

EXHIBIT B: MENTAL HEALTH TERMS AND CONDITIONS OF PAYMENT

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

I. DEFINITIONS

A. General

1. Actual Cost:

The total costs incurred by Contractor for providing contracted services.

2. Actual Cost Per Unit:

The total costs incurred by Contractor for providing each unit of contracted services.

3. Actual Net Cost:

Actual Cost less all revenues received from Other Payers.

4. Available Staff Hours:

All hours in which staff are available to work, exclusive of time off, such as vacation, sick leave and lunch. One full time equivalent (FTE) has an average of 1,779 available hours per year.

5. Capital Expenditures:

Improvements to land, buildings or equipment, which materially increase the value of the property or appreciably extend its useful life. These are not allowable as a direct cost except where explicitly approved in writing by ACBH and must be depreciated.

6. Contract Maximum:

The maximum total compensation payable to Contractor under this Agreement.

7. County Contract Maximum Rate (CCMR):

The maximum rate of reimbursement for provisional rate services under this Agreement. The CCMR is published annually by ACBH.

8. Exhibits A and B:

Program descriptions and scope of work for each program is defined in the Exhibit A. Each contracted program is represented in a separate column in Exhibit B-1: Funded Program Budget.

9. Federal Financial Participation (FFP):

FFP provides federal Title XIX/Medi-Cal reimbursement for approved State programs providing mental health treatment.

10. Grant-Funded Program:

A program that includes funding, at least in part, from special grant(s), including but not limited to federal grant(s) under the Substance Abuse and Mental Health Services Administration (SAMHSA).

11. Indirect Cost:

Cost that is not directly accountable to a cost object (such as a particular program or site). It may be either fixed or variable and may include administration, personnel and security costs.

12. Major Budget Expenditure Categories:

Personnel Expenses, (such as salaries and benefits), and Operating Expenses.

13. Other Payers:

Applicable and appropriate payers other than ACBH, which may include but shall not be limited to Medicare and/or other health insurance.

14. Published Charge (Usual and Customary Charge):

The rate published by Contractor for its usual and customary charges for specific services.

15. Trial Balance:

An accounting term used to identify a listing of the individual ledger accounts along with their respective debit or credit balances.

16. Utilization:

The total actual units of service provided.

II. BUDGET (EXHIBITS)

ACBH may, at its sole discretion, with or without notice to Contractor, add or delete sources of funding used by ACBH 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 funded program budget, set forth as follows:

- Exhibit B-1: Funded Program Budget (for Actual Cost reimbursed programs only)
- 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

III. TERMS AND CONDITIONS OF PAYMENT

A. Contract Amount/Maximum

1. Contract Maximum

Total payments under this Contract shall in no event exceed the Contract Maximum.

2. Allowable Expenses

Costs incurred through this Contract shall be reasonable and shall comply with all regulatory requirements and restrictions based on the funding source. All costs are subject to requirements set forth by County, and agreement(s) between the California Department of Health Care Services and ACBH governing the services.

3. Salary Requirements and Cost Principles

i. *Prevailing Minimum Wage Standards:*

Contractor shall comply with all federal, state and local minimum wage standards.

ii. *Restrictions on Salaries:*

Contractor agrees that no part of any Federal grant funds provided under this Agreement shall be used by Contractor to pay the salary and wages of an individual at a rate in excess of Level I of the Executive Schedule published by the United States Office of Personnel Management.¹

B. Budget Revision Procedures

1. Revisions to Personnel and/or Operating Expenses

Contractor must request written approval from the ACBH 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 Expenses.²

2. Program Maximum Funding and Movement of Funds

Maximum allocations for each program are provided each year in the contract renewal package. Movement of funds between programs may be requested and must also follow the terms below.

i. *Contract Awards Resulting from Request For Proposal (RFP)*

Contract/program awards resulting from an RFP process must be tracked separately, and have a separate Exhibit A: Scope of Work, and a separate Funded Program Budget column for a minimum of three years. These programs will also be specified as RFP programs on the Exhibit B-3: Method and Rate of Reimbursement for a minimum of three years. Contractor shall implement new program(s) resulting from RFP award according to the budget and deliverables in Contractor's bid submission. Contractor shall not revise the budget or deliverables prior to program implementation without prior written consent from ACBH. Contractor may request changes during the first year after program implementation provided such changes will not result in a material difference in the scope of work awarded through the RFP. Contractor must submit these change requests in writing

¹ <https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages>

² A singular or cumulative shift in excess of 10 percent 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.

to the ACBH Fiscal and Program Contract Managers, and ACBH is ultimately responsible for reviewing and approving/denying all requested changes. Budget revision changes can be requested by Contractor after the first full year of program implementation. Requests must be submitted in writing to the ACBH Fiscal and Program Contract Managers. If approved by ACBH, funding augmentations must be submitted to and approved by the Board of Supervisors prior to being added to the contract.

ii. *Movement of Funds Between Programs*

- a. Contractor may move an amount that is not greater than ten percent of the program budget from which the funds are being shifted without prior written approval from ACBH, as long as the requested change WOULD NOT:
 1. Impact the amount of required County match; and/or
 2. Move services between age-based Systems of Care (i.e., Children, Transition-Age Youth, Adults, Older Adults); and/or
 3. Move services between different service modalities (i.e. outpatient versus day treatment versus residential); and/or
 4. Move school-based services across Special Education Local Planning Areas; and/or
 5. Modify an allocation that has been set by a competitive procurement request for proposals (RFP) process; and/or
 6. Impact a categorical allocation and/or funding stream for a particular program including but not limited to grants, Mental Health Services Act (MHSA), CalWORKs; and/or
 7. Shift funds between programs that have a different method of reimbursement such as Provisional Rate, Negotiated Rate or Actual Cost; and/or
 8. Result in a program expansion of greater than 25 percent for the smaller program when there is a funds transfer from a larger program into a smaller program; and/or
 9. Cause a cumulative transfer of funds from numerous programs to be greater than 20 percent of the total contract allocation during the contract term.

- b. Notwithstanding the foregoing Section III.B.2.ii.a, Contractor may move funds across programs in the following situations:
 1. The programs are school-based outpatient services within the same school district;
 2. Contractor is following the ACBH Children's and Young Adult System of Care protocol, available online at <http://www.acbhcs.org/providers/network/cbos.htm>, related to an identified decline in referrals at a particular site.Failure to follow this protocol may result in costs that are ineligible for payment via the final cost report.

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

- d. All requests that require ACBH's prior written approval must include the following:
 1. The names of all impacted programs;
 2. The amounts to be moved;
 3. Whether the changes are being requested on a one-time versus ongoing basis; and
 4. Justification of why funds are needed in one program more than the other, and any available information about the timing of changes in specific program(s), e.g., when utilization began to decrease/increase.

Where required, Contractor must receive prior written approval from ACBH for the movement of funds between programs 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 ACBH approval for the contract changes described in this section **III.B** may result in denied claims against the program 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.

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.

4. Available Resources

Parties to this Contract acknowledge the uncertainty of the funding resources supporting this Contract, which may impact the ACBH dollar allocation for contracted services. Should it be necessary to adjust the amount of the funding during the term of this Contract, ACBH shall notify Contractor at least 30 days prior to the effective date of the adjustment.

IV. INVOICING PROCEDURES

A. Monthly - Claim Service Report

Submissions must be made to the ACBH Accounts Payable Unit. Contractor shall submit a monthly invoice/reimbursement claim for services rendered that month and applicable attachments, using a template approved by ACBH.

Costs for separate programs must be tracked by Contractor separately and must be invoiced to ACBH separately by program, subject to maximum program amount(s) and the Contract Maximum. Invoices that do not contain the information required under this section are incomplete and will not be paid until complete information is submitted.

1. For all programs except Grant-Funded Programs or CalWORKs

Invoices need to be received by ACBH no later than 35 calendar days after the last day of the service month. ACBH will authorize payment to Contractor no later than 45 County business days after receipt of a monthly claim/service report. Invoices received after 35 calendar days after the last day of the service month, may be subject to a penalty of one percent of the total monthly invoice/reimbursement claim.

2. For programs that are Grant-Funded Programs or CalWORKs

Claims for programs funded by Grant or CalWORKs funding must be submitted no later than 10 calendar days after the last day of the service month.

For Grant-Funded Programs with an invoice deadline specified by the grantor, Contractor must submit invoices by the deadline indicated by ACBH in order to be reimbursed for the program costs. Failure to submit invoices for Grant-Funded Programs by the stated deadline may result in loss of grant funding to ACBH, therefore loss of reimbursement to Contractor. ACBH will provide Contractor with applicable grant deadline date(s) or changes to invoice deadline date(s) with a minimum of 30 days' notice.

B. Invoice/Claim Attachments

1. For program(s) or portion of program(s) paid under the Actual Cost Reimbursement Method:

Contractor shall submit invoices which shall include detailed, line-item monthly expenditures (i.e., Trial Balance) incurred, less revenues collected by Contractor from Other Payers to perform the contracted services as indicated herein. Contractor's invoices shall reflect cost savings when budgeted positions in Exhibit B-1 are vacant.

2. For program(s) or portion of program(s) paid under the Negotiated Rate Reimbursement Method or Provisional Rate Reimbursement Method:

The claim shall include units of service based on the rates in Exhibit B-3: Method and Rate of Reimbursement. Contractor shall indicate revenues collected by Contractor from Other Payers to perform the contracted services as indicated herein. Contractor shall attach the corresponding reports from the ACBH electronic claims system to the monthly invoice/claim.

C. Reimbursement of Claims After End of Contract Term

Contractor shall submit all claims for reimbursement under this Contract within 60 calendar days following the end of the term of this Contract. All claims submitted after sixty calendar days following the end date of this Contract will be subject to reimbursement at the sole discretion of ACBH.

D. Cash Advance

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

The repayment method requested is subject to ACBH approval. ACBH may make repayment adjustments or demand full repayment at any time to ensure service levels, contract compliance and adequate reimbursement, including suspending payment of invoices until repayment is satisfied.

V. CONDITIONS OF WITHHOLDING PAYMENT

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

A. Contractor Non-Compliance Sanction Policy

If ACBH determines that Contractor is not in compliance with any provisions of this Contract, ACBH will provide Contractor with a written notice of non-compliance and may withhold payment, or a portion of payment, or apply a payment penalty of one percent of the total of the next monthly claim if the identified issue is not remedied within the timeline specified in the notice of non-compliance. For purposes of this provision, such notice provided by ACBH shall be by First Class Mail (United States Postal Service), overnight delivery, facsimile, or email. Contractor non-compliance includes failure to comply with County, State, and Federal requirements and/or 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, lapse of insurance, or other information required for contract administration, monitoring and/or renewal.

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

B. Disallowances

ACBH 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 60 days of notice, unless otherwise agreed upon by ACBH.

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; or b) Contractor's compliance with the written directions, guidelines, policies or instructions of the County.

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

C. Contract or Program Termination

In the event of termination of this Contract or any program within this Contract, ACBH 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 ACBH.

D. Overpayments, Reporting and Recovery

1. Contractor shall notify the ACBH Fiscal Contract Manager in writing immediately or within ten calendar days of receipt of an overpayment made to Contractor from the County (including overpayments due to fraud), with an explanation of the reason for the overpayment. Contractor shall return any overpayment to the County within 60 calendar days of discovery of the overpayment.
2. When an audit or review performed by the County, State, Federal Government, or any other authorized agency discloses that Contractor has been overpaid under this Contract, or where the total payments exceed the total liability under this Contract, Contractor covenants that any such overpayment or excess payments over liability may be recouped by the County via withholding the amount due from future payments, seeking recovery by payment from Contractor, or a combination of these two methods.

VI. COST SETTLEMENT/FINAL PAYMENT PROVISIONS

A Cost Settlement at the end of the term of this Agreement between ACBH and Contractor will be considered a final settlement. Final reimbursement for Medi-Cal Programs is contingent upon and limited to funds made available to the County as a result of participation in the State mental health program.

Contractor shall account for each program separately and provide specific cost centers and audit trails for each program and service site per the cost report instructions set forth by ACBH.

See Exhibit B-3: Method and Rate of Reimbursement to identify which of the following method(s) apply to your contract:

A. Actual Cost Reimbursement Method

The final total reimbursement amount shall be calculated based on the Actual Cost, minus all applicable revenues collected from Other Payers, and subject to maximum program amount(s) and the Contract Maximum. Contractor shall reflect cost savings when budgeted positions in Exhibit B-1 are vacant.

B. Negotiated Rate Reimbursement Method

The final total reimbursement amount shall be calculated based on Utilization and rates per unit of service (as negotiated between ACBH and Contractor), minus all applicable

revenues collected from Other Payers, and subject to maximum program amount(s) and the Contract Maximum.

C. Provisional Rate Reimbursement Method

The final total reimbursement amount shall be calculated based on Utilization and the lowest of: (a) Actual Cost Per Unit; (b) the Published Charge; or (c) the CCMR; minus all applicable revenues collected from Other Payers, and subject to maximum program amount(s) and the Contract Maximum.

D. Final Reimbursement

Should Contractor's final total reimbursement amount be less than the total interim payments made pursuant to submitted invoices, Contractor agrees to remit said difference to County within 60 calendar days of Contractor's receipt of Final Contract Settlement, unless otherwise approved **in writing** by ACBH.

If applicable to Contractor's funding source, ACBH will provide the Final Medi-Cal Reconciliation data submitted to State of California based on the Final Mental Health **Valid or Paid Units under Medi-Cal, the monthly 835 Form or equivalent,** 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 ACBH 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.

E. Audit

Notwithstanding any provision to the contrary in this Contract, including without limitation, provisions referencing "final" with respect to reimbursement, payment, settlement, or other similar term, 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 as applicable.

Audit results shall supersede the information previously provided by Contractor and accepted by ACBH. Should County, State and Federal or any other funding agency refuse to reimburse ACBH or disallow previous payments, Contractor agrees to refund excess to ACBH within **60 days of closure of appeals period or ACBH notification to Contractor (whichever is later),** unless otherwise approved in writing by ACBH. ACBH may withhold all funds owed from any subsequent payments due to Contractor until the settlement is satisfied in full.

VII. FUNDING AND REPORTING REQUIREMENTS

Contractor shall comply with the following funding and reporting requirements:

A. Financial Reports – Year-End Cost Report

Contractor shall submit a Year-End Cost Report in the format and by the due date issued by ACBH. Contractor shall submit a separate Year-End Cost Report for each program and

site contained in this Contract for the Actual Cost and Provisional Rate reimbursement methods. Year-End Cost Reports not received within 15 calendar days after the due date issued by ACBH will result in a hold of all provider invoices for payment until a satisfactory report is received.

B. Funding Requirements - Measure A Funding

All 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.

1. Measure A funding shall not be used in programs that are funded entirely by the following:
 - i. Early Periodic Screening Diagnosis and Treatment (EPSDT);
 - ii. California Work Opportunity and Responsibility for Kids (CalWORKs);
 - iii. State or Federal grants; or
 - iv. Mental Health Services Act.
2. In addition, Measure A funding shall not be used in the following service programs:
 - i. Adult Outpatient Therapy (formerly Adult Level III) Programs; or
 - ii. Organic Brain Syndrome (OBS) Programs.

Contractor must submit a proposal to use allocated Measure A funds for 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 ACBH.

VIII. HOLD HARMLESS

Contractor agrees to hold harmless the State, County and clients or beneficiaries in the event that ACBH cannot or does not pay for services performed by Contractor pursuant to this Agreement.

IX. ADDITIONAL TERMS AND CONDITIONS OF PAYMENT

A. Revenue Enhancement

ACBH may 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 requirements within 30 days from ACBH notice.

1. Medi-Cal Funding Provisions

Contractor shall comply with Federal and State laws requiring Medi-Cal members to report Other Health Coverage (OHC) and share of cost to ensure Medi-Cal is the payer of last resort (California Welfare and Institutions Code, Section 14124.90³). Contractor

³ <https://www.dhcs.ca.gov/services/Pages/OHCResources.aspx>

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 **in compliance with 42 C.F.R. 438.900**. Charges must be billed in the amount of Contractor's Published Charge or negotiated insurance rate. 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. ACBH will provide test claim reports for all Medi-Cal billable services prior to submission to the State. In the event ACBH receives notification of services denied by the State for any Medi-Cal claims submitted for reimbursement, a notice of the denial of claim(s) will be communicated to Contractor via a Denied Correction Report. Contractor shall research the DCR and submit a response on the DCR to ACBH to include any necessary corrections for the denied claim within the timeframe noted in the DCR Cover Letter. Upon research by the Contractor, if the DCR is due to input or entry errors, Contractor to submit the DCR response to ACBH and follow Claims Correction Form guidance located on ACBH Provider website: <http://www.acbhcs.org/providers/Forms/Forms.htm#CCF>.

B. CONTRACT OR PROGRAM TERMINATION

1. Notice of Termination

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

- i. If initiated by Contractor, Contractor shall provide written notice to ACBH Program and Fiscal Contract Managers at least 30 calendar days prior to termination; and
- ii. If initiated by ACBH, ACBH Program and Fiscal Contract Managers shall provide written notice to Contractor at least 30 calendar days prior to termination.

2. Contractor Responsibility

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

- i. Immediately eliminate all new costs and expenses under the program or this Contract.
- ii. 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 ACBH upon written request from ACBH.
- iii. Promptly submit a written report of all information necessary for the reimbursement of any outstanding claims and/or continuing costs to the ACBH Fiscal Contract Manager.
- iv. Surrender all fiscal records to ACBH, if requested by ACBH.

For a Contract termination, Contractor must complete a Cost Report within thirty (30) calendar days of receipt of the Cost Report template from ACBH.

ACBH may reimburse Contractor for reasonable and necessary costs or expenses incurred after ACBH' 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.

Revised: March 15, 2023