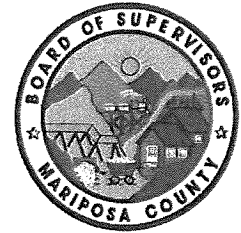




# MARIPOSA COUNTY

HHS/Behavioral Health & Recovery Services • (209) 966-2000



## RESOLUTION - ACTION REQUESTED 2021-494

MEETING: August 24, 2021  
TO: The Board of Supervisors  
FROM: Shannon Gadd, Health and Human Services Agency Director  
RE: Agreement with Heritage Oaks Hospital to Provide Inpatient Services

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### RECOMMENDATION AND JUSTIFICATION:

Approve an Agreement with Heritage Oaks Hospital, Inc. to Provide Inpatient Mental Health Rehabilitation Services for Mariposa County Health and Human Services Agency (HHSA) in an amount not to exceed \$200,000; and Authorize the Board of Supervisors Chair to sign the Agreement.

The County does not operate inpatient mental health rehabilitation facilities and therefore contracts out for such placements. Multiple contracts are necessary to meet the potential need for mental health emergency services because beds are in short supply throughout California. If the County limits the number of agreements, there would likely come a time that someone were in danger to themselves or others, and no bed space would be available.

### BACKGROUND AND HISTORY OF BOARD ACTIONS:

The previous agreement with this contractor was approved by the Board on November 10, 2020 by Resolution Number 2020-657.

### ALTERNATIVES AND CONSEQUENCES OF NEGATIVE ACTION:

If this agreement is not approved, HHSA crisis response workers may have greater difficulty in placing clients who require emergency psychiatric hospitalization.

### FINANCIAL IMPACT:

**This agreement will continue to be paid within the Behavioral Health budget unit. The cost will not exceed the daily inpatient and physician's fees of \$979 as stated in Exhibit B of the agreement. There is no impact to the County General Fund.**

### ATTACHMENTS:

Heritage Oaks Agreement 2022 - Wcsignature (PDF)

**RESULT: ADOPTED BY CONSENT VOTE [UNANIMOUS]**

**MOVER:** Wayne Forsythe, District IV Supervisor

**SECONDER:** Tom Sweeney, District II Supervisors

**AYES:** Smallcombe, Sweeney, Long, Forsythe, Menetrey

**AGREEMENT FOR ADULT PSYCHIATRIC INPATIENT SERVICES**

THIS AGREEMENT ("Agreement") is made and entered into this 24<sup>th</sup> day of August, 2021 by and between the County of Mariposa, a political subdivision of the State of California, ("County"), and BHC Heritage Oaks Hospital, Inc.; dba Heritage Oaks Hospital ("Contractor"), pursuant to the following terms and conditions.

**W I T N E S S E T H:****1. TERM**

The term of this Agreement shall commence on July 1, 2021 and terminate on June 30, 2022 unless extended as provided by this Agreement.

**2. SERVICES**

Contractor shall perform adult psychiatric inpatient services as described in Exhibit A, "Scope of Work," which is attached hereto and incorporated herein by reference. Contractor shall provide all staffing and materials necessary to perform the Scope of Work.

**3. COMPENSATION**

Contractor shall be compensated for services performed in an amount not to exceed \$200,000. Contractor's rates are listed in Exhibit B, "Cost Proposal." County shall pay Contractor within thirty (30) of receipt of an approved invoice.

**4. INSURANCE**

Contractor shall procure and maintain for the duration of this Agreement insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by Contractor, its agents, representatives, or employees.

**A. MINIMUM SCOPE AND LIMIT OF INSURANCE**

Coverage shall be at least as broad as:

(1) Commercial General Liability (CGL): Insurance Services Office (ISO) Form CG 00 01 covering CGL on an "occurrence" basis, including products and completed operations, property damage, bodily injury and personal and advertising injury with limits no less than \$2,000,000 per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location (ISO CG 25 03 or 25 04) or the general aggregate limit shall be twice the required occurrence limit.

(2) Automobile Liability: ISO Form Number CA 00 01 covering any auto (Code 1), or if Contractor has no owned autos, hired (Code 8) and non-owned autos (Code 9), with limits no less than \$1,000,000 per accident for bodily injury and property damage.

(3) Workers' Compensation insurance as required by the State of California, with Statutory Limits, and Employer's Liability Insurance with a limit of no less than \$1,000,000 per accident for bodily injury or disease.

(4) Professional Liability (Errors and Omissions): Insurance appropriate to Contractor's profession, with a limit of no less than \$2,000,000 per occurrence or claim, \$2,000,000 aggregate.

If Contractor maintains broader coverage and/or higher limits than the minimums shown above, County requires and shall be entitled to the broader coverage and/or higher limits maintained by Contractor. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to County.

#### B. OTHER INSURANCE PROVISIONS

The insurance policies are to contain, or be endorsed to contain, the following provisions:

(1) Additional Insured Status: County, its officers, officials, employees, and volunteers are to be covered as additional insureds on the CGL policy with respect to liability arising out of work or operations performed by or on behalf of Contractor including materials, parts, or equipment furnished in connection with such work or operations. General liability coverage can be provided in the form of an endorsement to Contractor's insurance (at least as broad as ISO Form CG 20 10 11 85 or if not available, through the addition of both CG 20 10 and CG 20 37 forms if a later edition is used).

(2) Primary Coverage: For any claims related to this Agreement, Contractor's insurance coverage shall be primary insurance as respects County, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by County, its officers, officials, employees, or volunteers shall be excess of Contractor's insurance and shall not contribute with it.

(3) Notice of Cancellation: Each insurance policy required above shall state that coverage shall not be canceled, except with at least thirty (30) calendar days' notice to County.

(4) Waiver of Subrogation: Contractor hereby grants to County a waiver of any right to subrogation which any insurer of said Contractor may acquire against County by virtue of the payment of any loss under such insurance. Contractor agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not County has received a waiver of subrogation endorsement from the insurer.

(5) Deductibles and Self-Insured Retentions: Any deductibles or self-insured retentions must be declared to and approved by County. County may require Contractor to purchase coverage with a lower deductible or retention or provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention.

(6) Acceptability of Insurers: Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A: VII, unless otherwise acceptable to County.

(7) Verification of Coverage: Contractor shall furnish County with original certificates and amendatory endorsements or copies of the applicable policy language effecting coverage required by this clause. All certificates and endorsements are to be received and approved by County before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive Contractor's obligation to provide them. County reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time.

(8) Subcontractors: Contractor shall require and verify that all subcontractors maintain insurance meeting all the requirements stated herein, and Contractor shall ensure that County is an additional insured on insurance required from subcontractors.

(9) Special Risks or Circumstances: County reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.

## **5. HOLD HARMLESS/INDEMNIFICATION**

To the fullest extent permitted by law, Contractor shall hold harmless, defend at its own expense, and indemnify County, its officers, employees, agents, and volunteers, against any and all liability, claims, losses, damages, or expenses, including reasonable attorney's fees, arising from all acts or omissions of Contractor or its officers, agents, or employees in rendering services under this Agreement; excluding however such liability, claims, losses, damages, or expenses arising from County's sole negligence of willful acts.

## **6. INDEPENDENT CONTRACTOR**

It is the expressed intention of the parties that Contractor is an independent contractor and not an employee, agent, joint venturer or partner of County. Nothing in this Agreement shall be interpreted or construed as creating or establishing the relationship of employer and employee between County and Contractor or any employee or agent of Contractor. Both parties acknowledge that Contractor is not an employee for state or federal tax purposes. Contractor shall retain the right to perform services for others during the term of this Agreement.

## **7. PUBLIC EMPLOYEES RETIREMENT SYSTEM (CALPERS)**

In the event that Contractor or any employee, agent, or subcontractor of Contractor providing services under this Agreement is determined by a court of competent jurisdiction or the Public Employees Retirement System (CalPERS) to be eligible for enrollment in CalPERS as an employee of County, Contractor shall indemnify, defend, and hold harmless County for the payment of any employee and/or employer contributions for CalPERS benefits on behalf of Contractor or its employees, agents, or subcontractors, as well as for the payment of any penalties and interest on such contributions, which would otherwise be the responsibility of County.

**8. STATE AND FEDERAL TAXES**

As Contractor is not County's employee, Contractor is responsible for paying all required state and federal taxes. In particular:

- a. County will not withhold FICA (Social Security) from Contractor's payments;
- b. County will not make state or federal unemployment insurance contributions on behalf of Contractor;
- c. County will not withhold state or federal income tax from payment to Contractor;
- d. County will not make disability insurance contributions on behalf of Contractor;
- e. County will not obtain workers' compensation insurance on behalf of Contractor.

**9. AUDITS AND INSPECTIONS**

Contractor shall at any time during business hours, and as often as County may deem necessary, make available to County for examination all of its records and data with respect to the matters covered by this Agreement. Contractor shall, upon the request of County, permit County to audit and inspect all of such records and data necessary to ensure Contractor's compliance with the terms of this Agreement. If compensation to be paid by County under this Agreement exceeds Ten Thousand Dollars (\$10,000), Contractor shall be subject to the examination and audit of the California State Auditor, as provided in Government Code section 8546.7, for a period of three (3) years after final payment under this Agreement. This section survives the termination of this Agreement.

**10. ASSIGNMENT**

It is understood and agreed that this Agreement contemplates personal performance by Contractor and is based upon a determination of its unique personal competence and experience and upon its specialized personal knowledge. Assignments of any or all rights, duties or obligations of Contractor under this Agreement will be permitted only with the express written consent of County.

**11. NOTICE**

Any and all notices, reports or other communications to be given to County or Contractor shall be given to the persons representing the respective parties at the following addresses:

**CONTRACTOR:**

Heritage Oaks Hospital  
4250 Auburn Blvd  
Sacramento, CA 95841

**COUNTY:**

County of Mariposa  
5362 Lemee Lane  
P.O. Box 99  
Mariposa, CA 95338  
Fax: (209) 742-0996

**12. COMPLIANCE**

Contractor shall comply with all federal, state and local laws, codes, ordinances and regulations applicable to Contractor's performance under this Agreement, including, but not limited to, laws

related to prevailing wages. Specifically, Contractor shall not engage in unlawful employment discrimination, including, but not limited to, discrimination based upon a person's race, religion, color, national origin, ancestry, physical handicap, medical condition, marital status, gender, citizenship or sexual orientation, as prohibited by state or federal law.

### **13. PUBLIC RECORDS ACT**

Contractor is aware that this Agreement and any documents provided to County may be subject to the California Public Records Act and may be disclosed to members of the public upon request. It is the responsibility of Contractor to clearly identify information in those documents that it considers to be confidential under the California Public Records Act. To the extent that County agrees with that designation, such information will be held in confidence whenever possible. All other information will be considered public.

### **14. ENTIRE AGREEMENT AND MODIFICATION**

This Agreement contains the entire agreement of the parties relating to the subject matter of this Agreement and supersedes all prior agreements and representations with respect to the subject matter hereof. This Agreement may only be modified by a written amendment hereto, executed by both parties. If there are exhibits attached hereto, and a conflict exists between the terms of this Agreement and any exhibit, the terms of this Agreement shall control.

### **15. ENFORCEABILITY AND SEVERABILITY**

The invalidity or enforceability of any term or provisions of this Agreement shall not, unless otherwise specified, affect the validity or enforceability of any other term or provision, which shall remain in full force and effect.

### **16. TERMINATION AND RIGHTS UPON TERMINATION**

A. This Agreement may be terminated upon mutual written consent of the parties, or as a remedy available at law or in equity. In the event of the termination of this Agreement, Contractor shall be entitled to compensation for services performed acceptably up to the effective date of termination as set forth in Exhibit B.

B. Either party may terminate this Agreement for convenience upon 30 calendar days' written notice to the other party. Upon termination for convenience, Contractor shall be entitled to compensation for services performed acceptably up to the effective date of termination, as set forth in Exhibit B.

C. Should Contractor default in the performance of this Agreement or materially breach any of its provisions, County, at its option, may terminate this Agreement by giving written notification to Contractor. The termination date shall be the effective date of the notice. For the purposes of this subsection, default or material breach of this Agreement shall include, but not be limited to, any of the following: failure to perform required services in a timely manner, willful destruction of County property, dishonesty, or theft.

**17. NO WAIVER**

The failure to exercise any right to enforce any remedy contained in this Agreement shall not operate as to be construed to be a waiver or relinquishment of the exercise of such right or remedy, or of any other right or remedy herein contained.

**18. DISPUTES**

Should it become necessary for a party to this Agreement to bring an action in connection with this Agreement, the prevailing party in any such action shall be entitled to reimbursement for all expenses so incurred, including reasonable attorney's fees.

It is agreed by the parties hereto that unless otherwise expressly waived by them, any action brought to enforce any of the provisions hereof or for declaratory relief hereunder shall be filed and remain in a court of competent jurisdiction in the County of Mariposa, State of California.

**19. CAPTIONS**

The captions of this Agreement are for convenience and reference only and the words contained therein shall in no way be held to explain, modify, amplify or aid in the interpretation, construction or meaning of the provisions of this Agreement.

**20. NUMBER AND GENDER**

In this Agreement, the neutral gender includes the feminine and masculine, the singular includes the plural, and the word "person" includes corporations, partnerships, firms or associations, wherever the context so requires.

**21. MANDATORY AND PERMISSIVE**

"Shall" is mandatory. "May" is permissive.

**22. SUCCESSORS AND ASSIGNS**

All representations, covenants and warranties specifically set forth in this Agreement, by or on behalf of, or for the benefit of any or all of the parties hereto, shall be binding upon and inure to the benefit of such party, its successors and assigns.

**23. COUNTERPARTS/ELECTRONIC, FACSIMILE, AND PDF SIGNATURES**

This agreement may be executed in any number of counterparts, each of which will be an original, but all of which together will constitute one instrument. Each Party of this agreement agrees to the use of electronic signatures, such as digital signatures that meet the requirements of the California Uniform Electronic Transactions Act ("CUETA"), Cal. Civ. Code §§ 1633.1 to 1633.17), for executing this Agreement. The parties further agree that the electronic signatures of the parties included in this Agreement are intended to authenticate this writing and to have the same force and effect as manual signatures. Electronic signature means an electronic sound, symbol, or process attached to or logically associated with an electronic record and executed or

adopted by a person with the intent to sign the electronic record pursuant to the CUETA, as amended from time to time. The CUETA authorizes use of an electronic signature for transactions and contracts among parties in California, including a government agency. Digital signature means an electronic identifier, created by computer, intended by the party using it to have the same force and effect as the use of a manual signature, and shall be reasonably relied upon by the parties. For purposes of this section, a digital signature is a type of "electronic signature" as defined in subdivision (i) of Section 1633.2 of the Civil Code. Facsimile signatures or signatures transmitted via pdf document shall be treated as originals for all purposes.

#### **24. OTHER DOCUMENTS**

The parties agree that they shall cooperate in good faith to accomplish the object of this Agreement and, to that end, agree to execute and deliver such other and further instruments and documents as may be necessary and convenient to the fulfillment of these purposes.

#### **25. CONTROLLING LAW**

The validity, interpretation and performance of this Agreement shall be controlled by and construed under the laws of the State of California.

#### **26. AUTHORITY**

Each party and each party's signatory warrant and represent that each has full authority and capacity to enter into this Agreement in accordance with all requirements of law. The parties also warrant that any signed amendment or modification to this Agreement shall comply with all requirements of law, including capacity and authority to amend or modify this Agreement.

#### **27. NEGOTIATED AGREEMENT**

This Agreement has been arrived at through negotiation between the parties. Neither party is to be deemed the party which prepared this Agreement within the meaning of California Civil Code section 1654. Each party represents and warrants that in executing this Agreement it does so with full knowledge of the rights and duties it may have with respect to the other party. Each party also warrants and represents that it has received independent legal advice from its attorney with respect to the matters set forth in this Agreement and the rights and duties arising out of this Agreement, or that such party willingly foregoes any such consultation.

#### **28. NO RELIANCE ON REPRESENTATIONS**

Each party warrants and represents that it is not relying and has not relied upon any representation or statement made by the other party with respect to the facts involved or its rights or duties. Each party understands and agrees that the facts relevant, or believed to be relevant to this Agreement, have been independently verified. Each party further understands that it is responsible for verifying the representations of law or fact provided by the other party.



**29. WARRANTY**

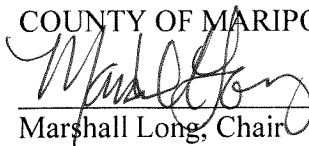
County has relied upon the professional ability and training of Contractor as a material inducement to enter into this Agreement. Contractor hereby warrants that all work shall be performed in accordance with generally accepted professional practices and standards as well as the requirements of applicable federal, state and local laws, it being understood that acceptance of Contractor's work by County shall not operate as a waiver or release.

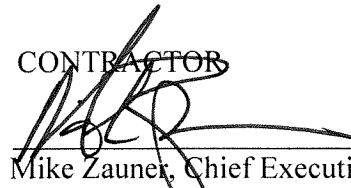
**30. FUNDING AVAILABILITY**


It is mutually agreed that if the County budget of the current fiscal year and/or any subsequent fiscal year covered under this Agreement does not appropriate sufficient funds for this Agreement, this Agreement shall terminate and be of no further force and effect upon the day notice is provided by County to Contractor of such event. Upon termination of this Agreement, County shall have no liability to pay any funds whatsoever to Contractor or to furnish any other considerations under this Agreement except for services rendered prior to such termination and Contractor shall not be obligated to perform any provisions of this Agreement. Contractor's assumption of risk of possible non-appropriation is part of the consideration for this Agreement. County budget decisions are subject to the discretion of the Board of Supervisors.

If funding for any fiscal year is reduced or deleted by the County budget for purposes of this Agreement, the County shall have the option to either cancel this Agreement with no liability occurring to the County, except County must reimburse Contractor for services rendered prior to such reduction or modification of the County budget, or offer an amendment to this Agreement to Contractor to reflect the reduced amount.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first written above.

COUNTY OF MARIPOSA  
  
\_\_\_\_\_  
Marshall Long, Chair  
Board of Supervisors

CONTRACTOR  
  
\_\_\_\_\_  
Mike Zauner, Chief Executive Officer  
Heritage Oaks Hospital

COUNTERSIGNED:  
*(Government Code §25103)*  
  
\_\_\_\_\_  
Rene LaRoche  
Clerk of the Board

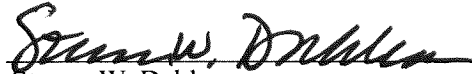
APPROVED AS TO FORM:  
  
\_\_\_\_\_  
Steven W. Dahlem  
County Counsel

Exhibit A  
SCOPE OF WORK

CONTRACTOR shall provide inpatient mental health rehabilitation services to COUNTY beneficiaries who are authorized for services by COUNTY.

Services shall be provided to beneficiaries of COUNTY in a manner prescribed by the laws of the State of California and in accordance with the rules and regulations of relevant Federal regulations.

CONTRACTOR shall participate in discussions to determine if the COUNTY will medical certify the site.

All personnel rendering services shall be employed by or under contract with the CONTRACTOR. They shall be members of CONTRACTOR inpatient professional staff. The services shall be provided under the direction of the CONTRACTOR facility Director and shall meet appropriate professional standards.

CONTRACTOR shall actively coordinate follow up services with the COUNTY including coordination of the proposed discharge date of all persons served under this Agreement.

CONTRACTOR shall participate in concurrent reviews including phone consultation and provision of current status and progress notes. Failure to participate in concurrent review may result in a determination of not meeting medical necessity and denial of claimed day.

In a timely manner and as mutually agreed upon, the CONTRACTOR shall provide to the COUNTY "Case Progress Summarization Notes" and a copy of the Discharge Summary for each client. Prior to discharge, the CONTRACTOR shall contact the COUNTY's assigned Hospital Liaison for coordination and consultation purposes. Client records shall include enough information for an evaluation of services provided.

COUNTY agrees to the extent required by 42 U.S.C. 1171 et seq., Health Insurance Portability and Accountability Act of 1996 (HIPAA), to comply with applicable requirements of law and subsequent amendments relating to protected health information, as well as any task or activity contractor performs on behalf of COUNTY, to the extent COUNTY would be required to comply with such requirements.

CONTRACTOR agrees to prescribe 30 day supply of required medication to Mariposa County Health and Human Services Agency (HHS) clients upon discharge from Contractor's facility.

Exhibit B  
COST PROPOSAL

Daily rate information is contained in *2021 – 2022 Host County Rate Letter* on the next page.

CONTRACTOR's claim shall be limited to the fixed rate per day noted in the *Rate Agreement* sheet. In the event the State Department of Health Care Services sets a maximum allowable rate for inpatient care at a lower rate, CONTRACTOR agrees HHSA shall pay the lower rate. HHSA shall immediately notify Contractor in the event the State Department of Health Care Services sets a maximum allowable rate for inpatient care at a lower rate.

The rate structure utilized to negotiate the contract is inclusive of all services defined as psychiatric inpatient services in CCR, Title 9, Chapter 11, Section 1810.430 (d)(5), and the rate structure does not include non-hospital based physician or psychological services.

The rates may fluctuate up to 10% based on the state approved rate in effect on the date of service.

**RATE AGREEMENT  
FISCAL YEAR 2021/2022**

The following rate agreement for Fiscal Year 2021/2022 applies to the following contracts between Sacramento County and BHC Heritage Oaks Hospital, Inc.

- Contract #7202200-22-013 (Children, Ages 0-21)
- Contract #7202200-22-003 (Adults, Ages 22-64)

**CHILDREN'S SERVICES CONTRACT (AGES 0-21) #7202200-22-013**

Pursuant to Exhibit C, Section II, Paragraph D of the above referenced expenditure agreements, the rates for services performed are as follows:

Medi-Cal Rates

- Hospital Inpatient (Mode 05, Service Functions 10-18) \$889/day
- Hospital Administrative Day\* (Mode 05, Service Function 19) \$660.66/day
- Inpatient Psychiatric Support Services (Mode 15, Service Functions 01-79) (when services are provided) \$90/day

Short-Doyle Rates

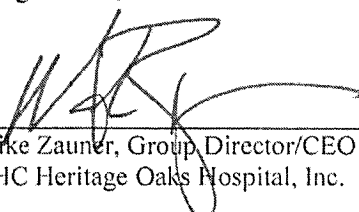
- Hospital Inpatient without Psychiatric Support Services: \$889/day
- Hospital Inpatient with Psychiatric Support Services \$979/day

**ADULT SERVICES CONTRACT (AGES 22-64) #7202200-22-003**


Sacramento County negotiated rate for Medi-Cal eligible adults, ages 22-64, served at a private, contracted, free standing hospital:

- Hospital Inpatient (all inclusive)  
(Mode 05, Service Functions 10-18) \$979/day
- Hospital Administrative Day\* (Mode 05, Service Function 19) \$660.66/day

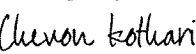
In agreement,

  
 \_\_\_\_\_  
 Mike Zauner, Group Director/CEO  
 BHC Heritage Oaks Hospital, Inc.

6/25/21  
 \_\_\_\_\_  
 Date

DocuSigned by:  
  
 \_\_\_\_\_  
3C6D186AF8E3453  
 Ryan Quist, Ph.D.  
 Director, Behavioral Health Services

7/6/2021  
 \_\_\_\_\_  
 Date

DocuSigned by:  
  
 \_\_\_\_\_  
7A2E92ED3926452  
 Chevon Kothari  
 Director, Department of Health Services

7/6/2021  
 \_\_\_\_\_  
 Date

\*Administrative Day Rates reflect the state established rate per the most current DHCS Notice as of the date rate agreement is issued.