

Agenda Item 4.F

RECOMMENDATION

Staff recommends that the City Council adopt a Resolution approving a Subcontractor Services Agreement with Independent Living Systems, LLC., to provide billable services for eligible persons receiving care at the Temporary Emergency Housing Facility shelter site location of 370 Arbor Avenue, Tracy, CA 95304 so that the City can receive reimbursements for such services through Independent Living Systems, LLC as the Managed Care Plan provider for CalAIM billable services.

EXECUTIVE SUMMARY

In February of 2025, the City Council held a workshop regarding possible future site plans of the Temporary Emergency Housing Facility shelter project, one of which included the onboarding of the CalAIM Initiative through the Department of Health Care Services. CalAIM seeks to work with organizations in communities that are providing health related services to our lowest-income residents. At the workshop Council directed staff to pursue implementation of CalAIM at the shelter site. Earlier this evening Council will have received an update on the implementation of the direction from workshop and recommendations for proceeding with the CalAIM initiative. Should the Council have accepted staff's recommendation staff brings this companion item consisting of an agreement, which allows the City to bill for eligible Community Support Services already being provided at the TEHF. This is part of our process in reframing services at the shelter site to make shelter operations cost-recoverable in nature through Medi-Cal or Medi-Caid reimbursements.

BACKGROUND

The 2024 San Joaquin Continuum of Care Point in Time (PIT) Count of Sheltered and Unsheltered Homeless individuals reflects 200 sheltered/unsheltered homeless individuals living within Tracy's city limits, with 98 of these currently sheltered. Recognizing the importance of responding to quality-of-life issues, including the human services needs of the City's unsheltered population, the City has devoted significant resources to both build and operate a temporary emergency housing facility to address the impacts of homelessness within the community. Staff oversight of shelter operations has included staff coordinating efforts between various departments to conduct bi-weekly clean-ups of public spaces, foster partnerships with non-profit organizations to share information on services and programs with the unsheltered, secure grants to support homeless services, and continue with the construction activities of the Temporary Emergency Housing Facility, CIP 71112. City staff have worked vigorously to balance the circumstances of the unsheltered, as well as the needs of the community.

Pursuant to the Council's reaffirmation of the emergency shelter crisis in August of 2022, the City Manager authorized staff to identify permanent and emergency alternative housing options for the unsheltered population within the city limits. This effort not only focuses on housing and support but also prepares the residents for self-sufficiency. As a result, the development of a "Campus Concept" emerged where temporary housing and supportive services would be provided to the unsheltered population at the 370 Arbor Avenue, Tracy location.

ANALYSIS

In February of 2025, the City Council was presented with a workshop regarding recommendations for the full site plan of the Temporary Emergency Housing Facility shelter project, one of which included the onboarding of the CalAIM Initiative through the DHCS. Staff has pursued opportunities to implement Council recommendations and returned directly to Council as grants and program opportunities have arisen. This initiative seeks to work with organizations in communities that are providing services to the lowest-income residents. The City received a grant from Department of Health Care Services for Technical Assistance that was approved by Council on October 7, 2025 to support the onboarding of a medical respite program. In March, the City staff hired a consultant to utilize a portion of the Kaiser Medical Respite Planning grant funds to begin the contracting process and planning of a Medical Respite program. This consultant is our Department of Health Care Services approved vendor. Part of the contracting process consists of working with Managed Care Plans, which will provide the ability to bill for contracted services at the shelter site. The Managed Care Plans the City is working towards partnering with are Independent Living Systems, LLC, and Health Plan of San Joaquin. This is part of the process in reframing services at the shelter site to make shelter operations cost-recoverable in nature through Medi-Cal or Medi-Caid reimbursements.

Through this agreement, ILS will reimburse the City for CalAIM billable services for covered services to covered persons and members of participating health plans, including Kaiser Permanente North and South. This subcontractor agreement provides a timely and strategic mechanism to recoup costs for existing services, enabling a new revenue stream to help offset the expanded site's operational costs. Under the agreement, the city must comply with state and federal requirements, including timely service delivery, cultural and linguistic competency, care coordination with other providers, and maintaining appropriate staffing levels. These obligations align with the City's current service standards and operations at the TEHF. Further, they are consistent with upcoming Request for Proposal's which is seeking a shelter operator to implement the full site plan and vision as approved and may be approved by the Council, and which includes the additional space made available by Phase II and the associated revised Scope of Work. Our RFP selection and future operator for the site and services expansion is set to come online Spring of 2026 year. The timing of this agreement is contingent on the direction of Council from the item earlier tonight and aligns with the completion of Phase II construction at the TEHF, which will significantly increase shelter capacity and support service demands, and which allow staff to begin the building the program components that are necessary for the full site operation. Participation in CalAIM offers a viable and timely funding solution to support the expanded site and ensure continuity of care for the unhoused in the City of Tracy.

The City's pursuit of the CalAIM initiative provides an ongoing benefit to the City because the City can bill for eligible services received at the shelter, which can subsidize the cost of operating the shelter. Some of the services are specific to specialty beds. An example of specialty beds is the city being reimbursed for bringing an individual from the hospital to recover, once stable but in need of recuperative care before they are able to take care of their own activities of daily living. This service is known as short-term post-hospitalization care and is a CalAIM Initiative reimbursable service. The city will need additional infrastructure to bill for these services and is working with our current contracted vendor to assist us with this process. This contract with Independent Living Systems, LLC., would assist us in moving forward with the ability to reimburse for costs of eligible services. There is no procurement process needed to begin the contracting process with our Managed Care Plans. There are only a few MCPs in this area. Most of our Medi-Cal beneficiaries who reside at the shelter are under the MCP Health Plan of San Joaquin. Other

MCPs in this area are Health Net and Independent Living Systems (ILS), which is a Kaiser MCP. Our goal is to eventually contract with all the MCPs in the Medi-Cal coverage area.

FISCAL IMPACT

Funding for the contract to operate the City's Temporary Emergency Housing Facility is included in the General Fund's adopted operating budget for Fiscal Year (FY) 2025-26. The FY 2025-26 Homeless Services operating budget totals \$4.1 million and includes funding for City staff, the contract with the shelter provider, and operating costs, including utilities and building maintenance. With the current bed count of 86, the cost per bed to operate the shelter is \$47,675 annually. Upon completion of construction, the bed count is expected to rise to approximately 150 beds. The increased bed count is expected to increase the cost of the contract with the shelter operator from \$2 million annually to an estimated \$3.5 million annually. Other costs, such as utilities and building maintenance, will also increase with the addition of the new building. Some of these increases we anticipate will be offset and recoverable through the CalAIM program. This change is estimated to bring the FY2025-26 Homeless Services annual budget to approximately \$6.5 million, or \$43,333 per bed.

Staff continues to seek partnerships that continue the goals of the shelter and offset operating costs. The benefit of becoming a CalAIM provider is the opportunity to subsidize shelter operations for bed utilization while also partnering with County Housing and Mental Health providers.

Through becoming a CalAIM provider, some of the contracted costs may become reimbursable. The actual reimbursable cost is subject to whether the shelter operator can access the CalAIM funds via referral of the individual clients into CalAIM services/and whether clients meet the criteria for placement into these specialty beds. Actual recovery amounts from the sources identified above may vary at any given time within the term of the contract. Reimbursements from CalAIM Medi-Cal will be contingent on the needs of the individual client referred. If funds are reimbursed, they will be documented and credited towards ongoing shelter operations.

CEQA DETERMINATION

Government Code section 8698.4 exempts the application of the California Environmental Quality Act (CEQA) to various actions taken by public agencies to implement the construction of a homeless shelter in response to a declared shelter crisis. In addition, the interim solutions taken thus far are in furtherance of and related to the permanent solution that will be implemented, referred to as the Temporary Emergency Housing Facility on Arbor Avenue (CIP 71112). A Notice of Exemption was issued on October 16, 2020, for the Temporary Emergency Housing site at 500 Arbor Avenue in accordance with Government Code sections 65660-65662 for Low Barrier Navigation Centers and Section 15269(c) of the CEQA Guidelines (14 Cal. Code Regs. 15269(c) for (Emergency Projects). No environmental impacts beyond those already analyzed for the CIP exist; accordingly, no further CEQA analysis is needed.

San Joaquin County, as the responsible entity under the National Environmental Protection Act (NEPA) for the federal grants related to this Project, conducted an Environmental Assessment in 2023 and released a Finding of No Significant Impact on January 18, 2024, in compliance with NEPA and applicable federal regulations.

STRATEGIC PLAN

This agenda item is consistent with the City Council's adopted 2023-2025 Strategic Priorities: Quality of Life Strategy Plan, Goal No. 5: Continue to implement the Council-Adopted Homelessness Strategic Plan.

ACTION REQUESTED OF THE CITY COUNCIL

Staff recommends that the City Council adopt a Resolution approving a Subcontractor Services Agreement with Independent Living Systems, LLC., to provide billable services for eligible persons receiving care at the Temporary Emergency Housing Facility shelter site location of 370 Arbor Avenue, Tracy, CA 95304 so that the City can receive reimbursements for such services through Independent Living Systems, LLC as the Managed Care Plan provider for CalAIM billable services.

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Reviewed by: Sara Castro, Director of Finance
Brian MacDonald, Parks, Recreation and Community Services Director
Arturo M. Sanchez, Assistant City Manager
Kamal Gill, Deputy City Attorney

Approved by: Arturo M. Sanchez, Assistant City Manager

ATTACHMENTS

Attachment A – Subcontractor Services Agreement with Independent Living Systems, LLC

SUBCONTRACTOR SERVICES AGREEMENT

This Subcontractor Services Agreement (“Agreement”) is made and entered into by and between **Independent Living Systems, LLC.**, a Florida limited liability company, with offices in California located at 500 North Brand Blvd. Suite 675, Glendale, CA 91203 (hereafter referred as, “**ILS**”), on the one hand, and **City of Tracy** (“**Subcontractor**”), and is effective _____ (“Effective Date”). ILS and Subcontractor are each referred to herein individually as a “Party” and collectively as the “Parties.”

RECITALS

WHEREAS, ILS provides or arranges for the provision of Covered Services to Covered Persons under a contract between ILS and the Health Plan listed in Schedule “1” to this Agreement.

WHEREAS, Subcontractor is a public agency providing health care services to certain patients in the areas listed in Schedule “2”;

WHEREAS, ILS desires to arrange for the provision of certain services “Contracted Services” associated with Medi-Cal benefits to individuals who are enrolled in or assigned to Subcontractor (“Members”), and Subcontractor desires to provide those Contracted Services (identified in Schedule “3”) to Members, in accordance with the terms of this Agreement.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants and promises herein contained and for good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

AGREEMENT

ARTICLE I DEFINITIONS

1.01 **Authorization:** The approval for the provision of Covered Benefits to Members (i) by persons designated to provide such approval, (ii) pursuant to a Health Plan’s utilization management and review programs, and (iii) in the manner specified (such as prior written approval in many instances), each as described herein, including in the Policies and Procedures and Schedule "4" (Additional Terms). Further, “Authorization” also means the document(s) or electronic documentation indicating Health Plan’s approval, as the context requires. “Authorized” means provided pursuant to and in compliance with an Authorization.

1.02 **Authorized Representative (“AR”):** an individual or organization acting on behalf of a Member as authorized by Law.

1.03 **Claim:** a request for payment for Services rendered to a Member that is submitted in accordance with the terms of this Agreement.

1.04 **Complaint:** any verbal or written expression of a Member’s dissatisfaction with Services provided hereunder (for example, a grievance).

1.05 **Complete Claim:** an itemized Claim that (i) is received timely by ILS for payment of Covered Services, (ii) can be processed without obtaining any additional information from Subcontractor or from a third party, and (iii) complies with applicable Law.

1.06 **Covered Benefit(s):** the health care services and benefits that a Member may be entitled to receive under the Medi-Cal Contract(s).

1.07 **Covered Service(s):** those Services rendered by Subcontractor to Members that are Covered Benefits and, if required, Authorized.

1.08 **Department of Health Care Services (“DHCS”):** the California state agency that administers the Medi-Cal program.

1.09 **Facility(ies):** those facilities, institutions, locations or any other sites used and operated by Subcontractor (or any subcontractor) to provide Services to Members pursuant to this Agreement listed in Schedule “5”.

1.10 **Health Plan:** one or more of the health maintenance organizations, insurers, provider service networks, and other managed care organizations with which ILS has contracted to provide or arrange for the provision of Covered Services, as such may be listed on Schedule “1” attached hereto.

1.11 **Law:** local, state and federal law, regulation, rule, executive order, public health order, the California State Plan or any waiver thereto, or guidance by the Centers for Medicare & Medicaid Services (“CMS”) or by DHCS, as applicable, including, without limitation, DHCS All Plan Letters, DHCS Medi-Cal Subcontractor Manual, and DHCS policy guides.

1.12 **Member(s):** an individual enrolled by DHCS in a Health Plan under a Medi-Cal contract(s) who is eligible to receive Covered Services and assigned to Subcontractor.

1.13 **Membership Agreement:** a description of a plan of health benefits covered, issued, sponsored or underwritten by ILS. The term “Membership Agreement” includes the relevant evidence of coverage, statement of coverage, certificate of insurance, summary plan description, or other description of Covered Benefits issued to a Member, as amended from time to time.

1.14 **Official(s):** (i) an individual who represents, in an official capacity, a local, state or federal government agency or regulatory body with jurisdiction over ILS or Subcontractor, (ii) a representative of any accreditation agency or organization (such as the National Committee for Quality Assurance (“NCQA”)) or a peer review or professional organization applicable to ILS or Subcontractor, (iii) such other official entitled by Law or pursuant to the Medi-Cal Contract(s) with ILS to monitor health care services to Members; and (iv) the designee(s) of any of the above.

1.15 **Physician:** a person duly licensed as a physician by the Medical Board of California.

1.16 **Policies and Procedures:** manual(s), policies, procedures and guidelines applicable to Covered Services, including the Subcontractor Manual, as applicable, and as may be updated and supplemented by a Health Plan and/or ILS from time to time in accordance with applicable Law.

1.17 **Program Requirements:** (i) the Policies and Procedures; (ii) the Medi-Cal Contract(s); (iii) the Subcontractor Manual and any other applicable policies, procedures, guidelines and formularies, as amended and supplemented by ILS and/or Health Plan from time to time; (iv) all applicable Law, including licensure and certification requirements; (v) the applicable Membership Agreement; and (vi) NCQA and all other accreditation requirements imposed upon ILS in order for Health Plan to maintain accreditation, all as applied to Subcontractor’s provision of Services to Members.

1.18 **Subcontractor Manual:** manual(s) of policies, procedures and guidelines, including billing procedures, Authorization and referral policies and procedures, utilization management, quality assurance and improvement, Complaints, and other guidelines and criteria for providing health care services to Members, as updated and supplemented by ILS and/or Health Plan from time to time in accordance with applicable Law.

1.19 **Records:** books, documents, contracts, subcontracts, and records prepared and/or maintained by a Party that relate to this Agreement whether in written or electronic format, including records of Services, Member billing and payment records, claims, financial and accounting records, policies and procedures, and other books and records that may be required by applicable Law.

1.20 **Intentionally left blank.**

1.21 **Services:** those services, supplies and facilities, including as described in Schedule “4” (Additional Terms), that are ordinary and necessary for the diagnosis and/or treatment of patients and are customarily provided by Subcontractor or its subcontractors to its/their patients. Services also include all administrative services related to preventive health services provided by Subcontractor (or its Subcontractors) pursuant to this Agreement.

1.22 **Subcontract:** means a written agreement between Subcontractor and its subcontractor(s) and/or between two or more subcontractors for the provision of Services to Members under this Agreement.

1.23 **Subcontractor:** any person or entity that provides or arranges for Services to Members pursuant to a direct or indirect agreement or other arrangement with ILS through its employees, and/or independent contractors, if such independent contractors are allowed under this Agreement.

ARTICLE II SUBCONTRACTOR RESPONSIBILITIES

2.01 General. As required by applicable Law and in accordance with applicable Program Requirements, Subcontractor shall maintain, or cause to be maintained, in full force and effect during the term of this Agreement all required licenses, certifications, credentials, and qualifications for itself, its employees, and, Facilities, and, if applicable, any subcontractors providing the Services to Members pursuant to this Agreement. References to the responsibilities and obligations of Subcontractor in this Agreement shall be interpreted to apply, as appropriate under the circumstances, to its employees, Facilities, and subcontractors. If Subcontractor is providing any or all Services through a subcontractor, Subcontractor must ensure the compliance of such subcontractor (and its employees, agents and Facilities) with this Agreement pursuant to section 11.04.

2.02 Facilities. Subcontractor shall ensure that all Facilities are maintained in good repair, which shall mean that are in substantially compliance with any applicable code, statute, ordinance, or regulation governing their operation, if any, and are approved by ILS and/or Health Plan. If Subcontractor provides or arranges for the provision of Services at a location other than a Member’s personal residence, Subcontractor shall identify those Facilities at which it provides Services to Members in Schedule 5 (Facilities).

2.03 Subcontractor Experience and Qualifications.

- (a) If a State-level Medi-Cal enrollment pathway exists, Subcontractor shall enroll, and ensure that each subcontractor, as applicable, shall enroll, as a Medi-Cal provider pursuant to relevant DHCS All Plan Letters, including Subcontractor Credentialing/Recredentialing and Screening/Enrollment All Plan Letter 22-013.
- (b) If All Plan Letter 22-013 does not apply to Subcontractor, Subcontractor shall comply, and ensure that each of its subcontractors, as applicable, complies, with ILS and/or Health Plan’s process for vetting to ensure they meet the capabilities and standards required.
- (c) Subcontractor, shall have the ability to receive referrals from licensed practitioners, if applicable, to provide Services pursuant to this Agreement.

- (d) Subcontractor shall ensure, and shall maintain evidence demonstrating, that all of its employees, contractors and other providing Services pursuant to this Agreement it (i) satisfies all qualifications required by DHCS, including those as may be set forth in Schedule 4 (Additional Terms), and (ii) have adequate supervision and training.
- (e) Subcontractor shall have direct or indirect oversight of all members of its staff and subcontractors providing Services to Members pursuant to this Agreement.
- (f) Subcontractor shall ensure the provision of Services pursuant to this Agreement complies with all applicable Law and all Medi-Cal benefit requirements in the Medi-Cal Contract(s) and associated guidance.

2.04 Readiness. The parties understand and agree that, prior to the Effective Date, Subcontractor shall successfully complete a readiness assessment for the provision of Services in compliance with requirements imposed by ILS, Health Plan or DHCS.

ARTICLE III PROVISION OF SERVICES

3.01 Services to be Provided. Subcontractor shall provide those Services described in Schedule 3 to Members in accordance with this Agreement, the Additional Terms described in Schedule 4, the Program Requirements, and the Medi-Cal Contract(s), and in accordance with best practices and industry standards for such Services.

3.02 Availability. Subcontractor shall ensure that Services are available (i) during normal business hours, (ii) when medically indicated, on a prompt or same-day basis as set forth in Policies and Procedures, and (iii) as otherwise specified in Schedule 4 (Additional Terms). Subcontractor shall ensure that Services provided under this Agreement are readily available and accessible, provided in a prompt and efficient manner without delays in appointment scheduling and waiting times, and consistent with applicable recognized standards of practice and the Program Requirements.

3.03 Verification. Prior to the provision of Services, Subcontractor shall verify (i) that a person seeking Services is in fact an eligible Member as of the date of provision of Services, (ii) the Services rendered to such Member are Covered Benefits pursuant to the applicable Membership Agreement, and (iii) the Services (including the scope and duration of Services) are properly Authorized, where required, all in the manner described in this Agreement, the Policies and Procedures, and the Member's health plan identification card. Subcontractor's receipt of an identification card issued by Health Plan from a person claiming to be a Member is indicative but not conclusive of the person's status as a Member.

3.04 Subcontractor Staffing and Capacity. At all times, Subcontractor shall ensure that it has the sufficient capacity to ensure Subcontractor's ability to carry out its responsibilities, and within any applicable timeframes, for each assigned Member consistent with this Agreement and the Program Requirements. Subcontractor shall immediately alert ILS, by email and in accordance with Policies and Procedures, if it cannot meet the timely service requirement in this Section 3.04. Such notice shall describe specific actions Subcontractor is taking, and the time period anticipated, to bring Subcontractor back in compliance with this Section 3.04. ILS's acceptance of any such notice does not preclude ILS from exercising any rights in this Agreement in response to Subcontractor's failure to comply with this Section 3.04, including, without limitation, termination under Section 8.02 (Termination).

3.05 Activities Delegated to Subcontractor. ILS may delegate to Subcontractor certain of its activities, upon Subcontractor's agreement to perform such delegated activities, consistent with regulatory and accreditation standards ("Delegated Activities"). Upon Subcontractor's agreement to perform such Delegated Activities, such delegated activities shall be described in a separate writing signed by the Parties.

To the extent that there are any Delegated Activities, ILS shall retain the right to audit, monitor, and oversee these Delegated Activities, including implementing a corrective action plan to address any deficiencies identified by Officials or ILS, and Subcontractor shall fully cooperate with ILS in any such implementation. ILS reserves the right to revoke any such delegation (i) at any time by giving notice in accordance with Section 7.02 (Procedure for Giving Notice) and (ii) promptly if ILS or an Official determines that any such Delegated Activities have not been performed in a satisfactory manner. In the event that ILS has delegated to Subcontractor the responsibility or authority to select practitioners to provide Services to Members under this Agreement, ILS retains the right to approve, suspend or terminate any such responsibility or authority.

ARTICLE IV BILLING AND PAYMENT

4.01 Compensation. Subject to the terms of this Agreement, the Policies and Procedures and applicable Law, ILS shall pay Subcontractor for the provision of Covered Services to its Members in accordance with this Article IV and Schedule 6 (Billing and Payment). Subcontractor shall accept such payment as payment in full for all and any financial obligations. Compensation for Covered Services provided to Members is payable only to Subcontractor and only if Subcontractor has strictly satisfied its responsibilities in Articles II and III herein and, to the extent Authorization is required, the Authorization has neither expired nor been terminated as of the date(s) of service. For any Covered Services that require Authorization, ILS's obligation to compensate Subcontractor for Covered Services is commensurate with the scope and duration of the Authorization.

4.02 Claims Submission and Reporting.

- (a) For Covered Services provided pursuant to this Agreement, Subcontractor shall submit Complete Claims to ILS using allowable current procedural terminology codes as outlined in Schedule 6 herein.
- (b) Subcontractor shall submit Complete Claims to ILS no later than ninety (90) calendar days of providing the Services and will comply with the other billing requirements identified in Schedule 4 (Additional Terms) and Schedule 6 (Billing and Payment) and/or the Policies and Procedures. If Subcontractor fails to comply with the Claims submission timeframe, ILS shall have no obligation to pay for such requests for payment, and Subcontractor shall be prohibited from billing the Member and/or the Health Plan.
- (c) Subcontractor shall not bill for Services that are duplicative of services for Covered Benefits that are reimbursed to Subcontractor through other Medi-Cal benefits. For example, Subcontractor shall not bill for Community Health Worker Services and Enhanced Care Management Services, because the latter is inclusive of the services within the Community Health Worker benefit. In such cases, Subcontractor shall not submit duplicate bills for Services provided for the same Member for the same time period.
- (d) Subcontractor shall submit relevant additional information as may be requested from time to time by ILS.

4.03 Claims Payment. ILS shall pay Subcontractor for Covered Services provided pursuant to this Agreement within such time permitted or required by applicable Law, after receipt of a properly submitted Complete Claim. The date of receipt shall be the date ILS receives the Complete Claim, as indicated by its date stamp on the Complete Claim. If ILS contests or denies some or all of a Claim, ILS shall so contest or deny within the time period as permitted or required by applicable Law. If any disputed amount is determined to be payable, ILS shall pay such amount within such time frame as permitted or required by applicable Law. ILS shall pay to Subcontractor any interest and penalties on late payment of Claims, as required by applicable Law.

4.04 Authorization. ILS may require Authorization for payment of Services to the extent permitted by applicable Program Requirements. ILS and/or Health Plan may terminate an Authorization prior to its expiration date, as specified in the Policies and Procedures. However, ILS and/or Health Plan will not revoke or modify an Authorization to the extent that Subcontractor already has provided Services in good faith reliance on an applicable Authorization.

4.05 Denials. ILS reserves the right to deny a Complete Claim if Subcontractor fails to submit it in accordance with this Article IV and Schedule 6 (Billing and Payment). In addition, and without limitation, to the extent allowable under Law or the Medi-Cal Contracts, ILS reserves the right to deny payment of a Complete Claim for Services rendered (i) by Subcontractor, its subcontractors, if any, and its employees and agents, in the event any of them fail to meet the applicable requirements set forth in Articles II and VI on the date(s) of service, (ii) to a Member by any person, or at a Facility, that is sanctioned under or debarred, suspended, precluded, excluded or otherwise deemed ineligible from, or has opted out of, participation in Medicare or Medicaid, or (iii) in any manner or by any person prohibited by Law or by the Medi-Cal Contracts.

4.06 Right to Review/Audit Claims and Recoup Overpayments.

- (a) Prior or subsequent to payment, ILS, and/or Health Plan may review and/or audit any and all Claims, including Records related to such Claims, to ensure charges are billed, and supported for payment, in accordance with this Agreement, the Policies and Procedures, and applicable Law. Except to the extent prohibited by Law, ILS reserves the right to deny, reduce or otherwise adjust payment to Subcontractor on Claims (or any portion thereof) that ILS and/or Health Plan determines contain (i) coding errors or erroneous charges; (ii) charges and/or coding that are not payable in accordance with this Agreement, the Policies and Procedures, or applicable Law, or (iii) charges for services rendered that are not appropriate or inconsistent with the Member's care plan.
- (b) If any audit shows that Subcontractor owes money to ILS, then ILS shall notify Subcontractor, and Subcontractor shall contest or refund such overpayment to ILS within ten (10) business days of the ILS's notice. If this Agreement expires or is terminated for any reason prior to ILS's full recovery of such overpayment, the remaining amount shall become due and owing immediately upon the effective date of the expiration or termination. To the maximum extent permitted by applicable Law, ILS is hereby authorized to offset and recoup the amount of any debt owed by Subcontractor to ILS, including any overpayment to Subcontractor identified in an uncontested notice of overpayment sent in accordance with applicable Law, whether or not such debt arises from payment for Services under this Agreement or otherwise, against any debt or money owed by Subcontractor, whether for Services under this Agreement or otherwise.
- (c) Upon three (3) business days' prior written notice from ILS and/or Health Plan, Subcontractor will provide ILS or Health Plan's internal auditors (or such independent auditors and inspectors as ILS may designate in writing and have agreed to abide by reasonable confidentiality provisions) with access and the right to make copies of Subcontractor's Records relating to Services to verify the accuracy of Claims submitted to ILS by Subcontractor. Subcontractor will cooperate with the inspection and will make available the Records and related materials reasonably required to conduct the inspection available on a timely basis.

4.07 Member Hold Harmless. Subcontractor shall look solely to ILS for compensation for Covered Services rendered to Members, and Subcontractor agrees that in no event (including non-payment by ILS, insolvency of ILS or breach of this Agreement) shall Subcontractor, or any of its subcontractors, vendors,

employees, and agents shall bill, charge, collect a deposit from, seek compensation, remuneration or reimbursement from, or have any recourse against any Member, person acting on the Member's behalf, the State of California, the California Department of Managed Health Care, DHCS, or any Medicaid plans, for Covered Services provided under this Agreement. Without limiting the foregoing, Subcontractor, (or any of its subcontractors, vendors, employees, and agents) shall not seek payment from Members for reasons including (i) amounts denied by ILS and/or a Health Plan because billed charges were not customary or reasonable or (ii) Subcontractor's failure to (a) obtain Authorization for Services delivered, if required, (b) submit clinical or other data promptly, or (c) submit a Complete Claim in accordance with the terms of this Agreement.

4.08 Surcharges Prohibited. Subcontractor understands and agrees that surcharges against Members are prohibited by Law, ILS's contracts with Health Plans, the Medi-Cal contracts, and Membership Agreements, and ILS shall take appropriate action if surcharges are imposed. A surcharge is an additional fee that is charged to a Member for Covered Services but is not expressly permitted under the applicable Membership Agreement or, where applicable, is not permitted by Law or an Official.

4.09 Intentionally left blank.

4.10 Financial Responsibility of Subcontractor. Subcontractor is solely responsible for the payment of compensation to its provider practitioners, professionals, contractors, employees and agents, if any, and under no circumstances will ILS and/or Health Plan be responsible for the payment of compensation to any individual provider practitioners, professionals, contractors, employees and agents. Subcontractor will hold ILS and/or Health Care Plan harmless for all costs, expenses, and liabilities incurred by ILS and/or Health Plan in connection or as a result of ILS and/or Health Plan's non-payment of its obligations to its provider practitioners, professionals, contractors, employees and agents.

ARTICLE V RECORDS AND CONFIDENTIALITY

5.01 Copies of Records and Other Information. To the extent permitted by Law and without charge, Subcontractor shall promptly forward to ILS (and its authorized agents) copies of Records, including, without limitation, for the purpose of (i) meeting legal, regulatory and accreditation requirements applicable to ILS or (ii) addressing any inquiry from an Official. Upon request and consistent with applicable Law, Subcontractor shall transmit Records to ILS by facsimile or other electronic means. Subject to reasonable request and notification, ILS may arrange for copying of Records to which they are entitled under this Agreement through a copying service.

5.02 Reporting. Subcontractor shall report all data, documentation, or other information to ILS as required by ILS, Official(s), the Medi-Cal Contract(s) or Program Requirements, within the timeframe established by ILS in its Policies and Procedures.

5.03 Secure Documentation Transmission. Subcontractor shall use ILS' care management documentation system or process. Subcontractor shall establish and maintain, and ensure its individual provider practitioners, professionals, contractors, employees and agents establish and maintain, security measures in accordance with applicable federal, state, and local privacy and security laws, generally accepted industry practices, and the specific privacy and security requirements set forth in this Agreement.

5.04 Confidentiality of Information.

- (a) Confidential Information Defined. The Parties shall keep in strictest confidence and in compliance with all applicable Law: (i) the terms of this Agreement; (ii) any patient information, including a Member's name, address and health records (including mental health records); (iii) information concerning any matter relating to the business of the other,

including the other's employees, products, services, Membership, prices, operations, business systems, planning and finance, policies, procedures and practice guidelines; (iv) materials, data, data elements, records or other information obtained from the other during the course of or pursuant to this Agreement; and (v) any information learned while performing obligations under this Agreement, which if provided by the other, would be required to be kept confidential under this Agreement (collectively, "Confidential Information"). Subject to applicable Law and except as provided in Section 5.04(b) (Exceptions), ILS on the one hand, and Subcontractor on the other hand, shall not disclose Confidential Information to a third party unless authorized in writing in advance by the other, provided however that patient information may be disclosed to the Member, the Member's Authorized Representative, practitioners participating in the Member's care, and others as permitted by Law.

- (b) Exceptions. The prohibitions on disclosure set forth in Section 5.04(a) (Confidential Information Defined) do not apply to information that (i) is required by Law or the Medi-Cal Contracts to be disclosed or to be provided to Officials; (ii) is required by accreditation organizations of ILS, or Subcontractor; (iii) is disclosed in legal or government administrative proceedings; (iv) was publicly known at the time of the disclosure; (v) becomes publicly known through no fault of the disclosing Party after the disclosing Party's receipt of the Confidential Information; (vi) was developed by the disclosing Party independently of and without reference to any of the other Party's Confidential Information; (vii) is disclosed as necessary to enforce ILS's or Subcontractor's rights for coordination of benefits, liens, reimbursement or subrogation; or (viii) is disclosed as necessary to ILS's or Subcontractor's agents and affiliates to perform essential corporate activities as permitted by Law.

5.05 HIPAA. Subcontractor understands and agrees that this Agreement and certain data exchanged hereunder may be subject to Laws governing the privacy of health records, including, without limitation, the Health Insurance Portability and Accountability Act of 1996 (Public Law 104-91), the Health Information Technology and Economic and Clinical Health Act (42 USC 300(j)), and all implementing regulations (collectively, "HIPAA"), 42 C.F.R. Part 2 regulations, and the California Confidentiality of Medical Information Act ("CMIA"). Subcontractor shall comply, and shall ensure all Subcontractors comply with all such Laws governing the privacy of health records. If Subcontractor is or becomes a "Covered Entity" as defined by HIPAA, Subcontractor shall comply with all relevant HIPAA requirements. If Subcontractor is a "Business Associate" of ILS as defined by HIPAA, Subcontractor shall execute a Business Associate Agreement with ILS.

5.06 Provider Directory. Consistent with the Policies and Procedures, Subcontractor shall be responsible for reporting any information about Subcontractor necessary for ILS to maintain an accurate and up to date provider directory, including as required by Schedule 5 (Facilities).

ARTICLE VI COMPLIANCE AND OVERSIGHT

6.01 General Compliance. Subcontractor represents and warrants that any of its individual provider practitioners, professionals, contractors, employees and agents are currently, and for the term of the Agreement shall remain, in compliance with all applicable Program Requirements. Subcontractor shall cooperate with ILS in maintaining ILS's compliance with applicable Law for provision of Services to Members under this Agreement, and when required to maintain ILS and/or Health Plan's licenses, shall comply with the relevant provisions of such Law. ILS acknowledges that it is subject to applicable Law, as monitored and enforced by relevant Officials.

6.02 Medi-Cal/Medicaid Compliance. Subcontractor represents and warrants that Subcontractor, any of its individual provider practitioners, professionals, contractors, employees and agents are currently, and for the term of the Agreement shall remain, (i) where applicable, enrolled in and certified by the Medicare and Medi-Cal/Medicaid programs; (ii) not identified on the CMS Preclusion List; (iii) in compliance with all applicable Laws and CMS instructions necessary for participation in the Medi-Cal/Medicaid programs, including applicable Medicare and Medi-Cal/Medicaid conditions of participation; and (iv) in compliance with the terms set forth in Schedule 7 (Medi-Cal Program Compliance), attached hereto and incorporated herein. Subcontractor further represents and warrants that it, its Subcontractors and any of its individual provider practitioners, professionals, contractors, employees and agents, and for the term of the Agreement shall not be, sanctioned under or debarred, suspended, precluded, excluded from, or opted out of, any federal program, including Medicare or Medicaid, or identified in a federal list of precluded or excluded entities or individuals, including lists maintained by CMS, the General Services Administration, Office of Inspector General, Department of Health and Human Services, or Office of Foreign Assets Control. Any provision required to be in this Agreement by the Laws governing the Medi-Cal/Medicaid program shall bind the Parties, whether or not provided in this Agreement.

6.03 Quality and Oversight.

- (a) Subcontractor acknowledges on behalf of itself and any of its individual provider practitioners, professionals, contractors, employees and agents that ILS is required by contractual terms with Health Plans, Law, and Health Plan's accreditation to monitor and oversee the Services. To ensure the quality of Services and ongoing compliance with Program Requirements, ILS will perform ongoing monitoring and oversight, which may include audits, evaluations and/or corrective actions.
- (b) Subcontractor shall respond to all ILS requests for information and documentation to permit ongoing monitoring of the Services.
- (c) Subcontractor shall participate in all business meetings and committees deemed necessary by ILS to discuss quality and operational issues, including, without limitation, access to Services, Service capacity, minimum Member projections, patient satisfaction, utilization and payment issues. Subcontractor shall promptly provide reports and cooperate, in good faith, with ILS in discussing issues as requested by ILS.
- (d) Subcontractor shall ensure that any of its individual provider practitioners, professionals, contractors, employees and agents meet quality management and quality improvement Policies and Procedures established by ILS and/or Health Plan. If required by DHCS, or Law, Subcontractor shall maintain a quality improvement program that, at all times during the term of this Agreement, meets all state and federal licensing, accreditation and certification requirements applicable to Subcontractor.
- (e) Subcontractor shall investigate and respond promptly to issues regarding quality of care, accessibility and other Complaints related to Services. Subcontractor shall use best efforts to remedy promptly any unsatisfactory condition related to the care of Members by Subcontractor or any of its individual provider practitioners, professionals, contractors, employees and agents, as determined by ILS, Health Plan, or any Official.
- (f) In addition to any right that ILS has to terminate this Agreement as provided in Section 8.02 (Termination), below, ILS reserves the right to suspend and/or revoke the provision of Services by Subcontractor, any of its individual provider practitioners, professionals, contractors, employees and agents if ILS or any governmental authority (including CMS or DHCS) determines that the Services have not been carried out in a satisfactory manner.

In the event of such suspension or revocation ILS shall provide written notice to Subcontractor of the effective date of such suspension or revocation.

- (g) As an alternative to termination, suspension or revocation, if at any time ILS determines that Subcontractor any of its individual provider practitioners, professionals, contractors, employees and agents is not in compliance with all applicable Program Requirements or that Services have not been carried out in a satisfactory manner, then ILS may, at its sole discretion, implement a quarterly monitoring process until Subcontractor, or any of its individual provider practitioners, professionals, contractors, employees and agents, as applicable, demonstrates improvement over three (3) consecutive quarters, or place Subcontractor under a Corrective Action Plan (CAP) until such time as Subcontractor, any of its individual provider practitioners, professionals, contractors, employees and agents, as applicable, complies with the terms of this Agreement. Any such CAP shall detail the deficiencies; list specific steps, tasks and activities to bring Subcontractor into compliance; and a timeline for completion of corrective action to achieve compliance with performance requirements. Subcontractor understands and agrees that ILS may be required to provide a copy of the CAP, if requested, to governmental agencies or accreditation organizations to which ILS, and/or Health Plan is subject. In addition to fulfillment of the terms of any CAP, Subcontractor agrees to cooperate with ILS in resolving any quality of care issues identified through the credentialing or vetting process. If Subcontractor fails to comply with the CAP or the terms of this Agreement, ILS may terminate this Agreement consistent with Section 8.02 below.

ARTICLE VII NOTICE

7.01 Subcontractor's Responsibility to Notify ILS. Subcontractor shall provide notice to ILS in accordance with Section 7.02 (Procedure for Giving Notice) under all applicable circumstances, including:

- (a) Notice of Complaints. Subcontractor shall promptly notify ILS of any urgent Complaint involving an imminent and serious threat to the health of the Member that Subcontractor, a Subcontractor or a Rendering Subcontractor receives from or on behalf of Members the same day from the date of receipt. Subcontractor shall also notify of any other Complaint to ILS within one (1) business days of receipt by Subcontractor, or any of its individual provider practitioners, professionals, contractors, employees and agents: (i) Complaints regarding discrimination against Members, including discrimination prohibited under this Agreement; (ii) contact by an attorney regarding any Complaint; (iii) any Complaints of an alleged violation of HIPAA; and (iv) any Complaints which, by Law or the Medi-Cal Contracts must be addressed by ILS and/or Health Plan.
- (b) Notice of Changes in Subcontract. If Subcontractor is allowed under the terms of this Agreement to enter into subcontracts for the provision of Services, Subcontractor shall notify ILS within thirty (30) calendar days after Subcontractor and any subcontractor make a material change to their subcontract that may impact Services provided to Members.
- (c) Notice of Changes in Subcontractor Status. Subcontractor has an affirmative obligation to be aware of and shall notify ILS in writing, within three (3) business days of Subcontractor's, or any of its individual provider practitioners, professionals, contractors, employees and agents' knowledge of the pending occurrence of any of the following events and promptly after the occurrence of any of the following events: (i) any incident that may affect any license, certification, or accreditation held by Subcontractor, or any of its individual provider practitioners, professionals, contractors, employees and agents, or any Facility or that may materially affect performance of its/their obligations under this

Agreement, or that may be reasonably be interpreted as negatively affecting ILS and/or Health Plan's reputation or operations; (ii) any change in Subcontractor's or any of its individual provider practitioners, professionals, contractors, employees and agents' operations (including termination, suspension or interruption of any Services) that will materially affect the manner in which it provides Services to Members or that will result in cessation or suspension of any Services; (iii) any unusual occurrence that affects any Member receiving Services (including a Member's death or serious physical or psychological injury or risk thereof), or that is required to be reported to any governmental or regulatory body or to an accreditation organization; (iv) any change in legal status, tax identification number, Medicare or Medicaid number; (v) any material change in ownership, control, name, or location; and (vi) any other event or circumstance that materially impairs Subcontractor's or any of its individual provider practitioners, professionals, contractors, employees and agents' ability to provide Services to Members as required by this Agreement, including Subcontractor's or any of its individual provider practitioners, professionals, contractors, employees and agents' inability to provide Services at a Facility at which ILS expects Services to be provided.

- (d) Notice of Pending Actions. Subcontractor shall promptly provide written notification to ILS (i) of the initiation of any legal action, accreditation organization action, or, regulatory or governmental action that has more than a minimal likelihood of materially affecting a Subcontractor's ability to perform its obligations under this Agreement; (ii) of an investigation regarding sanction under or debarment, exclusion or suspension from any federal program, including Medicare or Medicaid with respect to Subcontractor, any of its individual provider practitioners, professionals, contractors, employees and agents; (iii) any inquiry or formal action, proceeding, or investigation is initiated against Subcontractor, or any of its individual provider practitioners, professionals, contractors, employees and agents by an accreditation organization; (iv) Subcontractor, or any of its individual provider practitioners, professionals, contractors, employees and agents is the subject of any legal or governmental action concerning qualifications or ability to perform Services; (v) any professional liability claim filed or asserted regarding Services provided to Members by or on behalf of Subcontractor; and (vi) the initiation of any legal action related to Services filed by a Member against Subcontractor, or any of its individual provider practitioners, professionals, contractors, employees and agents.
- (e) Notice of Changes in Insurance. Subcontractor shall provide ILS at least ten (10) days' prior written notice before any insurance coverage described in Schedule 8 (Insurance Requirements) attached hereto is cancelled, terminated, not renewed, modified or expired. Subcontractor shall or shall require that any insurance carrier for insurance coverage described in Schedule 8 (Insurance Requirements) attached hereto notify ILS at the time of any material change in insurance carrier, limits or deductibles to the extent that such change may impact Subcontractor's compliance with the terms of the Agreement.
- (f) Notice of Condition for Termination, Suspension or Exclusion. Subcontractor has an affirmative obligation to be aware of and shall notify ILS in writing, within three (3) business days of Subcontractor's or any of its individual provider practitioners, professionals, contractors, employees and agents' knowledge of the pending occurrence of, and promptly after the occurrence of any condition evoking cause for termination of the Agreement in subsections (b), (c) or (e) of Section 8.02 (Termination), or for suspension or exclusion of participation of any of its individual provider practitioners, professionals, contractors, employees and agents in Section 8.03(b) (Suspension or Exclusion Without Notice Period).

7.02 Procedure for Giving Notice. Unless otherwise stated elsewhere in this Agreement, all notices required or permitted under this Agreement shall be in writing, personally delivered or sent by confirmed fax, sent by USPS or a commercial service with confirmed delivery, or certified mail (return receipt requested), and shall be deemed given upon the date of the actual receipt. Notices shall be addressed as follows (or to such other address as may be furnished in accordance herewith):

If to ILS:
Independent Living Systems, LLC
Registered Agent: Corporate Creations, Inc.
5901 W Century Blvd.
Los Angeles, CA 90045

If to Subcontractor:
[Enter Provider Name & Address of Notice]

ARTICLE VIII TERM AND TERMINATION

8.01 Term. The Term of this Agreement shall commence on the Effective Date and, unless terminated earlier in accordance with this Article VIII, shall continue until December 31, 2024 (the “Initial Term”). Following expiration of the Initial Term, this Agreement shall automatically renew for successive one-year renewal terms unless either Party terminates the Agreement in accordance with this Article VIII. The Initial Term and all Renewal Terms shall be referred to collectively as the “Term.”

8.02 Termination. This Agreement may be terminated prior to the expiration of the Term as follows:

- (a) By a Party, for any reason or no reason, upon ninety (90) days’ prior written notice to the other Party;
- (b) By a Party, upon written notice to the other Party, if a Party has materially breached its obligations under this Agreement and that breach either cannot be cured, or if it can be cured, the breaching Party has failed to cure that breach within thirty (30) days after having received written notice from the non-breaching Party, which notice shall fully describe the alleged breach that must be cured;
- (c) By a Party, upon written notice to the other Party, if the Party terminating this Agreement is required to do so by competent regulatory authority (including DHCS) or must do so to remain in compliance with applicable Law; or
- (d) By written mutual agreement of the Parties,.
- (e) Notwithstanding subsection (b) above, in certain circumstances, ILS may terminate this Agreement immediately, with written notice. ILS may so terminate immediately if: (i) any Official revokes, suspends, restricts or fails to renew any license, certificate, permit, credential, privilege, accreditation or certification required for the provision of Services under this Agreement (each an “Essential Permit” and collectively, “Essential Permits”) for Subcontractor, or any of its individual provider practitioners, professionals, contractors, employees and agents is sanctioned under or is debarred, suspended, precluded or excluded from or opts out of any federal program (including Medicare or Medicaid) or is identified in a federal list of excluded entities or excluded individuals, including lists or maintained by the General Services Administration, Office of Inspector General, Department of Health

and Human Services, or Office of Foreign Assets Control or is identified on Medi-Cal's Suspended and Ineligible Subcontractor List; or (ii) Subcontractor demonstrates conduct (through act or omission) that threatens the health, safety or privacy of a Member, as determined by ILS in good faith; or (iii) Subcontractor files a petition in or for bankruptcy, reorganization or an arrangement with creditors, makes a general assignment for the benefit of creditors; is adjudged bankrupt, unable to pay debts as they come due; has a trustee, receiver or other custodian appointed on its behalf; or has a case or proceeding commenced against it under any bankruptcy or insolvency Law; or (iv) Subcontractor undergoes dissolution, merger or consolidation, the sale of all or substantially all of its assets or a direct or indirect change of control, ownership or legal structure.

8.03 Suspension or Exclusion of Participation.

- (a) Suspension or Exclusion With Notice Period. In accordance with applicable Law, ILS may, at any time and for any reason or no reason, suspend or exclude the participation of Subcontractor, or any of its individual provider practitioners, professionals, contractors, employees and agents providing Services under this Agreement (without terminating the Agreement) by giving at least thirty (30) day prior written notice to Subcontractor, unless patient care or safety requires less or no notice.
- (b) Suspension or Exclusion Without Notice Period. In accordance with applicable Law, ILS may immediately suspend or exclude the participation of any of Subcontractors or any of its individual provider practitioners, professionals, contractors, employees and agents providing Services under this Agreement (without terminating the Agreement), as specified in a written notice, if: (i) any Official revokes, suspends, restricts or fails to renew any Essential Permit; (ii) Subcontractor or any of its individual provider practitioners, professionals, contractors, employees and agents demonstrates conduct (through act or omission) likely to result in revocation, suspension, restriction or nonrenewal of an Essential Permit, as determined by ILS in good faith, including misrepresentation or falsification of information submitted in support of an Essential Permit; (iii) any Subcontractor or any of its individual provider practitioners, professionals, contractors, employees and agents, or Facility is sanctioned under or debarred, precluded, suspended, or excluded from or opts out of any federal program (including Medicare or Medicaid) or identified in a federal list of excluded entities or individuals, including lists maintained by the General Services Administration, Office of Inspector General, Department of Health and Human Services, or Office of Foreign Assets Control or identified on Medi-Cal's Suspended and Ineligible Subcontractor List; (iv) criminal charges are filed against Subcontractor or any of its individual provider practitioners, professionals, contractors, employees and agents for any act involving professional misconduct or moral turpitude; (v) Subcontractor or any of its individual provider practitioners, professionals, contractors, employees and agents, or any Facility fails to comply with or rectify noncompliance with any material provision of this Agreement within a time period acceptable to ILS; (vi) Subcontractor or any of its individual provider practitioners, professionals, contractors, employees and agents or Facility fails to adequately provide or becomes incapable of adequately providing Services; or (vii) Subcontractors, Subcontractor or any of its individual provider practitioners, professionals, contractors, employees and agents, or any Facility demonstrates conduct (through act or omission) that threatens the health, safety or privacy of a Member, as determined by ILS in good faith.

8.04 Survival. With respect to the provision of Services, Articles V, VI, VII, VIII, IX, X and XI as well as any other provisions of this Agreement that, by their terms are intended to survive, shall survive the

expiration or termination (regardless of the cause giving rise to termination) of this Agreement and shall continue to be binding on the Parties and their respective heirs, successors or permitted assigns.

ARTICLE IX DISPUTE RESOLUTION

9.01 Dispute Resolution. If a disagreement or dispute between ILS, and Subcontractor, arises out of or in relation to this Agreement (the “Dispute”) that cannot be resolved informally by ILS and Subcontractor, then the aggrieved party shall provide the other with written notice of the nature of the claim, dispute, or controversy within sixty (60) days of when that party knew of or should have known of the dispute. Within ten (10) days of receipt of such notice, each party will designate the appropriate level management or staff member to meet, whether in person or by phone, to discuss and seek to resolve the matter. Such meeting shall occur within twenty (20) days of receipt of the staff member or manager designation. Resolution of the claim, dispute, or controversy must be consistent with the terms of this Agreement.

9.02 Binding Arbitration.

- (a) Arbitration Demand. If the Disputing Parties cannot reach agreement pursuant to Sections 9.01 above, then the Disputing Parties agree that the Dispute shall be submitted to binding arbitration in Los Angeles County, California. Notice of demand to arbitrate the Dispute shall be given as set forth in Section 7.02 (Procedure for Giving Notice) and must be received by the other parties to the dispute within 365 calendar days after the notice of dispute was sent. The arbitration shall be conducted in Los Angeles County, California. The construction, validity and performance of all arbitrations conducted pursuant to this Agreement shall be governed by the Law of the State of California, including California Code of Civil Procedure Section 1280 et seq., and specifically Section 1283.05, and Section 2 of the Federal Arbitration Act. The Disputing Parties shall have the right to conduct discovery in accordance with California Code of Civil Procedure Section 1283.05.

- (b) Administration of Arbitration. Subcontractor or ILS may initiate confidential arbitration by providing a written arbitration demand as specified in Section 9.02(a) above. Upon tender of the demand, the Disputing Parties shall use their best efforts to agree on an Alternative Dispute Resolution (“ADR”) organization. If the Disputing Parties to the Dispute cannot agree on an ADR organization to administer the confidential arbitration within thirty (30) Calendar Days from the date on which the demand was tendered, the Dispute shall be administered by JAMS in accordance with the JAMS rules applicable to commercial arbitrations (the “JAMS Comprehensive Arbitration Rules and Procedures” or its successor, referred to as “JAMS Rules”), except that this Agreement shall control in instances where it conflicts with the JAMS Rules. The Parties prefer that the arbitrator (“Arbitrator”) be a retired judge of the California Superior, Appellate or Supreme Court or of a United States court sitting in California. If the Disputing Parties are unable to agree on the Arbitrator, the Arbitrator shall be selected pursuant to the rules of the ADR organization to which they have mutually agreed or, if there is no such agreement, the JAMS Comprehensive Arbitration Rule 15; provided, however, that nothing stated in this section 9.02 (Binding Arbitration) shall prevent ILS or Subcontractor from disqualifying an Arbitrator based on a conflict of interest. The Disputing Parties shall be responsible for their own attorney’s fees and costs incurred in preparing for and attending the arbitration. The Parties shall share equally the fees of the Arbitrator, with costs split between ILS and Subcontractor. The Parties agree that any and all proper Parties may be joined in the arbitration, but the Parties agree to proceed with arbitration of all Disputes even if other Parties refuse to participate. The Parties agree that in no event shall a Member be

considered a proper party for purposes of this Agreement, and the Arbitrator shall not have the power to join a Member as a party.

- (c) Arbitrator's Decision. The Arbitrator shall issue a written reasoned decision setting forth the Disputing Parties' contentions, findings of fact and conclusions of law applying California and applicable federal Law (the "Decision") within thirty (30) calendar days of the conclusion of the arbitration of each Dispute. The Arbitrator's final Decision shall be conclusive and binding, and it may be confirmed thereafter as a judgment by the Superior Court of the State of California, subject only to challenge on the grounds set forth in California Code of Civil Procedure Section 1281 et seq. By agreeing to binding arbitration as set forth in Section 9.02 (Binding Arbitration), the Parties acknowledge that they are waiving certain substantial rights and protections which otherwise may be available if a Dispute between them were determined by litigation in a court, including the right to a jury trial, attorneys' fees and certain rights of appeal.

9.03 Injunctive Relief Available. Notwithstanding anything to the contrary provided in this Article IX, and without prejudice to the above procedures, ILS or Subcontractor may at any time, in connection with any Dispute, apply to a court of competent jurisdiction for temporary injunctive or other provisional judicial relief if in such party's sole judgment such action is necessary to avoid irreparable damage or to preserve the status quo until such time as the Dispute is otherwise resolved in accordance with this Article IX.

9.04 Disputes Between a Member and Subcontractor. Subcontractor shall cooperate with ILS in identifying, processing and resolving all Complaints. Subcontractor shall comply with the resolution of any such Complaints by ILS. All decisions regarding Covered Benefits for Members are reserved to ILS, and Subcontractor shall refer Members who have inquiries or disputes regarding Covered Benefits to ILS for response and resolution. In addition, upon request by a Member expressing a desire to file a Complaint, Subcontractor shall promptly provide the Member with ILS and/or Health Plan's grievance form and a description of the grievance procedures.

ARTICLE X INSURANCE AND INDEMNIFICATION

10.01 Subcontractor Insurance. Subcontractor shall maintain or cause to be maintained insurance coverage and comply with the terms set forth in Schedule 8 (Insurance Requirements) attached hereto.

10.02 Subcontractor Indemnification. Subcontractor shall indemnify, defend with counsel approved by ILS (in consultation with ILS in-house counsel) and hold harmless ILS, Health Plan and all other persons or organizations cooperating in the conduct of ILS and/or Health Plan, and each of their respective officers, directors, partners, shareholders, agents and employees to the extent allowed by Law, from and against any and all demands, claims, losses, damages, liability, costs, expenses (including the payment of attorneys' fees and costs actually incurred, whether or not litigation is commenced), judgments or obligations, actions or causes of action whatsoever, to the extent arising from or in connection with any acts, failures to act or the performance of or failure to perform obligations hereunder by Subcontractor or any of its officers, partners, individual provider practitioners, professionals, contractors, employees and agents.

10.03 ILS Indemnification. ILS shall indemnify, defend with counsel approved by Subcontractor, and hold harmless Subcontractor, its officers, directors, partners, shareholders, agents and employees to the extent allowed by Law, from and against any and all demands, claims, losses, damages, liability, costs, expenses (including the payment of attorneys' fees and costs actually incurred, whether or not litigation is commenced), judgments or obligations, actions or causes of action whatsoever, to the extent arising from or in connection with any acts, failures to act or the performance of or failure to perform obligations hereunder by ILS, its officers, partners, employees, or agents.

10.04 Cooperation of the Parties. The Parties shall cooperate with each other in the investigation and disposition of any claims arising out of or relating to this Agreement, provided that nothing shall require either Party to cooperate to its own legal detriment, disclose any documents, records or communications that are protected from disclosure under the peer review privilege, the attorney-client privilege, the attorney work-product doctrine or other rules governing such privileged materials.

ARTICLE XI MISCELLANEOUS

11.01 Non-Exclusivity. This is not an exclusive Agreement; Subcontractor and ILS may enter into similar agreements with other parties; and ILS reserves the right to arrange for any Services for Members from any other provider.

11.02 No Volume Guarantee. ILS does not represent, warrant or covenant any minimum volume of Members that will be referred to Subcontractor under this Agreement.

11.03 Assignment and Delegation. Except as otherwise provided in this Agreement, Subcontractor will not assign this Agreement, or any rights hereunder, or subcontract or delegate any of its duties and obligations under this Agreement without the prior written consent of ILS. Any material change of ownership or control of Subcontractor or Subcontractor's assets will be deemed an assignment. In any event, all obligations of Subcontractor under this Agreement will be enforceable against any permitted successors and assigns. In the event of a sale, lease or other transfer of Subcontractor's ownership or control, Subcontractor shall, unless ILS objects, ensure that the buyer, lessee or transferee agrees to enter into a services agreement with ILS pursuant to which such buyer, lessee or transferee will provide Services to Members under the same terms and conditions and for the same rates as ILS is obligated to pay to Subcontractor for such Services hereunder. No transfer of the duties or obligations under this Agreement, nor the change of ownership or transfer of assets shall be deemed to modify, reduce, or limit Subcontractor's duty to either obligate any successor or assignee to provide or arrange for all Services pursuant to the terms and conditions of this Agreement, or to continue performing the full duties and obligations of this Agreement. Further, any succession or assignment without ILS's express written consent will not relieve or otherwise affect the liability of the predecessor or assignor, who will remain jointly and severally liable with the successor or assignee. Subcontractor understands and agrees that ILS may assign this Agreement and its duties under this Agreement and delegate its rights under this Agreement to any ILS entity or affiliate.

11.04 Subcontracts.

- (a) Subcontractor may not subcontract for the performance of any of the Services specified in this Agreement without the prior written consent of ILS. Subcontractor warrants that subcontractors shall be subject to all obligations of Subcontractor under this Agreement. Subcontractor shall obligate its Subcontractors to comply with all relevant provisions set forth in this Agreement and the Medi-Cal Contracts that would apply to Subcontractor if Subcontractor were providing the Services directly, including, without limitation, the Policies and Procedures. If Subcontractor is a "Business Associate" of ILS as defined by HIPAA, Subcontractor shall execute a Business Associate Agreement with a subcontractor to the extent a Subcontractor is performing Business Associate functions. If subcontractor is a "Business Associate" of Subcontractor, then Subcontractor shall execute a Business Associate Agreement with such subcontractor.
- (b) If ILS consents to any subcontract, ILS shall maintain and be responsible for oversight of compliance with all contract provisions and Services, regardless of the number of layers of subcontracting.

- (c) Consistent with Section 10.02 (Subcontractor Indemnification), any subcontract must expressly include a requirement that Subcontractor shall hold harmless ILS, the Health Plan and all other persons or organizations, and each of their respective officers, directors, partners, shareholders, agents and employees to the extent allowed by Law, from and against any and all demands, claims, losses, damages, liability, costs, expenses (including the payment of attorneys' fees and costs actually incurred, whether or not litigation is commenced), judgments or obligations, actions or causes of action whatsoever, to the extent arising from or in connection with any acts, failures to act or the performance of or failure to perform obligations hereunder by Subcontractor, its officers, partners, employees, Subcontractors or agents, or arising from or in connection with any acts, failures to act or the performance of or failure to perform obligations under any subcontracts by Subcontractor, its officers, partners, employees, subcontractors or agents.
- (d) Subcontractor shall pay its subcontractor(s) in accordance with the timeframes specified in the subcontract(s) and as otherwise required by applicable Law.
- (e) To the extent that applicable Law, a government contract or an Official requires additional provisions to be included in such subcontracts, Subcontractor shall amend its contracts accordingly or such amendments shall be deemed included in all such subcontracts.

11.05 Independent Contractor. ILS, and Subcontractor, enters into this Agreement, and shall remain throughout the Term of this Agreement, as an independent contractor of the other. Nothing in this Agreement is intended to create nor shall it be construed to create between ILS, a Health Plan and Subcontractor a relationship of principal, agent, employee, partnership, joint venture or association. Neither ILS nor Subcontractor has authorization to enter into any contracts, assume any obligations or make any warranties or representations on behalf of the other. No individual through whom any Party performs any obligation under this Agreement shall be entitled to or shall receive from the other Party any compensation for employment, employee welfare and pension benefits, fringe benefits, or workers' compensation, life or disability insurance or any other benefits of employment, in connection with such performance. Subcontractor represents and warrants on behalf of itself and any of its officers, partners, individual provider practitioners, professionals, contractors, employees and agents that each is solely obligated for the timely payment of wages, proper classification of its workers, workers' compensation insurance, employee benefits, any payroll-related taxes and any other employment-related liability for its workers.

11.06 Expenses. Except as otherwise expressly set forth in this Agreement, each Party shall take all actions and pay all of its own expenses necessary to fully perform all of its obligations under this Agreement.

11.07 Amendment.

- (a) Amendment by Mutual Consent. Except as otherwise set forth in this Agreement, amendments to this Agreement shall be adopted by mutual consent in a written amendment signed by the Parties.
- (b) Change in Legal or Regulatory Requirements. Notwithstanding any other provision of this Agreement, if ILS or Health Plan reasonably determine that a modification of this Agreement (or the Policies and Procedures) is necessary to cause it to conform with Law, or the requirements imposed upon ILS and/or Health Plan by an accrediting or regulatory agency, or in order for ILS to participate in health plans/programs sponsored, funded or administered by a government entity (a "Legally Required Modification"), then ILS shall give Subcontractor written notice of the proposed Legally Required Modification and the date on which it is to go into effect, which shall not be less than thirty (30) calendar days

following the date of the notice, unless a different period is required by Law or Officials, and the Legally Required Modification shall be effective on that date specified in the notice. If a material modification that is not a Legally Required Modification (a “Non-Legally Required Modification”) is proposed to the Policies and Procedures, ILS shall give Subcontractor thirty (30) calendar days’ notice of the modification and, if the Parties do not mutually agree upon the modification, Subcontractor may terminate this Agreement in accordance with Section 8.02(a).

11.08 Legally Required Provisions. Any provision required to be in this Agreement by any Law, including, without limitation, the Knox-Keene Act, or the Medi-Cal Contract(s) shall be deemed to be included in this Agreement as if fully set forth herein and shall bind the Parties, whether or not explicitly provided in this Agreement.

11.09 Public Statements or Releases. Unless otherwise required by law or regulation or court or administrative order, the Parties each agree that no Party will make, issue or release any public announcement, statement or acknowledgment of the existence of, or reveal the details or status of this Agreement and/or negotiations leading to this Agreement without first obtaining the consent of the other Party, which consent may be withheld in the sole discretion of a Party.

11.10 Use of Name. Each Party reserves to itself the right to, and the control of the use of, its names, symbols, trademarks and service marks, presently existing or hereafter established, and no Party shall use another Party’s names, symbols, trademarks or service marks in any advertising or promotional materials or communication of any type or otherwise without the latter Party’s prior written consent. Notwithstanding the foregoing, Subcontractor consents to ILS’s use of its name, address and telephone number in lists of practitioners and facilities and other marketing materials that ILS may publish from time to time during the term of this Agreement.

11.11 Governing Law and Jurisdiction. This Agreement shall be governed by and construed in accordance with the substantive laws of the State of California, without regard to the principles of California law governing conflicts of law, as well as the applicable contractual requirements imposed upon ILS by the Medicaid program. The Parties hereby consent to the exclusive jurisdiction of the federal and state courts with venue in Los Angeles County, California in any action, suit or proceeding arising under this Agreement (including, without limitation, actions, suits and proceedings in connection with the enforcement of any judgment) to the extent such action, suit or proceeding in court is permitted by Article IX. The Parties waive any objection based on forum non conveniens, jurisdiction or venue to the bringing of any action, suit or proceeding in accordance with this Section 11.11.

11.12 Construction of Agreement. This Agreement shall not be construed more strictly against one Party than against the other Party merely because it may have been prepared by counsel for one of the Parties, it being recognized that each Party has contributed substantially and materially to the preparation of this Agreement. The Parties have read this Agreement and have executed it voluntarily after having been apprised of all relevant information and risks and having had the opportunity to obtain legal counsel of their choice. Where the context so indicates, a word in the singular form shall include the plural. The term “include” and similar terms (e.g., includes, including, included, comprises, comprising, such as, e.g., including but not limited to and for example), when used as part of a phrase, including one or more specific items, are not words of limitation and are not to be construed as being limited to only the listed items.

11.13 Headings. The headings in this Agreement are for convenience of reference only and shall not control or affect the meaning or construction of any provisions hereof.

11.14 Statutory and Other References. Any reference to a statute, regulation, executive order, regulatory guidance, government agency or regulatory body, accreditation standard, or accreditation organization

refers to the statute, regulation, executive order, regulatory guidance, government agency or regulatory body, accreditation standard, or accreditation organization as amended from time to time, and to any successor statute, regulation, executive order, regulatory guidance, government agency or regulatory body, accreditation standard, or accreditation organization.

11.15 Enforceability. The invalidity or unenforceability of any provisions of this Agreement in any jurisdiction shall not affect the validity, legality or enforceability of the remainder of this Agreement in such jurisdiction or the validity, legality or enforceability of this Agreement, including any such provision, in any other jurisdiction, it being intended that all rights and obligations of the Parties hereunder shall be enforceable to the fullest extent permitted by law.

11.16 Severability. If any provision is determined invalid, void or unenforceable, in whole or in part, the remaining provisions shall remain in full force and effect.

11.17 Waiver. A failure of any Party to exercise any provision of this Agreement shall not be deemed a waiver. Any waiver of any provision of this Agreement shall be in writing and signed by the Party against whom the waiver is sought to be enforced. Any such waiver shall not operate or be construed as a waiver of any other provision of this Agreement or a future waiver of the same provision.

11.18 Remedies Cumulative. The rights and remedies provided for in this Agreement shall not be exclusive and are in addition to any other rights and remedies that exist in law or equity, all of which are hereby expressly reserved by each Party.

11.19 Entire Agreement. Except with respect to Delegated Activities that are described in a separate writing, this Agreement, including all exhibits and subexhibits hereto (each of which is expressly incorporated by reference), and all applicable Policies and Procedures, hereby incorporated by reference, constitute the entire agreement and understanding of the Parties hereto in respect of the subject matter contained herein, and there are no restrictions, promises, representations, warranties, covenants, or undertakings with respect to the subject matter hereof or thereof, other than those expressly set forth or referred to herein. This Agreement supersedes all prior agreements, letters of intent, memoranda, and understandings between the Parties hereto with respect to the subject matter hereof.

11.20 Order of Precedence. In the event of any inconsistency or conflict between any of the writings described in section 11.19, the descending order of precedence shall be: (1) Schedule 7 (Medi-Cal Subcontractor Compliance); (2) all exhibits and subexhibits, exclusive of Schedule 7; (3) this Agreement, exclusive of exhibits and subexhibits, and (4) applicable Policies and Procedures.

11.21 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original with the same effect as if the signatures thereto and hereto were upon the same instrument. Any signature duly affixed to this Agreement and delivered by facsimile transmission or in PDF format shall be deemed to have the same legal effect as the actual signature of the person signing this Agreement. Any Party receiving delivery of a facsimile or PDF copy of the signed Agreement may rely on such as having actually been signed.

11.22 List of Schedules and Exhibits:

Schedule 1	List of Health Plans
Schedule 2	Subcontractor areas of Service
Schedule 3	Services
Schedule 4	Additional Terms
Schedule 5	Facilities
Schedule 6	Billing and Payment
Schedule 7	Medi-Cal Program Compliance
Schedule 8	Insurance Requirements

(signature page follows)

IN WITNESS WHEREOF, the Parties have caused this Subcontractor Services Agreement to be executed by their respective duly authorized representatives.

SUBCONTRACTOR

INDEPENDENT LIVING SYSTEMS, LLC

By: _____

By: _____

Name: _____

Name: Nestor J. Plana

Title: _____

Title: Chairman & CEO

Date: _____

Date: _____

TIN: 45-0481642

SCHEDULE 1

LIST OF HEALTH PLANS

Subcontractor, its individual provider practitioners, professionals, contractors, employees and agents shall provide Services to Members in the following Health Plan(s): (Check all that apply)

Name of Health Plan, Managed Care Organization, or Health Maintenance Organization	Plan
Kaiser Permanente	North and South Regional Plans

SCHEDULE 2

SUBCONTRACTOR SERVICE AREAS

Subcontractor, its individual provider practitioners, professionals, contractors, employees and agents shall provide Services to Members in the following Service Areas:

County:

San Joaquin

SCHEDULE 3

SERVICES

Subcontractor, its individual provider practitioners, professionals, contractors, employees and agents shall provide the following Services to Members: (Check all that apply)

<u>Community Health Worker Service (CHW)</u>	
1. Asthma Preventive Services	<input type="checkbox"/>
2. Health Education	<input type="checkbox"/>
3. Health Navigation	<input type="checkbox"/>
4. Individual Support or Advocacy	<input type="checkbox"/>
5. Screening and Assessment	<input type="checkbox"/>
6. Violence Preventive Services	<input type="checkbox"/>

<u>Enhanced Care Management Services (ECM)</u>	
1. ECM Outreach Services	<input type="checkbox"/>
2. ECM Core Services	<input type="checkbox"/>

<u>Community Support Services (CSS)</u>	
1. Housing Transition Navigation Services	<input checked="" type="checkbox"/>
2. Housing Deposits	<input checked="" type="checkbox"/>
3. Housing Tenancy and Sustaining Services	<input checked="" type="checkbox"/>
4. Short-Term Post-Hospitalization Housing	<input checked="" type="checkbox"/>
5. Recuperative Care (Medical Respite)	<input type="checkbox"/>
6. Respite Services	<input type="checkbox"/>
7. Day Habilitation Programs	<input type="checkbox"/>
8. Nursing Facility Transition/Diversion to Assisted Living Facilities, such as Residential Care Facilities for Elderly (RCFE) and Adult Residential Facilities (ARF)	<input type="checkbox"/>
9. Community Transition Services/Nursing Facility Transition to a Home	<input type="checkbox"/>
10. Personal Care and Homemaker Services	<input type="checkbox"/>
11. Environmental Accessibility Adaptations (Home Modifications)	<input type="checkbox"/>
12. Meals/Medically Tailored Meals	<input type="checkbox"/>
13 Sobering Centers	<input type="checkbox"/>
14. Asthma Remediation	<input type="checkbox"/>

SCHEDULE 4

ADDITIONAL TERMS

If any Services could be classified under more than one subexhibit attached to this Schedule 4 and/or to Schedule 7, ILS shall determine in its sole discretion which of the attached subexhibits shall govern the provision of those Services.

The following subexhibit(s) attached to this Schedule 4 describe(s) additional terms applicable to this agreement:

SCHEDULE 4.3 ADDITIONAL TERMS FOR COMMUNITY SUPPORTS SERVICES

SCHEDULE 4.3

ADDITIONAL TERMS FOR COMMUNITY SUPPORTS SERVICES

The following additional terms apply to Subcontractor's provision of Community Supports Services (as defined below) including through Subcontractors.

1. **Definitions.** The following terms supplement Article 1 (Definitions) of the Agreement.
 - 1.1. **Clean Claim:** a Claim that can be processed without obtaining additional information from the provider of the service or from a third party. It includes a Claim with errors originating in a ILS's or the Department of Health Care Services' claims system. It does not include a Claim from a provider who is under investigation for fraud or abuse, or a claim under review for medical necessity.
 - 1.2. **Community Supports Provider:** a contracted provider of DHCS-approved Community Supports. Community Supports Providers are entities with experience and expertise providing one or more of the Community Supports approved by DHCS.
 - 1.3. **Community Supports Provider Standard Terms and Conditions:** standard terms and conditions for Community Supports provider agreements issued by DHCS.
 - 1.4. **DHCS-Health Plan ECM and ILOS Contract:** the provisions in the Medi-Cal Contract(s) or the attachments thereto applicable to Community Supports.
 - 1.5. **Enhanced Care Management ("ECM") Provider:** A provider of enhanced care management services.
 - 1.6. **In Lieu of Services ("ILOS") ("Community Supports"):** Pursuant to 42 CFR 438.3(e)(2), ILOS or Community Supports are services or settings that are offered in place of services or settings covered under the California Medicaid State Plan and are medically appropriate, cost-effective alternatives to services or settings under the State Plan. ILOS or Community Supports are optional for both Subcontractor and the Member and must be approved by DHCS. ILOS may be referred to in the future by names defined by DHCS, including, without limitation, the term "Community Supports."
 - 1.7. **"Health Plan Community Supports Procedure Manual"** shall constitute a Policy and Procedure created by ILS and/or Health Plan and includes, but is not limited to, a statement of work and workflows. ILS may update and implement changes to the Health Plan Community Supports Procedure Manual in accordance with Section 11.07(b) of the Agreement.
 - 1.8. **"Lead Care Manager"** means a Member's designated care manager by Subcontractor.
 - 1.9. **"Policy Guide"** means the Medi-Cal Community Supports (ILOS) Policy Guide or Community Supports (ILOS) Policy Guide issued by the California Department of Health Care Services (DHCS), as may be amended by DHCS from time to time. The Parties agree that current Policy Guide and any amendments thereto shall be incorporated as if fully stated herein.
 - 1.10. **State Plan:** the plan governing the Medi-Cal program pursuant to 42 U.S.C. section 1396a, as approved by the federal CMS.
 - 1.11. **State Plan Covered Services:** Medi-Cal health care services or settings that are covered under the State Plan.

1.12. The following terms shall have the meaning as described in the Policy Guide: Housing First, Harm Reduction, Progressive Engagement, Motivational Interviewing, and Trauma-Informed Care.

2. **Subcontractor's Responsibilities.** The following terms supplement Article 2 (Subcontractor Responsibilities) of the Agreement.

2.1. **General.** Subcontractor shall provide the Community Supports Services identified in Section 3.1 of this Schedule 4.3. Subcontractor shall provide all Community Supports Services in accordance with this Agreement, applicable Law and the DHCS-Health Plan ECM and ILOS Contract, with best practices and industry standards for such Services.

2.2. **Authorized Subcontractor.** Subcontractor agrees that it meets the conditions for being a permissible provider type for each of Community Supports Services, as such conditions are defined in the Policy Guide.

2.3. **Services to be Provided.** Subcontractor agrees to provide the full scope of Community Supports Services described in the Policy Guide to eligible Members, as identified in the Policy Guide, and the Health Plan Community Supports Procedure Manual. The applicable restrictions/limitations in the Policy Guide shall apply to the scope of Community Supports Services performed by Subcontractor under this Agreement.

2.4. **Community Supports Subcontractor Requirements.**

(a) Experience and training in the elected Community Supports.

(i) Subcontractor shall have sufficient experience and/or training in the provision of the Community Supports Services.

(ii) Subcontractor shall have the capacity to provide the Community Supports Services in a culturally and linguistically competent manner, as demonstrated by a successful history of providing such Community Supports Services, training or other factors identified by ILS and/or the Health Plan.

(b) If Subcontractor subcontracts with other entities to administer its functions of Community Supports described in this Schedule 4.3, Subcontractor shall ensure agreements with each entity bind each entity to applicable terms and conditions set forth herein.

3. **Provision of Services.** The following terms supplement Article 3 (Provision of Services) of the Agreement.

3.1. **General.** Subcontractor shall offer the following DHCS-Authorized Community Supports to Members (check as applicable):

(a) Housing Transition Navigation Services

(b) Housing Deposits

(c) Housing Tenancy and Sustaining Services

(d) Short-Term Post-Hospitalization Housing

- (e) Recuperative Care (Medical Respite)
- (f) Respite Services
- (g) Day Habilitation Programs
- (h) Nursing Facility Transition/Diversion to Assisted Living Facilities, such as Residential Care Facilities for Elderly (RCFE) and Adult Residential Facilities (ARF)
- (i) Community Transition Services/Nursing Facility Transition to a Home
- (j) Personal Care and Homemaker Services
- (k) Environmental Accessibility Adaptations (Home Modifications)
- (l) Meals/Medically Tailored Meals
- (m) Sobering Centers
- (n) Asthma Remediation

3.2. **Delivery of Community Supports Services.**

- (a) Subcontractor shall deliver the Community Supports Services in accordance with DHCS service definitions and requirements.
- (b) Subcontractor shall maintain staffing that allows for timely, high-quality service delivery of the Community Supports Services.
- (c) Subcontractor shall:
 - (i) Accept and act upon Member referrals from ILS for Authorized Community Supports Services, unless Subcontractor is at pre-determined capacity;
 - (ii) Conduct outreach to the referred Member for Authorized Community Supports Services as soon as possible, including by making best efforts to conduct initial outreach within 24 hours of assignment, if applicable;
 - (iii) Be responsive to incoming calls or other outreach from Members, including by maintaining a phone line that is staffed or able to record voicemail 24 hours a day, 7 days a week;
 - (iv) Coordinate with other providers in the Member's care team, including ECM Providers, other Community Supports Providers and ILS;
 - (v) Comply with cultural competency and linguistic requirements required by federal, state and local laws, this Agreement and the Medi-Cal Contract(s); and
 - (vi) Comply with non-discrimination requirements set forth in state and federal law, this Agreement and the Medi-Cal Contracts.

- (d) When state or federal law requires authorization for data sharing, Subcontractor shall obtain and/or document such authorization from each assigned Member, including sharing of protected health information (PHI), and shall confirm it has obtained such authorization to ILS.
 - (i) Member authorization for Community Supports-related data sharing is not required for Subcontractor to initiate delivery of Services unless such authorization is required by state or federal law. Subcontractor will be reimbursed only for Services that are Authorized by ILS and or Health Plan. In the event of a Member requesting services not yet Authorized by ILS, Subcontractor shall send prior authorization request(s) to ILS, unless a different agreement is in place.

3.3. **Identification of Members who May Benefit from Community Supports.** ILS shall identify individuals who may benefit from Community Supports and for whom Community Supports will be a medically appropriate and cost-effective substitute for State Plan Covered Services. Subcontractor is encouraged to identify Members who would benefit from Community Supports and send a request to ILS to determine if the Member is eligible for Community Supports, consistent with ILS's process for such request. Subcontractor is encouraged to identify additional Community Supports the Member may benefit from.

3.4. **Requests for Community Supports.** ILS shall accept requests for Community Supports Services from Members and on behalf of Members from providers and organizations that serve them, including community-based organizations.

3.5. **Authorization.** ILS and/or Health Plan shall authorize the provision of Community Supports Services by Subcontractor, for Members deemed eligible pursuant to the Policies and Procedures.

3.6. **Timeliness.** Subcontractor shall comply with ILS and/or Health Plan's Policies and Procedures regarding the timeliness of the provision of Community Supports Services.

3.7. **Transition Planning.** If a Community Supports service is discontinued for any reason, Subcontractor shall support transition planning for the Member into other programs or services that meet their needs.

3.8. **Training.** Subcontractor shall participate in all mandatory Community Supports training and technical assistance provided or arranged by ILS, as necessary.

4. **Additional Responsibilities.** The following terms clarify the responsibilities described in the Agreement and the Policy Guide as applicable to the Community Supports Services identified as being provided by Subcontractor in Section 3.1 of this Schedule 4.3.

4.1. Subcontractor shall provide the Services utilizing best practices for Members who are experiencing homelessness and/or who have complex health, disability, and/or behavioral health conditions, including Housing First, Harm Reduction, Progressive Engagement, Motivational Interviewing, and Trauma-Informed Care.

4.2. Subcontractor will comply with any operational policies, workflows, or other Policies and Procedures regarding the provision of any Community Supports Services.

4.3. **Housing Navigation Transition Services.**

- (a) Subcontractor shall coordinate with County Housing Services in searching for housing and presenting options and will process/enroll Members into the County Coordinated Entry Systems (CES).
 - (b) When identifying, coordinating, securing, or funding non-emergency, nonmedical transportation, Subcontractor may use Health Plan non-medical transportation and accompany the Member. Subcontractor and its employees, subcontractors, and agents are prohibited from transporting Members in private vehicles.
 - (c) Subcontractor will obtain pre-approval from ILS when identifying and coordinating environmental modifications to install necessary accommodations for accessibility. Member must be approved for this service under Housing Modifications.
- 4.4. **Housing Deposits.** All expenditures related to housing deposits must be pre-approved by ILS and/or Health Plan. All expenditures are limited to those items listed in the Policy Guide.
- 4.5. **Housing Tenancy and Sustaining Services.** The determination of the termination of housing tenancy and sustaining services shall be made in collaboration with the ILS Lead Care Manager.
- 4.6. **Short-Term Post-Hospitalization Housing.** Subcontractor shall coordinate with ILS for housing navigation services, as appropriate, to prepare Members to transition from short-term post-hospitalization housing to more permanent housing.
- 4.7. **Recuperative Care.** Subcontractor shall coordinate with ILS for housing navigation services if appropriate for Members receiving recuperative care, as determined by ILS.
- 4.8. **[Nursing Facility Transition/Diversion to Assisted Living Facilities, such as Residential Care Facilities for Elderly and Adult Residential Facilities. Reserved.]**
- 4.9. **Community Transition Services/Nursing Facility Transition to a Home.** All expenditures must be pre-approved by ILS and/or the Health Plan.
- 4.10. **Environmental Accessibility Adaptations (Home Modifications).** All expenditures, including those associated with home visit(s), must be pre-approved by ILS and/or the Health Plan.
- 4.11. **Sobering Centers.**
- (a) Subcontractor shall identify Members with emergent physical health conditions and arrange transport to a hospital or other appropriate source of medical care.
 - (b) Subcontractor shall obtain written consent from the Member prior to releasing any information as required by 42 CFR Part 2 “Confidentiality of Substance Use Disorder Patient Records.” This consent must be either provided to ILS before Subcontractor sends any Member information to ILS and/or Health Plan or attached to any Member information sent to ILS and/or Health Plan.
- 4.12. **Asthma Remediation.** All expenditures, including those associated with home visit(s), must be pre-approved by ILS and/or Health Plan.
- 4.13. **Day Habilitation Programs.** The determination of the termination of day habilitation services shall be made in collaboration with the ILS Lead Care Manager.

4.14. **Personal Care and Homemaker Services.** Subcontractor shall coordinate with ILS for Personal Care and Homemaker Services if appropriate for Members who are eligible for and/or receiving In-Home Support Services.

4.15. **Respite Services.** All expenditures related to services rendered must be pre-approved by ILS and/or Health Plan.

4.16. **Medically Tailored Meals/Medically-Supportive Food.** The determination of eligibility for medically tailored meals and medically-supportive food shall be made in collaboration with the Lead Care Manager.

5. **Billing and Payment.** The following terms supplement Article IV (Billing and Payment) of this Agreement:

5.1. **Payment for Community Supports Services**

- (a) Subcontractor shall record, generate, and send a claim or invoice to ILS for Services rendered.
 - (i) If Subcontractor submits claims for Community Supports Services, Subcontractor shall submit claims to ILS using specifications based on national standards and code sets to be defined by DHCS.
 - (ii) In the event Subcontractor is unable to submit claims to ILS for Community Supports Services using specifications based on national standards or DHCS-defined standard specifications and code sets, Subcontractor shall submit invoices with minimum necessary data elements defined by DHCS, which includes information about the Member, the Community Supports Services rendered, and Subcontractors' information to support appropriate reimbursement by ILS, that will allow ILS to convert the Community Supports invoice information into DHCS-defined standard specifications and code sets for submission to DHCS.
- (b) Subcontractor shall not receive payment from ILS for the provision of any Community Supports Services not Authorized by ILS.
- (c) Subcontractor must have a system in place to accept payment from ILS for Community Supports Services rendered.
 - (i) ILS shall pay 90 percent of all Clean Claims and invoices within 30 days of receipt and 99 percent of Clean Claims and invoices within 90 days of receipt.
 - (ii) ILS will provide expedited payments for urgent Community Supports (e.g., recuperative care services for an individual who no longer requires hospitalization, but still needs to heal from an injury or illness, including behavioral health conditions, and whose condition would be exacerbated by an unstable living environment), pursuant to the Medi-Cal Contract and any other related DHCS guidance.

5.2. **Authorization.** Authorization is required for payment of Community Supports Services. ILS's obligation to compensate Subcontractor is commensurate with the scope and duration of the

Authorization. Compensation for Community Supports Services provided to Members is payable to Subcontractor only if the Community Supports Services are covered by an Authorization that has neither expired nor been terminated as of the date(s) of service, and Subcontractor has strictly satisfied its responsibilities in Articles II and III of the Agreement.

6. **Records and Confidentiality.** The following terms supplement Article V (Records and Confidentiality) of the Agreement.

6.1. **Data Sharing to Support Community Supports.**

- (a) Consistent with federal, state and, if applicable, local privacy and confidentiality laws, Subcontractor shall have access to:
- (i) Demographic and administrative information confirming the referred Member's eligibility and Authorization for the requested service;
 - (ii) Appropriate administrative, clinical, and social service information Subcontractor might need to effectively provide the requested service; and
 - (iii) Billing information necessary to support Subcontractor's ability to submit claims or invoices to ILS.

6.2. **Creation and Maintenance of Records.** Subcontractor shall keep, maintain, and make its records and documents available as are necessary to disclose fully the type and extent of Community Supports Services provided to a Medi-Cal Member. In addition, Subcontractor shall maintain such records and documents necessary to disclose how Subcontractor discharged its obligations under this Agreement. These records and documents shall disclose the quantity of Services provided under this Agreement, the quality of those services, the manner and amount of payment made for those services, the persons eligible to receive Services, the manner in which Subcontractor administered its daily business, and the cost thereof.

6.3. **Certification of Accuracy of Data.** Subcontractor recognizes that ILS is required to certify the accuracy, completeness and truthfulness of data that Officials request. Such data may include encounter data, payment data, and any other information provided to ILS by its providers. Subcontractor hereby represents and warrants that any such data submitted to ILS by Subcontractor shall be accurate, complete and truthful. Upon ILS's request, Subcontractor shall make such certification in the form and manner specified by ILS in order to meet ILS's legal, regulatory, accreditation and contractual requirements.

7. **Quality and Oversight.** The following terms supplement Article VI (Compliance and Oversight) of the Agreement.

7.1. **General.** Subcontractor represents and warrants that it is currently and for the term of this Agreement shall remain (a) appropriately licensed and otherwise permitted to provide the Community Supports Services, without additional oversight by any officials with jurisdiction (or other parties at the direction of any such officials); (b) in compliance with all applicable Law, professional codes of ethics or standards of practice; and (c) in compliance with all operational protocols (including, without limitation, specific Laws and guidance related to infection prevention and controls, and vaccination, for communicable diseases and infections, as required by Law.

7.2. **Community Supports Quality and Oversight.**

- (a) Subcontractor acknowledges ILS will conduct oversight of its delivery of Community Supports to ensure the quality of services rendered and ongoing compliance with all legal and contractual obligations both ILS and Subcontractor have, including, but not limited to, required reporting, audits, and corrective actions, among other oversight activities.
- (b) Subcontractor shall respond to all ILS requests for information and documentation to permit ongoing monitoring of Community Supports Services.

7.3. **Electronic Visit Verification.** As applicable in connection with the provision of personal care services and home health care services in a Member's home, Subcontractor shall comply with all Laws relating to electronic visit verification, and all other sub-regulatory guidance, instructions, advice, contractual specifications or requirements issued by DHCS, Officials or ILS, as the same may be amended, supplemented or revised. Subcontractor's failure to comply with any such Laws or requirements may result in non-compliance action imposed by DHCS, Officials or ILS and/or Health Plan, including, without limitation, a corrective action plan, denial of payment for Services rendered during the period of non-compliance, enrollment or monetary sanctions, or other remedial action, as deemed appropriate.

7.4. **Telehealth.** Subcontractor shall ensure all Services provided via telehealth comply with applicable Law and DHCS Program requirements, including those telehealth requirements set forth in the DHCS Provider Manual. Without limiting the generality of the foregoing, Subcontractor shall ensure the Member's consent to the use of telehealth is documented in the Member's medical record, which shall be made available to ILS and/or Health Plan and DHCS upon request.

7.5. **Reporting and Monitoring.** Subcontractor shall provide documentation and reports, including, without limitation, monthly member contact and individual progress reports, outreach status and action plans, consistent with Law and with the Policies and Procedures.

SCHEDULE 5

FACILITIES

This Schedule 5 incorporates by reference, as applicable, a listing of (i) the name, location, and address of each physical site (Facility) at which Subcontractor provide Services to Members under this Agreement, and (ii) related Subcontractor information as reasonably requested by ILS from time to time to administer this Agreement. Prior to execution of this Agreement and thereafter upon request by ILS, Subcontractor shall (i) complete a Subcontractor Profile Information Form (“PPIF”), (ii) ensure that an individual with fully granted signature authority signs such PPIF, and (iii) deliver such PPIF to ILS. ILS reserves the right to modify the format and/or change the information required on the PPIF from time to time.

Subcontractor shall not use any Facility to provide Services to a Member under this Agreement unless and until such Facility meets the conditions specified in Article VI (Compliance) of the Agreement and any conditions specified in the Policies and Procedures. In the event that Subcontractor intends to amend the information set forth below, it shall give ILS at least forty-five (45) calendar days’ prior notice of any intended addition, deletion or substitution of Facilities. Whether or not Subcontractor has properly notified ILS about the Facilities at which Subcontractor provides Services to Members under this Agreement, this Agreement shall be deemed to apply to all Facilities where Services are provided to Members.

The following Facilities, identified by name and address, shall be used to provide Services to Members under this Agreement:

Legal Name	
D.B.A. (Doing Business As)	
Physical Address:	
City	
State	
Zip Code	
Tax Identification No. (TIN)	
NPI	
Public Phone Number	
Medicare No.	
Medi-Cal No.	
License No. (CA. or Business)	

SCHEDULE 6

BILLING AND PAYMENT

In accordance with the provisions of Article IV (Billing and Payment) and this Schedule 6, Subcontractor shall be paid for Covered Services rendered to Members. The subexhibit(s) listed below and attached to this Schedule 6 describe(s) billing instructions and compensation rates/ payment terms for Covered Services provided under this Agreement. If any Services could be classified under more than one subexhibit attached to this Schedule 6, ILS shall determine in its sole discretion which of the attached subexhibits shall govern the payment for those Services.

SCHEDULE 6.3 BILLING INSTRUCTIONS AND COMPENSATION / PAYMENT
RATES FOR COMMUNITY SUPPORTS SERVICES

SCHEDULE 6.3

**BILLING INSTRUCTIONS AND COMPENSATION / PAYMENT RATES
FOR COMMUNITY SUPPORTS SERVICES**

Provider will bill for the corresponding service and receive reimbursement for the corresponding county.

Counties	Housing Transition Navigation Services	Housing Tenancy and Sustaining Services	Housing Deposits	Short-Term Post-Hospitalization Housing
See Schedule 2	\$386.00 PMPM	\$440.00 PMPM	<i>shall be reimbursed on a prior-approved, per case basis, not to exceed Member's lifetime benefit maximum of \$5,000.</i>	\$97.00 Per Diem

SCHEDULE 7

MEDI-CAL PROGRAM COMPLIANCE

The following additional provisions are required by Law and/or Membership Agreements between a Health Plan and the California Department of Health Care Services (“DHCS”) (such contract referenced herein as the “Medi-Cal Contract”), and govern the delivery of Covered Services to Members who are entitled to Covered Services pursuant to the Medi-Cal Contract (“Medi-Cal Members”) as of the effective date required by Law, the Medi-Cal Contract or DHCS. The parties acknowledge that this Agreement specifies the Services to be provided, ordered, referred, or rendered by ILS, Subcontractor, the method and amount of compensation, and the term of the Agreement, including the beginning and ending dates, methods of extension, renegotiation, phaseout, and termination. [Medi-Cal Contract Exhibit A, Attachment III, §§ 3.1.6(A)(1)-(3), 3.1.6(B)(1)-(3); DHCS All Plan Letter 19-001; 22 CCR §§ 53250(c) and (e)] The parties further acknowledge that this Agreement shall be governed by and construed in accordance with all applicable Law and the Medi-Cal Contract, Including 42 CFR § 438.230, Knox-Keene Health Care Services Plan Act of 1975, Health and Safety Code Section 1340 *et seq.* (unless expressly excluded under the Medi-Cal Contract); 28 CCR Section 1300.43 *et seq.*; Welfare and Institutions Code Sections 14000 and 14200 *et seq.*; 22 CCR Section 53800 *et seq.* [Medi-Cal Contract Exhibit A, Attachment III, §§ 3.1.6(A)(4), 3.1.6(B)(7); DHCS All Plan Letter 19-001; 22 CCR § 53250(c)] In the event of a conflict or inconsistency with any term or condition in the Agreement relating to Covered Services rendered to Medi-Cal Members, this Exhibit shall control.

I. Services for Medi-Cal Members.

(A) ILS and Subcontractors shall provide Covered Services required by and in accordance with the Medi-Cal Contract for Medi-Cal Members. Covered Services shall be readily available and accessible, and shall meet or exceed the Health Plan standards (Including access standards) for medical practice approved by DHCS. [Medi-Cal Contract Exhibit A, Attachment III, §§ 5.2.1, 5.2.5; 28 CCR§ 1300.67.2] ILS shall notify KP one hundred twenty (120) days prior to making changes in the availability or location of Covered Services provided to Medi-Cal Members under this Agreement. [Medi-Cal Contract Exhibit A, Attachment III, § 5.2.9(A)]

(B) If ILS provides family planning services, ILS acknowledges that Medi-Cal Members have the right to access family planning services through any family planning provider without prior authorization. As applicable, ILS shall provide family planning services in a manner that ensures Medi-Cal Members the freedom to choose their preferred method of family planning consistent with 42 CFR § 441.20. [Medi-Cal Contract Exhibit A, Attachment III, § 5.2.8(A)(1)]

II. Reports, Maintenance and Availability of Records.

(A) ILS shall keep, maintain, and make its records and documents available as are necessary to disclose fully the type and extent of Covered Services provided to a Medi-Cal Member, Including working papers reports to DHCS, financial records, medical records, medical charts and prescription files, encounter data, and other documentation pertaining to medical and non-medical services rendered to Medi-Cal Members. [Medi-Cal Contract Exhibit A, Attachment III, §§ 3.1.6(A)(8)-(9), 3.1.6(B)(13)-(14), Exhibit E, § 1.22(A)(1); 22 CCR § 53250(c)]

In addition, ILS shall maintain such records and documents necessary to disclose how ILS discharged its obligations under this Agreement. These records and documents shall disclose the quantity of Covered Services provided under this Agreement, the quality of those services, the manner and amount of payment made for those services, the persons eligible to receive Covered

Services, the manner in which ILS administered its daily business, and the cost thereof [Medi-Cal Contract Exhibit A, Attachment III, §§ 3.1.6(A)(7), 3.1.6(A)(9), 3.1.6(B)(12), 3.1.6(B)(14), Exhibit E, § 1.22(A)(1)]

(B) ILS shall develop and submit reports as required to satisfy KP's obligations under applicable Law related to the Medi-Cal Program and the Medi-Cal Contract. [Medi-Cal Contract Exhibit A, Attachment III, §§ 3.1.6(A)(6), 3.1.6(B)(10); DHCS All Plan Letter 19-001; 22 CCR § 53250(c)] If requested by KP, ILS shall attest to the accuracy, truthfulness, and completeness of reports, data, or documentation provided to KP. [Medi-Cal Contract Exhibit A, Attachment III, §§ 2.1.5, 2.1.6(D), 3.1.6(A)(6), 3.1.6(B)(10); DHCS All Plan Letter 17-005; 42 CFR § 438.606]

(C) ILS, or its Subcontractors, as applicable, shall submit complete, accurate, reasonable, and timely claims, provider data, and encounter data to KP to enable KP to meet its administrative functions and data reporting and other applicable requirements under the Medi-Cal Contract. All encounter data shall be submitted to KP no later than 12 months from the date of service. [Medi-Cal Contract Exhibit A, Attachment III, §§ 2.1.1, 2.1.2, 2.1.4, 2.1.5, 2.1.6(D), 3.1.6(A)(6), 3.1.6(B)(10); 42 CFR §§ 438.242 and 438.606; DHCS All Plan Letters 16-019, 19-001 and 20-017]

(D) ILS shall collect and disclose information regarding its officers, owners, stockholders owning more than five percent of the stock issued by ILS, and major creditors holding more than five percent of the debt of ILS, and such other information KP may be required to provide to Government Officials by Law or under the Medi-Cal Contract. [Medi-Cal Contract Exhibit A, Attachment III, § 3.1.12; Welfare and Institutions Code § 14452(a); 22 CCR § 51000.35; 42 CFR § 438.608(c)] ILS shall provide to KP written disclosure of (i) information relating to the ownership and control of ILS as required under 42 CFR § 438.608(c)(2) and Part 455, Welfare and Institutions Code § 14452(a), and 22 CCR § 51000.35 and (ii) any prohibited affiliations under 42 CFR § 438.610, at the times required by such authorities. Such information shall also be provided to KP a) upon request by KP, b) when any such information previously disclosed to KP has changed, or c) when such disclosures are required by 42 CFR § 455.104. Such information may be made available by KP to DHCS upon DHCS' request. [42 CFR §§ 438.608(c)(2) and 438.610; 42 CFR Part 455; Medi-Cal Contract Exhibit A, Attachment III, §§ 1.1.2, 1.3.5.B; DHCS All Plan Letter 23-006]

(E) Pursuant to 42 CFR § 438.3(h), DHCS, CMS, the DHHS Office of the Inspector General, the Comptroller General, the United States Department of Justice, the Division of Medi-Cal Fraud & Elder Abuse, DMHC, the External Quality Review organization contractor, and all other agencies authorized under state and federal law ("Authorized Agencies"), and their duly authorized representatives or designees may, at any time, inspect and audit any of ILS's, or its Subcontractors', records or documents and may, at any time, inspect, evaluate and audit the premises, physical facilities, and equipment where Medi-Cal-related activities or work is conducted. The right to audit under this Section exists for ten (10) years from the final date of the Medi-Cal Contract period or from the date of completion of any audit, whichever is later. [Medi-Cal Contract Exhibit A, Attachment III, §§ 3.1.6(A)(8), 3.1.6(B)(13), Exhibit E, § 1.22; 22 CCR §§ 53250(c)(2), 53867]

(F) ILS shall make all of its premises, facilities, equipment, books, records, contracts, computer and other electronic systems pertaining to the Covered Services ordered, referred, or rendered under this Agreement, available for the purpose of an audit, inspection, evaluation, examination, or copying as required by Law or the Medi-Cal Contract, through ten (10) years

from the final date of the Medi-Cal Contract period or from the date of completion of any audit, whichever is later: [Medi-Cal Contract Exhibit A, Attachment III, § 3.1.6(A)(8); 42 CFR § 438.3(h); 22 CCR § 53250(e); DHCS All Plan Letter 19-001]

(1) In accordance with inspections and audits, as directed by DHCS, CMS, DHHS Inspector General, the Comptroller General, Department of Justice (“DOJ”), DMHC, or their designees [Medi-Cal Contract Exhibit A, Attachment III, § 3.1.6(A)(8)(a); DHCS All Plan Letter 19-001];

(2) At all reasonable times at ILS’s place of business, or at such other mutually agreeable location in California. [Medi-Cal Contract Exhibit A, Attachment III, § 3.1.6(A)(8)(b); Welfare and Institutions Code § 14452(c); DHCS All Plan Letter 19-001]

(G) ILS shall maintain all of its books and records, including encounter data, in accordance with good business practices and generally accepted accounting principles for a term of at least ten (10) years from the final date of the Medi-Cal Contract period or from the date of completion of any audit, whichever is later, and shall maintain records as specified in 42 CFR Section 438.3(u). [Medi-Cal Contract Exhibit A, Attachment III, §§ 3.1.6(A)(9), 3.1.6(B)(14), Exhibit E, § 1.22(A)(2); DHCS All Plan Letter 19-001; Welfare and Institutions Code § 14124.1]

(H) (1) If DHCS, CMS, or the DHHS Inspector General determines there is a reasonable possibility of fraud or similar risk, DHCS, CMS, or the DHHS Inspector General may inspect, evaluate, and audit ILS at any time. [DHCS All Plan Letter 19-001]

(2) While under investigation upon a credible allegation of fraud or placed on a temporary suspension, KP may suspend payments under this Agreement, suspend or exclude the participation of a Practitioner or Facility under this Agreement or terminate this Agreement. [Medi-Cal Contract Exhibit A, Attachment III, § 1.3(4)(D); DHCS All Plan Letters 15-026 and 21-003; 42 CFR § 455.23 and 438.608(a)(8); Welfare and Institutions Code §§ 14107.11, 14043.36] Upon resolution of a full investigation of fraud, DHCS reserves the right to suspend or terminate ILS from participation in the Medi-Cal program, seek recovery of payments made to ILS, impose other sanctions provided under the State Plan, and direct KP to terminate this Agreement due to fraud. [DHCS All Plan Letter 19-001]

(3) ILS is not entitled to payment for services that ILS provides to Medi-Cal Members for any period during which ILS is decertified, suspended (including any payment suspension or temporary suspension), terminated, excluded from the Medi-Cal program, or listed in any Suspended and Ineligible ILS List, Restricted ILS Database, or restricted federal database (the Social Security Administration’s Death Master File, the National Plan and ILS Enumeration System (NPPES), the List of Excluded Individuals/Entities (LEIE), the System for Award Management (SAM), and any other databases as DHCS or DHHS may prescribe) (collectively, "State or Federal Databases"), as these services are not eligible to receive state or federal Medi-Cal reimbursement (from KP or otherwise). ILS may not collect payment from Medi-Cal Members for services rendered for any period during which ILS is decertified, suspended (including any payment suspension or temporary suspension), terminated, excluded from the Medi-Cal program, or listed in any State or Federal Databases. KP may recoup any payments made to ILS to which ILS is not entitled for any services provided by ILS during the period in which ILS was decertified, suspended (including any payment suspension or temporary suspension), terminated, excluded from the Medi-Cal program, or listed in any

State or Federal Databases. [42 CFR § 438.608(d)(2); DHCS All Plan Letter 21-003]

(4) ILS shall notify KP upon receiving notice of decertification, suspension (Including any payment suspension or temporary suspension), termination, exclusion, or being listed on any State or Federal Databases. [DHCS All Plan Letter 21-003]

(I) ILS shall maintain and make available to DHCS, upon request, copies of all ILS's Subcontracts related to ordering, referring, or rendering Covered Services under this Agreement and ensure that all such Subcontracts are in writing and impose the requirements of section II(F) and (G) on any Subcontractor. [Medi-Cal Contract Exhibit A, Attachment III, § 3.1.6(A)(7); 22 CCR § 53250(e)(3); DHCS All Plan Letter 19-001]

(J) ILS shall permit state and federal agencies to visit and inspect the premises upon their request, as required by Law or the Medi-Cal Contract. [Medi-Cal Contract Exhibit A, Attachment III, §§, 3.1.6.A.8, 3.1.6.B.13, Exhibit E, 1.22(B)(2)]

(K) ILS shall comply with KP's process, timeframes, and documentation requirements related to overpayments. Overpayments include any payments ILS receives from KP to which ILS is not entitled to under Title XIX of the Social Security Act. ILS must report directly to KP, or KP's Medi-Cal Subcontractor if applicable, when it has received an overpayment under this Agreement and return such overpayment to KP or its Medi-Cal Subcontractor if applicable, within sixty (60) calendar days of the date the overpayment was identified. ILS shall also notify KP or its Medi-Cal Subcontractor if applicable, in writing of the reason for the overpayment in accordance with the Medi-Cal Contract overpayment recovery provisions and 42 CFR §438.608(d)(2). [DHCS All Plan Letter 17-003; Medi-Cal Contract Exhibit A, Attachment III, §§ 3.1.6(A)(19), 3.1.6(B)(27); 42 CFR § 438.608(d)(2)]

(L) If requested by KP or DHCS, ILS shall provide documentation of ILS's financial viability. [Medi-Cal Contract Exhibit A, Attachment III, §§ 3.1.1, 3.1.7]

III. No Recourse Against Medi-Cal Members.

(A) ILS shall hold harmless the State of California, other Medi-Cal plans, and Medi-Cal Members and persons acting on a Medi-Cal Member's behalf, in the event KP or, if applicable, a Medi-Cal Subcontractor, cannot or will not pay for Covered Services performed, ordered, referred, or rendered by ILS or its Subcontractors pursuant to the Agreement. [Medi-Cal Contract Exhibit A, Attachment III, § 3.1.6(A)(13); 22 CCR § 53250(e); DHCS All Plan Letter 19-001]

(B) ILS agrees to hold harmless Medi-Cal Members if Medi-Cal Laws or the Medi-Cal Contract provide for insufficient funding to cover program benefits. ILS is prohibited from balance billing a Medi-Cal Member. Notwithstanding anything to the contrary in this Agreement, ILS shall not submit a claim, bill, or demand, or otherwise seek or collect reimbursement for Covered Services provided under this Agreement or for missed or canceled appointments from any Medi-Cal Member or any person acting on behalf of any Medi-Cal Member, except as expressly authorized by the Agreement, Law, or DHCS. [Medi-Cal Contract Exhibit A, Attachment III, § 3.1.6(A)(13), (A)(14); Welfare and Institutions Code § 14019.3(d); 22 CCR § 53220; DHCS All Plan Letter 19-001]

(C) If ILS is a federally qualified health center, a rural health clinic, or other clinic, ILS agrees that the negotiated and agreed-upon rates, subject to the terms in the Agreement, constitute complete reimbursement and payment in full from KP for the Covered Services rendered to

Medi-Cal Members. [Exhibit A, Attachment III, § 3.1.8]

IV. **Compliance with Laws.**

(A) ILS shall comply with and ensure its Subcontractors comply with (1) all DHCS Medi-Cal Managed Care Program requirements and standards applicable to Medi-Cal providers; (2) any requirements imposed upon KP by federal and state laws and regulations, DHCS Medi-Cal Managed Care Policy and All-Plan Letters and sub-regulatory guidance, and through the Medi-Cal Contract and subsequent amendments; and (3) KP's compliance program and policies implementing said requirements and standards. [42 CFR § 438.608(a); Medi-Cal Contract Exhibit A, Attachment III, § 3.1.6(A)(5); DHCS All Plan Letter 19-001]

(B) Without limitation, ILS shall not discriminate against any Medi-Cal Member on the basis of race, color, age, sex, gender identity, religion, creed, ancestry, national origin, language, physical or mental disability or handicap, marital status, sexual orientation, health status, identification with any other persons or groups defined in Penal Code Section 422.56, or any reason in violation of Title VI of the Civil Rights Act of 1964 (42 USC § 2000(d) and implementing rules and regulations) and shall provide Covered Services in a culturally and linguistically appropriate manner. [Medi-Cal Contract Exhibit A, Attachment III, §§ 2.2.6(F), 5.2.10(B)(3), Exhibit E, § 1.30(A)]

(1) ILS shall take affirmative action to ensure that Medi-Cal Members are provided Covered Services without regard to race, color, national origin, creed, ancestry, religion, language, age, marital status, sex, sexual orientation, gender identity, health status, or physical or mental disability or handicap, or identification with any other persons or groups defined in Penal Code Section 422.56, except where medically indicated. [Medi-Cal Contract Exhibit A, §§ 2.2.6(F), 5.2.10, Exhibit E, § 1.30(B)]

(2) ILS agrees that copies of all grievances it receives alleging discrimination against Medi-Cal Members or eligible beneficiaries because of race, color, national origin, creed, ancestry, religion, language, age, marital status, sex, sexual orientation, gender identity, health status, physical or mental disability, or identification with any other persons or groups defined in Penal Code Section 422.56, shall be forwarded to KP for review and appropriate action. [Medi-Cal Contract Exhibit A, Attachment III, § 4.6.2, Exhibit E, § 1.30; 28 CCR §§ 1300.68(a)(1-2) and (f)(2)(D)]

(C) ILS shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment and shall take affirmative action to ensure that qualified applicants are employed, and that applicants and employees during employment, are treated without regard to their race, color, religion, sex, national origin, ancestry, mental handicap or disability, physical disability (Including HIV, AIDS, ARC), medical condition (Including cancer), age (over 40), marital status, status as a disabled veteran or veteran of the Vietnam era, or denial of family care leave. Such action shall include, but not be limited to the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and career development opportunities and selection for training, Including apprenticeship. ILS agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the federal government or DHCS, setting forth the provisions of the Equal Opportunity clause, Section 503 of the Rehabilitation Act of 1973 and the affirmative action clause required by the Vietnam Era Veterans' Readjustment Assistance Act of 1974 (38 § USC 4212). Such notices shall state ILS's obligation under the law to take affirmative action to employ and advance in employment qualified applicants without

discrimination based on their race, color, religion, sex, national origin physical or mental handicap, disability, age or status as a disabled veteran or veteran of the Vietnam era and the rights of applicants and employees. [Medi-Cal Contract Exhibit D(f), § 1(a), Exhibit E, § 1.28]

(D) ILS shall, in all solicitations or advertisements for employees placed by or on behalf of ILS, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, national origin, physical or mental handicap, disability, age or status as a disabled veteran or veteran of the Vietnam era. [Medi-Cal Contract Exhibit D(f), § 1(b)]

(E) ILS shall send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding a notice, to be provided by the federal government or the State of California, advising the labor union or workers' representative of ILS's commitments under the provisions herein and shall post copies of the notice in conspicuous places available to employees and applicants for employment. [Medi-Cal Contract Exhibit D(f), § 1(c)]

(F) ILS shall comply with the provisions of the Fair Employment and Housing Act (Government Code, Section 12990 and implementing regulations in 2 CCR § 7285 et. seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990(a-f), set forth in Chapter 5 of Division 4.1, Title 2 CCR, are incorporated into this Agreement by reference and made part hereof as if set forth in full. [Medi-Cal Contract Exhibit E, § 1.28(D)]

(G) ILS shall ensure that any facilities owned, occupied, or operated by ILS are licensed, accredited (where applicable), in compliance with licensing standards, and in compliance with all applicable local, state, and federal standards, including fire and safety standards, and conduct proper sterilization and disinfection of equipment. [22 CCR § 53230]

(H) In compliance with Section 14115.75 of the California Welfare and Institutions Code, ILS shall comply with the federal False Claims Act employee training and policy requirements in 42 USC § 1396a(a)(68), and ILS shall cooperate with KP's establishment and dissemination of similar written policies for employees and contractors, which policies provide information about the federal False Claims Act, other administrative remedies for false claims under federal law, any state and civil or criminal penalties for false claims, and any whistleblower protections under such laws, with respect to the role of such laws in preventing and detecting fraud, waste, and abuse in federal health benefit programs.

(I) ILS shall comply with all provisions of and furnish all information and reports required by Section 503 of the Rehabilitation Act of 1973, as amended, the Vietnam Era Veterans' Readjustment Assistance Act of 1974 (38 USC § 4212) and of the Federal Executive Order No. 11246 as amended, including by Executive Order 11375, "Amending Executive Order 11246 Relating to Equal Employment Opportunity," and as supplemented by regulation at 41 CFR 60, "Office of the Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor" and of the rules, regulations, and relevant orders of the Secretary of Labor. [Medi-Cal Contract Exhibit D(f), § 1(d)]

(J) ILS shall furnish all information and reports required by Federal Executive Order No. 11246 as amended, including by Executive Order 11375, "Amending Executive Order 11246 Relating to Equal Employment Opportunity," and as supplemented by regulation at 41 CFR 60, "Office of the Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor," and the Rehabilitation Act of 1973, and by the rules, regulations, and

orders of the Secretary of Labor, or pursuant thereto, and ILS shall permit access to its books, records, and accounts by the State of California and its designated representatives and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders. [Medi-Cal Contract Exhibit D(f), § 1(e)]

(K) ILS shall comply with all applicable federal requirements in Title VI of the Civil Rights Act of 1964; Title IX of the Education Amendments of 1972 (regarding education programs and activities, as amended); the Age Discrimination Act of 1975; the Rehabilitation Act of 1973, as amended; the Americans with Disabilities Act of 1990, as amended; and Section 1557 of the Patient Protection and Affordable Care Act. [Medi-Cal Contract Exhibit E, § 1.29(A)]

(L) In the event of ILS's noncompliance with the requirements of the provisions herein or with any federal rules, regulations, or orders which are referenced herein, this Agreement may be cancelled, terminated, or suspended in whole or in part, and ILS may be declared ineligible for further federal and state contracts in accordance with procedures authorized in Federal Executive Order No. 11246 as amended and such other sanctions may be imposed and remedies invoked as provided in Federal Executive Order No. 11246 as amended, including by Executive Order 11375, "Amending Executive Order 11246 Relating to Equal Employment Opportunity," and as supplemented by regulation at 41 CFR 60, "Office of the Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor," or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by Law. [Medi-Cal Contract Exhibit D(f), § 1(f)]

(M) ILS shall not take any punitive action of any kind against a Practitioner or Subcontractor who either requests an expedited review of a Medi-Cal Member's Complaint or supports a Medi-Cal Member's appeal of KFHP's determination regarding such Complaint. [Medi-Cal Contract Exhibit A, Attachment III, § 3.27]

(N) As applicable in connection with the provision of personal care Services and home health care Services in a Medi-Cal Member's home, ILS shall comply with all Laws relating to electronic visit verification, and all other sub-regulatory guidance, instructions, advice, contractual specifications or requirements issued by DHCS, Government Officials or KP, as the same may be amended, supplemented or revised. ILS's failure to comply with any such Laws or requirements may result in non-compliance action imposed by DHCS, Government Officials or KP, including a corrective action plan, denial of payment for Services rendered during the period of non-compliance, enrollment or monetary sanctions, or other remedial action, as deemed appropriate by DHCS, Government Officials or KP. [Welfare and Institutions Code § 14043.51; DHCS All Plan Letter 22-014]

V. **Other Requirements.**

(A) In the event of termination of a Medi-Cal Contract, ILS agrees to assist KP, DHCS, or, if applicable, a Medi-Cal Subcontractor, in the transfer of care of Medi-Cal Members pursuant to the applicable Medi-Cal Contract phaseout provisions. Further if a Subcontract with a provider who is providing Services to a Medi-Cal Member is terminated for any reason, ILS agrees to assist KP, DHCS, or a Medi-Cal Subcontractor in the transfer of care of the Medi-Cal Member. [Medi-Cal Contract Exhibit A, Attachment III, §§ 3.1.6(A)(11), 3.1.6(B)(16); DHCS All Plan Letter 19-001]

(B) ILS agrees to timely gather, preserve and provide to KP, DHCS, CMS, Attorney General's Division of Medi-Cal Fraud and Elder Abuse (DMFEA), and any authorized State or federal regulatory agencies, any records in its possession, in accordance with the Medi-Cal

Contract provisions governing records related to recovery for litigation. [Medi-Cal Contract Exhibit A, Attachment III, §§ 3.1.6(A)(10), 3.1.6(B)(15); DHCS All Plan Letter 19-001]

(C) ILS agrees to provide language assistance services, Including interpreter services and translation services for Medi-Cal Members, and to comply with the language assistance standards developed pursuant to Health & Safety Code § 1367.04. [Welfare and Institutions Code § 14029.91; Medi-Cal Contract Exhibit A, Attachment III, § 3.1.6(A)(17); DHCS All Plan Letter 19-001]

(D) ILS agrees to participate and cooperate in KP's Quality Improvement System, Including participation in KP quality programs, initiatives and committees. [Medi-Cal Contract Exhibit A, Attachment III, §§ 2.2.4, 3.1.6.B.19; DHCS All Plan Letter 19-001]

(E) Smoke-Free Workplace Certification – ILS certifies that to the extent applicable it shall comply with the requirements of the U.S. Pro-Children Act of 1994 (20 USC § 6081 *et seq.*) and shall therefore not allow smoking within any portion of any indoor facility used for the provision of health services for children. [Medi-Cal Contract Exhibit D(f), § 21]

(F) Debarment and Suspension Certification – ILS agrees to comply with applicable federal suspension and debarment regulations, Including 7 CFR § 3017, 45 CFR § 76, 40 CFR § 32, 34 CFR § 85. [Medi-Cal Contract Exhibit D(f), § 20; the terms and definitions herein have the meanings set out in 2 CFR Part 180 as supplemented by 2 CFR Part 376] ILS certifies to the best of its knowledge and belief that it and its principals:

(1) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any federal or state department or agency.

(2) Have not within a three-year period preceding this Agreement been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property; and are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated herein.

(3) Have not within a three-year period preceding this Agreement had one or more public transactions (Federal, State or local) terminated for cause or default.

(4) Shall not knowingly enter into any lower tier covered transaction with a person who is proposed for debarment under federal regulations (i.e., 48 CFR § 9, subpart 9.4), debarred, suspended, declared ineligible, or voluntarily excluded from participation in such transaction, unless authorized by the State of California.

(G) ILS acknowledges that KP has advised it of its right to submit a grievance under KP's formal process for resolving provider grievances. [Medi-Cal Contract Exhibit A, Attachment III, §§ 3.1.6(A)(20), 3.2.2; DHCS All Plan Letter 19-001]

(H) ILS shall report ILS-Preventable Conditions (conditions occurring in an inpatient hospital setting, or a condition occurring in any health care setting, that meets the criteria as stated in 42

CFR § 447.26(b)) in accordance with applicable Law and DHCS requirements and as directed by KP. KP shall not pay any claims nor reimburse for a ILS-Preventable Condition. [42 CFR §§ 447.26 and 434.6; DHCS All Plan Letter 17-009; Medi-Cal Contract Exhibit A, Attachment III, § 3.3.17]

(I) ILS shall comply with all monitoring provisions of the Medi-Cal Contract and any monitoring requests by DHCS. [Medi-Cal Contract Exhibit A, Attachment III, § 3.1.6(B)(11); DHCS All Plan Letter 19-001]

(J) ILS shall implement and maintain written policies and procedures respecting advance directives in accordance with the requirements of 42 CFR §§ 422.128 and 438.3(j).

(K) If ILS has not already enrolled in Medi-Cal through DHCS' Medi-Cal Fee-For-Service enrollment process and ILS provides services to Medi-Cal patients under this Agreement, ILS shall enroll through DHCS' provider enrollment process or through KP's or another managed care plan's internal provider enrollment process if such an internal enrollment process is available. ILS shall maintain enrollment in good standing in Medi-Cal throughout the term of this Agreement. ILS shall notify KP immediately when it has been denied enrollment through one of these enrollment processes and when it has been enrolled through another managed care plan's internal provider enrollment process. [DHCS All Plan Letter 22-013; 42 CFR § 438.602(b)]

(L) ILS shall cooperate with KP's Medi-Cal credentialing, re-credentialing, screening, and enrollment processes, as applicable, and shall provide any documentation requested by KP or DHCS related to these processes. [DHCS All Plan Letter 22-013; Medi-Cal Contract Exhibit A, Attachment III, § 1.3.3]

(M) ILS acknowledges that KP will provide cultural competency, sensitivity, health equity, and/or diversity training, and agrees that its employees and staff at key points of contact with Medi-Cal Members shall complete any such training required by KP. [Medi-Cal Contract Exhibit A, Attachment III, §§ 3.1.6(A)(16), 3.1.6(B)(24); DHCS All Plan Letter 19-001]

(N) ILS acknowledges that it has completed, and agrees it will continue to complete, the required training regarding Medi-Cal managed care program to ensure it operates in full compliance with the DHCS Medi-Cal Managed Care Program requirements and all applicable Law in the form specified by KP. ILS agrees that, upon request and consistent with applicable Law, it will confirm in writing timely completion of the training in accordance with Medi-Cal requirements. [Medi-Cal Contract Exhibit A, Attachment III, § 3.2.5]

(O) To the extent applicable, if a Medi-Cal Member seeks or requires mental health services, including behavioral health assessments, that are beyond the scope of practice of ILS or its Subcontractors, ILS or its Subcontractors shall cooperate with KP to refer the Medi-Cal Member to an appropriate provider in the KP provider network for such mental health care services. In addition, ILS and its Subcontractors shall cooperate with KP to refer adult Medi-Cal Members with significant impairment resulting from a covered mental health diagnosis, and Medi-Cal Members under age 21 according to criteria that are found in the Medi-Cal ILS Manual, to the county Mental Health Plan ("MHP"). ILS further agrees to refer the adult Medi-Cal Members to the county MHP for further assessment when the Medi-Cal Member has a significant impairment, but the diagnosis is uncertain. [DHCS All Plan Letter 22-006]

(P) ILS shall require its Subcontractor primary care providers to screen beneficiaries for

alcohol misuse as part of routine care, and offer and document Alcohol Misuse Screening and Counseling (AMSC) services according to requirements that are found in the Medi-Cal ILS Manual. [DHCS All Plan Letter 21-014]

(Q) ILS shall notify KP immediately upon becoming aware that a third party may be liable for reimbursement to DHCS for Medi-Cal paid services to a Medi-Cal Member. ILS may not retain a duplicate payment from a third party such as a Workers' Compensation carrier or employer for services provided to a Medi-Cal Member. ILS shall notify KP immediately if it receives such a duplicate payment. [Medi-Cal Contract Exhibit E, § 1.26; DHCS All Plan Letter 21-007]

(R) Solely with respect to the Services provided by ILS to Medi-Cal Members, the Agreement and any amendments shall be effective upon prior written approval by DHCS or by operation of law, as may be required under applicable Law or the Medi-Cal Contract. [22 CCR § 53250(c)(3); DHCS All Plan Letter 19-001]

(S) ILS understands and agrees that KP and DHCS shall have the right to terminate this Agreement or impose other remedies in instances where DHCS or KP determines that ILS has not performed satisfactorily. [Medi-Cal Contract Exhibit A, Attachment III, § 3.1.6(A)(12); 42 CFR § 438.230(c)(1)(iii); DHCS All Plan Letter 19-001]

(T) ILS shall notify DHCS in the event this Agreement with KP is amended or terminated for any reason. Notice shall be considered given when properly addressed and deposited in the United States Postal Service as first-class registered mail, postage attached. [Medi-Cal Contract Exhibit A, Attachment III, § 3.1.6(B)(17); 22 CCR § 53250(e); DHCS All Plan Letter 19-001]

(U) ILS agrees that assignment or delegation of this Agreement or Subcontract shall be void unless prior written approval is obtained from DHCS. [Medi-Cal Contract Exhibit A, Attachment III, § 3.1.6(B)(5); 22 CCR § 53250(e); DHCS All Plan Letter 19-001]

(V) Health Plan shall inform ILS of prospective requirements added by State or federal law or by DHCS related to the Medi-Cal Contract that impact obligations undertaken through this Agreement or any delegation agreement, before the requirements would be effective, and ILS shall comply with the new requirements within thirty (30) calendar days of the effective date, unless otherwise instructed by DHCS and to the extent possible under applicable Law. [Medi-Cal Contract Exhibit A, Attachment III, § 3.1.6(A)(15); DHCS All Plan Letter 19-001]

(W) ILS is entitled to all protections afforded to ILS under Health & Safety Code § 1375.7, the Health Care ILSs' Bill of Rights, Including ILS's right to access KP's dispute resolution mechanism and submit a grievance pursuant to Health & Safety Code § 1367(h)(1). [Medi-Cal Contract Exhibit A, Attachment III, § 3.1.6(A)(20); Health & Safety Code §§ 1367(h)(1), 1375.7; DHCS All Plan Letter 19-001]

(X) Subcontractor must notify ILS and/or Health Plan, and Health Plan's Medi-Cal Subcontractor if applicable, within ten (10) working days of any suspected fraud, waste, or abuse and Health Plan may, in accordance with its fraud and abuse reporting requirements in the Medi-Cal Contract, share such information with DHCS or a subcontractor of DHCS. [Medi-Cal Contract Exhibit A, Attachment III, §§ 3.1.6(A)(18), 3.1.6(B)(26)]

(Y) Prior to delivering Covered Services to Medi-Cal Members, ILS and Subcontractor shall review the Medi-Cal eligibility records for the presence of other health coverage (OHC). If the

Medi-Cal Member has active OHC, ILS and Subcontractor must compare the OHC code to the requested service and if the service is covered by the OHC, ILS and Subcontractor shall instruct the Medi-Cal Member to seek the service from the OHC carrier. Regardless of the presence of OHC, ILS and Subcontractor shall not refuse to provide a Medi-Cal Covered Service to a Medi-Cal Member. In cases where prenatal service billing is bundled with claims for other services, ILS shall cost-avoid the entire claim. Health Plan shall not process claims for a Medi-Cal Member whose Medi-Cal eligibility record indicates OHC, other than a code of A or N, unless ILS presents proof that all sources of payment have been exhausted or the provided service meets the requirement for billing Medi-Cal directly. Acceptable forms of proof that all sources of payment have been exhausted include a denial letter from the OHC for the service, an explanation of benefits indicating that the service is not covered by the OHC, or documentation that ILS has billed the OHC and received no response for ninety (90) days. [DHCS All Plan Letter 22-027]

(Z) This Agreement and any amendments hereto are effective only as set forth in Exhibit A, Section 3.1.8 of the Medi-Cal Contract. [Medi-Cal Contract Exhibit A, Attachment III, § 3.1.6(B)(4); DHCS All Plan Letter 19-001]

(AA) ILS and Subcontractor shall:

- (1) Annually submit evidence of adherence to CMS Emergency Preparedness Final Rule (81 Federal Register 63859);
- (2) Advise Health Plan as part of ILS's emergency plan as defined by the CMS Emergency Preparedness Final Rule; and
- (3) Notify Health Plan within 24 hours of an Emergency if ILS closes down, is unable to meet the demands of a medical surge, or is otherwise affected by an Emergency. An "Emergency" for the purpose of this notification shall mean unforeseen circumstances that require immediate action or assistance to alleviate or prevent harm or damage caused by public health crises, natural and man-made hazards, or disasters.

[Medi-Cal Contract Exhibit A, Attachment III, § 6.3(C)(3)]

VI. **Medi-Cal Subcontractor Provisions.**

A "Medi-Cal Subcontractor" as defined in 42 CFR § 438.2 is an individual or entity who has a contract with Health Plan or ILS and Subcontractor that relates directly or indirectly to the performance of KP's obligations (*other than rendering clinical services*) under the Medi-Cal Contract with DHCS (a "Medi-Cal Subcontract").

(A) Health Plan may enter into Medi-Cal Subcontracts with other entities in order to fulfill the obligations of the Medi-Cal Contract. Health Plan shall evaluate the prospective Medi-Cal Subcontractor's ability to perform the Medi-Cal Subcontracted services, shall oversee and remain responsible and accountable for any functions and responsibilities delegated and shall meet the subcontracting requirements as stated in 42 CFR §§ 438.230(b)(1)(c)(1)(i)-(iii), (c)(2), (c)(3), 22 CCR § 53867, and the Medi-Cal Contract. [Medi-Cal Contract Exhibit A, Attachment III, § 3.1.6(B)]

To the extent ILS and/or Subcontractor is a "Medi-Cal Subcontractor" as that term is defined in the Medi-Cal Contract and in 42 CFR § 438.2, the additional provisions of this Section

VI shall apply, as applicable to the particular administrative functions or services delegated to ILS and/or Subcontractor and related to fulfilling KP's obligations to DHCS under the terms of the Medi-Cal Contract. As required to satisfy KP's obligations under applicable Law and the Medi-Cal Contract, any Medi-Cal Subcontract entered between ILS and a subcontractor (a "Downstream Medi-Cal Subcontractor") shall require such Downstream Medi-Cal Subcontractor to comply with all applicable obligations of ILS and/or Subcontractor under this Medi-Cal Program Compliance Exhibit and all obligations imposed on a Downstream Medi-Cal Subcontractor by Law, the Medi-Cal Contract, or DHCS.

(B) ILS and Subcontractor shall comply with (1) all DHCS Medi-Cal Managed Care Program requirements and standards applicable to Medi-Cal Subcontractors; (2) any requirements imposed upon Health Plan by federal and state laws and regulations, DHCS Medi-Cal Managed Care Policy and All-Plan Letters and sub-regulatory guidance, and through the Medi-Cal Contract and subsequent amendments; and (3) KP's compliance program and policies implementing said requirements and standards. [Medi-Cal Contract Exhibit A, Attachment III, § 3.1.6(B)(8)]

(C) Any and all delegated activities, obligations and related reporting responsibilities of ILS and/or Subcontractor shall be documented in a written contract. ILS and Subcontractor shall maintain and make available to DHCS, upon request, copies of all contracts it enters into related to the performance and functions it undertakes pursuant to such contract and shall ensure that such contracts are in writing. ILS and Subcontractor agrees to perform the delegated activities and reporting responsibilities in accordance with applicable Law, the Medi-Cal Contract, and this Agreement and any delegation agreement between Health Plan and ILS and Subcontractor. [Medi-Cal Contract Exhibit A, Attachment III, § 3.1.6(B)(12); DHCS All Plan Letter 23-006]

(D) If Health Plan delegates to ILS and/or Subcontractor any quality improvement, credentialing/recredentialing or utilization management responsibilities, such delegated activities shall be documented in a written contract that contains provisions stipulated in Exhibit A, Attachment III, § 2.2.5, and that satisfy the requirements of Medi-Cal Contract Exhibit A, Attachment III, §§ 2.2.4, 3.1.6.B.20, Including the following:

- (1) The responsibilities and specific delegated functions and activities of Health Plan and ILS and/or Subcontractor.
- (2) Health Plan's oversight, monitoring, and evaluation processes and ILS's agreement to comply with such processes.
- (3) Health Plan's reporting requirements and approval processes. The contract shall include ILS's responsibility to report findings and actions taken as a result of the delegated activities at least quarterly.
- (4) Health Plan's actions/remedies if ILS's obligations are not met.

[Medi-Cal Contract Exhibit A, Attachment III, § 3.1.6(B)(20); DHCS All Plan Letter 19-001]

(E) To the extent ILS is delegated any grievance and appeals activities, ILS shall implement a Medi-Cal Member grievance and appeal system satisfactory to Health Plan and shall provide its Medi-Cal Member grievance and appeal system requirements to any of ILS's subcontractors at the time they enter into a Medi-Cal Subcontract. Such Medi-Cal Member grievance and appeal system shall be in accordance with 42 CFR §§ 438.228 and 438.400 – 424, 28 CCR §§ 1300.68

and 1300.68.01, 22 CCR § 53858 for Covered Services and certain Community Supports offered by KFHP to Medi-Cal Members under 42 CFR § 438.3(e)(2); and DHCS All Plan Letter 21-011. [Medi-Cal Contract Exhibit A, Attachment III, § 4.6]

(F) In accordance with 42 CFR § 438.3(u) and as applicable to the functions delegated to ILS and Subcontractor by Health Plan, ILS and Subcontractor shall retain the following information for no less than ten (10) years:

- (1) Medi-Cal Member grievance and appeal records as required in 42 CFR § 438.416.
- (2) Medical Loss Ratio reports (MLR) and their underlying claims adjudication data as required in 42 CFR § 438.8(k).

(G) To the extent Health Plan delegates responsibility for coverage of services and payment of claims under the Medi-Cal Contract to ILS, ILS shall implement and maintain procedures that are designed to detect and prevent fraud, waste, and abuse. The procedures must include a compliance program, as set forth in 42 CFR § 438.608(a), that at a minimum includes all of the following elements:

- (1) Written policies and procedures that articulate a commitment to comply with all applicable requirements and standards under the Medi-Cal Contract, and all applicable federal and State requirements.
- (2) The designation of a Compliance Officer who is responsible for developing and implementing policies, procedures, and practices designed to ensure compliance with the requirements of the Medi-Cal Contract, and who reports directly to the organization's Chief Executive Officer and the Board of Directors.
- (3) The establishment of a Regulatory Compliance Committee on the Board of Directors and at the senior management level charged with overseeing the compliance program and compliance with the requirements under the Medi-Cal Contract.
- (4) A system for training and educating the Compliance Officer, senior management, and employees on federal and State standards and requirements of the Medi-Cal Contract.
- (5) Effective lines of communication between the Compliance Officer and employees.
- (6) Enforcement of standards through well-publicized disciplinary guidelines.
- (7) Establishment and implementation of a system with dedicated staff for: routine internal monitoring and auditing of compliance risks; promptly responding to compliance issues as they are raised; investigation of potential compliance problems as identified in the course of self-evaluation and audits; correction of such problems promptly and thoroughly, or coordination of suspected criminal acts with law enforcement agencies to reduce the potential for recurrence; and ongoing compliance with the requirements under the Medi-Cal Contract. [42 CFR § 438.608(a)(1)(vii)]

(H) To the extent ILS and/or Subcontractor is/are delegated responsibility for the payment of claims, ILS and/or Subcontractor shall pay 90% of all complete/clean claims from practitioners

within thirty (30) calendar days of the date of receipt and 99% of all complete/clean claims within ninety (90) calendar days. [Medi-Cal Contract Exhibit A, Attachment III, § 3.3.5(B)]

(I) To the extent ILS and/or Subcontractor is/are delegated claims adjudication activities, ILS and/or Subcontractor must provide all underlying data associated with Medical Loss Ratio (MLR) reporting to Health Plan within one hundred eighty (180) days of the end of the MLR reporting year or within thirty (30) days of a request by KP, whichever comes sooner. [42 CFR § 438.8(k)]

(J) In accordance with 42 CFR § 438.608(c), ILS and/or Subcontractor shall provide written disclosure of any prohibited affiliation under 42 CFR § 438.610 (e.g., contracting with a network provider or maintaining in a position of officer or director of the company a person who is debarred or excluded from a federal health care program).

(K) ILS and Subcontractor shall make all of its premises, facilities, equipment, books, records, contracts, computer and other electronic systems pertaining to the obligations and functions undertaken under this Agreement and any delegation agreement, available through ten (10) years from the final date of the Medi-Cal Contract period or from the date of completion of any audit, whichever is later, for the purpose of an audit, inspection, evaluation, examination, or copying, including those rights and requirements set forth in Exhibit E, Section 1.22 (Inspection and Audit of Records and Facilities), as follows [Medi-Cal Contract Exhibit A, Attachment III, §§ 3.1.6(B)(12), 3.1.6(B)(13); 42 CFR § 438.3(h); 22 CCR § 53250(e)]:

(1) In accordance with inspections and audits, as directed by DHCS, CMS, DHHS Inspector General, the Comptroller General, DOJ, DMHC, or their designees [Medi-Cal Contract Exhibit A, Attachment III, § 3.1.6(B)(13)(a)]

(2) At all reasonable times at ILS and/or Subcontractor's place of business, or at such other mutually agreeable location in California. [Medi-Cal Contract Exhibit A, Attachment III, § 3.1.6(B)(13)(b); Welfare and Institutions Code § 14452(c)]

(L) ILS and Subcontractor shall hold harmless the State of California, other Medi-Cal plans, and Medi-Cal Members, in the event KP, or its Medi-Cal Subcontractor as applicable, cannot or will not pay for the obligations and functions undertaken by ILS and Subcontractor pursuant to any delegation agreement. [Medi-Cal Contract Exhibit A, Attachment III, § 3.1.6(B)(18); 22 CCR § 53250(e)]

(M) ILS and Subcontractor shall perform the obligations and functions of Health Plan undertaken by ILS and Subcontractor pursuant to any delegation agreement, including reporting responsibilities, in compliance with ILS and Subcontractor's obligations under such delegation agreement in accordance with 42 CFR Section 438.230(c)(1)(ii). [Medi-Cal Contract Exhibit A, Attachment III, § 3.1.6(B)(28)]

(N) ILS agrees and acknowledges that DHCS is a direct beneficiary of any delegation agreement with respect to all obligations and functions undertaken pursuant to such delegation agreement, and that DHCS may directly enforce any and all provisions of such delegation agreement. [Medi-Cal Contract Exhibit A, Attachment III, § 3.1.6(B)(29)]

(O) To the extent ILS and/or Subcontractor is/are responsible for coordination of care obligations and functions for Medi-Cal Members, Health Plan shall share with ILS and/or Subcontractor any Medi-Cal Member utilization data that DHCS has provided to KP. ILS and/or

Subcontractor agrees to receive the utilization data provided and to use it solely for the purpose of Medi-Cal Members' care coordination. [Medi-Cal Contract Exhibit A, Attachment III, § 3.1.6(B)(21); DHCS All Plan Letter 19-001]

(P) Health Plan shall inform ILS and/or Subcontractor of prospective requirements added by State or federal law or by DHCS related to the Medi-Cal Contract that impact obligations and functions undertaken through this Agreement or any delegation agreement, before the requirements would be effective, and ILS and/or Subcontractor shall comply with the new requirements within thirty (30) calendar days of the effective date, unless otherwise instructed by DHCS and to the extent possible under applicable Law. [Medi-Cal Contract Exhibit A, Attachment III, §§ 3.1.6(B)(22)]

(Q) ILS and Subcontractor, to the extent ILS and Subcontractor communicates with Medi-Cal Members, agrees to provide language assistance services, including interpreter services and translation services for Medi-Cal Members, and to comply with the language assistance standards developed pursuant to Health & Safety Code § 1367.04. [Welfare and Institutions Code § 14029.91; Medi-Cal Contract Exhibit A, Attachment III, § 3.1.6(B)(25)]

(R) If ILS and/or Subcontractor is/are obligated to reimburse providers of emergency services, ILS shall comply with the provisions of Medi-Cal Contract Exhibit A, Attachment III, § 3.3.16. [Medi-Cal Contract Exhibit A, Attachment III, § 3.1.6(B)(9)]

(S) ILS and Subcontractor shall comply with the terms of each applicable pass-through payment established pursuant to 42 CFR § 438.6(d) in accordance with the CMS approved rate certification, and in a form and manner specified by DHCS through All Plan Letter or other technical guidance. [Medi-Cal Contract Exhibit A, Attachment III, § 3.3.19.B]

SCHEDULE 8

INSURANCE REQUIREMENTS

Subcontractor Insurance – insurance lines checked are required.

Subcontractor shall maintain or shall ensure the maintenance of policies of insurance, or self-insurance programs expressly approved by ILS and/or Health Plan, equivalent to or in excess of the amounts specified below to insure Subcontractor, any of its individual provider practitioners, professionals, contractors, employees and agents, as applicable, against any claims for damages arising out of, in connection with, and/or resulting from any acts, failures to act or the performance of or failure to perform obligations under this Agreement.

- a) **Workers Compensation insurance** – providing workers compensation benefits, as required by the Labor Code of the jurisdiction where Services are to be provided, and for which Subcontractor is responsible.
- b) **Employers Liability insurance** – with limits not less than \$1,000,000 per occurrence.
- c) **Commercial General Liability insurance** – on the most current Insurance Services Office (ISO) occurrence Policy, or equivalent, providing coverage for bodily injury, property damage, personal injury, and advertising injury, including contractual liability and products/completed operations liability coverage with limits not less than:
 - \$1,000,000 Each Occurrence
 - \$3,000,000 General Aggregate
 - \$3,000,000 Products/Completed Operations Aggregate
- d) **Business Auto Policy (BAP) Liability insurance** – coverage shown as symbol #1, “any” auto, with a combined single limit not less than \$1,000,000.
- e) **Umbrella/Excess Liability insurance** – in excess of (b), (c), and (d), with limits not less than:
 - \$5,000,000 Each Occurrence
 - \$5,000,000 General Aggregate
- f) **Sexual Misconduct Liability insurance** – with limits of not less than \$1,000,000 providing coverage for sexual assault, sexual abuse, molestation, sexual exploitation, sexual misconduct, sexual injury, and illicit conduct of a sexual nature.
- g) **All-Risk Property insurance** – covering real and personal property of (Subcontractor, and use of any property, facility or location to provide Services under the Agreement, at full replacement cost in the event of damage, loss, or theft.
- h) **Professional Liability insurance** – covering actual or alleged claims resulting from Services rendered under this Agreement with limits not less than \$1,000,000 each claim and \$3,000,000 in the aggregate. To the extent that Subcontractor is unable to obtain Professional Liability insurance, ILS will accept an Errors and Omissions insurance policy covering actual or alleged claims resulting from Services rendered under this Agreement with limits not less than

\$1,000,000 each claim and \$3,000,000 in the aggregate in lieu of Professional Liability insurance.

- i) **Crime insurance** – covering loss of assets resulting directly from employee dishonesty, theft, fraud with limits not less than \$1,000,000.
- j) **Cyber Liability insurance** – privacy liability, data breach, and media liability with limits of not less than \$2,000,000 per claim and \$5,000,000 in aggregate.

Other Terms and Conditions

1. Commercial insurance policies must be issued by insurance carriers with an A.M. Best rating of A-, VIII, or better, or equivalent.
2. The following parties to be added as Additional Insureds under the Commercial General Liability: Kaiser Foundation Health Plan, Inc. (the “Additional Insureds”).
3. The Commercial General Liability insurance policy must provide separation of insureds or severability of interest provisions (cross liability coverage), except as respect to policy limits.
4. The Commercial General Liability insurance policy shall include no third-party-over action exclusions or similar endorsements or limitations.
5. Coverage for the Additional Insureds shall apply on a primary and non-contributory basis irrespective of any other insurance, whether collectible or not.
6. Any and all self-insured retentions (SIRs) and deductibles shall be the sole responsibility of the Subcontractor and shall not apply to ILS.
7. Significant deductibles and SIRs are subject to review by ILS, and documentation of financial strength may be required.
8. A waiver of subrogation for property insurance in favor of ILS is required for property coverage.
9. A waiver of subrogation for workers compensation in favor of ILS is required.
10. Subcontractor shall provide the ILS with at least 30 days’ notice if any of the required policies are cancelled or not renewed in accordance with the notice provisions of the Agreement.
11. Subcontractor shall furnish ILS with certificates of insurance evidencing compliance with all insurance provisions noted above prior to the commencement of Services under this Agreement, and thereafter at renewal of such coverages.
12. If Subcontractor obtains one or more claims-made insurance policies to fulfill its obligation under Exhibit 5, Subcontractor will (i) maintain coverage with the same company during the Term of this Agreement and for at least five (5) years following termination of this Agreement, or (ii) purchase or provide coverage that assures protection against claims based on acts or omissions that occur during the period of this Agreement but which are asserted after the claims-made insurance policy has expired.