

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

399



**FROM:** Riverside University Health System-Medical Center (RUHS-MC)

**SUBMITTAL DATE:**  
August 10, 2016

**SUBJECT:** Approval of Senate Bill 208 (SB 208) Intergovernmental Transfer and Health Plan Provider Agreement Amendments. District 5 [Net Revenue Agreement].

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

1. Approve SB 208 Intergovernmental Transfer (IGT A & B) and Health Plan Provider (IEHP & Molina) Agreement Amendments: IEHP Amendment No. 15 and Molina Amendment August 2016.
2. Delegate signing authority of the SB208 Intergovernmental Transfer (IGT A & B) and Health Plan Provider (IEHP & Molina) Amendments to the Assistant CEO – Health System.

(see next page for Background)

*Jen Cruikshank*

Jen Cruikshank, COO for  
Zareh Sarrafian,  
Assistant CEO - Health System

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

**SOURCE OF FUNDS:** Net Revenue Agreement; Advance made from Hospital Enterprise Fund - 40050

Budget Adjustment: No  
For Fiscal Year: FY 16/17

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

**APPROVE**

BY: *Christopher M. Hans*

County Executive Office Signature Christopher M. Hans

**MINUTES OF THE BOARD OF SUPERVISORS**

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

Ayes: Jeffries, Tavaglione, Washington, Benoit and Ashley  
Nays: None  
Absent: None  
Date: August 23, 2016  
xc: RUHS

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

Prev. Agn. Ref.: \_\_\_\_\_ District: 5 Agenda Number: \_\_\_\_\_

**3-55**

FORM APPROVED COUNTY COUNSEL  
BY: *Marsha L. Victor*  
MARSHA L. VICTOR  
DATE: 8/15/16

Departmental Concurrence

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

**BACKGROUND:**

RUHS - Medical Center requests approval of an agreement that will allow it to take advantage of a program designed to compensate designated public hospitals for certain Medi-Cal expenses. Under the agreement, the medical center would transfer \$8.2 million to the state and would receive \$10.3 million in return.

Senate Bill 208 (Chapter 714, Statutes 2010) provides for a voluntary Intergovernmental Transfer (IGT) program relating to Medi-Cal Managed Care services provided by designated public hospitals (DPH). The purpose of the IGT program is to provide funding to preserve and strengthen the availability and quality of services provided by DPHs and their affiliated public providers specifically to seniors and persons with disabilities. Payment shall be made, together with the related federal financial participation, by the California Department of Health Care Services to Inland Empire Health Plan and Molina Healthcare of California in part for capitation rates for the period July 1, 2014 through June 30, 2015. Subsequently, RUHS-MC will receive a gross payment from Inland Empire Health Plan and Molina Healthcare of California

Participation in Senate Bill 208 will add no additional costs to RUHS-MC.

**Impact on Citizens and Businesses**

Senate Bill 208 helps RUHS-MC to ensure the availability of medical services to Medi-Cal Managed Care SPD enrollees from Inland Empire Health Plan and Molina Healthcare of California. Delegating signature authority to RUHS-MC's CEO will expedite the agreement approval process and the ability to meet the deadlines set forth by the California Department of Health Care Services.

**INTERGOVERNMENTAL AGREEMENT REGARDING  
TRANSFER OF PUBLIC FUNDS**

This Agreement is entered into between the CALIFORNIA DEPARTMENT OF HEALTH CARE SERVICES (“DHCS”) and the County of Riverside, California (the “Governmental Funding Entity”) with respect to the matters set forth below.

**RECITALS**

A. This Agreement is made pursuant to the authority of Section 14182.15 of Chapter 7 of Part 3 of Division 9 of the Welfare & Institutions Code.

B. The Inland Empire Health Plan is a Local Initiative Health Plan formed pursuant to Welfare and Institutions Code section 6500, through a Joint Powers Agreement (JPA) and Knox-Keene Health Care Services Plan Act of 1975. Inland Empire Health Plan is a party to a Medi-Cal managed care contract with DHCS, entered into pursuant to Welfare and Institutions Code Section 14087.3, under which Inland Empire Health Plan arranges and pays for the provision of covered Medi-Cal health care services to eligible Medi-Cal members residing in the County.

C. The Molina Healthcare of California is a domestic corporation formed pursuant to California Corporations Code section 200. Molina Healthcare of California is a party to a Medi-Cal managed care contract with DHCS, entered into pursuant to Welfare and Institutions Code Section 14087.3, under which Molina Healthcare of California arranges and pays for the provision of covered Medi-Cal health care services to eligible Medi-Cal members residing in the County.

THEREFORE, the parties agree as follows:

**AGREEMENT**

1. Transfer of Public Funds

1.1 The Governmental Funding Entity shall transfer funds to up to a maximum total amount of three million, six hundred twenty four dollars (\$3,000,624), to be used solely as a portion of the nonfederal share of actuarially sound Medi-Cal managed care capitation rates for Inland Empire Health Plan and Molina Healthcare of California for the period July 1, 2014 through June 30, 2015 as described in paragraph 2.2 below. The funds shall be transferred in accordance with a mutually agreed upon schedule between the Governmental Funding Entity and DHCS, in the amounts and components specified therein.

1.2 The Governmental Funding Entity shall certify that the funds transferred qualify for federal financial participation pursuant to 42 C.F.R. part 433 subpart B, and are not derived from impermissible sources such as recycled Medicaid payments, federal money excluded from use as State match, impermissible taxes, and non-bona fide provider-related donations. For transferring units of government that are also direct service providers, impermissible sources do not include patient care or other revenue received from programs such as Medicare or Medicaid to the extent that the program revenue is not obligated to the State as the source of funding.

2. Acceptance and Use of Transferred Funds by DHCS

2.1 DHCS shall exercise its authority under Section 14182.15 of the Welfare and Institutions Code to accept funds transferred by the Governmental Funding Entity pursuant to this Agreement as intergovernmental transfers (IGTs), to use for the purpose set forth in paragraph 2.2 below.

2.2 The funds transferred by the Governmental Funding Entity pursuant to this Agreement shall be used to fund a portion of the nonfederal share of the component of Medi-Cal

managed care actuarially sound capitation rates pursuant to paragraph (1) of subdivision (d) of Section 14182.15 of the Welfare and Institutions Code and shall be paid, together with the related federal financial participation, by DHCS to Inland Empire Health Plan and Molina Healthcare of California as part of Inland Empire Health Plan's and Molina Healthcare of California's capitation rates for the period July 1, 2014 through June 30, 2015. To the extent that DHCS has made and documented such expenditures, or portion thereof, prior to the necessary funds being transferred by the Governmental Funding Entity, the appropriate amount of subsequently transferred funds shall be deemed to have been used in accordance with the requirements of this paragraph 2.2. The capitation rate amounts paid under this paragraph shall be used for payments related to Medi-Cal services rendered to Medi-Cal beneficiaries. The rate amounts paid under this paragraph shall be in addition to, and shall not replace or supplant, all other amounts paid or payable by DHCS or other State agencies to Inland Empire Health Plan and Molina Healthcare of California.

2.3 DHCS shall seek federal financial participation for the rate amounts specified in paragraph 2.2 to the full extent permitted by federal law.

2.4 The parties acknowledge that State DHCS will obtain any necessary approvals from the Centers for Medicare and Medicaid Services (CMS) prior to the payment of any rate amounts pursuant to paragraph 2.2.

2.5 The parties agree that none of these funds, from either Governmental Funding Entity or federal matching funds will be recycled back to the Governmental Funding Entity's general fund, the State, or any other intermediary organization. Payments made by the health plan to providers under the terms of this Agreement and their provider agreement constitute patient care revenues.

2.6 Within One Hundred Twenty (120) calendar days of the execution of this Agreement, and every quarter as applicable thereafter, DHCS shall advise the Governmental Funding Entity, Inland Empire Health Plan and Molina Healthcare of California of the amount of the Medi-Cal managed care capitation rate amounts that DHCS paid to Inland Empire Health Plan and Molina Healthcare of California during the applicable rate period specified in paragraph 2.2 involving any funding under the terms of this Agreement.

2.7 If any portion of the funds transferred by the Governmental Funding Entity pursuant to this Agreement is not expended by DHCS for the specified rate amounts under paragraph 2.2, DHCS shall return the unexpended funds to the Governmental Funding Entity.

3. Amendments

3.1 No amendment or modification to this Agreement shall be binding on either party unless made in writing and executed by both parties.

3.2 The parties shall negotiate in good faith to amend this Agreement as necessary and appropriate to implement the requirements set forth in paragraph 2 of this Agreement.

4. Notices. Any and all notices required, permitted or desired to be given hereunder by one party to the other shall be in writing and shall be delivered to the other party personally or by United States first class, certified or registered mail with postage prepaid, addressed to the other party at the address set forth below:

To the Governmental Funding Entity:

Zareh Sarrafian, CEO RUHS-MC, CEO RUHS  
26520 Cactus Avenue  
Moreno Valley, CA 92555  
zareh@ruhealth.org

With copies to:

Daniel Fontoura, Chief Financial Officer  
26520 Cactus Avenue  
Moreno Valley, CA 92555  
D.Fontoura@ruhealth.org

To DHCS:

Sandra Dixon  
California Department of Health Care Services  
Capitated Rates Development Division  
1501 Capitol Ave., Suite 71-4002  
P.O. Box 997413  
MS 4413  
Sacramento, CA 95899-7413  
Sandra.Dixon@dhcs.ca.org

5. Other Provisions

5.1 This Agreement contains the entire Agreement between the parties with respect to the Medi-Cal rate amounts for Inland Empire Health Plan and Molina Healthcare of California described in paragraph 2.2 that are funded by the Governmental Funding Entity pursuant to paragraph (1) of subdivision (d) of Section 14182.15 of the Welfare and Institutions Code, and supersedes any previous or contemporaneous oral or written proposals, statements, discussions, negotiations or other agreements regarding such transferred funds between the Governmental Funding Entity and DHCS. This Agreement is not, however, intended to be the sole agreement between the parties on matters relating to the funding and administration of the Medi-Cal program. One or more other agreements already exist between the parties regarding such other matters, and other agreements may be entered into in the future. This Agreement shall not modify the terms of any other agreement between the parties.

5.2 The non-enforcement or other waiver of any provision of this Agreement shall not be construed as a continuing waiver or as a waiver of any other provision of this Agreement.

5.3 Paragraph 2 of this Agreement shall survive the expiration or termination of this Agreement.

5.4 Nothing in this Agreement is intended to confer any rights or remedies on any third party, including, without limitation, any provider(s) or groups of providers, or any right to medical services for any individual(s) or groups of individuals; accordingly, there shall be no third party beneficiary of this Agreement.

5.5 Time is of the essence in this Agreement.

5.6 Each party hereby represents that the person(s) executing this Agreement on its behalf is duly authorized to do so.

6. State Authority. Except as expressly provided herein, nothing in this Agreement shall be construed to limit, restrict, or modify the DHCS' powers, authorities, and duties under federal and state law and regulations.

7. Approval. This Agreement is of no force and effect until signed by the parties.

8. Term. This Agreement shall be effective as of July 1, 2014 and shall expire as of June 30, 2017 unless terminated earlier by mutual agreement of the parties.



IN WITNESS WHEREOF, the parties hereto have executed this Agreement, on the date of the last signature below.

THE COUNTY OF RIVERSIDE

By: \_\_\_\_\_ Date: \_\_\_\_\_

Zareh Sarrafian, CEO RUHS-MC, CEO RUHS

THE STATE OF CALIFORNIA, DEPARTMENT OF HEALTH CARE SERVICES:

By: \_\_\_\_\_ Date: \_\_\_\_\_

Jennifer Lopez, Acting Division Chief, Capitated Rates Development Division

**FORM APPROVED COUNTY COUNSEL**  
BY:  8.15.16  
**MARTHA ANN KNUTSON** **DATE**

**INTERGOVERNMENTAL AGREEMENT REGARDING  
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This Agreement is entered into between the CALIFORNIA DEPARTMENT OF HEALTH CARE SERVICES (“DHCS”) and the County of Riverside, California (the “Governmental Funding Entity”) with respect to the matters set forth below.

**RECITALS**

A. This Agreement is made pursuant to the authority of Section 14182.15 of Chapter 7 of Part 3 of Division 9 of the Welfare & Institutions Code.

B. The Inland Empire Health Plan is a Local Initiative Health Plan formed pursuant to Welfare and Institutions Code section 6500, through a Joint Powers Agreement (JPA) and Knox-Keene Health Care Services Plan Act of 1975. Inland Empire Health Plan is a party to a Medi-Cal managed care contract with DHCS, entered into pursuant to Welfare and Institutions Code Section 14087.3, under which Inland Empire Health Plan arranges and pays for the provision of covered Medi-Cal health care services to eligible Medi-Cal members residing in the County.

B. The Molina Healthcare of California is a domestic corporation formed pursuant to California Corporations Code section 200. Molina Healthcare of California is a party to a Medi-Cal managed care contract with DHCS, entered into pursuant to Welfare and Institutions Code Section 14087.3, under which Molina Healthcare of California arranges and pays for the provision of covered Medi-Cal health care services to eligible Medi-Cal members residing in the County.

THEREFORE, the parties agree as follows:

**AGREEMENT****1. Transfer of Public Funds**

1.1 The Governmental Funding Entity shall transfer funds to DHCS pursuant to Section 14182.15 of the Welfare and Institutions Code, up to a maximum total amount of five million, one hundred fifty nine thousand, two hundred eighty one dollars (\$5,159,281), to be used solely as a portion of the nonfederal share of actuarially sound Medi-Cal managed care capitation rates for Inland Empire Health Plan and Molina Healthcare of California for the period July 1, 2014 through June 30, 2015 as described in paragraph 2.2 below. The funds shall be transferred in accordance with a mutually agreed upon schedule between the Governmental Funding Entity and DHCS, in the amounts and components specified therein.

1.2 The Governmental Funding Entity shall certify that the funds transferred qualify for federal financial participation pursuant to 42 C.F.R. part 433 subpart B, and are not derived from impermissible sources such as recycled Medicaid payments, federal money excluded from use as State match, impermissible taxes, and non-bona fide provider-related donations. For transferring units of government that are also direct service providers, impermissible sources do not include patient care or other revenue received from programs such as Medicare or Medicaid to the extent that the program revenue is not obligated to the State as the source of funding.

**2. Acceptance and Use of Transferred Funds by DHCS**

2.1 DHCS shall exercise its authority under Section 14182.15 of the Welfare and Institutions Code to accept funds transferred by the Governmental Funding Entity pursuant to this Agreement as intergovernmental transfers (IGTs), to use for the purpose set forth in paragraph 2.2 below.

2.2 The funds transferred by the Governmental Funding Entity pursuant to this Agreement shall be used to fund a portion of the nonfederal share of Medi-Cal managed care actuarially sound capitation rates described in subdivision (b) and (c) of Section 14182.15 of the Welfare and Institutions Code and shall be paid, together with the related federal financial participation, by DHCS to Inland Empire Health Plan and Molina Healthcare of California as part of Inland Empire Health Plan's and Molina Healthcare of California's capitation rates for the period July 1, 2014 through June 30, 2015. To the extent that DHCS has made and documented such expenditures, or portion thereof, prior to the necessary funds being transferred by the Governmental Funding Entity, the appropriate amount of subsequently transferred funds shall be deemed to have been used in accordance with the requirements of this paragraph 2.2. The capitation rate amounts paid under this paragraph shall be used for payments related to Medi-Cal services rendered to Medi-Cal beneficiaries. The rate amounts paid under this paragraph shall be in addition to, and shall not replace or supplant, all other amounts paid or payable by DHCS or other State agencies to Inland Empire Health Plan and Molina Healthcare of California.

2.3 DHCS shall seek federal financial participation for the rate amounts specified in paragraph 2.2 to the full extent permitted by federal law.

2.4 The parties acknowledge that State DHCS will obtain any necessary approvals from the Centers for Medicare and Medicaid Services (CMS) prior to the payment of any rate amounts pursuant to paragraph 2.2.

2.5 The parties agree that none of these funds, from either Governmental Funding Entity or federal matching funds will be recycled back to the Governmental Funding Entity's general fund, the State, or any other intermediary organization. Payments made by the

health plan to providers under the terms of this Agreement and their provider agreement constitute patient care revenues.

2.6 Within One Hundred Twenty (120) calendar days of the execution of this Agreement, and every quarter as applicable thereafter, DHCS shall advise the Governmental Funding Entity, Inland Empire Health Plan and Molina Healthcare of California of the amount of the Medi-Cal managed care capitation rate amounts that DHCS paid to Inland Empire Health Plan and Molina Healthcare of California during the applicable rate period specified in paragraph 2.2 involving any funding under the terms of this Agreement.

2.7 If any portion of the funds transferred by the Governmental Funding Entity pursuant to this Agreement is not expended by DHCS for the specified rate amounts under paragraph 2.2, DHCS shall return the unexpended funds to the Governmental Funding Entity.

3. Amendments

3.1 No amendment or modification to this Agreement shall be binding on either party unless made in writing and executed by both parties.

3.2 The parties shall negotiate in good faith to amend this Agreement as necessary and appropriate to implement the requirements set forth in paragraph 2 of this Agreement.

4. Notices. Any and all notices required, permitted or desired to be given hereunder by one party to the other shall be in writing and shall be delivered to the other party personally or by United States first class, certified or registered mail with postage prepaid, addressed to the other party at the address set forth below:

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Zareh Sarrafian, CEO RUHS-MC, CEO RUHS  
26520 Cactus Avenue  
Moreno Valley, CA 92555  
zareh@ruhealth.org

With copies to:

Daniel Fontoura, Chief Financial Officer  
26520 Cactus Avenue  
Moreno Valley, CA 92555  
D.Fontoura.ruhealth.org

To DHCS:

Sandra Dixon  
California Department of Health Care Services  
Capitated Rates Development Division  
1501 Capitol Ave., Suite 71-4002  
P.O. Box 997413  
MS 4413  
Sacramento, CA 95899-7413  
Sandra.Dixon@dhcs.ca.gov

5. Other Provisions

5.1 This Agreement contains the entire Agreement between the parties with respect to the Medi-Cal rate amounts for Inland Empire Health Plan and Molina Healthcare of California described in paragraph 2.2 that are funded by the Governmental Funding Entity pursuant to paragraph (2) of subdivision (d) of Section 14182.15 of the Welfare and Institutions Code, and supersedes any previous or contemporaneous oral or written proposals, statements, discussions, negotiations or other agreements regarding such transferred funds between the Governmental Funding Entity and DHCS. This Agreement is not, however, intended to be the sole agreement between the parties on matters relating to the funding and administration of the Medi-Cal program. One or more other agreements already exist between the parties regarding

such other matters, and other agreements may be entered into in the future. This Agreement shall not modify the terms of any other agreement between the parties.

5.2 The non-enforcement or other waiver of any provision of this Agreement shall not be construed as a continuing waiver or as a waiver of any other provision of this Agreement.

5.3 Paragraph 2 of this Agreement shall survive the expiration or termination of this Agreement.

5.4 Nothing in this Agreement is intended to confer any rights or remedies on any third party, including, without limitation, any provider(s) or groups of providers, or any right to medical services for any individual(s) or groups of individuals; accordingly, there shall be no third party beneficiary of this Agreement.

5.5 Time is of the essence in this Agreement.

5.6 Each party hereby represents that the person(s) executing this Agreement on its behalf is duly authorized to do so.

6. State Authority. Except as expressly provided herein, nothing in this Agreement shall be construed to limit, restrict, or modify the DHCS' powers, authorities, and duties under federal and state law and regulations.

7. Approval. This Agreement is of no force and effect until signed by the parties.

8. Term. This Agreement shall be effective as of July 1, 2014 and shall expire as of June 30, 2017 unless terminated earlier by mutual agreement of the parties.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, on  
the date of the last signature below.

THE COUNTY OF RIVERSIDE

By: \_\_\_\_\_ Date: \_\_\_\_\_

Zareh Sarrafian, CEO RUHS-MC, CEO RUHS

THE STATE OF CALIFORNIA, DEPARTMENT OF HEALTH CARE SERVICES:

By: \_\_\_\_\_ Date: \_\_\_\_\_

Jennifer Lopez, Acting Division Chief, Capitated Rates Development Division

FORM APPROVED COUNTY COUNSEL

BY:  9.15.16  
MARTHA ANN KNUTSON DATE



HEALTH PLAN-PROVIDER AGREEMENT

INLAND EMPIRE HEALTH PLAN

FIFTEENTH AMENDMENT

This Amendment is made this \_\_\_ day of \_\_\_\_\_ {month/year}, by and between Inland Empire Health Plan, a public entity hereinafter referred to as "PLAN", and the County of Riverside, California a political subdivision of the State of California, on behalf of Riverside University Health System – Medical Center, hereinafter referred to as "PROVIDER".

RECITALS:

WHEREAS, PLAN and PROVIDER have previously entered into an Agreement effective April 1, 2007;

WHEREAS, Section 10.11 of such Agreement provides for amending such Agreement;

WHEREAS, PLAN is a public entity that is organized and licensed as a health care service plan under the laws of the State of California, and thereby operates a Health Maintenance Organization ("HMO") that arranges for quality preventive, medical and hospital services to be provided to persons who are enrolled as members in the PLAN in a manner consistent with the laws of the United States of America and the State of California.

WHEREAS, PROVIDER, is a hospital who is licensed and regulated by the Department of Health Care Services ("State DHCS") and maintains the ability to provide the facilities, equipment and personnel necessary to deliver health care services to PLAN members;

WHEREAS, PLAN and PROVIDER desire to amend the Agreement to provide for base rate increases to PROVIDER with respect to services for Medi-Cal SPD enrollees of PLAN as a result of Medi-Cal managed care capitation rate amounts to PLAN funded in part by intergovernmental transfers ("IGTs"), pursuant to Section 14182.15 of the Welfare and Institutions Code, from the County of Riverside, California to the California Department of Health Care Services ("State DHCS") to help assure the availability of Medi-Cal health care services to Medi-Cal beneficiaries, including seniors and persons with disabilities ("SPD").

NOW, THEREFORE, PLAN and PROVIDER hereby agree as follows:

The Agreement is amended to read as follows:

**SPD MEDI-CAL MANAGED CARE BASE RATE INCREASES**

**1. SPD Base Rate Increases to PROVIDER**

**A. Payment**

Y4 (contracted)

Pursuant to subdivision (c) of Section 14182.15 of the Welfare and Institutions Code, should PLAN receive any SPD Medi-Cal Managed Care Rate Payments ("SPD MMCR Payments") from State DHCS, the nonfederal share of which is funded in any part by the County of Riverside, California specifically pursuant to the Intergovernmental Agreement Regarding Transfer of Public Funds, #14-90817 ("Intergovernmental Agreement") effective for the period July 1, 2014 through June 30, 2015, all of the provisions below shall apply.

(1) PLAN shall pay to PROVIDER, for services provided during the term of this Amendment, the rates for services set forth in 1.A.2 of this Agreement, which shall be no less than the rates in effect as of August 1, 2015.

(2) PLAN shall pay to PROVIDER as "SPD Base Rate Increase Payments," a maximum amount of \$9,032,271 from the SPD MMCR Payments (net of the Health Plan Retention described in paragraph 1.B(1)) received from State DHCS, in accordance with paragraph 1.E below regarding the form and timing of Payments for services provided by the PROVIDER to Medi-Cal beneficiaries. Notwithstanding the foregoing, payments to PROVIDER and other providers by PLAN from SPD MMCR Payments (net of Health Plan Retention) for the relevant period shall be adjusted as appropriate to ensure that all such SPD MMCR Payments received by PLAN are distributed, and in no case shall exceed the total amount of SPD MMCR Payments. PLAN payments shall be based on actual SPD MMCR Payments included in the HEALTH PLAN's monthly capitation payment or a lump-sum payment received from DHCS. SPD Base Rate Increase Payments paid to PROVIDER shall not replace or supplant any other amounts paid or payable to PROVIDER by PLAN.

**B. Health Plan Retention**

(1) Medi-Cal Managed Care Seller's Tax

The PLAN shall be responsible for any Medi-Cal Managed Care Seller's ("MMCS") tax due pursuant to the Revenue and Taxation Code Section 6175 relating to any IGT SPD MMCR Payments through June 30, 2015. If the PLAN receives any capitation rate increases described in paragraph (2) of subdivision (c) of Section 14182.15 of the Welfare and Institutions Code for which MMCS taxes apply based on the SPD MMCR Payments, PLAN may retain an amount equal to the amount of such MMCS tax that PLAN is required to pay to the State, and shall pay PROVIDER the SPD Payments (net of Health Plan Retention) from the remaining amount of the capitation rate increases as specified in paragraph 1.A consistent with Section 14182.15.

(2) PLAN will not retain any other portion of the SPD MMCR Payments received from the State DHCS other than those specified above.

**C. Conditions for Receiving SPD Base Rate Increase Payments**

As a condition for receiving SPD Base Rate Increase Payments, PROVIDER shall, as of the date the particular payment is due:

(1) remain a provider of [as applicable] primary and specialty hospital and non-hospital services in the PLAN, to provide capacity for meeting the complex conditions of SPD Medi-Cal beneficiaries;

(2) remain a participating provider in the PLAN and not issue a notice of termination of the Agreement;

(3) maintain its current emergency room licensure status and not close its emergency room;

(4) maintain its current inpatient surgery suites and not close these facilities.

(5) maintain license under California Health and Safety Section 1200.

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

PROVIDER shall provide PLAN with written notice at least ten (10) business days after transferring County funds to State DHCS for use as the non-federal share of any IGT MMCRs.

**E. Form and Timing of Payments**

PLAN agrees to pay SPD Base Rate Increase Payments to PROVIDER in the following form and according to the following schedule:

(1) PLAN agrees to pay the SPD Base Rate Increase Payments to PROVIDER using the same mechanism through which compensation and payments are normally paid to PROVIDER (e.g., electronic transfer).

(2) PLAN will pay the SPD Base Rate Increase Payments to PROVIDER no later than thirty (30) calendar days after receipt of the SPD MMCR Payments from State DHCS.

**F. Consideration**

(1) As consideration for the SPD Base Rate Increase Payments, PROVIDER shall use the SPD Base Rate Increase Payments for the following purposes and shall treat the SPD Base Rate Increase Payments in the following manner:

(a) The SPD Base Rate Increase Payments shall represent compensation for Medi-Cal services rendered to Medi-Cal PLAN members by PROVIDER during the State fiscal year to which the SPD Base Rate Increase Payments apply.

(b) To the extent that total payments received by PROVIDER for any State fiscal year under this Amendment exceed the cost of Medi-Cal services provided to Medi-Cal beneficiaries by PROVIDER during that fiscal year, any remaining SPD Base Rate Increase Payment amounts shall be retained by PROVIDER to be expended for health care services.

Retained SPD Base Rate Increase Payment amounts may be used by the PROVIDER in either the State fiscal year for which the payments are received or subsequent State fiscal years.

(2) For purposes of subsection (1) (b) above, if the retained SPD BASE RATE INCREASE Payments, if any, are not used by PROVIDER in the State fiscal year received, retention of funds by PROVIDER will be established by demonstrating that the retained earnings account of PROVIDER at the end of any State fiscal year in which it received payments based on SPD BASE RATE INCREASE Payments funded pursuant to the Intergovernmental Agreement, has increased over the unspent portion of the prior State fiscal year's balance by the amount of SPD BASE RATE INCREASE Payments received, but not used. These retained PROVIDER funds may be commingled with other the County of Riverside, California funds for cash management purposes provided that such funds are appropriately tracked and only the depositing facility is authorized to expend them.

(3) Both parties agree that none of these funds, either from the County of Riverside, California or federal matching funds will be recycled back to the County of Riverside, California's general fund, the State, or any other intermediary organization. Payments made by the health plan to providers under the terms of this Agreement or Amendment constitute patient care revenues.

**G. PLAN's Oversight Responsibilities**

PLAN's oversight responsibilities regarding PROVIDER's use of the SPD Base Rate Increase Payments shall be limited as described in this paragraph. PLAN shall request, within thirty (30) calendar days after the end of each State fiscal year in which SPD Base Rate Increase Payments were transferred to PROVIDER, a written confirmation that states whether and how PROVIDER complied with the provisions set forth in Paragraph 1.F above. In each instance, PROVIDER shall provide PLAN with written confirmation of compliance within thirty (30) calendar days of PLAN's request.

**H. Cooperation Among Parties**

Should disputes or disagreements arise regarding the ultimate computation or appropriateness of any aspect of the SPD Base Rate Increase Payments, PROVIDER and PLAN agree to work together in all respects to support and preserve the SPD Base Rate Increase Payments to the full extent possible on behalf of the safety net in Riverside County.

**I. Reconciliation**

Within one hundred twenty (120) calendar days after the end of each of PLAN's fiscal years in which SPD Base Rate Increase Payments were made to PROVIDER, PLAN shall perform a reconciliation of the SPD Base Rate Increase Payments transmitted to the PROVIDER during the preceding fiscal year to ensure that the supporting amount of SPD MMCRs were received by PLAN from State DHCS. PROVIDER agrees to return to PLAN any overpayment of SPD Base Rate Increase Payments made in error to PROVIDER within thirty (30) calendar days after receipt from PLAN of a written notice of the overpayment error, unless PROVIDER submits a written objection to PLAN. Any such objection shall be resolved in accordance with

the dispute resolution processes set forth in Section 8.01 of the Agreement. The reconciliation processes established under this paragraph are distinct from the indemnification provisions set forth in section 7.01 of the agreement. PLAN agrees to transmit to the PROVIDER any underpayment of SPD Base Rate Increase Payments within thirty (30) calendar days of PLAN's identification of such underpayment.

**2. Term**

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

All other terms and provisions of said Agreement shall remain in full force and effect so that all rights, duties and obligations, and liabilities of the parties hereto otherwise remain unchanged; provided, however, if there is any conflict between the terms of this Amendment and the Agreement, then the terms of this Amendment shall govern.

**SIGNATURES**

HEALTH PLAN: \_\_\_\_\_ Date: \_\_\_\_\_

By: Title: Chair, \_\_\_\_\_

PROVIDER: \_\_\_\_\_ Date: \_\_\_\_\_

By: Title: Chief Executive Officer \_\_\_\_\_

FORM APPROVED COUNTY COUNSEL  
BY:  8.15.16  
MARTHA ANN KNUTSON DATE

HEALTH PLAN-PROVIDER AGREEMENT

MOLINA HEALTHCARE OF CALIFORNIA

AMENDMENT *August 2016*

This Amendment is made this \_\_\_ day of \_\_\_\_\_ {month/year}, by and between Molina Healthcare of California Partner Plan, a domestic corporation health plan hereinafter referred to as "PLAN", and the County of Riverside, California a political subdivision of the State of California, on behalf of Riverside University Health System – Medical Center, hereinafter referred to as "PROVIDER".

RECITALS:

WHEREAS, PLAN and PROVIDER have previously entered into an Agreement effective August 13, 1996 (1996 Agreement);

WHEREAS, Section XIV of such 1996 Agreement provides for amending such Agreement;

WHEREAS, PLAN is a domestic corporation formed pursuant to California Corporations Code section 200;

WHEREAS, PROVIDER, through a service agreement with PLAN, provides certain Covered Services to its Members; and

WHEREAS, PLAN and PROVIDER desire to amend the Agreement to provide for base rate increases to PROVIDER with respect to services for Medi-Cal SPD enrollees of PLAN as a result of Medi-Cal managed care capitation rate amounts to PLAN funded in part by intergovernmental transfers ("IGTs"), pursuant to Section 14182.15 of the Welfare and Institutions Code, from the County of Riverside, California to the California Department of Health Care Services ("State DHCS") to help assure the availability of Medi-Cal health care services to Medi-Cal beneficiaries, including seniors and persons with disabilities ("SPD").

NOW, THEREFORE, PLAN and PROVIDER hereby agree as follows:

Exhibit B of the 1996 Agreement is amended to read as follows:

**SPD MEDI-CAL MANAGED CARE BASE RATE INCREASES**

**1. SPD Base Rate Increases to PROVIDER**

**A. Payment**

Pursuant to subdivision (c) of Section 14182.15 of the Welfare and Institutions Code, should PLAN receive any SPD Medi-Cal Managed Care Rate Payments ("SPD MMCR

Payments”) from State DHCS, the nonfederal share of which is funded in any part by the County of Riverside, California specifically pursuant to the Intergovernmental Agreement Regarding Transfer of Public Funds, #14-90817 (“Intergovernmental Agreement”) effective for the period July 1, 2014 through June 30, 2015, all of the provisions below shall apply.

(1) PLAN shall pay to PROVIDER, for services provided during the term of this Amendment, the rates for services set forth in 1.A.2 of this Agreement, which shall be no less than the rates in effect as of January 1, 2014.

(2) PLAN shall pay to PROVIDER as "SPD Base Rate Increase Payments," a maximum amount of \$1,285,241 from the SPD MMCR Payments (net of the Health Plan Retention described in paragraph 1.B(1)) received from State DHCS, in accordance with paragraph 1.E below regarding the form and timing of Payments for services provided by the PROVIDER to Medi-Cal beneficiaries. Notwithstanding the foregoing, payments to PROVIDER and other providers by PLAN from SPD MMCR Payments (net of Health Plan Retention) for the relevant period shall be adjusted as appropriate to ensure that all such SPD MMCR Payments received by PLAN are distributed, and in no case shall exceed the total amount of SPD MMCR Payments. PLAN payments shall be based on actual SPD MMCR Payments included in the HEALTH PLAN’s monthly capitation payment or a lump-sum payment received from DHCS. SPD Base Rate Increase Payments paid to PROVIDER shall not replace or supplant any other amounts paid or payable to PROVIDER by PLAN.

**B. Health Plan Retention**

(1) Medi-Cal Managed Care Seller’s Tax

The PLAN shall be responsible for any Medi-Cal Managed Care Seller’s (“MMCS”) tax due pursuant to the Revenue and Taxation Code Section 6175 relating to any IGT SPD MMCR Payments through June 30, 2015. If the PLAN receives any capitation rate increases described in paragraph (2) of subdivision (c) of Section 14182.15 of the Welfare and Institutions Code for which MMCS taxes apply based on the SPD MMCR Payments, PLAN may retain an amount equal to the amount of such MMCS tax that PLAN is required to pay to the State, and shall pay PROVIDER the SPD Payments (net of Health Plan Retention) from the remaining amount of the capitation rate increases as specified in paragraph 1.A consistent with Section 14182.15.

(2) PLAN will not retain any other portion of the SPD MMCR Payments received from the State DHCS other than those specified above.

**C. Conditions for Receiving SPD Base Rate Increase Payments**

As a condition for receiving SPD Base Rate Increase Payments, PROVIDER shall, as of the date the particular payment is due:

(1) remain a provider of [as applicable] primary and specialty hospital and non-hospital services in the PLAN, to provide capacity for meeting the complex conditions of SPD Medi-Cal beneficiaries;

(2) remain a participating provider in the PLAN and not issue a notice of termination of the Agreement;

(3) maintain its current emergency room licensure status and not close its emergency room;

(4) maintain its current inpatient surgery suites and not close these facilities.

(5) maintain license under California Health and Safety Section 1200.

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

PROVIDER shall provide PLAN with written notice at least ten (10) business days after transferring County funds to State DHCS for use as the non-federal share of any IGT MMCRs.

**E. Form and Timing of Payments**

PLAN agrees to pay SPD Base Rate Increase Payments to PROVIDER in the following form and according to the following schedule:

(1) PLAN agrees to pay the SPD Base Rate Increase Payments to PROVIDER using the same mechanism through which compensation and payments are normally paid to PROVIDER (e.g., electronic transfer).

(2) PLAN will pay the SPD Base Rate Increase Payments to PROVIDER no later than thirty (30) calendar days after receipt of the SPD MMCR Payments from State DHCS.

**F. Consideration**

(1) As consideration for the SPD Base Rate Increase Payments, PROVIDER shall use the SPD Base Rate Increase Payments for the following purposes and shall treat the SPD Base Rate Increase Payments in the following manner:

(a) The SPD Base Rate Increase Payments shall represent compensation for Medi-Cal services rendered to Medi-Cal PLAN members by PROVIDER during the State fiscal year to which the SPD Base Rate Increase Payments apply.

(b) To the extent that total payments received by PROVIDER for any State fiscal year under this Amendment exceed the cost of Medi-Cal services provided to Medi-Cal beneficiaries by PROVIDER during that fiscal year, any remaining SPD Base Rate Increase Payment amounts shall be retained by PROVIDER to be expended for health care services. Retained SPD Base Rate Increase Payment amounts may be used by the PROVIDER in either the State fiscal year for which the payments are received or subsequent State fiscal years.



(2) For purposes of subsection (1) (b) above, if the retained SPD BASE RATE INCREASE Payments, if any, are not used by PROVIDER in the State fiscal year received, retention of funds by PROVIDER will be established by demonstrating that the retained earnings account of PROVIDER at the end of any State fiscal year in which it received payments based on SPD BASE RATE INCREASE Payments funded pursuant to the Intergovernmental Agreement, has increased over the unspent portion of the prior State fiscal year's balance by the amount of SPD BASE RATE INCREASE Payments received, but not used. These retained PROVIDER funds may be commingled with other the County of Riverside, California funds for cash management purposes provided that such funds are appropriately tracked and only the depositing facility is authorized to expend them.

(3) Both parties agree that none of these funds, either from the County of Riverside, California or federal matching funds will be recycled back to the County of Riverside, California's general fund, the State, or any other intermediary organization. Payments made by the health plan to providers under the terms of this Agreement or Amendment constitute patient care revenues.

**G. PLAN's Oversight Responsibilities**

PLAN's oversight responsibilities regarding PROVIDER's use of the SPD Base Rate Increase Payments shall be limited as described in this paragraph. PLAN shall request, within thirty (30) calendar days after the end of each State fiscal year in which SPD Base Rate Increase Payments were transferred to PROVIDER, a written confirmation that states whether and how PROVIDER complied with the provisions set forth in Paragraph 1.F above. In each instance, PROVIDER shall provide PLAN with written confirmation of compliance within thirty (30) calendar days of PLAN's request.

**H. Cooperation Among Parties**

Should disputes or disagreements arise regarding the ultimate computation or appropriateness of any aspect of the SPD Base Rate Increase Payments, PROVIDER and PLAN agree to work together in all respects to support and preserve the SPD Base Rate Increase Payments to the full extent possible on behalf of the safety net in Riverside County.

**I. Reconciliation**

Within one hundred twenty (120) calendar days after the end of each of PLAN's fiscal years in which SPD Base Rate Increase Payments were made to PROVIDER, PLAN shall perform a reconciliation of the SPD Base Rate Increase Payments transmitted to the PROVIDER during the preceding fiscal year to ensure that the supporting amount of SPD MMCRs were received by PLAN from State DHCS. PROVIDER agrees to return to PLAN any overpayment of SPD Base Rate Increase Payments made in error to PROVIDER within thirty (30) calendar days after receipt from PLAN of a written notice of the overpayment error, unless PROVIDER submits a written objection to PLAN. Any such objection shall be resolved in accordance with the dispute resolution processes set forth in Article 13 of the 1996 Agreement. The reconciliation processes established under this paragraph are distinct from the indemnification provisions set forth in Article VIII of the 1996 Agreement. PLAN agrees to transmit to the PROVIDER any

underpayment of SPD Base Rate Increase Payments within thirty (30) calendar days of PLAN's identification of such underpayment.

**2. Term**

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

All other terms and provisions of said Agreement shall remain in full force and effect so that all rights, duties and obligations, and liabilities of the parties hereto otherwise remain unchanged; provided, however, if there is any conflict between the terms of this Amendment and the Agreement, then the terms of this Amendment shall govern.

**SIGNATURES**

HEALTH PLAN: \_\_\_\_\_ Date: \_\_\_\_\_

By: Title: Chair, \_\_\_\_\_

PROVIDER: \_\_\_\_\_ Date: \_\_\_\_\_

By: Title: Chief Executive Officer \_\_\_\_\_

**FORM APPROVED COUNTY COUNSEL**

BY: MAK 8.15.16  
MARTHA ANN KNUTSON DATE