

HEALTH PLAN-PROVIDER AGREEMENT
BY AND BETWEEN
KAISER FOUNDATION HEALTH PLAN, INC.
AND
SONOMA COUNTY DEPARTMENT OF HEALTH SERVICES
TO IMPLEMENT THE VOLUNTARY RATE RANGE PROGRAM
INTERGOVERNMENTAL TRANSFERS

This Health Plan-Provider Agreement to implement Voluntary Rate Range Program (VRRP) Intergovernmental Transfers (“IGTs”) (“IGT AGREEMENT”) is entered into by and between Kaiser Foundation Health Plan, Inc., a California nonprofit public benefit corporation, on behalf of its Northern California region, hereinafter referred to as “PLAN”, and Sonoma County Department of Health Services, hereinafter referred to as “PROVIDER”, and is made effective as of the last date it is signed by the parties (the “Effective Date”).

RECITALS:

WHEREAS, PLAN is a health care service plan licensed under and subject to the Knox-Keene Care Service Plan Act of 1975, as amended, and is a party to a Medi-Cal managed care contract with the California Department of Health Care Services (“DHCS”) pursuant to which PLAN arranges and pays for the provision of covered Medi-Cal health care services to eligible Medi-Cal members, including Medi-Cal members residing in the North Bay Rating Region (as defined by DHCS).

WHEREAS, PROVIDER provides medical and social services to Medi-Cal beneficiaries residing in the North Bay Rating Region.

WHEREAS, PROVIDER desires to maintain the availability of Medi-Cal health care services to Medi-Cal beneficiaries by making annual IGTs to DHCS, enabling DHCS to secure additional federal funds that DHCS will provide PLAN through capitation rate range increases;

WHEREAS, PLAN desires to transfer an applicable portion of such capitation rate range increases from DHCS to PROVIDER; and

WHEREAS, PLAN and PROVIDER desire to enter into an Agreement to document the IGT process applicable to PLAN and PROVIDER, and the total amounts transferred from PLAN to PROVIDER.

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

1. IGT Capitation Rate Range Increases to PLAN

A. Payment

Should PLAN receive any Intergovernmental Transfer Medi-Cal Managed Care Rate Range Increases (“IGT MMCRRIs”) from DHCS where the nonfederal share is funded by PROVIDER specifically pursuant to the provisions of this IGT AGREEMENT regarding transfer of public funds effective during the applicable rating period, PLAN shall, subject to the conditions set forth in Section 1.B below, make payments to PROVIDER in the amount of the IGT MMCRRIs received from DHCS. Such payments from PLAN to PROVIDER are referred to herein as Local Medi-Cal Managed Care Rate Range (“LMMCRR”) IGT payments and shall be made in accordance with Section 1.C below, subject to reconciliation as described in Section 1.D below. LMMCRR IGT payments paid to PROVIDER shall not replace or supplant any other amounts paid or payable to PROVIDER under any separate contractual agreements.

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

As a condition of receiving LMMCRR IGT payments under this IGT AGREEMENT, PROVIDER represents and warrants that it shall, as of the date any LMMCRR IGT payment is payable hereunder:

- (1) Remain a Medi-Cal enrolled provider;
- (2) Remain in material compliance with its obligations under this IGT AGREEMENT and applicable law;
- (3) Maintain its capacity to serve as a provider of medical and social services

C. Timing of Payments

Subject to Sections 1.B and E hereof, PLAN agrees to pay to PROVIDER LMMCRR IGT payments no later than forty-five (45) calendar days after PLAN’s receipt of each IGT MMCRR payment from DHCS.

D. 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 MMCRR payments were received by PLAN from 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. The reconciliation processes established under this Section are distinct from the indemnification provisions set forth in Section 4 of this IGT AGREEMENT. PLAN agrees to transmit to the PROVIDER any uncontested underpayment of LMMCRR IGT payments within thirty (30) calendar days of the PLAN’s identification of such underpayment. Any disputes between the parties regarding overpayments or underpayments shall be resolved in accordance with Section 5 below.

E. Plan Compensation

(1) As compensation for its administrative services in connection with this IGT AGREEMENT, PLAN shall retain a two percent (2%) administrative fee based on the total amount of each IGT MMCRR payment received from DHCS.

(2) PLAN shall not retain any other portion of the IGT MMCRR payments received from DHCS other than those specified above.

F. Consideration

(1) As consideration for the LMMCRR IGT payments, PROVIDER shall use the LMMCRR IGT payments solely 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 PLAN's Medi-Cal members by PROVIDER during the State fiscal year to which the LMMCRR IGT payments apply.

(b) To the extent total payments received by PROVIDER for a State fiscal year under this IGT AGREEMENT exceed the cost of Medi-Cal services provided to Medi-Cal beneficiaries by PROVIDER during such fiscal year, any remaining LMMCRR IGT payment amounts shall be retained by PROVIDER and shall be expended solely 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 LMMCRR IGT payments pursuant to this IGT 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 PROVIDER funds for cash management purposes, provided that such funds are appropriately tracked, and only the depositing facility is authorized to expend them.

(3) None of these funds, either from the PLAN or federal matching funds, will be recycled back to the PROVIDER's general fund, the State, or any other intermediary organization. Payments made under the terms of this IGT AGREEMENT constitute patient care revenues.

2. PLAN's Oversight Responsibilities

PLAN's oversight responsibilities regarding PROVIDER's use of the LMMCRR IGT payments shall be limited as described in this Section. PLAN may request, within thirty (30) calendar days after the end of each State fiscal year in which LMMCRR IGT payments were

made by PLAN to PROVIDER, that PROVIDER submit a written confirmation to PLAN that states whether and how PROVIDER complied with the provisions set forth in Section 1.F above. In each instance, PROVIDER shall provide PLAN with written confirmation within thirty (30) calendar days of PLAN's request.

3. Dispute Resolution

A. 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 permitted by law, on behalf of the safety net in the North Bay Rating Region in which PROVIDER renders services.

B. Meet and Confer

If a dispute arises between the parties relating to this IGT AGREEMENT, either party may by written notice call a meeting regarding such dispute to be attended by a representative of each party who has the authority to negotiate and bind that party to a resolution. The parties will attempt in good faith to resolve the dispute through this process prior to seeking other available remedies or recourse. In the event such informal efforts at dispute resolution are not successful, either party may seek whatever remedies and/or recourse may be available in accordance with this IGT AGREEMENT and applicable law.

4. Indemnification

PROVIDER shall defend, indemnify and hold PLAN, its affiliated and related entities, and its and their respective officers, employees and agents harmless from and against any and all liability, loss, expense (including reasonable attorney's fees), or claims from injury or damages arising out of the performance of this IGT AGREEMENT but only in proportion to the extent such liability, loss, expense, attorney's fees, or claims for injury or damages are caused by or result from the negligent or intentional acts or omissions of PROVIDER, its officers, employees or agents.

PLAN shall defend, indemnify and hold PROVIDER, its officers, employees and agents harmless from and against any and all liability, loss, expense (including reasonable attorney's fees), or claims for injury or damages arising out of the performance of this IGT AGREEMENT but only in proportion to and to the extent such liability, loss, expense, attorney's fees, or claims or injury or damages are caused by or result from the negligent or intentional acts or omissions of PLAN, its officers, employees or agents.

5. Severability

If a court of competent jurisdiction declares any provision of this IGT AGREEMENT or application thereof to any person or circumstances to be invalid or if any provision of this IGT AGREEMENT contravenes any federal, state or county statute, ordinance, or regulation, the remaining provisions of this IGT AGREEMENT or the application thereof shall remain valid and the remaining provisions of this IGT AGREEMENT shall remain in full force and effect, to the extent the provisions of this IGT AGREEMENT are severable.

6. Status of Parties

Each party is, and shall always be deemed to be, an independent contractor and shall be wholly responsible for the manner in which it performs the services required of it by the terms of this IGT AGREEMENT. Each party is entirely responsible for compensating staff, subcontractors, and consultants employed by that party. This IGT AGREEMENT shall not be construed as creating the relationship of employer and employee, or principal and agent, between PLAN and PROVIDER or any of either party's employees, agents, consultants, or subcontractors. Each party assumes exclusively the responsibility for the acts of its employees, agents, consultants, or subcontractors as they relate to the services to be provided during the course and scope of their employment. Each party, its agents, employees, consultants, or subcontractors shall not be entitled to any rights or privileges of the other party's employees and shall not be considered in any manner to be employees of the other party.

7. Term and Termination

The term of this IGT AGREEMENT shall commence on the Effective Date and, unless terminated earlier in accordance with this Section 7, will continue until the one-year anniversary of the Effective Date. Thereafter, this IGT AGREEMENT shall automatically renew for successive one-year terms, unless either party terminates this IGT AGREEMENT in accordance with this Section 7. Either party may immediately terminate this IGT AGREEMENT, by giving written notice of termination to the other Party, if (1) participation in the VRRP is no longer desired, or (2) DHCS discontinues VRRP. Notice of termination should be sent to the address set forth below.

8. Amendment

This IGT AGREEMENT may only be amended or modified in writing, executed by both Parties.

9. Notice

Any notice required or desired to be given pursuant to or in connection with this IGT AGREEMENT must be given in writing, addressed to the noticed party at the address set forth below. All notices provided under this IGT AGREEMENT shall be in writing, signed by an authorized signatory, and shall be deemed given upon receipt if sent as follows: (i) personally delivered; (ii) sent by registered U.S. mail, postage prepaid by sender, with confirmed delivery; (iii) sent by a commercial service with confirmed delivery; or (iv) sent by certified mail. Plan-Provider Agreement Sonoma County Department of Health Services and Kaiser Foundation Health Plan, Inc.

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mail (return receipt requested). Any party may change its address for notice purposes by written notice to the other party.

If to PLAN:

Kaiser Foundation Health Plan, Inc.
Attention: Kaycee Velarde
1 Kaiser Plaza, 25th Floor
Oakland, CA, 94612
Telephone: (626) 639-5374
Email: Kaycee.B.Velarde@kp.org; and
Medi-Cal-Contract-Management-Regulatory@kp.org

If to PROVIDER:

[insert address]

[SIGNATURE PAGE FOLLOWS]

SIGNATURES

PLAN: Kaiser Foundation Health Plan, Inc.

By: _____ Date _____

Mark A. Southworth
Executive Director, CA & HI Medicaid Finance
Kaiser Foundation Health Plan, Inc.

PROVIDER: Sonoma County Department of Health Services

By: _____ Date _____

Name of Signatory
Title of Signatory
Sonoma County Department of Health Services