



AGENDA ITEM NO.
C-12

COUNTY OF HUMBOLDT

For the meeting of: May 23, 2017

Date: April 26, 2017

To: Board of Supervisors

From: Connie Beck, Director, Department of Health and Human Services

Subject: Approval of Intergovernmental Transfer between Humboldt County Department of Health and Human Services, California Department of Health Care Services and Partnership HealthPlan of California.

Connie Beck
5/16/17

RECOMMENDATION(S):

That the Board of Supervisors:

1. Approve the attached Intergovernmental Transfer agreements between the Humboldt County Department of Health and Human Services, the California Department of Health Care Services and Partnership HealthPlan of California; and
2. Authorize the Director of the Department of Health and Human Services to sign and execute the attached Intergovernmental Transfer agreements; and
3. Authorize the Department of Health and Human Services to execute two transfers in the amount of \$3,252,920 each (including a 20% California Department of Health Care Services administrative fee) to the California Department of Health Care Services; and
4. Authorize the Director of the Department of Health and Human Services to execute future amendments and/or documents related to the attached Intergovernmental Transfer agreements after review and approval by County Counsel and Risk Management.

SOURCE OF FUNDING:

Federal and State Medi-Cal dollars; County Health Realignment

DISCUSSION:

As part of the 2012/13 state budget, the State of California authorized expansion of Medi-Cal managed care

Prepared by Nancy Starck, Legislative and Policy Manager 441-5411

CAO Approval *[Signature]*

REVIEW:

Auditor _____ County Counsel *[Signature]* Personnel _____ Risk Manager _____ Other _____

TYPE OF ITEM:

- Consent
- Departmental
- Public Hearing
- Other _____

PREVIOUS ACTION/REFERRAL:

Board Order No. 68

Meeting of: 5/14/13

BOARD OF SUPERVISORS, COUNTY OF HUMBOLDT

Upon motion of Supervisor Sundberg Seconded by Supervisor Fennell

Ayes Sundberg, Fennell, Bass, Bohn, Wilson

Nays _____

Abstain _____

Absent _____

and carried by those members present, the Board hereby approves the recommended action contained in this Board report.

Dated: May 23, 2017

By: *[Signature]*

Kathy Hayes, Clerk of the Board

into counties that had previously provided Medi-Cal benefits on a fee-for-service basis only. On May 14, 2013, the Board of Supervisors adopted Ordinance 2501 authorizing the County of Humboldt to join the Partnership HealthPlan of California (PHC), a regional County Organized Health System model of Medi-Cal managed care. PHC began administering Medi-Cal managed care in Humboldt County on September 1, 2013.

Welfare and Institutions Code, Sections 14164 and 14301.4 provides for a voluntary Intergovernmental Transfer (IGT) program. California counties participating in Medi-Cal managed care, including Humboldt as a member of PHC, qualify for additional federal Medicaid funds for health services if they enter into IGT agreements with the California Department of Health Care Services (DHCS).

The Humboldt County Department of Health and Human Services (DHHS) is eligible to participate in an IGT that draws down additional federal funds for Medi-Cal services in the county. The State and DHHS have existing contracts with PHC for Fiscal Year (FY) 2015/16 and FY 2016/17 which makes DHHS eligible for IGT funds for FY 2015/16 and FY 2016/17.

Overview of the IGT Process

1. DHHS will transfer up to approximately \$3,252,920 in local funds to DHCS. The source of the funding for this transfer will be 1991 and 2011 realignment funds. The projected date for this transfer is on or about September 7, 2017.
2. Upon receipt of the transferred funds, the State will increase PHC rate payments for FY 15/16. The new payments will be made up of local transferred funds & new federal funds. After the 20% State administrative fee in the amount of \$542,153 is deducted, PHC will receive the dollars.
3. PHC will distribute the funds (approximately \$5,406,698) to DHHS, as their contracted medical provider to provide additional health services to Medi-Cal patients in the following priority areas: Mental Health, Substance Abuse, Care Coordination & Access to Specialty Care.
4. DHHS will transfer up to an additional approximately \$3,252,920 in local funds to DHCS. The source of the funding for this transfer will be 1991 and 2011 realignment funds. The projected date for this transfer is on or about December 7, 2017.
5. Upon receipt of the transferred funds, the State will increase PHC rate payments for FY 16/17. The new payments will be made up of local transferred funds & new federal funds. After the 20% State administrative fee in the amount of \$542,153 is deducted, PHC will receive the dollars.
6. PHC will distribute the funds (approximately \$5,406,698) to DHHS, as their contracted medical provider to provide additional health services to Medi-Cal patients in the following priority areas: Mental Health, Substance Abuse, Care Coordination & Access to Specialty Care.

Use of Funds

A plan for expending these funds will need final approval by PHC.

Priority Areas Developed by Partnership include:

- Mental Health
- Substance Abuse
- Specialty Care Access
- Care Coordination

Next steps/timeline

- County will execute final agreements with the DHCS & MOU with PHC by August 2017
- State will receive federal approval by September 2017
- County will wire funds for FY 2015/16 to the State September 2017
- PHC will receive capitation payments by October 2017
- PHC will pay providers by October 2017
- County will wire funds for FY 2016/17 to the State December 2017
- PHC will receive capitation payments by January 2017
- PHC will pay providers by February 2018

FINANCIAL IMPACT:

There is no impact to the County General Fund associated with the recommendation before your Board. The source of funding for this transfer will be 1991 and 2011 realignment funds held in Trust Fund 3443 and 3742 respectively. There are sufficient funds to accommodate the transfers required by the contract in order to draw down additional dollars. The projected dates of the IGT transfers are on or about September 7, 2017 and December 7, 2017. Upon receipt of payment from Partnership HealthPlan \$2,130,000 will be deposited into Social Services Operating fund 1160, budget unit 511, and revenue line 585810 which was included in the proposed county budget for fiscal year 2017-18. The balance of the revenue will be deposited back Trust Fund 3443 - 1991 realignment and/or 3742 - 2011 realignment.

This action supports the Board's Strategic Framework by protecting vulnerable populations and creating opportunities for improved safety and health.

OTHER AGENCY INVOLVEMENT:

Partnership HealthPlan of California
 California Department of Health Care Services
 Federal Centers for Medicare and Medicaid Services

ALTERNATIVES TO STAFF RECOMMENDATIONS:

The Board could choose not to approve the attached Intergovernmental Transfer agreements; however, staff does not recommend this alternative. Without the Intergovernmental Transfer agreements, the Department of Health and Human Services would be unable to receive additional federal funds for health programs and services associated with the Medi-Cal managed care health plan.

ATTACHMENTS:

- Attachment 1: Intergovernmental Agreement Regarding Transfer of Public Funds
- Attachment 2: Intergovernmental Transfer Assessment Fee Agreement (20% DHCS fee)
- Attachment 3: Health Plan – Provider Agreement, Amendment 4

**INTERGOVERNMENTAL AGREEMENT REGARDING
TRANSFER OF PUBLIC FUNDS**

This Agreement is entered into between the CALIFORNIA DEPARTMENT OF HEALTH CARE SERVICES (“DHCS”) and the HUMBOLDT COUNTY DEPARTMENT OF HEALTH AND HUMAN SERVICES (GOVERNMENTAL FUNDING ENTITY) with respect to the matters set forth below.

RECITALS

A. This Agreement is made pursuant to the authority of Welfare & Institutions Code, sections 14164 and 14301.4.

B. The Partnership HealthPlan of California (HEALTH PLAN) is a County Organized Health System formed pursuant to Welfare and Institutions Code section 14087.54 and County Code Chapter 7.58, County Code Chapter 2.45, County Code Chapter 2, Title 2, and County Code Chapter 34. Partnership HealthPlan of California is a party to a Medi-Cal managed care contract with DHCS, entered into pursuant to Welfare and Institutions Code section 14087.3, under which Partnership HealthPlan of California arranges and pays for the provision of covered Medi-Cal health care services to eligible Medi-Cal members residing in the County.

THEREFORE, the parties agree as follows:

AGREEMENT

1. Transfer of Public Funds

1.1 The GOVERNMENT FUNDING ENTITY shall transfer funds to DHCS pursuant to sections 14164 and 14301.4 of the Welfare and Institutions Code, up to a maximum total amount of two million, seven hundred ten thousand, seven hundred sixty seven dollars (\$2,710,767) for the period of July 1, 2015 through June 30, 2016, and a maximum total amount of two million, seven hundred ten thousand, seven hundred sixty eight dollars (\$2,710,768) for the period of July 1, 2016 through June 30,

2017, to be used solely as a portion of the nonfederal share of actuarially sound Medi-Cal managed care capitation rate increases for HEALTH PLAN for the periods of July 1, 2015 through June 30, 2016, and July 1, 2016 through June 30, 2017 as described in section 2.2 below. The funds shall be transferred in accordance with a mutually agreed upon schedule between the GOVERNMENTAL FUNDING ENTITY and DHCS, in the amounts specified therein.

1.2 The GOVERNMENTAL FUNDING ENTITY shall certify that the funds transferred qualify for federal financial participation pursuant to 42 C.F.R. part 433 subpart B, and are not derived from impermissible sources such as recycled Medicaid payments, federal money excluded from use as State match, impermissible taxes, and non-bona fide provider-related donations. For transferring units of government that are also direct service providers, impermissible sources do not include patient care or other revenue received from programs such as Medicare or Medicaid to the extent that the program revenue is not obligated to the State as the source of funding.

2. Acceptance and Use of Transferred Funds by DHCS

2.1 DHCS shall exercise its authority under section 14164 of the Welfare and Institutions Code to accept funds transferred by the GOVERNMENTAL FUNDING ENTITY pursuant to this Agreement as intergovernmental transfers (“IGTs”), to use for the purpose set forth in section 2.2 below.

2.2 The funds transferred by the GOVERNMENTAL FUNDING ENTITY pursuant to this Agreement shall be used to fund a portion of the nonfederal share of increases in Medi-Cal managed care actuarially sound capitation rates described in paragraph (4) of subdivision (b) of section 14301.4 of the Welfare and Institutions Code and shall be paid, together with the related federal financial participation, by DHCS to HEALTH PLAN as part of HEALTH PLAN’S capitation rates for the periods of July 1, 2015 through June 30, 2016, and July 1, 2016 through June 30, 2017. The rate increases paid

under section 2.2 shall be used for payments related to Medi-Cal services rendered to Medi-Cal beneficiaries. The rate increases paid under this section 2.2 shall be in addition to, and shall not replace or supplant, all other amounts paid or payable by DHCS or other State agencies to HEALTH PLAN.

2.3 DHCS shall seek federal financial participation for the rate increases specified in section 2.2 to the full extent permitted by federal law.

2.4 The parties acknowledge the State DHCS will obtain any necessary approvals from the Centers for Medicare and Medicaid Services prior to the payment of any rate increase pursuant to section 2.2.

2.5 The parties agree that none of these funds, either GOVERNMENTAL FUNDING ENTITY or federal matching funds will be recycled back to the GOVERNMENTAL FUNDING ENTITY'S general fund, the State, or any other intermediary organization. Payments made by the HEALTH PLAN to providers under the terms of this Agreement and their provider agreement constitute patient care revenues.

2.6 Within One Hundred Twenty (120) calendar days of the execution of this Agreement, DHCS shall advise the GOVERNMENTAL FUNDING ENTITY and HEALTH PLAN of the amount of the Medi-Cal managed care capitation rate increases that DHCS paid to HEALTH PLAN during the applicable rate year involving any funding under the terms of this Agreement.

2.7 If any portion of the funds transferred by the GOVERNMENTAL FUNDING ENTITY pursuant to this Agreement is not expended for the specified rate increases under Section 2.2, DHCS shall return the unexpended funds to the GOVERNMENTAL FUNDING ENTITY.

3. Amendments

3.1 No amendment or modification to this Agreement shall be binding on either party unless made in writing and executed by both parties.

3.2 The parties shall negotiate in good faith to amend this Agreement as necessary and appropriate to implement the requirements set forth in section 2 of this Agreement.

4. Notices. Any and all notices required, permitted or desired to be given hereunder by one party to the other shall be in writing and shall be delivered to the other party personally or by United States first class, certified or registered mail with postage prepaid, addressed to the other party at the address set forth below:

To the GOVERNMENTAL FUNDING ENTITY:

Connie Beck, Director
County of Humboldt
Department of Health and Human Services
507 F Street
Eureka, CA 95501
cbeck@co.humboldt.ca.us

With copies to:

Trevis Green, Deputy Director, Finance
County of Humboldt
Department of Health and Human Services
507 F Street
Eureka, CA 95501
tgreen@co.humboldt.ca.us

and

Carolyn Stewart
Senior Director of Financial Analysis
Partnership HealthPlan of California
4665 Business Center Drive
Fairfield, CA 94534
cstewart@partnership.org

To DHCS:

Sandra Dixon
California Department of Health Care Services

Capitated Rates Development Division
1501 Capitol Ave., Suite 71-4002
MS 4413
Sacramento, CA 95814
Sandra.Dixon@dhcs.ca.gov

5. Other Provisions

5.1 This Agreement contains the entire Agreement between the parties with respect to the Medi-Cal rate increases for HEALTH PLAN described in section 2.2 that are funded by the GOVERNMENTAL FUNDING ENTITY and supersedes any previous or contemporaneous oral or written proposals, statements, discussions, negotiations or other agreements between the GOVERNMENTAL FUNDING ENTITY and DHCS. This Agreement is not, however, intended to be the sole agreement between the parties on matters relating to the funding and administration of the Medi-Cal program. One or more other agreements already exist between the parties regarding such other matters, and other agreements may be entered into in the future. This Agreement shall not modify the terms of any other agreement between the parties.

5.2 The nonenforcement or other waiver of any provision of this Agreement shall not be construed as a continuing waiver or as a waiver of any other provision of this Agreement.

5.3 Section 2 of this Agreement shall survive the expiration or termination of this Agreement.

5.4 Nothing in this Agreement is intended to confer any rights or remedies on any third party, including, without limitation, any provider(s) or groups of providers, or any right to medical services for any individual(s) or groups of individuals; accordingly, there shall be no third party beneficiary of this Agreement.

5.5 Time is of the essence in this Agreement.

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

6. State Authority. Except as expressly provided herein, nothing in this Agreement shall be construed to limit, restrict, or modify the DHCS' powers, authorities, and duties under federal and state law and regulations.

7. Approval. This Agreement is of no force and effect until signed by the parties.

8. Term. This Agreement shall be effective as of July 1, 2015 and shall expire as of June 30, 2019 unless terminated earlier by mutual agreement of the parties.

SIGNATURES

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, on the date of the last signature below.

THE HUMBOLDT COUNTY DEPARTMENT OF HEALTH AND HUMAN SERVICES

By:

_____ Date: _____

Connie Beck, Director, Humboldt County Department of Health and Human Services

THE STATE OF CALIFORNIA, DEPARTMENT OF HEALTH CARE SERVICES:

By: _____ Date: _____

Jennifer Lopez, Acting Division Chief, Capitated Rates Development Division

INTERGOVERNMENTAL TRANSFER ASSESSMENT FEE

This Agreement is entered into between the CALIFORNIA DEPARTMENT OF HEALTH CARE SERVICES (“State DHCS”) and the HUMBOLDT COUNTY DEPARTMENT OF HEALTH AND HUMAN SERVICES (GOVERNMENTAL FUNDING ENTITY) with respect to the matters set forth below.

RECITALS

A. This Agreement is made pursuant to the authority of Welfare & Institutions Code, section 14301.4.

THEREFORE, the parties agree as follows:

AGREEMENT

1. Transfer of Public Funds

1.1 GOVERNMENTAL FUNDING ENTITY shall make Intergovernmental Transfer(s) (“IGTs”) to State DHCS pursuant to section 14164 of the Welfare and Institutions Code and paragraph 1.1 of the Intergovernmental Agreement(s) Regarding the Transfer of Public Funds contract number 16-93734, to be used as a portion of the non-federal share of actuarially sound Medi-Cal managed care rate range capitation increases (“non-federal share IGT”) to HEALTH PLAN (Partnership HealthPlan of California) for the periods of July 1, 2015 to June 30, 2016, and July 1, 2016 to June 30, 2017.

1.2 The parties acknowledge that State DHCS will obtain any necessary approvals from the Centers for Medicare and Medicaid Services (“CMS”) pertaining to the acceptance of non-federal share IGTs and the payment of non-federal share IGT related rate range capitation increases to HEALTH PLAN.

2. Intergovernmental Transfer Assessment Fee

2.1 The State DHCS shall, upon acceptance of non-federal share IGTs pursuant to the Intergovernmental Agreement(s) Regarding the Transfer of Public Funds, and as described in paragraph 1 of this Agreement, exercise its authority under section 14301.4 of the Welfare and Institutions Code to assess a 20-percent assessment fee on the entire amount of the non-federal share IGTs to reimburse State DHCS for the administrative costs of operating the IGT program pursuant to this section and for the support of the Medi-Cal program.

2.2 The funds subject to the 20-percent assessment fee shall be limited to non-federal share IGTs made by the transferring entity, GOVERNMENTAL FUNDING ENTITY, pursuant to the Intergovernmental Agreement(s) Regarding the Transfer of Public Funds, and as described in paragraph 1 of this Agreement.

2.3 The 20-percent fee will be assessed on the entire amount of the non-federal share IGTs pursuant to the Intergovernmental Agreement(s) Regarding the Transfer of Public Funds, and as described in paragraph 1 of this Agreement, and will be made in addition to, and transferred separately from, the transfer of funds pursuant to the Intergovernmental Agreement(s) Regarding the Transfer of Public Funds.

2.4 The 20-percent assessment fee pursuant to this Agreement is non-refundable and shall be wired to State DHCS separately from, and simultaneous to, the non-federal share IGTs pursuant to the Intergovernmental Agreement(s) Regarding the Transfer of Public Funds, and as described in paragraph 1 of this Agreement. However, if any portion of the non-federal share IGTs is not expended for the specified rate increases stated in paragraph 2.2 of the Intergovernmental Agreement(s) Regarding the Transfer of Public Funds, DHCS shall return a proportionate amount of the 20-percent assessment fee to the GOVERNMENTAL FUNDING ENTITY.

3. Other Provisions

3.1 This Agreement contains the entire Agreement between the parties with respect to the 20-percent assessment fee on non-federal share IGTs pursuant to the Intergovernmental Agreement(s) Regarding the Transfer of Public Funds, and as described in paragraph 1, and supersedes any previous or contemporaneous oral or written proposals, statements, discussions, negotiations or other agreements between the GOVERNMENTAL FUNDING ENTITY and State DHCS. This Agreement is not, however, intended to be the sole agreement between the parties on matters relating to the funding and administration of the Medi-Cal program. One or more other agreements may exist between the parties regarding such other matters, and other agreements may be entered into in the future. This Agreement shall not modify the terms of any other agreement between the parties.

3.2 Time is of the essence in this Agreement.

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

4. State Authority. Except as expressly provided herein, nothing in this Agreement shall be construed to limit, restrict, or modify State DHCS' powers, authorities, and duties under federal and state law and regulations.

5. Approval. This Agreement is of no force and effect until signed by the parties.

SIGNATURES

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, on the date of the last signature below.

HUMBOLDT COUNTY DEPARTMENT OF HEALTH AND HUMAN SERVICES:

By: _____ Date: _____

Connie Beck, Director, Humboldt County Department of Health and Human Services

THE STATE OF CALIFORNIA, DEPARTMENT OF HEALTH CARE SERVICES:

By: _____ Date: _____

Jennifer Lopez, Acting Division Chief, Capitated Rates Development Division

HEALTH PLAN-PROVIDER AGREEMENT

PARTNERSHIP HEALTHPLAN OF CALIFORNIA and HUMBOLDT COUNTY
DEPARTMENT OF HEALTH AND HUMAN SERVICES

AMENDMENT 4

This Amendment is made this ___ day of _____, 2017, by and between PARTNERSHIP HEALTHPLAN OF CALIFORNIA, a County Organized Health System hereinafter referred to as "PLAN", and HUMBOLDT COUNTY DEPARTMENT OF HEALTH AND HUMAN SERVICES, hereinafter referred to as "PROVIDER".

RECITALS:

WHEREAS, PLAN and PROVIDER have previously entered into an Agreement effective September 1, 2013;

WHEREAS, Section 9.2 of such Agreement provides for amending such Agreement;

WHEREAS, PLAN has been created by its Boards of Supervisors to negotiate exclusive contracts with the California Department of Health Care Services and to arrange for the provision of health care services to qualifying individuals in Humboldt County and PLAN is a public entity, created pursuant to Welfare and Institutions Code 14087.54 and County Code Chapters 7.2, County Code Chapters 34, County Code Chapters 2.40, County Code Chapters 2.0, 8.69, and County Code Chapters 2.0.

WHEREAS, PROVIDER, the Humboldt County Department of Health and Human Services is a department of the County of Humboldt and provides public health, social services, and mental health clinical health care services, case management, health care supplies and related services to PLAN members and contracts with PLAN to provide these services to Medi-Cal beneficiaries; and

WHEREAS, PLAN and PROVIDER desire to amend the Agreement to provide for Medi-Cal managed care capitation rate increases to PLAN as a result of intergovernmental transfers ("IGTs") from Humboldt County Department of Health and Human Services (GOVERNMENTAL FUNDING ENTITY) to the California Department of Health Care Services ("State DHCS") to maintain the availability of Medi-Cal health care services to Medi-Cal beneficiaries.

NOW, THEREFORE, PLAN and PROVIDER hereby agree as follows:

Attachment E of the Agreement is added to amend the agreement as follows:

IGT MEDI-CAL MANAGED CARE CAPITATION RATE RANGE INCREASES

1. IGT Capitation Rate Range Increases to PLAN

A. Payment

Should PLAN receive any Medi-Cal managed care capitation rate increases from State DHCS where the nonfederal share is funded by the GOVERNMENTAL FUNDING ENTITY specifically pursuant to the provisions of the Intergovernmental Agreement Regarding Transfer of Public Funds, #16-93734, ("Intergovernmental Agreement") effective for the periods of July 1, 2015 through June 30, 2016, and July 1, 2016 through June 30, 2017 for Intergovernmental Transfer Medi-Cal Managed Care Rate Range Increases ("IGT MMCRRIs"), PLAN shall pay to PROVIDER the amount of the IGT MMCRRIs received from State DHCS, in accordance with paragraph 1.E below regarding the form and timing of Local Medi-Cal Managed Care Rate Range ("LMMCRR") IGT Payments. LMMCRR IGT Payments paid to PROVIDER shall not replace or supplant any other amounts paid or payable to PROVIDER by PLAN.

B. Health Plan Retention

(1) Medi-Cal Managed Care Seller's Tax

(a) The PLAN shall be responsible for any Medi-Cal Managed Care Seller's ("MMCS") tax due pursuant to the Revenue and Taxation Code Section 6175 relating to any IGT MMCRRIs through June 30, 2016. If the PLAN receives any capitation rate increases for MMCS taxes based on the IGT MMCRRIs, PLAN may retain an amount equal to the amount of such MMCS tax that PLAN is required to pay to the State Board of Equalization, and shall pay, as part of the LMMCRR IGT Payments, the remaining amount of the capitation rate increase to PROVIDER.

(b) This paragraph does not apply to any service months on or after July 1, 2016.

(2) The PLAN shall retain a three percent (3%) administrative fee based on the total amount of the IGT MMCRRIs received from DHCS for PLAN's cost to administer this program. Each provider's share of the three percent (3%) fee shall be calculated based on the provider's proportionate share of the LMMCRR IGT payment made by PLAN in the PROVIDER'S County.

(3) PLAN will not retain any other portion of the IGT MMCRRIs received from the State DHCS other than those mentioned above.

C. Conditions for Receiving Local Medi-Cal Managed Care Rate Range IGT Payments

As a condition for receiving LMMCRR IGT Payments, PROVIDER shall, as of the date the particular LMMCRR IGT Payment is due:

- (1) remain a participating provider in the PLAN and not issue a notice of termination of the Agreement;
- (2) maintain its capacity to serve as a provider of public health services;
- (3) provide to PLAN an MOU that describes a mutually acceptable set of additional health services and programs to be provided to Medi-Cal enrollees by PROVIDER with Local Medi-Cal Managed Care Rate Range (“LMMCRR”) IGT Payments retained by PROVIDER pursuant to F. (1)(b) of this Agreement. The additional health services shall be provided to PLAN members according to PLAN Board policy and identified priorities.

D. Schedule and Notice of Transfer of Non-Federal Funds

PROVIDER shall provide PLAN with a copy of the schedule regarding the transfer of funds to State DHCS, referred to in the Intergovernmental Agreement, within fifteen (15) calendar days of the PROVIDER establishing such schedule with the State DHCS. Additionally, PROVIDER shall notify PLAN, in writing, no less than seven (7) calendar days prior to any changes to an existing schedule including, but not limited to, changes in the amounts specified therein.

E. Form and Timing of Payments

PLAN agrees to pay LMMCRR IGT Payments to PROVIDER in the following form and according to the following schedule:

- (1) PLAN agrees to pay the LMMCRR IGT Payments to PROVIDER using the same mechanism through which compensation and payments are normally paid to PROVIDER (e.g., electronic transfer).
- (2) PLAN will pay the LMMCRR IGT Payments to PROVIDER no later than thirty (30) calendar days after receipt of the IGT MMCRRIs from State DHCS.

F. Consideration

(1) As consideration for the LMMCRR IGT Payments, PROVIDER shall use the LMMCRR IGT Payments for the following purposes and shall treat the LMMCRR IGT Payments in the following manner:

(a) The LMMCRR IGT Payments shall represent compensation for Medi-Cal services rendered to Medi-Cal PLAN members by PROVIDER during the State fiscal year to which the LMMCRR IGT Payments apply.

(b) To the extent that total payments received by PROVIDER for any State fiscal year under this Amendment exceed the cost of Medi-Cal services provided to Medi-

Cal beneficiaries by PROVIDER during that fiscal year, any remaining LMMCRR IGT Payment amounts shall be retained by PROVIDER to be expended for health care services. Retained LMMCRR IGT Payment amounts may be used by the PROVIDER in either the State fiscal year for which the payments are received or subsequent State fiscal years.

(2) For purposes of subsection (1) (b) above, if the retained LMMCRR IGT Payments, if any, are not used by PROVIDER in the State fiscal year received, retention of funds by PROVIDER will be established by demonstrating that the retained earnings account of PROVIDER at the end of any State fiscal year in which it received payments based on LMMCRR IGT Payments funded pursuant to the Intergovernmental Agreement, has increased over the unspent portion of the prior State fiscal year's balance by the amount of LMMCRR IGT Payments received, but not used. These retained PROVIDER funds may be commingled with other GOVERNMENTAL FUNDING ENTITY funds for cash management purposes provided that such funds are appropriately tracked and only the depositing facility is authorized to expend them.

(3) Both parties agree that none of these funds, either from the GOVERNMENTAL FUNDING ENTITY or federal matching funds will be recycled back to the GOVERNMENTAL FUNDING ENTITY'S general fund, the State, or any other intermediary organization. Payments made by the health plan to providers under the terms of this Amendment constitute patient care revenues.

G. PLAN's Oversight Responsibilities

PLAN's oversight responsibilities regarding PROVIDER's use of the LMMCRR IGT Payments shall be limited as described in this paragraph. PLAN shall request, within thirty (30) calendar days after the end of each State fiscal year in which LMMCRR IGT Payments were transferred to PROVIDER, a written confirmation that states whether and how PROVIDER complied with the provisions set forth in Paragraph 1.F above. In each instance, PROVIDER shall provide PLAN with written confirmation of compliance within thirty (30) calendar days of PLAN's request.

H. Cooperation Among Parties

Should disputes or disagreements arise regarding the ultimate computation or appropriateness of any aspect of the LMMCRR IGT Payments, PROVIDER and PLAN agree to work together in all respects to support and preserve the LMMCRR IGT Payments to the full extent possible on behalf of the safety net in Humboldt County.

I. Reconciliation

Within one hundred twenty (120) calendar days after the end of each of PLAN's fiscal years in which LMMCRR IGT Payments were made to PROVIDER, PLAN shall perform a reconciliation of the LMMCRR IGT Payments transmitted to the PROVIDER during the

preceding fiscal year to ensure that the supporting amount of IGT MMCRRIs were received by PLAN from State DHCS. PROVIDER agrees to return to PLAN any overpayment of LMMCRR IGT Payments made in error to PROVIDER within thirty (30) calendar days after receipt from PLAN of a written notice of the overpayment error, unless PROVIDER submits a written objection to PLAN. Any such objection shall be resolved in accordance with the dispute resolution processes set forth in Section 10.3 of the Agreement. The reconciliation processes established under this paragraph are distinct from the indemnification provisions set forth in Section J below. PLAN agrees to transmit to the PROVIDER any underpayment of LMMCRR IGT Payments within thirty (30) calendar days of PLAN's identification of such underpayment.

J. Indemnification

PROVIDER shall indemnify PLAN in the event DHCS or any other federal or state agency recoups, offsets, or otherwise withholds any monies from or fails to provide any monies to PLAN, or PLAN is denied any monies to which it otherwise would have been entitled, as a direct result of the LMMCRR IGT arising from the Intergovernmental Agreement. Recovery by PLAN pursuant to this section shall include, but not be limited to, reduction in future LMMCRR IGTs paid to PROVIDER in an amount equal to the amount of MMCRRi payments withheld or recovered from PLAN, or by reduction of any other amounts owed by PLAN to PROVIDER.

2. Term

The term of this Amendment shall commence on July 1, 2015 and shall terminate on September 30, 2019.

All other terms and provisions of said Agreement shall remain in full force and effect so that all rights, duties and obligations, and liabilities of the parties hereto otherwise remain unchanged; provided, however, if there is any conflict between the terms of this Amendment and the Agreement, then the terms of this Amendment shall govern.

SIGNATURES

HEALTH PLAN: _____ Date: _____

By: Elizabeth Gibboney, CEO, Partnership HealthPlan of California

PROVIDER: _____ Date: _____

By: Connie Beck, Director, Humboldt County Department of Health and Human Services