

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

754



FROM: Riverside University Health System – Medical Center

SUBMITTAL DATE:
September 8, 2016

SUBJECT: Authorization of additional payments under the Agreement for Billing and Collection Services with Hospital Billing & Collection Service, Ltd. (HBCS) for one year in the amount of \$1,364,746 for services and approval of \$2,116,971 utilizing Novation/Vizient/Group Purchasing Organization (GPO) pricing for the new Legacy Accounts Receivable Agreement; All Districts; [\$3,481,717]; Hospital Enterprise Fund


RECOMMENDED MOTIONS: That the Board of Supervisors:

1. Authorize payment under the multi-year Master Services Agreement with Hospital Billing and Collection Services, Ltd. of fees earned in FY 2015-16 and FY 2016-17 in the amount of \$1,364,746;
2. Approve and execute a new Legacy Accounts Receivable Agreement for billing and collection Services with Hospital Billing & Collection Service, Ltd. (HBCS) related to accounts created prior to the EPIC go-live on October 2, 2016 in the amount of \$2,116,971;
3. Authorize the Purchasing Agent, in accordance with Ordinance No. 459, based on the availability of fiscal funding and as approved by County Counsel to sign amendments that do not change the substantive terms of the new Agreement to the compensation provisions that do not exceed ten (10) percent.

(continued on next page)


Zareh H. Sarrafian
Assistant CEO – Health System

FINANCIAL DATA	Fiscal Year 15/16:	Fiscal Year 16/17:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 441,739	\$ 3,039,978	\$ 3,481,717	\$ 0	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0	
SOURCE OF FUNDS: Hospital Enterprise Fund 40050				Budget Adjustment: No	
				For Fiscal Year: 15/16, 16/17	

C.E.O. RECOMMENDATION: APPROVE
BY: 
Christopher M. Hans
County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

FORM APPROVED COUNTY COUNSEL
 BY:  Lisa Brandl, Director
 DATE: 9/15/16
 KARIN L. WATTS-BAZAN
 Departmental Concurrence
 PURCHASING & FLEET SERVICES:
 A-30
 4/5 Vote
 Positions Added
 Change Order

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

FORM 11: Authorization of additional payments under the Agreement for Billing and Collection Services with Hospital Billing & Collection Service, Ltd. (HBCS) for one year in the amount of \$1,364,746 for services and approval of \$2,116,971 utilizing Novation/Vizient/Group Purchasing Organization (GPO) pricing for the new Legacy Accounts Receivable Agreement; All Districts; [\$3,481,717]; Hospital Enterprise Fund

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BACKGROUND:

Summary

Riverside University Health System – Medical Center (RUHS-MC) requests authorization to (1) make additional payments earned by its contractor during FY 2015-16 and FY 2016-17 and (2) approval and execution of a new contract with that same firm for revenue recovery services associated with accounts in existence at the time of the EPIC go-live.

In 2015 (November 3, 2015; item 3-14) this Board approved a multi-year master Agreement with Hospital Billing and Collection Services (HBCS) to collect an existing back log of Accounts Receivable for services provided at RUHS-MC, as well as to work “small balance” accounts below \$10,000 on an ongoing basis. HBCS is a Novation/Vizient/GPO supplier and RUHS-MC received GPO pricing. This Board authorized payment of fees for these services “not to exceed” \$500,000 annually.

HBCS’s skill and specialized processes such as patient amnesty and insurance recovery were expected to – and did – recover a large amount of accumulated receivable for RUHS-MC. The expected revenue collection for the first year of the contract was originally estimated at \$4 million. HBCS actually recovered almost twice as much - more than \$7.8 million - entitling them under the terms of the contract to a fee of \$941,739. The firm’s performance has also been strong in the second year of the contract and by September 30, 2016 HBCS is expected to recover \$7,275,058 for RUHS MC, entitling them to a fee of \$923,007 – again more than the \$500,000 initially estimated and authorized.

HBCS’s performance has not only been efficient and effective, but also of high quality. Although the type of accounts the firm was handling frequently require direct communications with patients and their family members, RUHS-MC has not received even one complaint about HBCS’s customer service in the more than fourteen (14) months they have been performing under the Master Services Agreement.

A. Authorization of Payment

The 2015 Master Services Agreement with HBCS was contingency-based with an anticipated maximum fee of \$500,000 estimated at the time the contract was approved in the Form 11 and executed. Since HBCS has far exceeded projections and expectations by collecting a significant amount more revenue than expected for RUHS-MC they need to be completely paid for their work in both FY 2015-16 and FY 2016-17. RUHS therefore seeks authorization to pay these additional amounts - \$441,739 for FY 2015-16 and not to exceed \$923,007 in FY 2016-17.

This will be a one-time authorization, as the Master Services Agreement is expiring effective September 30, 2016.

B. New Legacy Accounts Receivable Agreement

Cash flow is a common area of risk when implementing information systems related to revenue cycle processes; this contract would mitigate that risk during the immediate post-implementation phase for EPIC. As described HBCS has demonstrated their ability to successfully collect revenue for RUHS.

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Under the proposed Legacy Accounts Receivable Agreement effective October 2, 2016 HCBS would work all outstanding “legacy” accounts in existence as of the date of the EPIC go live. RUHS MC staff would pick up these same duties moving forward – but without the additional burden of working the “legacy accounts” in another information system at the same time. These services would be limited in both scope and duration – placement of an estimated 85,000 accounts, with potential collections of approximately \$33,616,184 with work to be completed by July 31, 2017. In addition, because of the size of the placement HBCS has agreed to perform this work at a substantially reduced rate compared to the prior arrangement – but still on a contingent fee basis. Under the terms negotiated, HCBS would be entitled to 6 percent of any amount recovered and could earn a total fee of up to \$2,116,971. RUHS-MC would be entitled to 94 percent of any amount recovered and could earn a total of up to \$31,499,213.

Impact on Citizens and Businesses

The Hospital, its site-based clinics and community-based clinics serve residents in all five Riverside County supervisorial districts, providing more than 450,000 patient encounters each year. The local economy receives positive benefits from the presence and expansion of a thriving regional health system and where patients of all incomes can obtain high quality healthcare services. HBCS has proven its ability to effectively interact with patients and their family members on behalf of the Hospital while completing the tasks necessary to revenue collection.

Contract History and Price Reasonableness

On July 1, 2015 the County entered into an agreement with HBCS and on November 3, 2015, (Item 3-14), the Board approved the Master Agreement with HBCS for an annual amount of \$500,000. RUHS had expressed to HBCS interest in working on the “legacy” accounts due to their excellent performance, but decided to send out a 90-day termination letter on June 30, 2016 because the rates proposed would not have been cost-effective. After RUHS terminated the Master Services contract, HBCS proposed a rate 50 percent less than what they had been charging under the earlier agreement for day one insurance and self-pay assignments (a projected savings of \$1,866,971). The reduced rate and outstanding past performance are reasons this new contract is being recommended.

On September 23, 2014, via Minute Order 3-59, the Board authorized the Purchasing Agent to use the Novation/Vizient/Group Purchasing Organization (GPO) pricing as a successful means of having accomplished the competitive bid process. HBCS is a member vendor of the Novation/GPO, however, the amount of the agreement requires approval by the Board.



HOSPITAL BILLING & COLLECTION SERVICE MASTER SERVICES AGREEMENT

This Agreement (the "Agreement") is made and entered into on this 1st day of October, 2016 by and between **Riverside County Regional Medical Center** (aka Riverside University Health System) with its principal office at 26520 Cactus Avenue, Moreno Valley, CA 92555 (the "Client"), and **Hospital Billing & Collection Service, Ltd.**, ("HBCS") with its principal office at 118 Lukens Drive, New Castle, DE 19720.

In consideration of the mutual promises, covenants and agreements contained in this Agreement, the parties agree as follows:

1. SERVICES

Such services as may be defined as addenda to this Agreement, which may be added and omitted from time to time and by reference shall be part of this Agreement.

2. CLIENT RESPONSIBILITIES AND OBLIGATIONS

2.1 General. Each party will cooperate, and cause its employees to cooperate, in every reasonable respect as determined to be necessary to allow HBCS to perform in its duties under this Agreement.

2.2 Provision of Information. Client will furnish HBCS with all information necessary to enable HBCS to perform the services under this Agreement. As part of such responsibility, Client will provide HBCS:

2.2.1. All patient and billing information deemed reasonably appropriate or necessary by HBCS regarding the referred accounts in an acceptable format;

2.2.2. Access to requested patient files, face sheets, medical records, and itemized bills in an acceptable format; and

2.2.3. Cash receipt and application information within Three (3) working days of receiving payment.

2.3 Accuracy of Information. Client is responsible for providing the information identified above relating to the referred accounts to HBCS in the required format, and HBCS will have no responsibility for the accuracy of the information received or problems arising out of erroneous or incomplete information received from Client.

2.4 Restricted Use. Client is responsible for identifying any restrictions placed on account information by the patient or the patient's authorized representative under the Health Insurance Portability and Accountability Act of 1996 ("HIPAA").



- 2.5 Special Instructions. Client will notify HBCS in advance of any special instructions to be used by HBCS in providing the services (such as listings of specific patients who are to be excluded from follow-up services due to their "VIP" status or for any other unspecified reasons).
- 2.6 Referral of Accounts: Approximate gross placement volume is estimated at \$270,000,000, including accounts that exist in HBCS inventory. While it is recognized there will be some credit balances remaining from the legacy work Riverside University Medical Center has already started, it is expected that most of the credit balance clean-up will be completed by Riverside University Medical Center prior to the conversion start date. HBCS will work through completion of any credit balances that arise from HBCS' initiation of the accounts payable process. For the few remaining credit balances that are a result of Riverside University Medical Center's work, HBCS will return the accounts to Riverside University Medical Center for Riverside University Medical Center's processing. The only other placement assumption provided for the Conversion Assistance program is that accounts past Timely Filing, prior to placement with HBCS, will be excluded.
- 2.7 The Client will refer to HBCS all inventory of accounts from the Legacy A/R System preceding the EPIC conversion effective September 30, 2016 and to include all balances and all placements.
- 2.8 Inventory Processes: HBCS will process accounts according to the protocols established and details below. HBCS will be responsible for accounts until fully adjudicated. The HBCS protocol for processing will be based upon HBCS' "Best Practices" approach:
 - a. Accounts will be pursued in the name of the client
 - b. HBCS representatives will use electronic means, Internet and telephonic technology to fully process accounts.
 - c. HBCS representatives will identify contractual adjustments and apply to detail accounts.
 - d. Multiple communications and correspondence will be used, as necessary, to resolve accounts
 - e. HBCS will work to maximize reimbursement, based on the Client's third-party contract and arrangements, which will be provided to HBCS
 - f. Any rebilling will be performed through HBCS's billing system when applicable
 - g. Client will be responsible for all cash postings
 - h. Client will be responsible for providing HBCS with any necessary remittance, medical records and other information necessary for processing claims

3. FEES

Fee. The fees payable to HBCS for providing the services to Client will be based on the terms as specified below in the MSA Addenda and below:

- 3.1.1. A contingency fee of 6% of all cash collections for placements of all accounts. HBCS reserves the right to adjust the contingency fee if all balances are not placed by the later of the EPIC conversion date or October 2, 2016. The rate will be 8.5% if the accounts are received October 15th through October 31st 2016; 12% if the accounts are received November 1 through November 30th, 2016 and 16% if the accounts are received on or after December 1, 2016.



A \$10 per account fee will be charged for each account placed that is 100% adjustment without any revenue opportunity.

- 3.2 Payment Terms. Client will pay to HBCS, within thirty (30) days from the date an invoice is delivered to Client, all payments due under this Agreement and any associated Addenda. Any amount payable under this Agreement and any associated Addenda and not paid within thirty (30) days will be delinquent and will bear interest at the rate of one percent (1%) per month.
- 3.3 Fee Change. Fees will remain in force during the Initial Term of the Agreement unless a change in legislation, Client's business, postage rates or other market conditions occur which HBCS, in its sole discretion, determines warrants a fee change. HBCS will also have the right to adjust the Fee in the event Client fails to disclose to HBCS, at or prior to the time that an Addendum is added to this Agreement, accurate and complete information relating to Client's accounts receivable profile, which information, if disclosed, would have led HBCS to propose a different Fee. In the event HBCS changes the Fee, HBCS will provide Client with thirty (30) days prior written notice of the change. If any proposed fee increase is unacceptable to Client, Client may terminate the Agreement upon thirty (30) days prior written notice to HBCS.
- 3.4 The Client's obligation for payment of this Agreement beyond the current fiscal year end is contingent upon and limited by the availability of Client funding from which payment can be made, and invoices shall be rendered "monthly" in arrears. In the State of California, Government agencies are not allowed to pay excess interest and late charges, per Government Codes, Section 926.10. No legal liability on the part of the Client shall arise for payment beyond June 30 of each calendar year unless funds are made available for such payment. In the event that such funds are not forthcoming for any reason, Client shall immediately notify HBCS in writing; and this Agreement shall be deemed terminated, have no further force, and effect.

4. ALTERATION OR CHANGES TO THE AGREEMENT

- 4.1 The County of Riverside Board of Supervisors and the Client Purchasing Agent and/or his designee is the only authorized Client representatives who may at any time, by written order, alter this Agreement. If any such alteration causes an increase or decrease in the cost of, or the time required for the performance under this Agreement, an equitable adjustment shall be made in the Agreement price or delivery schedule, or both, and the Agreement shall be modified by written amendment accordingly.
- 4.2 Any claim by the HBCS for additional payment related to this Agreement shall be made in writing by the HBCS within 30 days of when the HBCS has or should have notice of any actual or claimed change in the work, which results in additional and unanticipated cost to HBCS. If the Client Purchasing Agent decides that the facts provide sufficient justification, he may authorize additional payment to the HBCS pursuant to the claim. Nothing in this section shall excuse the HBCS from proceeding with performance of the Agreement even if there has been a change.



5. INITIAL TERM, RENEWALS AND TERMINATION

- 5.1 The term of this Agreement will be for nine (9) months terminating on June 30, 2017.
- 5.2 Client may terminate this Agreement without cause upon 90 days written notice served upon HBCS stating the extent and effective date of termination.
- 5.3 Client may, upon five (5) days written notice terminate this Agreement for HBCS's default, if HBCS refuses or fails to comply with the terms of this Agreement or fails to make progress that may endanger performance and does not immediately cure such failure. In the event of such termination, the Client may proceed with the work in any manner deemed proper by Client.
- 5.4 After receipts of the notice of termination, HBCS shall:
 - (a) Stop all work under this Agreement on the date specified in the notice of termination; and
 - (b) Transfer to Client and deliver in the manner as directed by Client any materials, reports or other products, which, if the Agreement had been completed or continued, would have been required to be furnished to Client.
- 5.5 After termination, Client shall make payment only for HBCS's performance up to the date of termination in accordance with this agreement.
- 5.6 HBCS's rights under this Agreement shall terminate (except for fees accrued prior to the date of termination) upon dishonesty or willful or material breach of this Agreement by HBCS; or in the event of HBCS's unwillingness or inability for any reasons whatsoever to perform the terms of this Agreement. In such event, HBCS shall not be entitled to any further compensation under this Agreement.
- 5.7 The rights and remedies of Client provided in the section shall not be exclusive and are in addition to any other rights and remedies provided by law or this Agreement.
- 5.8 Effects of Termination. Upon the passage of one year from the date of completion of services, and so long as there is not an overriding federal, state or local law requiring record retention for a longer stated period in which case such stated period shall control, HBCS will delete all Client Accounts from its systems, except for back-ups maintained in the ordinary course of business. After the deletion of Client Accounts, HBCS will not be able to provide any reports.

6. FORCE MAJEURE

If either party is unable to comply with any provision of this Agreement due to causes beyond its reasonable control, and which could not have been reasonably anticipated, such as acts of God, acts of war, civil disorders, or other similar acts, such party shall not be held liable for such failure to comply.



7. DISPUTES

- 7.1 The parties shall attempt to resolve any disputes amicably at the working level. If that is not successful, the dispute shall be referred to the senior management of the parties. Any dispute relating to this Agreement, which is not resolved by the parties, shall be decided by the Client's Purchasing Department's Compliance Contract Officer who shall furnish the decision in writing. The decision of the Client's Compliance Contract Officer shall be final and conclusive unless determined by a court of competent jurisdiction to have been fraudulent, capricious, arbitrary, or so grossly erroneous to imply bad faith. HBCS shall proceed diligently with the performance of this Agreement pending the resolution of a dispute.
- 7.2 Prior to the filing of any legal action related to this Agreement, the parties shall be obligated to attend a mediation session in Riverside County before a neutral third party mediator. A second mediation session shall be required if the first session is not successful. The parties shall share the cost of the mediations.

8. CONFIDENTIALITY

- 8.1 HBCS shall not use for personal gain or make other improper use of privileged or confidential information which is acquired in connection with this Agreement. The term "privileged or confidential information" includes but is not limited to: unpublished or sensitive technological or scientific information; medical, personnel, or security records; anticipated material requirements or pricing/purchasing actions; Client information or data which is not subject to public disclosure; Client operational procedures; and knowledge of selection of contractors, subcontractors or suppliers in advance of official announcement.
- 8.2 HBCS shall protect from unauthorized disclosure names and other identifying information concerning persons receiving services pursuant to this Agreement, except for general statistical information not identifying any person. HBCS shall not use such information for any purpose other than carrying out HBCS's obligations under this Agreement. HBCS shall promptly transmit to the Client all third party requests for disclosure of such information. HBCS shall not disclose, except as otherwise specifically permitted by this Agreement or authorized in advance in writing by the Client, any such information to anyone other than the Client. For purposes of this paragraph, identity shall include, but not be limited to, name, identifying number, symbol, or other identifying particulars assigned to the individual, such as finger or voice print or a photograph.
- 8.3 HIPAA. HBCS is subject to and shall operate in compliance with all relevant requirements contained in the Health Insurance Portability and Accountability Act of 1996 (HIPAA), Public Law 104-191, enacted August 21, 1996, and the related laws and regulations promulgated subsequent thereto. Please refer to Attachment 1 of this agreement.

9. RECORDS AND DOCUMENTS

HBCS shall make available, upon written request by any duly authorized Federal, State, or Client agency, a copy of this Agreement and such books, documents and records as are necessary to certify the nature and extent of the HBCS's costs related to this Agreement. All such books, documents and records shall be maintained by HBCS for at least five years following termination of this Agreement and be available for audit by the



Client. HBCS shall provide to the Client reports and information related to this Agreement as requested by Client.

10. **DISCLAIMER OF WARRANTIES**

HBCS HAS NOT, DOES NOT, AND WILL NOT REPRESENT, WARRANT, OR GUARANTEE THE COLLECTIONS OR TIMING OF ANY COLLECTIONS OF ANY ACCOUNTS ASSIGNED UNDER THIS AGREEMENT.

11. **NON-INDUCEMENT**

During the term of this Agreement, and for a period of one (1) year thereafter, neither HBCS nor Client will, without the prior written consent of the other, either directly or indirectly, on its own behalf or in the service or on behalf of others, solicit, divert or hire away, or attempt to solicit, divert or hire away, any person employed by the other, whether or not such employee is a full-time, part-time or temporary employee and whether or not such employment is pursuant to a written agreement, is for a determined period or is at-will.

12. **OWNERSHIP/USE OF CONTRACT MATERIALS AND PRODUCTS**

HBCS agrees that all materials, reports or products in any form, including electronic, created by HBCS for which HBCS has been compensated by Client pursuant to this Agreement shall be the sole property of the Client. The material, reports or products may be used by the Client for any purpose that the Client deems to be appropriate, including, but not limit to, duplication and/or distribution within the Client or to third parties. HBCS agrees not to release or circulate in whole or part such materials, reports, or products without prior written authorization of the Client.

13. **MISCELLANEOUS**

13.1 Entire Agreement. This Agreement, its Attachment, and the Addenda referenced herein describe the entire agreement between the parties and will be binding upon and inure to the benefit of their successors and permitted assigns. This Agreement supersedes all prior written and oral agreements and understandings between HBCS and Client and can be changed only in a writing executed by the party against whom such change is sought to be enforced.

13.2 No Waiver. All rights of HBCS hereunder are cumulative. The non-exercise or waiver of any right by HBCS under this Agreement will not adversely affect HBCS's subsequent exercise of the same right or any other right for the same or subsequent breach or threatened breach.

13.3 Nothing in this agreement shall be construed to create an agency or employment relationship between HBCS and the Client. HBCS is, and shall remain, an independent contractor.

13.4 HBCS's activities shall at all times be in compliance with all applicable federal, state, and local laws and regulations relating to the collection of healthcare accounts receivable and all applicable rules and regulations relating to the confidentiality of patient information.



- 13.5 HBCS will refrain from any practice that may discredit the Client or adversely affect the Client's reputation.
- 13.6 HBCS has, and at all times will, maintain all necessary licenses and regulatory approvals required to transact its business in the State of California. In addition, HBCS agrees to maintain appropriate insurances for its employees and for its business.
- 13.7 Upon execution of this Agreement, or a reasonable period of time thereafter, the parties shall execute and exchange copies of a Business Associate Agreement.
- 13.8 HBCS agrees to use the information provided by the Client in ways directly related to the collection and resolution of the accounts referred to HBCS under this agreement. Any other use of this information is expressly prohibited. The unauthorized use of any data or computer information, or the unauthorized possession, duplication, manipulation, or modification of said data or information is also prohibited
- 13.9 This agreement shall be construed and enforced in accordance with the laws of the State of California.
- 13.10 In the event that any legal claim or controversy should arise in connection with this Agreement, such disagreement or legal claim or controversy shall be resolved by arbitration in the State of California by an arbitrator appointed by the American Arbitration Association. The arbitration shall be conducted in accordance with the rules of the American Arbitration Association. The decision of the arbitrators shall be final, binding and non-appealable.
- 13.11 In the event that any portion of this agreement is deemed or unlawful or unenforceable, said provision shall be deemed severable and the remainder of this agreement shall be enforced to the fullest extent possible consistent with the intent, terms, and conditions found herein.
- 13.12 This agreement may be assigned, transferred or subcontracted upon written consent of the parties, and such consent shall not unreasonably be withheld.
- 13.13 HBCS and Client acknowledge that they are duly authorized by appropriate corporate action to enter into this Agreement and that the Agreement is being signed by duly authorized agents authorized to act for the respective parties. The Client Purchasing Agent, or designee, shall administer this Agreement on behalf of the Client. The Purchasing Department is to serve as the liaison with HBCS in connection with this Agreement.
- 13.14 Notices. Any notices to be given under this Agreement will be in writing and will be effective on date of receipt if sent or delivered to:

If to HBCS:

Kevin R. Haggerty
Exec. Vice President Administration & CFO
HBCS
118 Lukens Drive
New Castle, DE 19720

If to Riverside County Regional Medical Center:

Gene Reyes
Executive Director, Revenue Cycle,
Hospital Administration
26520 Cactus Ave.
Moreno Valley, CA 92555



14. INDEMNIFICATION

- 14.1 HBCS shall indemnify and hold harmless the County of Riverside, its Agencies, Districts, Special Districts and Departments, their respective directors, officers, Board of Supervisors, elected and appointed officials, employees, agents and representatives (individually and collectively hereinafter referred to as Indemnitees) from any liability, action, claim or damage whatsoever, based or asserted upon any services of HBCS, its officers, employees, subcontractors, agents or representatives arising out of or in any way relating to this Agreement, including but not limited to property damage, bodily injury, or death or any other element of any kind or nature. HBCS 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 Indemnitees in any claim or action based upon such alleged acts or omissions.
- 14.2 With respect to any action or claim subject to indemnification herein by HBCS, HBCS 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 Client; provided, however, that any such adjustment, settlement or compromise in no manner whatsoever limits or circumscribes HBCS indemnification to Indemnitees as set forth herein.
- 14.3 HBCS'S obligation hereunder shall be satisfied when HBCS has provided to Client the appropriate form of dismissal relieving Client from any liability for the action or claim involved.
- 14.4 The specified insurance limits required in this Agreement shall in no way limit or circumscribe HBCS'S obligations to indemnify and hold harmless the Indemnitees herein from third party claims.

15. Insurance

- 15.1 Without limiting or diminishing the HBCS's obligation to indemnify or hold the Client harmless, HBCS 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. As respects to the insurance section only, the Client herein refers to the County of Riverside, its Agencies, Districts, Special Districts, and Departments, their respective directors, officers, Board of Supervisors, employees, elected or appointed officials, agents, or representatives as Additional Insureds.

A. Workers' Compensation:

If the HBCS has employees as defined by the State of California, the HBCS 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. The policy shall be endorsed to waive subrogation in favor of the County of Riverside (Client).

B. Commercial General Liability:

Commercial General Liability insurance coverage, including but not limited to, premises liability, unmodified contractual liability, products and completed operations liability, personal and advertising injury, and cross liability coverage, covering claims which may arise from or out of HBCS's performance of its



obligations hereunder. Policy shall name the Client as Additional Insured. 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 HBCS 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. Policy shall name the Client as Additional Insureds.

D. Professional Liability:

HBCS shall maintain Professional Liability Insurance providing coverage for the HBCS'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 HBCS'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 HBCS 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 HBCS has Maintained continuous coverage with the same or original insurer. Coverage provided under items; 1), 2), or 3) will continue as long as the law allows.

E. General Insurance Provisions - All lines:

1) Any insurance carrier providing insurance coverage hereunder shall be admitted to the State of California and have an A M BEST rating of not less than A: VIII (A:8) unless such requirements are waived, in writing, by the County Risk Manager. If the County'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) The HBCS must declare its insurance self-insured retention for each coverage required herein. If any such self-insured retention exceeds \$500,000 per occurrence each such retention shall have the prior written consent of the County Risk Manager before the commencement of operations under this Agreement. Upon notification of self-insured retention unacceptable to the Client, and at the election of the County's Risk Manager, HBCS's carriers shall either; 1) reduce or eliminate such self-insured retention as respects this Agreement with the Client, or 2) procure a bond which guarantees payment of losses and related investigations, claims administration, and defense costs and expenses.

3) HBCS shall cause HBCS's insurance carrier(s) to furnish the County of Riverside with either 1) a properly executed original Certificate(s) of Insurance and certified original copies of Endorsements effecting coverage as required herein, and 2) if requested to do so orally or in writing by the County Risk Manager, provide original Certified 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 contain the covenant of the insurance carrier(s) that thirty (30) days written notice shall be given to the County of Riverside prior to any material modification, cancellation, expiration or reduction in coverage of such insurance. In the event of a material modification,



cancellation, expiration, or reduction in coverage, this Agreement shall terminate forthwith, unless the County of Riverside receives, prior to such effective date, another properly executed original Certificate of Insurance and original copies of endorsements or certified original policies, including all endorsements and attachments thereto evidencing coverage's set forth herein and the insurance required herein is in full force and effect. HBCS shall not commence operations until the Client has been furnished original Certificate (s) of Insurance and certified original copies of endorsements and if requested, certified original policies of insurance including all endorsements and any and all other attachments as required in this Section. An individual authorized by the insurance carrier shall sign the original endorsements for each policy and the Certificate of Insurance.

4) It is understood and agreed to by the parties hereto that the HBCS's insurance shall be construed as primary insurance, and the Client's insurance and/or deductibles and/or self-insured retention's or self-insured programs shall not be construed as contributory.

5) 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; or, the term of this Agreement, including any extensions thereof, exceeds five (5) years; the Client reserves the right to adjust the types of insurance and the monetary limits of liability required under this Agreement, if in the County Risk Manager's reasonable judgment, the amount or type of insurance carried by the HBCS has become inadequate.

6) HBCS shall pass down the insurance obligations contained herein to all tiers of subcontractors working under this Agreement.

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

8) HBCS agrees to notify Client of any claim by a third party or any incident or event that may give rise to a claim arising from the performance of this Agreement.



IN WITNESS WHEREOF, the parties, by their duly authorized representatives, have executed this agreement in duplicate on the date first above written.

COUNTY OF RIVERSIDE, a political subdivision of the State of California **HOSPITAL BILLING & COLLECTION SERVICE (HBCS)**

By: _____
John Benoit, Chairman
Board of Supervisors

By: Kevin R. Haggerty
Kevin R. Haggerty,
Executive VP Administration and
CFO

Date: _____

Date: September 6, 2016

ATTEST:
Kecia Harper-Ihem
Clerk of the Board

By: _____
Deputy

APPROVED AS TO FORM:
Greg Priamos
County Counsel

By: Martha Knutson
Martha Knutson,
Deputy County Counsel



Attachment I
HIPAA Business Associate Agreement
Addendum to Contract
Between the County of Riverside (Client) and
HBCS

This HIPAA Business Associate Agreement (the "Addendum") supplements, and is made part of the (the "Underlying Agreement") between the County of Riverside ("Client") and ("HBCS") and shall be effective as of the date the Underlying Agreement is approved by both Parties (the "Effective Date").

RECITALS

WHEREAS, County and HBCS entered into the Underlying Agreement pursuant to which the HBCS provides services to Client, and in conjunction with the provision of such services certain protected health information ("PHI") and/or certain electronic protected health information ("ePHI") may be created by or made available to HBCS for the purposes of carrying out its obligations under the Underlying Agreement; and,

WHEREAS, the provisions of the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), Public Law 104-191 enacted August 21, 1996, and the Health Information Technology for Economic and Clinical Health Act ("HITECH") of the American Recovery and Reinvestment Act of 2009, Public Law 111-5 enacted February 17, 2009, and the laws and regulations promulgated subsequent thereto, as may be amended from time to time, are applicable to the protection of any use or disclosure of PHI and/or ePHI pursuant to the Underlying Agreement; and,

WHEREAS, Client is a covered entity, as defined in the Privacy Rule; and,

WHEREAS, to the extent Client discloses PHI and/or ePHI to HBCS or HBCS creates, receives, maintains, transmits, or has access to PHI and/or ePHI of Client, HBCS is a business associate, as defined in the Privacy Rule; and,

WHEREAS, pursuant to 42 USC §17931 and §17934, certain provisions of the Security Rule and Privacy Rule apply to a business associate of a covered entity in the same manner that they apply to the covered entity, the additional security and privacy requirements of HITECH are applicable to business associates and must be incorporated into the business associate agreement, and a business associate is liable for civil and criminal penalties for failure to comply with these security and/or privacy provisions; and,

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

WHEREAS, the parties intend to enter into this Addendum to address the requirements and obligations set forth in the Privacy Rule, Security Rule, HITECH and HIPAA as they apply to HBCS as a business associate of Client, including the establishment of permitted and required uses and disclosures of PHI and/or ePHI created or received by HBCS during the course of performing functions, services and activities on behalf of Client, and appropriate limitations and conditions on such uses and disclosures;

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



1. **Definitions.** Terms used, but not otherwise defined, in this Addendum shall have the same meaning as those terms in HITECH, HIPAA, Security Rule and/or Privacy Rule, as may be amended from time to time.
 - A. "Breach" when used in connection with PHI means the acquisition, access, use or disclosure of PHI in a manner not permitted under subpart E of the Privacy Rule which compromises the security or privacy of the PHI, and shall have the meaning given such term in 45 CFR §164.402.
 - (1) Except as provided below in Paragraph (2) of this definition, acquisition, access, use, or disclosure of PHI in a manner not permitted by subpart E of the Privacy Rule is presumed to be a breach unless HBCS demonstrates that there is a low probability that the PHI has been compromised based on a risk assessment of at least the following four factors:
 - (a) The nature and extent of the PHI involved, including the types of identifiers and the likelihood of re-identification;
 - (b) The unauthorized person who used the PHI or to whom the disclosure was made;
 - (c) Whether the PHI was actually acquired or viewed; and
 - (d) The extent to which the risk to the PHI has been mitigated.
 - (2) Breach excludes:
 - (a) Any unintentional acquisition, access or use of PHI by a workforce member or person acting under the authority of a covered entity or business associate, if such acquisition, access or use was made in good faith and within the scope of authority and does not result in further use or disclosure in a manner not permitted under subpart E of the Privacy Rule.
 - (b) Any inadvertent disclosure by a person who is authorized to access PHI at a covered entity or business associate to another person authorized to access PHI at the same covered entity, business associate, or organized health care arrangement in which Client participates, and the information received as a result of such disclosure is not further used or disclosed in a manner not permitted by subpart E of the Privacy Rule.
 - (c) A disclosure of PHI where a covered entity or business associate has a good faith belief that an unauthorized person to whom the disclosure was made would not reasonably have been able to retain such information.
 - B. "Business associate" has the meaning given such term in 45 CFR §164.501, including but not limited to a subcontractor that creates, receives, maintains, transmits or accesses PHI on behalf of the business associate.
 - C. "Data aggregation" has the meaning given such term in 45 CFR §164.501.
 - D. "Designated record set" as defined in 45 CFR §164.501 means a group of records maintained by or for a covered entity that may include: the medical records and billing records about individuals maintained by or for a covered health care provider; the



enrollment, payment, claims adjudication, and case or medical management record systems maintained by or for a health plan; or, used, in whole or in part, by or for the covered entity to make decisions about individuals.

- E. "Electronic protected health information" ("ePHI") as defined in 45 CFR §160.103 means protected health information transmitted by or maintained in electronic media.
- F. "Electronic health record" means an electronic record of health-related information on an individual that is created, gathered, managed, and consulted by authorized health care clinicians and staff, and shall have the meaning given such term in 42 USC §17921(5).
- G. "Health care operations" has the meaning given such term in 45 CFR §164.501.
- H. "Individual" as defined in 45 CFR §160.103 means the person who is the subject of protected health information.
- I. "Person" as defined in 45 CFR §160.103 means a natural person, trust or estate, partnership, corporation, professional association or corporation, or other entity, public or private.
- J. "Privacy Rule" means the HIPAA regulations codified at 45 CFR Parts 160 and 164, Subparts A and E.
- K. "Protected health information" ("PHI") has the meaning given such term in 45 CFR §160.103, which includes ePHI.
- L. "Required by law" has the meaning given such term in 45 CFR §164.103.
- M. "Secretary" means the Secretary of the U.S. Department of Health and Human Services ("HHS").
- N. "Security incident" as defined in 45 CFR §164.304 means the attempted or successful unauthorized access, use, disclosure, modification, or destruction of information or interference with system operations in an information system.
- O. "Security Rule" means the HIPAA Regulations codified at 45 CFR Parts 160 and 164, Subparts A and C.
- P. "Subcontractor" as defined in 45 CFR §160.103 means a person to whom a business associate delegates a function, activity, or service, other than in the capacity of a member of the workforce of such business associate.
- Q. "Unsecured protected health information" and "unsecured PHI" as defined in 45 CFR §164.402 means PHI not rendered unusable, unreadable, or indecipherable to unauthorized persons through use of a technology or methodology specified by the Secretary in the guidance issued under 42 USC §17932(h)(2).

2. Scope of Use and Disclosure by HBCS of Client's PHI and/or ePHI.

A. Except as otherwise provided in this Addendum, HBCS may use, disclose, or access PHI and/or ePHI as necessary to perform any and all obligations of HBCS under the Underlying Agreement or to perform functions, activities or services for, or on behalf of, Client as specified in this Addendum, if such use or disclosure does not violate HIPAA, HITECH, the Privacy Rule and/or Security Rule.



B. Unless otherwise limited herein, in addition to any other uses and/or disclosures permitted or authorized by this Addendum or required by law, in accordance with 45 CFR §164.504(e)(2), HBCS may:

- 1) Use PHI and/or ePHI if necessary for HBCS's proper management and administration and to carry out its legal responsibilities; and,
- 2) Disclose PHI and/or ePHI for the purpose of HBCS's proper management and administration or to carry out its legal responsibilities, only if:
 - a) The disclosure is required by law; or,
 - b) HBCS obtains reasonable assurances, in writing, from the person to whom HBCS will disclose such PHI and/or ePHI that the person will:
 - i. Hold such PHI and/or ePHI in confidence and use or further disclose it only for the purpose for which HBCS disclosed it to the person, or as required by law; and,
 - ii. Notify HBCS of any instances of which it becomes aware in which the confidentiality of the information has been breached; and,
- 3) Use PHI to provide data aggregation services relating to the health care operations of Client pursuant to the Underlying Agreement or as requested by Client; and,
- 4) De-identify all PHI and/or ePHI of Client received by HBCS 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. Notwithstanding the foregoing, in any instance where applicable state and/or federal laws and/or regulations are more stringent in their requirements than the provisions of HIPAA, including, but not limited to, prohibiting 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. **Prohibited Uses and Disclosures.**

A. HBCS may neither use, disclose, nor access PHI and/or ePHI in a manner not authorized by the Underlying Agreement or this Addendum without patient authorization or de-identification of the PHI and/or ePHI and as authorized in writing from Client.

B. HBCS may neither use, disclose, nor access PHI and/or ePHI it receives from Client or from another business associate of Client, except as permitted or required by this Addendum, or as required by law.

C. HBCS agrees not to make any disclosure of PHI and/or ePHI that Client would be prohibited from making.

D. HBCS shall not use or disclose PHI for any purpose prohibited by the Privacy Rule, Security Rule, HIPAA and/or HITECH, including, but not limited to 42 USC §17935 and §17936. HBCS agrees:



- 1) Not to use or disclose PHI for fundraising , unless pursuant to the Underlying Agreement and only if permitted by and in compliance with the requirements of 45 CFR §164.514(f) or 45 CFR §164.508;
- 2) Not to use or disclose PHI for marketing, as defined in 45 CFR §164.501, unless pursuant to the Underlying Agreement and only if permitted by and in compliance with the requirements of 45 CFR §164.508(a)(3);
- 3) Not to disclose PHI, except as otherwise required by law, to a health plan for purposes of carrying out payment or health care operations, if the individual has requested this restriction pursuant to 42 USC §17935(a) and 45 CFR §164.522, and has paid out of pocket in full for the health care item or service to which the PHI solely relates; and,
- 4) Not to receive, directly or indirectly, remuneration in exchange for PHI, or engage in any act that would constitute a sale of PHI, as defined in 45 CFR §164.502(a)(5)(ii), unless permitted by the Underlying Agreement and in compliance with the requirements of a valid authorization under 45 CFR §164.508(a)(4). This prohibition shall not apply to payment by Client to HBCS for services provided pursuant to the Underlying Agreement.

4. **Obligations of Client.**

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

B. Client agrees to make its best efforts to promptly notify HBCS 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 HBCS's ability to perform its obligations under the Underlying Agreement, or this Addendum.

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

D. Client agrees not to request HBCS to use or disclose PHI and/or ePHI in any manner that would not be permissible under HITECH, HIPAA, the Privacy Rule, and/or Security Rule.

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

5. **Obligations of HBCS.** In connection with the use or disclosure of PHI and/or ePHI, HBCS agrees to:

A. Use or disclose PHI only if such use or disclosure complies with each applicable requirement of 45 CFR §164.504(e). HBCS shall also comply with the additional privacy requirements that are applicable to covered entities in HITECH, as may be amended from time to time.



- B. Not use or further disclose PHI and/or ePHI other than as permitted or required by this Addendum or as required by law. HBCS shall promptly notify Client if HBCS is required by law to disclose PHI and/or ePHI.
- C. Use appropriate safeguards and comply, where applicable, with the Security Rule with respect to ePHI, to prevent use or disclosure of PHI and/or ePHI other than as provided for by this Addendum.
- D. Mitigate, to the extent practicable, any harmful effect that is known to HBCS of a use or disclosure of PHI and/or ePHI by HBCS in violation of this Addendum.
- E. Report to Client any use or disclosure of PHI and/or ePHI not provided for by this Addendum or otherwise in violation of HITECH, HIPAA, the Privacy Rule, and/or Security Rule of which HBCS becomes aware, including breaches of unsecured PHI as required by 45 CFR §164.410.
- F. In accordance with 45 CFR §164.502(e)(1)(ii), require that any subcontractors that create, receive, maintain, transmit or access PHI on behalf of the HBCS agree through contract to the same restrictions and conditions that apply to HBCS with respect to such PHI and/or ePHI, including the restrictions and conditions pursuant to this Addendum.
- G. Make available to Client or the Secretary, in the time and manner designated by Client or Secretary, HBCS's internal practices, books and records relating to the use, disclosure and privacy protection of PHI received from Client, or created or received by HBCS on behalf of Client, for purposes of determining, investigating or auditing HBCS's and/or Client's compliance with the Privacy Rule.
- H. Request, use or disclose only the minimum amount of PHI necessary to accomplish the intended purpose of the request, use or disclosure in accordance with 42 USC §17935(b) and 45 CFR §164.502(b)(1).
- I. Comply with requirements of satisfactory assurances under 45 CFR §164.512 relating to notice or qualified protective order in response to a third party's subpoena, discovery request, or other lawful process for the disclosure of PHI, which HBCS shall promptly notify Client upon HBCS's receipt of such request from a third party.
- J. Not require an individual to provide patient authorization for use or disclosure of PHI as a condition for treatment, payment, enrollment in any health plan (including the health plan administered by Client), or eligibility of benefits, unless otherwise excepted under 45 CFR §164.508(b)(4) and authorized in writing by Client.
- K. Use appropriate administrative, technical and physical safeguards to prevent inappropriate use, disclosure, or access of PHI and/or ePHI.
- L. Obtain and maintain knowledge of applicable laws and regulations related to HIPAA and HITECH, as may be amended from time to time.
- M. Comply with the requirements of the Privacy Rule that apply to the Client to the extent HBCS is to carry out Client's obligations under the Privacy Rule.
- N. Take reasonable steps to cure or end any pattern of activity or practice of its subcontractor of which HBCS becomes aware that constitute a material breach or violation of the subcontractor's obligations under the business associate contract with



HBCS, and if such steps are unsuccessful, HBCS agrees to terminate its contract with the subcontractor if feasible.

6. **Access to PHI, Amendment and Disclosure Accounting.** HBCS agrees to:

A. **Access to PHI, including ePHI.** Provide access to PHI, including ePHI if maintained electronically, in a designated record set to Client or an individual as directed by Client, within five (5) days of request from Client, to satisfy the requirements of 45 CFR §164.524.

B. **Amendment of PHI.** Make PHI available for amendment and incorporate amendments to PHI in a designated record set Client directs or agrees to at the request of an individual, within fifteen (15) days of receiving a written request from Client, in accordance with 45 CFR §164.526.

C. **Accounting of disclosures of PHI and electronic health record.** Assist Client to fulfill its obligations to provide accounting of disclosures of PHI under 45 CFR §164.528 and, where applicable, electronic health records under 42 USC §17935(c) if HBCS uses or maintains electronic health records. HBCS shall:

- 1) Document such disclosures of PHI and/or electronic health records, and information related to such disclosures, as would be required for Client to respond to a request by an individual for an accounting of disclosures of PHI and/or electronic health record in accordance with 45 CFR §164.528.
- 2) Within fifteen (15) days of receiving a written request from Client, provide to Client or any individual as directed by Client information collected in accordance with this section to permit Client to respond to a request by an individual for an accounting of disclosures of PHI and/or electronic health record.
- 3) Make available for Client information required by this Section 6.C for six (6) years preceding the individual's request for accounting of disclosures of PHI, and for three (3) years preceding the individual's request for accounting of disclosures of electronic health record.

7. **Security of ePHI.** In the event Client discloses ePHI to HBCS or HBCS needs to create, receive, maintain, transmit or have access to Client ePHI, in accordance with 42 USC §17931 and 45 CFR §164.314(a)(2)(i), and §164.306, HBCS shall:

- 1) Comply with the applicable requirements of the Security Rule, and implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of ePHI that HBCS creates, receives, maintains, or transmits on behalf of Client in accordance with 45 CFR §164.308, §164.310, and §164.312;
- 2) Comply with each of the requirements of 45 CFR §164.316 relating to the implementation of policies, procedures and documentation requirements with respect to ePHI;
- 3) Protect against any reasonably anticipated threats or hazards to the security or integrity of ePHI;
- 4) Protect against any reasonably anticipated uses or disclosures of ePHI that are not permitted or required under the Privacy Rule;



- 5) Ensure compliance with the Security Rule by HBCS's workforce;
 - 6) In accordance with 45 CFR §164.308(b)(2), require that any subcontractors that create, receive, maintain, transmit, or access ePHI on behalf of HBCS agree through contract to the same restrictions and requirements contained in this Addendum and comply with the applicable requirements of the Security Rule;
 - 7) Report to Client any security incident of which HBCS becomes aware, including breaches of unsecured PHI as required by 45 CFR §164.410; and,
 - 8) Comply with any additional security requirements that are applicable to covered entities in Title 42 (Public Health and Welfare) of the United States Code, as may be amended from time to time, including but not limited to HITECH.
8. **Breach of Unsecured PHI.** In the case of breach of unsecured PHI, HBCS shall comply with the applicable provisions of 42 USC §17932 and 45 CFR Part 164, Subpart D, including but not limited to 45 CFR §164.410.

A. **Discovery and notification.** Following the discovery of a breach of unsecured PHI, HBCS shall notify Client in writing of such breach without unreasonable delay and in no case later than 60 calendar days after discovery of a breach, except as provided in 45 CFR §164.412.

1) **Breaches treated as discovered.** A breach is treated as discovered by HBCS as of the first day on which such breach is known to HBCS or, by exercising reasonable diligence, would have been known to HBCS, which includes any person, other than the person committing the breach, who is an employee, officer, or other agent of HBCS (determined in accordance with the federal common law of agency).

2) **Content of notification.** The written notification to Client relating to breach of unsecured PHI shall include, to the extent possible, the following information if known (or can be reasonably obtained) by HBCS:

- a) The identification of each individual whose unsecured PHI has been, or is reasonably believed by HBCS to have been accessed, acquired, used or disclosed during the breach;
- b) A brief description of what happened, including the date of the breach and the date of the discovery of the breach, if known;
- c) A description of the types of unsecured PHI involved in the breach, such as whether full name, social security number, date of birth, home address, account number, diagnosis, disability code, or other types of information were involved;
- d) Any steps individuals should take to protect themselves from potential harm resulting from the breach;
- e) A brief description of what HBCS is doing to investigate the breach, to mitigate harm to individuals, and to protect against any further breaches; and,



- f) Contact procedures for individuals to ask questions or learn additional information, which shall include a toll-free telephone number, an e-mail address, web site, or postal address.

B. Cooperation. With respect to any breach of unsecured PHI reported by HBCS, HBCS shall cooperate with Client and shall provide Client with any information requested by Client to enable Client to fulfill in a timely manner its own reporting and notification obligations, including but not limited to providing notice to individuals, prominent media outlets and the Secretary in accordance with 42 USC §17932 and 45 CFR §164.404, §164.406 and §164.408.

C. Breach log. To the extent breach of unsecured PHI involves less than 500 individuals, HBCS shall maintain a log or other documentation of such breaches and provide such log or other documentation on an annual basis to Client not later than fifteen (15) days after the end of each calendar year for submission to the Secretary.

D. Delay of notification authorized by law enforcement. If HBCS delays notification of breach of unsecured PHI pursuant to a law enforcement official's statement that required notification, notice or posting would impede a criminal investigation or cause damage to national security, HBCS shall maintain documentation sufficient to demonstrate its compliance with the requirements of 45 CFR §164.412.

E. Payment of costs. With respect to any breach of unsecured PHI caused solely by the HBCS's failure to comply with one or more of its obligations under this Addendum and/or the provisions of HITECH, HIPAA, the Privacy Rule or the Security Rule, HBCS agrees to pay any and all costs associated with providing all legally required notifications to individuals, media outlets, and the Secretary. This provision shall not be construed to limit or diminish HBCS's obligations to indemnify, defend and hold harmless Client under Section 9 of this Addendum.

F. Documentation. Pursuant to 45 CFR §164.414(b), in the event HBCS's use or disclosure of PHI and/or ePHI violates the Privacy Rule, HBCS shall maintain documentation sufficient to demonstrate that all notifications were made by HBCS as required by 45 CFR Part 164, Subpart D, or that such use or disclosure did not constitute a breach, including HBCS's completed risk assessment and investigation documentation.

G. Additional State Reporting Requirements. The parties agree that this Section 8.G applies only if and/or when Client, in its capacity as a licensed clinic, health facility, home health agency, or hospice, is required to report unlawful or unauthorized access, use, or disclosure of medical information under the more stringent requirements of California Health & Safety Code §1280.15. For purposes of this Section 8.G, "unauthorized" has the meaning given such term in California Health & Safety Code §1280.15(j)(2).

1) HBCS agrees to assist Client to fulfill its reporting obligations to affected patients and to the California Department of Public Health ("CDPH") in a timely manner under the California Health & Safety Code §1280.15.

2) HBCS agrees to report to Client any unlawful or unauthorized access, use, or disclosure of patient's medical information without unreasonable delay and no later than two (2) business days after HBCS detects such incident. HBCS further agrees such report shall be made in writing, and shall include substantially the same types of information listed above in Section 8.A.2 (Content



of Notification) as applicable to the unlawful or unauthorized access, use, or disclosure as defined above in this section, understanding and acknowledging that the term "breach" as used in Section 8.A.2 does not apply to California Health & Safety Code §1280.15.

9. **Hold Harmless/Indemnification.**

A. HBCS agrees to indemnify and hold harmless Client, all Agencies, Districts, Special Districts and Departments of Client, 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 HBCS, 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, death, or any other element of any kind or nature whatsoever arising from the performance of HBCS, its officers, agents, employees, subcontractors, agents or representatives from this Addendum. HBCS 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, of Client, all Agencies, Districts, Special Districts and Departments of Client, their respective directors, officers, Board of Supervisors, elected and appointed officials, employees, agents or representatives in any claim or action based upon such alleged acts or omissions.

B. With respect to any action or claim subject to indemnification herein by HBCS, HBCS shall, at their sole cost, have the right to use counsel of their choice, subject to the approval of Client, 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 Client; provided, however, that any such adjustment, settlement or compromise in no manner whatsoever limits or circumscribes HBCS's indemnification to Client as set forth herein. HBCS's obligation to defend, indemnify and hold harmless Client shall be subject to Client having given HBCS 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 HBCS's expense, for the defense or settlement thereof. HBCS's obligation hereunder shall be satisfied when HBCS has provided to Client the appropriate form of dismissal relieving Client from any liability for the action or claim involved.

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

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

E. 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.



10. **Term.** This Addendum shall commence upon the Effective Date and shall terminate when all PHI and/or ePHI provided by Client to HBCS, or created or received by HBCS on behalf of Client, is destroyed or returned to Client, or, if it is infeasible to return or destroy PHI and/ePHI, protections are extended to such information, in accordance with section 11.B of this Addendum.

11. **Termination.**

A. **Termination for Breach of Contract.** A breach of any provision of this Addendum by either party shall constitute a material breach of the Underlying Agreement and will provide grounds for terminating this Addendum and the Underlying Agreement with or without an opportunity to cure the breach, notwithstanding any provision in the Underlying Agreement to the contrary. Either party, upon written notice to the other party describing the breach, may take any of the following actions:

- 1) Terminate the Underlying Agreement and this Addendum, effective immediately, if the other party breaches a material provision of this Addendum.
- 2) Provide the other party with an opportunity to cure the alleged material breach and in the event the other party fails to cure the breach to the satisfaction of the non-breaching party in a timely manner, the non-breaching party has the right to immediately terminate the Underlying Agreement and this Addendum.
- 3) If termination of the Underlying Agreement is not feasible, the breaching party, upon the request of the non-breaching party, shall implement, at its own expense, a plan to cure the breach and report regularly on its compliance with such plan to the non-breaching party.

B. **Effect of Termination.**

- 1) Upon termination of this Addendum, for any reason, HBCS shall return or, if agreed to in writing by Client, destroy all PHI and/or ePHI received from Client, or created or received by the HBCS on behalf of Client, and, in the event of destruction, HBCS shall certify such destruction, in writing, to Client. This provision shall apply to all PHI and/or ePHI which are in the possession of subcontractors or agents of HBCS. HBCS shall retain no copies of PHI and/or ePHI, except as provided below in paragraph (2) of this section.
- 2) In the event that HBCS determines that returning or destroying the PHI and/or ePHI is not feasible, HBCS shall provide written notification to Client of the conditions that make such return or destruction not feasible. Upon determination by HBCS that return or destruction of PHI and/or ePHI is not feasible, HBCS 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 HBCS maintains such PHI and/or ePHI.

12. **General Provisions.**

A. **Retention Period.** Whenever HBCS is required to document or maintain documentation pursuant to the terms of this Addendum, HBCS shall retain such documentation for 6 years from the date of its creation or as otherwise prescribed by law, whichever is later.

B. **Amendment.** The parties agree to take such action as is necessary to amend this Addendum from time to time as is necessary for Client to comply with HITECH, the Privacy Rule, Security Rule, and HIPAA generally.



C. **Survival.** The obligations of HBCS under Sections 3, 5, 6, 7, 8, 9, 11.B and 12.A of this Addendum shall survive the termination or expiration of this Addendum.

D. **Regulatory and Statutory References.** A reference in this Addendum to a section in HITECH, HIPAA, the Privacy Rule and/or Security Rule means the section(s) as in effect or as amended.

E. **Conflicts.** The provisions of this Addendum shall prevail over any provisions in the Underlying Agreement that conflict or appear inconsistent with any provision in this Addendum.

F. **Interpretation of Addendum.**

- 1) This Addendum shall be construed to be part of the Underlying Agreement as one document. The purpose is to supplement the Underlying Agreement to include the requirements of the Privacy Rule, Security Rule, HIPAA and HITECH.
- 2) Any ambiguity between this Addendum and the Underlying Agreement shall be resolved to permit Client to comply with the Privacy Rule, Security Rule, HIPAA and HITECH generally.

G. **Notices to Client.** All notifications required to be given by HBCS to Client pursuant to the terms of this Addendum shall be made in writing and delivered to the Client both by fax and to both of the addresses listed below by either registered or certified mail return receipt requested or guaranteed overnight mail with tracing capability, or at such other address as Client may hereafter designate. All notices to Client provided by HBCS pursuant to this Section shall be deemed given or made when received by Client.

Client HIPAA Privacy Officer:	HIPAA Privacy Manager
Client HIPAA Privacy Officer Address:	26520 Cactus Avenue
	Moreno Valley, CA 92555



SCOPE OF SERVICES ADDENDUM TO THE SERVICES AGREEMENT BETWEEN HOSPITAL BILLING & COLLECTION SERVICE AND RIVERSIDE COUNTY REGIONAL MEDICAL CENTER

Section 1: Terms and Conditions

- 1.1 **Purpose:** The purpose of this Addendum is to address the provision of processing selected insurance and self-pay accounts.
- 1.2 **Referral of Accounts:** The Client will refer to HBCS an inventory of accounts as follows:
- a) Legacy System A/R wind down preceding EPIC conversion- scope and rate to be determined.

Referral of Accounts: Approximate gross placement volume is estimated at \$270,000,000, including accounts that exist in HBCS inventory. While it is recognized there will be some credit balances remaining from the legacy work Riverside University Medical Center has already started, it is expected that most of the credit balance clean-up will be completed by Riverside University Medical Center prior to the conversion start date. HBCS will work through completion of any credit balances that arise from HBCS' initiation of the accounts payable process. For the few remaining credit balances that are a result of Riverside University Medical Center's work, HBCS will return the accounts to Riverside University Medical Center for Riverside University Medical Center's processing. The only other placement assumption provided for the Conversion Assistance program is that accounts past Timely Filing, prior to placement with HBCS, will be excluded.

The Client will refer to HBCS all inventory of accounts from the Legacy A/R System preceding the EPIC conversion effective October 2, 2016 and to include all balances and all placements.

Section 2: Inventory Details and Processes

- 2.1 HBCS will process these accounts according to the protocols established and detailed below.
- 2.2 Self-Pay Accounts
- a) Follow-up services on all Self-Pay Accounts in accordance with the HBCS Patient Contact Center protocols including:
- i. Process professional patient friendly statements, including bilingual, appropriately timed to maximize communication with the patient;
 - ii. Provide Interactive Voice Response technology (IVR) that allows all calls to be received and gives patients the flexibility to self-serve their accounts;
 - iii. Establish call campaigns that combine IVR technology with our professional account representatives;
 - iv. Provide web-based technology (web portal) allowing patients to make credit card payments, request an itemized statement, and update demographic information via the internet;
 - v. Provide digital call distribution which allows incoming calls to be routed to Client-trained representatives. Provide skip tracing and other enhancement tools as appropriate to locate patients;
 - vi. Utilize a patient-sensitive focus based on explanation, information, and assistance designed to promote positive patient relations;



- vii. Utilize a flexible processing cycle, based on Client credit and collection policy and process accounts for up to 120 days with the exception of any account that is in the insurance billing and follow-up process, any account for which payment arrangements have been negotiated and are being met according to agreed upon terms, or accounts on hold for reasons clearly defined in Client's patient protocol;
- viii. Record all telephone calls for quality assurance;
- ix. Direct cash payments to Client with electronic file updates transmitted daily to HBCS;
- x. Process all returned mail for bad addresses and new address updates;
- xi. Identify all open accounts at the end of the processing cycle for Bad Debt and return to Client

2.3 HBCS will process insurance accounts according to the protocols established and detailed below. HBCS will be responsible for accounts until fully adjudicated. The HBCS protocol for processing will be based upon HBCS' "Best Practices" approach:

- a) Accounts will be pursued in the name of the Client
- b) HBCS representatives will use electronic means, Internet and telephonic technology to fully process accounts.
- c) HBCS representatives will identify contractual adjustments and apply to detail accounts
- d) Multiple communications and correspondence will be used, as necessary, to resolve accounts
- e) HBCS will work to maximize reimbursement, based on the Client's third-party contracts and arrangements, which will be provided to HBCS
- f) Any rebilling will be performed through HBCS's billing system when applicable
- g) Client will be responsible for all cash postings
- h) Client will be responsible for providing HBCS with any necessary remittance, medical records and other information necessary for processing claims

2.4 **Confidential Information:** HBCS acknowledges that the information received from the Client is confidential patient-related information and agrees to maintain the confidentiality of that information in a manner consistent with federal laws and the laws of the state of California as set forth in the Master Services Agreement.

Section 3: Fees

A. Included in HBCS contingency fee:

- 1. HBCS Account management and experienced insurance and self-pay processing team
- 2. Standard and customized reporting
- 3. Cost of self-pay statements and letters
- 4. Cost of postage for statements and letters
- 5. Cost to HBCS for interface with Client (IT Pass Through)

B. Excluded from HBCS contingency fee:

- 1. Cost of any associated lockbox expenses at Client
- 2. Cost of any collection agency fees

*These fees are not part of this Agreement and are paid by County to others



Section 4: Recovery. Billings. Fees and Compensation. The following provisions will apply with respect to recovery, payments, billings, fees, and compensation under this Addendum to the Agreement.

- 4.1 **Payment Routing:** All payments will be sent directly to the Client. Payments will not be sent directly to HBCS.
- 4.2 **Payment Reporting Frequency:** All payments and adjustments received directly by the Client on accounts referred to HBCS will be reported daily, unless otherwise agreed to, and shall be electronically transmitted to HBCS by the client in an agreed upon format so to ensure a proper accounting.

Section 5: Warranties Regarding Cellular Telephone Numbers For every patient telephone number the Client provides to HBCS, the Client shall identify whether that telephone number is assigned to the patient's cellular telephone. By providing a cellular telephone number for a patient, Client warrants and represents that it obtained that number directly from the patient and not through any other means including, without limitation, skip tracing or capturing the telephone number by a Caller ID or any other device. The Client shall not disclose to HBCS any cellular telephone number that has been obtained by any means other than voluntary disclosure by the patient.

Section 6: Laws and Regulations The services performed by HBCS to carry out the purposes of this Addendum to the Agreement will be carried out and performed in compliance with any and all applicable federal laws and the laws of the California and local laws, rules, and regulations. The Client will abide by any and all applicable federal, state, and local laws, rules and regulations with respect to the accounts, and HBCS agrees to immediately notify the Client of any and all relevant information it has or obtains which may have any legal implication upon the parties of the patient (e.g., notice of bankruptcy).