

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

843A



**FROM:** Human Resources Department

**SUBMITTAL DATE:**  
October 13, 2010

**SUBJECT:** Exclusive Care - New EPO Medical Contractor Agreement with LabWest, Inc.

**RECOMMENDED MOTION:** 1) Ratify and approved the attached Medical Contractor Agreement from October 1, 2010 until September 30, 2015, with LabWest, Inc., a clinical reference laboratory located throughout Southern California; 2) authorize the Chairperson to sign three (3) copies of the attached Agreement and; 3) retain one (1) copy of the signed Agreement and return two (2) copies to Human Resources for distribution.

**BACKGROUND:** In 1999, the Board of Supervisors established the County's self-funded Exclusive Provider Option (EPO) health plan, Exclusive Care, to provide a value health plan option to the employees of Riverside County and their families. To provide services to its enrolled members, Exclusive Care has contracted with a variety of healthcare providers.

*Barbara A. Olivier*

Barbara A. Olivier  
Asst. County Executive Officer/Human Resources Dir.

<b>FINANCIAL DATA</b>	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	No
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
	Annual Net County Cost:	\$ to be determined by claims	For Fiscal Year:	2010/11

<b>SOURCE OF FUNDS:</b> Premiums paid by members	<b>Positions To Be Deleted Per A-30</b>	<input type="checkbox"/>
	<b>Requires 4/5 Vote</b>	<input type="checkbox"/>

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

APPROVE

BY: \_\_\_\_\_  
Elizabeth J. Olson

**County Executive Office Signature**

- Policy
- Policy
- Consent
- Consent

**MINUTES OF THE BOARD OF SUPERVISORS**

On motion of Supervisor Stone, seconded by Supervisor Benoit and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Buster, Tavaglione, Stone, Benoit and Ashley  
Nays: None  
Absent: None  
Date: December 7, 2010  
xc: HR

Kecia Harper-Ihem  
Clerk of the Board  
By: *Kecia Harper-Ihem*  
Deputy

**Prev. Agn. Ref.:** \_\_\_\_\_ **District:** ALL **Agenda Number:** \_\_\_\_\_

ATTACHMENTS FILED  
WITH THE CLERK OF THE BOARD

**3.23**

FORM APPROVED BY COUNTY COUNSEL  
BY: *NEAL R. KIPNIS* DATE: 10/13/10  
Departmental Concurrence

Dep't Recomm.:  
Per Exec. Ofc.:

**BACKGROUND continued:**

This Provider has completed the Exclusive Care credentialing process which includes all appropriate medical licensure, public records, consumer complaints, business license, and lien verifications. The legal contracting entity has been verified with the W9 and/or the California Business Portal or Business License. This agreement adds participation in the Exclusive Care Provider Network under terms similar to other comparable providers under contract.

**RIVERSIDE COUNTY - EXCLUSIVE CARE  
EXCLUSIVE PROVIDER ORGANIZATION  
MEDICAL CONTRACTOR AGREEMENT**

This Agreement is made by and between the County of Riverside, State of California (hereafter "County"), a political subdivision of the State of California, and LabWest, Inc (hereafter, collectively, "Contractor"), with reference to the following facts:

**WHEREAS**, County has developed an Exclusive Provider Organization ("EPO") to provide health care services to the employees of Riverside County; and,

**WHEREAS**, Contractor is a clinical laboratory testing services provider capable of providing clinical laboratory testing services for the EPO; and,

**WHEREAS**, the parties wish to make a full statement of their respective rights and responsibilities in connection with the provision of Health Care Services as utilized by County during the term of this Agreement; now, therefore,

IN CONSIDERATION of their mutual promises and covenants, the parties agree as follows:

**1.0 DEFINITIONS**

As used in this Agreement, the following terms shall have the meaning described below:

1.1 Agreement means this Contractor Agreement for the provision of clinical laboratory testing services for the EPO of County, and all attachments, addenda and amendments hereto.

1.2 Co-payment or Deductible means any nominal fee, approved by EPO, that may be charged to Members at the time of service for designated Health Care Services.

1.3 Director means the Director of Human Resources for Riverside County, or his or her designee.

1.4 Clean Claim(s) means those claims submitted to EPO which are complete including but not limited to complete coding, itemization, dates of service and billed amounts.

1.5 Emergency Medical Conditions means a medical condition which is manifested by acute symptoms of sufficient severity (including severe pain) such that a prudent lay person, who possesses an average knowledge of health and medicine, could reasonably expect the absence of immediate medical attention to result in one or more of the following conditions: placing the health or the individual or unborn child in serious jeopardy; serious impairment to bodily function; or serious dysfunction of any bodily organ or part.

1.6 Emergency Services means those health services needed to evaluate or stabilize an Emergency Medical Condition.

1.7 Exclusive Provider Organization (EPO) means the health care plan developed, and implemented by the County for the provision of health care services to County employees their dependents and other public entity employees and their dependents - to be known as Exclusive Care.

1.8 Formulary means the list of medications reimbursable by the pharmacy benefit of the EPO.

1.9 Health Care Services means all Medically Necessary services to which Members are entitled under the EPO, including physician, medical, hospital, laboratory, preventive, ancillary, emergency, and health education services.

1.10 IPA means Independent Physician Association.

1.11 Physician Service means those services rendered by a physician to an EPO member either as inpatient or an out patient.

1.12 Medically Necessary means all services which are reasonable and necessary to protect life, to prevent significant illness or significant disability or to alleviate severe pain and the diagnosis or treatment of disease, illness or injury.

1.13 Member means any eligible beneficiary who has enrolled in the County EPO for whom the County, by and through the EPO, provides Health Care Services.

1.14 Member Non-Physician Medical Practitioner means nurse practitioner, physician assistants, mental health licensed professionals or certified nurse midwives licensed to practice in the State of California and who are employees, subcontractors or who have written agreements with IPA or are directly contracted by the EPO to provide medical services to Members.

1.15 Member Physicians means physicians, surgeons, osteopaths and Doctors of Podiatric Medicine (DPM) licensed to practice medicine in the State of California and who have an ownership interest in, are employed by, or have written agreements with IPA or are directly contracted with the EPO to provide medical services to Members.

1.16 Non-contracted Providers mean licensed physicians, surgeons, osteopaths, and other licensed health care professionals which provide Health Care Services to Members eligible to receive benefits under the EPO. Non-Contracted Providers do not have written agreements with IPA or directly contracted with the EPO.

1.17 PCP means a physician who is the Primary Care Physician responsible for supervising, coordinating and providing initial, primary and preventive care to Members, for initiating referrals, maintaining continuity of Member care, and providing health counseling and education. This may include physicians who are in Family Practice, Pediatrics, Internal Medicine, Obstetrics, or General Practice.

1.18 Provider means licensed physicians, surgeons, osteopaths and other licensed health care professionals who provide Health Care Services to EPO members.

1.19 Quality Assessment and Improvement Program (QAIP) means a program established by the EPO to oversee quality assessment and quality improvement reviews of services provided to Members.

1.20 Referrals means recommended directions of non primary care services of Members to physicians, including Outside Providers, or providers of ancillary services such as but not limited to lab, x-ray and physical therapy, EKG, EEG, health education, medical social service, home health care, mental health , for the purposes of obtaining Health Care Services.

1.21 Specialty Physician means a participating Physician whose area of practice and training is in a specialty other than Family Medicine, General Medicine, Internal Medicine, Pathology or Pediatrics, who has agreed to provide services to Members upon referral by a Primary Care Physician, except for those services for which direct access by Members is required by law or allowed under Exclusive Care.

1.22 State means the State of California.

1.23 Surcharge means an additional fee which is charged to a Member for covered services of a health plan or the County or appropriate government agency and disclosed in the evidence of coverage or the disclosure form used as the evidence of coverage. Surcharges are not allowable charges.

## 2.0 DUTIES OF CONTRACTOR

2.1 CONTRACTOR RESPONSIBILITIES - Contractor shall provide to Members clinical laboratory testing services, which are Medically Necessary when such services are ordered by a Provider in accordance with this Agreement.

### 2.2

The services covered by this Agreement are services that include all clinical and anatomic laboratory testing payable by County on behalf of Members including but not limited to, analyses in the areas of clinical chemistry, hematology, serology, microbiology, cytogenetic, immunology, endocrinology, toxicology, histology, virology, pathology and cytology. Laboratory testing performed by Contractor based upon receipt of a written or electronic request from the Member's Provider shall be deemed to be Medically Necessary under this Agreement.

2.2 ACCESSIBILITY OF SERVICES - Contractor shall provide timely access to clinical laboratory testing services, and provide for reasonable hours of operations.

2.3 PRIOR AUTHORIZATION – Not required.

2.4 PROTECTION OF MEMBERS - Contractor may not impose any limitations on the acceptance of Members for care or treatment that it does not impose on other patients of other plans. Contractor shall not request, demand, require or seek directly or indirectly the transfer, discharge or removal of any Member for reasons of the Member's need for Health Care Services or the Member's utilization of Health Care Services. Contractor may refuse to provide its services to any Member only if a reasonable cause is presented and accepted by the EPO.

2.5 STANDARDS - Contractor agrees to perform its duties under this Agreement in a manner consistent with the reasonable administrative guidelines developed by EPO and all applicable state and federal laws and regulations relating to the delivery of clinical laboratory testing services and in accordance with community standards. Laboratory testing services shall be rendered by qualified laboratory personnel. All laboratory testing services shall be provided in accordance with generally accepted industry standards. Contractor agrees to maintain and demonstrate to EPO, upon request, throughout the term of this Agreement, compliance with any and all of the applicable licensure, credentialing, and/or regulatory requirements for the provision of laboratory testing services by Contractor under this Agreement.

2.6 ASSURANCE OF MEMBER CARE – If applicable to Contractor's services, Health Care Services shall be rendered by qualified medical providers, unhindered by fiscal and administrative management. Contractors' fiscal and administrative concerns or any dispute with EPO and Contractor concerning their respective obligations under this Agreement or otherwise shall not influence nor cause any delay in services provided by Contractor to Members.

2.7 INSPECTION OF FACILITIES - In every instance where Contractor utilizes a facility to provide Health Care Services under this Agreement, such facilities shall comply with applicable state and/or federal law, and regulations. Contractor agrees that it shall cooperate with inspections of such facilities, which are required to assure compliance with required facility standards.

2.8 CITATIONS - Contractor shall notify EPO of any regulatory or licensing issue that would prohibit Contractor's performance of duties under this Agreement. The parties shall meet within thirty (30) days and shall, in good faith, attempt to negotiate a modification to this Agreement that minimizes the adverse effect. Notwithstanding the provisions herein, if the parties fail to reach a negotiated modification concerning the adverse action, then the affected party may terminate this Agreement by giving at least ninety (90) days notice or may terminate sooner if agreed to by both parties.

2.9 UTILIZATION REVIEW (UR) -.Not applicable

2.10 QUALITY ASSURANCE (QA) PROGRAM – Not applicable

2.11 MEMBER GRIEVANCE RESOLUTION – Contractor shall participate in, and comply with Member Grievance Programs, Utilization Management, and Quality Assurance Programs established by County. All policies and procedures are outlined in the Provider Manual, a copy which has been provided to Contractor. All policies and procedures are consistent with the terms of this Agreement, do not increase or modify the obligations of the Contractor hereunder, and will not have an adverse impact on the amount of compensation received by Contractor under this Agreement.

2.12 SUBCONTRACTS - Contractor shall ensure that subcontracting providers used to provide laboratory testing services to Members meet the standards that are consistent with community standards.

Contractor shall ensure that all subcontractors have not been excluded from participation in any state or federal program.

2.13 OTHER CONTRACTUAL COMMITMENTS - Contractor represents and assures EPO and County that contractual commitments to other HMOs, competitive medical plans and/or other related entities do not restrict or impair Contractor from performing its duties under this Agreement and do not constitute a conflict of interest with the provision of Home Health and Hospice Services to Members.

2.14 NONDISCRIMINATION - Contractor represents and assures that laboratory testing services are provided to Members in the same manner and quality as such services are provided to Contractors' other patients. Members shall not be subject to any discrimination whatsoever by Contractor in regard to access to Health Care Services. Contractor agrees to comply with the provisions of Title 2, CCR, Section 8107 et. seq., as may be amended from time to time, as incorporated by reference herein. Contractor agrees to include this Nondiscrimination Clause in any and all subcontracts to perform services under this Agreement. The provisions of subsection (b) of Title 2, CCR, Section 8107 shall be applicable for this Agreement.

2.15 CONFORMANCE TO OTHER LAW - Contractor certifies compliance with the Americans with Disabilities Act of 1990 (42 USC, Section 12100 et. seq.), AB2222 (the Prudence Kay Poppink Act) of 2000, the Drug Free Workplace Act of 1990 (Government Code Section 8355 et. seq.), and Health Insurance Portability and Accountability Act of 1996 (HIPAA), Public Law 104-191, enacted August 21, 1996.

Contractor certifies awareness of the Occupational Safety and Health Administration (OSHA) of the U.S. Department of Labor, the derivative Cal/OSHA standard and laws and regulations relating thereto and shall comply therewith as to all relative elements under this Agreement.

2.18 IDENTIFICATION OF OFFICERS, OWNERS, STOCKHOLDERS CREDITORS - On an annual basis, EPO shall have access to Contractor's Annual Report

via Contractor's website. Contractor shall identify the names of the following persons by listing them on Attachment 1 of this Agreement, attached hereto and incorporated herein by this reference.

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

In addition, Contractor shall notify EPO within thirty (30) days of any changes in the information in Attachment 1.

2.19 AVAILABILITY OF SERVICES - Contractor agrees to provide upon request EPO with current information regarding Contractor's services, programs and benefits on an annual basis, which shall include, but not be limited to, the identification of deletions and additions to Contractor's services.

2.20 PROVISION OF INFORMATION- Contractor shall provide EPO and/or governmental agencies with such data and other information regarding the rendition of services as may be reasonably requested or as may be otherwise required for compliance with applicable regulatory and disclosure requirements. Contractor shall execute such additional verifications or documents as may be required by law or regulation.

2.21 OTHER REPORTING - Contractor agrees to submit all information or reports, in a timely manner, as may be required to enable EPO to fulfill its reporting and other obligations under the Agreement. In addition, notwithstanding anything to the contrary contained herein, Contractor shall not be required to provide reports, any aggregation or compilation of data or results or an electronic feed of data, unless a separate mutually agreed upon Data Agreement is executed and shall only be required to provide laboratory reports to ordering physicians in accordance with its customary practices.

2.22 ADMINISTRATIVE GUIDELINES - Contractor agrees to perform its duties under this Agreement in a manner consistent with the reasonable administrative guidelines provided by the EPO.

2.23 CREDENTIALING OF CONTRACTOR - Upon request Contractor agrees to provide all necessary information, and/or documents to EPO so that the EPO may credential Contractor, and verify that Contractor has obtained, and has maintained appropriate licensing, accreditation, or certification, and insurance coverage. Such information shall be provided within thirty (30) days and on an annual basis, or upon request by EPO. Failure of Contractor to become credentialed by EPO, and/or to remain credentialed by EPO shall be cause for immediate termination of this Agreement by EPO.

### 3.0 DUTIES OF COUNTY AND EPO



3.1 USE OF CONTRACTOR - Except upon the sole determination of County that the safety, health and/or welfare of the public or the medical needs of Member require otherwise, EPO agrees to use Contractor for the provision of clinical laboratory testing services as set forth herein and shall use and promote Contractor as preferred provider.

3.2 ADMINISTRATION - County agrees to perform all necessary administrative, accounting and reporting requirements and other functions to state and federal regulators consistent with the administration of EPO and this Agreement.

3.3 MEMBER SERVICES - EPO agrees to provide Member Services, including, but not limited to, processing Member complaints and grievances, informing Members of EPO policies and procedures, providing Members with information about EPO and its network of hospitals, IPAs and PCPs.

3.4 BENEFIT INFORMATION - EPO agrees to apprise all Members concerning the type, scope and duration of benefits and services to which such Members are entitled under the EPO. This includes, but is not limited to, written notification to Members of clinical laboratory testing services available, and changes in the availability or location of such services, being provided by Contractor, and issuance of an identification card to each Member upon enrollment.

3.5 CONTRACTOR ASSISTANCE - County agrees to assist and cooperate with Contractor in the development and implementation of procedures necessary to carry out the intent of this Agreement. EPO shall provide necessary training regarding EPO policies and procedures.

3.6 UTILIZATION REVIEW (UR) PROGRAM - No applicable

3.7 ADMINISTRATION OF PAYMENTS - County agrees to pay Contractor in accordance with the terms and procedures set forth in this Agreement.

#### 4.0 BILLING AND COMPENSATION

4.1 CLAIMS - In order to receive payment for services rendered, Contractor shall bill EPO on the HCFA 1500 form, or their successor form, whichever is applicable, within one (1) year from the date of service for outpatient claims. Payments for laboratory testing services performed by Contractor hereunder are payable as provided in Section 4.7 after receipt of a Clean Claim. A claim submitted to County by Contractor shall be deemed to be a Clean Claim if it contains the following information:

- (a) Member's name
- (b) Member's gender
- (c) Member's insurance ID number
- (d) Date of Service
- (e) CPT Code

(f) ICD-9 Code, if provided by ordering Provider on the laboratory test requisition. Lab West may use V72.6 as the diagnosis code if a valid ICD-9 code has not been provided on the test requisition.

4.2 COLLECTION OF CHARGES FROM MEMBERS - Contractor agrees that the only charges for which a Member may be liable and be charged by Contractor shall be for Co-payments or Deductibles, as established by EPO, or for services not covered under the EPO Contractor's rights to collect charges from Members for non-covered services, except as provided herein, shall not be affected by this Agreement or its termination.

4.3 SERVICE WAIVER – Laboratory testing performed by Contractor based upon receipt of written or electronic test request from Member's Participating Provider shall be deemed to be a Covered Service and will be deemed Medically Necessary and payable.

4.4 SURCHARGES - Notwithstanding the provisions herein, Contractor shall in no event, including, without limitation, nonpayment by EPO, insolvency of EPO, or breach of the Agreement, bill, charge, collect and deposit, or attempt to bill, charge, collect or receive any form of payment from any Member for laboratory testing services provided pursuant to this Agreement. Contractor also agrees it shall not maintain any action at law or equity against a Member to collect sums owed by County to Contractor.

Upon notice of any such surcharge or action, County may terminate this Agreement consistent with the provisions contained herein and take all other appropriate action consistent with the terms of this Agreement to eliminate such activity. Contractor's obligations regarding the collection of surcharges from Members shall survive the termination of this Agreement.

Failure of Contractor to act in accordance with any of the provisions of this section shall constitute a material breach of the Agreement and the Agreement may be subject to termination by County pursuant to the provisions herein. In addition, County may take any other appropriate administrative or legal action to enjoin and otherwise restrain Contractor's violation of the provisions of this section, including offsetting the amount of said collections against any future payment, and/or reimbursement to Members or their representatives of any charges or surcharges collected by Contractor from Members.

4.5 COLLECTION OF CHARGES FROM THIRD PARTIES - Contractor shall cooperate with EPO coordination of benefits. In the case in which County is other than primary, County shall pay the lesser of the amounts which when added to the amounts received by Contractor from other sources equals one hundred percent (100%) of the amount required under this Agreement as specified in Attachment 2. Unless Member has other health insurance coverage, Contractor accepts payment from County for laboratory testing services as provided herein as full payment for such services and shall at no time seek compensation from Members.

4.6 POTENTIAL TORT LIABILITY - Contractor shall make no claim for recovery of the value of laboratory testing services rendered to a Member, when such recovery would result from an action involving the tort liability of a third party or recovery from estates of

deceased Members or casualty liability including Worker's Compensation awards and uninsured motorist coverage.

4.7 COMPENSATION – County shall pay Contractor, in accordance with the rates as outlined in Attachment 2, within sixty (60) working days of receipt from Contractor of an uncontested claim which is accurate, complete and otherwise in accordance with the provisions herein.

4.8 ADEQUACY OF COMPENSATION - Contractor shall accept the payments specified in this Agreement as payment in full for all laboratory testing services provided to Members and for all administrative costs incurred for providing such services. In the event County fails to make any payments to Contractor as provided herein, whether from EPO's insolvency or otherwise, Members shall not be liable to Contractor, under any circumstances, for laboratory testing services. Contractor's prohibition regarding the collection of payments from Members for services covered by EPO shall survive the termination of this Agreement.

#### 5.0 RECORDS MAINTENANCE, AVAILABILITY, INSPECTION AND AUDIT

5.1 CONTRACTOR RESPONSIBILITY - Contractor shall maintain and provide adequate financial records and information as reasonably necessary to County so that County may properly administer the EPO and consistent with state and federal law. Such records shall be retained by Contractor for at least five (5) years from the close of County's fiscal year in which this Agreement is in effect. Medical Records must be maintained in accordance with industry standards including all HIPAA regulations. These obligations are not terminated upon a termination of the Agreement, whether by rescission or otherwise. Subject to all applicable privacy, security, and confidentiality laws and regulations, County reserves the right to audit both financial and medical records from time to time as deemed necessary. Any expense involved in such as audit shall be the Contractor's responsibility.

5.2 PROPRIETARY NATURE OF INFORMATION - County and Contractor agree to treat all Member patient information provided by Contractor or County as confidential in accordance with applicable law, including HIPAA regulations. County and Contractor shall maintain the confidentiality of all such information and shall make disclosures to third parties only upon the advance written consent of the Member, or when allowed by applicable law. Contractor shall safeguard the confidentiality of Member health records and treatment in accordance with all applicable state and federal laws, and regulations.

5.3 RECORDS OPEN FOR INSPECTION – All books, records and papers of Contractor or subcontractor of Contractor relating to the performance of this Agreement must be open to inspection and copying during normal business hours (Mon-Friday) by the EPO, or state and/or federal regulators. Records shall include, without limitation, Member patient records (subject to applicable state and federal law governing the confidentiality of medical records). Contractor shall maintain its books and records in accordance with general standards for books and record keeping.

5.4 PUBLIC RECORDS - Contractor acknowledges and agrees that information, communications, and documents given by or to County, and/or EPO and meetings involving County and/or EPO management may be subject to the public records and meetings laws and regulations of the State of California.

5.5 QUALITY ASSURANCE AND UTILIZATION REVIEW RECORDS  
Contractor shall cooperate with EPO's QA and UR programs which have been provided in to the Contractor in the County's EPO Provider Manual or Policies and Procedures and upon reasonable request, shall provide EPO with summaries of, or access to records maintained by Contractor and required in connection with such programs, subject to applicable state and federal laws concerning the confidentiality of medical records.

6.0 INDEMNIFICATION, ACTS AND OMISSIONS, LIABILITY AND INSURANCE

6.1 INDEMNIFICATION - CONTRACTOR 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 from liability, claim, action or damage whatsoever, based or asserted upon any services or actions of CONTRACTOR, 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 whatsoever.. CONTRACTOR shall defend, at its sole expense, all costs and fees (including but not limited to attorney fees, cost of investigation, defense and including settlements or awards) 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 in any claim or action based upon such alleged acts or omissions.

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

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

The specified insurance limits required in this Agreement shall in no way limit or circumscribe CONTRACTOR obligations to indemnify and hold harmless the COUNTY.

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

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

6.4 INSURANCE

Without limiting or diminishing the CONTRACTOR'S obligation to indemnify or hold the COUNTY harmless, CONTRACTOR 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. Contractor may comply with the insurance obligations provided herein through an adequate program of self-insurance.

A. Workers' Compensation:

If the CONTRACTOR has employees as defined by the State of California, the CONTRACTOR 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, and, if applicable, to provide a Borrowed Servant/Alternate Employer Endorsement.

B. Commercial General Liability

Commercial General Liability insurance coverage, including but not limited to, premises liability, contractual liability, products and completed operations liability, personal and advertising injury, cross liability coverage and employment practices liability, covering claims which may arise from or out of CONTRACTOR'S performance of its obligations hereunder. Policy shall name 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. 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 are used in the performance of the obligations under this Agreement, then CONTRACTOR 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 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.

D. Professional Liability Insurance:

Contractor shall maintain Professional Liability Insurance providing coverage for the Contractor'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 Contractor'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 CONTRACTOR 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 CONTRACTOR has maintained continuous coverage with the same or original insurer. Coverage provided under items; 1), 2) or 3) will continue for a period of four (4) years beyond the termination of this Agreement.

E. General Insurance Provisions - All lines:

- 1) Any insurance carrier providing insurance coverage hereunder shall be admitted to 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 CONTRACTOR'S insurance carrier(s) must declare its insurance self-insured retentions. If such deductibles or self-insured retentions exceed \$500,000 per occurrence such deductibles and/or retentions shall have the prior written consent of the County Risk Manager before the commencement of operations under this Agreement. Upon notification of deductibles or self insured retention's unacceptable to the COUNTY, and at the election of the Country's Risk Manager, CONTRACTOR'S carriers shall either; 1) reduce or eliminate such deductibles or self-insured retention's as respects this Agreement with the COUNTY, or 2) procure a bond which guarantees payment of losses and related investigations, claims administration, and defense costs and expenses.

- 3) CONTRACTOR shall cause CONTRACTOR'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. CONTRACTOR shall not commence operations until the COUNTY 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 to do so on its behalf shall sign the original endorsements for each policy and the Certificate of Insurance.
- 4) It is understood and agreed to by the parties hereto and the insurance company(s), that the Certificate(s) of Insurance and policies shall so covenant and shall be construed as primary insurance, and the COUNTY'S insurance and/or deductibles and/or self-insured retention's or self-insured programs shall not be construed as contributory.
- 5) The COUNTY'S Reserved Rights--Insurance. If, during the term of this Agreement or any extension thereof, there is a material change in the scope of services; or, there is a material change in the equipment to be used in the performance of the scope of work which will add to additional exposures (such as the use of aircraft, watercraft, cranes, etc.) the COUNTY reserves the right to adjust the types of insurance required under this Agreement and the monetary limits of liability for the insurance coverage's currently required herein, if; in the County Risk Manager's reasonable judgment, the amount or type of insurance carried by the CONTRACTOR has become inadequate.
- 6) CONTRACTOR 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 COUNTY.

## 7.0 DISPUTE RESOLUTION

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

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

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

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

## 8.0 TERM

8.1 TERM - The term of this Agreement shall become effective as of, October 1, 2010 and shall continue in effect for five (5) years, until September 30, 2015.

## 9.0 TERMINATION

9.1 TERMINATION FOR MATERIAL CAUSE - Either party, as appropriate, may terminate this Agreement immediately for cause as set forth herein upon written notice of termination stating the actions of the other party constituting cause for termination.

9.2 CAUSE FOR IMMEDIATE TERMINATION OF AGREEMENT BY CONTRACTOR - The following shall constitute cause for immediate termination of this Agreement by Contractor:



- A. Breach of Material Term and Failure to Cure – County’s breach of any material term, covenant, or condition and subsequent failure to cure such breach within thirty (30) days following written notice of such breach.
- B. Insolvency of EPO - including the filing of bankruptcy by EPO.
- C. Dissolution of EPO - dissolution of EPO by an act of the Board of Supervisors for Riverside County.
- D. County’s failure to remit payment to Contractor for more than two (2) consecutive billing periods.

9.3 CAUSE FOR IMMEDIATE TERMINATION OF AGREEMENT BY COUNTY -

The following shall constitute cause for immediate termination of this Agreement by County:

- A. Breach of Material Term and Failure to Cure – Contractor’s breach of any material term, covenant, or condition and subsequent failure to cure such breach within thirty (30) days following written notice of such breach.
- B. Failure to Provide Services - Failure of Contractor to provide laboratory testing services to Members as authorized herein.
- C. Preservation of the Safety, Health and/or Welfare of Members - Determination by County that the safety, health and/or welfare of Members are placed in danger by Contractor.
- D. Credentialing – Failure of Contractor to become credentialed by EPO, and/or remain credentialed by the EPO.
- E. Loss of Licensing - Failure by Contractor to secure and maintain the necessary governmental licenses, accreditation or certification required for the performance of duties hereunder.
- F. Loss of Insurance Coverage - Failure by Contractor to maintain adequate general and professional liability insurance coverage, as provided herein.
- G. Insolvency of Contractor - including the filing of bankruptcy of Contractor.
- H. Dissolution of EPO - dissolution of EPO by an act of the Board of Supervisors for Riverside County.
- I. Discontinuance of EPO Services by County - discontinuance of the offering of EPO as a health care benefits plan option for Riverside County employees.

9.4 TERMINATION WITHOUT CAUSE - After the end of the first year of this Agreement, either party may terminate this Agreement without cause. In the event either party desires to terminate this Agreement without cause, the terminating party shall give the other party at least ninety (90) days written notice of termination.

10.0 CONTINUING CARE RESPONSIBILITIES

10.1 CARE OF MEMBERS - In the event of termination of this Agreement, Contractor shall not be released of its obligation to continue to provide services to Members, and shall continue to provide and be compensated for laboratory testing services under the terms of this Agreement to Members who are hospitalized on an inpatient basis, or who are receiving treatment on an outpatient basis on the date of

termination until the effective date of discharge or the site transfer of such Members to another health care facility.

10.2 NON-PAYMENT POLICY - Notwithstanding the above, or any other provisions to the contrary, Contractor agrees that in the event EPO ceases operations for any reason, including insolvency, Contractor shall continue to provide laboratory testing services for those Members who are hospitalized on an inpatient basis. Contractor shall not bill, charge, collect or receive any form of payment from any such Member or have any recourse against Member for Hospital Services, or laboratory testing services provided after EPO ceases operation. This continuation of services obligation shall continue until Member is discharged from Hospital, or complete the course of outpatient treatment. Contractor's prohibition regarding the collection of payments from Members for services covered by EPO shall survive the termination of this Agreement.

#### 11.0 CONFIDENTIAL AND PROPRIETARY INFORMATION

11.1 INFORMATION CONFIDENTIAL AND PROPRIETARY TO COUNTY - Contractor acknowledges that all Members participating in the EPO receiving Health Care Services or Contractor Services shall be Members of EPO. Member information shall include, without limitation, the names, addresses and telephone numbers of all Members, administrative service manuals and all forms related thereto, and records, files (other than patient medical files) and lists contained in Contractor and EPO files. Contractor acknowledges that County believes that all such information is confidential under HIPAA and proprietary to County and that such Member information contains valuable trade secrets of County.

11.2 CONTRACTOR USE OF INFORMATION - Contractor shall maintain all Member information as confidential. Contractor shall not disclose or use any confidential and proprietary information for its own benefit or gain either during the term of this Agreement or after the date of termination of this Agreement, provided, however that Contractor may use the name, address and telephone number or other medical information of a Member if medically necessary for the proper treatment of such Member or upon express prior written permission of EPO or the Member. Nothing contained herein abrogates the right of the Member to disenroll from EPO.

#### 11.3 TERMINATION AGREEMENT -

11.4 NON-SOLICITATION OF MEMBERS - Contractor shall not directly or indirectly engage in the solicitation of Members without County's prior written consent. Solicitation shall mean conduct by an officer, agent, employee or subcontractor of Contractor or its assignee or successor during the term of this Agreement and continuing for a period of one (1) year after the effective date of termination of this Agreement, which may be reasonably interpreted as designed to persuade Members to discontinue their enrollments with EPO or to encourage Members to participate in another health services plan.

11.5 DISSEMINATION OF INFORMATION - Contractor agrees that County may use Contractor's name, address, and telephone number in any informational material routinely distributed to Members and for other purposes related to the administration and marketing of EPO as an indication of Contractor's willingness to provide Contractor Services to Members.

11.6 CONTRACTOR ADVERTISING - Prior to listing or otherwise referencing EPO or County in any promotional or advertising brochures, media announcements or other advertising or marketing material, Contractor shall first obtain the prior written consent of the Director, except that Contractor does not need approval to list EPO or County in any informational material distributed, displayed or advertised, listing EPO and/or County as a participating health plan.

11.7 USE OF NAMES AND TRADEMARKS - County, EPO and Contractor each reserve the right to control the use of its name, symbols, trademarks, or other marks currently existing or later established. However, either party may use the other party's symbol, trademarks, or other marks with the prior written approval of the other party. County shall be allowed to use the name of Contractor in its promotional activities and marketing campaign as described in section 11.5 herein.

## 12.0 GENERAL PROVISIONS

12.1 NOTICES - Any notice required to be given hereunder shall be in writing either delivered personally or sent by registered or certified mail, return receipt requested, to either County or Contractor at the addresses listed below, or at such other address as either County or Contractor may hereafter designate to the other:

### **COUNTY:**

#### **HUMAN RESOURCES DEPARTMENT**

4080 Lemon St., 7<sup>th</sup> Floor  
Riverside, CA 92501-1569  
Attn: Barbara A. Olivier  
Asst. County Executive Officer/  
Human Resources Director

### **CONTRACTOR:**

#### **LabWest, Inc.**

1821 E. Dyer Road, Suite 100  
Santa Ana, CA 92705  
Attn: Kip Vernaglia  
Senior Vice President

All notices shall be deemed given on the date of delivery if delivered personally or on the third business day after such notice is deposited in the United States mail, addressed and sent as provided above.

12.2 ASSIGNMENT AND DELEGATION - This Agreement and the rights, interests, and benefits hereunder shall not be assigned, transferred, pledged, or hypothecated in any way by Contractor or County, and shall not be subject to execution, attachment or similar process. Notwithstanding anything to the contrary herein, Contractor may subcontract any part of the services it has an obligation to provide hereunder to a subcontractor without the County's prior consent.

12.3 INVALIDITY AND SEVERABILITY - If any provision of this Agreement is found to be invalid or unenforceable by any court, such provision shall be in effect only to the extent that it is in contravention of applicable laws without invalidating the remaining provisions hereof.

12.4 LIMITATIONS OF SEVERABILITY - In the event the removal of a provision rendered invalid or unenforceable or declared null and void had the effect of materially altering the obligations of either party in such manner as to cause serious financial hardship to such party, the party so affected shall have the right to terminate this Agreement upon providing thirty (30) days prior written notice to the other party.

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

12.6 HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT (HIPAA)- The Contractor in this Agreement is subject to 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 laws and regulations promulgated subsequent thereto. The Contractor hereto agrees to cooperate in accordance with the terms and intent of this Agreement for implementation of relevant law(s) and/or regulation(s) promulgated under this Law. The Contractor further agrees that it shall be in compliance, and shall remain in compliance with the requirement of HIPAA, and the laws and regulations promulgated subsequent hereto, as may be amended from time to time.

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

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

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

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

12.11 GOVERNING LAW - County, Contractor and this Agreement are subject to the laws of the State of California and the United States of America, and regulations promulgated thereto. Any provision required to be in this Agreement by any of applicable federal or state law, and regulations thereto shall bind County and Contractor, whether or not expressly provided in this Agreement.

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

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

12.14 INDEPENDENT CONTRACTOR - The relationship between County and Contractor is an independent contractor relationship. Neither Contractor nor its employee(s) and/or agent(s) are or shall be considered to be an employee(s), and/or agent(s) of County, and neither County nor any employee(s) and/or agent(s) of County are or shall be considered to be an employee(s) and/or agent(s) of Contractor. Contractor is solely responsible for all Health Care Services provided to Members by Contractor, its employees, agents or assigns. None of the provisions of this Agreement shall be construed to create a relationship of agency, representation, joint venture, ownership, control or employment between the parties other than that of independent parties contracting for the purposes of effectuating this Agreement.

12.15 CONFLICT OF INTEREST - The parties hereto and their respective employees or agents shall have no interest, and shall not acquire any interest, direct or indirect, which shall conflict in any manner or degree with the performance of services required under this Agreement.

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

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

**IN WITNESS WHEREOF**, the parties hereto have caused their duly appointed representatives to execute this Medical Contractor Agreement for EPO Services for Riverside County.

**ATTEST:**

Clerk to the Board  
Nancy Romero

**COUNTY OF RIVERSIDE:**

By *Noreen Caron*  
Deputy

Date DEC 07 2010

By *Marvin Asseley*  
Chairman, Board of Supervisors

DEC 07 2010  
Date \_\_\_\_\_

Approved as to form and content:

County Counsel

By: *[Signature]*  
Deputy County Counsel

**CONTRACTOR:**

By: *[Signature]*

Printed Name: Kip Vernaglia

Title:  Senior Vice President \_\_\_\_\_

Date: 9/1/10

*[Signature]*  
Authorized Signer  
9-1-10

## Attachment 1

### Officers, Owners, Stockholders, and Creditors Listing

Labwest, Inc. is wholly-owned by Laboratory Corporation of America. Laboratory Corporation of America is wholly-owned by Laboratory Corporation of America Holdings, 358 South Main Street, Burlington, North Carolina, 27215. The stock of Laboratory Corporation of America Holdings is traded on the New York Stock Exchange (LH). The US beneficial owners of Laboratory Corporation of America Holdings who own more than five percent (5%) of the stock thereof are identified below:

Harris Associates, L.P.  
2 North LaSalle Street 500  
Chicago, IL 60602-3790

As of March 31, 2010, Harris Associates ownership interest in Laboratory Corporation of America Holdings consists of 7,140,150 shares, or 6.84% of common stock.

### Board of Directors

F. Samuel Eberts III  
358 South Main Street  
Burlington, North Carolina 27215

William B. Hayes  
358 South Main Street  
Burlington, North Carolina 27215

### Officers

F. Samuel Ebert III  
William B. Hayes  
Sandra D. Van Der Vaart

President and Secretary  
Executive Vice President and Treasurer  
Assistance Secretary

## **Attachment 2 Compensation**

Reimbursement by Exclusive Care for authorized covered services, shall be payable by County at 85% of Medicare for locality 99. Contractor is responsible for collecting deductibles, co-payments, and coinsurance amount from Members receiving Covered Services.