

HEALTH PLAN-PROVIDER AGREEMENT
HOSPITAL SERVICES AGREEMENT
AMENDMENT

This Amendment to the Hospital Services Agreement is made effective as of July 1, 2014, by and between Ventura County Medi-Cal Managed Care Commission dba Gold Coast Health Plan, a California public agency, hereinafter referred to as "PLAN," and the County of Ventura, as owner and operator of Ventura County Medical Center, hereinafter referred to as "PROVIDER."

RECITALS:

WHEREAS, PLAN and PROVIDER have previously entered into an Agreement effective July 1, 2011;

WHEREAS, Section 10.2 of such Agreement provides for amending such Agreement;

WHEREAS, PLAN is a party to a Medi-Cal managed care contract with the California Department of Health Care Services ("State DHCS"), entered into pursuant to Welfare and Institutions Code section 14087.5, under which PLAN arranges and pays for the provision of Medi-Cal health care services to eligible Medi-Cal members residing in Ventura County;

WHEREAS, PROVIDER operates a fully integrated, comprehensive system of hospital, clinic and specialty services providing healthcare to Ventura County residents, including PLAN members; 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 the County of Ventura to 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:

Section 13 of the Agreement is amended to read 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 COUNTY OF VENTURA specifically

pursuant to the provisions of the Intergovernmental Agreement Regarding Transfer of Public Funds ("Intergovernmental Agreement") effective for the period July 1, 2014 through June 30, 2015 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

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, 2015. 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.

(2) Plan Administrative Fee

PLAN shall retain a plan administrative fee equal to two percent (2%) of the IGT MMCRRIs, approximately **\$191,638**, as compensation for administrative costs in connection with this Agreement ("Plan Administrative Fee").

(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 current emergency room licensure status and not close its emergency room;

(3) maintain its current inpatient surgery suites and not close these facilities;

(4) maintain its hospital physician staff and related services.

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

1) The County of Ventura 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 establishing such schedule with 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 to the amounts specified therein.

2) PROVIDER shall provide PLAN with written notice of the amount and date of the transfer within seven (7) calendar days after funds have been transferred to State DHCS for use as the nonfederal share of any IGT MMCRRIs.

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's hospital physician staff during the State fiscal year to which the LMMCRR IGT Payments apply. These funds compensate PROVIDER for making available hospital physician staff, including, but not limited to, family medicine, internal medicine, pediatrics, specialists, hospitalists, anesthesiologists, radiologists, and emergency room physicians, to PLAN members. None of these payments are for the purpose of reimbursing PROVIDER for hospital costs at Ventura County Medical Center or for costs at Federally Qualified Health Centers.

(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 County of Ventura 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 County of Ventura or federal matching funds will be recycled back to the County of Ventura 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. No funds paid by PLAN to PROVIDER pursuant to the Agreement may be applied to the outstanding balance of any loan made by PROVIDER to PLAN.

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 Ventura 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 paragraph 1.H above. The reconciliation processes established under this paragraph are distinct from the indemnification provisions set forth in Section J of the

Agreement. 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 and hold harmless PLAN its officers, directors, agents, and employees, from and against any and all loss, damage, liability, or expense (including without limitation, reasonable attorney's fees), of any kind arising by reason of the acts or omissions of PROVIDER and its officers, directors, agents, employees, agents and shareholders acting alone or in collusion with others. PROVIDER also agrees to hold harmless both the State and Members in the event that PLAN cannot or will not pay for services performed by PROVIDER pursuant to this Agreement. The terms of this section shall survive the termination of this Agreement.

PLAN shall indemnify, defend and hold harmless PROVIDER, its officers, directors, agents, and employees, from and against any and all loss, damage, liability, or expense (including without limitation, reasonable attorney's fees), of any kind arising by reason of the acts or omissions of PLAN and its officers, directors, shareholders agents, employees and subcontractors acting alone or in collusion with others. The terms of this section shall survive the termination of this Agreement.

2. Term

The term of this Amendment shall commence on July 1, 2014 and shall terminate on September 30, 2017.

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: Ventura County Medi-Cal Managed Care Commission dba Gold Coast Health

Plan

Date: _____

By:

Title:

PROVIDER: County of Ventura

Date: _____

By:

Title: Barry Fisher, Director, Ventura County Health Care Agency