

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
ACTION AGENDA SUMMARY

DEPT: CEO-Risk Management Division

BOARD AGENDA # *B-7

Urgent

Routine

AGENDA DATE February 14, 2012

CEO Concurs with Recommendation YES NO

4/5 Vote Required YES NO

(Information Attached)

SUBJECT:

Ratification of Final Executed Agreements to Support the County's Self-Funded Employee Health Insurance Program with: Ascendant Health Care for Clinical and Data Management Services; Ascendant Health Care for Memorialization of Management Services; Stanislaus County Partners in Health for Access to a Medical Provider Network and Management Services Related to the Medical Provider Network, and Caremark PCS Health for Pharmacy Benefit Management Services

STAFF RECOMMENDATIONS:

Ratify final executed agreements with Ascendant Health Care, Stanislaus County Partners in Health and Caremark PCS Health effective January 1, 2012.

FISCAL IMPACT:

On October 18, 2011, the Board of Supervisors approved implementation of a new self-insured medical benefits program effective January 1, 2012. On November 8, 2011 the Board of Supervisors authorized the Chief Executive Officer to negotiate, finalize and sign agreements with Ascendant Health Care, Stanislaus County Partners in Health and Caremark PCS Health to implement the new self-insured medical benefits program. This agenda item provides copies of the final agreements which have now

(Continued on Page 2)

BOARD ACTION AS FOLLOWS:

No. 2012-068

On motion of Supervisor De Martini, Seconded by Supervisor Withrow
and approved by the following vote,

Ayes: Supervisors: Chiesa, Withrow, Monteith and De Martini

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: Chairman O'Brien

1) Approved as recommended

2) Denied

3) Approved as amended

4) Other:

MOTION: This Item was removed from the consent calendar for discussion and consideration.

ATTEST: 
CHRISTINE FERRARO TALLMAN, Clerk

File No.

Ratification of Final Executed Agreements to Support the County's Self-Funded Employee Health Insurance Program with: Ascendant Health Care for Clinical and Data Management Services; Ascendant Health Care for Memorialization of Management Services; Stanislaus County Partners in Health for Access to a Medical Provider Network and Management Services Related to the Medical Provider Network, and Caremark PCS Health for Pharmacy Benefit Management Services

FISCAL IMPACT: (Continued)

been negotiated and fully executed by all parties. There is no specific fiscal impact associated with the Board ratifying final copies of the negotiated agreements. All agreements have been negotiated within the fiscal parameters and recommendations as approved by the Board of Supervisors on October 18, 2011 and November 8, 2011.

DISCUSSION:

On October 18, 2011, the Board of Supervisors approved implementation of a new self-insured medical benefits program effective January 1, 2012. Implementation of the new self-insurance program required several new vendor relationships to support the delivery and management of employee health care services. On November 8, 2011 the Board of Supervisors authorized the Chief Executive Officer to negotiate, finalize and sign agreements with Ascendant Health Care, Stanislaus County Partners in Health and Caremark PCS Health to implement the new self-insured medical benefits program. This agenda item provides copies of the following agreements which have now been negotiated and fully executed by all parties.

Clinical Data Management - Ascendant HealthCare

The County has contracted with Ascendant HealthCare to provide clinical data management services for the County on behalf of all covered persons in the County's self-funded medical program.

Network and Management Services Agreement - Stanislaus County Partners in Health

The new Stanislaus County Partners in Health (SCPH) medical plan will provide access to local and national provider networks and all management services related to the medical provider networks.

Management Memorialization Agreement - Ascendant HealthCare

The County has entered into a memorialization agreement with Ascendant HealthCare to acknowledge the County as a third party beneficiary to the agreement between Ascendant HealthCare and Stanislaus County Partners in Health. This additional agreement is intended to recognize the respective roles of Ascendant HealthCare in their management services related to Stanislaus County Partners in Health and the County's interests in accessing medical provider networks from Stanislaus County Partners in Health.

Pharmacy Benefit Manager (PBM) - Caremark PCS Health

The County has contracted with Caremark PCS Health to provide Pharmacy Benefit Management services and contracted pharmacy discounts in the new self-insured medical benefits program.

Copies of the final executed agreements are attached to this agenda item for reference.

Ratification of Final Executed Agreements to Support the County's Self-Funded Employee Health Insurance Program with: Ascendant Health Care for Clinical and Data Management Services; Ascendant Health Care for Memorialization of Management Services; Stanislaus County Partners in Health for Access to a Medical Provider Network and Management Services Related to the Medical Provider Network, and Caremark PCS Health for Pharmacy Benefit Management Services

POLICY ISSUE:

The approved implementation of the new self-insured medical benefits program supports the Board's priority of Efficient Delivery of Public Services.

STAFFING IMPACT:

There is no staffing impact associated with the recommended actions.

CONTACT PERSON:

Jody Hayes, Deputy Executive Officer. Telephone: 525-5714

CLINICAL DATA MANAGEMENT SERVICES AGREEMENT

This Clinical Data Management Services Agreement is made and entered into by and between the County of Stanislaus ("County") and Ascendant Healthcare, an Ohio corporation authorized to conduct business in California, ("Consultant") as of January 1, 2012.

Introduction

WHEREAS, the County has a need for clinical data management services; and

WHEREAS, the Consultant is specially trained, experienced and competent to perform and has agreed to provide such services;

NOW, THEREFORE, in consideration of the mutual promises, covenants, terms and conditions hereinafter contained, the parties hereby agree as follows:

Terms and Conditions

1. Scope of Work

1.1 The Consultant shall furnish to the County upon execution of this Agreement or receipt of the County's written authorization to proceed, those services and work set forth in **Exhibit A**, which is attached hereto and, by this reference, made a part hereof.

1.2 All documents, drawings and written work product prepared or produced by the Consultant under this Agreement, with the exception of any and all data maintained in the Client Data Warehouse as stated in Exhibit A, are the property of the Consultant; provided, however, the County shall have the right to reproduce, publish and use all such work, or any part thereof, in any manner and for any purposes whatsoever and to authorize others to do so. If any such work is copyrightable, the Consultant may copyright the same, except that, as to any work which is copyrighted by the Consultant, the County reserves a royalty-free, non-exclusive, and irrevocable license to reproduce, publish, and use such work, or any part thereof, and to authorize others to do so. The County shall defend, indemnify and hold harmless the Consultant and its officers, employees, agents, representatives, subcontractors and consultants from and against all claims, damages, losses, judgments, liabilities, expenses and other costs, arising out of or resulting from the County's reuse of the documents and drawings prepared by the Consultant under this Agreement.

1.3 Services and work provided by the Consultant under this Agreement will be performed in a timely manner in accordance with a schedule of work set forth in Exhibit A. If there is no schedule, the hours and times for completion of said services

and work are to be set by the Consultant; provided, however, that such schedule is subject to review by and concurrence of the County.

1.4 The Consultant shall provide services and work under this Agreement consistent with the requirements and standards established by applicable federal, state and County laws, ordinances, regulations and resolutions. The Consultant represents and warrants that it will perform its work in accordance with generally accepted industry standards and practices for the profession or professions that are used in performance of this Agreement and that are in effect at the time of performance of this Agreement. Except for that representation and any representations made or contained in any proposal submitted by the Consultant and any reports or opinions prepared or issued as part of the work performed by the Consultant under this Agreement, Consultant makes no other warranties, either express or implied, as part of this Agreement.

1.5 If the Consultant deems it appropriate to employ a consultant, expert or investigator in connection with the performance of the services under this Agreement, the Consultant will so advise the County and seek the County's prior approval of such employment. Any consultant, expert or investigator employed by the Consultant will be the agent of the Consultant not the County.

2. Consideration

2.1 The Consultant shall be compensated as provided in Exhibit A attached hereto.

2.2 Except as expressly provided in this Agreement, Consultant shall not be entitled to nor receive from County any additional consideration, compensation, salary, wages or other type of remuneration for services rendered under this Agreement, including, but not limited to, meals, lodging, transportation, drawings, renderings or mockups. Specifically, Consultant shall not be entitled by virtue of this Agreement to consideration in the form of overtime, health insurance benefits, retirement benefits, disability retirement benefits, sick leave, vacation time, paid holidays or other paid leaves of absence of any type or kind whatsoever.

2.3 The Consultant shall provide the County with a monthly or a quarterly statement, as services warrant, of fees earned and costs incurred for services provided during the billing period, which the County shall pay in accordance with Section E of Exhibit A attached hereto.

2.4 County will not withhold any Federal or State income taxes or Social Security tax from any payments made by County to Consultant under the terms and conditions of this Agreement. Payment of all taxes and other assessments on such sums is the sole responsibility of Consultant. County has no responsibility or liability for payment of Consultant's taxes or assessments.

3. Term

3.1 This Agreement shall remain in effect from January 1, 2012 through December 31, 2014 (Initial Term), and shall renew automatically for successive one (1) year terms without further action by either party, unless either party notifies the other party in writing, not less than ninety (90) days before any renewal date, of its intention not to renew this Agreement.

3.2 Should either party default in the performance of this Agreement or materially breach any of its provisions, the non-breaching party shall give the breaching party thirty (30) days to cure. In the event the breaching party fails to cure the breach within the thirty (30) day period, this Agreement may be terminated by the non-breaching party upon sixty (60) days written notice.

3.3 This Agreement shall terminate (a) automatically on the occurrence of bankruptcy or insolvency of either party, or (b) upon written notice provided by County at its discretion upon the sale of Consultant's business. Termination of this Agreement shall not affect the County's obligation to pay for all fees earned and reasonable costs necessarily incurred by the Consultant as provided in Paragraph 2 herein, subject to any applicable setoffs.

4. Required Licenses, Certificates, Permits and Registrations

Any licenses, certificates, permits or registrations required by the federal, state, county or municipal governments for Consultant to provide the services and work described in Exhibit A must be procured by Consultant and be valid at the time Consultant enters into this Agreement. Further, during the term of this Agreement, Consultant must maintain such licenses, certificates and permits in full force and effect. Licenses, certificates and permits may include but are not limited to driver's licenses, professional licenses or certificates and business licenses. Such licenses, certificates and permits will be procured and maintained in force by Consultant at no expense to the County.

5. Office Space, Supplies, Equipment, Etc.

Unless otherwise provided in this Agreement, Consultant shall provide such office space, supplies, equipment, vehicles, reference materials and telephone service as is necessary for Consultant to provide the services under this Agreement. The Consultant--not the County--has the sole responsibility for payment of the costs and expenses incurred by Consultant in providing and maintaining such items.

6. Insurance

6.1 Consultant, at its sole cost and expense and for the full term of this Agreement (and any extensions thereof), shall obtain and maintain during the life of this Agreement, at minimum, compliance with all of the insurance coverage(s) and requirements listed below. If Consultant normally carries insurance in an amount greater

than the minimum amount listed below, that greater amount shall become the minimum required amount of insurance for purposes of this Agreement, unless otherwise agreed to by County. The insurance listed below shall have a retroactive date of placement prior to, or coinciding with, the date services are first provided that are governed by the terms of this Agreement.

6.1.1 General Liability. Commercial general liability insurance covering bodily injury, personal injury, property damage, products and completed operations with limits of no less than One Million Dollars (\$1,000,000) per incident or occurrence. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to any act or omission by Consultant under this Agreement or the general aggregate limit shall be twice the required occurrence limit.

6.1.2 Professional Liability Insurance. Professional errors and omissions (malpractice) liability insurance with limits of no less than One Million Dollars (\$1,000,000) aggregate.

6.1.3 Automobile Liability Insurance. If the Consultant or the Consultant's officers, employees, agents or representatives utilize a motor vehicle in performing any of the work or services under this Agreement, owned/non-owned automobile liability insurance providing combined single limits covering bodily injury and property damage liability with limits of no less than One Million Dollars (\$1,000,000) per incident or occurrence.

6.1.4 Workers' Compensation Insurance. Workers' Compensation insurance as required by the California Labor Code. In signing this contract, the Consultant certifies under section 1861 of the Labor Code that the Consultant is aware of the provisions of section 3700 of the Labor Code which requires every employer to be insured against liability for workmen's compensation or to undertake self-insurance in accordance with the provisions of that code, and that the Consultant will comply with such provisions before commencing the performance of the work of this Agreement. Notwithstanding the above, subject to County's approval, coverage may be provided by "all states," or "multi-state" endorsement of Consultant's Worker's Compensation insurance.

6.2 Any policies written on a claims made basis shall not have a retroactive date after the date a contract is executed and work has begun with the County. The Consultant must maintain coverage without a lapse for a minimum of two (2) years after completion of the work performed on behalf of the County. Consultant must continue to provide evidence of insurance for this extended period. Should there be a lapse in coverage; the Consultant shall be responsible for purchasing an "Extended Reporting Period" or "tail" policy. If the Consultant goes out of business prior to the expiration of this extended period, the Consultant shall secure a full "tail" coverage policy.

6.3 Any deductibles, self-insured retentions or named insureds must be declared in writing and approved by County. At the option of the County, either: (a) the insurer shall reduce or eliminate such deductibles, self-insured retentions or named insureds, or (b) the Consultant shall provide a bond, cash, letter of credit, guaranty or other security satisfactory to the County guaranteeing payment of the self-insured retention or deductible.. The County, in its sole discretion, may waive the requirement to reduce or eliminate deductibles or self-insured retentions, in which case, the Consultant agrees that it will be responsible for and pay any self-insured retention or deductible.

6.4 The Consultant shall obtain a specific endorsement to all required insurance policies, except Workers' Compensation insurance and Professional Liability insurance, naming the County and its officers, officials directors, agents, employees and volunteers as additional insureds regarding: (a) liability arising from or in connection with the performance or omission to perform any term or condition of this Agreement by or on behalf of the Consultant, including the insured's general supervision of its subcontractors; (b) services, products and completed operations of the Consultant; (c) premises owned, occupied or used by the Consultant; and (d) automobiles owned, leased, hired or borrowed by the Consultant. For Workers' Compensation insurance, the insurance carrier shall agree to waive all rights of subrogation against the County its officers, officials, directors, agents, employees and volunteers for losses arising from the performance of or the omission to perform any term or condition of this Agreement by the Consultant.

6.5 The Consultant's insurance coverage shall be primary insurance regarding the County and County's officers, officials and employees for third party claims against the County and County officers, officials, and employees arising from Consultant's performance of this Agreement.. Any insurance or self-insurance maintained by the County or County's officers, officials and employees shall be excess of the Consultant's insurance and shall not contribute with Consultant's insurance.

6.6 Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the County or its officers, officials and employees.

6.7 The Consultant's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

6.8 Each insurance policy required by this section shall be endorsed to state that coverage shall not be suspended, voided, canceled by either party except after thirty (30) days' prior written notice has been given to County. The Consultant shall promptly notify, or cause the insurance carrier to promptly notify, the County of any change in the insurance policy or policies required under this Agreement, including, without limitation, any reduction in coverage or in limits of the required policy or policies.

6.9 Insurance shall be placed with California admitted insurers (licensed to do business in California) with a current rating by Best's Rating Guide of A-:VII or better;

provided, however, that if no California admitted insurance company provides the required insurance, it is acceptable to provide the required insurance through a United States domiciled carrier that meets the required Best's rating and that is listed on the current List of Eligible Surplus Line Insurers maintained by the California Department of Insurance.

6.10 Consultant shall require that all of its subcontractors are subject to the insurance and indemnity requirements stated herein, or shall include all subcontractors as additional insureds under its insurance policies.

6.11 At least ten (10) days prior to the date the Contractor begins performance of its obligations under this Agreement, Contractor shall furnish County with certificates of insurance, and with original endorsements, showing coverage required by this Agreement, including, without limitation, those that verify coverage for subcontractors of the Contractor. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. All certificates and endorsements shall be received and, in County's sole and absolute discretion, approved by County. County reserves the right to require complete copies of all required insurance policies and endorsements, at any time.

6.12 The limits of insurance described herein shall not limit the liability of the Consultant and Consultant's officers, employees, agents, representatives or subcontractors.

7. Defense and Indemnification

7.1 The County shall indemnify and hold SCPH and its officers, directors, officials, agents, employees, volunteers and representatives harmless from and against any and all claims, liability, suits, actions, losses, injuries, damages, and expenses, including litigation costs and reasonable attorney fees incurred, when such claim, suit, action, loss, injury, damage, or expense arises out of and/or relating to this Agreement, but only to the extent caused by the negligent acts or negligent omissions of County.

7.2 SCPH shall indemnify and hold County and its officers, directors, officials, agents, employees, volunteers and representatives harmless from and against any and all claims, liability, suits, actions, losses, injuries, damages, and expenses, including litigation costs and reasonable attorney fees incurred, when such claim, suit, action, loss, injury, damage, or expense arises out of and/or relating to this Agreement, but only to the extent caused by the negligent acts or negligent omissions of SCPH.

7.3 Notwithstanding the foregoing, nothing herein shall be construed to require any Party to indemnify any other Party from any claim arising from the sole negligence or willful misconduct of another Party.

7.4 Duty to Defend: The indemnity obligation of the Parties as set forth in this Agreement shall not be construed to include a duty to defend unless there is insurance coverage immediately available to provide for the cost of defense of, and the defense of, the claim, suit, action, loss, injury, damage or expense for which indemnification is sought.

7.5 Duty to Cooperate: Each party shall notify the other party within ten (10) days in writing of any third party claim or damage related to activities performed under this Agreement. The parties shall cooperate with each other in the investigation and disposition of any third party claim arising out of the activities under this Agreement.

8. Status of Consultant

8.1 All acts of Consultant and its officers, employees, agents, representatives, subcontractors and all others acting on behalf of Consultant relating to the performance of this Agreement, shall be performed as independent contractors and not as agents, officers or employees of County. Consultant, by virtue of this Agreement, has no authority to bind or incur any obligation on behalf of County. Except as expressly provided in Exhibit A, Consultant has no authority or responsibility to exercise any rights or power vested in the County. No agent, officer or employee of the County is to be considered an employee of Consultant. It is understood by both Consultant and County that this Agreement shall not be construed or considered under any circumstances to create an employer-employee relationship or a joint venture.

8.2 At all times during the term of this Agreement, the Consultant and its officers, employees, agents, representatives or subcontractors are, and shall represent and conduct themselves as, independent contractors and not employees of County.

8.3 Consultant shall determine the method, details and means of performing the work and services to be provided by Consultant under this Agreement. Consultant shall be responsible to County only for the requirements and results specified in this Agreement and, except as expressly provided in this Agreement, shall not be subjected to County's control with respect to the physical action or activities of Consultant in fulfillment of this Agreement. Consultant has control over the manner and means of performing the services under this Agreement. If necessary, Consultant has the responsibility for employing other persons or firms to assist Consultant in fulfilling the terms and obligations under this Agreement.

8.4 Consultant is permitted to provide services to others during the same period service is provided to County under this Agreement; provided, however, such services do not conflict directly or indirectly with the performance of the Consultant's obligations under this Agreement.

8.5 If in the performance of this Agreement any third persons are employed by Consultant, such persons shall be entirely and exclusively under the direction, supervision and control of Consultant. All terms of employment including hours, wages,

working conditions, discipline, hiring and discharging or any other term of employment or requirements of law shall be determined by the Consultant.

8.6 It is understood and agreed that as an independent contractor and not an employee of County, the Consultant and the Consultant's officers, employees, agents, representatives or subcontractors do not have any entitlement as a County employee, and, except as expressly provided for in any Scope of Services made a part hereof, do not have the right to act on behalf of the County in any capacity whatsoever as an agent, or to bind the County to any obligation whatsoever.

8.7 It is further understood and agreed that Consultant must issue W-2 forms or other forms as required by law for income and employment tax purposes for all of Consultant's assigned personnel under the terms and conditions of this Agreement.

8.8 As an independent contractor, Consultant hereby indemnifies and holds County harmless from any and all claims that may be made against County based upon any contention by any third party that an employer-employee relationship exists by reason of this Agreement.

9. Records and Audit

9.1 Consultant shall prepare and maintain all writings, documents and records prepared or compiled in connection with the performance of this Agreement for a minimum of four (4) years from the termination or completion of this Agreement. This includes any handwriting, typewriting, printing, photostatic, photographing and every other means of recording upon any tangible thing, any form of communication or representation including letters, words, pictures, sounds or symbols or any combination thereof.

9.2 Any authorized representative of County shall have access to any writings as defined above for the purposes of making audit, evaluation, examination, excerpts and transcripts during the period such records are to be maintained by Consultant. Subject to the confidentiality provisions contained herein, each party will have the right, upon ten (10) business days written notice, during normal business hours and at no charge, to perform one (1) audit of such records each contract year to confirm the performance by the other party of its obligations under this Agreement. Further, County has the right at all reasonable times to audit, inspect or otherwise evaluate the work performed or being performed under this Agreement.

10. Confidentiality

10.1 The Consultant agrees to keep confidential all information obtained or learned during the course of furnishing services under this Agreement and to not disclose or reveal such information for any purpose not directly connected with the matter for which services are provided.

10.2 The parties agree to treat as confidential all information provided by one

party to the other in connection with this Agreement. If County is compelled by subpoena or similar legal process to disclose any information which Consultant may consider to be a trade secret, County will immediately notify Consultant so that it may raise appropriate objections to protect its trade secrets. The provisions of this Section 10 shall survive termination of this Agreement for any reason.

10.3 Consultant may gain access to individually identifiable health information in connection with the performance of its duties hereunder. Consultant acknowledges that such information is deemed to be Covered Information for purposes of the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), P.L. 104-191, and Consultant shall maintain the private, privileged and confidential status of the Covered Information.

11. Nondiscrimination

During the performance of this Agreement, Consultant and its officers, employees, agents, representatives or subcontractors shall not unlawfully discriminate in violation of any federal, state or local law, rule or regulation against any employee, applicant for employment or person receiving services under this Agreement because of race, religion, color, national origin, ancestry, physical or mental disability, medical condition (including genetic characteristics), marital status, age, political affiliation, sex or sexual orientation. Consultant and its officers, employees, agents, representatives or subcontractors shall comply with all applicable Federal, State and local laws and regulations related to non-discrimination and equal opportunity, including without limitation the County's nondiscrimination policy; the Fair Employment and Housing Act (Government Code sections 12900 et seq.); California Labor Code sections 1101, 1102 and 1102.1; the Federal Civil Rights Act of 1964 (P.L. 88-352), as amended; and all applicable regulations promulgated in the California Code of Regulations or the Code of Federal Regulations.

12. Assignment

This is an agreement for the services of Consultant. County has relied upon the skills, knowledge, experience and training of Consultant and the Consultant's firm, associates and employees as an inducement to enter into this Agreement. Consultant shall not assign or subcontract this Agreement without the express written consent of County. Further, Consultant shall not assign any monies due or to become due under this Agreement without the prior written consent of County.

13. Waiver of Default

Waiver of any default by either party to this Agreement shall not be deemed to be waiver of any subsequent default. Waiver or breach of any provision of this Agreement shall not be deemed to be a waiver of any other or subsequent breach, and shall not be construed to be a modification of the terms of this Agreement unless this Agreement is modified as provided below.

14. Notice

Any notice, communication, amendment, addition or deletion to this Agreement, including change of address of either party during the term of this Agreement, which Consultant or County shall be required or may desire to make shall be in writing and may be personally served or, alternatively, sent by prepaid first class mail to the respective parties as follows:

To County: Stanislaus County Chief Executive Office
Risk Management Division
1010 Tenth Street, Suite 5900
Modesto, CA 95354

With copy to: Stanislaus County Purchasing Agent
1010 Tenth Street, Suite 5400
Modesto, CA 95354

To Consultant: Ascendant HealthCare
Attn: Craig Burns, President
1755 Indian Wood Circle
Maumee, OH 43537

15. Conflicts

Consultant agrees that it has no interest and shall not acquire any interest direct or indirect which would conflict in any manner or degree with the performance of the work and services under this Agreement.

16. Severability

If any portion of this Agreement or application thereof to any person or circumstance shall be declared invalid by a court of competent jurisdiction or if it is found in contravention of any federal, state or county statute, ordinance or regulation the remaining provisions of this Agreement or the application thereof shall not be invalidated thereby and shall remain in full force and effect to the extent that the provisions of this Agreement are severable.

17. Amendment

This Agreement may be modified, amended, changed, added to or subtracted from by the mutual consent of the parties hereto if such amendment or change is in written form and executed with the same formalities as this Agreement and attached to the original Agreement to maintain continuity.

18. Entire Agreement

This Agreement supersedes any and all other agreements, either oral or in

writing, between any of the parties herein with respect to the subject matter hereof and contains all the agreements between the parties with respect to such matter. Each party acknowledges that no representations, inducements, promises or agreements, oral or otherwise, have been made by any party, or anyone acting on behalf of any party, which are not embodied herein, and that no other agreement, statement or promise not contained in this Agreement shall be valid or binding.

19. Advice of Attorney

Each party warrants and represents that in executing this Agreement, it has received independent legal advice from its attorneys or the opportunity to seek such advice.

20. Construction

Headings or captions to the provisions of this Agreement are solely for the convenience of the parties, are not part of this Agreement, and shall not be used to interpret or determine the validity of this Agreement. Any ambiguity in this Agreement shall not be construed against the drafter, but rather the terms and provisions hereof shall be given a reasonable interpretation as if both parties had in fact drafted this Agreement.

21. Sole Beneficiaries

Unless otherwise stated herein, this Agreement is entered into by and between Consultant and County solely for their benefit. The parties have not created or established any third party beneficiary status or rights in any person or entity not a party hereto, including, but not limited to, any Covered Person, subcontractor, or other third party, and no such third party will be entitled to enforce any right or enjoy any benefit created or established under this Agreement.

22. Survival.

The following provisions shall survive termination of this Agreement for any reason: Section 9 Audit, Section 7 Defense and Indemnification, and Section 10 Confidentiality.


23. Governing Law and Venue

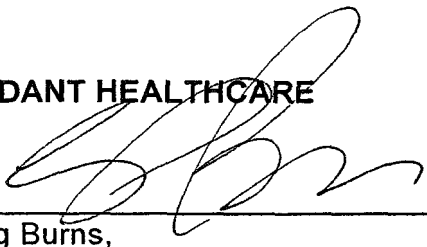
This Agreement shall be deemed to be made under, and shall be governed by and construed in accordance with, the laws of the State of California. Any action brought to enforce the terms or provisions of this Agreement shall have venue in the County of Stanislaus, State of California.

IN WITNESS WHEREOF, the parties or their duly authorized representatives have executed this Agreement on the day and year first hereinabove written.

COUNTY OF STANISLAUS

ASCENDANT HEALTHCARE

By: 
Richard Robinson, ,
Chief Executive Officer

By: 
Craig Burns,
President

"County"

"Consultant"

APPROVED AS TO CONTENT:
Department of Risk Management

By: 
Jody Hayes, Deputy Executive Officer

APPROVED AS TO FORM:
John P. Doering, County Counsel

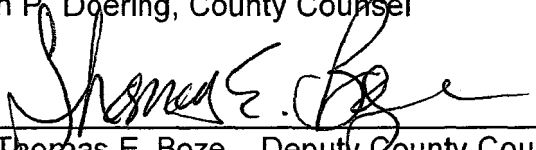
By: 
Thomas E. Boze, , Deputy County Counsel

EXHIBIT A

A. SCOPE OF WORK

Consultant shall provide Clinical Data Management Services on behalf of Covered Persons participating in Stanislaus County's self-funded medical plan. Consultant shall:

- a. integrate medical and pharmacy claim data for all self-funded benefit plans of County (including for 2012, Anthem Blue Cross HMO/EPO and HDHP/HSA, Kaiser HMO/EPO and Kaiser HDHP/HSA, and Stanislaus County Partners in Health HMO/EPO and HDHP/HSA) into a Client Data Warehouse;
- b. review claim data to identify clinical gaps in care;
- c. provide access to Virtual Medical Records (VMR) to network hospitals and physicians;
- d. identify provider and treatment outliers within population;
- e. identify potential pharmacy (including narcotic) over-use and abuse; and
- f. provide data for use of Utilization Management and Integrated Care Management functions, as required.

B. OWNERSHIP OF DATA

County shall at all times retain full and complete rights of ownership in any and all data maintained in the Client Data Warehouse and may request, upon reasonable notice, complete copies of data in an electronic file(s).

C. CLAIMS PAYOR DESIGNATION

County will be responsible for selection of a Claims Payor. County retains the right, throughout the term of this Agreement, to change this Claims Payor designation. Any such change in Claims Payor shall be presented to Consultant for review not less than ninety (90) days in advance of the effective date of the proposed change. This ninety (90) day advance notice can be waived in the event of an emergency based on mutual agreement of County and Consultant. Consultant shall indicate its approval or disapproval of any Claims Payor designation within thirty (30) working days of receipt of change notice. Such approval shall not be unreasonably withheld.

D. DATA PROVISION

1. Upon request and at no charge, County shall provide Consultant all information reasonably necessary to implement and operate the services provided pursuant to this Agreement, including, but not limited to, the names and addresses of all Covered Persons accessing the Provider Network pursuant to this Agreement.

2. County's Claims Payor shall provide Consultant with a monthly eligibility and claim detail file in a reasonably standard form and format specified by Consultant.

E. COMPENSATION

1. Clinical Data Management Services Fees. County shall pay to Consultant the Clinical Data Management Service Fee of \$2.50 Per Covered Contract Per Month (PCPM). For purposes of this Agreement, a Covered Contract shall represent an Employee, Employee + 1, or Family unit or an equivalent classification representing Covered Persons enrolled in any of County's self-funded benefit plans as described in Section A above.

2. All fees shall be paid within fifteen (15) days of the beginning of the month for which fees are due. Interest of two percent (2%) per month shall apply to payments received on or after the last calendar day of any given month. If County fails to make timely payment of fees for three (3) or more consecutive months, Consultant may suspend services until full payment is made by County.

3. The parties hereto acknowledge the maximum annual amount to be paid by the County for services provided shall not exceed \$120,000 during the Initial Term of this Agreement, including, without limitation, the cost of any subcontractors, consultants, experts or investigators retained by the Consultant to perform or to assist in the performance of its work under this Agreement.

NETWORK AND MANAGEMENT SERVICES AGREEMENT

^{8th} This Network and Management Services Agreement ("Agreement") is entered into this day of December, 2011, and effective as of January 1, 2012, by and between Ascendant HealthCare ("AHC"), an Ohio corporation, and Stanislaus County Partners in Health ("SCPH") a California nonprofit mutual benefit corporation.

WHEREAS, AHC provides network management services for and on behalf of health care provider networks ("Services"); and

WHEREAS, SCPH intends to sponsor a health care provider network ("Network") of contracted Network Providers for employers, plan sponsors, and other health care program sponsor entities; and

WHEREAS, the County of Stanislaus ("County") intends to sponsor a self-funded health benefit program ("Benefit Program") for its employees, retirees, COBRA beneficiaries and their dependents ("Covered Persons"); and

WHEREAS, County intends to contract with SCPH for access to SCPH's Network Providers for the receipt of Comprehensive Health Care Services, as described herein and on Attachment "A" hereto.

WHEREAS, SCPH wishes to engage the services of AHC to provide Network and Management Services to assist SCPH in the administration and management of Network for the County Benefit Program; and

NOW, THEREFORE, in consideration of the premises and mutual covenants contained herein, AHC and SCPH agree as follows:

Section 1. Term

- (A) Unless terminated in accordance with Section 5 hereof, this Agreement shall remain in effect through December 31, 2014, and shall renew automatically for successive one (1) year terms without further action by either party, unless either party notifies the other party in writing, not less than ninety (90) days before any renewal date, of its intention not to renew this Agreement.

Section 2. Obligations of Ascendant HealthCare

- (A) General Management Services. AHC shall provide the following general services to SCPH: customer service to SCPH and the County Benefit Program, customer service to Covered Persons, Network Provider relations, reports, oversight and management of contracted vendors, and appropriate recommendations of program changes and strategies ("General Management Services").
- (B) Recruitment and Contracting. AHC shall recruit and contract, on behalf of SCPH with Network Providers which AHC deems sufficient in range of services, number and distribution to provide Comprehensive Health Care Services to

Covered Persons. "Comprehensive Health Care Services" shall be as stated in the "Summary Plan Description" provided by County for the Benefit Program. AHC shall have the right, on behalf of SCPH, to modify, alter or amend fee schedules, payment rates and payment methodologies contained in contracts with Network Providers. AHC shall make prompt written notice to SCPH of any and all material changes in terms and conditions to provider contracts for Covered Persons. AHC shall also provide access to a national network to secure provider access outside of Stanislaus County and the surrounding region.

- (C) Claim Electronic Data Interchange (EDI) and Repricing Services. AHC shall establish interconnectivity with third party clearinghouses and County's designated Claims Payors for electronic claim submissions and transmissions under the County Benefit Program. AHC shall apply contract rates and unique contractual processing conventions to submitted claims and return re-priced claims electronically to County's Claims Payors for processing. AHC shall ensure that claims are priced accurately and in a timely manner per the terms of the Network Provider agreements. AHC will reprice claims incurred from the effective date up to the date of termination of this Agreement for a period of one year.
- (D) Credentialing. AHC on behalf of SCPH shall credential Network Providers in a manner which, in AHC's reasonable discretion, is consistent with good credentialing practices and procedures.
- (E) Provider Directory. AHC shall maintain an Internet website on behalf of SCPH which shall include a directory of Network Providers. In addition, Network shall maintain a toll-free telephone number for use by SCPH and Covered Persons to determine whether a provider of health care services is a Network Provider. AHC shall make paper copies of a Provider Directory available to SCPH at a charge, not to exceed reasonable costs of printing and distribution.
- (F) Utilization Management. AHC on behalf of SCPH shall provide prior authorization for services that require prior authorization under SCPH Benefit Program utilizing SCPH Network; review provider behavior to evaluate and monitor utilization patterns; authorize hospital length of stays and coordinate discharge planning with hospital case managers; periodically report utilization management results to County and to SCPH and provide recommendations to optimize utilization management programs; and coordinate services with Integrated Care Management Services ("Utilization Management").
- (G) Integrated Care Management Services. AHC, on behalf of SCPH, shall implement the model of a "Patient Centered Medical Home" (PCMH) which includes development of programs to manage individuals with acute and chronic medical conditions; and physician and other health care provider outreach, including strategies to manage patients with significant co-morbidities and collaboration with hospitalists in care treatment plans for hospital-confined individuals ("Integrated Care Management Services").

(H) Insurance. AHC, at its sole cost and expense, for the full term of this Agreement (and any extensions thereof), shall obtain, and maintain during the life of this Agreement, at minimum, compliance with all of the following insurance coverage(s) and requirements. If AHC normally carries insurance in an amount greater than the minimum amount listed below, that greater amount shall become the minimum required amount of insurance for purposes of this Agreement, unless otherwise agreed to by SCPH. The insurance listed below shall have a retroactive date of placement prior to, or coinciding with, the date services are first provided that are governed by the terms of this Agreement.

(i) Required Insurance Coverage:

(a) General Liability. Commercial general liability insurance covering bodily injury, personal injury, property damage, products and completed operations with limits of no less than One Million Dollars (\$1,000,000) per incident or occurrence. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to any act or omission by AHC under this Agreement or the general aggregate limit shall be twice the required occurrence limit.

(b) Professional Liability Insurance. Professional errors and omissions (malpractice) liability insurance with limits of no less than One Million Dollars (\$1,000,000) aggregate.

(c) Automobile Liability Insurance. If AHC or its officers, employees, agents or representatives utilize a motor vehicle in performing any of the work or services under this Agreement, owned/non-owned automobile liability insurance providing combined single limits covering bodily injury and property damage liability with limits of no less than One Million Dollars (\$1,000,000) per incident or occurrence.

(d) Workers' Compensation Insurance. Workers' Compensation insurance as required by the California Labor Code. In signing this contract, AHC certifies under section 1861 of the Labor Code that AHC is aware of the provisions of section 3700 of the Labor Code which requires every employer to be insured against liability for workmen's compensation or to undertake self-insurance in accordance with the provisions of that code, and that AHC will comply with such provisions before commencing the performance of the work of this Agreement. Notwithstanding the above, subject to SCPH's approval, coverage may be provided by "all states," or "multi-state" endorsement of AHC's Worker's Compensation insurance.

(ii) Any policies written on a claims made basis, shall not have a retroactive date after the date a contract is executed and work has begun with SCPH. AHC must maintain coverage without a lapse for a minimum of two (2)

years after completion of the work performed on behalf of SCPH. AHC must continue to provide evidence of insurance for this extended period. Should there be a lapse in coverage; AHC shall be responsible for purchasing an "Extended Reporting Period" or "tail" policy. If AHC goes out of business prior to the expiration of this extended period, AHC shall secure a full "tail" coverage policy.

- (iii) Any deductibles, self-insured retentions or named insureds must be declared in writing and approved by SCPH. At the option of SCPH, either: (a) the insurer shall reduce or eliminate such deductibles, self-insured retentions or named insureds, or (b) AHC shall provide a bond, cash, letter of credit, guaranty or other security satisfactory to SCPH guaranteeing payment of the self-insured retention or deductible. SCPH, in its sole discretion, may waive the requirement to reduce or eliminate deductibles or self-insured retentions, in which case, AHC agrees that it will be responsible for and pay any self-insured retention or deductible.
- (iv) AHC shall take all reasonable steps and exercise best efforts to obtain a specific endorsement to all required insurance policies, except Workers' Compensation insurance and Professional Liability insurance, naming SCPH and its officers, officials directors, agents, employees and volunteers as additional insureds regarding: (a) liability arising from or in connection with the performance or omission to perform any term or condition of this Agreement by or on behalf of AHC, including the insured's general supervision of its subcontractors; (b) services, products and completed operations of AHC; (c) premises owned, occupied or used by AHC; and (d) automobiles owned, leased, hired or borrowed by AHC. For Workers' Compensation insurance, the insurance carrier shall agree to waive all rights of subrogation against SCPH its officers, officials, directors, agents, employees and volunteers for losses arising from the performance of or the omission to perform any term or condition of this Agreement by AHC.
- (v) AHC's insurance coverage shall be primary insurance regarding SCPH and SCPH's officers, officials and employees for third party claims against SCPH and SCPH officers, officials, and employees arising from AHC's performance of this Agreement. Any insurance or self-insurance maintained by SCPH or SCPH's officers, officials and employees shall be excess of AHC's insurance and shall not contribute with AHC's insurance.
- (vi) Any failure to comply with reporting provisions of the policies shall not affect coverage provided to SCPH or its officers, officials and employees.
- (vii) AHC's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

- (viii) Each insurance policy required by this paragraph shall be endorsed to state that coverage shall not be suspended, voided, canceled by either party except after thirty (30) days' prior written notice has been given to SCPH. AHC shall promptly notify, or cause the insurance carrier to promptly notify, SCPH of any change in the insurance policy or policies required under this Agreement, including, without limitation, any reduction in coverage or in limits of the required policy or policies.
 - (ix) Insurance shall be placed with California admitted insurers (licensed to do business in California) with a current rating by Best's Rating Guide of A-:VII or better; provided, however, that if no California admitted insurance company provides the required insurance, it is acceptable to provide the required insurance through a United States domiciled carrier that meets the required Best's rating and that is listed on the current List of Eligible Surplus Line Insurers maintained by the California Department of Insurance.
 - (x) AHC shall require that all of its subcontractors are subject to the insurance and indemnity requirements stated herein, or shall include all subcontractors as additional insureds under its insurance policies.
 - (xi) At least ten (10) days prior to the date AHC begins performance of its obligations under this Agreement, AHC shall furnish SCPH with certificates of insurance, and with original endorsements, showing coverage required by this Agreement, including, without limitation, those that verify coverage for subcontractors of AHC. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. All certificates and endorsements shall be received and, in SCPH's sole and absolute discretion, approved by SCPH. SCPH reserves the right to require complete copies of all required insurance policies and endorsements, at any time.
 - (xii) The limits of insurance described herein shall not limit the liability of the AHC and AHC's officers, employees, agents, representatives or subcontractors.
- (I) Indemnification. AHC shall indemnify and hold SCPH and its officers, directors, officials, agents, employees, volunteers and representatives harmless from and against any and all claims, liability, suits, actions, losses, injuries, damages, and expenses, including litigation costs and reasonable attorney fees incurred, when such claim, suit, action, loss, injury, damage, or expense arises out of and/or relating to this Agreement, but only to the extent caused by the negligent acts or negligent omissions of AHC.

SCPH shall indemnify and hold AHC and its officers, directors, officials, agents, employees, volunteers and representatives harmless from and against any and all

claims, liability, suits, actions, losses, injuries, damages, and expenses, including litigation costs and reasonable attorney fees incurred, when such claim, suit, action, loss, injury, damage, or expense arises out of and/or relating to this Agreement, but only to the extent caused by the negligent acts or negligent omissions of SCPH.

Notwithstanding the foregoing, nothing herein shall be construed to require any Party to indemnify any other Party from any claim arising from the sole negligence or willful misconduct of another Party.

- (i) Duty to Defend. The indemnity obligation of the Parties as set forth in this Agreement shall not be construed to include a duty to defend unless there is insurance coverage immediately available to provide for the cost of defense of, and the defense of, the claim, suit, action, loss, injury, damage or expense for which indemnification is sought.
 - (ii) Duty to Cooperate. Each party shall notify the other party within ten (10) days in writing of any third party claim or damage related to activities performed under this Agreement. The parties shall cooperate with each other in the investigation and disposition of any third party claim arising out of the activities under this Agreement.
- (J) Licenses and Registrations. AHC shall maintain all licenses and registrations that may be required of it in connection with its obligations under this Agreement.
- (K) Examination of Records. AHC shall provide, in a timely fashion, full and complete financial transparency to SCPH of all transactions related to its duties hereunder, including provision of an annual financial report of transactions related to its duties hereunder.
- (L) Nondiscrimination. During the performance of this Agreement, SCPH and its officers, employees, agents, representatives or subcontractors shall not unlawfully discriminate in violation of any federal, state or local law, rule or regulation against any employee, applicant for employment or person receiving services under this Agreement because of race, religion, color, national origin, ancestry, physical or mental disability, medical condition (including genetic characteristics), marital status, age, political affiliation, sex or sexual orientation. Consultant and its officers, employees, agents, representatives or subcontractors shall comply with all applicable Federal, State and local laws and regulations related to non-discrimination and equal opportunity, including without limitation the County's nondiscrimination policy; the Fair Employment and Housing Act (Government Code sections 12900 et seq.); California Labor Code sections 1101, 1102 and 1102.1; the Federal Civil Rights Act of 1964 (P.L. 88-352), as amended; and all applicable regulations promulgated in the California Code of Regulations or the Code of Federal Regulations.

- (M) Performance of Work. SCPH shall provide services and work under this Agreement consistent with the requirements and standards established by applicable federal, state and County laws, ordinances, regulations and resolutions. The SCPH represents and warrants that it will perform its work in accordance with generally accepted industry standards and practices for the profession or professions that are used in performance of this Agreement and that are in effect at the time of performance of this Agreement.

Section 3. Obligations of SCPH

- (A) Claims Payor Designation. County has designated, and AHC has approved, the utilization of Capitol Administrators (“Capitol”) as a Claims Payor, and SCPH agrees to cooperate fully and in a timely fashion with AHC, County and Claims Payor(s) in the processing of claims. County has retained the right, throughout the term of this Agreement, to change this Claims Payor designation or add additional Claims Payors at its discretion. Any such change or addition in Claims Payor(s) shall be presented by SCPH to AHC for review not less than seventy-five (75) days in advance of the effective date of the proposed change. ACH shall indicate its approval or disapproval of any Claims Payor designation within thirty (30) working days of receipt of notice.
- (B) Network Access and Management Fees. SCPH shall provide in its “Network Access Agreement” with County that County shall pay to SCPH the monthly Network Access and Management Fees per Covered Contract (representing an Employee, Employee +1, or Family unit or an equivalent classification representing Covered Persons) enrolled in SCPH as set forth in Attachment “A,” which is incorporated herein by this reference, with the following requirements: such fees shall be paid within fifteen (15) days of the beginning of the month for which a fee is due; interest of two percent (2%) per month shall apply to payments received on or after the last calendar day of any given month; if County fails to make timely payment of fees for three (3) or more consecutive months, SCPH may suspend claims repricing until full payment is made by County.
- (C) Contract Pricing
- (i) SCPH acknowledges that AHC may contract with third-party vendors for specific services for the benefit of SCPH or County. These services may include, but not be limited to: clinical data management; claim EDI and repricing services; utilization management services; and integrated care management services. These services would be billed as appropriate to County or to SCPH at Pass-Through Pricing. “Pass-Through Pricing” shall mean disclosure and/or billing of outside vendor costs and fees without mark-up or increase.
- (ii) Additional services may be contracted for by AHC with written approval from SPCH or County and these services would also be billed to County or SCPH at Pass-Through Pricing.

(D) Data Provision.

- (i) Upon request and at no charge, SCPH shall provide AHC all information reasonably necessary to implement and operate the services provided pursuant to this Agreement, including, but not limited to, the names and addresses of all Covered Persons accessing the Provider Network pursuant to this Agreement.
- (ii) SCPH's Network Access Agreement with County shall require:
 - (a) County's Claims Payor shall provide AHC with a monthly eligibility and claim detail file in a form and format specified by AHC.
 - (b) Upon request and at no charge, County's Claims Payor shall provide AHC with a status report as to any claim received or processed by Claims Payor in connection with this Agreement.

Section 4. Mutual Obligations and Rights of the Parties

- (A) Audit. Each party shall maintain complete and accurate records in connection with this Agreement. Subject to the confidentiality provisions contained herein, each party will have the right, upon ten (10) business days written notice, during normal business hours and at no charge, to perform one (1) audit of such records each contract year to confirm the performance by the other party of its obligations under this Agreement. The auditing party shall provide the other with a copy of its audit report. The rights set forth in this provision shall survive the termination of this Agreement for one (1) year.
- (B) Confidentiality.
 - (i) The parties agree to treat as confidential all information provided by one party to the other in connection with this Agreement. SCPH and AHC acknowledge the terms of contracts with Network Providers to be trade secrets. Unless as otherwise provided in SCPH's "Network Access Agreement," SCPH and AHC are expressly prohibited from disclosing to any third party, any of the terms of any contract between SCPH and any Network Provider. If either party is compelled by subpoena or similar legal process to disclose any information which either party may consider to be a trade secret, the first party shall immediately notify the other party and County so that they may raise appropriate objections to protect their trade secrets. The provisions of this Section 4 (B)(i) shall survive termination of this Agreement for any reason.
 - (ii) AHC may gain access to individually identifiable health information in connection with the performance of its duties hereunder. AHC acknowledges that such information is deemed to be "Covered Information" for purposes of the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), P.L. 104-191, and AHC shall

maintain the private, privileged and confidential status of the Covered Information.

Section 5. Termination

- (A) If SCPH does not make payment of the Network Access and Management Services Fees in accordance with Section 3 (B) and is in arrears more than sixty (60) days, AHC may suspend services pursuant to this Agreement upon written notice to SCPH and to County.
- (B) In the event of a material breach by one of the parties to this Agreement, other than a breach relating to payment as described in Section 5 (A) above, the non-breaching party shall give the breaching party thirty (30) days to cure. In the event the breaching party fails to cure the breach within the thirty (30) day period, this Agreement may be terminated by the non-breaching party upon sixty (60) days written notice to the other party and to County.
- (C) If either party becomes insolvent, is adjudicated as bankrupt, makes a general assignment for the benefit of creditors or comes under the control of a trustee in bankruptcy, this Agreement may be terminated by the other party upon thirty (30) days written notice to the other party and to County.
- (D) Termination may be effected as stated in Section 1(A) above.

Section 6. Miscellaneous

- (A) Notices. Any notice required pursuant to this Agreement must be in writing and sent by registered or certified mail, return receipt requested, by facsimile transmission with proof of delivery, or by nationally recognized private overnight courier with proof of delivery, to the addresses of the parties set forth below. The date of notice will be the date on which the recipient receives notice or refuses delivery. All notices will be addressed as follows or to such other address as a party may identify in a notice to the other party:

AHC: Derek Tefft
Ascendant HealthCare
1755 Indian Wood Circle
Maumee, OH 43537

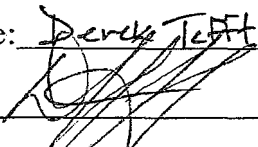
SCPH: Craig Burns, Member
Stanislaus County Partners in Health
c/o Martin and Stamp, APC
8141 East Kaiser Blvd., Suite 213
Anaheim, CA 92807

- (B) Relationship of the Parties. The relationship between the parties is that of independent contractors. Nothing herein is intended or will be construed to establish any agency, employment, partnership or joint venture relationship between the parties. Each party will be solely responsible for the direction, control and management of its subcontractors, agents and employees.
- (C) Beneficiaries. This Agreement is entered into by and between AHC and SCPH solely for their benefit. Notwithstanding the foregoing, the parties recognize and acknowledge the creation of third party beneficiary status and rights hereunder in the legal entity known as Stanislaus County, California ("County") herein.
- (D) Amendments. This Agreement may be amended only by mutual written agreement between the parties, or by either party as required to conform their respective obligations herein to federal, state or local law or regulation.
- (E) Governing Law and Jurisdiction. This Agreement is made in, and will be governed by and construed in accordance with the laws of the State of California.
- (F) Conflict Resolution. The parties shall attempt in good faith and with their best efforts to resolve through informal mechanisms any conflicts, misunderstandings or disagreements that may come to arise with respect to the subject matter and implementation of any provision of this Agreement. To that end, each party shall designate a lead internal person to serve as the contact for the initiation of informal procedures to resolve those conflicts that cannot be resolved through standard operational-level efforts of their respective staff and management. If all such informal escalated efforts to resolve a given conflict have been exhausted, in the view of either party, which perspective shall be certified to the other party in writing specifying the impasse, the parties shall resort to mediation by an outside qualified party acceptable to both parties. If such mediation shall fail to resolve the conflict, or if both parties stipulate in writing to forego mediation and go directly to arbitration, then the services and procedures of the American Health Lawyers Association shall be engaged to resolve the matter. The results of such arbitration shall be binding upon the parties. The outside costs of such mediation shall be borne equally by the parties; the outside costs of arbitration shall be borne by the losing party, or as the arbitrator shall order.
- (G) Assignment. Neither party may assign this Agreement or any of its rights or obligations hereunder to any other person or entity without the prior written consent of the other party hereto, and of County, which consents shall not be unreasonably withheld. This Agreement shall be binding upon and inure to the benefit of the respective parties and their successors and permitted assigns.
- (H) Entire Agreement. This Agreement including any exhibits, attachments and amendments hereto, constitutes the entire agreement between the parties and supersedes any prior agreements or understandings, whether oral or written.

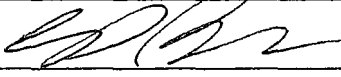
- (I) Headings. The section and paragraph headings used herein are for convenience only and will not be deemed to limit, define or restrict the meaning or content thereof.
- (J) Severability. If any provision of this Agreement is held to be invalid, void or unenforceable, the remaining provisions shall nevertheless continue in full force and effect without being impaired or invalidated in any way.
- (K) Waiver. A waiver of a breach or default under this Agreement shall not be a waiver of any other subsequent breach or default. A failure or delay in enforcing compliance with any term or condition of this Agreement will not constitute a waiver of such term or condition unless it is expressly waived in writing.
- (L) Advice of Attorney. Each party warrants and represents that in executing this Agreement, it has received independent legal advice from its attorneys or the opportunity to seek such advice.
- (M) Conflicts. SCPH agrees that it has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of the work and services under this Agreement.
- (L) Survival. The following provisions shall survive termination of this Agreement for any reason: Section 4(A) "Audit," Section 4(B) "Confidentiality," and Section 6(F) "Conflict Resolution."
- (M) Legal Actions. No legal action may be initiated by either party more than two (2) years following termination of this Agreement.

IN WITNESS WHEREOF, the duly authorized representatives of the parties have executed this Agreement below.

Ascendant Health Care

Print Name: Derek Tefft
 Signature: 
 Title: Director of Operations
 Date: 12/8/11

Stanislaus County Partners in Health

Print Name: CRAIG D. BURNS
 Signature: 
 Title: MEMBER
 Date: 12/8/11

NETWORK AND MANAGEMENT SERVICES AGREEMENT

ATTACHMENT A

Network Access and Management Services Fees
Per Contract Per Month (PCPM)

Network Contracting and Management	\$6.50 PCPM
Claim EDI and Repricing Services	\$1.50 PCPM
Utilization Management Services	\$4.50 PCPM
<u>Integrated Care Management Services</u>	<u>\$2.50 PCPM</u>
Total:	\$15.00 PCPM

Runout Repricing Fees
Percent of Savings

Runout Repricing Fees Ten Percent (10.0%) of Savings

National Network Fees
Percent of Savings

National Network Fees Fifteen Percent (15.0%) of Savings

For purposes of this Agreement "Savings" means the value of the discount applied to billed charges as a result of a managed care contract or other negotiation.

The parties hereto acknowledge the maximum annual amount to be paid by SCPH for services provided shall not exceed \$720,000, including, without limitation, the cost of any subcontractors, consultants, experts or investigators retained by AHC to perform or to assist in the performance of its work under this Agreement.

MANAGEMENT MEMORIALIZATION AGREEMENT

This Management Memorialization Agreement (“Agreement”) is entered into this 8th day of December, 2011, and effective as of January 1, 2012, by and between the County of Stanislaus (“County”) and Ascendant HealthCare (“AHC”), a corporation organized under the laws of the State of Ohio

WHEREAS, County intends to sponsor a self-insured health benefit program (“Benefit Program”) for its employees, retirees, COBRA beneficiaries and their dependents who have enrolled in the Benefit Program (“Covered Persons”); and

WHEREAS, County intends to contract with Stanislaus County Partners in Health (“SCPH”) to provide to Covered Persons access to a network of providers (“Provider Network”) for the provision of specified health care services pursuant to the Benefit Program; and

WHEREAS, AHC intends to contract with SCPH to provide network and management services (“Management Services”) with respect to the Provider Network and its provision of health care services to Covered Persons pursuant to County’s Benefit Program; and

WHEREAS, County and AHC wish to memorialize the Management Services that AHC will provide to SCPH, of which County will be a third party beneficiary, and related aspects of the relationship between AHC and SCPH;

NOW THEREFORE, in consideration of the premises and mutual covenants contained herein, County and AHC agree as follows:

Section 1. Term

- (A) This Agreement shall remain in effect for such period of time as AHC shall be contracted with SCPH to provide Management Services described in its “Network and Management Services Agreement” with SCPH, contained in Attachment “A” hereto.

Section 2. Obligations of Ascendant Health Care

- (A) AHC agrees to cause to be formed a California non-profit mutual benefit corporation to be known as “Stanislaus County Partners in Health” (SCPH), the sole corporate Member of which shall be the individual corporate principal of AHC. The purpose of SCPH shall be to provide access for Covered Persons to the Provider Network, as described in detail in that certain “Network Access Agreement” between County and SCPH, attached as Attachment “B” hereto. AHC agrees to ensure that the Articles of Incorporation and the Bylaws of SCPH shall provide for the Member succession process articulated in sub-Section 2(G) below. AHC agrees to provide, or cause to be provided, such services as are necessary to maintain the affairs of SCPH as required by law and other regulations.

- (B) AHC acknowledges that it will be bound and obligated by its “Network and Management Services Agreement” with SCPH, contained in Attachment “A” hereto, and agrees to faithfully and professionally comply with and discharge the duties and the terms of that agreement.
- (C) AHC acknowledges and agrees that County is a third party beneficiary of such Network and Management Services Agreement with SCPH, and of any collateral agreements between AHC and SCPH, and accordingly agrees to provide to County, either directly or through SCPH, suggestions and recommendations that could enhance or ameliorate the provision of its AHC’s services thereunder.
- (D) AHC acknowledges and agrees to cause to be incorporated in its contractual obligations with SCPH appropriate reporting requirements, and appropriate recommendations of program changes and strategies.
- (E) AHC acknowledges that County will enter into agreements with other independent third party administrators for the provision of various services related to its Benefit Program, and AHC agrees to cooperate with such administrators in the discharge of their respective responsibilities related to the Benefit Program, and to apprise County of any issues or conditions that may arise that in AHC’s judgment present impediments to the efficient and effective operation of the Benefit Program.
- (F) AHC acknowledges and agrees that, for reasons unable to be known at the time of this Agreement, County may come to request of SCPH that it replace AHC as its management services organization for purposes of services related to County’s Benefit Program, and AHC agrees to honor and comply with such a request by County to SCPH and to provide for an orderly and professional transition of responsibilities and duties to such new management services organization as SCPH shall have engaged. AHC agrees that during any such transition there shall be no disruption whatsoever of services to SCPH nor in the access of Covered Persons to Network Providers.
- (G) AHC agrees to provide in its Network and Management Services Agreement with SCPH, and hereby covenants that at such time as it has been formally determined that AHC will no longer be providing to SCPH substantially all of the Management Services described in Attachment “A” hereto, it will cause the Member to resign that status, in favor of a person to be designated by such successor management company as shall assume substantially all of the responsibilities described in Attachment “A.” AHC agrees to ensure the timely and orderly transition of any such Member succession.

- (H) AHC acknowledges and agrees to be bound by the dispute resolution mechanisms outlined in Section 6(F) below for any disputes or conflicts that may come to arise between the parties related to this Agreement.

Section 3. Obligations of County

- (A) County agrees that it will acknowledge and consider all reasonable suggestions and recommendations that AHC may make, either through SCPH or directly, for the enhancement of the functioning of the Benefit Program, the Provider Network and the provision of services to Covered Persons.
- (B) County agrees, in the interest of its Covered Persons, that it will communicate to SCPH, in a timely and specific fashion, requests or recommendations it deems appropriate for the enhancement of the Network and Management Services provided to SCPH by AHC.
- (C) Contract Pricing. County acknowledges that AHC may contract with third-party vendors for specific services for the benefit of SCPH or County. These services may include: clinical data management, claim EDI and repricing services; utilization management services; and integrated care management services. These services would be billed as appropriate to County or to SCPH at Pass-Through Pricing. Additional services may be contracted for by AHC with written approval from SCPH or County and these services would also be billed to SCPH or to County at Pass-Through Pricing without price mark-up. "Pass-Through Pricing" shall mean disclosure and/or billing of outside vendor costs and fees without mark-up or increase.
- (D) County agrees to process and pay in a timely fashion, subject to its internal procedural controls and requirements, all legitimate and properly presented billings from SCPH, Network Providers, AHC, or third party administrators with which AHC may come to contract for the provisions of services to the Benefit Program.
- (E) County acknowledges and agrees to be bound by the dispute resolution mechanisms outlined in Section 6(F) below for any disputes or conflicts that may come to arise between the parties related to this Agreement.

Section 4. Mutual Obligations and Rights of the Parties

- (A) Audit. Each party shall maintain complete and accurate records in connection with this Agreement. Subject to the confidentiality provisions contained herein, each party will have the right, upon ten (10) business days written notice, during normal business hours and at no charge, to perform one (1) audit of such records each contract year to confirm the performance by the other party of its obligations under this Agreement. The auditing party shall provide the other with a copy of its audit report.

The rights set forth in this provision shall survive the termination of this Agreement for one (1) year.

- (B) Confidentiality. The parties agree to treat as confidential all information provided by one party to the other in connection with this Agreement. If either party is compelled by subpoena or similar legal process to disclose any information which either party may consider to be a trade secret, the first party will immediately notify the other party so that it may raise appropriate objections to protect its trade secrets. The provisions of this Section 4 (B) shall survive termination of this Agreement for any reason.

Section 5. Termination

- (A) If County is in arrears with respect to fees due pursuant to its Network Access Agreement with SCPH, attached hereto as Attachment B for more than ninety (90) days, AHC may terminate this Agreement upon sixty (60) days written notice.
- (B) In the event of a material breach by one of the parties to this Agreement, other than a breach relating to payment as described in Section 5 (A) above, the non-breaching party shall give the breaching party thirty (30) days to cure. In the event the breaching party fails to cure the breach within the thirty (30) day period, this Agreement may be terminated by the non-breaching party upon sixty (60) days written notice.
- (C) If either party becomes insolvent, is adjudicated as bankrupt, makes a general assignment for the benefit of creditors or comes under the control of a trustee in bankruptcy, this Agreement may be terminated by the other party upon thirty (30) days written notice.

Section 6. Miscellaneous

- (A) Notices. Any notice required pursuant to this Agreement must be in writing and sent by registered or certified mail, return receipt requested, by facsimile transmission with proof of delivery, or by nationally recognized private overnight courier with proof of delivery, to the addresses of the parties set forth below. The date of notice will be the date on which the recipient receives notice or refuses delivery. All notices will be addressed as follows or to such other address as a party may identify in a notice to the other party:

to AHC: Craig Burns
President
Ascendant HealthCare
1755 Indian Wood Circle
Maumee, OH 43537

to County: Jody Hayes, Deputy Executive Officer
Stanislaus County CEO-Risk Management Division
1010 Tenth Street, Suite 5900
Modesto, CA 95354

- (B) Relationship of the Parties. The relationship between the parties is an independent one. Nothing herein is intended or will be construed to establish any agency, employment, partnership or joint venture relationship between the parties. Each party will be solely responsible for the direction, control and management of its subcontractors, agents and employees.
- (C) Sole Beneficiaries. Unless otherwise stated herein, this Agreement is entered into by and between AHC and County solely for their benefit. The parties have not created or established any third party beneficiary status or rights in any person or entity not a party hereto, including, but not limited to, any Covered Person, subcontractor, or other third party, and no such third party will be entitled to enforce any right or enjoy any benefit created or established under this Agreement.
- (D) Amendments. This Agreement may be amended only by mutual written agreement between the parties, or by either party as required to conform their respective obligations herein to federal, state or local law or regulation.
- (E) Governing Law and Jurisdiction. This Agreement is made in, and will be governed by and construed in accordance with the laws of the State of California.
- (F) Conflict Resolution. The parties shall attempt in good faith and with their best efforts to resolve through informal mechanisms any conflicts, misunderstandings or disagreements that may come to arise with respect to the subject matter and implementation of any provision of this Agreement. To that end, each party shall designate a lead internal person to serve as the contact for the initiation of informal procedures to resolve those conflicts that cannot be resolved through standard operational-level efforts of their respective staff and management. If all such informal escalated efforts to resolve a given conflict have been exhausted, in the view of either party, which perspective shall be certified to the other party in writing specifying the impasse, the parties shall resort to mediation by an outside qualified party acceptable to both parties. If such mediation shall fail to resolve the conflict, or if both parties stipulate in writing to forego mediation and go directly to arbitration, then the services and procedures of the American Health Lawyers Association shall be engaged to resolve the matter. The results of such arbitration shall be binding upon the parties. The outside costs of such mediation shall be borne equally by the

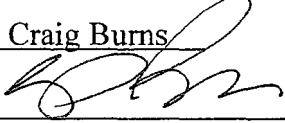
parties; the outside costs of arbitration shall be borne by the losing party, or as the arbitrator shall order.

- (G) Assignment. Upon receipt of notice provided ninety (90) days in advance of the termination of this Agreement, AHC shall be bound and obligated to assign its right, duties, and obligations hereunder as directed by SCPH and County in a timely manner and compliant with the provision of Section 2(G) hereof. This Agreement shall otherwise be binding upon and inure to the benefit of the respective parties and their successors and permitted assigns.
- (H) Entire Agreement. This Agreement including any exhibits, attachments and amendments hereto constitutes the entire agreement between the parties and supersedes any prior agreements or understandings, whether oral or written.
- (I) Headings. The section and paragraph headings used herein are for convenience only and will not be deemed to limit, define or restrict the meaning or content thereof.
- (J) Severability. If any provision of this Agreement is held to be invalid, void or unenforceable, the remaining provisions shall nevertheless continue in full force and effect without being impaired or invalidated in any way.
- (K) Waiver. A waiver of a breach or default under this Agreement shall not be a waiver of any other subsequent breach or default. A failure or delay in enforcing compliance with any term or condition of this Agreement will not constitute a waiver of such term or condition unless it is expressly waived in writing.
- (L) Survival. The following provisions shall survive termination of this Agreement for any reason: Section 4(A) "Audit," Section 4(B) "Confidentiality," Section 6(F) "Conflict Resolution," and Section 6(G) "Assignment."
- (M) Legal Actions. No legal action may be initiated by either party more than two (2) years following termination of this Agreement.

IN WITNESS WHEREOF, the duly authorized representatives of the parties have executed this Agreement below.

ASCENDANT HEALTHCARE

Print Name: Craig Burns

Signature: 

Title: President

Date: 12/8/11

STANISLAUS COUNTY

Print Name: Richard W. Robinson

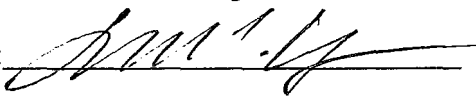
Signature: 

Title: CEO

Date: 12/12/2011

STANISLAUS COUNTY

Print Name: John Doering

Signature: 

Title: County Counsel

Date: 12/12/11

**CAREMARK PRESCRIPTION BENEFIT SERVICES AGREEMENT
PARTICIPATING GROUP AGREEMENT**

This Caremark Prescription Benefit Services Agreement – Participating Group Agreement (the "Participating Group Agreement") dated as of January 1, 2012 ("Participating Group Effective Date"), is entered into by and between CaremarkPCS Health, L.L.C., a Delaware limited liability company ("Caremark"), Capitol Administrators ("Administrator"), and Stanislaus County ("County" or "Participating Group").

Caremark and Administrator, acting on behalf of itself and the undersigned Participating Group, have entered into the Prescription Benefit Services Agreement, dated as of December 1, 2009 (the "TPA Agreement"), a copy of which is attached hereto as Exhibit 1, under which Administrator has engaged Caremark to provide managed pharmacy benefit services to Administrator and its Participating Groups. Unless otherwise defined herein, capitalized terms used in this Participating Group Agreement shall have the meanings ascribed to those terms in the TPA Agreement.

1. TPA Agreement. Participating Group acknowledges that Services shall be made available in accordance with the terms of the TPA Agreement entered into by Administrator and Caremark. Participating Group does hereby agree to such terms and to be bound by, and to assume and perform, each and all of the terms, covenants and conditions of the TPA Agreement as a Participating Group in the same manner and to the same extent as if it were a party thereto. Participating Group acknowledges and agrees that Administrator and Caremark may amend all or any portion of the TPA Agreement and Participating Group hereby agrees to be bound by any such amendment.

By signing this Participating Group Agreement, Participating Group acknowledges and agrees that the terms of the master TPA Agreement have been completely read, fully understood and voluntarily accepted and further agrees to be bound thereby.

2. Billing and Payment.
 - (a) Caremark shall make available to Administrator information reflecting the amount of payments that have become due with respect to Participating Group. Administrator shall invoice Participating Group for such amounts and payment shall be due to Administrator.
 - (b) If any payment required by Participating Group is not received by Caremark in the manner and time frame communicated by Administrator or as otherwise set forth herein, Caremark may, in accordance with the TPA Agreement, charge late fees (as set forth in Section 7.3 of the TPA Agreement), withhold the amounts from the security deposit, if any (as set forth in Section 9.5(a) of the TPA Agreement), cease or suspend performing Services (as set forth in Section 9.5(b) of the TPA Agreement), or otherwise terminate this Agreement in accordance with the terms hereof.
 - (c) Participating Group shall have no right to offset from payments due hereunder disputed amounts or amounts due or allegedly due from Caremark, except as approved in writing by Caremark. Any sales, use or other tax or assessment, including any surcharge or similar fee imposed under any applicable law on any health care provider, Plan Participant, service, supply or product provided under the TPA Agreement and/or this Participating Group Agreement, shall be the sole responsibility of Administrator or Participating Group, as applicable, and may be added to the invoice.

3. Term, Termination and Amendment. The term of this Participating Group Agreement shall commence on the Participating Group Effective Date and continue for one (1) year. The term shall be automatically renewed for additional one-year periods unless either party sends written notice of non-renewal to the other party at least ninety (90) days prior to the end of the original term of any subsequent one-year term. This Participating Group Agreement may also be terminated for cause or as a result of a change in the law, in accordance with the terms of the TPA Agreement. In the event the TPA Agreement is terminated by and between Caremark and Administrator, Caremark may continue to provide Services to Participating Group, provided that the pricing and terms associated with such Services are subject to change.

4. Indemnification. Participating Group shall defend, indemnify and hold harmless Caremark and each of its officers, directors, employees, subsidiaries and affiliates (the "Caremark Parties"), from and against any and all Losses incurred by any of the Caremark Parties arising out of or relating to (i) Participating Group's negligent acts or omissions or breach of its obligations or warranties set forth in the TPA Agreement or this Participating Group Agreement, except to the extent such Losses are caused by the negligence or willful misconduct of any Caremark Party, (ii) any legal defects in the design of the Plan, or (iii) any deficiencies in the PDD.

Caremark shall defend, indemnify and hold harmless Participating Group and each of its officers, directors, employees, subsidiaries and affiliates (the "Participating Group Parties") from and against any and all Losses incurred by any of the Participating Group Parties to the extent arising out of or relating to Caremark's negligent acts or omissions breach of its obligations or warranties set forth in the TPA Agreement or this Participating Group Agreement, except to the extent such Losses are caused by the negligence or willful misconduct of any Participating Group Party.

5. Confidentiality. Participating Group agrees to be bound by the confidentiality provisions set forth in Section 10 of the TPA Agreement.

6. Government Programs. To the extent required by applicable law or contractual commitment, Participating Group agrees to fully and accurately disclose and report to Medicare, Medicaid or other government health care programs any discount, rebate or other credit received by Participating Group, Administrator or one or more third parties under this Participating Group Agreement, whether reflected in the fees for the products and services or otherwise provided hereunder, as discounts against the price of the drugs under all applicable state or federal programs that provide reimbursement to Participating Groups for products or services provided by Caremark. It is the intention of the parties, that for purposes of the Federal Anti-kickback Statute, any discount, rebate or other credit, shall constitute and be treated as discount against the price of drugs within the meaning of 42 U.S.C. §1320a-7b(b)(3)(A).

7. Compliance with Law. Each party certifies that it shall not violate the federal anti-kickback statute, set forth at 42 U.S.C. §1320a-7b(b) ("Anti-Kickback Statute"), or the federal "Stark Law," set forth at 42 U.S.C. §1395nn ("Stark Law"), with respect to the performance of its obligations under this Participating Group Agreement. Further, Caremark shall ensure that individuals meeting the definition of "Covered Persons" (as such term is defined in the Corporate Integrity Agreement between the Office of Inspector General of the Department of Health and Human Services and AdvancePCS) shall comply with Caremark's Compliance Program, including training related to the Anti-Kickback Statute and the Stark Law. In addition, Caremark's Code of Conduct and policies and procedures on the Anti-Kickback Statute and Stark Law may be accessed at: <http://www.caremark.com/wps/portal/s.155/3370?cms=CMS-2-007764>.

8. Disclosure. Participating Group acknowledges and agrees that, pursuant to the TPA Agreement, Caremark pays to Administrator certain collectively, "Additional Credits"). Participating Group represents that it has received from Administrator information regarding all Additional Credits paid by Caremark, which are related to Participating Group and its Plan Participants' utilization. For purposes of the Federal Anti-Kickback Statute and any required government reporting, Participating Group acknowledges and agrees that Additional Credits paid on behalf of Participating Group shall constitute and shall be treated by Participating Group as a discount against the price of drugs within the meaning of 42 U.S.C. §1320a-7b(b)(3)(A).
9. Addendum. Notwithstanding anything to the contrary set forth in this Group Agreement and/or the TPA Agreement, the terms set forth in the Addendum attached hereto as Exhibit 2 are made part of this Group Agreement. To the extent of any conflict between the terms of the Addendum and the TPA Agreement or Group Agreement, the terms of the Addendum shall govern.

Administrator and Caremark by their signatures hereto accept and agree to the participation of the Participating Group identified above under the TPA Agreement in accordance with the terms of the TPA Agreement and this Participating Group Agreement.

CAREMARKPCS HEALTH, L.L.C.

By: [Signature]
 Its: SVP
 Date: 12/15/11

GAL
 4/2/12
 PEN

STANISLAUS COUNTY

By: [Signature]
 Its: CEO
 Date: 1/21/12

CAPITOL ADMINISTRATORS

By: [Signature]
 Its: CEO
 Date: 1-6-12

APPROVED AS TO FORM:
 STANISLAUS COUNTY COUNSEL

BY: [Signature]
 DATE: 1-9-12