

### THIRD AMENDMENT TO AGREEMENT

Tulare County Agreement Number 23248 amended on \_\_\_\_\_, between the **COUNTY OF TULARE**, hereinafter referred to as "COUNTY" and **GOLDEN STATE HEALTH CENTERS, INC., dba SYLMAR HEALTH AND REHABILITATION CENTER**, hereinafter referred to as "CONTRACTOR" with reference to the following:

A. The COUNTY and CONTRACTOR entered into Agreement No. 23248 on July 1, 2007 for the purpose of providing a program of organized therapeutic activities designed to promote daily living skills and social skills which augments and is integrated within the existing nursing facility program.

B. The COUNTY and CONTRACTOR amended Agreement No. 23248 on May 20, 2008 to extend the term of the Agreement to June 30, 2009 and update Exhibits "A," B," and "B-2."

C. The COUNTY and CONTRACTOR amended Agreement No. 23248 on June 23, 2009 to extend the term of the Agreement to June 30, 2009 and update Exhibits "A," B," and "B-2."

D. The COUNTY and CONTRACTOR agree to amend the Agreement to extend the term of the Agreement to June 30, 2011 and update Exhibits "A," B," "B-2," and "D."

E. This amendment shall become effective July 1, 2010.

#### ACCORDINGLY, IT IS AGREED:

I. Effective July 1, 2010 paragraph 1 entitled Term in the original Agreement is hereby revised to identify the new termination date to June 30, 2011.

II. Effective July 1, 2010 Exhibit "A," entitled Scope of Services is hereby substituted in its entirety with the attached Exhibit "A," which is made a part of this Agreement by reference.

III. Effective July 1, 2010 Exhibit "B," entitled Compensation is hereby substituted in its entirety with the attached Exhibit "B," which is made a part of this Agreement by reference.

IV. Effective July 1, 2010 Exhibit "B-2," entitled Fiscal Year is hereby substituted in its entirety with the attached Exhibit "B-2," which is made a part of this Agreement by reference.

V. Effective July 1, 2010 Exhibit "D," entitled Health Insurance Portability and Accountability Act (HIPAA) Requirement is hereby substituted in its entirety with the attached Exhibit "D," which is made a part of this Agreement by reference.

VI. Except as provided above, all other terms and conditions of Agreement No. 23248 shall remain in full force and effect.

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**THE PARTIES**, having read and considered the above provisions,  
indicate their agreement by their authorized signatures below.

**COUNTY OF TULARE**

By \_\_\_\_\_  
Chairman, Board of Supervisors

**ATTEST: JEAN M. ROUSSEAU**  
County Administrative Officer/Clerk of the Board  
Of Supervisors of the County Of Tulare

By \_\_\_\_\_  
Deputy Clerk

**GOLDEN STATE HEALTH CENTERS, INC.,  
dba SYLMAR HEALTH AND  
REHABILITATION CENTER**

Date: 4/16/10

By [Signature]  
Title President

Date: 4/16/10  
VII.

By [Signature]  
Title Vice President/ Secretary

Corporations Code section 313 requires that contracts with a corporation shall be signed by the (1) chairman of the Board, the president or any vice-president and (2) the secretary, any assistant, the chief financial officer, or any assistant treasurer; unless the contract is also accompanied by a certified copy of the Board of Directors resolution authorizing the execution of the contract.

Approved as to Form  
County Counsel

By [Signature]  
Deputy 2010 450

Dated 4/5/10

**GOLDEN STATE CENTER, INC. DBA:  
SYLMAR HEALTH & REHABILITATION  
EXHIBIT A  
SCOPE OF SERVICES  
FISCAL YEAR 2010-2011**

**A. DESCRIPTION OF SERVICES**

In accordance with and pursuant to the terms and conditions of this Agreement, CONTRACTOR agrees to provide a basic mental health rehabilitation program as described in Title 9, Chapter 3.5 of the California Code of Regulations to assist COUNTY in meeting the needs of their target population clients who require this level of care. These clients require continuous supervision and may be expected to benefit from an active rehabilitation program designed to improve their adaptive functioning or prevent any further deterioration of their adaptive functioning. Services are provided to individuals having special needs or deficits in one or more of the following areas: self-help skills, behavioral adjustment, interpersonal relationships, prevocational preparation, and alternative placement planning. CONTRACTOR will be funded to provide a program to County residents who have been determined by the Director of Mental Health, or his designee, as appropriate for CONTRACTOR's program.

**B. ELIGIBILITY**

- a. CONTRACTOR shall admit clients with a DSM-IV diagnosis who are in need of 24-hour skilled psychiatric nursing services, clients who, without prompt and adequate treatment, are evaluated as being at risk of displaying behavioral symptoms (such as combativeness, elopement, suicide threats, and excessive verbal abusiveness) which precluded them from being admitted to a lower level of care. The frequency, scope, and severity of these behaviors are determining factors for admission, which is negotiated between COUNTY and CONTRACTOR for each client admission. Individuals, whose mental illness is deemed by COUNTY to be appropriate for acute care, individuals suffering exclusively from developmental disability, mental retardation, or physical illness without a psychiatric component, shall not be considered for admission.
- b. A client's eligibility for admission to CONTRACTOR's facility shall be certified by COUNTY prior to admission. Eligibility for Medi-Cal will be verified or confirmed by COUNTY. Any referral source that wishes to access funding for an individual client to enter CONTRACTOR's facility must petition the Director of Mental Health for authorization by submitting a referral packet. This packet shall include, but may not be limited to:
  1. A physician's order for admission with a current psychiatric evaluation that identifies why an IMD and/or MHRC is the least restrictive, most appropriate level of care where services can be safely and adequately delivered.
  2. A current diagnosis of serious mental illness.

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SCOPE OF SERVICES  
FISCAL YEAR 2010-2011**

3. A list of client problems/behaviors that led to the referral.
4. A clear statement of what the referral source's expectations are for treatment at the facility.
- c. If the Assistant Agency Director agrees that the presented information justifies admission to CONTRACTOR's facility, or if Director of Mental Health determines that a situation exists that requires waiving the preadmission packet submission requirement, Director of Mental Health will sign an Authorization for IMD and/or MHRC Admission form authorizing treatment. At a minimum, this form shall contain clear client identification, admission date, and County approval of the admission.
- d. CONTRACTOR shall not obtain non-urgent services for any Tulare County patients without prior authorization from Director of Mental Health or those persons designated by Tulare County, said services may be provided by independent contractors. CONTRACTOR agrees that all subcontractors will perform per terms of this Agreement.

Where special non-authorized psychiatric services are deemed necessary, authorization by Tulare County shall be obtained as established.

- e. Notification shall be given to Tulare County if patient requires emergency hospitalization or is the subject of or committed any unusual incident.
- f. CONTRACTOR shall make available to COUNTY, on request, a list of the person who will provide services under this Agreement. This list shall state the name, title, professional degree, and job description.
- g. CONTRACTOR shall provide sufficient staffing levels so that during the provision of services under this Agreement such levels shall be in compliance with applicable state and federal law.
- h. CONTRACTOR warrants that all staff, including their subcontractors, who perform services under this Agreement, shall be fully licensed and qualified to perform such services, shall be competent in the performance of such services, and shall perform such services according to acceptable professional standards of the applicable professional community.

**C. TRAINING PROGRAM CONTRACTOR**

**GOLDEN STATE CENTER, INC. DBA:  
SYLMAR HEALTH & REHABILITATION  
EXHIBIT A  
SCOPE OF SERVICES  
FISCAL YEAR 2010-2011**

CONTRACTOR will maintain active in-service and other training programs as stipulated in Title 9, Chapter 3.5 of the California Code of Regulations, other appropriate regulations, and as otherwise required.

**D. CONTRACTOR'S STAFF**

During the term of this Agreement, CONTRACTOR shall provide and maintain sufficient qualified employees, agents, and personnel to perform its duties and obligations hereunder.

**E. REFERRALS**

Referrals to CONTRACTOR for provision of services may be made by any provider designated by the Director of Mental Health. COUNTY shall not be responsible for cost of any services, which are not made pursuant to a referral as set forth in this paragraph.

**F. DISPUTES**

Any dispute arising on admission of an individual patient shall be resolved between the Director of Mental Health and the Administrator of CONTRACTOR, or their respective designees, and with the safety of all patients taken into consideration.

**G. CLIENT MONITORING**

COUNTY and CONTRACTOR recognize that in order to maintain close coordination of services that frequent, in person contacts between the assigned case manager and CONTRACTOR's staff is vital.

- a. The purpose of the contacts will be to:
  1. Assure that the treatment plan clearly addresses the reason why the client requires extended placement in CONTRACTOR's facility.
  2. Monitor the client's participation to assure the client is making the fullest use of the program provided.
  3. Monitor the client's progress to assure that appropriate discharge plans are made and completed on a timely basis.
- b. To facilitate close coordination of services, COUNTY agrees to:
  1. Provide an assigned case manager to make visits to CONTRACTOR's facility to review the client's progress, assist in the treatment planning process, and to monitor the client's participation in the program.
  2. Assure that the case manager has access to necessary COUNTY resources to facilitate the client's care and to accomplish discharge plans.

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SYLMAR HEALTH & REHABILITATION  
EXHIBIT A  
SCOPE OF SERVICES  
FISCAL YEAR 2010-2011**

3. Move clients in a timely fashion when a written discharge request is delivered.
4. Regularly contact CONTRACTOR's designee to receive information on progress between case manager visits.
5. Contact CONTRACTOR's intake coordinator regarding any potential admission to the facility.
- c. To facilitate close coordination of services, CONTRACTOR agrees to:
  1. Assure, to the extent possible, the availability of appropriate program staff to meet with the case manager during facility visits.
  2. Prepare written discharge requests that include a statement of the client's current condition, a statement of recommended level of care, a list of current medications, and a statement of the client's continuing treatment needs and deliver these to COUNTY promptly so discharge arrangements can be made in a timely fashion.
- d. In providing mental health services, CONTRACTOR further agrees:
  1. To furnish all personnel, facilities, insurance, equipment and administrative services as reasonably necessary to competently and professionally conduct the mental health services and programs provided for by this Agreement.
  2. To provide the COUNTY, in satisfaction of Section 621 of Title 9 of the California Code of Regulations, with the services of a psychiatrist with the qualifications set forth in Section 623 of that Code, who shall have the duties and responsibilities set forth in Section 522 of the Code.
  3. To comply with those provisions of Titles 9 and 22 of the California Code of Regulations, the Cost Reporting/Data Collection Manual of the State Department of Health policies and regulations, and interagency agreements to which COUNTY and CONTRACTOR are parties, all of which are hereby incorporated by this reference.

**H. REPORTS**

- a. CONTRACTOR shall provide COUNTY, to the satisfaction of the Director of Mental Health, monthly reports of the units of service performed.
- b. CONTRACTOR shall prepare a revenue collection report, which shall reflect all revenue collected by CONTRACTOR from COUNTY on a monthly basis, and such report shall be forwarded to COUNTY with the monthly billings.
- c. CONTRACTOR shall provide client data information within specified time periods including, but not limited to, client identification, admission, and discharge data.
- d. CONTRACTOR shall, without additional compensation, make further fiscal, program evaluation and progress reports as required by Director of Mental

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SYLMAR HEALTH & REHABILITATION  
EXHIBIT A  
SCOPE OF SERVICES  
FISCAL YEAR 2010-2011**

Health or by the State Department of Mental Health concerning  
CONTRACTOR's activities as they affect the contract duties and purposes  
herein. COUNTY shall provide and explain reporting instructions and  
formats.

**GOLDEN STATE HEALTH CENTERS, INC. DBA:  
SYLMAR HEALTH & REHABILITATION  
EXHIBIT B  
COMPENSATION  
FISCAL YEAR 2010-2011**

**COMPENSATION**

- A. COUNTY agrees to compensate SYLMAR HEALTH & REHABILITATION CENTER based on the level of care authorized for each day that each authorized County client is in SYLMAR HEALTH & REHABILITATION'S facility as follows:

	<u>Basic IMD/STP</u>	<u>Patch</u>	<u>Total</u>
1. Augmented Program (including PATCH)	\$154.34	\$26.84	\$181.18
2. Standard IMD Program	\$154.34	N/A	\$154.34
3. Level A Subacute Program	\$154.34	\$58.35	\$212.69
4. Level B Subacute Program	\$154.34	\$88.02	\$242.36
5. Level C Subacute Program	\$154.34	\$113.02	\$267.36
6. Leave of Absence Bed Hold Rate Reduction	\$154.34	\$-5.54	\$148.80

This daily rate times the number of days utilized by clients in the program will determine the reimbursement to SYLMAR HEALTH & REHABILITATION to the maximum yearly amount of **ONE MILLION DOLLARS (\$1,000,000.00)** for Fiscal Year 2010-2011. Said daily rate may be changed by amendment to this Agreement.

- B. SYLMAR HEALTH & REHABILITATION shall submit an invoice for services provided within (10) days after the close of the month. Invoice shall contain adequate detail of services provided which will include a list of the approved clients in the facility, with all provider services rendered. Payment will be processed upon receipt of all necessary information.
- C. SYLMAR HEALTH & REHABILITATION will be solely financially responsible for clients over the age of 65 that are placed in one of the SYLMAR HEALTH & REHABILITATION'S facilities for basic services.
- D. In the event SYLMAR HEALTH & REHABILITATION fails to comply with any provisions of this Agreement, COUNTY shall withhold payment until such noncompliance has been corrected. COUNTY will not fund services that have not been approved in advance by the Director of Mental Health, or his/her designee.

**FEES**

CONTRACTOR, with input from various sources, include the State and County, will determine the cost of services and will use this information to formulate the daily rate cost. COUNTY and CONTRACTOR mutually agree to follow all established regulations regarding this funding.



**GOLDEN STATE HEALTH CENTERS, INC. DBA:  
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EXHIBIT B  
COMPENSATION  
FISCAL YEAR 2010-2011**

**INVOICING**

CONTRACTOR understands that COUNTY will only pay for services actually rendered on a monthly basis. CONTRACTOR understands that COUNTY cannot make payment until all services are actually rendered and an invoice is submitted at the end of each monthly billing cycle. At the close of a monthly billing cycle, an invoice shall be submitted within ten working days.

By the tenth (10) working day of each month, CONTRACTOR shall submit a monthly invoice to:

Tulare County Health & Human Services Agency  
Department of Mental Health  
Attn: Hal Boley  
3300 S. Fairway  
Visalia, CA 93277

Invoices shall be in the format approved by the Tulare County Health & Human Services Agency, Director of Mental Health. All payments made under this agreement shall be made within thirty (30) days of submission of all required documentation and in accordance with the County's payment cycle. Neither COUNTY nor the patient shall be responsible for billings which represent services rendered, if billings are presented more than sixty (60) days after the patient discharge date.

**GOLDEN STATE CENTER INC. DBA:  
SYLMAR HEALTH & REHABILITATION  
EXHIBIT B-2  
FISCAL YEAR 2010-2011**

**A. ANNUAL COST REPORT**

CONTRACTOR shall submit an annual Mental Health Cost Report on or before the last day of the fourth month following the close of each County fiscal year, or on or before the last day of the fourth month following the termination of this Agreement. Extensions of time to file the cost report at any later date must be approved in writing by the Director of Mental Health, Deputy Director – Managed Care, or Deputy Director – Fiscal Services. Such cost report shall be prepared in accordance with the requirements set forth in the California Department of Mental Health's Cost Reporting/Data Collection Manual and must be submitted on appropriate fiscal year forms supplied by the California Department of Mental Health. The annual cost report shall not be used for the year-end settlement of the cost of services provided under this fixed rate Agreement.

**B. REPAYMENT OR REIMBURSEMENT TO STATE OR OTHERS**

CONTRACTOR agrees that any repayment or reimbursement that must be made by COUNTY to the State of California or others as a result of an audit or conduct by the CONTRACTOR, its agents, officers, employees, or subcontractors of the programs or services provided under this Agreement, shall be paid by CONTRACTOR, out of its won funds, rather than by COUNTY, within thirty (30) days after the parties are notified that repayment or reimbursement is currently due. Offsets made by the State are included within the phrase "repayment or reimbursement."

**C. EXCEPTIONS TO REPAYMENT OR REIMBURSEMENT**

The reimbursement provisions set forth above will not be applicable if any action or direction by COUNTY with regard to the program is the principal reason for repayment or reimbursement being required. The reimbursement provisions shall also not be applicable if COUNTY fails to give timely notice of any appeal, which results in the termination or barring of any appeal, and thereby causes prejudice to CONTRACTOR. COUNTY shall have no obligation to appeal or financially undertake the cost of any appeal, but it shall be able to participate in every stage of any appeal at its discretion. Any action or failure to act by CONTRACTOR, or by its agents, officers, employees, or subcontractors, including a failure to make diligent effort to resolve an audit exception with the State, which has resulted in a required repayment or reimbursement to the State or others, shall be paid by CONTRACTOR in accordance with this Exhibit.

**Exhibit "D"**  
**HIPAA REQUIREMENT**

The Health insurance Portability and Accountability Act of 1996 (HIPAA)

A. Definitions: Terms used, but not otherwise defined, in this Agreement shall have the same meaning as those terms in the Privacy Rule.

1. *Business Associate.* "Business Associate" shall mean CONTRACTOR.
2. *Covered Entity.* "Covered Entity" shall mean COUNTY.
3. *Individual.* "Individual" shall have the same meaning as the term "individual" in 45 CFR 164.501 and shall include a person who qualifies as a personal representative in accordance with 45 CFR 164.502(g).
4. *Privacy Rule.* "Privacy Rule" shall mean the Standards for Privacy of Individually Identifiable Health Information at 45 CFR part 160 and part 164, subparts A and E.
5. *Protected Health Information.* "Protected Health Information" shall have the same meaning as the term "protected health information" in 45 CFR 164.501, limited to the information created or received by Business Associate from or on behalf of Covered Entity.
6. *Required By Law.* "Required By Law" shall have the same meaning as the term "required by law" in 45 CFR 164.501.
7. *Secretary.* "Secretary" shall mean the Secretary of the Department of Health and Human Services or his designee.

B. Obligations and Activities of CONTRACTOR

1. CONTRACTOR agrees to not use or disclose Protected Health Information other than as permitted or required by the Agreement or as Required By Law.
2. CONTRACTOR agrees to use appropriate safeguards to prevent use or disclosure of the Protected Health Information other than as provided for by this Agreement.
3. CONTRACTOR agrees to mitigate, to the extent practicable, any harmful effect that is known to CONTRACTOR of a use or disclosure of Protected Health Information by CONTRACTOR in violation of the requirements of this Agreement.
4. CONTRACTOR agrees to report to COUNTY any use or disclosure of the Protected Health Information not provided for by this Agreement of which it becomes aware.
5. CONTRACTOR agrees to ensure that any agent, including a subcontractor, to whom it provides Protected Health Information received from, or created or received by CONTRACTOR on behalf of COUNTY agrees to the same restrictions and conditions that apply through this Agreement to CONTRACTOR with respect to such information. CONTRACTOR agrees to provide access, at the request of COUNTY, and in the time and manner requested by COUNTY, to Protected Health Information in a Designated Record Set, to COUNTY or, as directed by COUNTY, to an Individual in order to meet the requirements under 45 CFR 164.524

6. CONTRATOR agrees to make any amendment(s) to Protected Health Information in a Designated Record Set that the COUNTY directs or agrees to pursuant to 45 CFR 164.526 at the request of COUNTY or an Individual, and in the time and manner requested by COUNTY
7. CONTRACTOR agrees to make internal practices, books, and records, including policies and procedures and Protected Health Information, relating to the use and disclosure of Protected Health Information received from, or created or received by CONTRACTOR on behalf of, COUNTY to the COUNTY, in a time and manner requested by COUNTY for purposes of determining CONTRACTOR'S and/or COUNTY'S compliance with the Privacy Rule.
8. CONTRACTOR agrees to document such disclosures of Protected Health Information and information related to such disclosures as would be required for COUNTY to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in accordance with 45 CFR 164.528
9. CONTRACTOR shall provide to COUNTY or an individual, in time and manner designated by COUNTY, information collected in accordance with Title 45, CFR, Section 164.528, to permit the Department to respond to a request by the individual for an accounting of disclosures of PHI in accordance with Title 45, CFR, Section 164.528

C. General Use and Disclosure Provisions: Except as otherwise limited in this Agreement, Business Associate may use or disclose Protected Health Information on behalf of, or to provide services to, COUNTY, if such use or disclosure of Protected Health Information would not violate the Privacy Rule if done by COUNTY or the minimum necessary policies and procedures of the COUNTY.

D. Specific Use and Disclosure

1. Except as otherwise limited in this Agreement, CONTRACTOR may use Protected Health Information for the proper management and administration of the CONTRACTOR or to carry out the legal responsibilities of the CONTRACTOR.
2. Except as otherwise limited in this Agreement, CONTRACTOR may disclose Protected Health Information for the proper management and administration of the CONTRACTOR, provided that disclosures are Required By Law, or CONTRACTOR obtains reasonable assurances from the person to whom the information is disclosed that it will remain confidential and used or further disclosed only as Required By Law or for the purpose for which it was disclosed to the person, and the person notifies the CONTRACTOR of any instances of which it is aware in which the confidentiality of the information has been breached.
3. Except as otherwise limited in this Agreement, CONTRACTOR may use Protected Health Information to provide Data Aggregation services to COUNTY as permitted by 42 CFR 164.504(e)(2)(i)(B)

4. CONTRACTOR may use Protected Health Information to report violations of law to appropriate Federal and State authorities consistent with § 164.502(j)(1)

E. Obligations of COUNTY

1. COUNTY shall notify CONTRACTOR of any limitation(s) in its notice of privacy practices of COUNTY in accordance with 45 CFR 164.520, to the extent that such limitation may affect CONTRACTOR'S use or disclosure of Protected Health Information.
2. COUNTY shall notify CONTRACTOR of any changes in, or revocation of, permission by Individual to use or disclose Protected Health Information, to the extent that such changes may affect CONTRACTOR'S use or disclosure of Protected Health Information
3. COUNTY shall notify CONTRACTOR of any restrictions to the use or disclosure of Protected Health Information that COUNTY has agreed to in accordance with 45 CFR 164.522, to the extent that such restriction may affect CONTRACTOR'S use or disclosure of Protected Health Information.

- F. Permissible Requests by COUNTY: Except as otherwise provided herein, COUNTY shall not request CONTRACTOR to use or disclose Protected Health Information in any manner that would not be permissible under the Privacy Rule if done by COUNTY

G. Miscellaneous

1. *Regulatory References.* A reference in this Agreement to a section in the Privacy Rule means the section as in effect or as amended.
2. *Amendment.* The Parties agree to take such action as is necessary to amend this Agreement from time to time as is necessary for COUNTY to comply with the requirements of the Privacy Rule and the Health Insurance Portability and Accountability Act of 1996, Pub L. No. 104-191.
3. *Survival.* The respective rights and obligations of CONTRACTOR under this Exhibit shall survive the termination of this Agreement.
4. *Interpretation.* Any ambiguity in this Agreement shall be resolved to permit COUNTY to comply with the Privacy Rule.