

EXHIBIT B: TERMS AND CONDITIONS OF PAYMENT

Contracting Department	<u>Behavioral Health Care Services</u>
Contractor Name	<u>«Contractor Name»</u>
Contract Period	<u>7/1/2012 to 6/30/2013</u>
Contract Maximum	<u>\$ «MASTER ContMAX».00</u>

In addition to all terms of payment described in the Master Contract Terms and Conditions and all relevant Exhibits and Attachments, Parties (Contractor and BHCS) to this Contract shall abide to the terms of payment contained herein.

I. Budget (Exhibits)

BHCS, may, at its sole discretion, with or without notice to the Contractor, add or delete sources of funding used by BHCS for purposes of reimbursement for Contractor costs in providing services covered by this Contract as set forth in Exhibit A. Contractor shall use all payments solely in support of the program budget, set forth as follows:

- Exhibit B-1: Funded Program Budget
- Exhibit B-2: Agency Composite Budget
- Exhibit B-3: Method and Rate of Reimbursement (Rate Sheet)
- Exhibit B-4: Cost Report Submission Timeline
- Exhibit B-5: Cost Settlement Appeal Procedure

II. Terms and Conditions of Payment

A. Contract Amount/Maximum

1. Contract and Program Maximum Funding

Total payments under this Contract shall in no event exceed the total contract maximum specified above. Payments shall be based on Exhibit B-3: Method and Rate of Reimbursement (Rate Sheet). Any change in the contract maximum shall be made through an amendment to this Contract.

B. Budget Revision Procedures

1. Revisions to Personnel and/or Operating Expenses

Contractor must request written approval from BHCS Fiscal Contract Manager of any variance of ten percent or greater between actual costs and approved budget costs for Personnel and/or Operating Expenses.

2. Movement of Funds Between Programs/Reporting Units (RUs)

a. Contractor shall not move funds between programs under the following circumstances:

- i. The program allocation has been set by an RFP process in the last three years

40 ii. Categorical funding including MHSA and CalWORKS has been
41 specified for a program

42 iii. The impacted programs provide services under a different System of
43 Care (Adults, Children, Transition-Age Youth, Older Adults)

44
45 b. Contractor may move funds between programs up to an amount that is not
46 greater than ten percent of the program allocation for the smallest program
47 impacted when the movement of funds is between programs that are:

48 i. funded by the same funding stream;

49 ii. within the same service modality; and

50 iii. within one system of care, or serve populations that cross the same age
51 ranges.

52
53 c. Contractor must submit a request to move funds between programs/RUs by
54 February 15th of the contract year to the BHCS Fiscal Contract Manager,
55 under the following circumstances:

56 i. Ten percent or more of funds for a program/RU is being removed from
57 any one program;

58 ii. The impact of the funds transfer from a larger program into a smaller
59 program results in a program expansion of greater than 25 percent for
60 the smaller program; and

61 iii. The cumulative transfer of funds from numerous programs/reporting
62 units is greater than 20 percent of the total contract allocation during
63 the contract term.

64 Change requests will only be considered once per contract year

65
66 d. Request for changes in program allocations under the following circumstances
67 will only be considered for the next contract year and must be submitted by
68 March 31st of the current contract year:

69 i. Program changes across service modality (day treatment to residential,
70 inpatient to outpatient);

71 ii. For Children's School-Based Services: changes of funds across
72 Special Education Local Planning Area.

73
74 All change requests must include the following:

75 i. The names of impacted programs/RUs;

76 ii. The amounts to be moved; and

77 iii. Justification of why funds are needed in one program/RU more than
78 the other.

79
80 Contractor must receive prior written approval from BHCS for movement of
81 funds between programs/RUs that fit under any of the circumstances described in
82 Sections II.B.1, II.B.2 © and (d) above.

83
84 Failure to seek and receive BHCS approval for the contract changes described in
85 this section may result in denied claims against the program/ru allocation, reduced

86 allocations in future contract years or termination of impacted programs within
87 the contract.
88

89 4. Cost of Living Adjustment (COLA)

90 COLAs are at the County's discretion. If, during the term of this Contract, the
91 Alameda County Board of Supervisors approves a COLA, the increase may be
92 retroactive to July 1, of the current contract year.
93

94 5. Available Resources

95 Parties to this Contract acknowledge the uncertainty of the funding resources
96 supporting this Contract, which may impact BHCS' dollar allocation for
97 contracted services. Should it be necessary to adjust the amount of the funding
98 during the term of this Contract, BHCS shall notify Contractor at least thirty days
99 prior to the effective date of the adjustment.
100

101 **C. Cost Settlement/Final Payment Provisions**

102
103 A Cost Settlement between BHCS and Contractor is considered an interim settlement
104 subject to audit by County, State, Federal and/or independent auditors.
105

106 Cost Reports for each program shall be settled through the method stated on
107 Exhibit B-3: Method and Rate of Reimbursement (Rate Sheet).
108

109 Payment methods and rate of reimbursement may be subject to renegotiation after
110 BHCS review of Contractor's prior fiscal year Year-End Cost Report. Final
111 reimbursement rates shall be determined by Contractor's Year-End Cost Report.
112

113 BHCS shall use the method(s) indicated in the Exhibit B-3: Method and Rate of
114 Reimbursement to determine final reimbursement.

115 1. Negotiated Rate Method

116 Final reimbursement shall be based on Contractor's negotiated rate less any
117 deductible revenues collected by Contractor from all other payment sources.
118

119 2. Actual Cost Reimbursement Method

120 Final reimbursement shall be made on the basis of Contractor's actual allowable
121 costs less any applicable revenues collected from all other payment sources up to
122 the Contract Maximum.
123

124 3. Provisional Rate Reimbursement Method

125 Final reimbursement is contingent upon and limited to funds made available to the
126 County as a result of participation in the State mental health program.
127

128 BHCS shall base final reimbursement on cost per unit (CPU) of service, not to
129 exceed the lesser of the following:

- 130 a. Actual Cost per unit of service less applicable revenues collected from all
131 other payment sources; or
132 b. Contractor's published charges less applicable revenues collected from all
133 other payment sources; or
134 c. The maximum allowable CPU service reimbursement rate or other cap, less
135 any applicable revenues collected from all other payment sources.

136
137 Should the CPU of service maximum be revised, Contractor's actual costs are
138 subject to the applicable CPU maximum. Should Contractor's actual CPU of
139 service exceed the maximum applicable CPU of service, Contractor's
140 reimbursable cost will be reduced to the mandated limits.

141
142 Final reimbursement is made after County's submission of an acceptable Year-
143 End Cost Report to the State. The term "acceptable", shall be understood as a
144 Year-End Cost that has been accepted by the State. Should the Contractor's final
145 maximum allowable reimbursement be less than the total interim payments made
146 pursuant to submitted invoices, Contractor agrees to remit said difference to
147 County within sixty (60) calendar days of Contractor's receipt of Final Contract
148 Settlement, unless otherwise approved by BHCS.

149
150 If applicable to Contractor's funding source, BHCS will provide the Final Medi-
151 Cal Reconciliation data submitted to State of California based on the Final Mental
152 Health 1930- *Final Short Doyle Claim for Reimbursement* and Mental Health
153 1931- *Cost Report/Claims Paid Comparison Final Reimbursement* (Final Medi-
154 Cal Reconciliation) for Contractor's review. If Contractor has any adjustments
155 that would impact Medi-Cal, non Medi-Cal, Crossover units or Crossover
156 revenue, Contractor must advise BHCS prior to the appropriate State of California
157 department determining the Final Medi-Cal Reconciliation. No adjustment to
158 total cost or units can be made after the Final Medi-Cal Reconciliation.

159
160 4. Audit

161 Contractor's records shall be subject to audit and disallowances by all applicable
162 County, State and Federal authorities. Contractor shall account for each program
163 separately and provide specific cost centers and audit trails for each program.
164

165 Cost Settlements will be considered interim until all County, State and Federal
166 audits and appeals have been completed. Audit results shall supersede the
167 information previously provided by Contractor and accepted by BHCS. Should
168 County, State and Federal or any other funding agency refuse to reimburse BHCS
169 or disallow previous payments, Contractor agrees to refund excess to BHCS
170 within 120 days of notification, unless otherwise approved by BHCS. BHCS may
171 withhold all funds owed from any subsequent payments due to Contractor until
172 the settlement is satisfied in full.
173

174 **D. Conditions of Withholding Payment**

175
176 BHCS may withhold payments to Contractor due to one or more of the following
177 conditions.
178

179 1. Contractor Non-Compliance Sanction Policy

180 If BHCS determines that Contractor is not in compliance with any provisions of
181 this Contract, BHCS will provide Contractor with a written notice of non-
182 compliance and may withhold payment, or a portion of payment if the identified
183 issue is not remedied within the timeline specified in the notice of non-
184 compliance. Non-compliance includes failure to submit required programmatic
185 and/or fiscal reports, which are complete and accurate by the specified due date,
186 such as but not limited to Contract Renewal documents, Quarterly Financials,
187 Year-End Cost Reports, cost data, audits, or other information required for
188 contract administration, monitoring and/or renewal.
189

190 BHCS may, after three months of withholding funds for non-compliance impose
191 a non-refundable penalty of one percent of the total contract amount each month
192 thereafter, until BHCS deems Contractor in compliance with the Contract.
193

194 2. Disallowances

195 BHCS may withhold all funds owed to Contractor based on disallowances and/or
196 penalties until settlement is satisfied in full. If applicable, Contractor shall refund
197 any disallowances and/or penalties resulting from the Medi-Cal Utilization
198 Review Process within 120 days of notice, unless otherwise agreed upon by
199 BHCS.
200

201 County will indemnify Contractor as set forth in the general provisions of the
202 Contract between the parties should the disallowance and/or penalties be the
203 result of: a) County's negligence or intentional acts or omissions as it relates to
204 the Year-End Cost Report; or b) Contractor's compliance with the written
205 directions, guidelines, policies or instructions of the County.
206

207 Any disallowance and/or penalties where County does not indemnify Contractor
208 shall be the sole responsibility of Contractor. This includes any and all State
209 disallowances and/or penalties.
210

211 3. Contract or Program Termination

212 In the event of termination of this Contract or any program within this Contract,
213 BHCS may withhold a sum not to exceed ten percent of the total contract amount
214 or applicable program, until all provisions of this Contract are satisfied by
215 Contractor and accepted by BHCS.
216

217 **III. Invoicing Procedures**
218

219 **A. Monthly Invoices/Monthly Reimbursement Claim/Service Report**
220

221 Contractor shall submit a monthly invoice/reimbursement claim for services rendered
222 that month, using a BHCS template with units of service based on the rates in Exhibit
223 B-3: Method and Rate of Reimbursement. Contractor shall submit invoices no later
224 than 35 calendar days after the last day of the service month.
225

226 Contractor shall submit the original invoice with appropriate attachments to the
227 BHCS Fiscal Contract Manager.
228

229 1. Invoice/Claim Attachments

230 a. *For Actual Cost Contracts:* Contractor shall submit invoices which shall
231 include detailed, line-item monthly expenditures incurred less Other Health
232 Insurance and/or Medicare revenues collected by Contractor to perform the
233 contracted services as indicated herein.

234 b. *For Net Negotiated Rate and Provisional Rate Contracts:* Contractor shall
235 attach the corresponding INSYST reports to the monthly invoice/claim.
236

237 **B. Reimbursement of Invoices After End of Contract Terms**
238

239 Contractor shall submit all invoices for reimbursement under this Contract within
240 forty-five calendar days following the end of the term of this Contract. All invoices
241 submitted after forty-five calendar days following the end date of this Contract will
242 be subject to reimbursement at the sole discretion of BHCS.
243

244 **C. Cash Advance**
245

246 Contractor may be eligible to receive a one-time cash advance, consistent with
247 Alameda County's Cash Advance Policy located on BHCS' Provider website:
248 <http://www.acbhcs.org/providers/network/docs.htm>.
249

250 Repayment method is subject to BHCS approval. BHCS may make repayment
251 adjustments or demand full repayment at any time after BHCS review to ensure

252 service levels, contract compliance and adequate reimbursement, including holding
253 payment of invoices until repayment is satisfied.

254
255 **IV. Funding and Reporting Requirements**

256
257 **A. Financial Reports**

258 1. Quarterly Financial Reports

259 **Upon one financial quarter's notice,** BHCS may require Contractor to provide
260 BHCS with detailed Quarterly Financial expenditure and revenue reports of actual
261 costs and revenues applicable to each program reflected in Exhibit B-1: Funded
262 Program Budget. If so requested by BHCS, Contractor shall submit Quarterly
263 Financial Reports in the template provided by BHCS to BHCS Fiscal Contract
264 Manager on the following schedule:

265

Report	Term	Due Date
1 st Quarterly Financial Report	July 1-September 30	October 31
2 nd Quarterly Financial Report	July 1-December 31	January 31
3 rd Quarterly Financial Report	July 1-March 31	April 30

266
267 2. Year-End Cost Report

268 Contractor shall submit a Year-End Cost Report in the format issued by BHCS.
269 Contractor shall submit a separate Year-End Cost Report for each program
270 contained in this Contract.

271
272 a. *Measure A Funding:* Measure A funding shall be considered the last payer
273 source within each program in cost settlement, excluding unearned Federal
274 Financial Participation (FFP). Should Contractor's total net reimbursement
275 be less than the Contract Maximum, Measure A funding shall be designated as
276 the savings, which Contractor may not retain.

277
278 Measure A funding shall not be used in programs that are funded entirely by
279 the following:

- 280
- 281 • Early Periodic Screening Diagnosis and Treatment (EPSDT)
 - 282 • California Work Opportunity and Responsibility for Kids (CalWORKs)
 - 283 • State or Federal grants
 - 284 • Level III Programs
 - 285 • Organic Brain Syndrome (OBS) contracts
 - 286 • **Mental Health Services Act**

287 Contractor must submit a proposal to use allocated Measure A funds for
288 capital expenditures¹ and/or any costs not allowed under Medi-Cal and/or
289 State and Federal guidelines. Contractor may be required to separate Measure
290 A funds from other program budgets. All such expenditures require prior
291 authorization and approval from BHCS.
292

293 **V. Additional Terms and Conditions**

294 **A. Revenue Enhancement**

295
296
297 BHCS intends to establish targets for revenues earned by contractors, with those
298 targets becoming part of operational budgets. Future contract allocations will be
299 impacted by the revenue generated and by deficits. Contractor shall implement any
300 new procedures related to local, State and/or Federal insurance revenue maintenance
301 or enhancement within thirty (30) days from BHCS notice. BHCS shall provide
302 Contractor with specific information on how to operationalize any new procedures.
303

304 For services provided under this Contract, Contractor must bill for said services to
305 any third party payer and/or client for clients that have share of cost Medi-Cal or self-
306 pay. For services covered by such third party payers and/or Share of Cost Medi-Cal,
307 charges must be billed in the amount of the Contractor's published charge rate or
308 negotiated insurance rate.
309

310 For indigent or self-pay clients, Contractor shall comply with the Uniform Billing and
311 Collection Guidelines and the Uniform Method of Determining Ability to Pay
312 (UMDAP) procedures prescribed by the State of California.
313

314 a. Medi-Cal Funding Provisions

315 Contractor shall maintain, implement and utilize procedures to collect appropriate
316 charges from clients for services provided under this Contract. Contractor must
317 bill charges for said services to any third party payer and/or for Share of Cost
318 Medi-Cal to client responsible for payment of services. All revenue collected
319 from third-party payers and/or from clients must be reported to the County in
320 accordance with instructions included in the Denied Correction Report (DCR)
321 Cover Letter, Year-End Cost Report instructions and any subsequent letters or
322 instructions from the County.
323

324 Contractor shall complete monthly Medi-Cal eligibility verification for all clients
325 prior to submission of Medi-Cal claims to the State. BHCS will provide test
326 claim reports for all claims prior to submission to the State. Should BHCS
327 receive notification of claims denied by State for any Medi-Cal claims submitted
328 to the State for reimbursement, said information will be provided to Contractor

¹ Capital Expenditures: Improvements to land, buildings or equipment, which materially increase the value of the property or appreciably extend its useful life, are not allowable as a direct cost and must be depreciated.

329 after the County's receipt of a DCR. Contractor will submit the DCR providing
330 any necessary corrections for the denied claim within the timeframe noted in the
331 DCR Cover Letter.

332
333 For additional provisions, please see Section C: Cost Settlement/Final Payment
334 Provisions: Provisional Rate Reimbursement Method.

335
336 **B. Contract or Program Termination**
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338 In the event of termination of this Contract or a program within this Contract;

- 339 a. If initiated by Contractor, Contractor shall provide written notice to BHCS
340 Program and Fiscal Contract Managers at least 30 calendar days prior to
341 termination; and
342 b. If initiated by BHCS, BHCS Fiscal Contract Manager shall provide written notice
343 to Contractor at least 30 calendar days prior to termination.

344
345 Upon notice of a Contract or program termination, Contractor shall do the following:

- 346 a. Immediately eliminate all new costs and expenses under this Contract or program.
347 b. Provide accounting of any unused or unexpended equipment and/or supplies
348 purchased by Contractor with funds obtained through this Contract and deliver such
349 equipment and/or supplies to BHCS upon written request from BHCS.
350 c. Promptly submit a written report of all information necessary for the reimbursement
351 of any outstanding invoices and/or continuing costs to BHCS Fiscal Contract
352 Manager.
353 d. Surrender all applicable records to BHCS, if requested by BHCS.

354
355 For a Contract termination, it is the responsibility of Contractor to:

- 356 a. Ensure the transition and continuity of care for clients who will no longer be
357 served by your program.
358 b. Make arrangements to assure that confidential client files and materials are stored
359 following Quality Assurance (QA) procedures and protocol.
360 c. Make arrangements to hold contractor's financial records for five years, or until
361 all audit and appeal processes with the State and County are completed
362 d. Ensure that a point person is identified who will be able to assist with retrieving
363 said records in the event that they are requested and that their contact information
364 and any updates are provided to BHCS in a timely manner.
365 e. Complete a Cost Report within 30 calendar days of receipt of Cost Report template
366 from BHCS.
367 f. Participate in any required close-out audit, if applicable.
368 g. Reimburse the County for any outstanding balances owed related to prior year cost
369 settlements and/or current year cash advances.

370
371 BHCS may reimburse Contractor for reasonable and necessary costs or expenses
372 incurred after BHCS' receipt of Contractor's notice of termination, within the contract
373 maximum.
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C. Termination for Cause

If County determines that Contractor has failed, or will fail, through any cause, to fulfill in a timely and proper manner its obligations under the Agreement, or if County determines that Contractor has violated or will violate any of the covenants, agreements, provisions, or stipulations of the Agreement, County shall thereupon have the right to terminate the Agreement by giving written notice to Contractor of such termination and specifying the effective date of such termination, which may be the same date as the notice.