

EXHIBIT B: TERMS AND CONDITIONS OF PAYMENT

Contracting Department	<u>Behavioral Health Care Services</u>
Contractor Name	<u>«Contractor Name»</u>
Contract Period	<u>7/1/2013 to 6/30/2014</u>
Contract Maximum	<u>\$ «MASTER ContMAX»</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 by 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 contract budget, set forth as follows:

- Exhibit B-1: Funded Program Budget
- Exhibit B-2: Composite Agency 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 in each program budget column for Personnel and/or Operating Expenses¹.

¹ A singular or cumulative shift in excess of 10 percent (10%) of the amount within the budget category requires prior written approval from the Grantor. This is a common requirement for federal and state funding sources that the County also requires

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

- a. Contractor may move an amount that is not greater than ten percent of the program/RU budget from which the funds are being shifted without prior written approval from BHCS, as long as the requested change WOULD NOT:
 - i. Impact the amount of required County match; and/or
 - ii. Move services between age-based Systems of Care (i.e., Children, Transition-Age Youth, Adults, Older Adults); and/or
 - iii. Move services between different service modalities (i.e. outpatient versus day treatment versus residential); and/or
 - iv. Move school-based services across Special Education Local Planning Areas; and/or
 - v. Modify an allocation that has been set by a competitive procurement request for proposals (RFP) process; and/or
 - vi. Impact a categorical allocation for a particular program/RU including but not limited to grants, Mental Health Services Act (MHSA), Senate Bill 785 (Katie A), CalWORKS; and/or
 - vii. Shift funds between programs/RUs that have a different method of reimbursement such as provisional rate, negotiated rate or actual cost.

- b. BHCS may retrospectively approve written requests to move more than ten percent of funds between programs/RUs in response to unforeseen events which meet the following criteria:
 - i. Natural disasters, terrorist attacks, act of war
 - ii. Emergency purchases as necessary to protect client and public safety, avoid interruption of services; and to avoid financial loss, property loss and damage, or idled workers.

- c. Contractor must submit a written request to move funds between programs/RUs to the BHCS Fiscal Contract Manager, under the following circumstances:
 - i. The movement of funds falls under any of the exclusions identified above under Section II.B.2.a.i-vii; and/or
 - ii. More than ten percent of funds for a program/RU are being removed from any one program; and/or
 - iii. The impact of the funds transfer from a larger program/RU into a smaller program/RU results in a program expansion of greater than 25 percent for the smaller program/RU; and/or
 - iv. The cumulative transfer of funds from numerous programs/RUs is greater than 20 percent of the total contract allocation during the contract term.

- d. When approval is required, written requests to move funds between programs/RUs must be received by the BHCS Fiscal Contract Manager as specified below:

- i. By December 1 of the current contract year for any change that would result in an increase to the contract maximum allocation for the current or subsequent contract year, or
 - ii. By December 1 of the current contract year for requests that fall under any of the exclusions identified under Section II.B.2.a.i-vii; or
 - iii. By February 1 of the current contract year if the request will not result in an increase to the total contract allocation for the current contract year or the subsequent contract year.
- e. All change requests must include the following:
- i. The names of impacted programs/RUs;
 - ii. The amounts to be moved;
 - iii. Whether the changes are being requested on a one-time versus ongoing basis; and
 - iv. Justification of why funds are needed in one program/RU more than the other, and any available information about the timing of changes in specific program(s)/RU(s), i.e., when utilization began to drop/increase.

Where required, Contractor must receive prior written approval from BHCS for the movement of funds between programs/RUs that fit under any of the circumstances described prior to moving funds or making program changes. Contractor may request updates on the status of the request one month from submission.

Failure to seek and receive BHCS approval for the contract changes described in this section II.B may result in denied claims against the program/RU allocation, unreimbursed costs or increased amount due to the County at Cost Settlement, reduced allocations in future contract years or termination of impacted programs within the contract.

It is the responsibility of Contractor to contact BHCS if it is unclear whether prior approval is needed. Change requests for this Contract will only be considered once per contract year.

3. Cost of Living Adjustment (COLA)

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

4. Available Resources

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

C. Cost Settlement/Final Payment Provisions

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

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

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

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

1. Negotiated Rate Method

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

2. Actual Cost Reimbursement Method

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

3. Provisional Rate Reimbursement Method

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

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

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

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

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

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

4. Audit

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

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

D. Conditions of Withholding Payment

BHCS may withhold payments to Contractor due to one or more of the following conditions.

1. Contractor Non-Compliance Sanction Policy

If BHCS determines that Contractor is not in compliance with any provisions of this Contract, BHCS will provide Contractor with a written notice of non-compliance and may withhold payment, or a portion of payment if the identified issue is not remedied within the timeline specified in the notice of non-compliance. Non-compliance includes failure to submit required programmatic and/or fiscal reports, which are complete and accurate by the specified due date, such as but not limited to Contract Renewal documents, Quarterly Financials,

Year-End Cost Reports, cost data, audits, or other information required for contract administration, monitoring and/or renewal.

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

2. Disallowances

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

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

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

3. Contract or Program Termination

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

III. Invoicing Procedures

A. Monthly Invoices/Monthly Reimbursement Claim/Service Report

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

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

1. Invoice/Claim Attachments

a. *For Actual Cost Programs:* Contractor shall submit invoices which shall include detailed, line-item monthly expenditures incurred less Other Health

Insurance and/or Medicare revenues collected by Contractor to perform the contracted services as indicated herein.

- b. *For Negotiated Rate and Provisional Rate Programs:* Contractor shall attach the corresponding INSYST reports to the monthly invoice/claim.

B. Reimbursement of Invoices After End of Contract Terms

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

C. Cash Advance

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

Repayment method is subject to BHCS approval. BHCS may make repayment adjustments or demand full repayment at any time after BHCS review to ensure service levels, contract compliance and adequate reimbursement, including holding payment of invoices, until repayment is satisfied.

IV. Funding and Reporting Requirements

A. Financial Reports

1. Quarterly Financial Reports

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

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

2. Year-End Cost Report

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

- a. *Measure A Funding:* Measure A funding shall be considered the last payer source within each program in cost settlement, excluding unearned Federal Financial Participation (FFP). Should Contractor's total net reimbursement be less than the Contract Maximum, Measure A funding shall be designated as the savings, which Contractor may not retain.
 - i. Measure A funding shall not be used in programs that are funded entirely by the following:
 1. Early Periodic Screening Diagnosis and Treatment (EPSDT);
 2. California Work Opportunity and Responsibility for Kids (CalWORKs);
 3. State or Federal grants; or
 4. Mental Health Services Act
 - ii. In addition, Measure A funding shall not be used in the following service programs:
 1. Level III Programs; or
 2. Organic Brain Syndrome (OBS) Programs.

Contractor must submit a proposal to use allocated Measure A funds for capital expenditures² and/or any costs not allowed under Medi-Cal and/or State and Federal guidelines. Contractor may be required to separate Measure A funds from other program budgets. All such expenditures require prior authorization and approval from BHCS.

V. Additional Terms and Conditions

A. Revenue Enhancement

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

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

² 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.

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

Medi-Cal Funding Provisions

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

Contractor shall complete monthly Medi-Cal eligibility verification for all clients prior to submission of Medi-Cal claims to the State. BHCS will provide test claim reports for all claims prior to submission to the State. Should BHCS receive notification of claims denied by State for any Medi-Cal claims submitted to the State for reimbursement, said information will be provided to Contractor after the County's receipt of a DCR. Contractor will submit the DCR providing any necessary corrections for the denied claim within the timeframe noted in the DCR Cover Letter.

For additional provisions, please see Section II.C: Cost Settlement/Final Payment Provisions.

B. Contract or Program Termination

1. Notice of Termination

In the event of termination of this Contract or a program within this Contract;

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

2. Contractor Responsibility

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

- a. Immediately eliminate all new costs and expenses under this Contract or program.
- b. Provide accounting of any unused or unexpended equipment and/or supplies purchased by Contractor with funds obtained through this Contract and deliver such equipment and/or supplies to BHCS upon written request from BHCS.
- c. Promptly submit a written report of all information necessary for the reimbursement of any outstanding invoices and/or continuing costs to BHCS Fiscal Contract Manager.

- d. Surrender all applicable records to BHCS, if requested by BHCS.
- e. Ensure appropriate transition and continuity of care for clients who will no longer be served by the program(s) in accordance with all BHCS Quality Assurance (QA) and professional requirements.
- f. Make arrangements to assure that confidential client files and materials are stored following QA procedures and protocols.
- g. Make arrangements to hold Contractor's financial records for five years, or until all audit and appeal processes with the State and County are completed
- h. Ensure that a point person is identified to assist with retrieving said records in the event that they are requested. Ensure that BHCS receives contact information for this point person, and any updates, in a timely manner.
- i. Complete a Cost Report within 30 calendar days of receipt of Cost Report template from BHCS.
- j. Participate in any required close-out audit.
- k. Reimburse the County for any outstanding balances owed related to prior year cost settlements and/or current year cash advances.

BHCS may reimburse Contractor for reasonable and necessary costs or expenses incurred after BHCS' receipt of Contractor's notice of termination, within the contract maximum.

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.