NORTH SOUND
MENTAL HEALTH ADMINISTRATION

STATE MENTAL HEALTH CONTRACT

WITH

LAKE WHATCOM RESIDENTIAL AND TREATMENT CENTER

CONTRACT #NSMHA-LAKE WHATCOM-SMHC-09-11

OCTOBER 1, 2009 TO SEPTEMBER 30, 2011

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AGREEMENT FOR THE PROVISION
OF
STATE FUNDED
MENTAL HEALTH SERVICES

THIS MENTAL HEALTH SERVICES AGREEMENT (the "Agreement"), pursuant to Chapter 71.24 RCW and all relevant and associated statutes, as amended, is made and entered into by and between the NORTH SOUND REGIONAL SUPPORT NETWORK, dba THE NORTH SOUND MENTAL HEALTH ADMINISTRATION ("NSMHA"), 117 North 1st Street, Suite 8, Mount Vernon, Washington 98273, and the LAKE WHATCOM RESIDENTIAL AND TREATMENT CENTER ("CONTRACTOR") 609A North Shore Drive, Bellingham, WA 98226.

This Agreement incorporates the Agreement's Exhibits and Attachments to the Agreement and other documents incorporated by reference.

The effective date of this Agreement is October 1, 2009, through September 30, 2011.

A. DEFINITIONS

7.01 Plan is the NSMHA Board approved plan, which outlines NSMHA's commitment to planning and service delivery for American Indian governments and communities.

Abuse means "provider practices that are inconsistent with sound fiscal, business, or medical practices and result in an unnecessary cost to the Medicaid program, or in reimbursement for services that are not medically necessary or that fail to meet professionally recognized standards for health care" (Medicaid Managed Care Fraud and Abuse Guidelines).

Access refers to the initial request for services and initial screening and the related response-time requirements (as defined in the Clinical Eligibility and Care Standards section of NSMHA contract).

Access to Care Standards means the (MHD) Minimum Eligibility Requirements for Medicaid Adults & Medicaid Older Adults Guidelines reflect the most restrictive eligibility criteria that can be applied. NSMHA may expand coverage based on availability of local resources.

Accessibility means the extent to which an eligible recipient can obtain available services. Accessibility includes both the ability to contact the organization and the availability of providers and services. For example, outreach may be available, but if a provider does not routinely provide active outreach, outreach is not accessible.

Accountability means responsibility of CONTRACTOR for achieving defined outcomes, goals, and contract obligations

Act means the Social Security Act

Administrative Costs means costs for the general operation of the public mental health system. These activities can not be identified with a specific direct or direct services support function.

Advance Directive means a written document in which a principal makes a declaration of instructions or preferences or appoints an agent to make decisions on behalf of the principal regarding the principal's mental health treatment, or both, and that is consistent with the provisions of Washington's Mental Health Advance Directive statute.

Allen and Marr Class Members means any DDD enrolled client who was admitted to or in Western State Hospital on or after June 1, 1997 or any DDD enrolled client who was admitted to or in Eastern State Hospital on or after December 2, 1999. The class members are established based on *Allen, et al. v. WSH, et al. and Marr, et al. v. ESH, et al. cases.*

Allied Systems means state or local services which provide consumers with assistance to reduce the impact of disabilities, functional impairments, or skill deficits, and which promote stable community living.

Ancillary Crisis Services means costs associated with providing medically necessary crisis services which cannot be covered under the Medicaid state plan including but not limited to the cost of room and board for individuals in hospital diversion beds.

Annual Revenue means all revenue received by the RSN pursuant to the Agreement for July of any year through June of the next year.

Arbitration means the process by which the parties to a dispute submit their differences to the judgment of an impartial person or group appointed by mutual consent or statutory provision.

Assessment means a process which provides sufficient information to determine medical necessity for mental health services covered under this Agreement.

Case Management means assistance to a recipient and family (or significant other) to obtain, maintain, or develop appropriate resources. This involves obtaining or providing the full range of outreach and support services to help recipients establish and maintain respected positions within their community, including but not limited to: housing, income, employment, and other productive activities. Case management provides community support and intervention, as well as, crisis services and resolution. A range of activities to monitor, facilitate and, if necessary, intervene to improve access to and the continuity and effectiveness of treatment. This may include service coordination and linking clients with other social and economic resources, including mental health services, medical care, housing employment, education, and other community services. Some of these activities may be performed without the client present and may be conducted with other persons important to the client's treatment (i.e., collaterals). (HCPCS procedure code)

Census Alert means notification provided to the RSN of near-full census at the state psychiatric hospital. May include notification of changes in hospital admission criteria.

Center for Medicare and Medicaid Services (CMS) was (Formerly known as Health Care Finance Administration (HCFA))

Children's Hospital Alternative Program (CHAP) is the acronym for, a cooperative program of NSMHA and Division of Children and Family Services, to serve high-need children and their families. (Foster home and in-home services)

Children's Long Term Inpatient Program (CLIP): means the state appointed authority for policy and clinical decision-making regarding admission to and discharge from state-funded beds in the Children's Long Term Inpatient Programs (Child Study and Treatment Center, Pearl Street Center, McGraw Center, Tamarack Center and Martin Center).

Child Study and Treatment Center (CSTD) means the Department of Social and Health Services, Mental Health Division (MHD) child psychiatric hospital.

Community Mental Health Agency (CMHA) means community mental health centers that are subcontracted by the RSN and licensed to provide mental health services covered under this Agreement.

Community Support Services is all community-based, outpatient services. As defined in RCW 71.24.025(8) and WAC 388-865 – case management services; 388-865 – residential services; 388-865-0464 – employment services; 388-865 – psychiatric and medical services; 388-865 – In-home services; and 388-865 – Consumer or advocate-run services.

Complaint means a verbal or written statement by a consumer or enrollee that expresses dissatisfaction with some aspect of services covered under this Agreement, the Primary Care Provider, or CONTRACTOR.

Computer Information System (CIS)

Consultation is the review and recommendations regarding the task responsibilities, activities, and decisions of administrative, clerical, and clinical staff, along with contracted employees, volunteers, and interns, by persons with appropriate knowledge and experience, in the pursuit of quality services.

Consumer means a person who has applied for, is eligible for or who has received mental health services. For a child, under the age of thirteen, or for a child age thirteen or older whose parents or legal guardians are involved in the treatment plan, the definition of consumer includes parents or legal guardians.

Consumer Choice means the individual/child/family's guaranteed opportunity to choose freely among treatment options and support services (based on identified needs) and to be full partners in the treatment process. "Choice" supports the notion that to the degree possible, individuals/child/families need to play a key role in designing their own service/support "packages", including involvement of natural supports and culturally specific services.

Consumer Voice means indicators of ownership in and involvement with planning his/her own supports and services. In Individualized Plans, voice is best indicated by the use of "quotations".

Coordinated Quality Improvement Program (CQIP)

Corrective Action/Compliance Review is when findings from a NSMHA and/or MHD review or other monitoring efforts or audits show that there are apparent violations of this Agreement, the CONTRACTOR shall implement corrective action within specified timeframes determined by NSMHA and/or MHD and/or Department's other auditors.

Corrective Action Plan is a written plan specifying what the CONTRACTOR is required to do to be in compliance. This includes required improvements and a time line for such action(s) to be accomplished.

Crisis: Crisis may be self-defined or a situation where an individual is acutely mentally ill, or experiencing serious disruption in cognitive, volitional, psychosocial, and/or neurophysiological functioning.

Crisis Plan is a blueprint for action in the case of an individual (or child/family) who is experiencing imminent or substantial risk of harm to self/others or who is at risk of decompensation that could lead to future use of psychiatric inpatient services. Plans are developed in collaboration with the individual and natural supports. An adequate crisis plan reflects a blend of formal and informal supports and is amended as frequently as needed to be a meaningful resource. Crisis plans with updated information must be documented as a consumer completes an episode of care and becomes "inactive" or "closed".

Crisis Respite means support and stabilization services that may include, but are not limited to, Crisis Residential Service Options. Crisis respite may include in-home support services and brief periods of services by crisis aide staff to provide relief to a parent or primary in-home care provider.

Crisis Services means a face-to-face evaluation and treatment of mental health emergencies and crises to non-enrolled, as well as, enrolled individuals experiencing a crisis as defined by the WAC. Crisis services shall be available on a 24-hour basis with the goal of stabilizing the person in crisis and providing immediate or short-term treatment and support in the least restrictive environment available. Crisis services may be provided prior to an intake evaluation/assessment.

Cross-System Team meetings and consultations is participation and involvement with systems beyond the mental health system, who are also providing services to a mental health consumer, i.e., DCFS, DDD, JRA, DOC, Schools, etc., to assure communication, and integrated, coordinated treatment planning and provision.

Cultural Competence means a set of congruent behaviors, attitudes, and policies that come together in a system or agency and enable that system or agency to work effectively in cross-cultural situations. A culturally competent system of care acknowledges and incorporates at all levels the importance of language and culture, assessment of cross-cultural relations, knowledge and acceptance of dynamics of cultural differences, expansion of cultural knowledge and adaptation of services to meet culturally unique needs.

"D" Coupons are medical assistance coupons for children in foster care.

Detention is (Juvenile) Pursuant to RCW 13.16, a staffed, locked detention room, or house of detention for dependent, wayward, and delinquent children, separate and apart from the detention facilities for adults.

Deliverable means any written information required for submission to NSMHA to satisfy the work requirements of this Agreement and that are due by a particular date or on a regularly occurring schedule.

Direct Care Staff means persons employed by community mental health agencies whose primary responsibility is providing direct treatment and support to people with mental illness, or whose primary responsibility is providing direct support to such staff in areas such as client scheduling, client intake, client reception, client records-keeping, and facilities maintenance. This definition is for the purpose of statutory compensation requirement efforts.

Disaster Outreach means persons contacted in their place of residence or in non-traditional settings for the purpose of:

a) Assessing their mental health, or social functioning following a disaster; or
b) Increasing their utilization of human services and resources.
c) There are two basic approaches to outreach:

    i) Mobile (ongoing to person to person);
    ii) Community settings (e.g. temporary shelters, disaster assistance sites, disaster information forums).

d) Regardless of the approach, the outreach process has five important components:

    i) Locating persons in need of disaster relief services;
    ii) Assessing their needs;
    iii) Engaging or linking persons to an appropriate level of support or disaster relief services; and
    iv) Providing follow-up mental health services when clinically indicated.
    v) Disaster outreach can be performed by trained volunteers, peers, and/or persons hired under a Federal Crisis Counseling Grant. These persons should be trained in disaster outreach, which is different than traditional mental health crisis intervention.

Discharge is (1) related to end of consumer's inpatient psychiatric hospital stay; (2) occurs when an eligible consumer has completed an episode of care (or active service) and is no longer receiving services (i.e., closed).

Discharge Planning (Hospital) is the processes of developing a care regimen for a patient leaving inpatient care, including appropriate timing and follow-up examinations and treatment. A collaborative event, focusing on the development of a regimen of care, designed to support treatment success through the utilization of natural supports and community resources. This planning phase is critical to success, in both the inpatient and outpatient arenas and needs to begin immediately following intake.

Discharge Planning (Services) is the process of developing a care regimen and community integration plan for a mental health recipient leaving clinical care including appropriate residential treatment/housing supports and community support services prior to the recipient leaving outpatient care.

Diversion means to redirect an individual from being placed in a restrictive setting (i.e., Jail, inpatient services) to clinically appropriate less restrictive alternative(s).

Emergent means a situation where an individual is at imminent risk of substantial harm to him or herself or, others.

Emergent Care means services provided for a person, that, if not provided, would likely result in the need for crisis intervention or hospital evaluation due to concerns of potential danger to self, others, or grave disability according to RCW 71.05.

Evaluation and Treatment Facility (E&T) These are not-for-profit organizations. At a minimum, services include evaluation, stabilization and treatment provided by or under the direction of licensed psychiatrists, nurses and other Mental Health Professionals, and discharge planning involving the individual, Family, significant others so as to ensure continuity of mental health care. Nursing care includes but is not limited to performing routine blood draws, monitoring vital signs, providing injections, administering medications, observing behaviors and presentation of symptoms of mental illness..

Fair Hearing means a grievance hearing before the Washington State Office of Administrative Hearings.

Family means those the consumer defines as family or those appointed/assigned (e.g. parents, foster parents, guardians, siblings, caregivers, and significant others).

Fraud means "an intentional deception or misrepresentation made by a person with the knowledge that the deception could result in some unauthorized benefit to himself or some other person. It includes any act that constitutes fraud under applicable Federal or State law". (Medicaid Managed Care Fraud and Abuse Guidelines).

Full-Time Equivalent (FTE) is the term used to define number of full-time staff. One FTE shall be defined as 40 hours work per week.

Geographic Area is the NSMHA Service Area consisting of the following geographic areas:

a) Island County
b) San Juan County
c) Skagit County
d) Snohomish County
e) Whatcom County

Grievance means an expression of dissatisfaction about any matter. Possible subjects for grievances include, but are not limited to, the quality of care or services provided, and aspects of interpersonal relationships such as rudeness of a provider or employee, or failure to respect the mental health Consumer's rights.

Group Treatment Services means a set of face-to-face activities provided by one or more provider staff to two or more attending members that are designed to help an individual attain goals as prescribed in the individual's treatment plan. These group activities shall be consistent with the age and cultural framework of the individuals participating, and may include family members or others who play necessary roles in the lives of the group members.

HIPAA means Health Insurance Portability and Accountability Act of 1996.

In-Residence Census (IRC) means the in-residence census of all voluntary and involuntary consumers, regardless of where in the state hospital they are housed. Consumers who are committed to the state hospital under RCW 10.77 are not included in the IRC. Consumers who are committed by municipal or district court judges after failed competency restoration are considered committed under RCW 10.77 until a petition for 90 day civil commitment under RCW 71.05 has been filed in court.

Involuntary Treatment means treatment provided under the Involuntary Treatment Act (WAC 388-865 for individuals age 13 and older, who do not agree to treatment/hospitalization and are detained against will after having been evaluated by a CDMHP (Designated Mental Health Professional) and court hearing and found to need treatment/hospitalization by meeting one of the following criteria (danger to self, others, or gravely disabled) and therefore ordered or remanded to treatment by court decision.

JRA means the Department of Social and Health Services (DSHS) Juvenile Rehabilitation Administration.

Local Funds Eligible for Match means sources of revenue that are eligible to be used as federal match are broad based taxes at the county or other local taxing authority level that are spent and have been certified by the local authority as public funds for mental health services allowable under this Agreement. Funds used for federal match under this Agreement may not be used as match for any other federal program. It can be local funds that have not been previously matched with federal funds at any point. Local funds do not include donations.

Medicaid Waiver is a waiver granted by the Secretary of DSHS to requirements of 42 USC 1396a for the purpose of permitting the DSHS Mental Health Division to operate a capitated managed care system to provide services to enrolled recipients of the Medicaid program. Under 42 USC 1396n, the Secretary is authorized to grant such waivers to the extent he/she finds proposed improvements or specified practices in the provision of services under Medicaid to be cost-effective, efficient, and consistent with objectives of the Medicaid program.

Medical Necessity or Medically Necessary means a term for describing a requested service which is reasonably calculated to prevent, diagnose, correct, cure, alleviate or prevent the worsening of conditions in the recipient that endanger life, or cause suffering or pain, or result in illness or infirmity, or threaten to cause or aggravate a handicap, or cause physical deformity or malfunction, and there is no other equally effective, more conservative or substantially less costly course of treatment available or suitable for the person requesting service. "Course of treatment" may include mere observation or, where appropriate no treatment at all.

Additionally, the individual must be determined to have a mental illness covered by Washington State for public mental health services. The individual's impairment(s) and corresponding need(s) must be the result of a mental illness. The intervention is deemed to be reasonably necessary to improve, stabilize or prevent deterioration of functioning resulting from the presence of a mental illness. The individual is expected to benefit from the intervention. Any other formal or informal system or support cannot address the individual's unmet need.

Mental Disorder as defined in RCW 71.34.020(12) for children and RCW 71.05.020(2) for adults.

Mental Health Care Provider (MHCP) means the individual with primary responsibility for implementing an individualized plan for mental health rehabilitation services. Minimum qualifications are B.A. level in a related field or A.A. level with two years experience in the mental health or related fields.

OMB Circular A-133 means audits of States, Local Governments and Non-Profit Organizations.

Outcome means the results of a service period of treatment. The extents to which services are provided to individuals experiencing emotional and behavioral disorders have a positive or negative effect on their well-being, circumstances, and capacity for self-management and recovery.

Outreach means a mental health service where consumers with severe and persistent mental illness or serious emotional disturbance are contacted in their place of residence or in non-traditional settings for the purpose of:

a) Improving their mental health, health, or social functioning; or
b) Increasing their utilization of human services and resources.
c) There are two basic approaches to outreach:

i) Mobile (going to consumer); and
ii) Drop-in centers (e.g. shelters, clubhouses, kitchens, clothing banks).

d) Regardless of the approach, the outreach process has five important components:

a) Locating individuals in need of services;
b) Engaging individuals into service;
c) Assessing their needs;
d) Linking individuals to an appropriate level of support services; and
e) Providing follow-up services.

Performance Indicator(s) means system level information on the types of service to consumers, the duration and intensity of services, staffing patterns, and fiscal viability.

Pre-Admission Screening and Resident Review (PASARR)

Prepaid Inpatient Health Plan (PIHP) means an entity that provides or arranges for:

a) Mental health services to enrollees under contract with the state on the basis of prepaid capitation payments, or other payment arrangements that don't use state plan payment rates;
b) Provides, arranges for, or otherwise has responsibility for the provision of any inpatient hospital or institutional services for its enrollees; or
c) Does not have a comprehensive risk contract.

Private Residence means a house, apartment, trailer, motel/hotel, dorm, boarding school, barracks, and single room occupancy.

Psychological Assessment means all psychometric services provided for evaluation, diagnostic, or therapeutic purposes by, or under the supervision of, a licensed psychologist.

Quality Assurance means a focus on compliance to minimum requirements (e.g. rules, regulations, and contract terms) as well as reasonably expected levels of performance, quality, and practice.

Quality Improvement means a focus on activities to improve performance above minimum standards/ reasonably expected levels of performance, quality, and practice.

Quality Management/Strategy means an overarching system and/or process whereby quality assurance and quality improvement activities are incorporated and infused into all aspects of an organization's or system's operations.

Recovery means the process by which people are able to live, work, learn, and participate fully in their communities.

Region is known as NSMHA or North Sound Regional Support Network (NSRSN). This region is comprised of five counties: Island, San Juan, Skagit, Snohomish, and Whatcom

Rehabilitation means to restore to customary activity through education, skill building and therapy. Increase independence and ability to participate in life meaning activities.

Reserve Accounts means an allocation of fund balance at the RSN set aside for a specific purpose by the RSN governing board or local legislative authority.

- Operating Reserve - Funds designated from mental health revenue sources that are set aside into an operating reserve account by official action of the RSN's governing body. Operating reserve funds may only be set aside to maintain adequate cash flow for the provision of mental health services.
- Inpatient Reserve – Funds designated from mental health revenue sources to pay for future inpatient hospital claims.

Residential Services are defined in WAC 388-865, NSMHA Standards of Care and Clinical Eligibility Manual and NSMHA Policies and Procedures.

Resilience means the personal and community qualities that enable individuals to rebound from adversity, trauma, tragedy, threats, or other stresses, and to live productive lives.

Risk means the possibility that the CONTRACTOR may incur a loss because the cost of providing services may exceed the premium payments made by NSMHA to CONTRACTOR for services covered under this Agreement. (42 CFR 434.2)

Routine Care means a setting where evaluation and mental health services are provided to consumers on a regular basis. These services are intended to stabilized, sustain, and facilitate consumer recovery within his or her living situation and they do not meet the definition of urgent or emergent care.

Routine Services means non-emergent and non-urgent services are offered within fourteen (14) calendar days to individuals authorized to receive services as defined in the access to care standards. Routine services are designed to alleviate symptoms, to stabilize, sustain and facilitate progress toward mental health.

Screening means initial face-to-face or telephonic interview to assess immediate mental health needs of a client for referral and/or treatment (per HCPCS procedure code). Depending upon level of need, a full multi-axial assessment frequently follows screening.

Service Area means the geographic area covered by this Agreement for which the RSN is responsible.

Severely Emotional Disturbed Child means a child who has been determined by the Regional Support Network to be experiencing a mental disorder as defined in Chapter 71.34 RCW, including those mental disorders that result in a behavioral or conduct disorder, that is clearly interfering with the child's functioning in family or school or with peers and who meets at least one of the following criteria:

a) Has undergone inpatient treatment or placement outside of the home related to a mental disorder within the last two years;
b) Has undergone involuntary treatment under Chapter 71.34 RCW within the last two years;
c) Is currently served by at least one of the following child-serving systems:

   i) Chronic family dysfunction involving a mentally ill or inadequate caretaker;
   ii) Changes in custodial adults;

iii) Going to, residing in, or returning from any placement outside of the home, for example, psychiatric hospital, short-term inpatient, residential treatment, group or foster home, or a correctional facility;
iv) Subject to repeated physical abuse or neglect;
v) Drug or alcohol abuse; or,
vi) Homelessness

Special Population Evaluation means an evaluation by a specialist as defined by WAC 388-865-0425, which considers age and cultural variables specific to the individual being evaluated and other culturally and age competent evaluation methods. This evaluation shall provide information relevant to a consumer's continuation in appropriate treatment and assist in treatment planning.

Subcontract means any written agreement between CONTRACTOR and subcontractor or between CONTRACTOR, subcontractor, and another subcontractor to provide services or activities otherwise performed under this Agreement.

Subcontractor means an individual or entity performing all or part of the services under this Agreement under a separate contract with the CONTRACTOR or its subcontractors.

Title 42 is the CFR Public Health Service.

Title XIX is grants with states for Medical Assistance Program.

Title XIX Eligible Month means a calendar month in which an individual is eligible for the Title XIX program for any part of the month.

Title XXI is the State Children's Health Insurance Program.

Transition Youth means anyone age 17-21.

Underserved means persons who are minorities, children, elderly, disabled, and low-income. See WAC 388-865-0150.

Urgent Care means a service to be provided to persons approaching a mental health crisis. If services are not received within 24 hours of the request, the person's situation is likely to deteriorate to the point that emergent care is necessary.

Utilization Management Services means to provide independent utilization management process that monitors provider network to ensure services provided are sufficient, but not excessive, which are predicated on the individual needs of the recipient with respect to that person's age, culture, language, and abilities.

Youth means anyone age 13-17 (13-20 if Medicaid)

B. REQUIRED, PRIORITY AND OTHER SERVICES

CONTRACTOR must collaborate in the provision of required services with NSMHA. CONTRACTOR shall provide the following Required Services to individuals in the Service Area: Medicaid Personal Care and Inpatient Services. Priority Services, which are Residential Programs and Outpatient Services, are to be provided in accordance with the requirements outlined in Section C, Performance Standards. In providing Priority Services, CONTRACTOR shall mutually develop and routinely review policies and procedures that address how the availability of resources for these services is determined, including how decisions are made to deny services due to insufficient resources. Other Services are to be provided in accordance with the specific requirements outlined for the service.

1. MEDICAID PERSONAL CARE (MPC)-REQUIRED

The CONTRACTOR shall:

Identify consumers who may qualify for MPC services and request a consult from NSMHA who will determine if a referral to Home and Community Services (HCS) and/or Area Agency on Aging (AAA) are appropriate. If a referral is deemed appropriate, CONTRACTOR shall provide NSMHA with an informational packet describing the consumer's MPC needs. NSMHA will review the packet and forward to HCS or AAA. Upon receipt of the packet, HCS/AAA staff schedule a CARE Assessment with consumer, to include the CONTRACTOR case manager if possible. CARE Assessment determines either the recommended number of MPC hours per month provided to the consumer or the recommended add-on amount paid to the Adult Family Home by NSMHA for the consumer's care.

HCS/AAA sends a request for MPC funding based on the CARE Assessment to NSMHA. NSMHA will contact HCS or authorize or deny MPC funding within five (5) working days based on the following criteria:

a. A review of the request to determine if the individual is currently authorized to receive services from the Prepaid Inpatient Health Plan in the Contractor's service area.
b. A verification that need for MPC services is based solely on a psychiatric disability
c. A review of the requested MPC services to determine if the individual's needs could be met through provision of other available RSN services.

If NSMHA denies authorization for MPC, the reason for the determination will be documented in a written response provided to HCS/AAA and NSMHA will notify the CMHA case manager. If NSMHA denies the authorization for MPC based on provision of other RSN services, the services shall be identified and described on the consumer's Individual Treatment Plan, a copy of which must be provided to NSMHA.

Authorizations shall be made for up to one year and are subject to review through NSMHA's utilization review processes.

2. **PSYCHIATRIC INPATIENT SERVICES – COMMUNITY HOSPITALS AND EVALUATION AND TREATMENT FACILITIES (E&T)-REQUIRED**

The CONTRACTOR shall:

a. Ensure when CONTRACTOR is notified of the hospitalization of their client that contact with the community hospital or E&T staff occurs within three (3) working days of an enrollee's admission to a community hospital or E&T, If the CONTRACTOR is not notified of admission at the time the consumer is admitted, they should attempt to make contact as soon as they are notified, in accordance with NSMHA's Clinical Eligibility and Care Standards and/or NSMHA clinical policies and procedures.
b. Upon notification of the admission, the designated CONTRACTOR shall offer a non-crisis service to eligible individuals within 5 business days/7 calendar days post-discharge. The CONTRACTOR shall participate in treatment and discharge planning with the community hospital or E&T inpatient treatment team. If there is a dispute regarding the intake location, it will be brought by the NSMHA Inpatient Certification designee and/or to the NSMHA Utilization Management Department for review and resolution.

3. **PSYCHIATRIC INPATIENT SERVICES – STATE HOSPITALS AND CHILDREN'S LONG-TERM INPATIENT PROGRAM (CLIP) – REQUIRED**

The CONTRACTOR shall:

a. Actively work with NSMHA's Western State Hospital (WSH) liaisons and implement mechanisms that promote rapid and successful reintegration of consumers to the community from state psychiatric hospitals and CLIP programs.
b. Respond to state hospital census alert notifications by:

   i. Demonstrating best efforts to divert state psychiatric hospital admissions.
   ii. Expediting individual discharges from the state psychiatric hospital using alternative community resources and mental health services. WSH Liaison will continue to consider resources on a region-wide basis when expediting discharges.

c. Comply with NSMHA WSH policies and procedures including those implementing the NSMHA-Western State Hospital Working Agreement.
d. Require that to the extent necessary and whenever possible, consumers are medically cleared prior to admission to a state psychiatric hospital.
e. The CONTRACTOR must provide or require an admission packet be provided to the state psychiatric hospital within three (3) working days of admission. In the event of a transfer from community hospitals, emergency rooms, evaluation and treatment centers or nursing homes an admission packet must be provided to the state psychiatric hospital on or before the admission whenever possible.
f. In the event of a transfer from community hospitals, emergency rooms, evaluation and treatment centers, or nursing homes, an admission packet must be provided to the state psychiatric hospital on or before admission whenever possible.
g. Provide coordination with state hospital staff and NSMHA WSH liaison to develop appropriate community placement and treatment service plans.
h. CONTRACTOR has the primary responsibility to coordinate with the other CMHAs and obtain a placement for the outpatient and residential services to be provided to the individual based on NSMHA policies and procedures, medical necessity and available

resources. CONTRACTOR will ensure that there is one point of contact for the WSH Liaisons.

i. The assigned CONTRACTOR must offer, at minimum, one follow-up service within 5 working days from discharge.

4. RESIDENTIAL PROGRAMS-PRIORITY

In accordance with NSMHA Policies and Procedures CONTRACTOR shall ensure the following:

The range of residential settings and programs must be available and provided based on the individual's need, medical necessity and within available resources per the policies and procedures developed as outlined at the beginning of this section.

Residential Programs are 24-hour staffed specialized living situations and services provided by the NSMHA. NSMHA purchases the residential service with State Mental Health Contract funds. Mental health outpatient services are provided principally under CONTRACTOR's Medicaid Agreement and/or with state funding if resources allow.

There are two levels of services in residential programs funded by the NSMHA, Boarding Home and Residential Treatment Facility services. These programs provide the following specific services including:

Boarding Home Services

In general, boarding homes must provide housing and assume general responsibility for the safety and well-being of each resident consistent with the resident's assessed needs and negotiated service agreement. (WAC388-78A-2170)

This includes:

1. A room with a bed
2. Meals
3. Nutritious snacks
4. Activities

a. This includes space, staff support, and routine supplies and equipment necessary for each resident to pursue independent or self-directed activities
b. Group activities at least three times per week that may be planned and facilitated by caregivers consistent with the collective interests of a group of residents.

1. Housekeeping
2. Laundry
3. Storage of medications
4. Monitoring of medication use, but not administration
5. Monitoring of medical conditions and issues, such as, prompting consumer for glucose testing and the self-administration of insulin.
6. Basic life skills coaching

Residential Treatment Facilities

In general, the licensee must ensure residents receive housing, meals, support services including health care by adequate numbers of staff authorized and competent to carry out assigned responsibilities. There must be sufficient numbers of personnel present on a twenty-four hour per day basis to meet the health care needs of the residents served; managing emergency situations; crisis intervention, implementation of health care plans; and required monitoring activities.

1. A residential facility is expected to meet and exceed all of the expectations of a Boarding Home.
2. A residential treatment facility has a higher level of medical capabilities than a Boarding Home. Hence, a residential treatment facility shall take consumers with more intense medical and psychiatric needs.
3. The facility shall provide a significantly higher level supervision and monitor than a boarding home (a higher level of staff to consumer ratio.).

CONTRACTOR shall actively promote consumer access and choice in safe and affordable independent housing.

CONTRACTOR shall provide timely access to Mental Health Outpatient Services or Intensive Outpatient Treatment when it is determined to be medically necessary to meet a consumer's individual needs.

CONTRACTOR guarantees that NSMHA enrollees will have access to residential services and outpatient treatment throughout the term of this agreement.

CONTRACTOR shall collaborate with NSMHA to develop additional capacity when resource and utilization processes indicate.

CONTRACTOR shall demonstrate its performance of this function by the maintenance of written records that show routine review and discussion of residential service capacity issues by CONTRACTOR staff.

CONTRACTOR shall comply with NSMHA's Board of Director's Housing Opportunities policy.

CONTRACTOR shall notify NSMHA 60 days in advance of a planned date for closure of any CONTRACTOR owned residential facility or the termination of a subcontract for the provision of residential services and programs. Along with the notification, CONTRACTOR shall provide NSMHA with a detailed financial analysis explaining why funds provided under this agreement are insufficient to ensure the ability to provide the required program.

CONTRACTOR shall ensure facilities operate at a minimum of 85% of bed day available capacity.

5. OUTPATIENT SERVICES and MEDICATION MANAGEMENT-PRIORITY

The full range of outpatient mental health services described in Exhibit O, Outpatient Service Modalities, must be available and provided based on the access to care standards, the individual's needs, and medical necessity, within available resources per the policies and procedures developed as outlined at the beginning of this section.

a. The priority population for general outpatient services is low-income individuals released from state and community hospitals, jails, persons in crisis who are at risk of hospitalization, and frequent high utilizers of mental health and other public services (such as emergency services and criminal justice services). Low income is defined as individuals and families at no more than 200% of federal poverty level. Available resources for general outpatient services are specified in Attachment VIII. CONTRACTOR shall develop a plan by 10/15/09 to ensure that utilization is at a level appropriate to ensure that utilization and available resources are not exceeded during the entire term of the contract. In addition to services included in Exhibit O, Outpatient Service Modalities, services may include assistance with application for entitlement programs and assistance with meeting the requirements of the Medically Needy spend down program.

b. CONTRACTOR shall utilize Flex Funding as specified in Attachment VIII which is a service to Medicaid enrollees that is not included in the Medicaid State Plan or the 1915(b) Waiver and is a service also available to non-Medicaid consumers. Flex funds shall be expended in accordance with NSMHA policy and procedure.
CONTRACTOR shall submit a utilization plan for the use of flex funds, said plan shall be submitted on or before November 1, 2009.

c. CONTRACTOR shall monitor individuals discharged from inpatient psychiatric hospitalization on court ordered Less Restrictive Alternatives (LRA) under RCW 71.05.320. CONTRACTOR must at least:

   i. CONTRACTOR shall offer covered mental health services to assist with compliance to the LRA conditions for individuals who meet medical necessity and access to care standards.
   ii. CONTRACTOR must respond to requests for participation, implementation, and monitoring of consumers on Conditional Releases (CR) consistent under RCW 71.05.340. CONTRACTOR shall provide covered mental health services for individuals who meet medical necessity and access to care standards.
   iii. CONTRACTOR must respond to requests for participation, implementation, and monitoring of consumers on Conditional Releases (CR) consistent under RCW 71.05.340 when there is the presence of medical necessity and within available resources in accordance with NSMHA policies and procedures.
   iv. Provide community mental health services for individuals on a conditional release under RCW 10.77.150 consistent with the individual's eligibility for services based on the presence of medical necessity and within available resources.
   v. For conditional releases under RCW 10.77, the identification of which Regional Support Network has responsibility is determined by the jurisdiction of the court that ordered the commitment of the individual. If the individual is placed on a transitional status in the RSN, which holds the state psychiatric hospital, it is expected that the individual will transfer back to the identified RSN once transitional care is complete. The Inter-RSN Transfer process described in the state hospital working agreement will be used when an individual is being discharged to an area outside of the identified responsible RSN.

6. CONTRACTED SERVICES

CONTRACTOR shall provide the following MENTAL HEALTH and/or RESIDENTIAL SERVICES pursuant to the provision of this agreement and within available resources:

CONTRACTOR shall provide for Adult Outpatient and Medication Management as required in the provision of this agreement in compliance with Attachment VIII and NSMHA Policy and Procedures.

CONTRACTOR shall provide for Adult Intensive Outpatient Services as required in the provision of this agreement in compliance with Attachment VIII and NSMHA Policy and Procedures.

CONTRACTOR is required to maintain capacity of Residential Services, as required by Attachment VIII of this agreement and NSMHA Policy and Procedures. Through this Agreement NSMHA intends to ensure that the current capacity of residential programs is not decreased and COONTRACTOR shall make a good effort to increase capacity.

CONTRACTOR shall maintain capacity for Expanded Community Service as required in the provision of this agreement in compliance with Attachment VIII and Exhibit M.

CONTRACTOR guarantees that NSMHA enrollees will have access to mental health and/or residential services provided throughout the term of the contract and/or within allowable resources.

C. PERFORMANCE STANDARDS

1. GENERAL OPERATING STANDARDS

a. CONTRACTOR must ensure that consumers and consumers' families participate in planning activities and participate in the implementation and evaluation of the CONTRACTOR'S clinical functions. CONTRACTORS must demonstrate how this requirement is implemented.

b. CONTRACTOR must maintain a written Advance Directive policy and procedure that respects enrollees' advance directives for psychiatric care. Policy and procedures must comply with NSMHA's Advance Directive policy and procedure.

c. CONTRACTOR must ensure plans or reports required by this Agreement, included in Attachment IV, Deliverables, are provided to the NSMHA in compliance with the timelines and/or formats indicated.

d. CONTRACTOR must participate in NSMHA and MHD offered training, consultation and program development when requested, including training on the implementation of Evidence Based Practices, Emerging and Promising Practices.

e. CONTRACTOR shall participate on a region-wide Dignity and Respect workgroup, when requested.

f. CONTRACTOR shall consult with NSMHA on the review of a minimum of two practice guidelines during the contract period and shall adopt and implement the practice guidelines, including training impacted staff on the use of the guidelines.

g. CONTRACTOR shall make best efforts to provide written or oral notification within 15 working days of termination of a MHCP to individuals currently open for services who had received a service from the affected MHCP in the previous 60 days. Notification must be verifiable in the client medical record at the CMHA.

h. The CONTRACTOR must ensure benefits are provided in accordance with NSMHA's policies and procedures and are not arbitrarily denied or reduced (e.g. the amount, duration, or scope of a required service) based solely upon the diagnosis, type of mental illness, or the enrollee's mental health condition.

i. CONTRACTOR shall arrange and monitor for consumer's medically necessary services outside of the Service Area, if services are provided in accordance with NSMHA's policies and procedures and the CONTRACTOR is unable to provide the services covered under this Agreement.

j. The CONTRACTOR shall provide Customer Service that is customer-friendly, flexible, proactive, and responsive to consumers, families, and stakeholders. The Contractor shall provide a toll free number for consumers. A local telephone number may also be provided for those consumers within the local calling area.

k. CONTRACTOR shall notify consumers in writing of changes in service, MHCP denials and/or changes, or termination in services in accordance with NSMHA policies and procedures.

l. CONTRACTOR shall ensure representative payee services are available for those who need them. When the CONTRACTOR performs representative payee services, it shall charge no more than the maximum fee allowed by Social Security regulation and shall ensure that payee functions are independent from and do not have conflicts of interest with clinical service functions. CONTRACTOR shall maintain a list of the names and addresses of all known payee services available in the North Sound region, and shall ensure that before initiation of payee services, CONTRACTOR will provide consumer with the list. The form used by the CONTRACTOR to enroll the consumer in payee services shall

require the consumer to acknowledge receipt of the list and the form will offer the assistance of North Sound Regional Ombuds Services.

m. CONTRACTOR shall collaboratively participate in NSMHA's regional coordination meetings, which currently include the NSMHA Ad Hoc Regional Management Council, the NSMHA Quality Management Oversight Committee, Regional ICRS Committee, and Regional Medical Directors and subcommittees and work groups of these committees as necessary.

n. CONTRACTOR shall obtain written consent from the Consumer, in the event a Consumer's picture or personal story will be used.

2. LOCUS/CALOCUS LEVEL OF CARE UTILIZATION SYSTEM

CONTRACTOR shall comply with the NSMHA policy and procedure on LOCUS/CALOCUS Level of Care Utilization System.

CONTRACTOR shall ensure all children-adolescent and adult consumers eligible for services are given a complete clinical assessment using the CALOCUS and LOCUS tool for children/adolescent and adult consumers.

CONTRACTOR shall comply with their NSMHA approved LOCUS/CALOCUS Training Plan and the strategies identified in efforts toward Inter-rater reliability. Data on Inter-rater reliability shall be submitted to NSMHA on a quarterly basis. CONTRACTOR shall participate on efforts toward regional Inter-rater reliability standards, when requested.

CONTRACTOR shall complete a LOCUS/CALOCUS on levels 1 and 2 annually and for levels 3 and above every six (6) months and/or when there is a significant life change.

3. MEDICAL NECESSITY AND SECOND OPINION

The CONTRACTOR shall make the determination of medical necessity. The CONTRACTOR shall ensure enrolled consumers have the right to a second opinion in accordance with NSMHA's Second Opinion Policy and Procedure. CONTRACTOR shall develop specific written procedures consistent with NSMHA's Second Opinion policy and notify NSMHA of any consumer seeking a second opinion. CONTRACTOR shall be responsible for arranging and monitoring all second opinion services under this agreement.

4. OUTPATIENT INITIAL AUTHORIZATION and CONTINUED SERVICE AUTHORIZATION

In accordance with NSMHA's operating policies, CONTRACTOR shall:

a. When a consumer meets the access to care standards, Exhibit A, they are authorized for outpatient services by NSMHA within available resources and according to priorities outlined in Section B of this agreement.

b. CONTRACTOR shall implement operational policies, procedures, and protocols that are consistent with NSMHA's operating policies and assure that they are consistently implemented.

c. NSMHA shall notify CONTRACTOR in writing of those authorized to receive CONTRACTOR services and will provide a contact person(s) for purposes of NSMHA service authorization. The CONTRACTOR shall appoint a contact person to receive authorization notification.

d. If an expedited assessment is needed it will be provided as rapidly as is medically necessary, in accordance with NSMHA's Authorization and Assessments for Ongoing Services Policy and Procedure.
e. If the CONTRACTOR believes medical necessity and Access to Care Standards are not met, the CONTRACTOR will send NSMHA clinical information necessary to allow NSMHA to make a determination of clinical eligibility.
f. If a consumer is determined by NSMHA to not meet clinical eligibility requirements, NSMHA shall notify the consumer of the decision with a Notice of Determination and his/her rights to file and complaint or grievance.

5. SPECIALIZED OUTPATIENT/RESIDENTIAL CONTINUED SERVICE APPROVAL AND CONTINUED SERVICE AUTHORIZATION

In accordance with NSMHA's operating policies:

a. Authorization for Program for Assertive Community Treatment (PACT) shall be the responsibility of the Team Leader and NSMHA, any dispute will be mediated by the NSMHA Medical Director.
b. Authorization for specialty out of network services will be authorized and paid for by the CONTRACTOR, with the exception of services outside the State of Washington which shall be authorized and paid for by NSMHA, arrangement and monitoring of all said services will be the responsibility of the CONTRACTOR.

6. INTENSIVE OUTPATIENT TREATMENT-ADULT

CONTRACTOR shall comply with the NSMHA policy and procedure on Intensive Outpatient Services.

CONTRACTOR shall ensure consumer's requiring Intensive Outpatient services receive said services when medically necessary and LOCUS and/or CALOCUS determine individual level of need.

CONTRACTOR shall demonstrate its performance of this function by the maintenance of written records that show routine review and discussion of service intensity.

7. SPECIALIZED TRAUMA SERVICES

CONTRACTOR shall maintain and/or develop the capability to address trauma issues in treating persons with mental illness. CONTRACTOR shall maintain and/or develop trauma projects in service area designed to reduce inpatient utilization by adults with histories of trauma related to their mental illness.

CONTRACTOR shall demonstrate its performance of this function by the maintenance of written records that show routine review and discussion of specialized trauma capacity issues by CONTRACTOR staff.

8. QUALITY CLINICAL CARE, TIMELY ACCESS, INTAKE EVALUATIONS AND INDIVIDUALIZED TREATMENT PLANS

In addition to requirements listed elsewhere in the contract and in NSMHA Policy and Procedures, CONTRACTOR shall:

a. Provide consumers access to services based on the individual's needs and medical necessity, within available resources per the NSMHA's policies and procedures.
b. Ensure medically necessary services are not contingent upon full completion of intake evaluations.
c. Ensure:

    i. A face-to-face Intake Assessment by a Mental Health Professional is offered within ten (10) working days of the completed request for services.
    ii. Co-Occurring Screening and Assessment initiated and completed in compliance with NSMHA Co-occurring Screening and Assessment policy and procedure.
    iii. Routine care is offered to occur within 14 calendar days of a determination of eligibility. An extension is possible on request by the enrollee. A total of 28 calendar days from the initial request for services until the first routine appointment is offered is the expected period of time.
    iv. Emergent care occurs within two (2) hours.
    v. Urgent care occurs within 24 hours from the request for services.
    vi. When services occur in the CMHA's office, wait time does not exceed one (1) hour beyond the time of the scheduled appointment.
    vii. An appointment is offered to each consumer for a face-to-face contact within seven (7) days of discharge from community inpatient care.
    viii. Data and/or reports will be available to substantiate compliance with the above requirements as requested by NSMHA.

d. Ensure that each Medicaid consumer (including parents/foster parents, assigned/appointed guardians of children, and youth) is able to choose a participating CMHA and MHCP to comply with WAC 388-865-0345, or any successor, and in accordance with the approved Medicaid waiver or any successor. If the consumer does not make a choice Volunteers of America shall assign the CONTRACTOR and the CONTRACTOR shall assign the MHCP no later than 14 working days following the request for mental health services. CONTRACTOR shall allow a service recipient to change MHCP in the first 90 days of enrollment and once during a 12-month period for any reason. Any additional change of MHCP during the 12-month period may be made at the enrollee's request with justification that is documented by CONTRACTOR.
e. Ensure that children/foster children receive continuity of care (i.e. same case manager and/or therapist) including transition planning when changes in residential placements occur (i.e. in and out of home care, community placements including outside of Service Area) as requested by and negotiated with a Children's Administration social worker. In situations where the consumer has been placed outside of the Service Area, the CONTRACTOR is not required to take services to the new community and any necessary transportation of the consumer is not the responsibility of the CONTRACTOR. Transportation and service delivery may be negotiated with the Children's Administration social worker.

f. Ensure that services are available to eligible consumers within seven (7) days of receiving a copy of a PASARR evaluation, which indicates a need for mental health services. Contractor shall provide prescreening determinations for the provision of community support services for people with mental illness who are being considered for nursing home placement, in accordance with NSMHA Policy & Procedure.

g. Ensure emergency requirements are met in accordance with 42 CFR;

h. Ensure prior authorization is not required for emergency services;

i. Ensure payment for up to two (2) hours of emergency mental health services when/if eligible individuals residing within the Service Area receives said service outside of the Service Area.

j. Access Services. In accordance with WAC 388-865-0415, CONTRACTOR must document and otherwise ensure that eligible consumers have access to age and culturally competent services when and where those services are needed. They must:

   i. Identify and reduce barriers to people getting the services where and when they need them;
   ii. Comply with the Americans with Disabilities Act and the Washington State Antidiscrimination Act, chapter 49.60 RCW;
   iii. Assure that services are timely, appropriate and sensitive to the age, culture, language, gender and physical condition of the consumer;
   iv. Provide alternative service delivery models to make services available to underserved persons as defined in WAC 388-865-0150;
   v. Provide access to telecommunication devices or services and certified interpreters for deaf or hearing impaired consumers and limited English proficient consumers;
   vi. Bring services to the consumer or locate services at sites where transportation is available to consumers; and
   vii. Ensure compliance with all state and federal nondiscrimination laws, rules and plans.

k. Individual Service Plan. In accordance with WAC 388-865-0425, CONTRACTOR must provide consumers with an individual service plan that meets his or her unique needs. Individualized and tailored care is a planning process that may be used to develop a consumer-driven, strength-based, individual service plan. The individual service plan must:

   i. Be developed collaboratively with the consumer and other people identified by the consumer within thirty days of starting community support services. The service plan should be in language and terminology that is understandable to consumers and their family, and include goals that are measurable;
   ii. Address age, cultural, or disability issues of the consumer;
   iii. Include measurable goals for progress toward rehabilitation, recovery and reintegration into the mainstream of social, employment and educational choices, involving other systems when appropriate;
   iv. Demonstrate that the provider has worked with the consumer and others at the consumer's request to determine his/her needs in the following life domains:

      a) Housing;
      b) Food;

c) Income;
d) Health and dental care;
e) Transportation;
f) Work, school or other daily activities;
g) Social life; and
h) Referral services and assistance in obtaining supportive services appropriate to treatment, such as substance abuse treatment.

v. Document review by the person developing the plan and the consumer. If the person developing the plan is not a mental health professional, the plan must also document review by a mental health professional. If the person developing the plan is not a mental health specialist required per WAC 388-865-405(5) there must also be documented consultation with the appropriate mental health specialist(s);
vi. Document review and update at least every one hundred eighty days or more often at the request of the consumer;
vii. In the case of children:

a) The Individual Service Plan must be integrated with the individual education plan from the education system whenever possible, when not possible, documentation must demonstrate attempts of integration and communication with the education system;
b) If the child is under three, the plan must be integrated with the individualized family service plan (IFSP) if this exists, consistent with Title 20, Section 1436.

9. ALLIED SYSTEMS COORDINATION

CONTRACTOR must comply with and at the request of NSMHA participate in the identification and development of Allied System Coordination plans. NSMHA's coordination plans with allied systems, includes but is not limited to, Western State Hospital, Children's Administration, Aging and Disability Services Administration, Department of Alcohol and Substance Abuse, Criminal Justice System, Juvenile Rehabilitation Administration, Community Integration Assistance Program (CIAP), Healthy Options Plans, Community Health Centers, and Department of Vocational Rehabilitation. The coordination plans are intended to enable coordination of services and appropriate management of care for consumers.

CONTRACTOR shall comply with published directives from MHD when the NSMHA, CONTRACTOR or its subcontractors are unable to resolve local disputes with other service systems (Healthy Options, other DSHS administrations as provided by the MHD) regarding service or cost responsibilities.

10. DISASTER RESPONSE

CONTRACTOR must participate in all disaster preparedness activities and respond to emergency/disaster events (e.g., natural disasters, acts of terrorism) when requested by the MHD. CONTRACTOR must:

a. Attend MHD-sponsored training regarding the role of the public mental health system in disaster preparedness and response.

b. Participate in local emergency/disaster planning activities when county Emergency Operation Centers and local public health jurisdictions request collaboration.
c. Provide disaster outreach as defined in Section A Definition of Terms.
d. Conduct post-disaster outreach to determine the need for disaster related crisis counseling and assess the availability of local resources in meeting those needs.
e. Provide the name and contact information to NSMHA for person(s) coordinating the CONTRACTOR's disaster/emergency preparedness and response upon request.
f. Provide information and preliminary disaster response plans to the NSMHA within seven (7) days of a disaster/emergency or upon request.
g. Partner in disaster preparedness and response activities with NSMHA, MHD and other DSHS entities, the State Emergency Management Division, FEMA, the American Red Cross and other volunteer organizations. This must include:

    i. Participation when requested in local and regional disaster planning and preparedness activities.
    ii. Coordination of disaster outreach activities following an event.

11. CONSUMER AND FAMILY VOICE

CONTRACTOR must ensure all consumers have voice in developing individualized service plans, advance directives and crisis plans. This shall include but not be limited to children and their families (e.g. caregivers and significant others, parents, foster parents, assigned/appointed guardians, siblings). At a minimum, treatment goals must be written in the words of the consumer and documentation must be included in the clinical record describing how the enrollee sees their progress. CONTRACTOR must be able to demonstrate how this requirement is implemented and monitored.

12. COMPLAINT, GRIEVANCE, FAIR HEARING AND APPEAL PROCESSES

CONTRACTOR must implement complaint, grievance, fair hearing and appeal processes that are in conformance with NSMHA policies and procedures.

CONTRACTOR and its subcontractors shall abide by NSMHA complaint, grievance, fair hearing and appeal determinations. CONTRACTOR shall be responsible for paying 100% of all Medical Director and/or Attorney fees incurred by NSMHA when a consumer goes directly to a fair hearing without utilizing NSMHA's grievance processes and when the ruling favors the consumer, in accordance with NSMHA policies and procedures.

In addition CONTRACTOR shall:

a. Implement a Grievance process that complies with WAC 388-865 or any successors
b. Coordinate with NSMHA grievance process and Ombuds Services.
c. Provide assistance to clients filing a grievance and
d. Incorporate concerns from grievances into CONTRACTOR services without identifying individual clients.

13. LOCAL RESPONSIVENESS AND COMMUNICATIONS

CONTRACTOR shall cooperate with NSMHA and the Counties in the Service Area to provide a locally responsive delivery system. CONTRACTOR shall provide consumers and referral sources information and education about the referral process, service availability, service population,

common symptoms of mental illness, and shall post and make known consumer rights and responsibilities including complaint, grievance, and fair hearing procedures, and the availability of Ombuds services.

CONTRACTOR shall have written policy and procedures that comply with NSMHA's policies on consumer rights and that address the following:

a. Individual mental health rights applicable to non-Medicaid individuals as defined in WAC 388-865-0410.
b. Oral interpretation services provided free of charge to the individual.
c. Information that states written materials are available when requested in alternate formats. These materials must be available and easily understood by individuals.

The Contractor shall post, in a conspicuous place, a translated copy of the consumer rights as listed in the Mental Health Benefits Booklet in each of the DSHS prevalent languages. Access to translated copies may be downloaded at http://www1.dshs.wa.gov/Mentalhealth/benefits.shtml.

14. CRITICAL INCIDENTS
CONTRACTOR and its subcontractors shall comply with NSMHA's Critical Incident Reporting Policy and Procedure and any successor regarding critical incidents.

15. STAFF COMPETENCY AND TRAINING
CONTRACTOR and its subcontractors shall comply with NSMHA credentialing policies and procedures and shall ensure that all staff are qualified for the position they hold and have at a minimum the education, experience, and skills to perform their job requirements, per WAC 388-865, including any required licenses or certifications.

The CONTRACTOR shall require a criminal history background check though the Washington State Patrol for employees and volunteers of the contractor who may have unsupervised access to children, people with developmental disabilities or vulnerable adults.

CONTRACTOR shall collaborate with NSMHA to implement, maintain, and revise the Regional Training Plan or any successor, incorporated as Attachment II.

CONTRACTOR must participate in training when requested by NSMHA/MHD. Requests for NSMHA/MHD to allow an exception to participation in required training must be in writing and include a plan for how the required information will be provided to appropriate CONTRACTOR/Subcontractor staff.

16. PERFORMANCE INDICATORS AND MEASURES
It is NSMHA's expectation that the region will meet or exceed all appropriate statewide performance indicators in the annual MHD report. Each of the indicators will be addressed in the 2009-10 NSMHA Quality Management Plan, which is developed through a process that includes provider input. In addition each CMHA shall develop a plan and submit it to NSMHA for approval within 30 days from the execution of this Agreement, that addresses the action steps to be taken by the CONTRACTOR that will assist in achieving the goals of the performance indicator priorities identified by NSMHA's Quality Management Oversight Committee and addressed in the Regional Quality Management plan.

The CONTRACTOR shall show improvement on the following three (3) Performance Measures:

a. Outpatient Services must be provided within 7 days following a hospital discharge.
b. Time from request for service shall not exceed 14 days;
c. Time from request for services to first routine service shall not exceed 28 days.

17. QUALITY MANAGEMENT

CONTRACTOR shall participate with the NSMHA in the implementation, updates and evaluation of the MHD Quality Strategy located on the MHD website that is hereby incorporated by reference.

CONTRACTOR shall comply with the NSMHA Quality Management Plan, or any successor, incorporated herein as Attachment II.

a. CONTRACTOR shall ensure its Quality Management (QM) activities comply with all applicable law and standards including, but not limited to: WAC 388-865-0280, -0425 and the NSMHA QM Plan, NSMHA clinical policies and procedures; or their successors. In addition:

    i. CONTRACTOR shall maintain an ongoing, planned, systematic, organization-wide quality management process to design, measure, analyze and improve its performance, including identification of innovations or best practice.
    ii. CONTRACTOR shall ensure Quality Assurance and Quality Improvement data is analyzed, reported, and acted upon by its members and affiliates. This shall be demonstrated by written records maintained by CONTRACTOR.

b. CONTRACTOR quality management plan and process, which shall be reviewed and updated by provider as needed but at a minimum of every six-months, will be audited annually by NSMHA.

   CONTRACTOR shall present to NSMHA every six (6) months cycle, ending March 31st and September 30th, a Quality Management report integrating all quality management program activities and data, in order to facilitate NSMHA's determination of the effectiveness of the overall regional system of care. This report shall be in a mutually agreed format, due 35 days after the end of the six (6)month cycle, and document the results of the CONTRACTOR Quality Management plan activities and:

    i. Identify areas of efficiency and effectiveness of system operations and the quality of care for consumers;
    ii. Identify areas of deficiency with plans to achieve expected improvement; and
    iii. Status of implementation of all NSMHA approved corrective action plans.

18. COORDINATION OF CARE REQUIREMENTS WITH SPECIALIZED/NORTH SOUND SERVICE PROVIDERS

NSMHA shall require the CONTRACTOR to procure and maintain written Memorandums of Understanding (MOU), when necessary, with a North Sound provider(s) when an outpatient modality is not provided by CONTRACTOR, to ensure the consumer receives medically necessary

services. NSMHA, at the request of the CONTRCTOR, shall facilitate a meeting or meetings between CONTRACTOR and provider(s) to discuss the content of the MOUs.

CONTRACTOR agrees to maintain written MOUs with North Sound provider(s) that ensure the CONTRACTOR will accept enrollees who are receiving outpatient services from a North Sound provider when an outpatient modality that is not provided by CONTRACTOR is medically necessary. At a minimum the MOU must state the primary agency and methods of communiqué between agencies to ensure consumer is receiving appropriate service and monitoring.

The MOU will clarify that if CONTRACTOR and the provider disagree about the medical necessity of the outpatient modality, the matter will be brought to NSMHA for resolution by NSMHA's utilization management department who will make the final decision.

19. ALLEN AND MARR CLASS MEMBERS

The CONTRACTOR and its subcontractors must respond to requests to provide information and staff to participate in meetings as a part of monitoring reviews for Allen and Marr class members as defined in the Definitions of this agreement.

D. CONTRACTOR RESPONSIBILITIES

CONTRACTOR shall have responsibility for the performance of the following duties and responsibilities.

CONTRACTOR shall include community and county input into planning and access to services.

CONTRACTOR shall be held fully responsible for the contractual obligations and performance of its subcontractors. In the performance of these functions, CONTRACTOR shall maintain written documentation that verifies that each specific responsibility under this section has been performed.

1. COMMUNITY MENTAL HEALTH AGENCY (CMHA)

a. CONTRACTOR ensures it is an effective, efficient, adequate, and accessible CMHA that is licensed/certified, monitored, and capable of providing comprehensive services and be able to demonstrate its ability to carry out the functions required by this Agreement.

b. CONTRACTOR shall cooperate with NSMHA's strategic plan and efforts to ensure a sufficient number, mix, and geographic distribution of community mental health agencies, including mental health care providers (MHCPs) to meet the needs of the anticipated number of enrollees in the Service Area and provide:

    i. Access to an intake evaluation by an MHP.
    ii. An age-appropriate range of medically necessary mental health services as identified in the Medicaid state plan and the 1915(b) Medicaid Waiver.
    iii. A geographic distribution and mix that allows for the access and travel standards, described below, to be met.

2. CAPACITY

a. The CONTRACTOR must notify the NSMHA in writing of any proposed change in capacity. The NSMHA must approve any change that results in reduced capacity.

    i. A reduction in capacity is defined as the point in time when CONTRACTOR is not able to meet all the access standards as defined in this Agreement. Events that may affect capacity include: closing of a facility in any geographic area, a decrease in the state plan services currently available, decrease in the number or frequency of services, employee strike o other work stoppage related to union activities, or any change that may result in the CONTRACTOR being unable to provide services for those enrollees who are covered by this Agreement.

b. Submit a report to NSMHA by October 15, 2009 with current capacity and submission quarterly thereafter. CONTRACTOR shall notify NSMHA 30 days prior to implementation and/or public notice when the CONTRACTOR add, change location, or close a facility, and when the number of staff type/specialty changes at any CMHA facility by 5 staff or more. The report shall identify each CONTRACTOR facility location/address and the number and F.T.E. of individuals providing direct services that are employed or contracted at each location by type/ WAC specialty and staff with specialized training/expertise in NSMHA identified treatments

c. CONTRACTOR will report data into NSMHA's MIS to allow calculation of days from determination of medical necessity to 1st routine appointment for services.

d. The termination or addition of a subcontract that provides mental health services is considered a significant change in the provider network. The CONTRACTOR must notify NSMHA 30 days in advance of public written notice to enrollees before CONTRACTOR terminate any of its subcontracts with entities that provide direct service.

   i. The CONTRACTOR must ensure the provision of written notification within 15 days to enrollees receiving services from the subcontractor upon written notification of termination by either party.
   ii. If either party must terminate a subcontract in less than 30 days, the CONTRACTOR must notify NSMHA as soon as there is a determination to terminate the subcontract and in advance of public notice.
   iii. If a CMHA contract is terminated, the CONTRACTOR must submit a transition plan for enrollees and services in a format requested by NSMHA.

e. If an event identified in section C.2 occurs, the CONTRACTOR must submit a plan to NSMHA that includes at least the following:
   - Notification to Ombuds services;
   - Crisis services plan;
   - Client notification plan;
   - Plan for provision of uninterrupted services;
   - Any information released to the media.

f. CONTRACTOR shall demonstrate its performance of this function by the maintenance of written records that show routine review and discussion of network maintenance issues by CONTRACTOR staff.

3. EXPANDED COMMUNITY SERVICES (ECS)

Expanded Community Services shall be provided in accordance with Exhibit M of this Agreement.

4. GEOGRAPHIC ACCESSIBILITY AND TRAVEL STANDARDS

Ensure that when consumers must travel to service sites, the sites are accessible per the following standards:

a. In rural areas, service sites are within a 30-minute commute time.
b. In large rural geographic areas, service sites are accessible within a 90-minute commute time.
c. In urban areas, service sites are accessible by public transportation with the total trip, including transfers, scheduled not to exceed 90-minutes each way.
d. Travel standards do not apply: a) when the enrollee chooses to use service sites that require travel beyond the travel standards; b) to psychiatric inpatient services; c) under exceptional circumstances (e.g. inclement weather, hazardous road conditions due to accidents or road construction, public transportation shortages or delayed ferry service).
e. Ensure consumers can access medically necessary mental health services upon request that do not exceed the access standards below. A request for mental health services is defined as a point in time in which mental health services are sought or applied for through a telephone call, EPSDT referral, walk-in, or written request for mental health services.

f. Urgent and emergent medically necessary mental health services (e.g., crisis mental health services, stabilization mental health services) may be accessed without full completion of intake evaluations and/or other screening and assessment processes. The CONTRACTOR must ensure:

   i. Urgent care occurs within 24 hours of the request for mental health services from any source.
   ii. Emergent mental health care occurs within 2 hours of the request for mental health services from any source.

g. CONTRACTOR shall demonstrate its performance of this function by the maintenance of written records that show routine review and discussion of geographic accessibility issues by CONTRACTOR staff.

5. RESOURCE AND UTILIZATION MANAGEMENT ACTIVITIES

CONTRACTOR shall conduct resource and utilization management activities as requested by NSMHA to support NSMHA's resource and utilization management programs, after review and discussion between CONTRACTOR and NSMHA to ensure that such activities are reasonable and cost-effective. Such activities will include planning and reporting in a manner that will allow NSMHA to ensure that its resource and utilization management obligations are met.

6. MANAGEMENT INFORMATION SYSTEM

CONTRACTOR shall:

a. Ensure the existence and operation of a single integrated information system. It shall have the ability to collect, use internally and report data as required by NSMHA in order to provide a centralized, seamless system of mental health services and to provide timely monitoring. This data shall be useable as management data for audit purposes, and contain sufficient information to track termination from services. NSMHA shall be notified of changes to the information system, at the time planning begins for implementation that have an effect on the data submitted to or otherwise required to be collected for NSMHA.
b. Comply with NSMHA policies and procedures regarding quality, accuracy and data reporting.
c. Comply with HIPAA implementation requirements and standards (i.e. data collection, submission, privacy, and security).
d. Provide the NSMHA all data described in the NSMHA data dictionary or any successor, incorporated herein by reference. Encounters must be reported by the 10th day of the close of each calendar month, i.e., services rendered in January must be submitted by February 10th. Transmission will retain the CONTRACTOR's location identifiers. Upon receipt of the data, the NSMHA will generate an error report and make available to the CONTRACTOR. Upon receipt of the error report, the CONTRACTOR must remedy all data errors within 20 calendar days of the error report being generated and made available. Additional Data Cleanup reports shall be routinely generated. Upon receipt of the Data Cleanup reports, the CONTRACTOR must remedy the Data Cleanup reports within 20 calendar days of the receipt of the Data Cleanup report.
e. Participate in NSMHA decisions to add or delete data elements that will include projected cost analysis.

f. Implement changes made to the NSMHA data dictionary within 90 days from the date of published changes. The intention of NSMHA is to make NSMHA changes to the data dictionary at 6-month intervals.
g. Following the timeframe below, provide certification by the CMHA Program Managers or designees that attest the following based on best knowledge and belief that:

    i) All services rendered during the Reporting Quarter have been successfully submitted to the NSMHA CIS.
    ii) All related data for the Reporting Quarter have been successfully submitted to the NSMHA CIS.
    iii) All the data successfully submitted to the NSMHA CIS is complete, accurate, and truthful.

h. Ensure that requested information is received in a manner that will allow NSMHA to make a timely response to inquiries from CMS, the legislature, MHD, and other parties about system operations. Such data must be provided in a time frame that NSMHA has developed with the MHD at the time of the request and will take into consideration the needs of the inquiring party.
i. Submit all data into CMHA database indicating the provision of any emergency service component within three (3) working days from the completion of that service.
j. CONTRACTOR shall participate in NSMHA Consumer Information System (CIS) Workgroup.
k. CONTRACTOR shall transmit data to NSMHA MIS, at a minimum, once per week.
l. Once transactions are final at NSMHA, The CONTRACTOR shall be liable for any costs associated with additional data processing if MHD charges NSMHA.
m. The Contractor shall ensure that confidential information provided through or obtained by way of this Agreement or services provided, is protected in accordance with the Data Security Requirements contained in Exhibit C.
n. The Contractor shall take appropriate action if a Subcontractor or Contractor employee wrongly releases confidential information.

NSMHA will require CONTRACTOR to provide a business continuity and disaster recovery plan that insures timely reinstitution of the consumer information system following total loss of the primary system or a substantial loss of functionality. The plan must be in written format, have an identified update process (at least annually) within thirty days of execution of this agreement that insures timely reinstitution of the consumer information system following total loss of the primary system or a substantial loss of functionality.

The business continuity and disaster recovery plan is required and must be submitted by NSMHA to the MHD upon request.

7. NSMHA AND MHD REVIEW ACTIVITIES

CONTRACTOR shall ensure that remedial actions required as a result of NSMHA and/or MHD review activities, as discussed in the Oversight, Remedies and Termination section, are reported and acted upon by its members. This shall be demonstrated by written records maintained by CONTRACTOR.

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8. DELIVERABLES, PLANS AND REPORTS

CONTRACTOR must ensure plans or reports required by this Agreement, including those outlined in Attachment IV, Deliverables, are provided to the NSMHA in compliance with the timelines and/or formats indicated.

If this Agreement requires a report or other Deliverable that contains information that is duplicative or overlaps a requirement of another Agreement between the parties the Contractor may provide one report or Deliverable that contains the information required by both Agreements.

9. BUSINESS ASSOCIATES AGREEMENT

CONTRACTOR shall abide by the provisions of the NSMHA and CONTRACTOR Business Associates Agreement, Attachment V.

1 **E. FINANCIAL TERMS AND CONDITIONS**
2
3 **1. GENERAL FISCAL ASSURANCES**
4 The CONTRACTOR shall comply with all applicable laws and standards, including Generally
5 Accepted Accounting Principles, and maintain, at a minimum, a financial management system that
6 is a viable, single, integrated system with sufficient sophistication and capability to effectively and
7 efficiently process, track, and manage all fiscal matters and transactions.
8
9 Contractor and the Contractor's subcontractors shall make all possible efforts to maintain current
10 compensation levels of "Direct Care Staff". Such efforts shall include, but not be limited to,
11 indentifying local administrative reductions at the provider level, and engaging stakeholders on
12 cost-savings ideas that maintain client services and staff compensation. Upon request, the
13 Contractor shall provide information to the NSMHA on efforts to comply with these statutory
14 requirements.
15
16 **2. FINANCIAL ACCOUNTING REQUIREMENTS**
17 The CONTRACTOR shall:
18
19 a. Establish and maintain operating reserves at prudent levels sufficient to ensure that
20 CONTRACTOR have the ability to pay for all expenses incurred during this Agreement
21 period, including those whose disposition occurs after the Agreement has been terminated,
22 and to cover the risk of financial loss resulting in the event that the cost of providing
23 services pursuant to this Agreement exceeds the revenues derived therefrom;
24 b. Ensure that all funds, including interest earned, provided pursuant to this Agreement are
25 used to support the public mental health system within the Service Area.
26 c. Reimburse within 60 calendar days subcontractors and any crisis service providers accessed
27 by consumers while out of the state.
28 d. CONTRACTOR shall produce annual audited financial statements within 180 days of
29 fiscal year end and make such reports available to NSMHA upon request.
30
31 **3. FINANCIAL REPORTING**
32 CONTRACTOR shall provide the following reports to NSMHA:
33
34 a. Report CONTRACTOR's revenue and expenditure information to NSMHA on a quarterly
35 basis. Reports must comply with the provisions in the BARS Supplemental Instructions
36 for Mental Health Services promulgated by the Washington State Auditor's Office.
37 Reports are due within 35 days of the quarter end (December, March, June and September
38 of each year). A report for October, November and December is due in February.
39 b. CONTRACTOR shall participate in NSMAH/MHD Unit Cost Surveys and actuarial
40 studies, when required by NSMHA/MHD.
41
42 **4. COUNTY FUNDING**
43 Funds received by CONTRACTOR from any one or more of the Service Area's counties
44 specifically for the purpose of providing services to individual county programs during the term of
45 this Agreement are in addition to the consideration provided in this Agreement and are not
46 intended to reduce such consideration, but are to be used as additional funds in furnishing those
47 additional local services for which such county funds were provided.
48

5. **RULES COMPLIANCE**
The CONTRACTOR shall:

a. The CONTRACTOR shall have a sliding fee scale, which is posted and accessible to staff and service recipients, and does not require payment from service recipients with income levels equal to or below the grant standards for the general assistance program of the State of Washington;
b. Submit the amount spent throughout the Service Area on specific items at the request of NSMHA, CMS, the legislature, or DSHS in the timeframe specified.
c. Limit administration costs incurred by the CONTRACTOR and all subcontractors to no more than 15% of the consideration provided under this contract in any state fiscal year. Administration costs must be measured on a state fiscal year basis according to the reported information submitted by the CONTRACTOR in its Revenue and Expenditure reports (Attachment VI) and reviewed by NSMHA.
d. CONTRACTOR shall ensure that funds provided under this Agreement are not used to provide or subsidize the cost of care provided to Washington Medicaid Integration Project (WMIP) enrollees. CONTRACTOR shall maintain documentation that demonstrates that this term is met. In addition, CONTRACTOR shall ensure that where state mental health funds are used to provide non-Medicaid covered services to Medicaid enrollees, CONTRACTOR provide documentation of the controls they have established to exclude costs applicable to WMIP enrollees.

6. **LIABILITY FOR PAYMENT AND THE PURSUIT OF THIRD PARTY REVENUE**
CONTRACTOR shall be responsible for developing financial processes that enable them to reasonably ensure that all third-party resources available to consumers are identified and pursued in accordance with the reasonable collection practices, which the CONTRACTOR apply to all other payers for services covered under this Agreement. NSMHA shall actively provide CONTRACTOR support in the pursuit of third-party payments for all services including crisis services.

CONTRACTOR shall maintain necessary records to document that all third-party resources and report to NSMHA on a biennial quarterly basis or upon the reasonable request of NSMHA, the amount of such third-party resources collected for all service recipients during the quarter, by source of payment.

7. **FINANCIAL PROVISIONS - REIMBURSEMENT REQUIREMENTS**
The consideration to be paid by NSMHA for the work to be provided by CONTRACTOR pursuant to this Agreement shall consist of the available amount from primary funding sources as described in Attachment VIII of this Agreement.

a. CONTRACTOR shall submit an invoice for capacity funded and/or cost reimbursement portions of this agreement on a monthly basis.
b. CONTRACTOR shall submit an invoice to NSMHA 15 days after month end of the month.
c. CONTRACTOR will submit encounter data per the MIS section on the fee for service portion of this agreement.

The consideration by NSMHA to CONTRACTOR pursuant to this Agreement shall be paid monthly within fifteen (15) working days of NSMHA's receipt of payment by DSHS/MHD.

Funds for July 1, 2011 through September 30, 2011, following the end of the annual legislative session, NSMHA shall offer an Amendment with the proposed funds for the next fiscal year. If for any reason the Contractor does not agree to continue to provide services using the proposed funds, the Contractor must provide the appropriate notice to NSMHA under the termination requirements of Section F.

8. FRAUD AND ABUSE

The CONTRACTOR shall develop and implement administrative and management procedures that are designed to guard against fraud and abuse including:

a. A mandatory compliance plan;
b. Designation of a compliance officer or a compliance committee that is accountable to the CONTRACTOR;
c. Effective ongoing training and education for the compliance officer and the CONTRACTOR staff;
d. Effective lines of communication between the compliance officer and employees and any subcontractors;
e. Enforcement of standards through well-publicized disciplinary guidelines;
f. Provision of internal monitoring and auditing;
g. Provision for prompt response to detected offenses and for development of corrective action initiatives;
h. Participation by the CONTRACTOR and any subcontractors in Medicaid fraud and abuse training conducted by the Washington State Attorney General's Medicaid Fraud Unit.
i. Written policies, procedures, and standards of conduct that articulate the CONTRACTOR's commitment to comply with all applicable Federal and State standards.

Report fraud and/or abuse information to NSMHA as soon as it is discovered including the source of the complaint, the party complained against, nature of fraud or abuse complaint, approximate dollars involved, and the legal and administrative disposition of the case.

Complaints and reports should be directed the NSMHA Compliance Officer listed below.

Charles R Benjamin
Executive Director
117 N First St., Ste. 8
Mt. Vernon, WA. 98273
360.416.7013
1.800.684.3555
charles_benjamin@nsmha.org

F. OVERSIGHT, REMEDIES AND TERMINATION

1. OVERSIGHT AUTHORITY

NSMHA, the Department of Social and Health Services (DSHS), Office of the State Auditor, the Department of Health and Human Services, Centers for Medicare and Medicaid Services, the Comptroller General, or any of their duly-authorized representatives (e.g. External Quality Review Organizations), have the authority to conduct announced and unannounced: a) surveys; b) audits; c) reviews of compliance with licensing and certification requirements and compliance with this Agreement; d) audits regarding the quality, appropriateness, and timeliness of mental health services of the CONTRACTOR and subcontractors; and e) audits and inspections of financial records of the CONTRACTOR and subcontractors. CONTRACTOR shall notify NSMHA when an entity other than NSMHA performs any audit described above related to any activity contained in this Agreement.

In addition, NSMHA will conduct reviews in accordance with its oversight of resource, utilization and quality management, as well as to ensure that CONTRACTOR have the clinical, administrative and fiscal structures to enable them to perform in accordance with the terms of the contract. Such reviews may include, but are not limited to encounter data validation, utilization reviews, clinical record reviews, and reviews of administrative structures, fiscal management and contract compliance. Reviews may include desk reviews, requiring CONTRACTOR to submit requested information. NSMHA will also review activities delegated under this contract to CONTRACTOR.

CONTRACTOR shall cooperate with and allow access to North Sound Regional Ombuds and Quality Review Team ("QRT") in order to conduct surveys and review activities in accordance with the terms of this contract and Attachment VII. CONTRACTOR shall cooperate with Skagit County Community Action Agency in resolving any disputes that arise in the provision of Ombuds and QRT services.

Findings as a result of NSMHA conducted reviews may result in remedial action as outlined below. Federal and State agencies may impose remedial action or financial penalties either directly upon CONTRACTOR or through NSMHA. CONTRACTOR shall comply with the terms of such remedial action and be responsible for the payment of financial penalties.

2. REMEDIAL ACTION

NSMHA may require the CONTRACTOR to plan and execute corrective action. Corrective action plans developed by the CONTRACTOR must be submitted for approval to the NSMHA within 30 calendar days of notification. Corrective action plans must be provided in a format acceptable to NSMHA. The NSMHA may extend or reduce the time allowed for corrective action depending upon the nature of the situation as determined by the NSMHA.

a. Corrective action plans must include:

   i. A brief description of the finding.
   ii. Specific actions to be taken, a timetable, a description of the monitoring to be performed, the steps taken and responsible individuals that will reflect the resolution of the situation.

b. Corrective action plans may:

Require modification of any policies or procedures by the CONTRACTOR relating to the fulfillment of its obligations pursuant to this Agreement.

c. Corrective action plans are subject to approval by the NSMHA, which may:

i. Accept the plan as submitted.
ii. Accept the plan with specified modifications.
iii. Request a modified plan; or,
iv. Reject the plan.

d. The CONTRACTOR agrees that NSMHA may initiate remedial action with or without a corrective action plan as outlined in subsection below if the NSMHA determines any of the following situations exist:

i. A problem exists that poses a threat to the health or safety of any person or that poses a threat of property damage and/or an incident has occurred that resulted in injury or death to any person and/or that resulted in damage to property;
ii. The CONTRACTOR have failed to perform any of the mental health services required in this Agreement, which includes the failure to maintain the required capacity as specified by NSMHA to ensure that consumers receive medically necessary services, including delegated functions; *except*, that no remedial action pursuant to subsection (e) hereof shall be taken if such failure to maintain required capacity is due to any interruption in, or depletion of, the available amount of money to CONTRACTOR as described in Attachment VIII of this contract for purposes of performing services to enrollees as described in Section B of this contract; however, in such an instance, NSMHA may terminate all or part of this contract on as little as thirty (30) days written notice.
iii. The CONTRACTOR has failed to develop, produce, and/or deliver to the NSMHA any of the statements, reports, data, data corrections, accountings, claims, and/or documentation described herein, in compliance with all the provisions of this Agreement;
iv. The CONTRACTOR has failed to perform any administrative function required under this Agreement, including delegated functions. For the purposes of this section, "administrative function" is defined as any obligation other than the actual provision of mental health services;
v. The CONTRACTOR has failed to implement corrective action required by the state and within NSMHA prescribed time frames.

e. The NSMHA may impose any of the following remedial actions in response to findings of situations as outlined above:

i. Withhold one percent of the next monthly payment and each monthly payment thereafter until the corrective action has achieved resolution. The NSMHA, at its sole discretion, may return a portion or all of any payments withheld once satisfactory resolution has been achieved;

ii. Compound withholdings identified above by an additional one-half of one percent for each successive month during which the remedial situation has not been resolved;

iii. Revoke delegation of any function delegated under this contract;

iv. Deny any incentive payment to which the CONTRACTOR might otherwise have been entitled under this Agreement or any other arrangement by which the MHD provides incentives; or

v. Termination for Default, as outlined in this Agreement.

3. ADDITIONAL FINANCIAL PENALTIES – MHD IMPOSED SANCTIONS

Financial penalties imposed by MHD or other regulatory agency due to the action or inaction of CONTRACTOR may be paid by NSMHA on behalf of the CONTRACTOR and the amount will be withheld from NSMHA's payments to CONTRACTOR.

4. TERMINATION DUE TO CHANGE IN FUNDING

In the event funding from State, Federal, or other sources is withdrawn, reduced, or limited in any way after the effective date of this Agreement and prior to its normal completion, either party may terminate this Agreement, subject to re-negotiations.

5. TERMINATION FOR CONVENIENCE

Except as otherwise provided in this Agreement, a party may terminate their portion of this Agreement upon 180 days written notification by certified mail to the other party. The effective date of termination shall be on the last day of the month the last day of which is at least 180 days from the date notice of termination is received.

6. TERMINATION FOR DEFAULT

NSMHA's Program Manager may terminate this Agreement for default, in whole or in part, by written notice to the CONTRACTOR if NSMHA or DSHS has a reasonable basis to believe that the CONTRACTOR has or have:

a. Failed to meet or maintain any requirement for contracting with DSHS.
b. Failed to perform under any provision of this Agreement.
c. Violated any law, regulation, rule, or ordinance applicable to the services provided under this Agreement; and/or
d. Otherwise breached any provision or condition of this Agreement.

Before NSMHA's Program Manager may terminate this Agreement for default, in whole or in part, NSMHA shall provide the CONTRACTOR with written notice of the CONTRACTOR's noncompliance with this Agreement which notice shall provide the CONTRACTOR a reasonable time period to correct its noncompliance. If the CONTRACTOR has or have not corrected its noncompliance within the period of time specified in the written notice of noncompliance, NSMHA Program Manager may then terminate this Agreement, provided, that the NSMHA Program Manager may terminate this Agreement in whole or in part for default without such written notice and without opportunity for correction if NSMHA and/or DSHS has a reasonable basis to believe that:

a. CONTRACTOR has violated any law, regulation, rule or ordinance applicable to services provided under this agreement, or

b. Continuance of this Agreement with CONTRACTOR poses a material risk of injury or harm to any person.

The CONTRACTOR may terminate this Agreement in whole or in part, by written notice to NSMHA, if the CONTRACTOR has a reasonable basis to believe that NSMHA has:

a. Failed to meet or maintain any requirement for contracting with the CONTRACTOR.
b. Failed to perform under any provision of this Agreement.
c. Violated any law, regulation, rule, or ordinance applicable to work performed under this Agreement; and/or
d. Otherwise breached any provision or condition of this Agreement.

7. TERMINATION PROCEDURE

The following provisions shall survive and be binding on the parties in the event this Agreement is terminated:

a. The CONTRACTOR and any applicable subcontractors shall cease to perform any services required by this Agreement as of the effective date of termination and shall comply with all reasonable instructions contained in the notice of termination which are related to the transfer of clients, distribution of property, and termination of services. Each party shall be responsible only for its performance in accordance with the terms of this Agreement rendered prior to the effective date of termination. The CONTRACTOR and any applicable subcontractors shall assist in the orderly transfer/transition of the consumers served under this Agreement. The CONTRACTOR and any applicable subcontractors shall promptly supply all information necessary for the reimbursement of any outstanding Medicaid claims.
b. The CONTRACTOR and any applicable subcontractors shall immediately deliver to NSMHA Program Manager or to his/her successor, all DSHS and NSMHA assets (property) in the CONTRACTOR and any applicable subcontractor's possession and any property produced under this Agreement. The CONTRACTOR and any applicable subcontractors grants NSMHA and DSHS the right to enter upon the CONTRACTOR and any applicable subcontractors premises for the sole purpose of recovering any NSMHA or DSHS property that the CONTRACTOR and any applicable subcontractors fails to return within ten (10) working days of termination of this Agreement. Upon failure to return NSMHA and/or DSHS property within ten (10) working days of the termination of this Agreement, the CONTRACTOR and any applicable subcontractors shall be charged with all reasonable costs of recovery, including transportation and attorney's fees. The CONTRACTOR and any applicable subcontractors shall protect and preserve any property of NSMHA and/or DSHS that is in the possession of the CONTRACTOR and any applicable subcontractors pending return to NSMHA and/or DSHS.
c. NSMHA shall be liable for and shall pay for only those services authorized and provided through the date of termination. NSMHA may pay an amount agreed to by the parties for partially completed work and services, if work products are useful to or usable by NSMHA.
d. If the CONTRACTOR terminates this Agreement, the NSMHA will require the spend-down of all remaining State fund reserves and fund balance within the termination period. State funds shall be deducted from the final months' payments until reserves and fund balances are spent.

G. GENERAL TERMS AND CONDITIONS FOR CONTRACTOR

1. BACKGROUND

NSMHA is an entity formed by inter-local agreement between Island, San Juan, Skagit, Snohomish and Whatcom Counties, each a county authority recognized by the Secretary of Department of Social and Health Services ("Secretary"). These counties entered into an inter-local agreement to allow NSMHA to contract with the Secretary pursuant to RCW 71.24.025(13), to operate a single managed system of services for persons with mental illness living in the service area covered by Island, San Juan, Skagit, Snohomish and Whatcom Counties ("Service Area"). NSMHA is party to an interagency agreement with the Secretary, pursuant to which NSMHA has agreed to provide integrated community support, crisis response, and inpatient management services to people needing such services in its Service Area. NSMHA, through this Agreement, is subcontracting with CONTRACTOR for the provision of specific mental health services as required by the agreement with the Secretary. CONTRACTOR, by signing this Agreement, attests that it is willing and able to provide such services in the Service Area.

2. MUTUAL COMMITMENTS

The parties to this Agreement are mutually committed to the development of an efficient, cost effective, integrated, consumer-driven, age specific recovery and resilience model approach to the delivery of quality community mental health services. To that end, the parties are mutually committed to maximizing the availability of resources to provide needed mental health services in the Service Area, maximizing the portion of those resources used for the provision of direct services and minimizing duplication of effort.

3. ASSIGNMENT

Except as otherwise provided within this Agreement, this Agreement may not be assigned, delegated, or transferred by CONTRACTOR without the express written consent of NSMHA, and any attempt to transfer or assign this Agreement without such consent shall be void. The terms "assigned", "delegated", or "transferred" shall include change of business structure to a limited liability company, of any CONTRACTOR Member or Affiliate Agency.

4. AUTHORITY

Concurrent with the execution of this Agreement, CONTRACTOR shall furnish NSMHA with a copy of the explicit written authorization of its governing body to enter into this Agreement and accept the financial risk and responsibility to carry out all terms of this Agreement including the ability to pay for all expenses incurred during the contract period. Likewise, concurrent with the execution of this Agreement, NSMHA shall furnish CONTRACTOR with a written copy of the motion, resolution, or ordinance passed by NSMHA Board of Directors (NSMHA Board) authorizing NSMHA to execute this Agreement.

5. COMPLIANCE WITH APPLICABLE LAWS, REGULATIONS AND OPERATIONAL POLICIES

The CONTRACTOR and its subcontractors shall comply with all applicable federal and state statutes, regulations, and operational policies whether or not a specific citation is identified in various sections of this Agreement, and all amendments thereto that are in effect when the Agreement is signed, or that come into effect during the term of the Agreement, which may include but are not limited to, the following ("Federal and/or State Law"):

a. Title XIX and Title XXI of the Social Security Act and Title 42 of the Code of Federal Regulations.
b. All applicable Office of the Insurance Commissioner (OIC) statutes and regulations.
c. All local, State, and Federal professional and facility licensing and certification requirements/standards that apply to services performed under the terms of this Agreement.
d. All applicable standards, orders, or requirements issued under Section 306 of the Clean Air Act (42 US 1857(h)), Section 508 of the Clean Water Act (33 US 1368), Executive Order 11738, and Environmental Protection Agency (EPA) regulations (40 CFR Part 15), which prohibit the use of facilities included on the EPA List of Violating Facilities. Any violations shall be reported to Department of Social and Health Services (DSHS), Department of Health and Human Service (DHHS), and the EPA.
e. Any applicable mandatory standards and policies relating to energy efficiency, which are contained in the State Energy Conservation Plan, issued in compliance with the federal Energy Policy and Conservation Act.
f. Those specified for laboratory services in the Clinical Laboratory Improvement Amendments (CLIA).
g. Those specified in Title 18 RCW for professional licensing.
h. Reporting of abuse as required by RCW 26.44.030.
i. Industrial insurance coverage as required by Title 51 RCW.
j. RCW 38.52, 70.02, 71.05, 71.24, and 71.34.
k. WAC 388-865.
l. 42 CFR 438, including 42 CFR 438.58 (conflict of interest) and 42 CFR 438.106 (physician incentive plans).
m. The State of Washington Medicaid State Plan and the 1915(b) Medicaid Mental Health Waiver or their successors, which documents are incorporated by reference.
n. MHD Quality Strategy.
o. The State of Washington mental health system mission statement, value statement, and the guiding principles for the system, attached hereto as Exhibit D.
p. The State Medicaid Manual (SMM), Office of Management and Budget (OMB) Circulars, the Budgeting, Accounting, and Reporting System (BARS) Manual, and BARS Supplemental Mental Health Instructions.
q. Any applicable federal and state laws that pertain to Medicaid enrollee or consumer rights. CONTRACTOR shall ensure that its staff takes those rights into account when furnishing services to consumers.
r. DSHS Administrative policies, to the extent that they are applicable to this contract, which are attached as Exhibit F, Exhibit G and Exhibit H.
s. 42 U.S.C. 1320a-7 and 1320a-7b (Section 1128 and 1128 (b) of the Social Security Act), which prohibits making payments directly or indirectly to physicians or other providers as an inducement to reduce or limit mental health services provided to consumers.
t. Any policies and procedures developed by Medical Assistance Administration for compliance with WAC 388-519-0110, which governs the spend-down of client assets.
u. The CONTRACTOR and any subcontractors must comply with 42-USC 1396u-2 and must not knowingly have a director, officer, partner, or person with a beneficial ownership of more than 5% of the CONTRACTOR, CMHA or subcontractor's equity, or an employee, contractor, or consultant who is significant or material to the provision of services under this Agreement, who has been, or is affiliated with someone who has been, debarred, suspended, or otherwise excluded by any federal agency.

v. Federal and State non-discrimination laws and regulations.
w. The Health Insurance Portability and Accountability Act (HIPAA), 45 CFR parts 160-164.
x. MHD-CIS Data Dictionary and its successors.
y. Federal funds must not be used for any lobbying activities.

If the CONTRACTOR is in violation of a federal law or regulation, and Federal Financial Participation is recouped from NSMHA, the CONTRACTOR shall reimburse the federal amount to the NSMHA within 20 days of such recoupment.

Upon notification from DSHS, NSMHA shall notify CONTRACTOR in writing of changes/modifications in Center for Medicare and Medicaid Services (CMS) policies and DSHS/MHD contract (Attachment III) requirement changes.

6. COMPLIANCE WITH NSMHA OPERATIONAL POLICIES

CONTRACTOR shall comply with all NSMHA operational policies that pertain to the delivery of services under this Agreement that are in effect when the Agreement is signed or that come into effect during the term of the Agreement. NSMHA policies shall not exceed that required to implement Federal and state requirements or to implement continuous quality improvement efforts determined by the Integrated Quality Management Process as approved by the NSMHA Board. All proposed new policies shall specifically reference the Federal or state requirements they implement and shall be limited to such requirements. NSMHA shall notify CONTRACTOR of any proposed change in Federal or state requirements affecting this agreement immediately upon NSMHA receiving knowledge of such change. Such policies shall include, but not limited to:

a. NSMHA Core Values and Principles, attached hereto as Attachment I provide a framework of principles for the regional system and CONTRACTOR shall take these principles into account when providing services under this Agreement.
b. The CONTRACTOR and its subcontractors must recognize the unique social/legal status of Indian nations as required by both the Supremacy and the Indian Commerce Clauses of the United States Constitution; federal treaties; executive orders; Indian Citizens Act of 1924 statutes; and state and federal court decisions; or any Memorandum of Agreement or Understanding signed by the State of Washington and a federally recognized tribe of recognized organization; shall maintain compliance with Exhibit G, DSHS Admin. Policy No. 7.01 American Indian Policy, or any successor, pursuant to the Centennial Accord between the Washington State government and the Washington Tribes; and maintain compliance with NSHMA 7.01 Plan, or any successor (Attachment II).
c. NSMHA's Strategic Plan.
d. NSMHA clinical policies and procedures, including crisis services policies.
e. NSMHA medical records documentation and data reporting policies and procedures.
f. NSMHA quality management policies and procedures.
g. NSMHA consumer rights policies and procedures, including complaint, grievance, fair hearing and appeal policies.
h. Any other policies designated by NSMHA as applicable to CONTRACTOR.

Along with all NSMHA stakeholders, CONTRACTOR will be included in the process for developing relevant operational policies and procedures. NSMHA's Provider Policy & Procedure Grid and successors contain a list of NSMHA's policies and their applicability to CONTRACTOR in accordance with Attachment II. The Grid and NSMHA's policies and procedures are posted on

NSMHA's website. NSMHA shall notify CONTRACTOR of new and revised policies through its NSMHA Policy Numbered Memoranda. Training will be provided on policies that impact providers.

In the event there is disagreement between NSMHA and CONTRACTOR in an operational committee regarding a proposed new policy or modification to a current policy, the following process will apply. NSMHA will provide a summary of the regulatory requirement or other rationale for the proposed policy or policy modification. CONTRACTOR will provide an analysis of its objection to the proposed policy or policy modification within 30 days from the receipt of the NSMHA summary. If the objection is primarily due to increased cost, CONTRACTOR will provide substantiation of the additional costs and, if possible, an alternative to achieving the policy goal in a less costly manner. The proposed policy or policy modification will be discussed at the next Regional Management Council. If resolution is not obtained, the proposed policy or policy modification will be discussed at the next Quality Management Oversight Committee meeting. If resolution is not obtained, the proposed policy or policy modification will be discussed at the next NSMHA Board meeting. On a quarterly basis CONTRACTOR will calculate the cumulative fiscal impact of resource reallocation due to new policies or policy modifications since the inception of the contract, and present that information for review and discussion at the next Regional Management Council.

NSMHA will make best efforts to maintain currency of policies with applicable Federal or State Law, regulation or policy. In the event of a conflict, Federal or State Laws or policies supersede NSMHA policies and procedures and requirements of this contract.

7. CONFIDENTIALITY OF CLIENT INFORMATION

Pursuant to 42 CFR 431.301 and 431.302, information concerning applicants and recipients may be disclosed for purposes directly concerning the administration of this Agreement. Purposes include, but are not limited to:

a. Establishing eligibility.
b. Determining the amount of medical assistance.
c. Providing services for recipients.
d. Conducting or assisting in investigation, prosecution, or civil or criminal proceeding related to the administration of the plan.
e. Assuring compliance with Federal and State laws, regulations, with terms and requirements of this Agreement.
f. Improving quality.

CONTRACTOR shall protect all information, records and data collected from unauthorized disclosure in accordance with 42 CFR 431.300 through 431.307, RCW's 70.02, 71.05, and 71.34, HIPAA, and for service recipients receiving alcohol and drug abuse services, in accordance with 42 CFR Part 2. CONTRACTOR shall have a process in place to ensure that all components of its Community Mental Health Agency (CMHA) and system understand and comply with confidentiality requirements for publicly funded mental health services.

CONTRACTOR shall ensure that access to the information is restricted to persons or agency representatives who are subject to standards of confidentiality that are comparable to those of NSMHA and DSHS.

The parties acknowledge that coordination, planning, screening, and referral require the sharing of information among the various treatment providers. Disclosure of information to verify eligibility, determine the amount of assistance, and to provide medically necessary mental health services are all "purposes directly connected with the administration of the Agreement", and are all appropriate justifications for sharing information.

CONTRACTOR shall assure that all staff and subcontractors providing services under this Agreement receive annual training on confidentiality policies and procedures. In addition, CONTRACTOR shall assure that all staff and subcontractors providing services under this Agreement sign an annual Oath of Confidentiality statement. Signed copies of the Oath of Confidentiality shall be kept in CONTRACTOR's personnel files.

8. CONTRACT PERFORMANCE/ENFORCEMENT

NSMHA shall be vested with the rights of a third party beneficiary, including the "cut through" right to enforce performance should CONTRACTOR be unwilling or unable to enforce action on the part of its subcontractor(s). In the event that CONTRACTOR dissolves or otherwise discontinues operations, NSMHA may, at its sole option, assume the right to enforce the terms and conditions of this Agreement directly with CONTRACTOR's subcontractors; provided, that NSMHA shall keep CONTRACTOR reasonably informed concerning such enforcement. CONTRACTOR shall include this clause in its contracts with its subcontractors. In the event of the dissolution of CONTRACTOR, NSMHA's rights in indemnification shall survive.

9. COOPERATION

The parties to this Agreement shall cooperate in good faith to effectuate the terms and conditions of this Agreement.

10. DEBARMENT CERTIFICATION

The CONTRACTOR certifies that it is not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participating in this Agreement by any federal or state department or agency. If requested by DSHS or NSMHA, the CONTRACTOR shall complete a Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion. Any Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion pertaining to this Agreement shall be incorporated into this Agreement by reference.

11. DECLARATION THAT CLIENTS UNDER THE MEDICAID AND OTHER MENTAL HEALTH PROGRAMS ARE NOT THIRD-PARTY BENEFICIARIES UNDER THIS CONTRACT

Although NSMHA, CONTRACTOR, and subcontractors mutually recognize that services under this Agreement may be provided by the CONTRACTOR and subcontractors to clients under the Medicaid program, RCW 71.05 and 71.34, and the Community Mental Health Services Act, RCW 71.24, it is not the intention of either NSMHA, the CONTRACTOR, that such individuals, or any other persons, occupy the position of intended third-party beneficiaries of the obligations assumed by either party to this Agreement. Such third parties shall have no right to enforce this agreement.

12. EXECUTION, AMENDMENT, AND WAIVER

This Agreement shall be binding on all parties only upon signature by authorized representatives of each party. This Agreement, or any provision, may be amended during the contract period, if circumstances warrant, by a written amendment executed by all parties. Only the NSMHA

Program Manager or the NSMHA Program Manager's designee has authority to waive any provision of this Agreement on behalf of NSMHA.

13. HEADINGS AND CAPTIONS

The headings and captions used in this Agreement are for reference and convenience only, and in no way define, limit, or decide the scope or intent of any provisions or sections of this Agreement.

14. INDEMNIFICATION

CONTRACTOR shall be responsible for and shall indemnify and hold NSMHA harmless (including all costs and attorney fees) from all claims for personal injury, property damage and/or disclosure of confidential information and/or from the imposition of governmental fines or penalties resulting from the acts or omissions of CONTRACTOR and its subcontractors related to the performance of this contract. NSMHA shall be responsible and shall indemnify and hold CONTRACTOR harmless (including all costs and attorney fees) from all claims for personal injury, property damage and disclosure of confidential information and from the imposition of governmental fines or penalties resulting from the acts or omissions of NSMHA. For the purposes of these indemnifications, the Parties specifically and expressly waive any immunity granted under the Washington Industrial Insurance Act, Title 51 RCW. This waiver has been mutually negotiated and agreed to by the Parties. The provision of this section shall survive the expiration or termination of the Agreement.

15. INDEPENDENT CONTRACTOR FOR NSMHA

The parties intend that an independent contractor relationship be created by this contract. The CONTRACTOR acknowledges that neither the CONTRACTOR nor its employees or subcontractors are not officers, employees, or agents of NSMHA. The CONTRACTOR shall not hold the CONTRACTOR or any of the CONTRACTOR's employees and subcontractors out as, nor claim status as, officers, employees, or agents of NSMHA. The CONTRACTOR shall not claim for the CONTRACTOR or the CONTRACTOR's employees or subcontractors any rights, privileges, or benefits which would accrue to an employee of NSMHA. The CONTRACTOR shall indemnify and hold NSMHA harmless from all obligations to pay or withhold Federal or State taxes or contributions on behalf of the CONTRACTOR or the CONTRACTOR's employees and subcontractors unless specified in this Agreement.

16. INSURANCE

NSMHA certifies it is a member of Washington Governmental Entity Pool for all exposure to tort liability, general liability, property damage liability, and vehicle liability, if applicable, as provided by RCW 43.19.

CONTRACTOR shall maintain a Commercial General Liability Insurance (CGL). If the Contractor is not a member of a risk pool, the Contractor shall carry CGL to include coverage for bodily injury, property damage, and contractual liability, with the following minimum limits: Each Occurrence - $1,000,000; General Aggregate - $2,000,000; shall include liability arising out of premises, operations, independent contractors, personal injury, advertising injury, and liability assumed under an insured contract. Contractor shall provide evidence of such insurance to NSMHA within 15 days of execution of this Agreement and 15 days post renewal date thereafter. All non-risk pool policies shall name NSMHA as a covered entity under said policy(s).

17. INTEGRATION

This Agreement, including Exhibits and Attachments contains all the terms and conditions agreed upon by the parties. No other understandings, oral or otherwise, regarding the subject matter of this Agreement shall be deemed to exist or to bind any of the parties hereto.

18. MAINTENANCE OF RECORDS

During the term of this Agreement and for six (6) years following termination or expiration of this Agreement, or if any audit, claim, litigation, or other legal action involving the records set forth below is started before expiration of the six year period, the records shall be maintained until completion and resolution of all issues arising there from or until the end of the six year period, whichever is later. The CONTRACTOR shall maintain records sufficient to:

a. Maintain the content of all Medical Records in a manner consistent with utilization control requirements of 42 CFR 456, 42 CFR 434.34 (a), 42 CFR 456.111, and 42 CFR 456.211.
b. Document performance of all acts required by law, regulation, or this Agreement.
c. Substantiate the CONTRACTOR statement of its organizations' structures, tax status, capabilities, and performance.
d. Demonstrate accounting procedures, practices, and records, which sufficiently and properly document the CONTRACTOR invoices to NSMHA and all expenditures made by the CONTRACTOR to perform as required by this Agreement.
e. The CONTRACTOR and its subcontractors shall cooperate in all reviews, including but not limited to, surveys, and research conducted by NSMHA, DSHS or other Washington State Departments.
f. Evaluations shall be done by inspection or other means to measure quality, appropriateness, and timeliness of services performed under this Agreement, and to determine whether the CONTRACTOR and its subcontractors are providing service to individuals in accordance with the requirements set forth in this Agreement and applicable state and federal regulations as existing or hereafter amended.

19. NO WAIVER OF RIGHTS

A failure by either party to exercise its rights under this Agreement shall not preclude that party from subsequent exercise of such rights and shall not constitute a waiver of any other rights under this Agreement unless stated to be such in a writing signed by an authorized representative of the party and attached to the original Agreement.

Waiver of any breach of any provision of this Agreement shall not be deemed to be a waiver of any subsequent breach and shall not be construed to be a modification of the terms and conditions of this Agreement.

20. ONGOING SERVICES

CONTRACTOR and its subcontractors shall ensure that in the event of labor disputes or job actions, including work slowdowns, so called "sick outs", or other activities, within its service CMHA network, uninterrupted services shall be available as required by the terms of this Agreement

21. ORDER OF PRECEDENCE

In the event of an inconsistency in the terms of this Agreement, or any inconsistency between the terms of this Agreement and any applicable statute, rule or contract, unless otherwise provided herein, the conflict shall be resolved by giving precedence in the following order, to:

a. The applicable Medicaid 1915(b) Waiver, Provisions of Title XIX of the Social Security Act and Federal regulations concerning the operations of Prepaid Inpatient Health Plans.
b. State statutes and regulations concerning the operation of the community mental health programs.
c. Federal and State Law.
d. The NSMHA-DSHS agreement, or its successors, that covers the provision of the mental health services covered under this Agreement, which shall include any exhibit, document, or material incorporated by reference. NSMHA shall promptly notify CONTRACTOR of any amendment to the NSMHA-DSHS agreement which affects any term or condition herein.
e. This Agreement.

22. OVERPAYMENTS

In the event CONTRACTOR fails to comply with any of the terms and conditions of this Agreement and that failure results in an overpayment, NSMHA may recover the amount due DSHS, CMS or other federal or state agency, subject to dispute resolution as set forth in the contract. In the case of overpayment, CONTRACTOR shall cooperate in the recoupment process and return to NSMHA the amount due upon demand.

23. OWNERSHIP OF MATERIALS

Materials created by the CONTRACTOR and its subcontractors and paid for by NSMHA as a part of this Agreement shall be owned by NSMHA and shall be, "works for hire" as defined by the U.S. Copyright Act of 1976. This material includes but is not limited to: books, computer programs, documents, films, pamphlets, reports, sound reproductions, studies, surveys, tapes, and/or training materials. Material which the CONTRACTOR and its subcontractors use to perform this Agreement, but which is not created for or paid for by NSMHA, is owned by the CONTRACTOR or relevant subcontractors; however, NSMHA and DSHS shall have a perpetual license to use this material for DSHS internal purposes at no charge to DSHS.

24. PERFORMANCE

CONTRACTOR shall furnish the necessary personnel, materials, and/or mental health services and otherwise do all things for, or incidental to, the performance of the work set forth here and as attached. Unless specifically stated, the CONTRACTOR is responsible for performing or ensuring all fiscal and program responsibilities required in this contract. No subcontract will terminate the legal responsibility of the CONTRACTOR to perform the terms of this Agreement.

25. RESOLUTION OF DISPUTES

The parties wish to provide for prompt, efficient, final, and binding resolution of disputes and controversies that may arise under this Agreement and therefore establish this dispute resolution procedure. All claims, disputes, and other matters in question between the parties arising out of, or relating to, this Agreement shall be resolved exclusively by the following dispute resolution procedure unless the parties mutually agree in writing otherwise:

a. The parties shall use their best efforts to resolve issues prior to giving written Notice of Dispute.
b. Within ten (10) working days of receipt of the written Notice of Dispute, the parties (or a designated representative) shall together or, if both parties agree, with a mediator meet, confer, and attempt to resolve the claim.
c. The terms of the resolution of all claims concluded in meetings shall be memorialized in writing and signed by each party.

Arbitration: If the claim is not resolved within thirty (30) days, the parties shall proceed to arbitration as follows:

a. Demand for arbitration shall be made in writing to the other party. The parties shall select one person as arbitrator.
b. If there is a delay of more than ten (10) days in the naming of the arbitrator, either party can ask the presiding judge of Skagit County to name the arbitrator.
c. The prevailing party shall be entitled to recover from the other party all costs and expenses, including reasonable attorney fees. The arbitrators shall determine which party, if any, is the prevailing party.
d. The parties agree that the arbitrators' decision shall be binding, final and appealable to Skagit County Superior Court only as provided in Chapter 7.04A RCW.
e. Unless the parties agree in writing otherwise, the unresolved claims in each notice of dispute shall be considered at an arbitration session which shall occur in Skagit County no later than 30 days after the close of the meeting described in paragraph (b) above.
f. The Provisions of this section shall, with respect to any controversy or claim, survive the termination or expiration of this Agreement.
g. Nothing contained in this Agreement shall be deemed to give the arbitrator the power to change any of the terms and conditions of this Agreement in any way.
h. The prevailing party in any action to compel arbitration or to enforce an arbitration award shall be awarded its costs, including attorney fees. Venue for any such action is exclusively Skagit County Superior Court.
i. This Agreement shall be governed by laws of the State of Washington, both as to interpretation and performance.

26. SEVERABILITY AND CONFORMITY

The provisions of this Agreement are severable. If any provision of this Agreement, including any provision of any document incorporated by reference, is held invalid by any court, that invalidity shall not affect the other provisions of this Agreement and the invalid provision shall be considered modified to conform to existing law.

27. SINGLE AUDIT ACT

If the CONTRACTOR or its subcontractor is a sub recipient of Federal awards as defined by OMB Circular A-133, the CONTRACTOR and its subcontractors shall maintain records that identify all Federal funds received and expended. Such funds shall be identified by the appropriate OMB Catalog of Federal Domestic Assistance titles and numbers, award names and numbers, award years, if awards are for research and development, as well as names of the Federal agencies. The CONTRACTOR and its subcontractors shall make the CONTRACTOR and its subcontractors records available for review or audit by officials of the Federal awarding agency, the General Accounting Office, and DSHS. The CONTRACTOR and its subcontractors shall

incorporate OMB Circular A-133 audit requirements into all contracts between the CONTRACTOR and its subcontractors who are sub recipients. The CONTRACTOR and its subcontractors shall comply with any future amendments to OMB Circular A-133 and any successor or replacement Circular or regulation.

If the CONTRACTOR and/or its subcontractors are a sub recipient and expends $500,000 or more in Federal awards from any and/or all sources in any fiscal year, the CONTRACTOR and applicable subcontractors shall procure and pay for a single or program-specific audit for that fiscal year. Upon completion of each audit, the CONTRACTOR and applicable subcontractors shall submit to NSMHA Program Manager the data collection form and reporting package specified in OMB Circular A-133, reports required by the program-specific audit guide, if applicable, and a copy of any management letters issued by the auditor.

For purposes of "sub recipient" status under the rules of OMB Circular A-133 205(i) Medicaid payments to a sub recipient for providing patient care services to Medicaid eligible individuals are not considered Federal awards expended under this part of the rule unless a State requires the fund to be treated as Federal awards expended because reimbursement is on a cost-reimbursement basis.

28. SUBCONTRACTS

The CONTRACTOR may subcontract services to be provided under this Agreement subject to the following requirements.

a. The CONTRACTOR shall be responsible for the acts and omissions of any subcontractor.
b. The CONTRACTOR must ensure that the subcontractor neither employs any person nor contracts with any person or Community Mental Health Agency (CMHA) excluded from participation in federal health care programs under either 42 U.S.C. 1320a-7 (§§1128 or 1128A Social Security Act) or debarred or suspended per this Agreement's General Terms and Conditions.
c. The CONTRACTOR shall require subcontractors to comply with all applicable federal and state laws, regulations, and operational policies as specified in this Agreement.
d. The CONTRACTOR shall require subcontractors to comply with all applicable NSMHA operational policies as specified in this Agreement, including Access to Care, Exhibit A, standards, travel standards, and access standards.
e. The CONTRACTOR shall ensure a process is in place to demonstrate that all third-party resources are identified and pursued.
f. The CONTRACTOR shall oversee, be accountable for, and monitor all functions and responsibilities delegated to a subcontractor for conformance with any applicable statement of work in this agreement on an ongoing basis including written reviews.
g. CONTRACTOR will monitor performance of the subcontractors on an annual basis and notify NSMHA of any identified deficiencies or areas for improvement requiring corrective action by CONTRACTOR.
h. The CONTRACTOR shall ensure that all subcontracts are in writing and that subcontracts specify all duties, reports, and responsibilities delegated under this Agreement. Those written subcontracts shall:

i. Require subcontractors to hold all necessary licenses, certifications, and/or permits as required by law for the performance of the services to be performed under this Agreement.
ii. Include clear means to revoke delegation, impose corrective action, or take other remedial actions if the subcontractor fails to comply with the terms of the subcontract.
iii. Require that the subcontractor correct any areas of deficiencies in the subcontractor's performance that are identified by the CONTRACTOR, NSMHA, and/or MHD.
iv. Require best efforts to provide written or oral notification within 15 working days of termination of a Mental Health Care Provider (MHCP) to consumers currently open for services who had received a service from the affected MHCP in the previous 60 days. Notification must be verifiable in the client medical record at the subcontractor.

29. SURVIVABILITY

The terms and conditions contained in this Agreement that by their sense and context are intended to survive the expiration of this Agreement shall so survive. Surviving terms include, but are not limited to: Order of Precedence, Contract Performance and Enforcement, Confidentiality of Client Information, Resolution of Disputes, Indemnification, Oversight Authority, Maintenance of Records and Ownership of Materials.

30. TREATMENT OF CLIENT PROPERTY

Unless otherwise provided in this Agreement, CONTRACTOR shall ensure that any adult individual receiving services from the CONTRACTOR under this Agreement has unrestricted access to the individual's personal property. The CONTRACTOR shall not interfere with any adult individual's ownership, possession, or use of the individual's property unless clinically indicated. The CONTRACTOR shall provide individuals under age eighteen (18) with reasonable access to their personal property that is appropriate to the individual's age, development, and needs. Upon termination of this Agreement, the CONTRACTOR shall immediately release to the individual and/or the individual's guardian or custodian all of the individual's personal property.

31. WARRANTIES

The parties' obligations are warranted and represented by each to be individually binding, for the benefit of the other party. CONTRACTOR warrants and represents that it is able to perform its obligations set forth in this Agreement and that such obligations are binding upon CONTRACTOR and other subcontractors for the benefit of NSMHA.

32. CONTRACT ADMINISTRATION

The Program Manager for each of the parties shall be responsible for and shall be the contact person for all communications and billings regarding the performance of this Agreement.

The Program Manager for NSMHA is:
Charles R. Benjamin, Executive Director
North Sound Regional Support Network
117 North First Street, Suite 8
Mount Vernon, WA 98273

The Program Manager for CONTRACTOR is:

Gerric Dudley
Executive Director
609A North Shore Drive
Bellingham, WA 98226.

Changes shall be provided to the other party in writing within ten (10) working days.

1 **THIS AGREEMENT**, consisting of 57 Pages, plus Exhibits and Attachments, is executed by the
2 persons signing below who warrant that they have the authority to execute this Agreement.
3

NORTH SOUND MENTAL HEALTH ADMINISTRATION	CONTRACTOR
______________________________	______________________________
Signature Date	Signature Date
Greg C. Long, Deputy Director	Gerric Dudley, Executive Director
Name/Title	Name/Title