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1. Service Overview

The California Department of Health Care Services (hereafter referred to as DHCS or Department) administers the Mental Health Services Act, Projects for Assistance in Transition from Homelessness (PATH) and Community Mental Health Services Grant (MHBG) programs and oversees county provision of community mental health services provided with realignment funds. Contractor (hereafter referred to as County in this Exhibit) must meet certain conditions and requirements to receive funding for these programs and community mental health services. This Agreement, which is County's performance contract, as required by Welfare and Institutions Code (W&I) sections 5650(a), 5847, and Title 9, California Code of Regulations (CCR), section 3310, sets forth conditions and requirements that County must meet in order to receive this funding. This Agreement does not cover federal financial participation or State general funds as they relate to Medi-Cal services provided through the Mental Health Plan Contracts. County agrees to comply with all of the conditions and requirements described herein.

DHCS shall monitor this Agreement to ensure compliance with applicable federal and State law and applicable regulations (W&I §§ 5610 and 5651.)

2. Service Location

The services shall be performed at appropriate sites as described in this contract.

3. Service Hours

The services shall be provided during times required by this contract.

4. Project Representatives

A. The project representatives during the term of this Agreement will be:

Department of Health Care Services	**Contractor's Name**
Contract Manager: Dina Kokkos-Gonzales Telephone: (916) 552-9055 Fax: (916) 440-7620 Email: Dina.Kokkos@dhcs.ca.gov	Contract Manager: «First_Name» «Last_Name»«Suffix» Telephone: «Phone» Fax: «Fax» Email: «Email»

B. Direct all inquiries to:

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Department of Health Care Services	**Contractor's Name**
Mental Health Services Division/Program Policy Unit Attention: Dee Taylor 1500 Capitol Avenue, MS 2702 P.O. Box Number 997413 Sacramento, CA, 95899-7413	Attention: «Contact_First» «Contact_Last» Street address & room number, if applicable P.O. Box Number (if applicable) City, State, Zip Code
Telephone: (916) 552-9536 Fax: (916) 440-7620 Email: Dee.Taylor@dhcs.ca.gov	Telephone: «Contact_Phone» Fax: «Contact_Fax» Email: «Contact_Email»

C. Either party may make changes to the information above by giving written notice to the other party. Said changes shall not require an amendment to this Agreement.

5. Services to be Performed

County shall adhere to the program principles and, to the extent funds are available, County shall provide the array of treatment options in accordance with Welfare and Institutions Code sections 5600.2 through 5600.9, inclusive.

A. GENERAL REQUIREMENTS FOR AGREEMENT

County shall comply with all of the requirements Section A.1 of this Provision for all County mental health programs, including those specified in Sections B, C and D. County shall provide all of the data and information specified in Section A.2 to the extent that the data and information is required for each of the County mental health programs, including those specified in Sections B, C and D of this Provision, for which it receives federal or State funds.

1) W&I section 5651 provides specific assurances, listed below, that must be included in this Agreement. County shall:

a. Comply with the expenditure requirements of Section 17608.05,

b. Provide services to persons receiving involuntary treatment as required by Part 1 (commencing with Section 5000) and Part 1.5 (commencing with Section 5585) of Division 5 of the Welfare and Institution Code,

c. Comply with all of the requirements necessary for Medi–Cal reimbursement for mental health treatment services and case management programs provided to Medi-Cal eligible individuals, including, but not limited to, the provisions set forth in Chapter 3 (commencing with Section 5700) of the Welfare and Institutions Code, and submit cost reports and other data to DHCS in the form and manner determined by the DHCS,

d. Ensure that the Local Mental Health Advisory Board has reviewed and approved procedures ensuring citizen and professional involvement at all stages of the planning process pursuant to W&I section 5604.2,

e. Comply with all provisions and requirements in law pertaining to patient rights,

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f. Comply with all requirements in federal law and regulation pertaining to federally funded mental health programs,

g. Provide all data and information set forth in Sections 5610, 5664 and 5845(d)(6) of the Welfare and Institutions Code,

h. If the County elects to provide the services described in Chapter 2.5 (commencing with Section 5670) of Division 5 of the Welfare and Institution Code, comply with guidelines established for program initiatives outlined in this chapter, and

i. Comply with all applicable laws and regulations for all services delivered, including all laws, regulations, and guidelines of the Mental Health Services Act.

2) County shall comply with all data and information submission requirements specified in this Agreement.

a. County shall provide all applicable data and information required by federal and/or State law in order to receive any funds to pay for its mental health programs and services, including but not limited to its MHSA programs, PATH grant (if the County receives funds from this grant) or MHBG grant. These federal and State laws include, Title 42, United States Code, sections 290cc-21 through 290cc-35 and 300x through 300x-9, inclusive, W&I sections 5610 and 5664 and the regulations that implement, interpret or make specific, these federal and State laws and any DHCS-issued guidelines that relate to the programs or services.

b. County shall comply with the reporting requirements set forth in Division 1 of Title 9 of the California Code of Regulations (CCR) and any other reporting requirements for which County receives federal or State funding source for mental health programs. County shall submit complete and accurate information to DHCS including, but not limited, to the following:

i. Client and Service Information (CSI) System Data (See Subparagraph c of this Paragraph)

ii. MHSA Quarterly Progress Reports, as specified in Title 9, CCR, section 3530.20. MHSA Quarterly Progress Reports provide the actual number of clients served by MHSA-funded program. Reports are submitted on a quarterly basis.

iii. Full Service Partnership Performance Outcome data, as specified in Title 9, CCR, section 3530.30.

iv. Consumer Perception Survey data, as specified in Title 9, CCR, section 3530.40.

v. County shall submit the Annual Mental Health Services Act Revenue and Expenditure Report to DHCS and the Mental Health Services Oversight and Accountability Commission (MHSOAC), pursuant to W&I section 5899(a) and Title 9, CCR, section 3510 and DHCS-issued guidelines.

c. County shall submit CSI data to DHCS, in accordance with the requirements set forth in the DHCS' CSI Data Dictionary. County shall:

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i. Report monthly CSI data to DHCS within 60 calendar days after the end of the month in which services were provided.

ii. Report within 60 calendar days or be in compliance with an approved plan of correction the DHCS's CSI Unit.

iii. Make diligent efforts to minimize errors on the CSI error file.

iv. Notify DHCS 90 calendar days prior to any change in reporting system and/or change of automated system vendor.

d. In the event that DHCS or County determines that changes requiring a change in County's or DHCS' obligation must be made relating to either the DHCS' or County's information needs due to federal or state law changes or business requirements, both the DHCS and County agree to provide notice to the other party as soon as practicable prior to implementation. This notice shall include information and comments regarding the anticipated requirements and impacts of the projected changes. DHCS and County agree to meet and discuss the design, development, and costs of the anticipated changes prior to implementation.

e. If applicable to a specific federal or State funding source covered by this Agreement, County shall require each of its subcontractors to submit a fiscal year-end cost report, due to DHCS no later than December 31 following the close of the fiscal year, in accordance with applicable federal and State laws regulations and DHCS-issued guidelines.

f. If applicable to a specific federal or State funding source covered by this Agreement, County shall comply with W&I section 5751.7 and ensure that minors are not admitted into inpatient psychiatric treatment with adults. If the health facility does not have specific separate housing arrangements, treatment staff, and treatment programs designed to serve children or adolescents it must request a waiver of this requirement from DHCS as follows:

i. If this requirement creates an undue hardship on County, County may request a waiver of this requirement. County shall submit the waiver request on Attachment I of this Agreement, to DHCS.

ii. DHCS shall review County's waiver request and provide a written notice of approval or denial of the waiver. If County's waiver request is denied, it shall comply with the provision of W&I section 5751.7.

iii. County shall submit, and DHCS shall accept, the waiver request only at the time County submits this Agreement, signed by County, is submitted to DHCS for execution. County shall complete Attachment I, including responses to items 1 through 4 and attach it to this Agreement. See Exhibit A, Attachment I, entitled "Request For Waiver" of this Agreement for additional submission information.

iv. In unusual or emergency circumstances, when counties need to request waivers after the annual Performance Contract has been executed, these requests should be sent immediately to: Licensing and Certification Section, Program Oversight and Compliance Branch, California Department of Health Care Services, 1700 K Street, MS 2800, Sacramento, CA 95811-4037, Phone: (916) 323-1864.

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v. Each admission of a minor to a facility that has an approved waiver shall be reported to the Local Mental Health Director.

g. If County chooses to participate in the Assisted Outpatient Treatment program (AOT) Demonstration Project Act of 2002 it shall be required to comply with all applicable statutes including, but not limited to, W&I sections 5345 through 5349.5, inclusive. In addition, County shall submit to DHCS any documents that DHCS requests as part of its statutory responsibilities in accordance with DHCS Letter No.: 03-01 dated March 20, 2003.

h. For all mental health funding sources received by County that require submission of a cost report, County shall submit a fiscal year-end cost report by December 31st following the close of the fiscal year in accordance with County's existing or future mental health programs applicable federal and State law. State law includes at least W&I section 5705, applicable regulations and DHCS-issued guidelines. The cost report shall be certified by the mental health director and one of the following: the County mental health departments chief financial officer (or equivalent), and individual who has delegated authority to sign for, and reports directly to the county mental health department's chief financial officer (or equivalent), or the county's auditor-controller (or equivalent) . Data submitted shall be full and complete. The County shall also submit a reconciled cost report certified by the mental health director and the county's auditor-controller as being true and correct, no later than 18 months after the close of the following fiscal year.

If the County does not submit the cost reports by the reporting deadlines or does not meet the other requirements, DHCS shall request a plan of correction with specific timelines (W&I §5897 (d)). If County does not submit cost reports by the reporting deadlines or the County does not meet the other requirements, DHCS may, after a hearing held with no less than 20 days-notice to the county mental health director (W&I § 5655) withhold payments from the MHS Fund until the County is in compliance with W&I section 5664.

B. THE MENTAL HEALTH SERVICES ACT PROGRAM

1) Program Description

Proposition 63, which created the Mental Health Services Act (MHSA), was approved by the voters of California on November 2, 2004. The Mental Health Services (MHS) Fund, which provides funds to counties for the implementation of its MHSA programs, was established pursuant to W&I section 5890. The MHSA was designed to expand California's public mental health programs and services through funding received by a one percent tax on incomes in excess of $1 million. Counties use this funding for projects and programs for prevention and early intervention, community services and supports, workforce development and training, innovation, plus capital facilities and technological needs through mental health projects and programs. The State Controller distributes MHS Funds to the counties to plan for and provide mental health programs and other related activities outlined in a county's three-year program and expenditure plan or annual update. MHS Funds are distributed by the State Controller's Office to the counties on a monthly basis.

DHCS shall monitor County's use of MHS Funds to ensure that the county meets the MHSA and MHS Fund requirements. (W&I section 5651(c).)

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2) Issue Resolution Process

County shall have an Issue Resolution Process (Process) to handle client disputes related to the provision of their mental health services. The Process shall be completed in an expedient and appropriate manner. County shall develop a log to record issues submitted as part of the Process. The log shall contain the date of the issue was received; a brief synopsis of the issue; the final issue resolution outcome; and the date the final issue resolution was reached.

3) Revenue and Expenditure Report

County shall submit its Revenue and Expenditure Report (RER) by December 31st following the close of the fiscal year in accordance with W&I sections 5705 and 5899, regulations and DHCS-issued guidelines. The RER shall be certified by the mental health director and one of the following: County mental health department's chief financial officer (or equivalent), and individual who has delegated authority to sign for, and reports directly to the County mental health department's chief financial officer (or equivalent), or the County's auditor-controller (or equivalent), using the DHCS-issued certification form. Data submitted shall be full and complete. County shall also submit a reconciled RER certified by the mental health director and the county's auditor-controller as being true and correct, using the DHCS-issued certification form, no later than 18 months after the close of the following fiscal year.

If County does not submit the RER by the reporting deadlines or the RER does not meet the requirements, DHCS shall request a plan of correction with specific timelines (W&I § 5897(d)). If the RER is not timely submitted, or does not meet the requirements, DHCS may, after a hearing held with no less than 20 days- notice to the county mental health director (W&I § 5655), withhold payments from the MHS Fund until the County is in compliance with Title 9, CCR, sections 3505(d) and 3510(c).

4) Distribution and Use of Local Mental Health Services Funds:

a. W&I section 5891 provides that, commencing July 1, 2012, on or before the 15th day of each month, pursuant to a methodology provided by DHCS, the State Controller shall distribute to County's Local Mental Health Service Fund, established by County pursuant to W&I section 5892(f), all unexpended and unreserved funds on deposit as of the last day of the prior month in the Mental Health Services Fund for the provision of specified programs and other related activities.

b. County shall allocate the monthly Local MHS Fund in accordance with W&I section 5892 as follows :

i. Twenty percent of the funds shall be used for prevention and early intervention (PEI) programs in accordance with Part 3.6 of Division 5 of the Welfare and Institutions Code (commencing with Section 5840). The expenditure for PEI may be increased by County if DHCS determines that the increase will decrease the need and cost for additional services to severely mentally ill persons in County by an amount at least commensurate with the proposed increase.

ii. The balance of funds shall be distributed to County's mental health programs for services to persons with severe mental illnesses pursuant to Part 4 of Division 5 of the Welfare and Institutions Code (commencing with Section 5850), for the children's

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system of care and Part 3 of Division 5 of the Welfare and Institutions Code (commencing with Section 5800), for the adult and older adult system of care.

iii. Five percent of the total funding for the County's mental health programs established pursuant to Part 3 of Division 5 of the Welfare and Institutions Code (commencing with Section 5800), Part 3.6 of Division 5 of the Welfare and Institutions Code (commencing with Section 5840), and Part 4 of Division 5 of the Welfare and Institutions Code (commencing with Section 5850) shall be utilized for innovative programs in accordance with W&I sections 5830, 5847 and 5848.

iv. Programs for services pursuant to Part 3 of Division 5 of the Welfare and Institutions Code (commencing with Section 5800), and Part 4 of Division 5 of the Welfare & Institutions Code (commencing with Section 5850) may include funds for technological needs and capital facilities, human resource needs, and a prudent reserve to ensure services do not have to be significantly reduced in years in which revenues are below the average of previous years. The total allocation for these purposes shall not exceed 20 percent of the average amount of funds allocated to County for the previous five years.

v. Allocations in Subparagraphs i. through iii. above, include funding for annual planning costs pursuant to W&I section 5848. The total of these costs shall not exceed five percent of the total annual revenues received for the Local MHS Fund. The planning costs shall include moneys for County's mental health programs to pay for the costs of having consumers, family members, and other stakeholders participate in the planning process and for the planning and implementation required for private provider contracts to be significantly expanded to provide additional services.

c. County shall use Local MHS Fund monies to pay for those portions of the mental health programs/services for children and adults for which there is no other source of funds available. (W&I §§ 5813.5(b), 5878.3(a) and 9 CCR 3610(d).

d. County shall only use Local MHS Funds to expand mental health services. These funds shall not be used to supplant existing state or county funds utilized to provide mental health services. These funds shall only be used to pay for the programs authorized in W&I section 5892. These funds may not be used to pay for any other program and may not be loaned to County's general fund or any other County fund for any purpose. (W&I § 5891.)

e. All expenditures for County mental health programs shall be consistent with a currently approved three-year program and expenditure plan or annual update pursuant to W&I section 5847. (W&I § 5892(g).)

5) Three-Year Program and Expenditure Plan and Annual Updates:

a. County shall prepare and submit a three-year program and expenditure plan, and annual updates, adopted by County's Board of Supervisors, to the Mental Health Services Oversight and Accountability Commission (MHSOAC) and the Department of Health Care Services (DHCS) within 30 calendar days after adoption. The three-year program and expenditure plan and annual updates shall include all of the following:

i. A program for Prevention and Early Intervention (PEI) in accordance with Part 3.6 of Division 5 of the Welfare and Institutions Code (commending with Section 5840).

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ii. A program for services to children in accordance with Part 4 of Division 5 of the Welfare and Institutions Code (commencing with Section 5850), to include a wraparound program pursuant to Chapter 4 of Part 6 of Division 9 of the Welfare and Institutions Code (commencing with Section 18250), or provide substantial evidence that it is not feasible to establish a wraparound program in the County.

iii. A program for services to adults and seniors in accordance with Part 3 of Division 5 of the Welfare and Institutions Code (commencing with Section 5800).

iv. A program for innovations in accordance with Part 3.2 of Division 5 of the Welfare and Institutions Code (commencing with Section 5830). Counties shall expend funds for their innovation programs upon approval by the Mental Health Services Oversight and Accountability Commission.

v. A program for technological needs and capital facilities needed to provide services pursuant to Part 3 of Division 5 of the Welfare and Institutions Code (commencing with Section 5800), Part 3.6 of Division 5 of the Welfare and Institutions Code (commencing with Section 5840), and Part 4 of Division 5 of the Welfare and Institutions Code (commencing with Section 5850). All plans for proposed facilities with restrictive settings shall demonstrate that the needs of the people to be served cannot be met in a less restrictive or more integrated setting.

vi. Identification of shortages in personnel to provide services pursuant to the above programs and the additional assistance needed from the education and training programs established pursuant to Part 3.1 of Division 5 of the Welfare and Institutions Code (commencing with Section 5820) and Title 9, CCR, section 3830(b).

vii. Establishment and maintenance of a prudent reserve to ensure the County program will continue to be able to serve children, adults, and seniors that it is currently serving pursuant to Part 3 of Division 5 of the Welfare and Institutions Code (commencing with Section 5800), Part 3.6 of Division 5 of the Welfare and Institutions Code (commencing with Section 5840), and Part 4 of Division 5 of the Welfare and Institutions Code (commencing with Section 5850), during years in which revenues for the MHS Fund are below recent averages adjusted by changes in the state population and the California Consumer Price Index.

viii. Certification by County's mental health director, which ensures that County has complied with all pertinent regulations, laws, and statutes of the MHSA, including stakeholder participation and non-supplantation requirements.

ix. Certification by County's Mental Health Director and County's Auditor-Controller that the County has complied with any fiscal accountability requirements as directed by DHCS, and that all expenditures are consistent with the requirements of the MHSA.

b. County shall include services in the programs described in Subparagraphs 5.a.i. through 5.a.v., inclusive, to address the needs of transition age youth between the ages of 16 years old to 25 years old, including the needs of transition age foster youth pursuant to W&I section 5847(c).

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c. County shall prepare expenditure plans for the programs described in Subparagraphs 5.a.i. through 5.a.v., inclusive, and annual expenditure updates. Each expenditure plan update shall indicate the number of children, adults, and seniors to be served, and the cost per person. (W&I § 5847(e)).

d. County's three-year program and expenditure plan and annual updates shall include reports on the achievement of performance outcomes for services pursuant to the Adult and Older Adult Mental Health System of Care Act, Prevention and Early Intervention, and the Children's Mental Health Services Act funded by the MHS Fund and established jointly by DHCS and the MHSOAC, in collaboration with the California Mental Health Director's Association. (W&I § 5848(c)). County contracts with providers shall include the performance goals from the County's three-year program and expenditure plan and annual updates that apply to each provider's programs and services.

e. County's three-year program and expenditure plan and annual update shall consider ways to provide services that are similar to those established pursuant to the Mentally Ill Offender Crime Reduction Grant Program. Funds shall not be used to pay for persons incarcerated in state prison or parolees from state prisons. (W&I § 5813.5(f))

6) Planning Requirements and Stakeholder Involvement:

a. County shall develop its three-year program and expenditure plan and annual update with local stakeholders, including adults and seniors with severe mental illness, families of children, adults, and seniors with severe mental illness, providers of services, law enforcement agencies, education, social services agencies, veterans, representatives from veterans organizations, providers of alcohol and drug services, health care organizations, and other important interest. Counties shall demonstrate a partnership with constituents and stakeholders throughout the process that includes meaningful stakeholder involvement on mental health policy, program planning, and implementation, monitoring, quality improvement, evaluation, and budget allocations. County shall prepare and circulate a draft plan and update for review and comment for at least 30 calendar days to representatives of stakeholders interest and any interested party who has requested a copy of the draft plans. (W&I § 5848(a))

b. County's mental health board, established pursuant to W&I section 5604, shall conduct a public hearing on the County's draft three-year program and expenditure plan and annual updates at the close of the 30 calendar day comment period. Each adopted three-year program and expenditure plan or annual update shall summarize and analyze substantive recommendations and describe substantive changes to the three-year program and expenditure plan and annual updates. The County's mental health board shall review the adopted three-year program and expenditure plan and annual updates and make recommendations to County's mental health department for amendments. (W&I § 5848(b) and Title 9, CCR, § 3315.)

7) County Requirements for Handling MHSA Funds

a. County shall place all funds received from the State MHS Fund into a Local MHS Fund. The Local MHS Fund balance shall be invested consistent with other County funds and the interest earned on the investments shall be transferred into the Local MHS Fund. (W&I § 5892(f).)

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b. The earnings on investment of these funds shall be available for distribution from the fund in future years. (W&I § 5892 (f).)

c. Other than funds placed in a reserve in accordance with an approved plan, any funds allocated to County which it has not spent for the authorized purpose within the three years shall revert to the State. County may retain MSHA Funds for capital facilities, technological needs, or education and training for up to 10 years before reverting to the State. (W&I § 5892(h).)

8) Department Compliance Investigations:

DHCS may investigate County's performance of the Mental Health Services Act related provisions of this Agreement and compliance with the provisions of the Mental Health Services Act, and relevant regulations. In conducting such an investigation DHCS may inspect and copy books, records, papers, accounts, documents and any writing as defined by Evidence Code Section 250 that is pertinent or material to the investigation of the County. For purposes of this Paragraph "provider" means any person or entity that provides services, goods, supplies or merchandise, which are directly or indirectly funded pursuant to MHSA. (Gov. Code §§ 1180, 1181, 1182 and W&I Code § 14124.2.)

9) County Breach, Plan of Correction and Withholding of State Mental Health Funds:

a. If DHCS determines that County is out-of-compliance with the Mental Health Services Act related provisions of this Agreement, DHCS may request that County submit a plan of correction, including a specific timeline to correct the deficiencies, to DHCS. (W&I § 5897(d).)

b. If DHCS determines that County is substantially out-of-compliance with any provision of the Mental Health Services Act or relevant regulations, including all reporting requirements, and that administrative action is necessary, DHCS may after a hearing held with no less than 20 days- notice to the county mental health director (W&I § 5655):

i. Withhold part or all state mental health funds from County; and/or

ii. Require County to enter into negotiations with DHCS to agree on a plan for County to address County's non-compliance. (W&I § 5655.)

C. PROJECTS FOR ASSISTANCE IN TRANSITION FROM HOMELESSNESS (PATH) PROGRAM (Title 42, United States Code, sections 290cc-21 through 290cc-35, inclusive)

Pursuant to Title 42, United State Code, sections 290cc-21 through 290cc-35, inclusive, the State of California has been awarded federal homeless funds through the federal McKinney Projects for Assistance in Transition from Homelessness (PATH) formula grant. The PATH grant funds community based outreach, mental health and substance abuse referral/treatment, case management and other support services, as well as a limited set of housing services for the homeless mentally ill.

While county mental health programs serve thousands of homeless persons with realignment funds and other local revenues, the PATH grant augments these programs by

providing services to approximately 8,300 additional persons annually. The county determines its use of PATH funds based on county priorities and needs.

If County wants to receive PATH funds, it shall submit its RFA responses and required documentation specified in DHCS' Request for Application (RFA). County shall complete its RFA responses in accordance with the instructions, enclosures and attachments available on the DHCS website at:
http://www.dhcs.ca.gov/services/MH/Pages/PATH.aspx.

If County applied for and DHCS approved its request to receive PATH grant funds, the RFA, County's RFA responses and required documentation, and DHCS' approval constitute provisions of this Agreement and are incorporated by reference herein. County shall comply with all provisions of the RFA and the County's RFA responses in order to receive its PATH grant funds.

D. COMMUNITY MENTAL HEALTH SERVICES GRANT (MHBG) PROGRAM (Title 42, United States Code section 300x-1 et seq.)

DHCS awards federal Community Mental Health Services Block Grant funds (known as Mental Health Block Grant (MHBG)) to counties in California. The county mental health agencies provide a broad array of mental health services within their mental health system of care (SOC) programs. These programs provide services to the following target populations: children and youth with serious emotional disturbances (SED), adults and older adults with serious mental illnesses (SMI).

The MHBG funds provide the counties with a stable, flexible, and non-categorical funding base that the counties can use to develop innovative programs or augment existing programs within their SOC. The MHBG funds also assist the counties in providing an appropriate level of community mental health services to the most needy individuals in the target populations who have a mental health diagnosis, and/or individuals who have a mental health diagnosis with a co-occurring substance abuse disorder.

If County wants to receive MHBG funds, it shall submit its RFA responses and required documentation specified in DHCS' RFA. County shall complete its RFA responses in accordance with the instructions, enclosures and attachments available on the DHCS website at:
http://www.dhcs.ca.gov/services/MH/Pages/MHBG.aspx.

If County applied for and DHCS approved its request to receive MHBG grant funds, the RFA, County's RFA responses and required documentation, and DHCS' approval constitute provisions of this Agreement and are incorporated by reference herein. County shall comply with all provisions of the RFA and the County's RFA responses in order to receive its MHBG grant funds.

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E. SPECIAL TERMS AND CONDITIONS

1. Audit and Record Retention

(Applicable to agreements in excess of $10,000)

a. The Contractor and/or Subcontractor shall maintain books, records, documents, and other evidence, accounting procedures and practices, sufficient to properly reflect all direct and indirect costs of whatever nature claimed to have been incurred in the performance of this Agreement, including any matching costs and expenses. The foregoing constitutes “records” for the purposes of this provision.
b. The Contractor’s and/or Subcontractor’s facility or office or such part thereof as may be engaged in the performance of this Agreement and his/her records shall be subject at all reasonable times to inspection, audit, and reproduction.
c. Contractor agrees that DHCS, the Department of General Services, the Bureau of State Audits, or their designated representatives including the Comptroller General of the United States shall have the right to review and copy any records and supporting documentation pertaining to the performance of this Agreement. Contractor agrees to allow the auditor(s) access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. Further, the Contractor agrees to include a similar right of the State to audit records and interview staff in any subcontract related to performance of this Agreement. (GC 8546.7, CCR Title 2, Section 1896).
d. The Contractor and/or Subcontractor shall preserve and make available his/her records (1) for a period of three years from the date of final payment under this Agreement, and (2) for such longer period, if any, as is required by applicable statute, by any other provision of this Agreement, or by subparagraphs (1) or (2) below.
    1) If this Agreement is completely or partially terminated, the records relating to the work terminated shall be preserved and made available for a period of three years from the date of any resulting final settlement.
    2) If any litigation, claim, negotiation, audit, or other action involving the records has been started before the expiration of the three-year period, the records shall be retained until completion of the action and resolution of all issues which arise from it, or until the end of the regular three-year period, whichever is later.
e. The Contractor and/or Subcontractor shall comply with the above requirements and be aware of the penalties for violations of fraud and for obstruction of investigation as set forth in Public Contract Code § 10115.10, if applicable.
f. The Contractor and/or Subcontractor may, at its discretion, following receipt of final payment under this Agreement, reduce its accounts, books, and records related to this Agreement to microfilm, computer disk, CD ROM, DVD, or other data storage medium. Upon request by an authorized representative to inspect, audit or obtain copies of said records, the Contractor and/or Subcontractor must supply or make available applicable devices, hardware, and/or software necessary to view, copy, and/or print said records. Applicable devices may include, but are not limited to, microfilm readers and microfilm printers, etc.
g. The Contractor shall, if applicable, comply with the Single Audit Act and the audit reporting requirements set forth in OMB Circular A-133.

2. Dispute Resolution Process

a. A Contractor grievance exists whenever there is a dispute arising from DHCS’ action in the administration of an agreement. If there is a dispute or grievance between the

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Contractor and DHCS, the Contractor must seek resolution using the procedure outlined below.

1) The Contractor should first informally discuss the problem with the DHCS Program Contract Manager. If the problem cannot be resolved informally, the Contractor shall direct its grievance together with any evidence, in writing, to the program Branch Chief. The grievance shall state the issues in dispute, the legal authority or other basis for the Contractor's position and the remedy sought. The Branch Chief shall render a decision within ten (10) working days after receipt of the written grievance from the Contractor. The Branch Chief shall respond in writing to the Contractor indicating the decision and reasons therefore. If the Contractor disagrees with the Branch Chief's decision, the Contractor may appeal to the second level.
2) When appealing to the second level, the Contractor must prepare an appeal indicating the reasons for disagreement with Branch Chief's decision. The Contractor shall include with the appeal a copy of the Contractor's original statement of dispute along with any supporting evidence and a copy of the Branch Chief's decision. The appeal shall be addressed to the Deputy Director of the division in which the branch is organized within ten (10) working days from receipt of the Branch Chief's decision. The Deputy Director of the division in which the branch in organized or his/her designee shall meet with the Contractor to review the issues raised. A written decision signed by the Deputy Director of the division in which the branch is organized or his/her designee shall be directed to the Contractor within twenty (20) workings days of receipt of the Contractor's second level appeal.

b. If the Contractor wishes to appeal the decision of the Deputy Director of the division in which the branch is organized or his/her designee, the Contractor shall follow the procedures set forth in Health and Safety Code Section 100171.
c. Unless otherwise stipulated in writing by DHCS, all dispute, grievance and/or appeal correspondence shall be directed to the DHCS Program Contract Manager.
d. There are organizational differences within DHCS' funding programs and the management levels identified in this dispute resolution provision may not apply in every contractual situation. When a grievance is received and organizational differences exist, the Contractor shall be notified in writing by the DHCS Program Contract Manager of the level, name, and/or title of the appropriate management official that is responsible for issuing a decision at a given level.

3. <u>Novation</u>

a. If the Contractor proposes any novation agreement, DHCS shall act upon the proposal within 60 days after receipt of the written proposal. DHCS may review and consider the proposal, consult and negotiate with the Contractor, and accept or reject all or part of the proposal. Acceptance or rejection of the proposal may be made orally within the 60-day period and confirmed in writing within five days of said decision. Upon written acceptance of the proposal, DHCS will initiate an amendment to this Agreement to formally implement the approved proposal.

Exhibit A, Attachment I
Request for Waiver

Request for Waiver Pursuant To Section 5751.7 of the Welfare and Institutions Codes

_____ hereby requests a waiver for the following public or private health facilities pursuant to Section 5751.7 of the Welfare and Institutions Code for the term of this contract. These are facilities where minors may be provided psychiatric treatment with nonspecific separate housing arrangements, treatment staff, and treatment programs designed to serve minors. However, no minor shall be admitted for psychiatric treatment into the same treatment ward as an adult receiving treatment who is in the custody of any jailor for a violent crime, is a known registered sex offender, or has a known history of, or exhibits inappropriate sexual or other violent behavior which would present a threat to the physical safety of others.

The request for waiver must include, as an attachment, the following:

1. A description of the hardship to the County/City due to inadequate or unavailable alternative resources that would be caused by compliance with the state policy regarding the provision of psychiatric treatment to minors.

2. The specific treatment protocols and administrative procedures established by the County/City for identifying and providing appropriate treatment to minors admitted with adults.

3. Name, address, and telephone number of the facility

   - Number of Beds

   - Type of Facility / Licensure (including licensing agency and license #)

   - A copy of the facility's license or certificate

4. The County Board of Supervisors' decision to designate a facility as a facility for evaluation and treatment pursuant to Welfare and Institutions Codes 5150, 5585.50, and 5585.55.

Execution of this contract shall constitute approval of this waiver. Any waiver granted in the prior fiscal year's contract shall be deemed to continue until execution of this contract.