SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

854

FROM: Human Resources Department

SUBMITTAL DATE:
January 26, 2010

SUBJECT: Retiree Group Health Service Agreement with SCAN Health Plan

RECOMMENDED MOTION: That the Board of Supervisors 1) ratify and approve the attached Retiree Group Health Services Agreement with SCAN Health Plan effective January 1, 2010, as a plan offered to eligible County retirees and their eligible dependents; 2) authorize the Chairperson to sign five (5) copies of each service agreement; and 3) retain one (1) copy of the signed renewal contract and return four (4) copies of each service agreement to Human Resources for distribution.

BACKGROUND: On October 20, 2009, the Board of Supervisors approved the 2010 SCAN Health Plan rates for retired employees and their dependents who are Medicare eligible. SCAN Health Plan is a fully insured Medicare Advantage plan with approximately 32 subscribers. SCAN was not prepared to submit the Service Agreement until the Centers for Medicare and Medicaid Services (CMS) released their reimbursement rate. The County contribution toward retiree premiums ranges from $25 to $256 per month, and retirees pay the remainder of the premiums. There is no additional cost to the County as a result of the recommended action.

Ronald W. Komers
Asst. County Executive Officer/Human Resources Dir.

FORM APPROVED COUNTY COUNSEL
BY: TAWNY V. LIEU DATE 1/27/10
Departmental Concurrence

FINANCIAL DATA				
	Current F.Y. Total Cost:	$ 115,042.00	**In Current Year Budget:**	Yes
	Current F.Y. Net County Cost:	$ 0	**Budget Adjustment:**	No
	Annual Net County Cost:	$ 0	**For Fiscal Year:**	2009/10

SOURCE OF FUNDS: 94.5% Retiree Contributions and 5.5% County's Post Retirement Medical Contribution.

Positions To Be Deleted Per A-30 ☐
Requires 4/5 Vote ☐

C.E.O. RECOMMENDATION:

APPROVE

BY: Karen L. Johnson

County Executive Office Signature

☐ Consent ☒ Policy — Dep't Recomm.:
☐ Consent ☒ Policy — Per Exec. Ofc.:

Prev. Agn. Ref.: 10/20/2009, 3.32 | **District:** | **Agenda Number:** 3.34

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ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

RETIREE

GROUP HEALTH SERVICES AGREEMENT

BETWEEN

SCAN HEALTH PLAN

AND

COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, A PUBLIC ENTITY

GROUP NUMBER: 117
EFFECTIVE: JANUARY 1, 2010

INTRODUCTION

Under this RETIREE GROUP HEALTH SERVICES AGREEMENT, SCAN Health Plan will arrange for the provision of Benefits to **County of Riverside** Group Retirees and their eligible Dependents ("Members") in accordance with the terms and conditions of this Agreement, the Plan "Combined Evidence of Coverage and Disclosure Information" and the Plan "Employer Group Application," which are all fully incorporated herein by these references, and together constitute the entire "Agreement" between the parties.

RECITALS OF FACTS

SCAN Health Plan ("Plan") is a health care service plan that arranges for the provision of medical, hospital and preventive medical services to persons enrolled as Members through contracts with associations of licensed physicians, hospitals and other health care providers. County of Riverside ("Contractholder") is an employer, union, trust organization, or association, which desires to provide such health care services for its eligible Members. Plan desires to contract with Contractorholder to arrange for the provision of such health care services to Members of Contractholder, and Contractholder desires to contract with Plan to arrange for the provision of such services to its Members.

IMPORTANT

There is no vested right to receive Benefits under this Agreement. No Member has the right to receive the Benefits of this Agreement for services or supplies furnished following termination of coverage, except as specifically provided herein. Benefits of this Agreement are available only for services and supplies furnished during the term it is in effect and while the Member claiming Benefits is actually covered by this Agreement. Benefits may be modified during the term of this Agreement under the terms set forth herein, or upon renewal. If Benefits are modified, the revised Benefits (including any reduction in Benefits or the elimination of Benefits) apply for services or supplies furnished on or after the effective date of the modification.

ARTICLE I
DEFINITIONS

1.1 Applicable Law - all federal, state and local statutes, rules, regulations, plans, ordinances, policies and ethical standards applicable to the subject matter of this Agreement or the parties' performance of their duties and obligations hereunder, including but not limited to, those promulgated by the federal Department of Health and Human Services ("DHHS"), the federal Centers for Medicare and Medicaid Services ("CMS"), the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), the California Department of Managed Health Care (DMHC"), California Department of Health Services ("DHS"), Title 28 of the California Code of Regulations, the California Knox-Keene Health Care Service Plan Act of 1975 and its implementing regulations, and all standards, rules and regulations of all accreditation bodies that have jurisdiction over the subject matter of this Agreement or the parties' performance of their duties hereunder.

1.2 Benefits (Covered Services) - those Services, which a Member is entitled to receive pursuant to the terms of this Agreement.

1.3 Calendar Year - a period beginning at 12:01 a.m. on January 1 and ending at 12:01 a.m. on January 1 of the next year.

1.4 Combined Evidence of Coverage and Disclosure Information ("EOC") - the contract between a Member and the Plan under which the Member is entitled to receive certain hospital, medical, and other health and/or social services under the Plan Benefits. The EOC is attached to this Agreement and fully incorporated herein.

1.5 Contracted Medical Group/IPA - A group of Physicians organized to provide medical care. The Contracted Medical Group/IPA has an agreement with the Plan to provide medical services to Members.

1.6 Close Relative - the spouse, child, brother, sister or parent of a subscriber or Dependent.

1.7 Contract holder - the Employer entering into this Agreement for the Benefit of its Retirees.

1.8 Copayment - are fees payable to a health care provider by the Member at the time of provision of services, which are in addition to the Health Plan Premiums paid by the Contractholder. Such fees may be a specific dollar amount or a percentage of total fees as specified herein, depending on the type of services provided.

1.9 Covered Services (Benefits) - those Services which a Member is entitled to receive pursuant to the terms of this Agreement.

1.10 Dependent -

1.10.1 A subscriber's legally married spouse who is not covered for Benefits as a subscriber under another health plan, not legally separated from the subscriber, and is entitled to Benefits under the federal Medicare program, and is eligible to enroll in the Plan.

1.10.2 A subscriber's Domestic Partner, with whom the subscriber has filed a "Declaration of Domestic Partnership" with the California Secretary of State pursuant to California Family Code Section 298, who is not covered for Benefits as a subscriber under another health plan, is entitled to Benefits under the federal Medicare program, and is eligible to enroll in the Plan.

1.10.3 A subscriber's or subscriber's spouse/Domestic Partner's disabled child who is entitled to Benefits under the federal Medicare program and meets all eligibility requirements established by Contractholder.

1.11 Durable Medical Equipment ("DME") - equipment designed for repeated use, which is medically necessary to treat an illness or injury, to improve the functioning of a malformed body member, or to prevent further deterioration of the patient's medical condition. DME includes wheelchairs, hospital beds, respirators, and other items that the Plan determines are DME.

1.12 Emergency Medical Condition - A medical condition manifesting itself by acute symptoms of sufficient severity (including severe pain) such that a prudent layperson, with an average knowledge of health and medicine, could reasonably expect the absence of immediate medical attention to result in; 1) Serious jeopardy to the health of the individual; 2) Serious impairment to bodily functions; or 3) Serious dysfunction of any bodily organ or part.

A psychiatric Emergency Medical Condition is a condition where a layperson with an average knowledge of mental health, feels the absence of immediate psychiatric attention would 1) Place the mental or physical health of either the Member or others in serious jeopardy; 2) Cause serious impairment to bodily or mental functions; 3) Cause serious dysfunction of bodily organs; or 4) Result in serious mental dysfunction.

1.13 Emergency Services - Inpatient or outpatient covered Services that are 1) Furnished by a provider qualified to furnish emergency services; and 2) Needed to evaluate or stabilize an Emergency Medical Condition.

1.14 Inpatient - an individual who has been admitted to a hospital or a Skilled Nursing Facility as a registered bed patient and is receiving Services under the direction of a Physician.

1.15 Late Enrollee - an eligible Retiree or Dependent who has declined enrollment in this Plan at the time of the initial enrollment period, and who subsequently

requests enrollment in this Plan, provided that the initial enrollment period shall be a period of at least 30 days.

1.16 Medical Group - an organization of Physicians who are generally located in the same facility and provide Benefits to Members.

1.17 Medically Necessary - medical Services or hospital Services which are determined by the Plan to be:

1.17.1 Rendered for the treatment or diagnosis of an injury or illness,

1.17.2 Appropriate for the symptoms, consistent with diagnosis, and otherwise in accordance with sufficient scientific evidence and professionally recognized standards,

1.17.3 Not furnished primarily for the convenience of the Member, the attending physician, or other Contracted Provider of service, and

1.17.4 Furnished in the most economically efficient manner, which may be provided safely and effectively to the Member.

1.17.5 Whether there is "sufficient scientific evidence" shall be determined by the Plan based upon the following: peer-reviewed medical literature; publications, reports, evaluations, and regulations issued by state and federal government agencies, Medicare local carriers, and intermediaries; and such other authoritative medical sources as deemed necessary by the Plan.

1.18 Member – an enrollee, subscriber or Dependent as defined herein.

1.19 Open Enrollment Period - is established annually by the Contractholder during which eligible individuals and their Dependents may transfer from another health benefit plan sponsored by the Contractholder to the Plan.

1.20 Personal Care Physician ("PCP") - a general practitioner, board-certified or eligible family practitioner, internist or obstetrician/gynecologist who has contracted with the Plan as a PCP to provide primary care Benefits to Members and to refer, authorize, supervise and coordinate the provision of all Benefits to Members in accordance with this Agreement.

1.21 Physician Group Service Area - a thirty (30) mile linear radius from any Member's assigned PCP office location.

1.22 Physician - an individual licensed and authorized to engage in the practice of medicine (M.D.) or osteopathic medicine (D.O.).

1.23 Plan - SCAN Health Plan

1.24 Plan Hospital - a hospital licensed under Applicable Law and contracting with the Plan to provide Benefits to Members of the Plan.

1.25 Plan Provider - a provider who has a contract with the Plan to provide Plan Benefits to Members.

1.26 Plan Service Area - which geographic area served by the Plan.

1.27 Premium - the monthly pre-payment that is made to the Plan on behalf of each Member.

1.28 Provider - a Medical Group or Independent Practice Association ('IPA") and all associated Physicians, Plan Hospitals and ancillary services providers that contract with the Plan to provide Benefits to Members under this Agreement.

1.29 Retiree(s) - any person who was formerly employed by Contract holder and is, thereby, entitled to Benefits under this Agreement.

1.30 Services - includes Medically Necessary health care services as provided for in the EOC, and Medically Necessary supplies furnished incident to those Services.

1.31 Skilled Nursing Facility - a facility licensed by the California Department of Health Services as a "Skilled Nursing Facility."

1.32 Urgently Needed Services - Covered Services provided when the Member needs medical attention right away for an unforeseen illness or injury and it may not be reasonable, given the circumstances, to obtain the medical care from the Member's PCP or Contracted Medical Provider.

ARTICLE II
RETIREE & DEPENDENT ELIGIBILITY

2.1 The following persons are eligible for Benefits under this Agreement:

a. Retirees

b. Dependents as defined herein.

2.2 The date of eligibility for Retirees who declined enrollment in this Plan during the initial enrollment period and later apply for coverage shall be determined as follows:

a. A Late Enrollee who declined enrollment during the initial enrollment period shall be eligible for coverage the earlier of, 12 months from the date of his application for coverage or at the Contractholder's next open enrollment period.

b. A Retiree will not be considered a Late Enrollee if he or his Dependent loses coverage under another employer health benefit plan and shall be eligible for coverage on the date of loss of coverage, provided enrollment is requested within 60 days after termination of that other employer health benefit plan coverage. Retirees will be required to furnish the Contractholder proof of the loss of coverage.

c. A Retiree may add newly acquired Dependents as defined herein.

2.3. The date of eligibility for Dependents of Retirees who are enrolled during the initial enrollment period is the latest to occur of the following:

a. The date of eligibility of the subscriber.

b. The date the subscriber acquires a Dependent.

c. The date the Dependent reaches sixty-five (65) years of age.

2.4. The date of eligibility for Dependents of Retirees who declined enrollment in this Plan during the initial enrollment period or Dependents who do not request enrollment in this Plan within 60 days of eligibility as provided herein, and later apply for coverage, shall be determined as follows:

a. A Dependent who is a Late Enrollee and who has declined coverage during the initial enrollment period, or Dependents who do not request enrollment within 60 days of eligibility as provided herein, shall be eligible for coverage at Contractholder's next open enrollment period.

2.5. NOTIFICATION OF ELIGIBILITY CHANGES. It is the Contractholder's responsibility to notify the Plan within 60 calendar days of all changes in eligibility affecting enrollment in this Plan.

ARTICLE III
EFFECTIVE DATES FOR SUBSCRIBERS AND DEPENDENTS

3.1. INITIAL ENROLLMENT PERIOD. Benefits shall become effective when a completed enrollment application indicating the subscriber's and Dependent's choice of PCP is received before the effective date. Enrollment Applications received later than

the first day of eligibility may delay coverage until the first day of the month following the day of receipt. An effective date is always the first day of the month.

a. The Benefits of a subscriber and Dependent who enroll on the effective date of this Agreement and who make a written request for enrollment during the initial enrollment period, shall become effective on the date this Agreement becomes effective for the Contractholder.

b. Coverage for an individual who becomes eligible at a time other than during the original effective date of this Agreement (e.g. new spouse or newly transferred Retiree) will become effective on the first day of the month after eligibility was obtained as provided herein.

Newly added Dependents are subject to all other provisions of this Agreement.

3.2. OUTSIDE OF INITIAL OR OPEN ENROLLMENT PERIOD:

a. The Benefits of a subscriber or Dependent who is not a Late Enrollee shall become effective on the date of loss of coverage under another employer health benefit plan, provided enrollment is requested within 60 days of the loss of that other employer health benefit plan coverage. The subscriber will be required to furnish the Contractholder proof of the loss of coverage.

b. A subscriber requesting reinstatement of his Benefits or Dependent Benefits after they have been discontinued due to voluntary cancellation would not be eligible for Benefits until the Retiree's former employer's next open enrollment period.

3.3 HOWEVER, THE FOLLOWING INDIVIDUALS ARE NOT CONSIDERED LATE ENROLLEES:

a. The Retiree or Dependent was covered under another employer health benefit plan at the time of initial eligibility;

b. The Contractholder offers multiple health benefit plans and the Retiree elects a different plan during an Open Enrollment Period;

c. If a Retiree declines enrollment during the initial enrollment period and subsequently requests enrollment for him and eligible Dependent due to a mid-year qualifying event, the Retiree and Dependent coverage will be effective on the first day of the month following receipt of request for enrollment;

d. If the Member is receiving Inpatient care at a non-Plan facility when coverage becomes effective. The Plan will provide Benefits only for as long as the Member's medical condition prevents transfer to a Plan facility in the

Member's PCP Service Area, as approved by the Plan. Unauthorized continuing or follow-up care in a non-Plan facility or by non-Plan Providers is not a Covered Service.

ARTICLE IV
DISCONTINUANCE OF SUBSCRIBER AND/OR DEPENDENT BENEFITS

4.1 Except as specifically provided herein, there is no right of either a subscriber or his Dependents to receive Benefits following termination of this Agreement, or any part of it. The Benefits for each cease on the first of the following to occur, with respect to the subscriber and/or Dependent, as applicable:

a. The date of discontinuance of any part of this Agreement providing Benefits;

b. The date of discontinuance of this Agreement;

c. The end of the last period for which the subscriber has made his contribution for Dependent Benefits

d. The date of termination of the subscriber's coverage;

e. The date the Agreement is amended to terminate the eligibility of any class of Retirees of which the subscriber is a member.

f. The last day of the month in which the Dependent ceases to qualify as a Dependent as defined herein, including a spouse following the entry of a final decree of annulment or dissolution of marriage from the subscriber, unless a different date on which the Dependent no longer meets the requirements for eligibility has been agreed to between the Plan and the Contractholder;

g. A subscriber or subscriber's Domestic Partner files with the California Secretary of State a, "Notice of Termination of Domestic Partnership" pursuant to California Family Code Section 298.

ARTICLE V
PREMIUM RATES ("PREMIUMS")

5.1 PREMIUMS - Effective: January 1, 2010 through December 31, 2010

Retiree Only	$206.38
Retiree & Spouse	$412.76
Retiree, Spouse & Disabled Child	$619.14

5.2 WHEN AND WHERE PAYABLE:

a. The first month's Premiums must be paid to the Plan by the effective date of this Agreement and subsequent Premiums shall be prepaid in full by the same date of each succeeding month. No Member will be covered under this Agreement until the first month's Premiums payment has been received by the Plan.

b. Premiums for Retirees and/or Dependents who become eligible on a date other than the bill date are waived for the month during which eligibility for covered Benefits is attained. Premiums for Retirees and/or Dependents whose eligibility for covered Benefits terminates on a date other than the bill date are due in full for the month during which eligibility is terminated.

c. All Premiums are payable by the Contractholder to the Plan. The payment of any Premiums shall not maintain the Benefits under this Agreement in force beyond the date immediately preceding the next transmittal date.

5.3 The terms of this Agreement or the Premiums payable therefore may be changed from time to time as set forth herein.

5.4 If a state or any other taxing authority imposes upon the Plan a tax or license fee that is levied upon or measured by the base Premiums or by the gross receipts of the Plan, or any portion of either, then the Plan may amend the Agreement to increase the base Premiums by an amount sufficient to cover all such taxes or license fees rounded to the nearest cent. This amendment shall be effective as of the date indicated in the notice which shall not be earlier than the date of the imposition of such tax or license fee, by mailing a postage prepaid notice of the amendment to the Contractholder at its address of record with the Plan at least 60 calendar days before the effective date of the amendment.

5.5 If Benefit amounts are changed due to a change in the terms of this Agreement, or if a tax is levied as described herein, the Premiums charged therefore may be made, or the Premiums credit therefore may be given, as of the effective date of such change.

5.6 A grace period of 60 calendar days will be granted for the payment of Premiums accruing, other than those due on the effective date of this Agreement, during which period this Agreement shall continue in force. The Contractholder shall be liable to the Plan for the payment of all Premiums accruing during the period the Agreement continues in force.

ARTICLE VI
INDEPENDENT CONTRACTORS

6.1 Plan Providers are neither agents nor employees of the Plan, but are independent contractors. In no instance shall the Plan be liable for the negligence,

wrongful acts or omissions of any person receiving or providing Services, including any Physician, Plan Hospital, or other provider or their employees, subject to the Managed Health Care Insurance Accountability Act of 1999 (California Civil Code Section 3428).

6.2 The relationship between Contractholder and Plan is an independent contractor relationship. Neither party nor its employees and/or agents shall be considered to be an employee and/or agent of the other party. None of the provisions of this Agreement shall be construed to create a relationship of agency, representation, joint venture, ownership, control or employment between the parties other than that of independent parties contacting for the purposes of effectuating this Agreement.

ARTICLE VII
PLAN SERVICE AREA

7.1 The Service Area of this Plan is as described in the EOC that the Plan distributes to all Members.

7.2 Within the Physician Group Service Area, Members will be entitled to receive all Covered Services specified in the EOC. The Plan will not pay for Covered Services that are not provided by, referred by and authorized by the Member's PCP and/or the Plan, where applicable. The Member will be required to pay for the cost of any services that are not approved by the PCP or the Plan, including services that the Member receives from non-contracting providers, except for Emergency Services or Urgently Needed Services. Procedures for obtaining Emergency Services and Urgently Needed Services are described in the EOC.

ARTICLE VIII
COORDINATION OF BENEFITS

8.1 If a Member is covered under one or more other health insurance plans, the Benefits of this Plan will be coordinated with the benefits payable by those other health insurance plans in accordance with the following provisions.

a. PLAN IS PRIMARY - If a Member possesses health benefits coverage through another policy, which is secondary to the Plan under applicable coordination of Benefits rules, including the Medicare secondary payer program, the Plan will determine its Benefit coverage obligations before the other policy, including applicable Copayments.

b. PLAN IS SECONDARY - If a Member possesses health benefits coverage through another policy which is primary to the Plan under applicable coordination of Benefits rules, including the Medicare secondary payer program, or if the Member is entitled to payment under a Workers' Compensation policy, the Plan will determine its Benefit coverage

obligations after the other policy or Workers' Compensation policy, consistent with Applicable Laws and regulations. In such event, the Benefit coverage under the Plan will not exceed the amount of the out-of-pocket expenses (i.e. coinsurance, Copayments and deductibles) that the Member would incur in the absence of Member's secondary coverage.

ARTICLE IX
DISPUTES BETWEEN THE PLAN AND CONTRACTHOLDER

9.1 Plan and Contractholder agree to meet and confer in good faith to resolve any problems or disputes that may arise under this Agreement, prior to the filing of a claim under the Government Claims Act (Government Code Section 900 et. seq.), and prior to the initiation of any litigation by either party.

9.2 CURE PERIOD PROVISIONS - In the event that either party defaults in the performance of any duties or obligations under this Agreement, the non-breaching party shall serve written notice of breach of contract on the breaching party. The breaching party shall have thirty (30) days from receipt of the notice of breach to cure said breach. If the breach is not cured within this timeframe, the non-breaching party has sole discretion to extend such cure period. If the breach is not cured within this timeframe, as may be extended at non-breaching party's sole discretion, this Agreement may thereafter be terminated as provided herein.

These cure period provisions shall not be applicable when the breach is of a nature where Plan has failed to provide services, or the safety, health and/or welfare of Members is at risk, at the sole determination of the Contractholder.

9.3 ADVERSE GOVERNMENT ACTION - In the event any action of any department, branch or bureau of the federal, state, or local government has a material adverse effect on either party in the performance of their obligations hereunder, then that party shall notify the other of the nature of this action, including in the notice a copy of the adverse action. The parties shall meet within thirty (30) days and shall, in good faith, attempt to negotiate a modification to this Agreement that minimizes the adverse effect. Notwithstanding the provisions herein, if the parties fail to reach a negotiated modification concerning the adverse action, then the affected party may terminate this Agreement by giving at least ninety (90) days notice or may terminate sooner if agreed to by both parties.

ARTICLE X
MEMBER GRIEVANCE AND APPEALS PROCEDURES

10.1 ADMINISTRATION - The Plan shall be responsible for establishing and administering the Appeal and Grievance Procedures as described in the EOC.

10.2 PARTICIPATION BY CONTRACTHOLDER - Contractholder agrees to cooperate fully, participate in, and provide assistance and information to the Plan as may be necessary or helpful to the Plan in administering such Appeal and Grievance Procedures, including participation in any independent external review of coverage decisions.

10.3 BINDING ARBITRATION - In the event any grievance or appeal of a Member cannot be settled through the grievance mechanism described herein, such matter may be submitted to binding arbitration in accordance with the terms of the EOC. In such event, Contractholder shall cooperate and, when necessary, participate, in any arbitration proceedings arising there from, subject to either party's right to seek judicial review thereof in accordance with the terms of the EOC.

10.4 APPEALS - Appeals of claims denials and/or referral for service denials by Members shall be resolved according to the appeals and reconsideration procedures established by CMS as outlined in the EOC or in applicable CMS regulations, policies, or letters or instructions, which documents shall supersede the provisions outlined in the EOC.

ARTICLE XI
INDEMNIFICATION, ACTS AND OMISSIONS, LIABILITY AND INSURANCE

11.1 INDEMNIFICATION - Plan shall indemnify and hold harmless the Contractholder, its Agencies, Districts, Special Districts and Departments, their respective directors, officers, Board of Supervisors, elected and appointed officials, employees, agents and representatives from any liability whatsoever, based or asserted upon the conduct of Plan, its officers, employees, subcontractors, agents or representatives in connection with performing its obligations under this Agreement, including but not limited to property damage, bodily injury, or death or any other element of any kind or nature whatsoever arising from the performance of Plan, its officers, agents, employees, subcontractors, agents or representatives from this Agreement; Plan shall defend, at its sole expense, all costs and fees including but not limited to attorney fees, cost of investigation, defense and settlements or awards, the Contractholder, its Agencies, Districts, Special Districts and Departments, their respective directors, officers, Board of Supervisors, elected and appointed officials, employees, agents and representatives in any claim or action based upon such alleged acts or omissions.

With respect to any action or claim subject to indemnification herein by Plan, Plan shall, at their sole cost, have the right to use counsel of their own choice and shall have the right to adjust, settle, or compromise any such action or claim without the prior consent of Contractholder; provided, however, that any such adjustment, settlement or compromise in no manner whatsoever limits or circumscribes Plan's indemnification to Contractholder as set forth herein.

Plan's obligation hereunder shall be satisfied when Plan has provided to Contractholder the appropriate form of dismissal relieving Contractholder from any liability for the action or claim involved.

The specified insurance limits required in this Agreement shall in no way limit or circumscribe Plan's obligations to indemnify and hold harmless the Contractholder herein from third party claims.

In the event there is conflict between this clause and California Civil Code Section 2782, this clause shall be interpreted to comply with Civil Code 2782. Such interpretation shall not relieve the Plan from indemnifying the Contractholder to the fullest extent allowed by law.

11.2 CONTRACTHOLDER ACTS OR OMISSIONS - Contractholder agrees to defend, indemnify, and hold harmless Plan and its officers, directors, agents, and employees from and against any and all fines, claims, demands, suits, actions, and costs (including, without limitation, reasonable attorney's fees) of any kind and nature arising by reasons of the acts or omissions of Contractholder, or of its officers, directors, agents, and employees in connection with the obligations imposed by this Agreement.

11.3 LIABILITY FOR OBLIGATIONS - Nothing contained in this Agreement shall cause either party to be liable or responsible for any debt, liability, or obligation of the other party, or any third party, unless such liability or responsibility is expressly assumed by the party sought to be charged therewith. Each party shall be solely responsible for and shall indemnify and hold the other party harmless against any obligation for the payment of wages, salaries or other compensation (including all state, federal and local taxes and mandatory employee benefits), insurance and voluntary employment related or other contractual or fringe benefits as may be due or payable by the party to or on behalf of such party's employees, agents and representatives.

11.4 INSURANCE - Without limiting or diminishing the Plan's obligation to indemnify or hold the COUNTY harmless, Plan shall procure and maintain or cause to be maintained, at its sole cost and expense, the following insurance coverage's during the term of this Agreement.

a. Workers' Compensation:
If the Plan has employees as defined by the State of California, the Plan shall maintain statutory Workers' Compensation Insurance (Coverage A) as prescribed by the laws of the State of California. Policy shall include Employers' Liability (Coverage B) including Occupational Disease with limits not less than $1,000,000 per person per accident.

b. Commercial General Liability:
Commercial General Liability insurance coverage, including but not limited to, premises liability, contractual liability, products and completed operations liability, personal and advertising injury, cross liability coverage and employment practices liability, covering claims which may arise from or out of Plan's performance of its obligations hereunder. Policy shall name the

Contractholder, its Agencies, Districts, Special Districts, and Departments, their respective directors, officers, Board of Supervisors, employees, elected or appointed officials, agents or representatives as Additional Insured's. Policy's limit of liability shall not be less than $1,000,000 per occurrence combined single limit. If such insurance contains a general aggregate limit, it shall apply separately to this agreement or be no less than two (2) times the occurrence limit.

c. Vehicle Liability:
If vehicles or mobile equipment is used in the performance of the obligations under this Agreement, then Plan shall maintain liability insurance for all owned, non-owned or hired vehicles so used in an amount not less than $1,000,000 per occurrence combined single limit. If such insurance contains a general aggregate limit, it shall apply separately to this agreement or be no less than two (2) times the occurrence limit.

d. Professional Liability Insurance:
Plan shall maintain Professional Liability Insurance providing coverage for the Plan's performance of work included within this Agreement, with a limit of liability of not less than $1,000,000 per occurrence and $2,000,000 annual aggregate. If Plan's Professional Liability Insurance is written on a claims made basis rather than an occurrence basis, such insurance shall continue through the term of this Agreement and Plan shall purchase at his sole expense either 1) an Extended Reporting Endorsement (also known as Tail Coverage); or 2) Prior Dates Coverage from new insurer with a retroactive date back to the date of, or prior to, the inception of this Agreement; or 3) demonstrate through Certificates of Insurance that Plan has Maintained continuous coverage with the same or original insurer. Coverage provided under items; 1), 2) or 3) will continue for a period of five (5) years beyond the termination of this Agreement.

e. General Insurance Provisions - All lines:

1) Any insurance carrier providing insurance coverage hereunder shall be admitted to do business in the United States and have an A M BEST rating of not less than A-: VII (A-:7) unless such requirements are waived, in writing, by the Contractholder Risk Manager. If the Contractholder's Risk Manager waives a requirement for a particular insurer, such waiver is only valid for that specific insurer and only for one policy term.

2) Plan shall cause Plan's insurance carrier(s) to furnish the Contractholder with either 1) a properly executed Certificate(s) of Insurance and copies of Endorsements effecting coverage as required herein, and 2) if requested to do so in writing by the Contractholder Risk Manager, provide copies of policies including all Endorsements and all attachments thereto, showing such insurance is in full force and effect. Further, said

Certificate(s) and policies of insurance shall provide for not less than thirty (30) days' written notice of cancellation and no less than 10 days notice for cancellation for non-payment of premium. In the event of a, cancellation, this Agreement shall terminate forthwith, unless the Contractholder receives another properly executed Certificate of Insurance and copies of endorsements or policies, including all endorsements and attachments thereto evidencing coverage's set forth herein and the insurance required herein is in full force and effect. Plan shall not commence operations until the Contractholder has been furnished Certificate (s) of Insurance and copies of endorsements and if requested, policies of insurance including all endorsements and any and all other attachments as required in this Section.

4) It is understood and agreed to by the parties hereto and the insurance company(s), that the Certificate(s) of Insurance and policies shall so covenant and shall be construed as primary insurance, and the Contractholder's insurance and/or deductibles and/or self-insured retention's or self-insured programs shall not be construed as contributory.

5) The Contractholder's Reserved Rights--Insurance. If, during the term of this Agreement or any extension thereof, there is a material change in the scope of services; or, there is a material change in the equipment to be used in the performance of the scope of work which will add to additional exposures (such as the use of aircraft, watercraft, cranes, etc.) the Contractholder reserves the right to adjust the types of insurance required under this Agreement and the monetary limits of liability for the insurance coverage's currently required herein, if; in the Contractholder Risk Manager's reasonable judgment, the amount or type of insurance carried by the Plan has become inadequate.

6) The insurance requirements contained in this Agreement may be met with a program(s) of self-insurance acceptable to the Contractholder.

ARTICLE XII
CANCELLATION

12.1 CANCELLATION OF THE AGREEMENT - The Contractholder may cancel this Agreement at any time by providing one hundred twenty (120) days' prior written notice to the Plan. If the Agreement is cancelled on or after the 15th of the month, the Contractholder is liable for a full month's payment of Premiums. If the Agreement is cancelled prior to the 15th of the month, then Premiums payment will be waived and refunded to the group. In the event of such cancellation by either the Plan or the

Contractholder, the Contractholder shall promptly pay any earned Premiums that have not previously been paid, and the Plan shall within 30 days:

a. return to the Contractholder the amount of prepaid Premiums, if any, that the Plan determines will not have been earned as of such cancellation date;

b. be responsible for Benefits for which charges were incurred prior to such cancellation date.

12.2 THE PLAN MAY CANCEL THIS AGREEMENT FOR:

a. Failure of the Contractholder to pay any Premiums in accordance with the conditions of this Agreement;

b. Failure of the Contractholder to abide by and enforce the conditions of enrollment as set forth in this Agreement and in the, "Employer Group Application;"

c. A material change in the nature of the Contractholder's business, such as a bankruptcy or failure to maintain reasonable financial stability, a change in ownership, or a change in the Contractholder- Retiree relationship.

d. At any time by providing the Contractholder one hundred twenty (120) days' prior written notice.

12.3 Either party may cancel this Agreement pursuant to Sections 9.1, 9.3, or 16.4.

12.4 NOTIFICATION OF CANCELLATION TO SUBSCRIBERS - If this Agreement is rescinded, or cancelled by either party, the Contractholder shall be responsible for providing written notification of rescission or cancellation to the subscriber. The Contractholder shall promptly mail a legible, true copy of the Plan's notice of the rescission or cancellation to each subscriber at the subscriber's current address and shall promptly provide proof of such mailing and the date thereof to the Plan.

12.5 CANCELLATION OF INDIVIDUAL MEMBERS FOR CAUSE - The Plan may terminate coverage of a Member and his/her Dependent(s) for cause immediately upon notice to the Member for any of the reasons set forth in the EOC.

ARTICLE XIII
HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT (HIPAA)

HIPAA COMPLIANCE

13.1 Contractholder shall comply with all applicable requirements of HIPPA, including regulations promulgated and in full force and effect there under, upon the compliance dates set forth in rules and regulations promulgated pursuant to HIPAA. For purposes of this Agreement, HIPAA rules, regulations and/or requirements include, but are not limited to, all rules and regulations promulgated by the Department of Health and Human Services, or any office, administration or division thereof, pursuant to HIPAA.

HIPAA BUSINESS ASSOCIATE AGREEMENT

13.2 County and Contractholder enter into a HIPAA Business Associate Agreement pursuant to HIPAA Business Associate Agreement Addendum to Contract in Exhibit 1.

ARTICLE XIV
Term and Termination

14.1 The term of this Agreement shall become effective on January 1, 2010, and shall terminate on December 31, 2010, unless this Agreement is terminated as provided in **ARTICLE XII CANCELLATION** herein. Wherever this Agreement provides for a date of commencement or termination of any part or all of this Agreement, commencement or termination shall be effective as of 12:01 A.M. Pacific Standard Time of that date.

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ARTICLE XV
IDENTIFICATION OF OFFICERS, OWNERS, STOCKHOLDERS, CREDITORS

15.1 On annual basis, Contractholder shall identify the names of the following persons by listing them on Exhibit 2 of this Agreement, attached hereto and incorporated herein by this reference.

A. Contractholder officers;
B. Contractholder owners, including parent corporation(s);
C. Stockholders owning greater than 10% of any stock issued by Contractor;
D. Major creditors holding more than 10% of any debts owed by Contractor.

ARTICLE XVI
GENERAL PROVISIONS

16.1 USE OF MASCULINE PRONOUN - Whenever a masculine pronoun is used in this Agreement, it shall include the feminine gender unless the context clearly indicates otherwise.

16.2 ASSIGNMENT AND DELEGATION - This Agreement and the rights, interests, and benefits hereunder shall not be assigned, transferred, pledged, or hypothecated in any way by Plan or Contractholder, and shall not be subject to execution, attachment or similar process, nor shall the duties imposed herein be subcontracted or delegated without the prior written consent of the other party. Any assignment or delegation of this Agreement by Plan to a third party shall be void unless prior written approval is obtained from Contractholder.

16.3 INVALIDITY AND SEVERABILITY - If any provision of this Agreement is found to be invalid or unenforceable by any court or becomes invalid or unenforceable by Act of Congress, statute passes by the California Legislature, local ordinance, or any regulation duly promulgated by officers of the United States or of the State of California acting in accordance with law, such provision shall be in effect only to the extent that it is in contravention of applicable laws without invalidating the remaining provisions hereof.

16.4 LIMITATIONS OF SEVERABILITY - In the event the removal of any provision rendered invalid or unenforceable pursuant to Section 16.3 has the effect of materially altering the obligations of either party in such manner as to cause serious financial hardship to such party, the parties shall make all reasonable efforts to negotiate amendments to this Agreement to abrogate the effects of such removal and to avoid, to the extent possible under the circumstances, interruption of the delivery of services, or interference with the business activities of the parties. In the event the parties cannot reach mutual agreement on any amendments, the affected party shall have the right to

terminate this Agreement upon providing thirty (30) days prior written notice to the other party.

16.5 CAPTIONS - Captions in this Agreement are descriptive only and do not affect the intent or interpretation of the Agreement.

16.6 ENTIRE AGREEMENT - This Agreement (together with all attachments hereto), and any requirements promulgated by Contractholder, shall constitute the entire agreement between the parties related to the rights herein granted and the obligations herein assumed. It is the express intention of Plan and Contractholder that any and all prior or contemporaneous agreements, promises, negotiations or representations, either oral or written, relating to the subject matter and period governed by this Agreement that are not expressly set forth herein, or are not promulgated by Contractholder, shall be of no further force, effect or legal consequence after the effective date hereunder.

16.7 AMENDMENT - This Agreement may be amended or modified only by mutual written consent of the parties.

16.8 ATTORNEYS FEES - If any action at law or in equity is necessary to enforce the terms of this Agreement, the prevailing party shall be entitled to reasonable attorney's fees and reasonable costs, in addition to any other relief to which such party may be entitled.

16.9 TIME IS OF THE ESSENCE - Time shall be of the essence of each and every term, obligation, and condition of this Agreement.

16.10 GOVERNING LAW - Contractholder, Plan and this Agreement are subject to the laws of the State of California and the United States of America, and regulations promulgated thereto. Any provision required to be in this Agreement by any Applicable Law, and regulations thereto shall bind Contractholder and Plan, whether or not expressly provided in this Agreement. Any provision of this Agreement which is in conflict with, or does not conform with Applicable Law as applied to the Plan shall be amended automatically to conform to the requirements of such Applicable Law.

16.11 VENUE - All actions and proceedings arising in connection with this Agreement shall be tried and litigated exclusively in the state and federal (if permitted by law and a party elects to file an action in federal court) courts located in the County of Riverside, State of California.

16.12 GOVERNMENT CLAIMS ACT - The provisions of the Government Claims Act (Government Code section 900 et. seq.) must be followed first for any disputes arising under this Agreement.

16.13 CONFLICT OF INTEREST - The parties hereto and their respective employees or agents shall have no interest, and shall not acquire any interest, direct or

indirect, which shall conflict in any manner or degree with the performance of services required under this Agreement.

16.14 EXHIBITS - All exhibits attached to this Agreement, and referenced herein, are incorporated into and made part of this Agreement.

16.15 FORCE MAJEURE - Neither party shall be liable to the other party or be deemed to have breached this Agreement for any failure or delay in the performance of all or any porting of its obligations under this Agreement if such failure or delay is due to any contingency beyond its reasonable control (a 'force majeure"). Without limiting the generality of the foregoing, such contingency includes, but is not limited to, acts of God, fires, floods, pandemics, storms, earthquakes, riots, boycotts, strikes, lock-outs, acts of terror, wars and war operations, restraints of government, power or communication line failure or other circumstance beyond such party's reasonable control, or by reason of a judgment, ruling or order of any court or agency of competent jurisdiction or change of law or regulation subsequent to the execution of this Agreement. Both parties are obligated to provide reasonable back-up capability to avoid the potential interruptions described above. If a force majeure occurs, the party delayed or unable to perform shall give immediate notice to the other party. Contractholder acknowledges that the foregoing provision does not apply to Contractholder's obligation to make timely payment of any fees due Plan, and that Plan shall be entitled to all remedies set forth in this Agreement and those allowed by law for Contractholder's failure to timely pay such fees.

16.16 APPROVAL OF DMHC/DHS/CMS - All amendments, including but not limited to renewals of this Agreement, and any proposed amendments governing premiums, Covered Services, or the term hereof, shall be submitted to applicable/appropriate regulatory agencies for prior approval at least thirty (30) days before their effective date. No such amendment between Contractholder and the Plan shall be effective unless the appropriate approval from the regulatory agencies have been obtained.

16.17 NOTICE - Written notice required under this Agreement shall be delivered personally, or sent by United States registered certified mail or express mail, postage prepaid and return receipt requested, and shall be deemed given when so delivered by hand or if mailed, on the date of delivery shown on the receipt and addressed or delivered to each of the parties at the following address (or such other address as may hereafter be designated by a party by written notice thereof to the other party):

Plan: SCAN Health Plan
Attn: Roger L. Lapp
3800 Kilroy Airport Way, Suite 100
Long Beach, California 90801-5616

Contractholder: County of Riverside, Human Resources
4080 Lemon Street, First Floor
Riverside, CA 92502
Attn: Benefits Manager

16.18 RECORDS AND INFORMATION TO BE FURNISHED - The Contractholder shall furnish the Plan such information as the Plan may require enabling it to administer this Plan, to determine the Premiums and to enable it to perform its obligations under the Agreement. All of the Contractholder's records that relate to eligibility and Benefits of this Plan shall be made available for inspection by the Plan when and so often as reasonably required.

16.19 LIMITATION OF LIABILITY - Members shall not be responsible to Plan Providers for payment for Services to the extent they are a Benefit of this Plan. When a Plan Provider renders Covered Services, the Member is responsible only for the applicable Copayments, and for non-benefit items. Members are responsible for the full charges for any non-covered services they obtain.

16.20 PAYMENT OF PROVIDERS - The Plan generally Contracts with groups of Physicians to provide Services to Members. A fixed, monthly fee is generally paid to the groups of Physicians for each Member whose PCP is in the group. This payment system, capitation, includes incentives to the group of Physicians to manage all Services provided to Members in an appropriate manner consistent with this Agreement. Members may request additional information about this payment system by contacting the Plan's Member Services Department or the Member's Plan Provider.

16.21 PLAN INTERPRETATION - The Plan shall have the power and discretionary authority to construe and interpret the provisions of this Agreement, to determine the Benefits of this Agreement and determine eligibility to receive Benefits under this Agreement. The Plan shall exercise this authority for the benefit of all Members entitled to receive Benefits under this Agreement.

16.22 CONDITIONS PRECEDENT TO THE EFFECTIVENESS OF THIS AGREEMENT:

a. SERVICE DELIVERY SYSTEM COMPLETION - This Agreement is contingent upon execution of contracts by the Plan with hospitals, physicians, and ancillary service providers who collectively constitute the Plan-Contracted Network. The Plan shall pursue these agreements in good faith, but does not covenant that such agreements can be reached.

b. GOVERNMENTAL APPROVAL - This Agreement is contingent upon the Plan receiving approval from the appropriate local, state, and federal governmental or quasi-governmental agencies, which have regulatory or quasi-regulatory powers over the Plan or its programs. Such agencies

include, but are not limited to DMHC, DHS, CMS and any other relevant state, federal and local agencies. Additionally, this Agreement is contingent upon approval by DMHC in writing, or by operation of law.

16.23 CONTRACTHOLDER NOTICE OBLIGATIONS - It is Contractholder's obligation to advise enrollees and/or their dependents of any rights they may have under the Employee Retirement Income Security Act of 1974 ("ERISA"), the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA") and Cal-COBRA, to the extent applicable.

16.24 CERTIFICATION OF AUTHORITY TO EXECUTE THIS AGREEMENT - Plan certifies that the individual signing herein has authority to execute this Agreement on behalf of Plan, and may legally bind Plan to the terms and conditions of this Agreement, and any attachments hereto.

[The remainder of this page was intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused their duly appointed representatives to execute this Agreement:

ATTEST:
Clerk of the Board
Kecia Harper-Ihem

By: _____
Deputy

Date: _____

COUNTY OF RIVERSIDE:

By: _____
Chairman, Board of Supervisors

Date: _____

Approved as to form and content:

Pamela J. Walls
County Counsel

By: _____
Deputy County Counsel

SCAN HEALTH PLAN

By: _____

Printed Name: Dave Schmidt

Title: Chief Executive Officer

Date: 12/11/09

EXHIBIT 1

HIPAA Business Associate Agreement
Addendum to Contract

Between the County of Riverside and
SCAN Health Plan

This HIPAA Business Associate Agreement Addendum ("Addendum") supplements, and is made part of the SCAN Health Plan (the "Underlying Agreement") between the County of Riverside ("County") and SCAN Health Plan ("Contractor") as of the date of approval by both parties January 1, 2010.

RECITALS

WHEREAS, County and Contractor entered into the Underlying Agreement pursuant to which Contractor provides services to County, and in conjunction with the provision of such services certain Protected Health Information ("PHI") and/or certain electronic Protected Health Information (ePHI) may be made available to Contractor for the purposes of carrying out its obligations under the Underlying Agreement; and,

WHEREAS, the provisions of the Health Insurance Portability and Accountability Act, Pub. L. No. 104-161 of 1996 ("HIPAA"), more specifically the regulations found at Title 45, CFR, Parts 160 and 164 (the "Privacy Rule") and/or Part 162 (the "Security Rule"), as may be amended from time to time, which are applicable to the protection of any disclosure of PHI and/or ePHI pursuant to the Underlying Agreement; and

WHEREAS, County is Covered Entity, as defined in the Privacy Rule; and,

WHEREAS, Contractor, when a recipient of PHI and/or ePHI from County, is a Business Associate as defined in the Privacy Rule; and,

WHEREAS, the parties agree that any disclosure or use of PHI and/or ePHI be in compliance with the Privacy Rule, Security Rule, or other applicable law;

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, the parties agree as follows:

1. Definitions. Unless otherwise provided in this Addendum, capitalized terms shall have the same meanings as set forth in the Privacy Rule and/or Security Rule, as may be amended from time to time.

2. Scope of Use and Disclosure by Contractor of County Disclosed PHI and/or ePHI

A. Contractor shall be permitted to use PHI and/or ePHI disclosed to it by the County:

(1) On behalf of the County, or to provide services to the County for the purposes contained herein, if such use or disclosure would not violate the Privacy Rule and/or Security Rule;

(2) As necessary to perform any and all of its obligations under the Underlying Agreement.

B. Unless otherwise limited herein, in addition to any other uses and/or disclosures permitted or authorized by this Addendum or required by law, Contractor may:

(1) Use the PHI and/or ePHI in its possession for its proper management and administration and to fulfill any legal obligations.

(2) Disclose the PHI and/or ePHI in its possession to a third party for the purpose of Contractor's proper management and administration or to fulfill any legal responsibilities of Contractor. Contractor may disclose PHI and/or ePHI as necessary for Contractor's operations only if:

(a) The disclosure is required by law; or

(b) Contractor obtains written assurances from any person or organization to which Contractor will disclose such PHI and/or ePHI that the person or organization will:

(i) Hold such PHI and/or ePHI in confidence and use or further disclose it only for the purpose of which Contractor disclosed it to the third party, or as required by law; and,

(ii) The third party will notify Contractor of any instances of which it becomes aware in which the confidentiality of the information has been breached.

(3) Aggregate the PHI and/or ePHI and/or aggregate the PHI and/or ePHI with that of other data for the purpose of providing County with data analyses related to the Underlying Agreement, or any other purpose, financial or otherwise, as requested by County.

(4) Not disclose PHI and/ or ePHI disclosed TO Contractor by County not authorized by the Underlying Agreement or this Addendum without patient authorization or de-identification of the PHI and/or ePHI as authorized in writing by County.

(5) De-identify any and all PHI and/or ePHI of County received by Contractor under this Addendum provided that the de-identification conforms to the requirements of the Privacy Rule and/or Security Rule and does not preclude timely payment and/or claims processing and receipt.

C. Contractor agrees that it will neither use nor disclose PHI and/or ePHI it receives from County, nor from another business associate of County, except permitted or required by this Addendum, or as required by law, or as otherwise permitted by law.

D. Notwithstanding the foregoing, in any instance where applicable state and/or federal laws and/or regulations are stricter in their requirements than the provisions of HIPAA and prohibit the disclosure of mental health, and/or substance abuse records, the applicable state and/or federal laws and/or regulations shall control the disclosure of records.

3. Obligations of County.

A. County agrees that it will make its best efforts to promptly notify Contractor in writing of any restrictions on the use and disclosure of PHI and/or ePHI agreed to by County that may affect Contractor's ability to perform its obligations under the Underlying Agreement, or this Addendum.

B. County agrees that it will make its best efforts to promptly notify Contractor in writing of any changes in, or revocation of, permission by any individual to use or disclose PHI and/or ePHI, if such changes or revocation may affect Contractor's ability to perform its obligations under the Underlying Agreement, or this Addendum.

C. County agrees to make its best efforts to promptly notify Contractor in writing of any known limitations in its notice of privacy practices to the extent that such limitation may affect Contractor's use or disclosure of PHI and/or ePHI.

D. County shall request Contractor to use or disclose PHI and/or ePHI in any manner that would not be permissible under the Privacy Rule and/or Security Rule.

E. County will obtain any authorizations necessary for the use or disclosure of PHI and/or ePHI, so that Contractor can perform its obligations under this Addendum and/or the Underlying Agreement.

4. Obligations of Contractor. In connection with its use of PHI and/or ePHI disclosed by County to Contractor, Contractor agrees to:

A. Use or disclose PHI and/or ePHI only as permitted or required by this Addendum or as required by law.

B. Use reasonable and appropriate safeguards to prevent use or disclosure of PHI and/or ePHI other than as provided for by this Addendum.

C. To the extent practicable, mitigate any harmful effect that is known to Contractor of a use or disclosure of PHI and/or ePHI by Contractor in violation of this Addendum.

D. Report to County any use or disclosure of PHI and/or ePHI not provided for by this Addendum of which Contractor becomes aware.

E. Require sub-contractors or agents to whom Contractor provides PHI and/or ePHI to agree to the same restrictions and conditions that apply to Contractor pursuant to this Addendum.

F. Use appropriate administrative, technical and physical safeguards to prevent inappropriate use or disclosure of PHI and/or ePHI created or received for or from the County.

G. Obtain and maintain knowledge of the applicable laws and regulations related to HIPAA, as may be amended from time to time.

5. Access to PHI, Amendment and Disclosure Accounting. Contractor agrees to:

A. Provide access, at the request of County, within five (5) days, to PHI in a Designated Record Set, to the County, or to an individual as directed by the County.

B. To make any amendment(s) to PHI in a Designated Record Set that the County directs or agrees to at the request of County or an Individual within sixty (60) days of the request of County.

C. To assist the County in meeting its disclosure accounting under HIPAA:

(1) Contractor agrees to document such disclosure of PHI and information related to such disclosures as would be required for

the County to respond to a request by an Individual for an accounting of disclosures of PHI.

(2) Contract agrees to provide to County or an Individual for an accounting of disclosures of PHI.

(3) Contract shall have available for the County the information required by this section for the six (6) years preceding the County's request for information (except the Contractor need have no information for disclosures occurring before April 14, 2003.

D. Make available to the County, or to the Secretary of Health and Human Services, Contractor's internal practices, books and records relating to the use of and disclosure of PHI for purposes of determining Contractor's compliance with the Privacy Rule, subject to any applicable legal restrictions.

E. Within thirty (30) days of receiving a written request from County, make available any and all information necessary for County to make an accounting of disclosures of County PHI by Contractor.

F. Within thirty (30) days of receiving a written request from County, incorporate any amendments or corrections to the PHI in accordance with the Privacy Rule in the event that the PHI in Contractor's possession constitutes a Designated Record Set.

G. Not make any disclosure of PHI that County would be prohibited from making.

6. Access to ePHI, Amendment and Disclosure Accounting. In the event contractor needs to create or have access to County ePHI, Contractor agrees to:

A. Implement and maintain reasonable and appropriate administrative, physical, and technical safeguards to protect the confidentiality of, the integrity of, the availability of, and authorized persons' accessibility to, County ePHI as applicable under the terms and conditions of the Underlying Agreement. The EPHI shall include that which the Contractor may create, receive, maintain, or transmit on behalf of the County.

B. Ensure that any agent, including a subcontractor, to who Contractor provides ePHI agrees to implement reasonable and appropriate safeguards.

C. Report to Count any security incident of which Contractor becomes aware that concerns County ePHI.

7. Term and Termination.

A. Term – this Addendum shall commence upon the Effective Date and terminate upon the termination of the Underlying Agreement, except as terminated by County as provided herein.

B. Termination for Brach – County may terminate this Addendum, effective immediately, without cause, if County, in its sole discretion of this Addendum. Alternatively, County may choose to provide Contractor with notice of the existence of an alleged material breach and afford Contractor with an opportunity to cure the alleged material breach. In the event Contractor fails to cure the breach to the satisfaction of County in a timely manner, County reserves the right to immediately terminate this Addendum.

C. Effect of Termination – upon termination of this Addendum, for any reason, Contractor shall return or destroy all PHI and/or ePHI received from the County, or created or received by Contractor on behalf of County, and, in the event of destruction, Contractor shall certify such destruction, in writing, to County. This provision shall apply to all PHI and/or ePHI which is in possession of subcontractors or agents of Contractor. Contractor shall retain no copies of the PHI and/or ePHI.

D. Destruction not Feasible – in the event that Contractor determines that returning or destroying the PHI and/or ePHI is not feasible, Contractor shall provide written notification to County of the conditions which make such return or destruction not feasible. Upon determination by Contractor that return or destruction of PHI and/or ePHI is not feasible, Contractor shall extend the protections of this Addendum to such PHI and/or ePHI and limit further uses and disclosures of such PHI and/or ePHI to those purposes which make the return or destruction not feasible, for so long as Contractor maintains such PHI and/or e-PHI.

8. Hold Harmless/Indemnification

Contractor shall indemnify and hold harmless all Agencies, Districts, Special Districts and Departments of the County, their respective directors, officers, Board of Supervisors, elected and appointed officials, employees, agents and representatives from any liability whatsoever, based or asserted upon any services of Contractor, its officers, employees, subcontractors, agents or representatives arising out of or in any way relating to this Addendum, including but not limited to property damage, bodily injury, or death or any other element of any kind or nature whatsoever including fines, penalties or any other costs

and resulting from any reason whatsoever arising from the performance of Contractor, its officers, agents, employees, subcontractors, agents or representatives from this Addendum. Contractor shall defend, at its sole expense, all costs and fees including but not limited to attorney fees, cost of investigation, defense and settlements or awards all Agencies, Districts, Special Districts and Departments of the County, their respective directors, officers, Board of Supervisors, elected and appointed officials, employees, agents and representatives in any claim or action based upon such alleged acts or omissions.

With respect to any action or claim subject to indemnification herein by Contractor, Contractor shall, at their sole cost, have the right to use counsel of their choice, subject to the approval of County, which shall not be unreasonably withheld, and shall have the right to adjust, settle, or compromise any such action or claim without the prior consent of County; provided, however, that any such adjustment, settlement or compromise in no manner whatsoever limits or circumscribes Contractor's indemnification to County as set forth herein. Contractor's obligation to defend, indemnify and hold harmless County shall be subject to County having given Contractor written notice within a reasonable period of time of the claim or of the commencement of the related action, as the case may be, and information and reasonable assistance, at Contractor's expense, for the defense or settlement thereof. Contractor's obligation hereunder shall be satisfied when Contractor has provided to County the appropriate from of dismissal relieving County from any liability for the action or claim involved.

The specified insurance limits required in the Underlying Agreement of this Addendum shall in no way limit or circumscribe Contractor's obligations to indemnify and hold harmless the County herein from third party claims arising from the issues of this Addendum.

In the event there is conflict between this clause and California Civil Code Section 2782, this clause shall be interpreted to comply with CIVIL Code 2782. Such interpretation shall not relieve the Contractor from indemnifying the County to the fullest extent allowed by law.

In the event there is a conflict between this indemnification clause and an indemnification clause contained in the Underlying Agreement of this Addendum, this indemnification shall only apply to the subject issues included within this Addendum.

9. General Provisions.

   A. Amendment – the parties agree to take such action as is necessary to amend this Addendum from time to time as is necessary for County to comply with the Privacy Rule, Security Rule, and HIPAA generally.

B. Survival – the respective rights and obligations of this Addendum shall survive the termination or expiration of this Addendum.

C. Regulatory References – a reference in this Addendum to a section in the Privacy Rule and/or Security Rule means the section(s) as in effect or as amended.

D. Conflicts – any ambiguity in this Addendum and the Underlying Agreement shall be resolved to permit County to comply with the Privacy Rule, Security Rule, and HIPAA generally.

E. Interpretation of Addendum – this Addendum shall be construed to be a part of the Underlying Agreement as one document. The purpose is to supplement the Underlying Agreement to include the requirements of HIPAA.

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EXHIBIT 2

Name of Business: SCAN Health Plan

OWNERSHIP INFORMATION

Check one:

Corporation		
Partnership		
Sole Proprietorship		
Other	X	Not-For-Profit Corporation

Board of Directors:

Michael L. Noel, Chairman, Noel Consulting Company
Tom Higgins, The Laurel Company
Tom McDaniel, Edison International
Linda Strike, Healthcare Consultant
Kim Hunter, LA Grant Communications
Pat Seaver, Lathan & Watkins
Colleen Cain, Co-Founder and former CEO, Benova, Inc.
Ryan Trimble, DDS – P5, Inc.

Officers and Executives:

David Schmidt, Chief Executive Officer
Dennis Eder, Chief Financial Officer
Timothy Schwab, MD, FACP, Chief Medical Officer
Douglas A. Jaques, Esq., Senior Vice President, General Counsel and Secretary
Roger L. Lapp, Senior Vice President, Sales/Membership
Rebecca Mauritson, Learner, Senior Vice President and Compliance Officer
Deborah A. Miller, Senior Vice President, Health Care Services
Henry W. Osowski, Senior Vice President, Business Development
Marc J. Radner, Senior Vice President, Human Resources
Elizabeth S. Russell, Senior Vice President, Network Management
Sherry L. Stanislaw, Senior Vice President, Service Operations/Marketing
Merlin Swackhamer, Chief Information Officer

Additional Shareholders: