

**NORTH SOUND  
MENTAL HEALTH ADMINISTRATION**

**INTERAGENCY AGREEMENT**

**WITH**

**WHATCOM COUNTY**

**CONTRACT #NSMHA-WHATCOM-ADMIN-10**

**JANUARY 1, 2010 TO DECEMBER 31, 2010**

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Exhibit A –Mission Statement

Exhibit F –DSHS Admin Policy No. 7-21

Exhibit G –DSHS Admin Policy No. 07-01

Exhibit H –DSHS Admin Policy No. 07-20

## ATTACHMENTS

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Attachment I – Core Values and Principles

Attachment II – NSMHA 7.01 Policy, Provider P&P Grid and Quality Management Plan – links

Attachment III – Business Associate Agreement

Attachment IV – Funding

Attachment V – Ombuds and QRT Services

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## INTERAGENCY AGREEMENT

**THIS INTERAGENCY 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 WHATCOM COUNTY (“CONTRACTOR”), 509 Girard Street, Bellingham, WA 98227-0935.

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 January 1, 2010, through December 31, 2010.

### A. DEFINITIONS

As used anywhere within this Agreement, Exhibits or Attachments, the following terms have the indicated meanings:

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

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: Mental Health Division’s 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.

Accountability: Responsibility of CONTRACTOR for achieving defined outcomes, goals, and contract obligations.

Act: The Social Security Act.

Active Status: Refers to consumer’s current receipt of rehabilitation outpatient/community support mental health services, also referred to as “open” and/or involved with a current episode of care.

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

Administrative Policy No. 7.01: DSHS policy dated November 1, 1987, that states the Department’s commitment to planning and service delivery for American Indian governments and communities.

Adult Acute Diversion Services: Services for non-enrolled, as well as, enrolled individuals, which are less restrictive alternatives to inpatient hospitalization, or are transitional programs/services after discharge from inpatient services.

Adult Residential Rehabilitation Center (ARRC)

1 Adult who has a Chronic Mental Illness: An adult who has a mental disorder and meets at least one of the  
2 following criteria:

- 3
- 4     ▪ Has undergone two or more episodes of hospital care for a mental disorder within the preceding two  
5       years;
- 6     ▪ Has experienced a continuous psychiatric hospitalization or residential treatment exceeding six months'  
7       duration within the preceding year; or
- 8     ▪ Has been unable to engage in any substantial gainful activity by reason of any mental disorder, which has  
9       lasted for a continuous period of not less than 12 months.

10

11 Advance Directive: A written instruction, such as a living will or durable power of attorney for health care,  
12 recognized under State law (whether statutory or as recognized by the courts of the State), relating to the  
13 provision of health care (including mental health care) when the individual is incapacitated.

14

15 Agreement: means this Agreement, including all documents attached or incorporated by reference.

16

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

19

20 Alternative/Traditional Healer: An individual who is respected by the community, who has cultural knowledge  
21 and training to relieve people of their physical and emotional afflictions within their cultural beliefs, sometimes  
22 using physical approaches, spirituality, herbs, and other techniques as a form of healing. An individual  
23 recognized by a cultural group or tradition, with the authority and power to perform rituals, ceremonies, or  
24 utilize medicinal substances for physical and spiritual healing.

25

26 Annual revenue: All revenue received by the CONTRACTOR pursuant to the contract for January of any year  
27 through December of the next year.

28

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

31

32 Assertive Community Treatment: Intensive Case Management – A team-based approach to the provision of  
33 treatment, rehabilitation, and support services. ACT/PACT models of treatment are built around a self-  
34 contained multi-disciplinary team that serves as a fixed point of responsibility for all patient care for a fixed  
35 group of consumers. (See HCPCS Procedure codes for full definition.)

36

37 Assessment: A process, which provides sufficient information to determine medical necessity for mental  
38 health services covered under this Agreement.

39

40 Behavioral Aides/Crisis Specialists: Paraprofessionals, available to provide additional services, in-home or in  
41 vivo, to individuals/child/family for support and/or stabilization. Paraprofessionals who meet requirements  
42 described in WACs including, but not limited to Washington State Patrol background checks, reference checks,  
43 and trainings in: characteristics of severe and persistent mental illness, effective age and culturally competent  
44 community support interventions relevant to the population served, crisis intervention, and managing  
45 assaultive/suicidal behaviors.

1 Benefit Period: The period of service authorization, typically a one-year period. The consumer may be open  
2 (actively receiving services) or closed during this period of time.

3  
4 Budget Accounting Reporting System (BARS)

5  
6 Centennial Accord: An agreement dated August 4, 1989 between federally recognized Indian Tribes in  
7 Washington and the State of Washington. The Accord provides a framework for government-to-government  
8 relationship and implementation procedures to assure execution of that relationship.

9  
10 Center for Medicare and Medicaid Services (CMS): Formerly known as Health Care Finance Administration  
11 (HCFA).

12  
13 Child/Family Teams: Collection of individuals who are related to, involved with, or care about a consumer,  
14 who come together (along with the mental health clinicians) to direct and assist with planning, problem solving  
15 and care provision. Teams meet at the frequency needed to create accountability for the members and  
16 movement toward wellness/recovery for the consumer.

17  
18 Children's Global Assessment Scale (CGAS): A continuously distributed scale (1 – 100) of functionality, used  
19 in the assessment of mental health/illness in children. Axis V of a multi-axial assessment of a child. Similar to  
20 the Global Assessment of Functioning for adults.

21  
22 Children's Hospital Alternative Program (CHAP): Acronym for, a cooperative program of NSMHA and  
23 Division of Children and Family Services, to serve high-need children and their families. (Foster home and in-  
24 home services.)

25  
26 Children's Long Term Inpatient Program (CLIP): The state appointed authority for policy and clinical  
27 decision-making regarding admission to and discharge from state-funded beds in the CLIP (Child Study and  
28 Treatment Center, Pearl Street Center, McGraw Center, Tamarack Center, and Martin Center).

29  
30 Code of Federal Regulations (CFR): All references in the Agreement to CFR chapters or sections shall include  
31 any successor, amended, or replacement regulation.

32  
33 Community Mental Health Agency (CMHA): Community mental health centers that are subcontracted by the  
34 RSN and licensed to provide mental health services covered under this Agreement.

35  
36 Community Support Services: All community-based, outpatient services. As defined in RCW 71.24.025(8) and  
37 WAC 388-865 – case management services; 388-865 – residential services; 388-865-0464 – employment  
38 services; 388-865 – psychiatric and medical services; 388-865 – In-home services; and 388-865 – Consumer or  
39 advocate-run services.

40  
41 Complaint: A verbal or written statement by a consumer or enrollee that expresses dissatisfaction with some  
42 aspect of services covered under this Agreement, the Primary Care Provider, or CONTRACTOR.

43  
44 Consumer: A person who is now or has in the past received mental health services.

45  
46 Coordinated Quality Improvement Program (CQIP) Health care institutions and medical facilities,  
47 other than hospitals, that are licensed by the department, professional societies or organizations, health  
48 care service contractors, health maintenance organizations, health carriers approved pursuant to chapter

1 48.43 RCW, and any other person or entity providing health care coverage under chapter 48.42 RCW that  
2 is subject to the jurisdiction and regulation of any state agency or any subdivision thereof may maintain a  
3 coordinated quality improvement program for the improvement of the quality of health care services  
4 rendered to patients and the identification and prevention of medical malpractice as set forth in RCW  
5 70.41.200.

6  
7 Corrective Action/Compliance Review: When findings from a NSMHA and/or HRSA review or other  
8 monitoring efforts or audits show that there are apparent violations of this Agreement, the CONTRACTOR  
9 shall implement corrective action within specified timeframes determined by NSMHA and/or HRSA and/or  
10 Department's other auditors.

11  
12 Corrective Action Plan: A written plan specifying what the CONTRACTOR is required to do to be in  
13 compliance. This includes required improvements and a time line for such action(s) to be accomplished.

14  
15 Crisis: Crisis may be self-defined or a situation where an individual is acutely mentally ill, or experiencing  
16 serious disruption in cognitive, volitional, psychosocial, and/or neurophysiological functioning.

17  
18 Crisis Intervention: Intervention activities of duration of less than 24 hours (with a 24-hour period) to stabilize  
19 a client in a psychiatric emergency. (HCPCS procedure codes.)

20  
21 Crisis Plan: A blueprint for action in the case of an individual (or child/family) who is experiencing imminent  
22 or substantial risk of harm to self/others or who is at risk of decompensation that could lead to future use of  
23 psychiatric inpatient services. Plans are developed in collaboration with the individual and natural supports. An  
24 adequate crisis plan reflects a blend of formal and informal supports and is amended as frequently as needed to  
25 be a meaningful resource. Crisis plans with updated information must be documented as a consumer  
26 completes an episode of care and becomes "inactive" or "closed".

27  
28 Crisis Prevention services: Assistance in determining precursors to crisis situations, as well as, interventions  
29 during pre-crisis episodes that may interrupt or divert a full-crisis situation.

30  
31 Crisis Residential Service Options: Brief stay residential care, away from normal living environment, which can  
32 be utilized to prevent, de-escalate and/or stabilize a crisis situation, avoid more restrictive levels of care, divert  
33 potential hospitalization and facilitate ongoing treatment gains.

34  
35 Crisis Respite: Support and stabilization services that may include, but are not limited to, Crisis Residential  
36 Service Options. Crisis respite may include in-home support services and brief periods of services by crisis aide  
37 staff to provide relief to a parent or primary in-home care provider.

38  
39 Crisis Services: Face-to-face evaluation and treatment of mental health emergencies and crises to non-enrolled,  
40 as well as, enrolled individuals experiencing a crisis as defined by the WAC. Crisis services shall be available on  
41 a 24-hour basis with the goal of stabilizing the person in crisis and providing immediate or short-term  
42 treatment and support in the least restrictive environment available. Crisis services may be provided prior to  
43 an intake evaluation/assessment.

44  
45 Crisis Stabilization Services: Services provided to individuals who are experiencing a mental health emergency  
46 or crisis. This service is provided through telephone and/or face-to-face in-vivo services.

1 Cross-System Team meetings and consultations: Participation and involvement with systems beyond the  
2 mental health system, who are also providing services to a mental health consumer, i.e., DCFS, DDD, JRA,  
3 DOC, Schools, etc., to assure communication, and integrated, coordinated treatment planning and provision.  
4

5 Cultural Competency: A set of congruent behaviors, attitudes, and policies that come together in a system or  
6 agency and enable that system or agency to work effectively in cross-cultural situations. A culturally competent  
7 system of care acknowledges and incorporates at all levels the importance of language and culture, cultural  
8 differences, expansion of cultural knowledge, and adaptation of services to meet culturally unique needs.  
9 (WAC 388-865-0150)  
10

11 The ability to serve individuals with mental illness of all ages, of all ethnic groups (including American Indians)  
12 and who identify as a sexual minority, in a manner which is responsive to their age and unique cultural  
13 background.  
14

15 “D” Coupons: These are provided medical assistance coupons for children in foster care.  
16

17 Detention: (Juvenile) Pursuant to RCW 13.16, a staffed, locked detention room, or house of detention for  
18 dependent, wayward, and delinquent children, separate and apart from the detention facilities for adults.  
19

20 Disaster Outreach: Persons contacted in their place of residence or in non-traditional settings for the purpose  
21 of:  
22

- 23 ▪ Assessing their mental health, or social functioning following a disaster; or
- 24 ▪ Increasing their utilization of human services and resources.
- 25 ▪ There are two basic approaches to outreach:
- 26 ▪ Mobile (ongoing to person to person);
- 27 ▪ Community settings (e.g. temporary shelters, disaster assistance sites, disaster information forums).  
28

29 Regardless of the approach, the outreach process has five important components:  
30

- 31 ▪ Locating persons in need of disaster relief services;
- 32 ▪ Assessing their needs;
- 33 ▪ Engaging or linking persons to an appropriate level of support or disaster relief services; and
- 34 ▪ Providing follow-up mental health services when clinically indicated.  
35

36 Disaster outreach can be performed by trained volunteers, peers, and/or persons hired under a Federal Crisis  
37 Counseling Grant. These persons should be trained in disaster outreach, which is different than traditional  
38 mental health crisis intervention.  
39

40 Emergent: A situation where an individual is at imminent risk of substantial harm to him or herself or, others.  
41

42 Emergent Care: Services provided for a person, that if not provided, would likely result in the need for crisis  
43 intervention or hospital evaluation due to concerns of potential danger to self, others, or grave disability  
44 according to RCW 71.05.  
45

46 Enrolled Recipient: All Medicaid recipients who reside in NSMHA Service Area as indicated by the  
47 Community Service Office (CSO) of record and Home and Community Services (HCS) for elders on the

1 recipients eligibility record or children who are Medicaid recipients, who present a "D" card coupon, or its legal  
2 substitute or other evidence of placement by DSHS without regard to the child's designated residence. The  
3 eligibility determination of the CSO shall be final.  
4

5 Enrollee: Means a Medicaid recipient who is currently enrolled in a PIHP.  
6

7 Episode of Care: A period of time during which an eligible consumer is "active" and receiving mental health  
8 services. An episode of care extends from Assessment to Closure. It is possible to have several "episodes of  
9 care" within one authorization period, if medically necessary.  
10

11 EPSDT: Acronym for the Early Periodic Screening Diagnostic and Treatment Program available to eligible  
12 children, under Title XIX as amended, sometimes referred to as "Healthy Kids". This program assures that  
13 children ages birth through age 18 have access to regularly scheduled physical examinations, with referrals for  
14 mental health and/or substance abuse providers, as needed. Kids on SSI are covered birth through age 20.  
15

16 Evaluation and Treatment Facility (ETF): Any facility which can provide directly, or by direct arrangement  
17 with other public or private agencies, emergency evaluation and treatment, community support care, and short-  
18 term inpatient care to persons suffering from a mental disorder, and which is certified as such by DSHS;  
19 PROVIDED, that a physically separate and separately operated portion of a state hospital may be designated  
20 as an ETF; PROVIDED FURTHER, that a facility which is part of, or operated by DSHS or any Federal  
21 agency will not require certification; AND PROVIDED FURTHER, that no correctional institution, facility,  
22 or jail shall be an ETF within the meaning of RCW 71.05 or 71.34.  
23

24 Evidenced Based Practices: means a program or practice that has had multiple site random controlled trials  
25 across heterogeneous populations demonstrating that the program or practice is effective for the population.  
26

27 Exempt American Indians: Medicaid eligible and non-eligible American Indians as defined by 25 USC 1603  
28 that have received an exemption, which permits Medicaid, reimbursed services to be delivered by Indian health  
29 service programs or tribal clinics.  
30

31 Enhanced Community Services (ECS): Enhanced Community Services funding is provided by the Washington  
32 Legislature to assist in the provision of community support services for long-term state hospital patients.  
33

34 Fair Hearing: A Grievance hearing before the Washington State Office of Administrative Hearings.  
35

36 Flex Funds: Funds used for the purchase of goods or services directly related to the needs of individual  
37 members to prevent crisis situations and/or to augment natural supports and to facilitate the initiation (or  
38 continuance) of more normalized activities, which cannot be met through existing categorical services or  
39 formal/informal community resources.  
40

41 Fraud: means "an intentional deception or misrepresentation made by a person with the knowledge that the  
42 deception could result in some unauthorized benefit to himself or some other person. It includes any act that  
43 constitutes fraud under applicable Federal or State law". (Medicaid Managed Care Fraud and Abuse  
44 Guidelines)  
45

46 Full-Time Equivalent (FTE): Term used to define number of full-time staff. One FTE shall be defined as 40  
47 hours work per week.  
48

1 Geographic Area: NSMHA Service Area consists of the following geographic areas:

- 2
- 3     ▪ Island
- 4     ▪ San Juan County
- 5     ▪ Skagit County
- 6     ▪ Snohomish County
- 7     ▪ Whatcom County
- 8

9 Global Assessment of Function (GAF): A rating scale (GAF = 1-100) for reporting the clinician’s judgment of  
10 the consumer’s overall level of functioning. This assessment rating is “Axis V”, on a multi-axial mental health  
11 assessment...and is one of the tools/criteria used to determine the medically necessary “level” of outpatient  
12 care.

13

14 Gravely Disabled: As defined in RCW 71.34.020(8) for children, and 71.05.020(1) in the case of adults.

15

16 Grievance: Means an expression of dissatisfaction about any matter other than the action as “action” is  
17 defined above. The term is also used to refer to the overall process that includes grievance and appeals  
18 handled at the PHIP level and access to the State Fair Hearing process. Possible subjects for grievances  
19 include, but are not limited to, the quality of care or services provided, and aspects of interpersonal  
20 relationships such as rudeness, or failure to respect the enrollee’s rights.

21

22 Healthy Options: Washington State’s managed care program for Medicaid clients.

23

24 Health and Recovery Services Administration (HRSA) means the Health and Recovery Services Administration  
25 of the Washington State Department of Social and Health Services. DSHS has designated HRSA as the state  
26 mental health authority to administer the state and Medicaid funded mental health programs authorized by  
27 RCW chapters 71.05, 71.24, and 71.34.

28

29 HIPAA. Health Insurance Portability and Accountability Act of 1996.

30

31 Indirect Costs: Costs incurred for activities other than those that qualify as direct costs. Indirect costs include,  
32 but are not limited to: activities, staff, tools, depreciation and equipment, transportation, education or training  
33 related to financial, facilities, or data management, quality management, resource management (except for  
34 direct costs incurred pursuant to RCW 71.24.025), and RSN/PHP or subcontractor administration. Indirect  
35 costs do not include capital items or unexpended reserves.

36

37 Liquidated Damages: Financial sanctions identified as liquidated damages within this Agreement.

38

39 Local Funds Eligible for Match: Sources of revenue that is eligible to be used as Federal match are broad  
40 based taxes at the County or other local taxing authority level that are spent and have been certified by the local  
41 authority as public funds for mental health services allowable under this Agreement. Funds used for Federal  
42 match under this Agreement may not be used as match for any other Federal program. It can be State or local  
43 funds that have not been previously matched with Federal funds at any point. Local funds do not include  
44 donations. Although State funds (non-Medicaid) can be used for local match, these funds are intended to be  
45 used for non-Medicaid services and non-Medicaid consumers and can only be used as match once these  
46 obligations are met.

1 Local Oversight Committee: Community-based committee within each NSMHA member county, chaired by  
2 County Coordinator or designee, whose functions include:

- 3
- 4     ▪ System complaints;
- 5     ▪ Identifying gaps in local crisis response services;
- 6     ▪ Designing county-specific protocols, which coordinate services with other community resources, County  
7 services and alternative systems of care;
- 8     ▪ Advise NSMHA, County, and Integrated Crisis Response System management on issues, review of  
9 critical incidents, exceptional circumstances, and integrated crisis response which need correcting;
- 10    ▪ Provide a venue for community input and cross-system networking; and
- 11    ▪ Address contract non-compliance and available remedies including, but not limited to, liquidated  
12 damages.
- 13

14 Management Information System (MIS): A computer system designed to provide management personnel with  
15 up-to-date information on an organization's performance.

16

17 Medicaid Eligible: Any individual who has been certified by DSHS to be qualified for Medicaid benefits.

18

19 Medicaid funds: Funds provided by the Federal CMS under the Title XIX program.

20

21 Medicaid Recipient: All Medicaid recipients who reside in NSMHA Service Area as indicated by the  
22 Community Service Office (CSO) of record and Home and Community Services (HCS) for elders on the  
23 recipients eligibility record or children who are Medicaid recipients, who present a "D" card coupon, or its  
24 legal substitute or other evidence of placement by DSHS without regard to the child's designated residence.  
25 The eligibility determination of the CSO shall be final.

26

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

33

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

40

41 Additionally, the individual must be determined to:

- 42
- 43     ▪ Have a mental illness covered by Washington State for public mental health services;
- 44     ▪ The individual's impairment(s) and corresponding need(s) must be the result of a mental illness;
- 45     ▪ The intervention is deemed to be reasonably necessary to improve, stabilize, or prevent deterioration of  
46 functioning resulting from the presence of a mental illness;
- 47     ▪ The individual is expected to benefit from the intervention; and
- 48     ▪ Any other formal/informal system or support can not address the individual's unmet need.
- 49

1 Mental Health Advisory Committee: The State advisory committee comprised of members representing the  
2 various communities and special populations. (RCW 43-20 A.360 and Administrative policy 2.10)  
3 Additionally, this committee meets the requirements of Public Law 102-321.  
4

5 Mental Health Care Provider (MHCP): means the individual with primary responsibility for implementing an  
6 individualized service plan for mental health rehabilitation services.  
7

8 Mental Health Professional (MHP): As defined in RCW 71.34.020(13) for children, and RCW 71.05.020(12)  
9 for adults. (WAC 388-865-0150.)  
10

11 No-Decline Policy: CONTRACTOR and/or its Member Agencies, Affiliate Members, or other  
12 subcontractors shall not refuse to provide community support and/or crisis response services to clients  
13 referred for service who meet eligibility criteria defined in the Agreement and the Level of Care Manual.  
14 Services shall meet requirements set forth in this Agreement, including all exhibits and attachments.  
15

16 OMB Circular A-133: Audits of States, Local Governments and Non-Profit Organizations.

17 Ombuds: An individual performing an Ombuds service as defined at WAC 388-865-0250 as existing or  
18 hereafter amended.  
19

20 Other Revenues: Includes donations, interest; Federal, State or local grants not received from RSN, and  
21 consulting.  
22

23 Outreach: A mental health service where consumers with severe and persistent mental illness or serious  
24 emotional disturbance are contacted in their place of residence or in non-traditional settings for the purpose of:  
25

- 26 ▪ Improving their mental health, health, or social functioning; or
- 27 ▪ Increasing their utilization of human services and resources.  
28

29 There are two basic approaches to outreach:  
30

- 31 ▪ Mobile (going to them); and
- 32 ▪ Drop-in centers (e.g. shelters, clubhouses, kitchens, clothing banks).  
33

34 Regardless of the approach, the outreach process has five important components:  
35

- 36 ▪ Locating individuals in need of services;
- 37 ▪ Engaging individuals into service;
- 38 ▪ Assessing their needs;
- 39 ▪ Linking individuals to an appropriate level of support services; and
- 40 ▪ Providing follow-up services.  
41

42 Prepaid Inpatient Health Plan (PIHP): means an entity that provides or arranges for  
43

- 44 ▪ Mental health services to enrollees under contract with the state on the basis of prepaid capitation  
45 payments, or other payment arrangements that don't use state plan payment rates;
- 46 ▪ Provides, arranges for, or otherwise has responsibility for the provision of any inpatient hospital or  
47 institutional services for its enrollees; or
- 48 ▪ Does not have a comprehensive risk contract.  
49

1 Priority Population: Per RCW 71.24.035, includes the following groups of people who are provided access and  
2 treatment for residents of the Service Area:

- 3
- 4     ▪ Persons with an acute mental illness;
- 5     ▪ Adults with chronic mental illness and children/youth who are severely emotionally disturbed; and
- 6     ▪ Persons who are seriously disturbed.
- 7

8 Public Funds: State, Federal, or local government funds gained by a taxing authority.

9

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

12

13 Regional Support Network (RSN): A county authority or group of county authorities recognized and certified  
14 by the Secretary of DSHS which enter into joint operating agreements to contract with the Secretary pursuant  
15 to RCW 71.24 to operate a single managed system of services for persons with mental illness living in the  
16 Service Area covered by the county or group of counties. The RSN shall assume all duties assigned to county  
17 authorities by RCW 71.24, 71.34, and 71.05.

18

19 Request for Services: means a point in time when services are sought or applied for. This can be through a  
20 telephone call, referral, walk-in, or written request for service.

21

22 Revised Code of Washington (RCW): All references in the Agreement to RCW chapters or sections shall  
23 include any successor, amended, or replaced statute.

24

25 Service Area: The geographic area covered by this Agreement, which consists of the five-county North Sound  
26 Region of the State of Washington, including and limited to Island, San Juan, Skagit, Snohomish, and  
27 Whatcom counties.

28

29 Subcontract: Any written agreement between CONTRACTOR and subcontractor or between  
30 CONTRACTOR, subcontractor, and another subcontractor to provide services or activities otherwise  
31 performed under this Agreement.

32

33 Subcontractor: An individual or entity performing all or part of the services under this Agreement under a  
34 separate contract with the CONTRACTOR or its subcontractors.

35

36 Title 42: The CFR Public Health Service.

37

38 Title XIX: Grants with states for Medical Assistance Program.

39

40 Title XIX Eligible Month: A calendar month in which an individual is eligible for the Title XIX program for  
41 any part of the month.

42

43 Title XXI: State Children's Health Insurance Program.

44

45 Transition Youth: Anyone age 17-21.

46

1 Underserved: Persons who are minorities, children, elderly, disabled, and low-income. See WAC 388-865-  
2 0150.

3  
4 United States Code (USC): Contains the Social Security Act. All references in the Agreement to USC chapters  
5 or sections shall include any successor, amended, or replacement statute.

6  
7 Washington Administrative Code (WAC): All references in the Agreement to WAC chapters or sections shall  
8 include any successor, amended, or replacement regulation.

9  
10 Waiver: The document by which DSHS/HRSA, requests sections of the Social Security Act be waived in  
11 order to operate a capitated managed care system to provide services to enrolled recipients. Section 1915(b) of  
12 the Act, authorizes the Secretary to waive the requirements of sections 1902 of the Act to the extent he/she  
13 finds proposed improvements or specified practices in the provision of services under Medicaid to be cost-  
14 effective, efficient, and consistent with the objectives of the Medicaid program.

15  
16 Western State Hospital (WSH)

17  
18 Wraparound Services: Community-based services of whatever intensity is needed to maintain stability,  
19 placement, and avoid more restrictive levels of care. This may include, but is not limited to, the use of  
20 individual treatment or crisis stabilization aides.

21  
22 Youth: Anyone age 13-17  
23  
24  
25

1 **B. CONTRACTOR RESPONSIBILITIES**

2 CONTRACTOR shall furnish the necessary personnel and services and do all things necessary for the  
3 performance of the work set forth herein as presently written or as may be later amended.  
4

5 **1. APPOINTMENT OF COUNTY COORDINATOR**

6 CONTRACTOR Program Manager will act as or appoint a County Coordinator and the  
7 County Coordinator or designee will participate in the NSMHA County Coordinator meetings,  
8 provide regular reports to the NSMHA Advisory Board on county specific activities, and  
9 facilitate delivery of the services required under this section. In addition to those outlined in  
10 this section, responsibilities of County Coordinators include regularly participating in ad hoc  
11 committees, advising NSMHA of county-specific areas of concern or need and participation in  
12 disaster response preparedness activities.  
13

14 **2. REGIONAL ADVISORY BOARD**

15 CONTRACTOR shall provide consumer/advocate representatives to the NSMHA Regional  
16 Advisory Board in accordance with the Interlocal Agreement forming NSMHA, and in  
17 accordance with WAC 388-865-0222, or any successor.  
18

19 **3. RESOURCE MANAGEMENT SUPPORT**

20 CONTRACTOR's County Coordinator shall assist NSMHA in conducting resource  
21 management. Activities include, regular participation in strategic planning and other ad hoc  
22 planning initiatives, and the ongoing evaluation of service provision in the county and the  
23 provision of recommendations to NSMHA based on the results.  
24

25 **4. QUALITY MANAGEMENT SUPPORT**

- 26 a. CONTRACTOR's County Coordinator shall assist NSMHA in conducting quality  
27 management programs and activities, in accordance with Attachment II. Activities include  
28 regularly participating in NSMHA's Quality Management Oversight Committee and other  
29 quality management processes as appropriate, which are designed to allow NSMHA to:  
30
- 31 1) Assess the degree to which mental health services and planning is driven by and  
32 incorporates consumer and family voice.
  - 33 2) Assess the degree to which mental health services are age, culturally and  
34 linguistically competent.
  - 35 3) Assess the degree to which mental health services are provided in the least  
36 restrictive environment.
  - 37 4) Assess the degree to which uninterrupted linkages occur from the time services are  
38 authorized that move the consumer toward recovery and resiliency.
  - 39 5) Assess the continuity in service linkages and integration with other formal/informal  
40 systems and settings.
  - 41 6) Assess the strengths and barriers of resource management mechanism, access  
42 standards, and the utilization management activities.  
43
- 44 b. CONTRACTOR shall participate in County specific local oversight activities at the request  
45 of NSMHA. When NSMHA convenes an ad hoc Local Oversight Committee,  
46 CONTRACTOR shall actively participate. Participation in the Committee shall include  
47 NSMHA staff, NSMHA providers and other appropriate cross systems providers operating  
48 within the County. Functions of the Local Oversight Committee shall include review of

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critical incidents and exceptional circumstances, review of ICRS complaints, as well as identifying gaps in local crisis response services.

- c. Quality management activities specified in this Quality Management Support section shall be subject to requirements of NSMHA, including requirements to maintain confidentiality of information in accordance with federal and state privacy laws and requirements applicable to NSMHA for maintaining protection of confidentiality under its coordinated quality improvement program.

**5. BUSINESS ASSOCIATE AGREEMENT**

CONTRACTOR shall abide by the provisions of NSMHA/WHATCOM COUNTY Business Associates Agreement (Attachment III).

1 **C. FINANCIAL TERMS AND CONDITIONS**

2  
3 **1. GENERAL FISCAL ASSURANCES**

4 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 **2. FINANCIAL ACCOUNTING REQUIREMENTS**

10 CONTRACTOR shall:

- 11
- 12 a. Establish and maintain operating reserves at prudent levels sufficient to ensure that
  - 13 CONTRACTOR has the ability to pay for all expenses incurred during this Agreement
  - 14 period, including those whose disposition occurs after the Agreement has been terminated,
  - 15 and to cover the risk of financial loss resulting in the event that the cost of providing
  - 16 services pursuant to this Agreement exceeds the revenues derived therefrom;
  - 17 b. Ensure that all funds, including interest earned, provided pursuant to this Agreement are
  - 18 used to support the public mental health system within the Service Area.
  - 19 c. CONTRACTOR shall produce annual audited financial statements within 180 days of
  - 20 fiscal year end and make such reports available to NSMHA upon request.
- 21

22 **3. FINANCIAL REPORTING**

23 CONTRACTOR shall provide the following reports to NSMHA:

- 24
- 25 a. Within 15 days from the effective date of this Agreement, a program-specific budget that
  - 26 demonstrates to NSMHA's reasonable satisfaction, compliance with direct service and
  - 27 indirect cost requirements.
  - 28 b. Report CONTRACTOR'S revenue and expenditure information to NSMHA on a
  - 29 quarterly basis. Reports must comply with the provisions in the BARS Supplemental
  - 30 Instructions for Mental Health Services promulgated by the Washington State Auditor's
  - 31 Office. Reports are due within 35 days of the biennial quarter end (December, March,
  - 32 June and September of each year). A final report is due February 5, 2009.
  - 33 c. CONTRACTOR shall participate in HRSA Unit Cost Surveys and actuarial studies, when
  - 34 required by HRSA.
- 35

36 **4. RULES COMPLIANCE**

37 The CONTRACTOR shall:

- 38
- 39 a. Funds provided to CONTRACTOR are to be used to provide specific administrative
  - 40 services on behalf of NSMHA and may not be used for direct services.
  - 41 b. Submit the amount spent throughout the Service Area on specific items at the request of
  - 42 NSMHA, CMS, the legislature, or DSHS in the timeframe specified.
  - 43 c. Account for public mental health expenditures under this Agreement in accordance with
  - 44 federal circular A-133 and A-87, and state requirements in accordance with the BARS
  - 45 Manual, and BARS Supplemental Instructions.
  - 46 d. Ensure State or Federal funds are not used to replace local funds from any source, which
  - 47 were being used to finance mental health services in the constituent county/counties in the
  - 48 calendar year prior to January 1, 1990. CONTRACTOR shall not use State or Federal

1 funds to replace local funds used to administer the Involuntary Treatment Program in the  
2 constituent county/counties in the calendar year prior to January 1, 1974.  
3

4 **5. FINANCIAL PROVISIONS – REIMBURSEMENT REQUIREMENTS**

5 The consideration to be paid by NSMHA for the work to be provided by CONTRACTOR  
6 pursuant to this Agreement shall consist of the available amount from primary funding sources as  
7 described in Attachment IV of this Agreement, for a maximum consideration of \$62,974.  
8

- 9 a. The consideration by NSMHA to CONTRACTOR pursuant to this Agreement shall be  
10 paid monthly within ten (10) working days of NSMHA’s receipt of payment by  
11 DSHS/HRSA.  
12 b. Payment Methodology: NSMHA shall pay to CONTRACTOR all allowable and allocable  
13 costs incurred as evidenced by proper invoice of CONTRACTOR as submitted on a  
14 monthly basis to the extent that those costs do not exceed each funding source maximum  
15 as set forth in Attachment IV.  
16

17 **6. WORKING CAPITAL ADVANCE**

18 CONTRACTOR maintains a working capital advance in the amount of \$16,488. The purpose of  
19 the advance is to ensure that sufficient cash flow is available at the county level for services that  
20 CONTRACTOR provides on behalf of the NSMHA. In the event of termination, repayment shall  
21 occur in accordance with the termination procedure specified herein.  
22  
23

1 **D. OVERSIGHT, REMEDIES AND TERMINATION**

2  
3 **1. OVERSIGHT AUTHORITY**

4 NSMHA, the Department of Social and Health Services (DSHS), Office of the State Auditor, the  
5 Department of Health and Human Services, Centers for Medicare and Medicaid Services, the  
6 Comptroller General, or any of their duly-authorized representatives (e.g. External Quality Review  
7 Organizations), have the authority to conduct announced and unannounced: a) surveys; b) audits;  
8 c) reviews of compliance with licensing and certification requirements and compliance with this  
9 Agreement; d) audits regarding the quality, appropriateness, and timeliness of mental health  
10 services of the CONTRACTOR and subcontractors; and e) audits and inspections of financial  
11 records of the CONTRACTOR and subcontractors. CONTRACTOR shall notify NSMHA when  
12 an entity other than NSMHA performs any audit described above related to any activity contained  
13 in this Agreement.  
14

15 In addition, NSMHA will conduct reviews in accordance with its oversight of resource, utilization  
16 and quality management, as well as to ensure that CONTRACTOR have the clinical,  
17 administrative and fiscal structures to enable them to perform in accordance with the terms of the  
18 contract. Such reviews may include, but are not limited to encounter data validation, utilization  
19 reviews, clinical record reviews, and reviews of administrative structures, fiscal management and  
20 contract compliance. Reviews may include desk reviews, requiring CONTRACTOR to submit  
21 requested information. NSMHA will also review activities delegated under this contract to  
22 CONTRACTOR.  
23

24 CONTRACTOR shall cooperate with and allow access to NSMHA Ombuds and Quality Review  
25 Team (“QRT”) in order to conduct surveys and review activities in accordance with the terms of  
26 this contract, in accordance with Attachment V. CONTRACTOR shall cooperate with Skagit  
27 County Community Action Agency in resolving any disputes that arise in the provision of Ombuds  
28 and QRT services.  
29

30 Findings as a result of NSMHA conducted reviews may result in remedial action as outlined below.  
31 Federal and State agencies may impose remedial action or financial penalties either directly upon  
32 CONTRACTOR or through NSMHA. CONTRACTOR shall comply with the terms of such  
33 remedial action and be responsible for the payment of financial penalties.  
34

35 **2. REMEDIAL ACTION**

36 NSMHA may require CONTRACTOR to plan and execute corrective action. Corrective action  
37 plans developed by CONTRACTOR must be submitted for approval to the NSMHA within 30  
38 calendar days of notification. Corrective action plans must be provided in a format acceptable to  
39 NSMHA. The NSMHA may extend or reduce the time allowed for corrective action depending  
40 upon the nature of the situation as determined by the NSMHA.  
41

42 a) Corrective action plans must include:

- 43
- 44 1) A brief description of the finding.
  - 45 2) Specific actions to be taken, a timetable, a description of the monitoring to be  
46 performed, the steps taken and responsible individuals that will reflect the  
47 resolution of the situation.  
48

1 b) Corrective action plans may:  
2

3 Require modification of any policies or procedures by CONTRACTOR relating to the  
4 fulfillment of its obligations pursuant to this Agreement.  
5

6 c) Corrective action plans are subject to approval by the NSMHA, which may:  
7

- 8 1) Accept the plan as submitted.
- 9 2) Accept the plan with specified modifications.
- 10 3) Request a modified plan; or,
- 11 4) Reject the plan.

12  
13 d) CONTRACTOR agrees that NSMHA may initiate remedial action with or without a  
14 corrective action plan as outlined in subsection below if the NSMHA determines any of the  
15 following situations exist:  
16

- 17 1) A problem exists that negatively impacts enrollees.
- 18 2) CONTRACTOR has failed to perform any of the mental health services required  
19 in this Agreement, including delegated functions, which includes the failure to  
20 maintain the required capacity as specified by NSMHA to ensure that enrollees  
21 receive medically necessary services.
- 22 3) CONTRACTOR has failed to develop, produce, and/or deliver to the NSMHA  
23 any of the statements, reports, data, data corrections, accountings, claims, and/or  
24 documentation described herein, in compliance with all the provisions of this  
25 Agreement.
- 26 4) CONTRACTOR has failed to perform any administrative function required under  
27 this Agreement, including delegated functions. For the purposes of this section,  
28 “administrative function” is defined as any obligation other than the actual  
29 provision of mental health services.
- 30 5) CONTRACTOR has failed to implement corrective action required by the state  
31 and within NSMHA prescribed time frames.

32  
33 e) The NSMHA may impose any of the following remedial actions in response to findings of  
34 situations as outlined above:  
35

- 36 1) Withhold one percent of the next monthly payment and each monthly payment  
37 thereafter until the corrective action has achieved resolution. The NSMHA, at its  
38 sole discretion, may return a portion or all of any payments withheld once  
39 satisfactory resolution has been achieved;
- 40 2) Compound withholdings identified above by an additional one-half of one percent  
41 for each successive month during which the remedial situation has not been  
42 resolved;
- 43 3) Revoke delegation of any function delegated under this contract;
- 44 4) Deny any incentive payment to which the CONTRACTOR might otherwise have  
45 been entitled under this Agreement or any other arrangement by which the HRSA  
46 provides incentives; or
- 47 5) Termination for Default, as outlined in this Agreement.  
48

1 **3. ADDITIONAL FINANCIAL PENALTIES – HRSA IMPOSED SANCTIONS**

2 Financial penalties imposed by HRSA or other regulatory agency due to the action or inaction of  
3 CONTRACTOR may be paid by NSMHA on behalf of CONTRACTOR and the amount will be  
4 withheld from NSMHA’s payments to CONTRACTOR.  
5

6 **4. TERMINATION DUE TO CHANGE IN FUNDING**

7 In the event funding from State, Federal, or other sources is withdrawn, reduced, or limited in any  
8 way after the effective date of this Agreement and prior to its normal completion, NSMHA may  
9 terminate this Agreement, subject to re-negotiations.  
10

11 **5. TERMINATION DUE TO CHANGE IN 1915(B) MENTAL HEALTH SERVICES**  
12 **WAIVER**

13 In the event that changes to the terms of the 1915(b) (Medicaid) Mental Health Services Waiver  
14 render this Agreement invalid in any way after the effective date of this Agreement and prior to its  
15 normal completion, NSMHA may terminate this Agreement, subject to re-negotiation, if  
16 applicable, under those new special terms and conditions.  
17

18 **6. TERMINATION FOR CONVENIENCE**

19 Except as otherwise provided in this Agreement, a party may terminate this Agreement upon 90  
20 days written notification by certified mail to the other party. The effective date of termination  
21 shall be the ninetieth day after receipt of written notification to the other party or the last day of  
22 the calendar month in which the ninetieth day occurs, whichever is later.  
23

24 **7. TERMINATION FOR DEFAULT**

25 NSMHA’s Program Manager may terminate this Agreement for default, in whole or in part, by  
26 written notice to the CONTRACTOR if NSMHA or DSHS has a reasonable basis to believe that  
27 the CONTRACTOR has or have:  
28

- 29 a. Failed to meet or maintain any requirement for contracting with DSHS;
- 30 b. Failed to perform under any provision of this Agreement;
- 31 c. Violated any law, regulation, rule, or ordinance applicable to the services provided under  
32 this Agreement; and/or
- 33 d. Otherwise breached any provision or condition of this Agreement.  
34

35 Before NSMHA’s Program Manager may terminate this Agreement for default, in whole or in  
36 part, NSMHA shall provide CONTRACTOR with written notice of CONTRACTOR’s  
37 noncompliance with this Agreement which notice shall provide the CONTRACTOR a reasonable  
38 time period to correct its/their noncompliance. If the CONTRACTOR has or have not corrected  
39 its/their noncompliance within the period of time specified in the written notice of  
40 noncompliance, NSMHA Program Manager may then terminate this Agreement, provided, that  
41 the NSMHA Program Manager may terminate this Agreement in whole or in part for default  
42 without such written notice and without opportunity for correction if NSMHA and/or DSHS has  
43 a reasonable basis to believe that:  
44

- 45 a. CONTRACTOR has violated any law, regulation, rule or ordinance applicable to services  
46 provided under this agreement, or
- 47 b. Continuance of this Agreement with CONTRACTOR poses a material risk of injury or  
48 harm to any person.

1 CONTRACTOR may terminate this Agreement in whole or in part, by written notice to NSMHA,  
2 if CONTRACTOR has a reasonable basis to believe that NSMHA has:  
3

- 4 a. Failed to meet or maintain any requirement for contracting with CONTRACTOR.
- 5 b. Failed to perform under any provision of this Agreement.
- 6 c. Violated any law, regulation, rule, or ordinance applicable to work performed under this  
7 Agreement; and/or
- 8 d. Otherwise breached any provision or condition of this Agreement.  
9

## 10 **8. TERMINATION PROCEDURE**

11 The following provisions shall survive and be binding on the parties in the event this Agreement is  
12 terminated:  
13

- 14 a. CONTRACTOR and any applicable subcontractors shall cease to perform any services  
15 required by this Agreement as of the effective date of termination and shall comply with all  
16 reasonable instructions contained in the notice of termination which are related to the  
17 transfer of clients, distribution of property, and termination of services. Each party shall  
18 be responsible only for its performance in accordance with the terms of this Agreement  
19 rendered prior to the effective date of termination. CONTRACTOR and any applicable  
20 subcontractors shall assist in the orderly transfer/transition of the consumers served under  
21 this Agreement. CONTRACTOR and any applicable subcontractors shall promptly supply  
22 all information necessary for the reimbursement of any outstanding Medicaid claims.
- 23 b. CONTRACTOR and any applicable subcontractors shall immediately deliver to NSMHA  
24 Program Manager or to his/her successor, all DSHS and NSMHA assets (property) in  
25 CONTRACTOR and any applicable subcontractor's possession and any property  
26 produced under this Agreement. CONTRACTOR and any applicable subcontractors  
27 grants NSMHA and DSHS the right to enter upon CONTRACTOR and any applicable  
28 subcontractors premises for the sole purpose of recovering any NSMHA or DSHS  
29 property that CONTRACTOR and any applicable subcontractors fails to return within ten  
30 (10) working days of termination of this Agreement. Upon failure to return NSMHA  
31 and/or DSHS property within ten (10) working days of the termination of this Agreement,  
32 CONTRACTOR and any applicable subcontractors shall be charged with all reasonable  
33 costs of recovery, including transportation and attorney's fees. CONTRACTOR and any  
34 applicable subcontractors shall protect and preserve any property of NSMHA and/or  
35 DSHS that is in the possession of CONTRACTOR and any applicable subcontractors  
36 pending return to NSMHA and/or DSHS.
- 37 c. NSMHA shall be liable for and shall pay for only those services authorized and provided  
38 through the date of termination. NSMHA may pay an amount agreed to by the parties for  
39 partially completed work and services, if work products are useful to or usable by NSMHA.  
40 Should the contract be terminated by either party, NSMHA will require the spend-down of  
41 all remaining reserves and fund balances within the termination period. Funds will be  
42 deducted from the final months' payments until reserves and fund balances are spent.  
43  
44

1 **E. GENERAL TERMS AND CONDITIONS FOR CONTRACTOR**

2  
3 **1. BACKGROUND**

4 NSMHA is an entity formed by inter-local agreement between Island, San Juan, Skagit, Snohomish  
5 and Whatcom Counties, each a county authority recognized by the Secretary of Department of  
6 Social and Health Services (“Secretary”). These counties entered into an inter-local agreement to  
7 allow NSMHA to contract with the Secretary pursuant to RCW 71.24.025(13), to operate a single  
8 managed system of services for persons with mental illness living in the service area covered by  
9 Island, San Juan, Skagit, Snohomish and Whatcom Counties (“Service Area”). NSMHA is party to  
10 an interagency agreement with the Secretary, pursuant to which NSMHA has agreed to provide  
11 integrated community support, crisis response, and inpatient management services to people  
12 needing such services in its Service Area. NSMHA, through this Agreement, is subcontracting  
13 with CONTRACTOR for the provision of specific mental health services as required by the  
14 agreement with the Secretary. CONTRACTOR, by signing this Agreement, attests that it is willing  
15 and able to provide such services in the Service Area.  
16

17 **2. MUTUAL COMMITMENTS**

18 The parties to this Agreement are mutually committed to the development of an efficient, cost  
19 effective, integrated, consumer-driven, age specific recovery and resilience model approach to the  
20 delivery of quality community mental health services. To that end, the parties are mutually  
21 committed to maximizing the availability of resources to provide needed mental health services in  
22 the Service Area, maximizing the portion of those resources used for the provision of direct  
23 services and minimizing duplication of effort.  
24

25 **3. ASSIGNMENT**

26 Except as otherwise provided within this Agreement, this Agreement may not be assigned,  
27 delegated, or transferred by CONTRACTOR without the express written consent of NSMHA,  
28 and any attempt to transfer or assign this Agreement without such consent shall be void. The  
29 terms “assigned”, “delegated”, or “transferred” shall include change of business structure to a  
30 limited liability company, of any CONTRACTOR Member or Affiliate Agency.  
31

32 **4. AUTHORITY**

33 Concurrent with the execution of this Agreement, CONTRACTOR shall furnish NSMHA with a  
34 copy of the explicit written authorization of its governing body to enter into this Agreement and  
35 accept the financial risk and responsibility to carry out all terms of this Agreement including the  
36 ability to pay for all expenses incurred during the contract period. Likewise, concurrent with the  
37 execution of this Agreement, NSMHA shall furnish CONTRACTOR with a written copy of the  
38 motion, resolution, or ordinance passed by NSMHA Board of Directors (NSMHA Board)  
39 authorizing NSMHA to execute this Agreement.  
40

41 **5. COMPLIANCE WITH APPLICABLE LAWS, REGULATIONS AND OPERATIONAL**  
42 **POLICIES**

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

- 1 b. Title XIX and Title XXI of the Social Security Act and Title 42 of the Code of Federal  
2 Regulations.
- 3 c. All applicable Office of the Insurance Commissioner (OIC) statutes and regulations.
- 4 d. All local, State, and Federal professional and facility licensing and certification  
5 requirements/standards that apply to services performed under the terms of this  
6 Agreement.
- 7 e. All applicable standards, orders, or requirements issued under Section 306 of the Clean Air  
8 Act (42 US 1857(h)), Section 508 of the Clean Water Act (33 US 1368), Executive Order  
9 11738, and Environmental Protection Agency (EPA) regulations (40 CFR Part 15), which  
10 prohibit the use of facilities included on the EPA List of Violating Facilities. Any  
11 violations shall be reported to Department of Social and Health Services (DSHS),  
12 Department of Health and Human Service (DHHS), and the EPA.
- 13 f. Any applicable mandatory standards and policies relating to energy efficiency, which are  
14 contained in the State Energy Conservation Plan, issued in compliance with the federal  
15 Energy Policy and Conservation Act.
- 16 g. Those specified for laboratory services in the Clinical Laboratory Improvement  
17 Amendments (CLIA).
- 18 h. Those specified in Title 18 RCW for professional licensing.
- 19 i. Reporting of abuse as required by RCW 26.44.030.
- 20 j. Industrial insurance coverage as required by Title 51 RCW.
- 21 k. RCW 38.52, 70.02, 71.05, 71.24, and 71.34.
- 22 l. WAC 388-865.
- 23 m. 42 CFR 438, including 42 CFR 438.58 (conflict of interest) and 42 CFR 438.106 (physician  
24 incentive plans).
- 25 n. The State of Washington Medicaid State Plan and the 1915(b) Medicaid Mental Health  
26 Waiver or their successors, which documents are incorporated by reference.
- 27 o. HRSA Quality Strategy.
- 28 p. The State of Washington mental health system mission statement, value statement, and the  
29 guiding principles for the system, attached hereto as Exhibit A.
- 30 q. The State Medicaid Manual (SMM), Office of Management and Budget (OMB) Circulars,  
31 the Budgeting, Accounting, and Reporting System (BARS) Manual, and BARS  
32 Supplemental Mental Health Instructions.
- 33 r. Any applicable federal and state laws that pertain to Medicaid enrollee or consumer rights.  
34 CONTRACTOR shall ensure that its staff takes those rights into account when furnishing  
35 services to consumers.
- 36 s. DSHS Administrative policies, to the extent that they are applicable to this contract, which  
37 are attached as Exhibit F, Exhibit G and Exhibit H.
- 38 t. 42 U.S.C. 1320a-7 and 1320a-7b (Section 1128 and 1128 (b) of the Social Security Act),  
39 which prohibits making payments directly or indirectly to physicians or other providers as  
40 an inducement to reduce or limit mental health services provided to consumers.
- 41 u. Any policies and procedures developed by Medical Assistance Administration for  
42 compliance with WAC 388-519-0110, which governs the spend-down of client assets.
- 43 v. The CONTRACTOR and any subcontractors must comply with 42-USC 1396u-2 and  
44 must not knowingly have a director, officer, partner, or person with a beneficial ownership  
45 of more than 5% of the CONTRACTOR, CMHA or subcontractor's equity, or an  
46 employee, contractor, or consultant who is significant or material to the provision of  
47 services under this Agreement, who has been, or is affiliated with someone who has been,  
48 debarred, suspended, or otherwise excluded by any federal agency.

- w. Federal and State non-discrimination laws and regulations.
- x. The Health Insurance Portability and Accountability Act (HIPAA), 45 CFR parts 160-164.
- y. HRSA-CIS Data Dictionary and its successors.
- z. 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/HRSA contract requirement changes, if applicable to this Agreement.

## 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

1 NSMHA's website. NSMHA shall notify CONTRACTOR of new and revised policies through its  
2 NSMHA Policy Numbered Memoranda. Training will be provided on policies that impact  
3 providers.  
4

5 In the event there is disagreement between NSMHA and CONTRACTOR in an operational  
6 committee regarding a proposed new policy or modification to a current policy, the following  
7 process will apply. NSMHA will provide a summary of the regulatory requirement or other  
8 rationale for the proposed policy or policy modification. CONTRACTOR will provide an analysis  
9 of its objection to the proposed policy or policy modification within 30 days from the receipt of  
10 the NSMHA summary. If the objection is primarily due to increased cost, CONTRACTOR will  
11 provide substantiation of the additional costs and, if possible, an alternative to achieving the policy  
12 goal in a less costly manner. The proposed policy or policy modification will be discussed at the  
13 next Regional Management Council. If resolution is not obtained, the proposed policy or policy  
14 modification will be discussed at the next Quality Management Oversight Committee meeting. If  
15 resolution is not obtained, the proposed policy or policy modification will be discussed at the next  
16 NSMHA Board meeting. On a quarterly basis CONTRACTOR will calculate the cumulative fiscal  
17 impact of resource reallocation due to new policies or policy modifications since the inception of  
18 the contract, and present that information for review and discussion at the next Regional  
19 Management Council.  
20

21 NSMHA will make best efforts to maintain currency of policies with applicable Federal or State  
22 Law, regulation or policy. In the event of a conflict, Federal or State Laws or policies supersede  
23 NSMHA policies and procedures and requirements of this contract.  
24

## 25 7. **CONFIDENTIALITY OF CLIENT INFORMATION**

26 Pursuant to 42 CFR 431.301 and 431.302, information concerning applicants and recipients may  
27 be disclosed for purposes directly concerning the administration of this Agreement. Purposes  
28 include, but are not limited to:  
29

- 30 a. Establishing eligibility.
- 31 b. Determining the amount of medical assistance.
- 32 c. Providing services for recipients.
- 33 d. Conducting or assisting in investigation, prosecution, or civil or criminal proceeding related  
34 to the administration of the plan.
- 35 e. Assuring compliance with Federal and State laws, regulations, with terms and requirements  
36 of this Agreement.
- 37 f. Improving quality.  
38

39 CONTRACTOR shall protect all information, records and data collected from unauthorized  
40 disclosure in accordance with 42 CFR 431.300 through 431.307, RCW's 70.02, 71.05, and 71.34,  
41 HIPAA, and for service recipients receiving alcohol and drug abuse services, in accordance with 42  
42 CFR Part 2. CONTRACTOR shall have a process in place to ensure that all components of its  
43 Community Mental Health Agency (CMHA) and system understand and comply with  
44 confidentiality requirements for publicly funded mental health services.  
45

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

1 The parties acknowledge that coordination, planning, screening, and referral require the sharing of  
2 information among the various treatment providers. Disclosure of information to verify eligibility,  
3 determine the amount of assistance, and to provide medically necessary mental health services are  
4 all “purposes directly connected with the administration of the Agreement”, and are all  
5 appropriate justifications for sharing information.  
6

7 CONTRACTOR shall assure that all staff and subcontractors providing services under this  
8 Agreement receive annual training on confidentiality policies and procedures. In addition,  
9 CONTRACTOR shall assure that all staff and subcontractors providing services under this  
10 Agreement sign an annual Oath of Confidentiality statement. Signed copies of the Oath of  
11 Confidentiality shall be kept in CONTRACTOR’s personnel files.  
12

13 **8. CONTRACTOR PERFORMANCE/ENFORCEMENT**

14 NSMHA shall be vested with the rights of a third party beneficiary, including the "cut through"  
15 right to enforce performance should CONTRACTOR be unwilling or unable to enforce action on  
16 the part of its subcontractor(s). In the event that CONTRACTOR dissolves or otherwise  
17 discontinues operations, NSMHA may, at its sole option, assume the right to enforce the terms  
18 and conditions of this Agreement directly with CONTRACTOR’s subcontractors; provided, that  
19 NSMHA shall keep CONTRACTOR reasonably informed concerning such enforcement.  
20 CONTRACTOR shall include this clause in its contracts with its subcontractors. In the event of  
21 the dissolution of CONTRACTOR, NSMHA’s rights in indemnification shall survive.  
22

23 **9. COOPERATION**

24 The parties to this Agreement shall cooperate in good faith to effectuate the terms and conditions  
25 of this Agreement.  
26

27 **10. DEBARMENT CERTIFICATION**

28 The CONTRACTOR certifies that it is not presently debarred, suspended, proposed for  
29 debarment, declared ineligible, or voluntarily excluded from participating in this Agreement by any  
30 federal or state department or agency. If requested by DSHS or NSMHA, the CONTRACTOR  
31 shall complete a Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary  
32 Exclusion. Any Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary  
33 Exclusion pertaining to this Agreement shall be incorporated into this Agreement by reference.  
34

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

38 Although NSMHA, CONTRACTOR, and subcontractors mutually recognize that services under  
39 this Agreement may be provided by the CONTRACTOR and subcontractors to clients under the  
40 Medicaid program, RCW 71.05 and 71.34, and the Community Mental Health Services Act, RCW  
41 71.24, it is not the intention of either NSMHA, the CONTRACTOR, that such individuals, or any  
42 other persons, occupy the position of intended third-party beneficiaries of the obligations assumed  
43 by either party to this Agreement. Such third parties shall have no right to enforce this agreement.  
44

45 **12. EXECUTION, AMENDMENT, AND WAIVER**

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

1 Program Manager or the NSMHA Program Manager's designee has authority to waive any  
2 provision of this Agreement on behalf of NSMHA.  
3

4 **13. HEADINGS AND CAPTIONS**

5 The headings and captions used in this Agreement are for reference and convenience only, and in  
6 no way define, limit, or decide the scope or intent of any provisions or sections of this Agreement.  
7

8 **14. INDEMNIFICATION**

9 CONTRACTOR shall be responsible for and shall indemnify and hold NSMHA harmless  
10 (including all costs and attorney fees) from all claims for personal injury, property damage and/or  
11 disclosure of confidential information and/or from the imposition of governmental fines or  
12 penalties resulting from the acts or omissions of CONTRACTOR and its subcontractors related to  
13 the performance of this contract. NSMHA shall be responsible and shall indemnify and hold  
14 CONTRACTOR harmless (including all costs and attorney fees) from all claims for personal  
15 injury, property damage and disclosure of confidential information and from the imposition of  
16 governmental fines or penalties resulting from the acts or omissions of NSMHA. For the  
17 purposes of these indemnifications, the Parties specifically and expressly waive any immunity  
18 granted under the Washington Industrial Insurance Act, Title 51 RCW. This waiver has been  
19 mutually negotiated and agreed to by the Parties. The provision of this section shall survive the  
20 expiration or termination of the Agreement.  
21

22 **15. INDEPENDENT CONTRACTOR FOR NSMHA**

23 The parties intend that an independent contractor relationship be created by this contract. The  
24 CONTRACTOR acknowledges that neither the CONTRACTOR nor its employees or  
25 subcontractors are not officers, employees, or agents of NSMHA. The CONTRACTOR shall not  
26 hold the CONTRACTOR or any of the CONTRACTOR's employees and subcontractors out as,  
27 nor claim status as, officers, employees, or agents of NSMHA. The CONTRACTOR shall not  
28 claim for the CONTRACTOR or the CONTRACTOR's employees or subcontractors any rights,  
29 privileges, or benefits which would accrue to an employee of NSMHA. The CONTRACTOR  
30 shall indemnify and hold NSMHA harmless from all obligations to pay or withhold Federal or  
31 State taxes or contributions on behalf of the CONTRACTOR or the CONTRACTOR's  
32 employees and subcontractors unless specified in this Agreement.  
33

34 **16. INSURANCE**

35 NSMHA certifies it is a member of Washington Governmental Entity Pool for all exposure to tort  
36 liability, general liability, property damage liability, and vehicle liability, if applicable, as provided by  
37 RCW 43.19.  
38

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

1 **17. INTEGRATION**

2 This Agreement, including Exhibits and Attachments contains all the terms and conditions agreed  
3 upon by the parties. No other understandings, oral or otherwise, regarding the subject matter of  
4 this Agreement shall be deemed to exist or to bind any of the parties hereto.  
5

6 **18. MAINTENANCE OF RECORDS**

7 During the term of this Agreement and for six (6) years following termination or expiration of this  
8 Agreement, or if any audit, claim, litigation, or other legal action involving the records set forth  
9 below is started before expiration of the six year period, the records shall be maintained until  
10 completion and resolution of all issues arising there from or until the end of the six year period,  
11 whichever is later. The CONTRACTOR shall maintain records sufficient to:  
12

- 13 a. Maintain the content of all Medical Records in a manner consistent with utilization control
- 14 requirements of 42 CFR 456, 42 CFR 434.34 (a), 42 CFR 456.111, and 42 CFR 456.211.
- 15 b. Document performance of all acts required by law, regulation, or this Agreement.
- 16 c. Substantiate the CONTRACTOR statement of its organizations' structures, tax status,
- 17 capabilities, and performance.
- 18 d. Demonstrate accounting procedures, practices, and records, which sufficiently and
- 19 properly document the CONTRACTOR invoices to NSMHA and all expenditures made
- 20 by the CONTRACTOR to perform as required by this Agreement.
- 21 e. The CONTRACTOR and its subcontractors shall cooperate in all reviews, including but
- 22 not limited to, surveys, and research conducted by NSMHA, DSHS or other Washington
- 23 State Departments.
- 24 f. Evaluations shall be done by inspection or other means to measure quality,
- 25 appropriateness, and timeliness of services performed under this Agreement, and to
- 26 determine whether the CONTRACTOR and its subcontractors are providing service to
- 27 individuals in accordance with the requirements set forth in this Agreement and applicable
- 28 state and federal regulations as existing or hereafter amended.  
29

30 **19. NO WAIVER OF RIGHTS**

31 A failure by either party to exercise its rights under this Agreement shall not preclude that party  
32 from subsequent exercise of such rights and shall not constitute a waiver of any other rights under  
33 this Agreement unless stated to be such in a writing signed by an authorized representative of the  
34 party and attached to the original Agreement.  
35

36 Waiver of any breach of any provision of this Agreement shall not be deemed to be a waiver of  
37 any subsequent breach and shall not be construed to be a modification of the terms and conditions  
38 of this Agreement.  
39

40 **20. ONGOING SERVICES**

41 CONTRACTOR and its subcontractors shall ensure that in the event of labor disputes or job  
42 actions, including work slowdowns, so called "sick outs", or other activities, within its service  
43 CMHA network, uninterrupted services shall be available as required by the terms of this  
44 Agreement.  
45  
46

1 **21. ORDER OF PRECEDENCE**

2 In the event of an inconsistency in the terms of this Agreement, or any inconsistency between the  
3 terms of this Agreement and any applicable statute, rule or contract, unless otherwise provided  
4 herein, the conflict shall be resolved by giving precedence in the following order, to:  
5

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

17  
18 **22. OVERPAYMENTS**

19 In the event CONTRACTOR fails to comply with any of the terms and conditions of this  
20 Agreement and that failure results in an overpayment, NSMHA may recover the amount due  
21 DSHS, CMS or other federal or state agency, subject to dispute resolution as set forth in the  
22 contract. In the case of overpayment, CONTRACTOR shall cooperate in the recoupment process  
23 and return to NSMHA the amount due upon demand.  
24

25 **23. OWNERSHIP OF MATERIALS**

26 Materials created by the CONTRACTOR and its subcontractors and paid for by NSMHA as a  
27 part of this Agreement shall be owned by NSMHA and shall be, "works for hire" as defined by the  
28 U.S. Copyright Act of 1976. This material includes but is not limited to: books, computer  
29 programs, documents, films, pamphlets, reports, sound reproductions, studies, surveys, tapes,  
30 and/or training materials. Material which the CONTRACTOR and its subcontractors use to  
31 perform this Agreement, but which is not created for or paid for by NSMHA, is owned by the  
32 CONTRACTOR or relevant subcontractors; however, NSMHA and DSHS shall have a perpetual  
33 license to use this material for DSHS internal purposes at no charge to DSHS.  
34

35 **24. PERFORMANCE**

36 CONTRACTOR shall furnish the necessary personnel, materials, and/or mental health services  
37 and otherwise do all things for, or incidental to, the performance of the work set forth here and as  
38 attached. Unless specifically stated, the CONTRACTOR is responsible for performing or ensuring  
39 all fiscal and program responsibilities required in this contract. No subcontract will terminate the  
40 legal responsibility of the CONTRACTOR to perform the terms of this Agreement.  
41

42 **25. RESOLUTION OF DISPUTES**

43 The parties wish to provide for prompt, efficient, final, and binding resolution of disputes and  
44 controversies that may arise under this Agreement and therefore establish this dispute resolution  
45 procedure. All claims, disputes, and other matters in question between the parties arising out of,  
46 or relating to, this Agreement shall be resolved exclusively by the following dispute resolution  
47 procedure unless the parties mutually agree in writing otherwise:  
48

- 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

1 incorporate OMB Circular A-133 audit requirements into all contracts between the  
2 CONTRACTOR and its subcontractors who are sub recipients. The CONTRACTOR and its  
3 subcontractors shall comply with any future amendments to OMB Circular A-133 and any  
4 successor or replacement Circular or regulation.  
5

6 If the CONTRACTOR and/or its subcontractors are a sub recipient and expends \$500,000 or  
7 more in Federal awards from any and/or all sources in any fiscal year, the CONTRACTOR and  
8 applicable subcontractors shall procure and pay for a single or program-specific audit for that fiscal  
9 year. Upon completion of each audit, the CONTRACTOR and applicable subcontractors shall  
10 submit to NSMHA Program Manager the data collection form and reporting package specified in  
11 OMB Circular A-133, reports required by the program-specific audit guide, if applicable, and a  
12 copy of any management letters issued by the auditor.  
13

14 For purposes of “sub recipient” status under the rules of OMB Circular A-133 205(i) Medicaid  
15 payments to a sub recipient for providing patient care services to Medicaid eligible individuals are  
16 not considered Federal awards expended under this part of the rule unless a State requires the fund  
17 to be treated as Federal awards expended because reimbursement is on a cost-reimbursement  
18 basis.  
19

## 20 **28. SUBCONTRACTS**

21 The CONTRACTOR may subcontract services to be provided under this Agreement subject to  
22 the following requirements.  
23

- 24 a. The CONTRACTOR shall be responsible for the acts and omissions of any subcontractor.
- 25 b. The CONTRACTOR must ensure that the subcontractor neither employs any person nor  
26 contracts with any person or Community Mental Health Agency (CMHA) excluded from  
27 participation in federal health care programs under either 42 U.S.C. 1320a-7 (§§1128 or  
28 1128A Social Security Act) or debarred or suspended per this Agreement’s General Terms  
29 and Conditions.
- 30 c. The CONTRACTOR shall require subcontractors to comply with all applicable federal and  
31 state laws, regulations, and operational policies as specified in this Agreement.
- 32 d. The CONTRACTOR shall require subcontractors to comply with all applicable NSMHA  
33 operational policies as specified in this Agreement, including Access to Care, Exhibit C,  
34 standards, travel standards, and access standards.
- 35 e. The CONTRACTOR shall ensure a process is in place to demonstrate that all third-party  
36 resources are identified and pursued.
- 37 f. The CONTRACTOR shall oversee, be accountable for, and monitor all functions and  
38 responsibilities delegated to a subcontractor for conformance with any applicable statement  
39 of work in this agreement on an ongoing basis including written reviews.
- 40 g. CONTRACTOR will monitor performance of the subcontractors on an annual basis and  
41 notify NSMHA of any identified deficiencies or areas for improvement requiring corrective  
42 action by CONTRACTOR.
- 43 h. The CONTRACTOR shall ensure that all subcontracts are in writing and that subcontracts  
44 specify all duties, reports, and responsibilities delegated under this Agreement. Those  
45 written subcontracts shall:  
46

- 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 HRSA.
- 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

1  
2  
3  
4  
5  
6  
7  
8

The Program Manager for CONTRACTOR is:  
Anne Deacon, Human Services Division  
CONTRACTOR Health Department  
509 Girard Street  
Bellingham, WA 98227-0935

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

1 **THIS AGREEMENT**, consisting of 37 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

4  
5 **FOR NSMHA:**

**FOR WHATCOM COUNTY:**

6  
7  
8 \_\_\_\_\_  
9 Charles R. Benjamin Date  
10 Executive Director

\_\_\_\_\_ Date  
Authorized Signature Date

11  
12  
13  
14 Approved as to Form for NSMHA

Approved as to Form for County

15  
16  
17 \_\_\_\_\_  
18 Name & Title Date

\_\_\_\_\_ Date  
Name & Title Date