

FORM APPROVED COUNTY COUNSEL  
 3-12-15  
 BY: ANITA C. WILLIS  
 DATE

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

393



**FROM:** Riverside County Regional Medical Center

**SUBMITTAL DATE:**  
 March 11, 2015

**SUBJECT:** Public Hospital Outpatient Services Supplemental Reimbursement Program (AB-915) Agreement. District 5 [0]

**RECOMMENDED MOTION:** That the Board of Supervisors:

1. Approve and authorize the Chairman to sign the Medi-Cal Public Hospital Outpatient Services (AB915) Supplemental Reimbursement Program Provider Participation Agreement with the State Department of Health Services.

**BACKGROUND:**

**Summary**

AB 915 (Welfare and Institutions Code Section 14105.96) enacted by the Legislature in August 2002, allows for federal supplemental payments for unreimbursed Medi-Cal hospital outpatient fee-for-service (FFS) expenses based on certified public expenditures (CPE) incurred at public hospitals. Generally, an eligible hospital's unreimbursed Medi-Cal FFS expenses will be considered Medicaid expenditures, which will be eligible for a federal match. Consequently, the hospital will receive reimbursement for the federal share, approximately 50 percent of the expenses, which represents claimable unpaid expenditures above the Medi-Cal payments as additional revenue to the hospital. This revenue is reflected in the County's Budget.

*[Signature]*

Zareh Sarrafian  
 Chief Executive Officer

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$	\$	\$	\$	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
NET COUNTY COST	\$	\$	\$	\$	

**SOURCE OF FUNDS:** Hospital Enterprise Fund Budget  
 Budget Adjustment: No  
 For Fiscal Year: FY 14/15

**C.E.O. RECOMMENDATION:**

APPROVE

BY: *[Signature]*  
 Debra Cournoyer

County Executive Office Signature

**MINUTES OF THE BOARD OF SUPERVISORS**

- A-30
- Positions Added
- 4/5 Vote
- Change Order

Prev. Agn. Ref.:

District: 5

Agenda Number:

3-29



Public Hospital Outpatient Services Supplemental Reimbursement Program  
Provider Participation Agreement

including Section 14105.96; Division 3 of Title 22 of the California Code of Regulations (CCR) (commencing with Section 50000), as periodically amended; State issued policy directives, including Policy and Procedure Letters, as periodically amended; and federal Office of Management and Budget (OMB) Circular A-87, as periodically amended.

- B. Ensure all applicable State and federal requirements, as identified in Paragraph A of Article 3, are met in rendering services under this Agreement. It is understood and agreed that failure by the Provider to ensure all applicable State and federal requirements are met in rendering services subject to supplemental reimbursement under this Agreement shall be sufficient cause for the State to deny or recoup payments to the Provider as well as termination of this Agreement.
- C. Comply with the following Expense Allowability and Fiscal Documentation requirements:
- 1) Provider cost report and claim form that are accepted or submitted for payment by the State shall not be deemed evidence of allowable Agreement costs.
  - 2) Provider shall maintain for review and audit and supply to the State, upon request, auditable documentation of all amounts claimed pursuant to this Agreement to permit a determination of expense allowability.
  - 3) If the allowability or appropriateness of an expense cannot be determined by the State because invoice detail, fiscal records, or backup documentation is nonexistent or inadequate, according to generally accepted accounting principles or practices, all questionable costs may be disallowed and payment may be withheld by the State. Upon receipt of adequate documentation supporting a disallowed or questionable expense, reimbursement may resume for the amount substantiated and deemed allowable.
- D. By five months after the close of Provider's fiscal year:
- 1) Submit Provider's cost report to the Audit and Investigations Division of DHCS pursuant to requirements established by State law and DHCS policy.
- E. Accept as payment in full the reimbursement received for services subject to supplemental reimbursement pursuant to this Agreement.
- F. Comply with confidentiality requirements as specified in paragraph (7) of subsection (a) of section 1396a of Title 42 of the United States Code, 42 CFR 431.300, W&I Code sections 14100.2 and 14132.47, and 22 CCR Section 51009.
- G. Submit claims in accordance with 42 CFR 433.51.

- H. Retain all necessary records for a minimum of three (3) years after the end of the quarter in which the provider submitted its cost reports to DHCS. If an audit is in progress, all records relevant to the audit shall be retained until the completion of the audit or the final resolution of all audit exceptions, deferrals, and/or disallowances. Records must fully disclose the name and Medi-Cal number or beneficiary identification code (BIC) of the person receiving the services, the name of the provider agency and person providing the service, the date and place of service delivery, and the nature and extent of the service provided. The Provider shall furnish said records and any other information regarding expenditures and revenues for providing services, upon request, to the State and to the federal government.
- I. Be responsible for the acts or omissions of its employees and/or subcontractors in the course of implementing this Agreement.
- J. Comply with the following requirements pertaining to exclusions. The conviction of an employee or subcontractor of the Provider, or of an employee of a subcontractor, of any felony or of a misdemeanor involving fraud, abuse of any Medi-Cal beneficiary, or abuse of the Medi-Cal program, shall result in the exclusion of that employee or subcontractor, or employee of a subcontractor, from participation in the Public Hospital Outpatient Services Supplemental Reimbursement Program. Failure to exclude a convicted individual from participation in the Public Hospital Outpatient Services Supplemental Reimbursement Program shall constitute a breach of this Agreement.
- K. Comply with the following requirements pertaining to exclusions. Exclusion after conviction shall result regardless of any subsequent order under section 1203.4 of the Penal Code allowing a person to withdraw his or her plea of guilty and to enter a plea of not guilty, or setting aside the verdict of guilty, or dismissing the accusation, information, or indictment.
- L. Comply with the following requirements pertaining to exclusions. Suspension or exclusion of an employee or a subcontractor, or of an employee of a subcontractor, from participation in the Medi-Cal program, the Medicaid program, or the Medicare program, shall result in the exclusion of that employee or subcontractor, or employee of a subcontractor, from participation in the Public Hospital Outpatient Services Supplemental Reimbursement Program. Failure to exclude a suspended or excluded individual from participation in the Public Hospital Outpatient Services Supplemental Reimbursement Program shall constitute a breach of this Agreement.
- M. Comply with the following requirements pertaining to exclusions. Revocation, suspension, or restriction of the license, certificate, or registration of any employee, subcontractor, or employee of a subcontractor, shall result in exclusion from the Public Hospital Outpatient Services Supplemental Reimbursement Program, when such license, certificate, or registration is required for the provision of services. Failure to exclude an individual whose license, certificate, or registration has been revoked, suspended, or restricted from the provision of services may constitute a breach of this Agreement.

#### **ARTICLE 4 – STATE RESPONSIBILITIES**

By entering into this Agreement, the State agrees to:

- A. Lead the development, implementation, and administration for the Public Hospital Outpatient Services Supplemental Reimbursement Program and ensure compliance with the provisions set forth in the California Medicaid State Plan.
- B. Submit claims for federal financial participation (FFP) based on expenditures for Public Hospital Outpatient Services Supplemental Reimbursement Program services that are allowable expenditures under federal law.
- C. On an annual basis, submit any necessary materials to the federal government to provide assurances that claims for FFP will include only those expenditures that are allowable under federal law.
- D. Reconcile certified public expenditure (CPE) invoices with supplemental reimbursement payments and ensure that the total Medi-Cal reimbursement provided to Public Hospital Outpatient Services Supplemental Reimbursement Program providers will not exceed applicable federal upper payment limit as described in 42 C.F.R. 447-Payments For Services.
- E. Complete the audit and settlement process of the interim reconciliations for the claiming period within three (3) years of the postmark date of the cost report and conduct on-site audits as necessary.
- F. Calculate the actual costs for administrative accounting, policy development, and data processing maintenance activities, including the indirect costs related to the Public Hospital Outpatient Services Supplemental Reimbursement Program provided by its staff based upon a cost accounting system which is in accordance with the provisions of Office of Management and Budget Circular A-87 and 45 CFR Parts 74 and 95.
- G. Maintain accounting records to a level of detail which identifies the actual expenditures incurred for personnel services which includes salary/wages, benefits, travel and overhead costs for Contractor's staff, as well as equipment and all related operating expenses applicable to these positions to include, but not limited to, general expense, rent and supplies, and travel cost for identified staff and managerial staff working specifically on activities or assignments directly related to the Public Hospital Outpatient Services Supplemental Reimbursement Program. Accounting records shall include continuous time logs for identified staff that record time spent in the following areas: the Public Hospital Outpatient Services Supplemental Reimbursement Program, general administration.

- H. Ensure that an appropriate audit trail exists within Contractor records and accounting system and maintain expenditure data as indicated in this Agreement.
- I. Designate a person to act as liaison with Provider in regard to issues concerning this Agreement. This person shall be identified to Provider's contact person for this Agreement.
- J. Provide a written response by email or mail to Provider's contact person within thirty (30) days of receiving a written request for information related to the Public Hospital Outpatient Services Supplemental Reimbursement Program
- K. Provide program technical assistance and training related to the Public Hospital Outpatient Services Supplemental Reimbursement Program to Provider personnel after receiving a written request from Provider contact person.

**ARTICLE 5 –PROJECT REPRESENTATIVES**

- A. The project representatives during the term of this Agreement will be:

<b>Department of Health Care Services</b> Name: Brie-Anne Sebastien Unit: Medi-Cal Supplemental Payments Unit Telephone: (916) 552-9068 Fax: (916) 552-8651 Email: <a href="mailto:Brie-Anne.Sebastien@dhcs.ca.gov">Brie-Anne.Sebastien@dhcs.ca.gov</a>	<b>Provider</b> Riverside County Regional Medical Center Name: Stephen M. Chu Telephone: 951-486-4351 Fax: 951-486-4375 Email: <a href="mailto:Schu@co.riverside.ca.us">Schu@co.riverside.ca.us</a>
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- B. Direct all inquiries to:

<b>Department of Health Care Services</b> Section: Medi-Cal Supplemental Payments Unit: Medi-Cal Supplemental Payments Unit <b>Attention:</b> Public Hospital Outpatient Service Supplemental Reimbursement Program Address: 1501 Capitol Avenue, MS 4504 P.O. Box 997436 Sacramento, CA 95899-7436 Telephone: (916) 552-9113 Fax: (916) 552-8651 e-mail: <a href="mailto:OPSupplemental@dhcs.ca.gov">OPSupplemental@dhcs.ca.gov</a>	<b>Provider</b> Riverside County Regional Medical Center Telephone: 951-486-4847 Fax: 951-486-4375 Email: <a href="mailto:Kkarhu@co.riverside.ca.us">Kkarhu@co.riverside.ca.us</a> Name: Kathleen Karhu
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- C. Either party may make changes to the information above by giving written notice to the other party. Said changes shall not require an amendment to this agreement.

## **ARTICLE 6 – GENERAL PROVISIONS**

- A. This document constitutes the entire Agreement between the parties. Any condition, provision, agreement or understanding not stated in this Agreement shall not affect any rights, duties, or privileges in connection with this Agreement.
- B. The term “days” as used in this Agreement shall mean calendar days unless specified otherwise.
- C. The State shall have the right to access, examine, monitor, and audit all records, documents, conditions, and activities of the Provider and its subcontractor related to the services provided pursuant to this Agreement.
- D. No covenant, condition, duty, obligation, or undertaking made a part of this Agreement shall be waived except by amendment of the Agreement by the parties hereto, and forbearance or indulgence in any other form or manner by either party in any regard whatsoever shall not constitute a waiver of the covenant, condition, duty, obligation, or undertaking to be kept, performed, or discharged by the party to which the same may apply; and, until performance or satisfaction of all covenants, duties, obligations, or undertakings is complete, the other party shall have the right to invoke any remedy available under this Agreement, or under law, notwithstanding such forbearance or indulgence.
- E. None of the provisions of this Agreement are or shall be construed as for the benefit of, or enforceable by, any person not a party to this Agreement.

## **ARTICLE 7 – AMENDMENT PROCESS**

Should either party, during the term of this Agreement, desire a change or amendment to the terms of this Agreement, such changes or amendments shall be proposed in writing to the other party, who will respond in writing as to whether the proposed amendments are accepted or rejected. If accepted and after negotiations are concluded, the agreed upon changes shall be made through a process that is mutually agreeable to both the State and the Provider. No amendment will be considered binding on either party until it is approved in writing by both parties. Replacing the Project Representative does not require an amendment to this agreement and may be updated with written notice sent to the other party. Written notice may include email.

**ARTICLE 8 – AVOIDANCE OF CONFLICTS OF INTEREST BY THE PROVIDER**

- A. The State intends to avoid any real or apparent conflict of interest on the part of the Provider, subcontractors, or employees, officers, and directors of the Provider or subcontractors. Thus, the State reserves the right to determine, at its sole discretion, whether any information, assertion, or claim received from any source indicates the existence of a real or apparent conflict of interest; and, if a conflict is found to exist, to require the Provider to submit additional information or a plan for resolving the conflict, subject to the State's review and prior approval.
- B. Conflicts of interest include, but are not limited to:
- 1) An instance where the Provider or any of its subcontractors, or any employee, officer, or director of the Provider or any subcontractor has an interest, financial or otherwise, whereby the use or disclosure of information obtained while performing services under the contract would allow for private or personal benefit or for any purpose that is contrary to the goals and objectives of the contract.
  - 2) An instance where the Provider's or any subcontractor's employees, officers, or directors use their positions for purposes that are, or give the appearance of being, motivated by a desire for private gain for themselves or others, such as those with whom they have family, business or other ties.
- C. If the State is or becomes aware of a known or suspected conflict of interest, the Provider will be given an opportunity to submit additional information or to resolve the conflict. A Provider with a suspected conflict of interest will have five (5) working days from the date of notification of the conflict by the State to provide complete information regarding the suspected conflict. If a conflict of interest is determined to exist by the State and cannot be resolved to the satisfaction of the State, the conflict will be grounds for terminating the contract. The State may, at its discretion upon receipt of a written request from the Provider, authorize an extension of the timeline indicated herein.
- D. If the State is or becomes aware of a known or suspected conflict of interest, the Provider will be given an opportunity to submit additional information or to resolve the conflict. A Provider with a suspected conflict of interest will have five (5) working days from the date of notification of the conflict by the State to provide complete information regarding the suspected conflict. If a conflict of interest is determined to exist by the State and cannot be resolved to the satisfaction of the State, the conflict will be grounds for terminating the contract. The State may, at its discretion upon receipt of a written request from the Provider, authorize an extension of the timeline indicated herein.



## **ARTICLE 9 – FISCAL PROVISIONS**

Reimbursement under this Agreement shall be made in the following manner:

- A. Upon the Provider's compliance with all provisions pursuant to W&I Code section 14105.96 and this Agreement, and upon the submission of a cost report and claim form based on valid and substantiated information, the State agrees to process the cost report and claim form for reimbursement.
- B. Transfer of funds is contingent upon the availability of federal financial participation. If, in the event federal financial participation funds for a service period are not available for all of the supplemental amounts payable to Public Hospital Outpatient Services Supplemental Reimbursement Program providers due to the application of a federal limit or for any other reason, both of the following shall apply:
  - 1) The total amounts payable to Public Hospital Outpatient Services Supplemental Reimbursement Program providers for the service period shall be reduced to reflect the amounts for which federal financial participation is available.
  - 2) The amounts payable to each Public Hospital Outpatient Services Supplemental Reimbursement Program provider for the service period shall be equal to the amounts computed under Article 3 multiplied by the ratio of the total amounts for which federal financial participation is available.
- C. Provider shall certify the certified public expenditure from the Provider's General Fund, or from any other funds allowed under federal law and regulation, for Title XIX funds claimed for reimbursement pursuant to W&I Code section 14105.96. The State shall deny payment of any invoice submitted under this Agreement, if it determines that the certification is not adequately supported for purposes of FFP. The following certification statement shall be made on each Summary Invoice submitted to the State for payment for the performance of services:

"I, certify under penalty of perjury as follows: Public funds for services provided have been expended as necessary for federal financial participation, pursuant to the requirements of Section 1903(w) of the Social Security Act and 42 C.F.R. § 433.50, *et seq.* for allowable costs. The expenditures claimed have not previously been, nor will be, claimed at any other time to receive federal funds under Medicaid or any other program. The provider acknowledges that the information is to be used for claiming federal funds and understands that misrepresentation of information constitutes a violation of federal and State law. The provider acknowledges that all funds expended pursuant to W&I Code section 14105.96 are subject to review and audit by the Department of Health Care Services. The provider acknowledges that it understands that DHCS must deny payments for any claim submitted under W&I Code section 14105.96, if it determines that the certification is not adequately supported for purposes of

federal financial participation. That I am the responsible person of the subject fire department / agency and am duly authorized to sign this certification and that, to the best of my knowledge and information, each statement and amount in the accompanying schedules are to be true, correct, and in compliance with section 14105.96 of the California Welfare and Institutions Code.”

#### **ARTICLE 10 – RECOVERY OF OVERPAYMENTS**

- A. Provider agrees that when it is established upon audit that an overpayment has been made, the Department shall recover such overpayment in accordance with section 51047 of Title 22 of the California Code of Regulations.
- B. The State reserves the right to select the method to be employed for the recovery of an overpayment.
- C. Overpayments may be assessed interest charges, and may be assessed penalties, in accordance with W&I Code Sections 14171(h) and 14171.5.

#### **ARTICLE 11 – BUDGET CONTINGENCY CLAUSE**

- A. It is mutually agreed that if the State Budget Act of the current year and/or any subsequent years covered under this Agreement does not appropriate sufficient funds for the Public Hospital Outpatient Services Supplemental Reimbursement Program, this Agreement shall be of no further force and effect. In this event, the State shall have no liability to pay any funds whatsoever to Provider or to furnish any other considerations under this Agreement and Provider shall not be obligated to perform any provisions of this Agreement.
- B. If funding for any state fiscal year is reduced or deleted by the State Budget Act for purposes of this Public Hospital Outpatient Services Supplemental Reimbursement Program, the State shall have the option to either cancel this Agreement, with no liability occurring to the State, or offer an agreement amendment to Provider to reflect the reduced amount.

#### **ARTICLE 12 – LIMITATION OF STATE LIABILITY**

- A. Notwithstanding any other provision of this Agreement, the State shall be held harmless from any federal audit disallowance and interest resulting from payments made by the federal Medicaid program as reimbursement for claims providing services pursuant to W&I Code section 14105.96, for the disallowed claim, less the amounts already remitted to the State pursuant to W&I Code section 14105.96.

Public Hospital Outpatient Services Supplemental Reimbursement Program  
Provider Participation Agreement

- B. To the extent that a federal audit disallowance and interest results from a claim or claims for which the Provider has received reimbursement for services, the State shall recoup from the Provider, upon written notice, amounts equal to the amount of the disallowance and interest in that fiscal year for the disallowed claim. All subsequent claims submitted to the State applicable to any previously disallowed claim, may be held in abeyance, with no payment made, until the federal disallowance issue is resolved, less the amounts already remitted to the State pursuant to W&I Code section 14105.96.
- C. Notwithstanding Paragraphs A and B above, to the extent that a federal audit disallowance and interest results from a claim or claims for which the Provider has received reimbursement for services provided by a nongovernmental entity under contract with, and on behalf of, the Provider, the State shall be held harmless by the Provider for one-hundred percent (100%) of the amount of any such federal audit disallowance and interest, for the disallowed claim, less the amounts already remitted to the State pursuant to W & I Code section 14105.96.

**ARTICLE 13 – AGREEMENT EXECUTION**

The undersigned hereby warrants that s/he has the requisite authority to enter into this Agreement on behalf of \_\_\_\_\_ (Provider) and thereby bind the above named provider to the terms and conditions of the same.

\_\_\_\_\_  
Provider Authorized Representative's Signature

\_\_\_\_\_  
Print Name

Chairman Marion Ashley

\_\_\_\_\_  
Title

County of Riverside, Board of Supervisors  
4080 Lemon Street, 5th Floor, Riverside, CA 92501

\_\_\_\_\_  
Address

3/16/15

\_\_\_\_\_  
Date

\_\_\_\_\_  
Department of Health Care Services  
Authorized Representative's Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Name of Department

\_\_\_\_\_  
Address

\_\_\_\_\_  
Date

FORM APPROVED COUNTY COUNSEL

BY:   
ANITA C. WILLIS

3-12-15  
DATE