parties hereto that such services be in conformity with all applicable Federal, State and local laws; and

WHEREAS, County has determined that the provision of these services provided by Contractor is in the public's best interest, and that these services are more economically and feasibly performed by outside independent Contractors as well as authorized by County of El Dorado Charter, Section 210 (b) (6) and/or Government Code 31000.

NOW, THEREFORE, County and Contractor mutually agree as follows:

ARTICLE I

Definitions:

- A. Acute Psychiatric Inpatient Hospital Services: Those routine hospital services and hospital-based ancillary services provided by a hospital to eligible clients for whom the facilities, services, and equipment are medically necessary for diagnosis or treatment of a mental disorder. (NOTE: Authority Title 9 California Code of Regulations (CCR) Sections 1810.201, 1810.238, 1810.350, and 1810.430(d)(5))
- B. Administrative Day Services: Those services provided to a client who has been admitted to the hospital for acute psychiatric inpatient services, when the client's stay at the hospital must be continued beyond the client's need for acute psychiatric inpatient hospital services due to a temporary lack of residential placement options at appropriate, non-acute treatment facilities that meet the needs of the client. (NOTE: Authority Title 9, CCR Sections 1810.202, 1810.238, and 1810.430(d)(5))
- C. Client: Shall mean both any person designated as a "Medi-Cal Beneficiary" and any "Short-Doyle/Uninsured Client" as defined in this Agreement.
- D. County of Origin: For purposes of this Agreement, the county of origin is the County of El Dorado (the county of primary residence for the client).
- E. Hospital-based Ancillary Services: Those services received by a client admitted to a hospital, other than routine hospital services, including but not limited to prescription drugs, laboratory services, x-ray, electroconvulsive therapy (ECT), and magnetic resonance imaging (MRI). (NOTE: Authority Title 9, CCR Section 1810.220)
- F. Host County: The county, other than the County of El Dorado, where services are provided to eligible County clients. For purposes of this Agreement, the Host County is Sacramento County.
- G. Medi-Cal Beneficiary: Any person certified as eligible for Medi-Cal in the County of El Dorado according to Title 22 CCR, Section 50024 and Welfare and Institutions Code Section 14252, and as indicated by a number 09 County code in their Medi-Cal identification number.
- H. Mental Health Plan (MHP): The State of California authorizes counties to provide mental health services to the community via an Agreement with the State. Thereafter the County so designated is referred to as the MHP for that locality.
- I. Inpatient Psychiatric Support Services: Specialty mental health services provided to a Medi-Cal Beneficiary by a licensed psychiatrist with hospital admitting privileges while the beneficiary is in a hospital receiving psychiatric inpatient hospital services. Inpatient Psychiatric Support services do not include routine hospital services or hospital based ancillary services. (NOTE: Authority Title 9, CCR Section 1810.237.1)
- J. Psychiatric Inpatient Hospital Services: Shall mean both Acute Psychiatric Inpatient Hospital Services and Administrative Day Services provided in a hospital. (NOTE: Authority Title 9, CCR Section 1810.238)
- K. Short-Doyle/Uninsured Client: Shall mean a client without Medi-Cal or other health insurance, or a Medi-Cal beneficiary between the ages of 22-64 for whom Contractor cannot receive Medi-Cal reimbursement due to the Federal Institution for Mental Disease (IMD) exclusion, but has been referred for treatment by County as documented by a completed and signed Short-Doyle / Uninsured Client Referral attached hereto as Exhibit A and incorporated by reference herein.

ARTICLE II

Scope of Services: Contractor acknowledges that this Agreement is funded in whole or in part with funds from the State of California and the Federal Government.

A. Contractor Responsibilities:

1. Program Services

- a. Contractor shall provide Acute Psychiatric Inpatient Hospital Services and Administrative Day Services at its facility in the County of Sacramento for clients of County, in a manner consistent with the terms and provisions of this Agreement, and the requirements established in the Article titled "Compensation for Services." (NOTE: Authority Title 9, CCR Sections 1810.430 (d), 1810.238, 1810.201, 1810.202 and 1810.350)
- b. Contractor shall provide Inpatient Psychiatric Support Services for the treatment of acute episodes of mental illness meeting the medical necessity criteria covered by the existing regulations, according to the requirements and standards as promulgated by this Agreement, to residents of the County of El Dorado who meet the criteria for mental health services pursuant to Welfare and Institutions Code Section 5600.3 in accordance with Contractor's license.
- c. Contractor shall provide notification of admission to County Utilization Review Unit within ten (10) calendar days of admission.
- d. To request payment, Contractor shall:
 - i. Medi-Cal Clients: Submit to County Utilization Review Unit a Treatment Authorization Request (TAR) or subsequent treatment authorization form, with supporting medical records, for each Medi-Cal Beneficiary within fourteen (14) days of discharge. Contractor may appeal a County disallowance as provided in Title 9, California Code of Regulations, Section 1850.315.
 - ii. Short-Doyle / Uninsured Clients: Submit to County, pursuant to the Article titled "Compensation for Services," an invoice with supporting medical records and a copy of the initial Short-Doyle / Uninsured Client Referral, for each Short-Doyle/Uninsured Client. County shall review the request and retroactively determine the authorized length of stay for each client based on medical necessity as documented in the medical records. Contractor may appeal a Short-Doyle/Uninsured Client disallowance in writing to the County. County's determination of Contractor's disallowance appeal will be final.

2. Administrative Services - Assurances

- a. No provision of this contract shall be construed to replace or conflict with the duties of "County patients' rights advocate" designated in Welfare and Institutions Code Section 5500 et seq.
- b. Individual psychiatrists and other mental health professionals will render professional services to eligible voluntary or involuntary clients at the same level of services as they care for other clients in Contractor's facility and will not discriminate against these clients in any manner, including hours of operation, admission practices, placement in special wings or rooms, or provision of special or separate meals. (NOTE: Authority Title 9 CCR Sections 1810.430 (d)(1) and 1810.430 (d)(2))
- c. Attending psychiatrists shall be members of the medical staff of Contractor and shall be subject to the rules and regulations of said staff. Attending psychiatrists who are

subcontractors shall be subject to the rules and regulations of Contractor's medical staff. Duration and limitation of services will be under the control of the attending psychiatrist but will at all times meet broadly accepted community standards of quality of care and be subject to Contractor utilization review decisions.

B. County Responsibilities

1. Referral of Short-Doyle/Uninsured Clients: County shall document all referrals of Short-Doyle/Uninsured clients by completing and submitting to Contractor a Short-Doyle Referral attached hereto as Exhibit A. County will authorize payment for Short-Doyle/Uninsured clients only if initially referred for admission by County. County shall review all inpatient services retrospectively for medical necessity and payment as defined in paragraph B herein.
2. County shall provide retroactive review of client medical records submitted by Contractor to determine authorization for payment:
 - a. Medi-Cal Beneficiaries: Upon receipt and review of the TAR and medical record, County Utilization Review shall approve or deny days requested. County Utilization Review shall then mail the completed TAR to the State's Fiscal Intermediary, Electronic Data Systems (EDS), or subsequent replacement Fiscal Intermediary, for payment of approved per diem rates. Utilization Review shall fax a copy of the same document to Contractor for Contractor's records.
 - i. Authorized Inpatient Psychiatric Support Services will be submitted to County on a separate invoice and shall be paid from County directly to Contractor.
 - b. Short-Doyle / Uninsured Clients: County Utilization Review will approve or deny request for payment based on review of invoice and attached medical records as submitted by Contractor. Short-Doyle / Uninsured Client invoices may reflect separate per diem rates and Inpatient Psychiatric Support Services rates, or may be incorporated into a single combined rate, based on the Contractor's Agreement with the Host County.
3. County shall provide a Bed Hold Authorization form, attached hereto as Exhibit B, and incorporated by reference herein, each time a Client is absent from the Contractor's facility and requires that a bed be kept available for their return.

C. Evaluation of Contractor's Performance

1. The County shall evaluate Contractor's performance under this Agreement after completion of the Agreement. County shall maintain a copy of any written evaluation in the County contract file.
2. The County's determination as to satisfactory work shall be final absent fraud or mistake.

ARTICLE III

Term: This Agreement shall become effective upon final execution by both parties hereto and continue until terminated by one of the parties pursuant to the provisions under the Articles titled "Fiscal Considerations" and "Default, Termination and Cancellation" herein.

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ARTICLE IV

Compensation for Services:

- A. Rates: For the duration of this Agreement, reimbursement for services provided to both children and adults under this Agreement shall be at the rates established between the Contractor and the Host County for services for children or adults. In the event that the Agreement between Contractor and Host County establishes only a rate for adults, only a rate for children, or one rate for both adults and children all services provided under this Agreement shall be charged at the single rate set forth in the Agreement between Contractor and Host County.
- B. Change in Rates: The Contractor and Host County renegotiate rates on an annual basis in accordance with Title 9, California Code of Regulations, Section 1751. Rates shall become effective upon receipt of notification by County as follows: Contractor shall email annual rates agreed to between Contractor and Host County to the Chief Fiscal Officer of El Dorado County at lori.walker@edcgov.us, or successor with a copy to the Contracts Unit Supervisor at deann.osborn@edcgov.us, or successor. Said email shall be followed by mailing a printed copy via Certified Mail to:

COUNTY OF EL DORADO, HEALTH AND HUMAN SERVICES AGENCY
3057 BRIW ROAD, SUITE B
PLACERVILLE, CA 95667
ATTN; CHIEF FISCAL OFFICER

and

COUNTY OF EL DORADO, HEALTH AND HUMAN SERVICE AGENCY
3057 BRIW ROAD, SUITE A
PLACERVILLE, CA 95667
ATN; CONTRACTS UNIT SUPERVISOR

1. The appropriate per-diem rate shall be billed for each client who meets admission and/or continued stay criteria, documentation requirements, treatment and discharge planning requirements and occupies a psychiatric inpatient hospital bed at 12:00 midnight in the facilities of Contractor. However, a day of service may be billed if the client is admitted and discharged during the same day provided such admission and discharge is not within twenty-four (24) hours of a prior discharge. In the event Client is discharged and then re-admitted within twenty-four (24) hours of discharge, the day of admission shall not be chargeable.
2. Hospital Inpatient Medi-Cal Rate:
 - a. The per diem rate is considered payment in full, subject to third party liability and patient share of costs, for psychiatric inpatient hospital services to a beneficiary. (NOTE: Authority Title 9, CCR 1810.430 (d) (4)).
 - b. The per diem rate shall not be structured to provide incentives for Contractor to deny, limit, or discontinue medically necessary services to any beneficiary. (NOTE: Authority Title 9, CCR 1810.430 (e))

3. Hospital Inpatient Short-Doyle/Uninsured Rate:
County will authorize payment for clients not eligible for Medi-Cal reimbursement or other third party payer at this facility only if the County initially refers client for admission. The rate shall be billed at the same rate negotiated with the Host County. The rates identified as the Hospital Inpatient Short-Doyle/Uninsured Rates, as negotiated between the Contractor and the host County, are inclusive of all inpatient hospital services including hospital based ancillary services and routine hospital services.
4. Hospital Administrative Day Services: The rates established by the California Department of Mental Health as specified in Title 22 CCR, Section 51542(a)(3) for Fee-For-Service/Medi-Cal hospitals. All rates shall be as evidenced in a duly issued California Department of Mental Health Information Notice and shall be effective upon the date specified in said Notice. Hospital Administrative Day rates reflect those services provided as described in Article titled "Definitions."
 - a. Administrative Day Medi-Cal Rate: The rate shall be no greater than the daily rate negotiated between the Contractor and the host County, and is inclusive of all inpatient hospital services including hospital based ancillary services and routine hospital services. Psychiatrist services rendered to clients under this Agreement are not included in the hospital administrative day rate, rather, are billed separately as the Inpatient Psychiatric Support Services.
 - b. Administrative Day Short-Doyle/Uninsured Rate: Hospital Administrative Day Short-Doyle/Uninsured Rate: The rates are intended to cover all inpatient hospital services including hospital based ancillary services and may include the Psychiatric Inpatient Professional Services Rates, only if services of a psychiatrist are provided.
5. Inpatient Psychiatric Support Services Rate: The rate shall be no greater than the daily rate negotiated between the Contractor and the Host County. These services shall be billed to County separately from the Acute Hospital Inpatient and Hospital Administrative Day Services rate(s) as specified in Welfare and Institutions Code Section 5781. It is the responsibility of Contractor to pay psychiatrists rendering services under this Agreement. Reimbursement by County to Contractor may then occur pursuant to the terms specified in Article titled "Compensation for Services," of this Agreement.
- C. Bed Holds: Holding a bed while a Client is absent from the facility shall require written pre-authorization by the County Contract Administrator in the form of a Bed Hold Authorization form (Exhibit B). Bed holds shall be paid at the rate(s) established herein. In the event a bed hold exceeds fourteen (14) days, further authorization requires the approval of the HHSA Director or designee.
- D. Other Fiscal Provisions
County anticipates revenues from various sources to be used to fund services provided by Contractor through this Agreement. Should actual revenues be less than the amounts anticipated for any period of this Agreement, the maximum payment obligation and/or payment obligations for specific services may be reduced at the discretion of the County's Director of Health and Human Services Agency or Director's designee.

County Short-Doyle/Uninsured clients who may present at Contractor's facility without being referred by County per paragraph 3 above and other applicable terms of this Agreement are expressly excluded from reimbursement by County. County may provide retroactive authorization when special circumstances exist, as determined by the County's Director of

the Health and Human Services Agency or Director's designee, based on Contractor's written request.

County will perform eligibility and financial determinations, in accordance with State Department of Mental Health Uniform Method of Determining Ability to Pay, for all clients. (NOTE: Authority Welfare and Institutions Code Sections 5709 and 5710 and Title 9 CCR Section 524.)

- E. Client Billing - Contractor shall not submit a claim to, demand or otherwise collect reimbursement from the client or persons acting on behalf of the client for any specialty mental health or related administrative services provided under this contract except to collect other health insurance coverage, share of cost and co-payments. The Contractor shall not hold clients liable for debts as follows:
1. In the event that the County becomes insolvent;
 2. For costs of covered services for which the State does not pay the County;
 3. For costs of covered services for which the State or the County does not pay the Contractor;
 4. For costs of covered services provided under this or other contracts not authorized by County;
 5. For costs of covered services provided via referral or other arrangement not authorized by County; or
 6. For payment of subsequent screening and treatment needed to diagnose the specific condition of or stabilize a client with an emergency psychiatric condition.

Contractor shall submit invoices directly to County for any Inpatient Psychiatric Support Services provided to Medi-Cal beneficiaries, which may include services rendered on the date of discharge.

Contractor shall bill any third party payer financially responsible for a client's health care services, and in such cases, County shall not bear any financial responsibility. To the extent that County inadvertently makes payments to Contractor when a responsible third party payer is determined to exist, County shall be entitled to recoup such reimbursement.

It is expressly understood and agreed between the parties hereto that County shall not authorize payment to Contractor unless Contractor adheres to the terms and conditions of this Agreement. It is further agreed that County shall not authorize payment for services unless Contractor has provided County with evidence of insurance coverage as outlined in the Article titled "Insurance" of this Agreement. County may provide retroactive authorization when special circumstances exist, as determined by the County's Director of the Health and Human Services Agency, or Director's designee.

County May Withhold Payment - Contractor shall provide all pertinent documentation required for Federal Medi-Cal reimbursement (including initial and quarterly notices, assessment and service plans, and progress notes). The County may withhold payment for any and all services for which the required documentation is not provided, or if the documentation provided does not meet professional standards as determined by the County Utilization Review Coordinator, or if County deems services are not satisfactory.

Contractor shall submit monthly invoices no later than thirty (30) days following the end of a “service month” except in those instances where Contractor obtains written approval from County’s Director of the Health and Human Services Agency or Director’s designee granting an extension of the time to complete billing for services or expenses. For billing purposes, a “service month” shall be defined as a calendar month during which Contractor provides services in accordance with the Article titled “Scope of Services.” Invoices shall be submitted along with supporting medical records documentation as noted below, for review and authorization.

- F. Invoices/Remittances: Invoices / Remittance shall be addressed as indicated in the table below or to such other location as County or Contractor may direct per the Article titled “Notice to Parties.”

Mail invoices to:	Mail remittance to:
County of El Dorado-HHSA 3057 Briw Road, Suite B Placerville, CA 95667 Attn: Fiscal Unit	BHC Heritage Oaks Hospital, Inc. 4250 Auburn Boulevard Sacramento, CA 95841 Attn: Accounts Receivable

For services provided herein, County agrees to pay Contractor monthly in arrears and within forty-five (45) days following the County’s receipt and approval of itemized invoice(s) identifying services rendered, except as set forth in paragraph C “Other Fiscal Provisions” and paragraph D “Client Billing” herein.

ARTICLE V

Maximum Contractual Obligation: The maximum compensation payable for services provided under this Agreement shall not exceed \$200,000 during any fiscal year, which shall be defined as the period commencing July 1st and ending June 30th of the following calendar year.

ARTICLE VI

Taxes: Contractor certifies that as of today’s date, it is not in default on any unsecured property taxes or other taxes or fees owed by Contractor to County. Contractor agrees that it shall not default on any obligations to County during the term of this Agreement.

ARTICLE VII

Release of Information: Contractor shall ensure that the County of El Dorado Health and Human Services Agency is included as a receiving party on all Release of Information forms used in the performance of services under this Agreement.

ARTICLE VIII

Special Terms and Conditions: By signing this Agreement, Contractor and any of Contractor's subcontractors providing services under this Agreement (pursuant to the Article titled "Assignment and Delegation") shall comply with these terms and conditions.

ARTICLE IX

Agreement to Comply with State's Terms and Conditions: Contractor agrees to comply with all applicable provisions of the State of California Standard Agreement between County and the California Department of Health Care Services for "Mental Health Plan" Available at <http://www.edcgov.us/HHSA/> Contractor Resources, "Mental Health Plan."¹ Noncompliance with the aforementioned terms and conditions may result in termination of this Agreement by giving written notice as detailed in the Article titled, "Default, Termination, and Cancellation."

The terms and conditions include, but are not limited to:

- Audit and Inspection Rights;
- Child Support Compliance Act, pursuant to Public Contract Code 7110;
- Claims Certification and Program Integrity, including Title 42 Code of Federal Regulations ("CFR") Part 439, §438.604 and §438.606 and, as effective August 13, 2003, §438.608 as published in the June 14, 2002 Federal Register (Vol. 67, No. 115, Page 41112), which are incorporated herein by reference;
- Client Rights;
 - Welfare and Institutions Code 5325.
 - Title 9, California Code of Regulations (CCR") §§ 860 through 868.
 - Title 42, Code of Federal Regulations, § 438.100.
 - Pursuant to Title 42 CFR § 438.100 (a) and Title 42, CFR §§ 438.100 (b) (1) and (b) (2), Contractor shall have written policies and procedures relating to client's rights and responsibilities.
- Drug Free Workplace - Workplace Act of 1990 (Government Code § 8350 et seq.);
- Mandated Reporter Requirements: Contractor acknowledges and agrees to comply with mandated requirements pursuant to the provisions of Article 2.5, commencing with § 11164, Chapter 2, Title I, Part 4 of the California Penal Code, also known as The Child Abuse and Neglect Reporting Act, and the Elder Abuse and Dependent Civil Protection Act, pursuant to Welfare and Institutions Code commencing with § 4900;
- Federal Law:
 - Title 42, United States Code;
 - Title 42, Code of Federal Regulations, to the extent that these requirements are applicable;
 - Title 42, CFR; Part 438 – Managed Care, limited to those provisions that apply to Prepaid Inpatient Health Plans ("PIHP"), if applicable;
 - Title 45, CFR, Parts 160 and 164, Subparts A and E, to the extent that these requirements are applicable;
 - Title VI of the Civil Rights Act of 1964;
 - Title IX of the Education Amendments of 1972;

¹<http://www.edcgov.us/HHSAForContractors/>

- Age Discrimination Act of 1975;
- Rehabilitation Act of 1973;
- Titles II and III of the Americans with Disabilities Act;
- Deficit Reduction Act of 2005; and
- Balanced Budget Act of 1997.
- State Law:
 - Division 5, Welfare and Institutions Code (W&I Code);
 - Part 2 (commencing with Section 5718), Chapter 3, W&I Code;
 - Part 2.5 (commencing with Section 5775), Chapter 4, Division 5, W&I Code;
 - Article 5 (Sections 14680 – 14685), Chapter 8.8, Division 9, W&I Code; and
- Title 9, California Code of Regulations, Chapter 11 (commencing with Section 1810.100) – Medi-Cal Specialty Mental Health Services, if applicable.
- Clean Air Act & Federal Water Pollution Control Act: The Contractor shall comply with the provisions of Clean Air Act (42 U.S.C. 7401 et seq.) and the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.);
- Copeland Anti-Kickback Act: The Contractor shall comply with the provisions of the Copeland Anti-Kickback Act (18 U.S.C. 874 and 40 U.S.C. 276c);
- Davis-Bacon Act: The Contractor shall comply with the provisions of Davis-Bacon Act, as amended (40 U.S.C. 276a to a-7), as supplemented by Department of Labor regulations (Title 29, CFR, Part 5, "Labor Standards Provisions Applicable to Contracts Governing Federally Financed and Assisted Construction").
- Federal Contractor Exclusions: Pursuant to Title 42, US Code § 1320a-7 and 1320c-5, and Welfare and Institutions Code § 14123.
- Work Standards Safety Act - Work Hours and Safety Standards Act (40 U.S.C. 327-333), sections 102 and 107 of the Agreement Work Hours and Safety Standards Act (40 U.S.C. 327-333), as supplemented by Department of Labor regulations (Title 29, CFR, Part 5).

ARTICLE X

Confidentiality and Information Security: Contractor shall comply with applicable laws and regulations, including but not limited to §§ 14100.2 and 5328 et seq. of the Welfare and Institutions Code, § 431.300 et seq. of Title 42, Code of Federal Regulations, and the Health Insurance Portability and Accountability Act (HIPAA), and its implementing regulations (including but not limited to Title 45, CFR, Parts 160, 162 and 164) regarding the confidentiality and security of individually identifiable health information (IIHI). Contractor shall comply with terms and conditions in accordance with the Agreement between County and California Department of Health Care Services, including “Mental Health Plan, Exhibit F – HIPAA Business Associate Addendum” available at <http://www.edcgov.us/HHSA/> Contractor Resources, “Mental Health Plan,”² and incorporated herein by reference.

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²<http://www.edcgov.us/HHSAForContractors/>

ARTICLE XI

Audit by California State Auditor: Contractor acknowledges that if total compensation under this agreement is greater than \$10,000.00, this Agreement is subject to examination and audit by the California State Auditor for a period of three (3) years, or for any longer period required by law, after final payment under this Agreement, pursuant to California Government Code §8546.7. In order to facilitate these potential examinations and audits, Contractor shall maintain, for a period of at least three (3) years, or for any longer period required by law, after final payment under the contract, all books, records and documentation necessary to demonstrate performance under the Agreement.

ARTICLE XII

License and Certifications

- A. Inpatient Contracts and Subcontracts: If this Agreement is for inpatient services, the Contractor acknowledges that they must maintain necessary licensing and certification, and must include in all subcontracts for inpatient services that subcontractors maintain necessary licensing and certification.
- B. Permits and Licenses: The Contractor shall procure and keep in full force and effect during the term of this Agreement all permits, registrations and licenses necessary to accomplish the work specified in this Agreement, and give all notices necessary and incident to the lawful execution of the work.

Contractor shall keep informed of, observe, comply with, and cause all of its agents, subcontractors and employees to observe and to comply with all prevailing Federal, State, and local laws, and rules and regulations made pursuant to said Federal, State, and local laws, which in any way affect the conduct of the work of this Agreement. If any conflict arises between provisions of the plans and specifications and any such law above referred to, then the Contractor shall immediately notify the County in writing.

Contractor shall submit a copy of any licensing report issued by a licensing agency to County within ten (10) business days of Contractor's receipt of any such licensing report.

ARTICLE XIII

Quality Assurance and Utilization Review: Contractor shall establish and maintain systems to review the quality and appropriateness of services in accordance with applicable Federal and State statutes and regulations, and guidelines operative during the term of this Agreement.

Contractor shall comply with existing Federal regulations for utilization review pursuant to Title 42, Code of Federal Regulations, Subpart D. These shall include certification of need for care, evaluation and medical review, plans of care and utilization review plan. Contractor shall establish a Utilization Review Committee with the function to determine that admissions and length of stay are appropriate to that level of care and to identify problems with quality of care. Composition of the committee shall meet minimum Federal requirements.

Contractor has provided a statement which describes how it will conduct Performance Improvement activities, in accordance with Exhibit C, "BHC Heritage Oaks Hospital Performance Improvement Plan," incorporated herein and made by reference a part hereof. It is incumbent on Contractor to ensure that any revisions to said Plan shall be provided to County immediately upon approval and implementation.

ARTICLE XIV

Record Retention: Contractor agrees to make all of its books and records pertaining to the goods and services furnished under the terms of this Agreement available for inspection, examination, or copying by authorized County, the Comptroller General of the United States, State of California or Federal agencies, or their duly authorized representatives, at all reasonable times at Contractor's place of business or at such other mutually agreeable location in California, in a form maintained in accordance with the general standards applicable to such book or record keeping, for a term of at least five (5) years from the close of the County's fiscal year in which the Agreement was in effect, or longer period as may be required by Federal or State of California law, including, but not limited to any record retention laws pertaining to minors, psychiatric health facilities, psychology clinics, psychologists and/or other licensed professionals. If at the end of the applicable retention period, there is litigation or an audit or other investigation involving those books or records, Contractor will retain the books or records until the resolution of such litigation, audit, or investigation.

Records shall be maintained on all patients admitted or accepted for treatment in accordance with Title 22, CCR Section 71551.

ARTICLE XV

Taxes: Contractor certifies that as of today's date, it is not in default on any unsecured property taxes or other taxes or fees owed by Contractor to cc. Contractor agrees that it shall not default on any obligations to County during the term of this Agreement.

ARTICLE XVI

Changes to Agreement: This Agreement may be amended by mutual consent of the parties hereto. Said amendments shall become effective only when in writing and fully executed by duly authorized officers of the parties hereto.

ARTICLE XVII

Contractor to County: It is understood that the services provided under this Agreement shall be prepared in and with cooperation from County and its staff. It is further agreed that in all matters pertaining to this Agreement, Contractor shall act as Contractor only to County and shall not act as Contractor to any other individual or entity affected by this Agreement nor provide information in any manner to any party outside of this Agreement that would conflict with Contractor's responsibilities to County during term hereof.

ARTICLE XVIII

Assignment and Delegation: Contractor is engaged by County for its unique qualifications and skills as well as those of its personnel. Contractor shall not subcontract, delegate or assign services to be provided, in whole or in part, to any other person or entity without prior written consent of County. In the event County agrees in writing that Contractor may subcontract for services under this Agreement, Contractor shall include in any subcontract all the terms and conditions of the Article titled "Special Terms and Conditions" in this Agreement; shall require that all subcontractors comply with all terms and conditions of this Agreement; and shall require that all subcontractors comply with all pertinent Federal and State statutes and regulations.

ARTICLE XIX

Independent Contractor/Liability: Contractor is, and shall be at all times, deemed independent and shall be wholly responsible for the manner in which it performs services required by terms of this Agreement. Contractor exclusively assumes responsibility for acts of its employees, associates, and subcontractors, if any are authorized herein, as they relate to services to be provided under this Agreement during the course and scope of their employment.

Contractor shall be responsible for performing the work under this Agreement in a safe, professional, skillful, and workmanlike manner and shall be liable for its own negligence and negligent acts of its employees. County shall have no right of control over the manner in which work is to be done and shall, therefore, not be charged with responsibility of preventing risk to Contractor or its employees.

ARTICLE XX

Fiscal Considerations: The parties to this Agreement recognize and acknowledge that County is a political subdivision of the State of California. As such, County of El Dorado is subject to the provisions of Article XVI, Section 18 of the California Constitution and other similar fiscal and procurement laws and regulations and may not expend funds for products, equipment or services not budgeted in a given fiscal year. It is further understood that in the normal course of County business, County will adopt a proposed budget prior to a given fiscal year, but that the final adoption of a budget does not occur until after the beginning of the fiscal year.

Notwithstanding any other provision of this Agreement to the contrary, County shall give notice of cancellation of this Agreement in the event of adoption of a proposed budget that does not provide for funds for the services, products, or equipment subject herein. Such notice shall become effective upon the adoption of a final budget, which does not provide funding for this Agreement. Upon the effective date of such notice, this Agreement shall be automatically terminated and County released from any further liability hereunder.

In addition to the above, should the Board of Supervisors during the course of a given year for financial reasons reduce, or order a reduction, in the budget for any County department for which services were contracted to be performed, pursuant to this paragraph in the sole discretion of the County, this Agreement may be deemed to be canceled in its entirety subject to payment for services performed prior to cancellation.

ARTICLE XXI

Default, Termination, and Cancellation:

- A. Default: Upon the occurrence of any default of the provisions of this Agreement, a party shall give written notice of said default to the party in default (notice). If the party in default does not cure the default within ten (10) days of the date of notice (time to cure), then such party shall be in default. The time to cure may be extended at the discretion of the party giving notice. Any extension of time to cure must be in writing, prepared by the party in default for signature by the party giving notice, and must specify the reason(s) for the extension and the date on which the extension of time to cure expires.

Notice given under this section shall specify the alleged default and the applicable Agreement provision and shall demand that the party in default perform the provisions of this Agreement within the applicable period. No such notice shall be deemed a termination of this Agreement unless the party giving notice so elects in this notice, or the party giving notice so elects in a subsequent written notice after the time to cure has expired. In the event of termination for default, County reserves the right to take over and complete the work by contract or by any other means.

No waiver of any breach of this Agreement shall be held to be a waiver of any other or subsequent breach. All remedies afforded in this Agreement shall be taken and construed as cumulative; that is, in addition to every other remedy provided therein or by law. The failure of County to enforce at any time the provisions of this Agreement, or to require at any time performance by the Contractor of any of the provisions, shall in no way be construed to be a waiver of such provisions nor to affect the validity of this Agreement or the right of County to enforce said provisions.

- B. Bankruptcy: This Agreement, at the option of the County, shall be terminable in the case of bankruptcy, voluntary or involuntary, or insolvency of Contractor.
- C. Ceasing Performance: County may terminate this Agreement in the event Contractor ceases to operate as a business, or otherwise becomes unable to substantially perform any term or condition of this Agreement.
- D. Termination or Cancellation without Cause: Either party may terminate this Agreement without cause in whole or in part upon thirty (30) calendar day's prior written notice to the other party. If such prior termination is effected, County will pay for satisfactory services rendered prior to the effective dates as set forth in the Notice of Termination, and for such other services, which County may agree to in writing as necessary for Agreement resolution. In no event, however, shall County be obligated to pay more than the total amount of the contract.
- E. Transfer of Care: Prior to the termination or expiration of this Agreement and upon request by the County or State of California, Contractor shall assist in the orderly transfer of beneficiaries' mental health care. In doing this, the Contractor shall make available to County or the State of California copies of medical records, patient files, and any other pertinent information, including information maintained by any subcontractor, necessary for efficient case management of beneficiaries, as determined by County. Costs of reproduction shall be borne by the County. In no circumstances shall a beneficiary be billed for this service.
- F. Transfer of Records: In the event that Contractor ceases operation, all files that are subject to audit shall be transferred to the County for proper storage of physical records and electronic data. Contractor shall notify County of impending closure as soon as such closure has been

determined, and provide County with a complete list of records in its possession pertaining to County clients and operational costs under this Agreement. County shall promptly advise Contractor which records are to be transferred to the custody of County. Records not transferred to custody of County shall be properly destroyed by Contractor, and Contractor shall provide documentation of proper destruction of all such records to County.

ARTICLE XXII

Change of Address: In the event of a change in address for Contractor's principal place of business, Contractor's Agent for Service of Process, or Notices to Contractor, Contractor shall notify County in writing as provided in the article titled "Notice to Parties." Said notice shall become part of this Agreement upon acknowledgment in writing by the County Contract Administrator, and no further amendment of the Agreement shall be necessary provided such change of address does not conflict with any other provisions of this Agreement.

ARTICLE XXIII

Notice to Parties: All notices to be given by the parties hereto shall be in writing and served by depositing same in the United States Post Office, postage prepaid and return receipt requested. Notices to County shall be addressed as follows:

COUNTY OF EL DORADO
HEALTH AND HUMAN SERVICES AGENCY
3057 BRIW ROAD, SUITE A
PLACERVILLE, CA 95667
ATTN: CONTRACTS UNIT

And to:

COUNTY OF EL DORADO
PROCUREMENT AND CONTRACTS
360 FAIR LANE, LOWER LEVEL
PLACERVILLE, CA 95667
ATTN: TERRI DALY, PURCHASING AGENT, or Successor

Or to such other location as the County directs.

Notices to Contractor shall be addressed as follows:

BHC HERITAGE OAKS HOSPITAL, INC.
4250 AUBURN BLVD
SACRAMENTO, CA 95841
ATTN: SHAWN SILVA, CHIEF EXECUTIVE OFFICER, or Successor

Or to such other location as the Contractor directs.

ARTICLE XXIV

Confidentiality and Information Security: Contractor shall comply with applicable laws and regulations, including but not limited to Sections 14100.2 and 5328 et seq. of the Welfare and Institutions Code, Section 431.300 et seq. of Title 42, Code of Federal Regulations, and the Health Insurance Portability and Accountability Act (HIPAA), and its implementing regulations (including but not limited to Title 45, CFR, Parts 160, 162 and 164) regarding the confidentiality and security of individually identifiable health information (IIHI). Contractor shall comply with "Exhibit C, Confidentiality and Information Security Provisions," of the "Mental Health Plan Terms and Conditions" Agreement between County and State, available at <http://www.edcgov.us/HHSA/ContractorResources>, "Mental Health Plan."³

ARTICLE XXV

Indemnity: The Contractor shall defend, indemnify, and hold the County, its Officers, employees, and volunteers harmless against and from any and all claims, suits, losses, damages and liability for damages of every name, kind and description, including attorney's fees and costs incurred, brought for, or on account of, injuries to or death of any person, including but not limited to workers, County employees, and the public, or damage to property, or any economic or consequential losses, which are claimed to or in any way arise out of or are connected with the Contractor's services, operations, or performance hereunder, regardless of the existence or degree of fault or negligence on the part of the County, the Contractor, subcontractor(s) and employee(s) of any of these, except for the sole, or active negligence of the County, its officers and employees, or as expressly prescribed by statute. This duty of Contractor to indemnify and save County harmless includes the duties to defend set forth in California Civil Code Section 2778.

ARTICLE XXVI

Litigation: The County, promptly after receiving notice thereof, shall notify the Contractor in writing of the commencement of any claim, suit, or action against the County or State of California or its officers or employees for which the Contractor must provide indemnification under this Agreement. The failure of the County to give such notice, information, authorization, or assistance shall not relieve the Contractor of its indemnification obligations. The Contractor shall immediately notify the County of any claim or action against it which affects, or may affect, this Agreement, the terms and conditions hereunder, or the County or State of California, and shall take such action with respect to said claim or action which is consistent with the terms of this Agreement and the interest of the County and State.

ARTICLE XXVII

Debarment and Suspension: The Contractor shall comply with the provisions of Title 2, CFR, Section 180 as implemented by Title 2 CFR Section 376, and Executive Orders 12549 and 12689, "Debarment and Suspension," which excludes parties listed on the General Services Administration's list of parties excluded from Federal procurement or non-procurement programs from having a relationship with the Contractor.

³<http://www.edcgov.us/HHSAForContractors/>

Debarment and Suspension Certification: By signing this Agreement, the Contractor agrees to comply with applicable Federal suspension and debarment regulations and Contractor further certifies to the best of its knowledge and belief that it and its principals or affiliates or any subcontractor utilized under the agreement:

- A. Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any federal department or agency;
- B. Have not within a three year period preceding this application/proposal/agreement been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
- C. Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State, or local) with commission of any of the offenses enumerated in the above Paragraph B;
- D. Have not within a three (3)-year period preceding this Agreement had one or more public transactions (Federal, State or local) terminated for cause or default;
- E. Shall not knowingly enter in to any lower tier or sub-recipient covered transaction with any person(s) who are proposed for debarment under Federal regulations or are debarred, suspended, declared ineligible or voluntarily excluded from participation in such transactions, unless authorized by the State; and
- F. Shall include a clause entitled, "Debarment and Suspension Certification" that essentially sets forth the provisions herein, in all lower tier or sub-recipient covered transactions.
- G. The terms and definitions herein have the meanings set out in the Definitions and Coverage sections of the rules implementing Federal Executive Order 12549.
- H. If the Contractor knowingly violates this certification, in addition to other remedies available to the Federal and State Governments, County may immediately terminate this Agreement for cause or default.
- I. The Contractor shall comply with the provisions of Title 2, CFR, Section 180 as implemented by Title 2 CFR Section 376, and Executive Orders 12549 and 12689, "Debarment and Suspension," which excludes parties listed on the General Services Administration's list of parties excluded from Federal procurement or non-procurement programs from having a relationship with the Contractor.

ARTICLE XXVIII

Insurance: Contractor shall provide proof of insurance satisfactory to the County of El Dorado Risk Manager and documentation evidencing that Contractor maintains insurance that meets the following requirements:

- A. Full Workers' Compensation and Employers' Liability Insurance covering all employees of Contractor as required by law in the State of California;
- B. Commercial General Liability Insurance of not less than \$1,000,000 combined single limit per occurrence for bodily injury and property damage and a \$2,000,000 aggregate limit.
- C. Automobile Liability Insurance of not less than \$1,000,000 is required in the event motor vehicles are used by the Contractor in the performance of the Agreement.

- D. In the event Contractor is a licensed professional, and is performing professional services under this Agreement, professional liability (for example, malpractice insurance) is required with a limit of liability of not less than \$1,000,000 per occurrence.
- E. Contractor shall furnish a certificate of insurance satisfactory to the County of El Dorado Risk Manager as evidence that the insurance required above is being maintained.
- F. The insurance will be issued by an insurance company acceptable to County of El Dorado Risk Management, or be provided through partial or total self-insurance likewise acceptable to Risk Management.
- G. Contractor agrees that the insurance required above shall be in effect at all times during the term of this Agreement. In the event said insurance coverage expires at any time or times during the term of this Agreement, Contractor agrees to provide at least thirty (30) days prior to said expiration date, a new certificate of insurance evidencing insurance coverage as provided for herein for not less than the remainder of the term of the Agreement, or for a period of not less than one (1) year. New certificates of insurance are subject to the approval of Risk Management and Contractor agrees that no work or services shall be performed prior to the giving of such approval. In the event the Contractor fails to keep in effect at all times insurance coverage as herein provided, County may, in addition to any other remedies it may have, terminate this Agreement upon the occurrence of such event.
- H. The certificate of insurance must include the following provisions stating that:
 - 1) The insurer will not cancel the insured's coverage without thirty (30) days prior written notice to County, and;
 - 2) The County of El Dorado, its officers, officials, employees, and volunteers are included as additional insured on the additional insured endorsement for the umbrella policy, but only insofar as the operations under this Agreement are concerned. This provision shall apply to the general liability policy.
- I. The Contractor's insurance coverage shall be primary insurance as respects the County, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the County, its officers, officials, employees, or volunteers shall be excess of the Contractor's insurance and shall not contribute with it.
- J. Any deductibles or self-insured retentions must be declared to and approved by the County, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the County, its officers, officials, employees, and volunteers; or the Contractor shall procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses.
- K. Any failure to comply with the reporting provisions of the policies shall not affect coverage provided to the County, its officers, officials, employees, or volunteers.
- L. The insurance companies shall have no recourse against the County of El Dorado, its officers and employees or any of them for payment of any premiums or assessments under any policy issued by any insurance company.
- M. Contractor's obligations shall not be limited by the foregoing insurance requirements and shall survive expiration of this Agreement.
- N. In the event Contractor cannot provide an occurrence policy, Contractor shall provide insurance covering claims made as a result of performance of this Agreement for not less than three (3) years following completion of performance of this Agreement.

- O. Certificate of insurance shall meet such additional standards as may be determined by the contracting County Department either independently or in consultation with County of El Dorado Risk Management, as essential for the protection of the County.

ARTICLE XXIX

Interest of Public Official: No official or employee of County who exercises any functions or responsibilities in review or approval of services to be provided by Contractor under this Agreement shall participate in or attempt to influence any decision relating to this Agreement which affects personal interest or interest of any corporation, partnership, or association in which he/she is directly or indirectly interested; nor shall any such official or employee of County have any interest, direct or indirect, in this Agreement or the proceeds thereof.

ARTICLE XXX

Interest of Contractor: Contractor covenants that Contractor presently has no personal interest or financial interest, and shall not acquire same in any manner or degree in either: 1) any other contract connected with or directly affected by the services to be performed by this Agreement; or, 2) any other entities connected with or directly affected by the services to be performed by this Agreement. Contractor further covenants that in the performance of this Agreement no person having any such interest shall be employed by Contractor.

ARTICLE XXXI

Conflict of Interest: The parties to this Agreement have read and are aware of the provisions of Government Code Section 1090 et seq. and Section 87100 relating to conflict of interest of public officers and employees. Contractor attests that it has no current business or financial relationship with any County employee(s) that would constitute a conflict of interest with provision of services under this Agreement and will not enter into any such business or financial relationship with any such employee(s) during the term of this Agreement. County represents that it is unaware of any financial or economic interest of any public officer or employee of Contractor relating to this Agreement. It is further understood and agreed that if such a financial interest does exist at the inception of this Agreement either party may immediately terminate this Agreement by giving written notice as detailed in the Article in the Agreement titled, "Default, Termination and Cancellation."

ARTICLE XXXII

California Residency (Form 590): If Contractor is a California resident, Contractors must file a State of California Form 590, certifying its California residency or, in the case of a corporation, certifying that it has a permanent place of business in California. The Contractor will be required to submit a Form 590 prior to execution of an Agreement or County shall withhold seven (7) percent of each payment made to the Contractor during term of the Agreement. This requirement applies to any agreement/contract exceeding \$1,500.00.

ARTICLE XXXIII

Nonresident Withholding: If Contractor is not a California resident, Contractor shall provide documentation that the State of California has granted a withholding exemption or authorized reduced withholding prior to execution of this Agreement or County shall withhold seven (7%) percent of each payment made to the Contractor during term of the Agreement as required by law. This requirement applies to any agreement/contract exceeding \$1,500.00. Contractor shall indemnify and hold the County harmless for any action taken by the California Franchise Tax Board.

ARTICLE XXXIV

Taxpayer Identification Number (Form W-9): All independent Contractors or corporations providing services to the County must file a Department of the Treasury Internal Revenue Service Form W-9, certifying their Taxpayer Identification Number.

ARTICLE XXXV

County Business License: It is unlawful for any person to furnish supplies or services, or transact any kind of business in the unincorporated territory of County of El Dorado without possessing a County business license unless exempt under County Code Section 5.08.070.

ARTICLE XXXVI

Administrator: The County Officer or employee with responsibility for administering this Agreement is Cheree Haffner, Manager of Mental Health Programs, Health and Human Services Agency, Mental Health Division, or successor.

ARTICLE XXXVII

Authorized Signatures: The parties to this Agreement represent that the undersigned individuals executing this Agreement on their respective behalf are fully authorized to do so by law or other appropriate instrument and to bind upon said parties to the obligations set forth herein.

ARTICLE XXXVIII

Partial Invalidity: If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions will continue in full force and effect without being impaired or invalidated in any way.

ARTICLE XXXIX

Force Majeure: Neither the County, the State of California, nor the Contractor shall be deemed to be in default in the performance of the terms of this Agreement if either party is prevented from performing the terms of this Agreement by causes beyond its control, including without being limited to: acts of God, interference, rulings or decision by municipal, Federal, State or other governmental agencies, boards or commissions; any laws and/or regulations of such municipal,

State, Federal, or other governmental bodies; or any catastrophe resulting from flood, fire, explosion, or other causes beyond the control of the defaulting party. If any of the stated contingencies occur, the party delayed by force majeure shall immediately give the other party written notice of the cause of delay. The party delayed by force majeure shall use reasonable diligence to correct the cause of the delay, if correctable, to complete performance under this Agreement.

ARTICLE XL

Venue: Any dispute resolution action arising out of this Agreement, including, but not limited to, litigation, mediation, or arbitration, shall be brought in County of El Dorado, California, and shall be resolved in accordance with the laws of the State of California.

ARTICLE XLI

No Third Party Beneficiaries: Nothing in this Agreement is intended, nor will be deemed, to confer rights or remedies upon any person or legal entity not a party to this agreement.

ARTICLE XLII

Entire Agreement: This document and the documents referred to herein or exhibits hereto are the entire Agreement between the parties and they incorporate or supersede all prior written or oral Agreements or understandings.

REQUESTING CONTRACT ADMINISTRATOR CONCURRENCE:

By:  Dated: 5/7/14
Cheree Haffner, Manager of Mental Health Programs
Health and Human Services Agency

REQUESTING DEPARTMENT HEAD CONCURRENCE:

By:  Dated: 5/7/2014
Don Ashton, M.P.A., Director
Health and Human Services Agency

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement 448-S1311 on the dates indicated below.

- - COUNTY OF EL DORADO - -

Dated: _____

By: _____
Norma Santiago, Chair
Board of Supervisors
"County"

ATTEST:
James S. Mitrison
Clerk of the Board of Supervisors

By: _____ Dated: _____
Deputy Clerk

-- CONTRACTOR --

BHC HERITAGE OAKS HOSPITAL, INC.
d.b.a. HERITAGE OAKS HOSPITAL, INC.
A CALIFORNIA CORPORATION

By: SK SB Dated: 5/6/14
Shawn Silva, Chief Executive Officer
"Contractor"

Kgl/sk

Exhibit A
EL DORADO COUNTY
HEALTH AND HUMAN SERVICES AGENCY
Mental Health Division

AUTHORIZATION STATEMENT

Services rendered to the client identified below as requested herein have been authorized by the Health and Human Services Agency Mental Health Division in accordance with the conditions of Agreement for Services 448-S1311.

Date: ____/____/____

Client: _____ D.O.B: ____/____/____

Address: _____ City: _____ State: ____ Zip: _____

AUTHORIZED SIGNATURE:

I attest to the fact that I am an employee of the County and as such am duly authorized to execute this document.

Signature: _____ Date: ____/____/____

EXHIBIT B

BED HOLD AUTHORIZATION

County of El Dorado Health And Human Services Agency, Mental Health Division:

Resident: _____

Reason for Absence from Facility:

I, _____, authorized representative for County of El Dorado Health and Human Services Agency, Mental Health Division do hereby authorize Contractor to hold the bed of the resident noted above while he/she is away from the facility. Holding the bed is guaranteeing the board and care payment to Contractor for the duration of the client's absence or until notice of discharge.

By: _____ Dated: _____
Authorized Representative

Public Guardian / Payee:

Resident: _____

Reason for Absence from Facility:

I, _____, do hereby authorize Contractor to hold the bed of the resident noted above while he/she is away from the facility. Holding the bed is guaranteeing the board and care payment to Contractor for the duration of the client's absence or until notice of discharge.

By: _____ Dated: _____
Public Guardian / Payee

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Exhibit C

**PERFORMANCE IMPROVEMENT PLAN
ACKNOWLEDGMENT AND APPROVAL**

Chairman, Medical Executive Committee

Date

CEO/Managing Director

Date

Governing Body

Date

Exhibit C

PERFORMANCE IMPROVEMENT PLAN

INTRODUCTION:

The successful application of Performance Improvement (PI) activities at Heritage Oaks Hospital is the result of a foundation of leadership commitment, education in performance improvement techniques, commitment of resources to carry out improvement opportunities, information management systems for data display and comparison, and employee involvement in improving their own work processes. The design of the PI Plan is based on the facility's Mission, Vision and Values; the needs and expectations of our customers, including patients, their families and staff; and fosters teamwork and an organization-wide commitment to improvement of quality care.

QUALITY DEFINITION:

Quality is our ability to understand the needs and expectations of our patients and their families, physicians, employees, payors, and the communities we serve and continuously improve services that satisfy those needs and exceed expectations.

I. PURPOSE

The PI Plan provides the means by which the needs of those served are studied and understood. The knowledge gained through the systematic analysis of the organization's functions is utilized to seek improvement in the delivery of care.

The PI Plan describes the process for comprehensive implementation of performance improvement activities, incorporating the design, measurement, assessment, and improvement activities for organizational excellence. This plan identifies the individuals or groups responsible for various performance improvement activities, including involvement in teams, and the methods of integrating information to effectively and efficiently deliver the same level of quality service to those served by the facility.

II. GOALS AND OBJECTIVES

A. THE PI PLAN GOALS

1. Achieve the best possible clinical outcomes for our patients;
2. Satisfy our many customers;
3. Retain talented staff; and
4. Maintain sound financial performance.

B. THE PI PLAN OBJECTIVES

1. Organize a framework for the conduct of performance improvement around the flow of Patient care that includes coordination and integration of performance improvement activities and communication of performance improvement information.
2. Utilize the PRAISE model for process improvement.
3. Design and redesign effective processes which consider our mission and vision, utilize customer feedback, address relevant standards, and include information from reference databases, when available.

4. Set expectations for staff performance and provide staff education in performance improvement activities.
5. Promote staff contributions to problem-solving activities, decision making, and the process of continuous assessment and improvement.
6. Manage the data required to measure, assess and improve Patient care and organizational functions.
7. Minimize or eliminate opportunity for adverse impact to patients, visitors, and staff and improve efficiency by using resources more cost-effectively and productively.
8. Provide a mechanism to measure, assess and improve the quality of Patient care and the clinical performance of individuals with delineated clinical privileges or those staff with performance appraisals.
9. Provide a means of addressing the Medical Staff's responsibility for assuring one level of care for patients with a given presenting clinical problem.
10. Meet the requirements of the Joint Commission, CMS, and all other healthcare licensing and regulatory agencies as required by the state.

III. SCOPE OF ACTIVITIES

All employees, Medical Staff, and clinical contract services will be expected to participate in performance improvement activities. All care and service provided that affects Patient care is considered for determining priorities of performance improvement and includes:

PATIENT CARE FUNCTIONS:

- Patient Rights and Organizational Ethics
- Assessment of Patients
- Care, Treatment and Services
- Patient and Family Education
- Continuum of Care

ORGANIZATIONAL FUNCTIONS:

- Leadership/Human Resources
- Management of Information
- Management of the Environment
- Improving Organizational Performance
- Surveillance, Prevention and Control of Infection

IV. RESPONSIBILITY

A. STATEMENT OF AUTHORITY

The Governing Body has overall responsibility for the organization's performance improvement initiative and shall establish, maintain, support, and exercise oversight of the ongoing performance improvement initiative. Authority and delegation of authority is established in consonance with hospital policies, procedures, and Medical Staff Bylaws. In doing so, the Governing Body shall:

1. Receive, review and accept reports on the performance improvement activities, including the measurements, assessments, actions, and results of actions taken.

2. Evaluate the effectiveness of the Performance Improvement Plan.
3. Assure that the services delivered by the organization meet the customers' needs, exceed their expectations and are provided consistently to assure the same level of care.

B. LEADERSHIP RESPONSIBILITY

The leaders oversee the organization wide planning and implementation of the performance improvement process and are responsible for identifying priorities, setting expectations and committing the appropriate resources for improvement; developing and/or delegating the development of plans; and implementing procedures to measure, assess and improve the performance and quality of governance, management, clinical and support processes. The Administrative/Medical Staff Leaders perform these duties as members of the standing Committees.

C. EMPLOYEES

Employee groups, such as clinical departments or services are responsible for participating in the organization wide performance improvement process and shall:

1. Collect and assess data, plan and act to improve processes/outcomes.
2. Report findings, conclusions, recommendations, actions and evaluation of action effectiveness to the Medical Executive Committee or Performance Improvement Team, as assigned.

All staff is encouraged to participate and share their views at any time regarding improving organization wide processes. All staff is provided with education regarding basic Performance Improvement Principles during new hire orientation.

D. OFF-SITE/CLINICAL CONTRACT SERVICES

When, in the care of patients, the services of another, off-site/clinical contract health care organization are required, the performance improvement process examines the appropriateness of the use of the services and the degree to which the services aid in the care of our patients.

V. ORGANIZATION, COMMITTEE, AND TEAM STRUCTURES

The performance improvement initiative provides for participation in performance improvement activities by all staff through the Governing Body, Medical Executive Committee, PI Teams, and the administrative meetings. The following committee and team structure descriptions clarify their role in relation to the PI process. The Organization Chart and the Communication Flow Chart (Appendix A & B) shows the relationship between each of these components.

PI Committee/Medical Executive Committees

A. PERFORMANCE IMPROVEMENT

Exhibit C

In carrying out the PI Plan objectives, the Medical Executive Committee through the Performance Improvement Committee:

1. Formulates a mission/vision and policies consistent with the organization's quality focus;
2. Identifies staff responsibilities and prioritizes processes for improvement;
3. Oversees the development of objective, measurable indicators that reflect processes needing improvement;
4. Determines the resources needed for the organization's performance improvement initiative;
5. Oversees the organization wide PI educational program including, new employee orientation and continuing education on the organization's performance improvement process;
6. Forms and oversees Performance Improvement Teams by:
 - providing assistance to teams, identifying team members and other resources to support the team, and serving as team facilitator/ leader, if needed; and monitoring progress on team projects.
7. Communicates the PI initiative, (such as newsletters, PI team storyboards, community announcements, etc.) for both internal and external customers;
8. Evaluates the effectiveness of the Performance Improvement Plan and makes recommendations for changes.
9. Designs new or modified processes well, drawing on a variety of information sources consistent with the mission.
10. Uses aggregate data and data sets for comparative analysis to determine efficiency of improvement efforts and assist in prioritizing improvement opportunities.

The specific clinical responsibilities are to:

1. Facilitate measurement, analysis, and reporting capabilities in clinical practice.
2. Address Patient needs and expectations to improve Patient satisfaction.
3. Evaluate the effectiveness of actions taken based on improved clinical processes and/or Patient care outcomes.

B. MEDICAL RECORDS/UTILIZATION REVIEW

Medical Records function includes timeliness of record entry, timely completion of the record, and quality of the documentation in the medical record for diagnosis, results of diagnostic tests, services provided, Patient condition and in-hospital progress, and condition of Patient at discharge.

Utilization Review function includes the review for appropriateness and medical necessity of admissions, length of stays and continued stays, under- and over-utilization of services and resources, including consultations and referrals; response to denials; and defines the mechanism for discharge planning. The data are available on a timely basis for reviewing the appropriateness of admission and continued stay and are collected as a component of the facility's effort to improve performance.

C. PHARMACY AND THERAPEUTICS/DRUG USAGE EVALUATION/INFECTION CONTROL

The Pharmacy and Therapeutics function develops and/or approves policies and procedures for drug selection, distribution, handling, use and administration within the hospital; manages the drug formulary; defines and reviews significant adverse drug reactions; and ensures compliance with government regulations for narcotic drug activities.

Drug Usage Evaluation (DUE) is performed as a criteria-based, ongoing, planned, and systematic process designed to continuously improve the processes involved in prescribing, preparing and dispensing, administering, and monitoring the use of drugs. Drugs chosen for evaluation include the most frequently prescribed drugs, drugs that involve significant risks to patients, drugs known or suspected to be problem prone, and drugs used for a specific diagnosis, condition, or procedure.

Infection Control includes the review and approval of policies and procedures for the surveillance, prevention, and control of infection; review of Patient infections to determine nosocomial infection rate, identify potential for prevention or intervention to reduce risk of future occurrence; and recommend and approve actions to prevent or control infections.

D. MANAGEMENT OF THE ENVIRONMENT OF CARE/RISK MANAGEMENT

The Environment of Care program is designed to provide a safe environment for patients, staff, and visitors and includes mechanisms for systematically measuring that environment. The program includes general safety, safety education, disaster preparedness, hazardous materials and wastes, safety devices/product recalls, life safety and operational practices, including equipment and utilities management.

The Risk Management program minimizes adverse clinical events through identification, investigation, and evaluation activities; reviews all professional/general liability claims; monitors use of restraint and seclusion; and provides ongoing educational programs for all employees. The effective risk management program relies on the collaborative efforts of all employees who are responsible for reporting and following up incidents/occurrences.

E. PERFORMANCE IMPROVEMENT TEAMS

A Performance Improvement Team is a group of individuals who work together to develop a solution(s) to a problem or improve the performance of an existing product or service.

1. Formation: A team may be recommended by any individual or group. Routine [day-to-day] or major performance improvement issues [significant resources (people, time, and money)] may be addressed by a team.
2. Approval: All Teams are approved by the PI Committee and Medical Executive Committee.

3. Training: The Team Facilitator or designee provides orientation in areas of problem solving, PI tools and techniques, and team membership roles. The Facilitator assists in documenting team discussions and actions, as appropriate and maintains team generated documents.
4. Operation: The PI Coordinator works with teams to determine the type of support that best suits the team members' needs. Communication by Team members with others in the hospital and the constructive efforts of managers in working with teams and supporting staff who are in a team are key factors in the successful operation of teams.
5. Responsibilities: Detailed duties and responsibilities of teams are outlined in educational handouts located in Administration. Overall, each team will be expected to:
 - a. Utilize problem-solving techniques, data analysis and display tools.
 - b. Report meeting activities and progress to the PI Committee.
 - c. Submit a final report with recommendations to the PI Committee.
 - d. Communicate implementation of recommendations, and consult the PI Committee when ready to disband.
 - e. Assist in sharing the team's activities with the staff through storyboards, bulletins, or other system-wide communication method.

F. DIRECTOR OF PERFORMANCE IMPROVEMENT

The Director of Performance Improvement is a member of the PI Committee, directs all PI activities and shall be accountable to the Board, Medical Director, and Administration. Responsibilities, in collaboration with the PI Committee, shall be to:

1. Assist Directors/Managers in developing and implementing the PI process within their work areas.
2. Prepare written quarterly summaries of the hospital's performance improvement results for the Medical Executive Committee and Governing Board.
3. Participate in and coordinate all committee/department communications, including meeting agenda preparation, meeting minute format and content, and follow-up performance improvement activities; and
4. Maintain each privileged staff member performance information file.

VI. METHODS FOR IMPROVING PERFORMANCE AND QUALITY

Important functions throughout the organization are continuously measured, assessed and improved. The outcome of improvement activities is an improvement based on the redesign of an existing function/process or design of a new approach. This is accomplished through:

P = Problem selection
R = Recruit a team
A = Assess the current process/redesign if necessary
I = Implement new plan
S = Study effectiveness
E = Employee training

Project selection criteria: a large number of patients are affected; patients are at serious risk; high variation in incidence, quality or cost; Clinician interest and commitment to project; availability of data to measure the process and outcome; likelihood of implementation or behavioral change.

Feedback from other sources used in setting priorities includes:

- a. Patient Satisfaction Surveys;
- b. Staff views, complaints and suggestions for improvement;
- c. Community Satisfaction Survey of providers, payors, insurers, etc.
- e. Previous year's PI activities; and
- f. Committee activities.

Measurement. Indicators that address important dimensions of performance, collect data about relevant processes, outcomes, quality of service, and/or satisfaction and are developed by teams for the high-priority functions. Measurement involves both routine, ongoing data collection as well as time-specific, focus data collection.

Assessment. Measurement of processes and outcomes helps to determine priorities for improving systems. Conclusions about current performance are drawn based on the assessment of the data. PI Tools are used in understanding sources of variation wherever possible. Improvement priorities are selected based on: expected patterns of processes or outcomes not met; or expected patterns of processes or outcomes are met but performance can be improved.

Improvement. When opportunities for improvement are identified and prioritized, improvement activities are conducted. The improvement is planned, the new approach is tested, data are collected about its effects and action is taken to standardize the improvement. The process is repeated if the results are not satisfactory.

Assessment and Improvement of Individuals. When variation in process or outcome is attributed to the activities of an individual, organizational processes that support the individual's activities are evaluated to identify whether improvements in these processes may have a positive effect on the individual's activities.

When an individual's activities are deficient and the individual is unable (or unwilling) to improve his or her performance, changes are considered in the individual's role, responsibility, and/or status. These changes are designed to improve processes and Patient outcomes. Individual input is considered in making decisions that affect his/her role, responsibility, and/or status.

- a. Licensed Independent Practitioners. When variation in the processes involve activities of licensed independent practitioners, the Medical Staff is responsible for including the processes in the PI activities. The results of measurement, assessment, and improvement are considered at the time of reappointment and re-credentialing. (See the Medical Staff Bylaws for reappointment and credentialing.)

- b. Facility Staff. Results of performance improvement activities are used in the competence and performance appraisal mechanism of those individuals who do not practice independently in the hospital. The departments/services and contract services tabulate findings from their performance improvement activities for use in the annual assessment of their employees. The overall results of the employee/contract service criteria-based evaluations are compiled quarterly by Human Resources and forwarded to the Governing Body, via Administration.

VII. COMMUNICATION AND COLLABORATION

Performance improvement information is reported via minutes, reports, and/or storyboards to relevant departments/ services in a timely manner. As reporting of performance improvement information moves through the committee levels it is integrated, which contributes to the detection of trends, performance patterns, or potential problems that affect more than one department or service. Department Directors collaborate with staff under their supervision when addressing projects and tasks affecting their area. Department Directors and staff collaborate with staff from other departments when tasks or projects affect more than one department.

VIII. CONFIDENTIALITY/RECORD FORMAT AND RETENTION

Minutes of all Governing Body meetings shall be kept permanently and department/ committee meeting minutes shall be kept for 5-years in their original form in the Administrative office. No duplicate copies will be kept permanently. Original minutes over two-years old will be stored in the administrative office locked storage area. Minutes that are duplicated for distribution to the active members of the Medical Staff during meetings are numbered and coded to protect Patient and staff confidentiality and collected following each meeting.

Performance improvement documents and hospital wide/department PI plans shall be kept 3-years post-revision. Results of studies and quarterly and annual reports are kept 3-years, in their original form as attachments to corresponding meeting minutes. Worksheets and raw data may be discarded after a final report is written and accepted by the Governing Body.

IX. PERFORMANCE IMPROVEMENT EVALUATION

The effectiveness of the Organization-wide Performance Improvement initiative is evaluated by the PI Committee, Medical Executive Committee, and the Governing Body annually. Measures used to determine the program's effectiveness include: review of the PI Plan and indicators; review of major problem resolutions; review of performance improvements and effectiveness of actions taken.

Each clinical service/department included in the assessment and improvement process is responsible for completing an annual evaluation. The results of this evaluation are used to revise the PI Plan for the upcoming year and are tabulated for the annual PI report to the Governing Body.

The evaluation of the PI Plan and the revised PI Plan is then submitted to the PI Committee and the Medical Executive Committee. Recommended revisions are forwarded to the Governing Body. The new PI Plan becomes effective upon the final approval of the Governing Body.