

**NORTH SOUND  
BEHAVIORAL HEALTH ORGANIZATION, LLC**

**93.959 COMMUNITY SUBSTANCE ABUSE  
BLOCK GRANT (SABG) CONTRACT**

**WITH**

**WHATCOM COUNTY**

**CONTRACT #NORTH SOUND BHO-WHATCOM COUNTY-SABG-17-19**

**JULY 1, 2017 TO JUNE 30, 2019**

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1 Annual Revenue means all revenue received by the PIHP pursuant to the Contract for July of any year  
2 through June of the next year.

3  
4 Appeal means a request for review of an action as “action” is defined above.

5  
6 Appropriate means the extent a particular procedure, treatment, or service is clearly indicated and  
7 not excessive, adequate in quantity and provided in the setting best suited to the needs of the  
8 recipient.

9  
10 Arbitration means the process by which the parties to a dispute submit their differences to the  
11 judgment of an impartial person or group appointed by mutual consent or statutory provision.

12  
13 ASAM Criteria means a clinical tool to systemically evaluate the severity and diagnosis of an  
14 Individual’s need for treatment along six (6) dimensions and then utilize a fixed combination rule to  
15 determine which of four (4) levels of care a substance abusing Individual will respond to with the  
16 greatest success. ASAM also includes recommended duration of SUD treatment.

17  
18 Assessment means diagnostic services provided by a Chemical Dependency Professional (CDP) or CDP  
19 trainee under CDP supervision to determine an Individual’s involvement with alcohol and other drugs  
20 (see WAC 388-877B-0500 for a detailed description of assessment requirements).

21  
22 Authorized Representative means an Individual appointed by an Enrollee, or authorized under State  
23 or other applicable law, to act on behalf of an Enrollee or other party involved in an Appeal or  
24 Grievance. If the Enrollee gives written permission, the Authorized Representative may include a  
25 behavioral health practitioner working on behalf of the Individual.

26  
27 Behavioral Health Agency (BHA) means an agency licensed by the State of Washington to provide  
28 behavioral health and/or SUD treatment and is subcontracted under this contract to provide services.

29  
30 Behavioral Health Organization (BHO) means a county authority, group of county authorities or other  
31 entity recognized by the Secretary that contracts for behavioral health services and SUD treatment  
32 services within a defined Regional Service Area.

33  
34 BHO Advisory Board according to RCW 71.24.300 Section (4) means the behavioral health advisory  
35 board appointed by each BHO, which reviews and provides comments on plans and policies related to  
36 service delivery and outcomes. As per WAC 388-865-0222, the BHO must promote active  
37 engagement with persons with behavioral disorders, their families and service providers by soliciting  
38 and using input to improve its services and appoints a BHO Advisory Board to fulfill this purpose.

39  
40 Capitation Payment means a payment the Department of Social and Health Services (DSHS) makes  
41 periodically to a PIHP on behalf of each recipient enrolled under a contract for the provision of  
42 medical services under the State Plan. DSHS makes the payment regardless of whether the particular  
43 recipient receives the services during the period covered by the payment.

1 Case Management means services provided by a Chemical Dependency Professional (CDP) or  
2 Chemical Dependency Professional Trainee (CDPT), or a person under the clinical supervision of a CDP  
3 who will assist individuals in gaining access to needed medical, social, education and other services.  
4 This covers costs associated with case planning, case consultation and referral services and other  
5 support services for the purpose of engaging and retaining individuals in treatment or maintaining  
6 individuals in treatment.  
7  
8 Center for Medicare and Medicaid Services (CMS) the US federal agency which administers Medicare,  
9 Medicaid and the Children's Health Insurance Program.  
10  
11 Chemical Dependency Professional (CDP) means an individual licensed through the Washington State  
12 Department of Health (DOH). A CDP is the individual with primary responsibility for implementing an  
13 individualized plan for SUD treatment services.  
14  
15 Chemical Dependency Professional Trainee (CDPT) means, an individual working toward the  
16 education and experience requirements for certification as a CDP and who has been credentialed as a  
17 CDPT.  
18  
19 Code of Federal Regulations (CFR) means all references in this Contract to CFR chapters or sections  
20 shall include any successor, amended, or replacement regulation. The CFR may be accessed at  
21 <https://www.gpo.gov/fdsys/search/submitcitation.action?publication=CFR>.  
22  
23 Community Mental Health Agency (CMHA) means an agency licensed by the State of Washington to  
24 provide behavioral health services and subcontracted to provide behavioral health services covered  
25 under this Contract.  
26  
27 Community Support Services is all community-based, outpatient services. As defined in RCW  
28 71.24.025(8) and WAC 388-865 – case management services; 388-865 – residential services; 388-865-  
29 0464 – employment services; 388-865 – psychiatric and medical services; 388-865 – In-home services;  
30 and 388-865 – Individual or advocate-run services.  
31  
32 Confidential Information means information exempt from disclosure to the public or other  
33 unauthorized persons under RCW Chapter 42.56 or other federal or state laws. Confidential  
34 information includes, but is not limited to, personal information.  
35  
36 Consultation means the clinical review and development of recommendations regarding the job  
37 responsibilities, activities, or decisions of clinical staff, contracted employees, volunteers, or students  
38 by persons with appropriate knowledge and experience to make recommendations.  
39  
40 Contract means this document, the General Terms and Conditions and any Special Terms and  
41 Conditions, including any Exhibits and other documents attached or incorporated by reference.  
42  
43 Contractor means an independent Contractor, its employees, agents and Subcontractors.



1 Corrective Action/Compliance Review is when findings from a North Sound BHO/Division of  
2 Behavioral Health and Recovery (DBHR) review or other monitoring efforts or audits show apparent  
3 violations of this Contract. Contractor shall implement corrective action within specified timeframes  
4 determined by North Sound BHO/DBHR or other auditors.

5  
6 Corrective Action Plan (CAP) is a written plan specifying what Contractor is required to do to be in  
7 compliance. This includes required improvements and a time line for such action(s) to be  
8 accomplished.

9  
10 Cost Reimbursement means the subcontractor is reimbursed for actual expenses up to the maximum  
11 consideration allowed in the contract.

12  
13 Crisis may be self-defined or a situation where an individual is acutely behaviorally ill, or experiencing  
14 serious disruption in cognitive, volitional, psychosocial and/or neurophysiologic functioning.

15  
16 Cultural Competence means a set of congruent behaviors, attitudes and policies that come together  
17 in a system or agency and enable that system or agency to work effectively in cross-cultural  
18 situations. A culturally competent system of care acknowledges and incorporates at all levels the  
19 importance of language and culture, assessment of cross-cultural relations, knowledge and  
20 acceptance of dynamics of cultural differences, expansion of cultural knowledge and adaptation of  
21 services to meet culturally unique needs.

22  
23 Data means information disclosed or exchanged as described by the Contract.

24  
25 Date of first contact means the date Individual contacts an agency by any means (walk-in, telephone  
26 call, referral through a physician, counselor or CDP, etc.) to request a service.

27  
28 Day for purposes of this Contract means calendar days unless otherwise indicated in the Contract.

29  
30 Debarment means an action taken by a federal official to exclude a person or business entity from  
31 participating in transactions involving certain federal funds.

32  
33 Deliverable means any written information required for submission to North Sound BHO to satisfy the  
34 work requirements of this Contract and are due by a particular date or on a regularly occurring  
35 schedule.

36  
37 Denial means the decision by the PIHP to refuse authorization of covered Medicaid behavioral health  
38 services that have been requested by an Enrollee or a provider on behalf of an eligible Medicaid  
39 Enrollee. It is also a denial if an intake or assessment is not provided upon request by a Medicaid  
40 Enrollee.

41  
42 Department of Social and Health Services (DSHS) means the State of Washington and its Secretary,  
43 officers, employees and authorized agents.

1 Dependent Child(ren) means in the context of services that fall within the category of Pregnant, Post-  
2 Partum and Parenting Women (PPW) Residential Treatment, an Individual age six (6) or younger.

3  
4 Employment Services means services or activities provided to assist Individuals in securing  
5 employment or acquiring or learning skills that promote opportunities for employment. Component  
6 services or activities may include employment screening, assessment, testing, structured job skills  
7 and job seeking skills, specialized therapy (occupational, speech, physical), special training and  
8 tutoring including literacy training and pre-vocational training, provision of books, supplies and  
9 instructional material, counseling, transportation and referral to community resources.

10  
11 Enrollee means a Medicaid recipient who is currently enrolled in a PIHP.

12  
13 Family means:

- 14  
15 1. For adults, those the individual defines as family (i.e., guardians, siblings, caregivers and  
16 significant others);  
17 2. For children, a child’s biological parents, adoptive parents, foster parents, guardian, or legal  
18 custodian authorized pursuant to RCW Title 26; a relative with whom a child has been placed  
19 by DSHS or Tribe.

20  
21 For Profit means a business or institution initiated or operated for the purpose of making a profit.

22  
23 Global Appraisal of Individual Needs – Short Screener (GAIN-SS) means a tool used for conducting an  
24 integrated comprehensive screening of SUD and behavioral health issues.

25  
26 Health and Recovery Services Administration (HRSA) means the DSHS Administration governing public  
27 health care, mental health care, SUD services its employees and authorized agents.

28  
29 Health Insurance Portability and Accountability Act (HIPAA) of 1996 is codified in 42 USC §1320(d)  
30 et.seq. and CFR Parts 160, 162 and 164.

31  
32 Housing Services means the services or activities designed to assist individuals or families in locating,  
33 obtaining or retaining suitable housing. Component services or activities may include tenant  
34 counseling, helping individuals and families to identify and correct substandard housing conditions on  
35 behalf of individuals and families who are unable to protect their own interests and assisting  
36 individuals and families to understand leases, secure utilities and make moving arrangements.

37  
38 Indigent Individuals means those receiving a DSHS income assistance grant (e.g., TANF) or WA Apple  
39 Health. They are usually identified by a Medicaid identification card. Food stamp recipients are not  
40 considered Indigent Individuals unless they also receive one of the above grant or medical assistance  
41 programs.

1 Individual means a person who applies for, is eligible for or receives BHO authorized behavioral  
2 health services from an agency licensed by the Department as a BHA. In the case of a minor, the  
3 individual's parent or if applicable, the individuals' custodial parent.  
4

5 Individual Using Intravenous Drugs (IUID) means an Individual who has used a needle one or more  
6 times to illicitly inject drugs.  
7

8 Involuntary Treatment includes all services and administrative functions required for the evaluation  
9 for involuntary detention or involuntary treatment of individuals in accordance with RCW 71.05,  
10 71.24.300 and 71.34.  
11

12 Level of Care Guidelines means the criteria the BHO uses in determining the scope, duration and  
13 intensity of services to be provided.  
14

15 Low-Income Individual means an Individual whose gross household monthly income is at or below  
16 220% of the Federal Poverty Guidelines.  
17

18 Medicaid Waiver is a waiver granted by the Secretary of DSHS to requirements of 42 USC 1396a for  
19 the purpose of permitting the DSHS Mental Health Division to operate a capitated managed care  
20 system to provide services to enrolled recipients of the Medicaid program. Under 42 USC 1396n, the  
21 Secretary is authorized to grant such waivers to the extent he/she finds proposed improvements or  
22 specified practices in the provision of services under Medicaid to be cost-effective, efficient and  
23 consistent with objectives of the Medicaid program.  
24

25 Medical Necessity or Medically Necessary means a requested service which is reasonably calculated  
26 to prevent, diagnose, correct, cure, alleviate or prevent the worsening of conditions in the recipient  
27 that endanger life, or cause pain or suffering, result in illness or infirmity, threaten to cause or  
28 aggravate a handicap, or cause physical deformity or malfunction and there is no other equally  
29 effective, more conservative, or substantially less costly course of treatment available or suitable for  
30 the person requesting service. "Course of treatment" may include mere observation or, where  
31 appropriate no treatment at all.  
32

33 Office of Management and Budget (OMB) Circular A-133 means audits of States, Local Governments  
34 and Non-Profit Organizations.  
35

36 Opiate Substitution Treatment Services (OST) means provision of treatment services and medication  
37 management (methadone, etc.) to individuals addicted to opiates.  
38

39 Outcome means the results of a service period of treatment. The extents to which services are  
40 provided to individuals experiencing emotional and behavioral disorders have a positive or negative  
41 effect on their well-being, circumstances and capacity for self-management and recovery.  
42

1 Outreach means a behavioral health service where individuals with mental illness and/or SUD are  
2 contacted in their place of residence or in non-traditional settings for the purpose of:  
3

- 4 1. Improving their behavioral health, health, or social functioning; or
- 5 2. Increasing their utilization of human services and resources.

6  
7 There are two basic approaches to outreach:  
8

- 9 1. Mobile (going to an individual/family); and
- 10 2. Peer/Drop-in centers (i.e., shelters, clubhouses, kitchens, clothing banks).

11  
12 Regardless of the approach, the outreach process has five (5) important components:  
13

- 14 1. Locating individuals in need of services;
- 15 2. Engaging individuals into service;
- 16 3. Assessing their needs;
- 17 4. Linking individuals to an appropriate level of support services; and
- 18 5. Providing follow-up services.

19  
20 Performance-based means the subcontractor is compensated on attainment of specific outcomes.  
21

22 Performance Indicator(s) means system level information on the types of service to individuals, the  
23 duration and intensity of services, staffing patterns and fiscal viability.  
24

25 Personal Information means information identifiable to any person, including, but not limited to,  
26 information that relates to a person's name, health, finances, education, business, use or receipt of  
27 governmental services or other activities, addresses, telephone numbers, social security numbers,  
28 driver license numbers, other identifying numbers and any financial identifiers.  
29

30 Pregnant and Postpartum Women and Women with Dependent Children (PPW) means:  
31

- 32 1. Women who are pregnant;
- 33 2. Women who are postpartum during the first year after pregnancy completion regardless of  
34 the outcome of the pregnancy or placement of children;
- 35 3. Women who are parenting children under the age of six (6) including those attempting to gain  
36 custody of children supervised by DSHS, Division of Children and Family Services (DCFS).

37  
38 Prepaid Inpatient Health Plan (PIHP) means an entity that provides or arranges for:  
39

- 40 1. Behavioral health services to enrollees under contract with the state on the basis of prepaid  
41 capitation payments, or other payment arrangements that do not use state plan payment  
42 rates;
- 43 2. Provides, arranges for, or otherwise has responsibility for the provision of any inpatient  
44 hospital or institutional services for its enrollees; or
- 45 3. Does not have a comprehensive risk contract.

1 Publish means an officially sanctioned document provided by North Sound BHO/DSHS Internet or  
2 Intranet websites for downloading, reading, or printing. Contractor shall be notified in writing or by  
3 e-mail when a document meets these criteria.

4  
5 Recovery means the processes through which people are able to live, work, learn and participate fully  
6 in their communities.

7  
8 Reduction means the decision by a PIHP to decrease a previously authorized covered Medicaid  
9 behavioral health service described in the Level of Care Guidelines. The clinical decision by a  
10 BHA/CMHA to decrease or change a covered service in an Individualized Service Plan (ISP) is not a  
11 reduction.

12  
13 Request for Service means the point in time when services are sought or applied for through a  
14 telephone call, walk-in, or written request for services from an enrollee or the person authorized to  
15 consent to treatment for that enrollee. For purposes of this Contract, an early periodic screening,  
16 diagnosis and treatment (EPSDT) referral is only a Request for Service when the enrollee or the  
17 person authorized to consent to treatment for that enrollee has confirmed they are requesting  
18 service.

19  
20 Reserve Accounts means an allocation of fund balance at the BHO set aside for a specific purpose by  
21 the BHO County Authorities Executive Committee or local legislative authority.

- 22  
23 1. Operating Reserve – Funds designated from behavioral health revenue sources set aside into  
24 an operating reserve account by official action of the BHO’s governing body. Operating  
25 reserve funds may only be set aside to maintain adequate cash flow for the provision of  
26 behavioral health services.  
27 2. Inpatient-Risk Reserve – Funds designated from behavioral health revenue sources to pay for  
28 future inpatient hospital claims.

29  
30 Resilience means the personal and community qualities that enable individuals to rebound from  
31 adversity, trauma, tragedy, threats, or other stresses and to live productive lives.

32  
33 Revised Code of Washington (RCW) means all references in this Contract to RCW chapters or sections  
34 shall include any successor, amended, or replacement statute. The RCW can be accessed at  
35 <http://slc.leg.wa.gov>.

36  
37 Risk means the possibility Contractor may incur a loss because the cost of providing services may  
38 exceed the premium payments made by North Sound BHO to Contractor for services covered under  
39 this Contract (42 CFR 434.2).

40  
41 Screening means initial face-to-face or telephone interview to assess immediate behavioral health  
42 needs of a client for referral and/or treatment per Health Care Procedural Coding System (HCPCS).  
43 Depending upon level of need, a full multi-axial assessment frequently follows screening.

1 Secretary means the individual appointed by the Governor, State of Washington, as the head of  
2 DSHS, or his/her designee.

3  
4 Serious Emotionally Disturbed (SED) means, according to Federal Register Vol. 58, No. 96, May 20,  
5 1993, children from birth up to age 18 who have a diagnosable mental, behavioral, or emotional  
6 disorder of sufficient duration to meet diagnostic criteria specified within DSM III-R, and results in  
7 functional impairment which substantially interferes with or limits the child's role or functioning in  
8 family, school, or community activities.

9  
10 Serious Mental Illness (SMI) means, according to Federal Register Vol. 58, No. 96, May 20, 1993,  
11 persons age 18 and over who currently, or at any time during the past year, have a diagnosable  
12 mental, behavioral, or emotional disorder of sufficient duration to meet diagnostic criteria specified  
13 within DSM III-R, that has resulted in functional impairment which substantially limits one or more  
14 major life activities.

15  
16 Service Area means the geographic area covered by this Contract for which the PIHP is responsible.

17  
18 Subcontract means a separate contract between Contractor and an individual or entity  
19 (subcontractor) to perform all or a portion of the duties and obligations Contractor shall perform  
20 pursuant to this Contract.

21  
22 Subcontractor means an individual or entity performing all or part of the services under this Contract  
23 under a separate contract with Contractor or its subcontractors.

24  
25 Substance Abuse Block Grant (SABG) means funds granted by the Secretary, through the Center for  
26 Mental Health Services (CMHS), Substance Abuse and Mental Health Services Administration  
27 (SAMHSA), to plan, carry out and evaluate the provisions of the Washington State Block Grant State  
28 Plan.

29  
30 Substance Use Disorder (SUD) means a problematic pattern of alcohol/drug use leading to clinically  
31 significant impairment or distress as categorized in the DSM 5.

32  
33 Suspension means the decision by a PIHP or formal designee, to temporarily stop previously  
34 authorized Medicaid covered behavioral health services described in their Level of Care Guidelines.  
35 The clinical decision of a BHA/CMHA to temporarily stop or change a covered service in the  
36 Individualized Resiliency/Recovery Plan (IRP) is not a suspension.

37  
38 Termination means the decision by a PIHP or their formal designee, to stop previously authorized  
39 covered by Medicaid behavioral health services described in their Level of Care Guidelines. The  
40 clinical decision by a BHA/CMHA to stop or change a covered service in the ISP is not a termination.

41  
42 Title 42 is the CFR Public Health Service.

43  
44 Title XIX is grants with states for Medical Assistance Program.

1 Title XXI is the State Children’s Health Insurance Program.

2  
3 Waiver means a document by which DSHS/DBHR requests sections of the Social Security ACT (SSA) be  
4 waived in order to operate a capitated managed-care system to provide services to enrolled  
5 recipients. Section 1915(b) of the Act, authorizes the Secretary to waive the requirements of sections  
6 1902 of the Act to the extent he or she finds proposed improvements or specified practices in the  
7 provision of services under Medicaid to be cost-effective, efficient and consistent with the objectives  
8 of the Medicaid program.

9  
10 Washington Administrative Code (WAC) means all references in this Contract to WAC chapters or  
11 sections shall include any successor, amended, or replacement regulation. The WAC can be accessed  
12 at <http://slc.leg.wa.gov>.

13  
14 Withdrawal Management means a set of interventions aimed at managing intoxication and  
15 withdrawal.

16  
17 Young Adult means a person age 18-20.

18  
19 Youth means a person age 13-16.

20

1 **B. PERFORMANCE STANDARDS**

2 In carrying out its responsibilities under this contract, Contractor shall comply with the following  
3 performance standards:

- 4
- 5 i. Contractor shall ensure Contractor and any applicable subcontractors comply with  
6 general limitations on the use of SABG funds.
  - 7 ii. If Contractor subcontracts for the provision of services under this contract it shall  
8 maintain documentation of its oversight and monitoring of subcontractors who are  
9 providing services described in this Contract, including documentation of related  
10 outcomes and actual costs and provide such documentation when requested by North  
11 Sound BHO.
  - 12 iii. Contractor shall incorporate SAMHSA’s 10 Fundamental Components of Recovery  
13 (Exhibit E) in the daily activities and interactions with individuals seeking help with their  
14 recovery.

15

16 **1. BACKGROUND CHECKS (RCW 43.43.832, WAC 388-877 and 388-877B)**

17 Contractor must ensure a criminal background check is conducted on all staff members;  
18 case managers, outreach staff members, etc.; and volunteers who have unsupervised  
19 access to children, adolescents, vulnerable adults and persons who have developmental  
20 disabilities.

21

22 When providing services to Youth, Contractor must ensure requirements of WAC 388-06-  
23 0170 are met.

24

25 **2. FAITH BASED ORGANIZATION (FBO)**

26 Contractor must meet the requirements of 45 CFR Part 54 as follows:

- 27
- 28 a. Individuals must be provided with a choice of providers.
  - 29 b. The FBO must facilitate a referral to an alternative provider within a reasonable time  
30 frame when requested by the Individual.
  - 31 c. The FBO must report to the North Sound BHO all referrals made to alternative  
32 providers.
  - 33 d. The FBO must provide Individuals with a notice of their rights.
  - 34 e. The FBO provides recipients with a summary of services that includes any inherently  
35 religious activities.



- 1 f. Funds received from the Federal Block Grant must be segregated in a manner
- 2 consistent with Federal regulations.
- 3 g. No funds may be expended for religious activities such as:
- 4
- 5 i. Worship;
- 6 ii. Religious instruction;
- 7 iii. Proselytization.
- 8
- 9 h. In delivering services, including outreach activities, SABG funded FBO cannot
- 10 discriminate against current or prospective program participants based upon:
- 11
- 12 i. Religion;
- 13 ii. Religious belief;
- 14 iii. Refusal to hold a religious belief;
- 15 iv. Refusal to actively participate in a religious practice.
- 16

17 **3. SUBSTANCE USE DISORDER (SUD) SERVICE TRANSITION**

18 Contractor shall ensure all individuals in SUD services remain in a course of treatment that  
19 began prior to April 1, 2016 for up to 60 days or based on ASAM criteria as follows:

- 20
- 21 a. The course of treatment is complete; or
- 22 b. Contractor evaluates the individual and determines services are no longer necessary;
- 23 or
- 24 c. Contractor determines a different course of treatment is indicated.
- 25

26 **4. IDENTICAL TREATMENT**

27 All facilities receiving SABG Funding are required to provide the same services to all  
28 Individuals who are financially eligible to receive State or Federal assistance and in need of  
29 services. No distinction must be made between State and Federal funding when providing  
30 the following services including, but not limited to:

- 31
- 32 a. Women's services;
- 33 b. Individuals using intravenous drugs;
- 34 c. Tuberculosis services;
- 35 d. Childcare services for parenting women;
- 36 e. Interim Services.
- 37

1 **C. FINANCIAL TERMS AND CONDITIONS**

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42

**1. GENERAL FISCAL ASSURANCES**

Contractor shall comply with all applicable laws and standards, including Generally Accepted Accounting Principles and maintain, at a minimum, a financial management system that is a viable, single, integrated system with sufficient sophistication and capability to effectively and efficiently process, track and manage all fiscal matters and transactions. The parties' respective fiscal obligations and rights set forth in this Article D shall continue after termination of this contract until such time as the financial matters between the parties resulting from this contract are completed.

**2. FINANCIAL ACCOUNTING REQUIREMENTS**

- a. Funding that supports this Contract comes from Community Mental Health Services Block Grant funds, from the federal Department of Health and Human Services (DHHS), CFDA #93.959.
- b. Contractor shall produce annual audited financial statements and make such reports available to North Sound BHO upon request.
- c. Contractor is required to limit Administration costs to no more than 15% of the annual revenue supporting the public behavioral health system operated by Contractor. Administration costs shall be measured on a fiscal year basis and based on the information reported in the Revenue and Expenditure reports and reviewed by North Sound BHO.

**3. RULES COMPLIANCE**

Contractor shall:

- a. Account for public mental health expenditures under this Contract in accordance with federal circular A-133 and A-87 or other applicable circular and state requirements in accordance with the BARS Manual and BARS Supplemental Instructions;
- b. Ensure State or Federal funds are not used to replace local funds from any source, which were being used to finance mental health services in the constituent county/counties in the calendar year prior to January 1, 1990. Contractor shall not use State or Federal funds to replace local funds used to administer the Involuntary Treatment Program in the constituent county/counties in the calendar year prior to January 1, 1974.
- c. Not receive payments from North Sound BHO in advance or anticipation of the delivery of services to be provided pursuant to this Contract;
- d. Pay Contractor only for authorized services provided in accordance with this Contract. If this Contract is terminated for any reason, North Sound BHO shall pay only for services authorized and provided through the date of termination.

- 1 e. Not bill North Sound BHO for services performed under this contract and North  
2 Sound BHO shall not pay Contractor, if Contractor has charged or will charge the  
3 State of Washington or any other party under any other contract or contract for the  
4 same services.  
5

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

7 The consideration by North Sound BHO to Contractor pursuant to this Contract shall be  
8 paid upon receipt of an invoice that meets the requirements of Exhibit A, in accordance  
9 with North Sound BHO’s standard payment terms. North Sound BHO shall provide a  
10 budget for the 2018-2019 fiscal year once this information becomes available from DSHS.  
11 Final billing under this contract must be submitted by July 31, 2019.  
12

13 **5. USES AND USE RESTRICTIONS**

14 The 93.959 SABG for Community Mental Health Services funding may not be used to  
15 provide inpatient services; make cash payments to intended recipients of health services,  
16 purchase or improve land, purchase, construct, or permanently improve (other than minor  
17 remodeling) any building or other facility or purchase major medical equipment, to satisfy  
18 any requirement for the expenditure of nonfederal funds as a condition for the receipt of  
19 Federal funds, or to provide financial assistance to any entity other than a public or  
20 nonprofit private entity.  
21

22 Contractor shall not use SABG Funds for the following:  
23

- 24 a. Services and programs covered under the capitation rate for Medicaid-covered  
25 services to Medicaid enrollees;  
26 b. Inpatient mental health services;  
27 c. Mental Health Services;  
28 d. Construction and/or renovation;  
29 e. Capital assets or the accumulation of operating reserve accounts;  
30 f. Equipment costs over \$5,000;  
31 g. Cash payments to Individuals;  
32 h. State match for other federal funds;  
33 i. To purchase or improve land, purchase, construct, or permanently improve (other  
34 than minor remodeling) any building or other facility; or purchase major medical  
35 equipment;  
36 j. Satisfy any requirement for the expenditure of non-Federal funds as a condition for  
37 the receipt of Federal funds;  
38 k. Provide financial assistance to any entity other than a public or nonprofit private  
39 entity;  
40 l. Make payments to intended recipients of health services;  
41 m. Provide Individuals with hypodermic needles or syringes;  
42 n. Provide treatment services in penal or correctional institutions of the State.  
43

1 Target Population:  
2

3 Contractor must ensure SABG Funds are used only for services to Individuals who are not  
4 enrolled in Medicaid or for services not covered by Medicaid, as described below.  
5

6

Benefits	Services	Use SABG	Use Medicaid
7 Individual is <i>not</i> a 8 Medicaid 9 recipient	Any type	Yes	No
10 Individual <i>is</i> a 11 Medicaid 12 recipient	Allowed under Medicaid	No	Yes
13 Individual <i>is</i> a 14 Medicaid 15 recipient	Not allowed under Medicaid	Yes	No

16  
17

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

2  
3 **1. OVERSIGHT AUTHORITY**

4 North Sound BHO, DSHS, Office of the State Auditor, DHHS, CMS, the Comptroller General,  
5 or any of their duly-authorized representatives (i.e., External Quality Review Organizations  
6 [EQRO]), have the authority to conduct announced and unannounced: a) surveys, b)  
7 audits, c) reviews of compliance with licensing and certification requirements and  
8 compliance with this Contract, d) audits regarding the quality, appropriateness and  
9 timeliness of mental health services of Contractor and subcontractors and e) audits and  
10 inspections of financial records of Contractor and subcontractors. Contractor shall notify  
11 North Sound BHO when an entity other than North Sound BHO performs any audit  
12 described above related to any activity contained in this Contract.  
13

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

23 Findings, as a result of North Sound BHO conducted reviews, may result in remedial action  
24 as outlined below. Federal and State agencies may impose remedial action or financial  
25 penalties either directly upon Contractor or through North Sound BHO. Contractor shall  
26 comply with the terms of such remedial action and be responsible for the payment of  
27 financial penalties.  
28

29 **2. REMEDIAL ACTION**

30 North Sound BHO may require Contractor to plan and execute corrective action. CAP  
31 developed by Contractor must be submitted for approval to North Sound BHO within 30  
32 calendar days of notification. CAP allowed for corrective action depending upon the  
33 nature of the situation as determined by North Sound BHO.  
34

35 a. CAP must include:

- 36  
37 i. A brief description of the finding;  
38 ii. Specific actions to be taken, a timetable, a description of the monitoring to  
39 be performed, the steps taken and responsible individuals that will reflect the  
40 resolution of the situation.  
41

42 b. CAP may:

43  
44 Require modification of any policies or procedures by Contractor relating to the  
45 fulfillment of its obligations pursuant to this Contract.

- 1 c. CAP is subject to approval by North Sound BHO, which may:  
2  
3 i. Accept the plan as submitted;  
4 ii. Accept the plan with specified modifications;  
5 iii. Request a modified plan;  
6 iv. Reject the plan;  
7
- 8 d. Contractor agrees North Sound BHO may initiate remedial action as outlined in  
9 subsection below if North Sound BHO determines any of the following situations  
10 exist:  
11  
12 i. A problem exists that negatively impacts enrollees;  
13 ii. Contractor has failed to perform any of the mental health services required in  
14 this Contract, including delegated functions, which includes the failure to  
15 maintain the required capacity as specified by North Sound BHO to ensure  
16 enrollees receive medically necessary services;  
17 iii. Contractor has failed to develop, produce and/or deliver to North Sound BHO  
18 any of the statements, reports, data, data corrections, accountings, claims  
19 and/or documentation described herein, in compliance with all the provisions  
20 of this Contract;  
21 iv. Contractor has failed to perform any administrative function required under  
22 this Contract, including delegated functions. For the purposes of this section,  
23 “administrative function” is defined as any obligation other than the actual  
24 provision of mental health services.  
25 v. Contractor has failed to implement corrective action required by the state  
26 and within North Sound BHO prescribed timeframes.  
27
- 28 e. North Sound BHO may impose any of the following remedial actions in response to  
29 findings of situations as outlined above.  
30  
31 i. Withhold one percent (1%) of the next monthly payment and each monthly  
32 payment thereafter until the corrective action has achieved resolution. North  
33 Sound BHO, at its sole discretion, may return a portion or all of any payments  
34 withheld once satisfactory resolution has been achieved.  
35 ii. Compound withholdings identified above by an additional one-half of one  
36 percent (1/2 of 1%) for each successive month during which the remedial  
37 situation has not been resolved;  
38 iii. Revoke delegation of any function delegated under this contract;  
39 iv. Deny any incentive payment to which Contractor might otherwise have been  
40 entitled under this Contract or any other arrangement by which DBHR  
41 provides incentives;  
42 v. Termination for Default, as outlined in this Contract.  
43

1 **3. PAYMENT WITHHOLD**

2 Up to two percent (2%) of the monthly payment will be withheld upon the request of  
3 North Sound BHO's Program Administrator if a required report or deliverable under this  
4 contract is due and has not been received by North Sound BHO, including required  
5 financial reports and data transmissions.  
6

7 Payment will be withheld until the required report or deliverable has been delivered and  
8 meets the requirements specified by North Sound BHO.  
9

10 **4. INDIVIDUALS SERVICED BY MEDICAID AND OTHER MENTAL HEALTH PROGRAM ARE NOT**  
11 **THIRD-PARTY BENEFICIARIES UNDER THIS CONTRACT**

12 Although DSHS and Contractor mutually recognize the services under this Contract may be  
13 provided by Contractor to individuals receiving services under the Medicaid program and  
14 RCW Chapters 71.05, 71.24 and 71.34, it is not the intention of either DSHS or Contractor  
15 that such individuals, or any other persons, occupy the position of intended third-party  
16 beneficiaries of the obligations assumed by either party to this Contract.  
17

18 **5. ADDITIONAL FINANCIAL PENALTIES – DBHR IMPOSED SANCTIONS**

19 Financial penalties imposed by DBHR or other regulatory agency due to the action or  
20 inaction of Contractor may be paid by North Sound BHO on behalf of Contractor and the  
21 amount will be withheld from North Sound BHO's payments to Contractor.  
22

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

24 In the event funding from State, Federal, or other sources is withdrawn, reduced, or  
25 limited in any way after the effective date of this Contract and prior to its normal  
26 completion, North Sound BHO may terminate this Contract, subject to re-negotiations.  
27

28 **7. TERMINATION FOR CONVENIENCE**

29 Except as otherwise provided in this Contract, a party may terminate their portion of this  
30 Contract upon 30 days written notification by certified mail to the other party. The  
31 effective date of termination shall be the thirtieth day after receipt of written notification  
32 to the other party or the last day of the calendar month in which the thirtieth day occurs,  
33 whichever is later.  
34

35 **8. TERMINATION FOR DEFAULT**

36 North Sound BHO's Program Administrator may terminate this Contract for default, in  
37 whole or in part, by written notice to Contractor if North Sound BHO or DSHS has a  
38 reasonable basis to believe Contractor has or have:  
39

- 40 a. Failed to meet or maintain any requirement for contracting with DSHS;
- 41 b. Failed to perform under any provision of this Contract;
- 42 c. Violated any law, regulation, rule, or ordinance applicable to the services provided  
43 under this Contract;
- 44 d. Otherwise breached any provision or condition of this Contract.  
45

1 Before North Sound BHO's Program Administrator may terminate this Contract for default,  
2 in whole or in part, North Sound BHO shall provide Contractor with written notice of  
3 Contractor's noncompliance with this Contract which notice shall provide Contractor a  
4 reasonable time period to correct its/their noncompliance. If Contractor has or has not  
5 corrected the noncompliance within the period of time specified in the written notice of  
6 noncompliance, North Sound BHO Program Administrator may then terminate this  
7 Contract, in whole or in part for default without such written notice and without  
8 opportunity for correction if North Sound BHO and/or DSHS has a reasonable basis to  
9 believe:

- 10
- 11 a. Contractor has violated any law, regulation, rule, or ordinance applicable to services  
12 provided under this contract.
  - 13 b. Continuance of this Contract with Contractor poses a material risk of injury or harm  
14 to any person.
- 15

16 Contractor may terminate this Contract in whole or in part, by written notice to North  
17 Sound BHO, if Contractor has a reasonable basis to believe North Sound BHO has:

- 18 a. Failed to meet or maintain any requirement for contracting with Contractor;
  - 19 b. Failed to perform under any provision of this Contract;
  - 20 c. Violated any law, regulation, rule, or ordinance applicable to work performed under  
21 this Contract;
  - 22 d. Otherwise breached any provision or condition of this Contract.
- 23  
24

## 25 **9. TERMINATION PROCEDURE**

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

- 28 a. Contractor and any applicable subcontractors shall cease to perform any services  
29 required by this Contract as of the effective date of termination and shall comply  
30 with all reasonable instructions contained in the notice of termination which are  
31 related to the transfer of clients, distribution of property and termination of services.  
32 Each party shall be responsible only for its performance in accordance with the terms  
33 of this Contract rendered prior to the effective date of termination. Contractor and  
34 any applicable subcontractors shall assist in the orderly transfer/transition of the  
35 consumers served under this Contract. Contractor and any applicable  
36 subcontractors shall promptly supply all information necessary for the  
37 reimbursement of any outstanding claims.  
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- b. Contractor and any applicable subcontractors shall immediately deliver to North Sound BHO's Program Administrator or to his/her successor, all DSHS and North Sound BHO assets (property) in Contractor's and any applicable subcontractor's possession and any property produced under this Contract. Contractor and any applicable subcontractors grants North Sound BHO and DSHS the right to enter upon Contractor's and any applicable subcontractor's premises for the sole purpose of recovering any North Sound BHO or DSHS property Contractor and any applicable subcontractors fails to return within 10 working days of termination of this Contract. Upon failure to return North Sound BHO and/or DSHS property within 10 working days of the termination of this Contract, Contractor and any applicable subcontractors shall be charged with all reasonable costs of recovery, including transportation and attorney's fees. Contractor and any applicable subcontractors shall protect and preserve any property of North Sound BHO and/or DSHS in the possession of Contractor and any applicable subcontractors pending return to North Sound BHO and/or DSHS.
- c. North Sound BHO shall be liable for and shall pay for only those services authorized and provided through the date of termination. North Sound BHO may pay an amount agreed to by the parties for partially completed work and services, if work products are useful to or usable by North Sound BHO. Should either party terminate the contract, Contractor shall be responsible to provide all mental health services through the end of the month for which they will invoice North Sound BHO.

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

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**1. BACKGROUND**

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

**2. MUTUAL COMMITMENTS**

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

**3. ASSIGNMENT**

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

**4. AUTHORITY**

Concurrent with the execution of this Contract, Contractor shall furnish North Sound BHO with a copy of the explicit written authorization of their governing bodies to enter into this Contract and accept the financial risk and responsibility to carry out all terms of this Contract including the ability to pay for all expenses incurred during the contract period. Likewise, concurrent with the execution of this Contract, North Sound BHO shall furnish Contractor with a written copy of the motion, resolution, or ordinance passed by North Sound BHO County Authorities Executive Committee authorizing North Sound BHO to execute this Contract.

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

2 Contractor and their subcontractors shall comply with all applicable federal and state  
3 statutes, regulations and operational policies whether or not a specific citation is  
4 identified in various sections of this Contract and all amendments thereto that are in  
5 effect when the Contract is signed, or come into effect during the term of the Contract,  
6 which may include but are not limited to, the following:  
7

- 8 a. Title XIX and Title XXI of the SSA and Title 42 of the CFR;
- 9 b. All applicable Office of the Insurance Commissioner (OIC) statutes and regulations;
- 10 c. All local, State and Federal professional and facility licensing and certification  
11 requirements/standards that apply to services performed under the terms of this  
12 Contract;
- 13 d. Comply with the Omnibus Crime Control and Safe Streets Act of 1968; Title VI of the  
14 Civil Rights Act of 1964; Section 504 of the Rehabilitation Act of 1973; Title II of the  
15 Americans with Disabilities Act of 1990; Title IX of the Education Amendments of  
16 1972; The Age Discrimination Act of 1975; and The Department of Justice Non-  
17 Discrimination Regulations of 28 CFR Part 42, Subparts C, D, E and G and 28 CFR Parts  
18 35 and 39 (see <http://www.ojp.usdoj.gov/about/offices/ocr.htm> for additional  
19 information and access to the aforementioned federal laws and regulations);
- 20 e. Those specified in Title 18 RCW for professional licensing;
- 21 f. Reporting of abuse as required by RCW 26.44.030;
- 22 g. Industrial insurance coverage as required by RCW Title 51;
- 23 h. RCW 38.52, 70.02 and 71.24;
- 24 i. WAC 388-865, 887, 877A and 877B;
- 25 j. 42 CFR 438, including 438.58 (conflict of interest) and 438.106 (physician incentive  
26 plans);
- 27 k. 21 CFR Food and Drugs, 42 CFR Subpart A; 45 CFR Public Welfare, Part 96 Subpart 2,  
28 CFR Part 200 Subpart F;
- 29 l. The State Medicaid Manual (SMM), OMB Circulars, the BARS Manual and BARS  
30 Supplemental Mental Health Instructions;
- 31 m. Federal and State non-discrimination laws and regulations;
- 32 n. HIPAA, 45 CFR parts 160-164;
- 33 o. DBHR-CIS Data Dictionary and its successors;
- 34 p. Federal funds must not be used for any lobbying activities.

35  
36 If Contractor is in violation of a federal law or regulation and Federal Financial  
37 Participation is recouped, Contractor shall reimburse the federal amount to North Sound  
38 BHO within 20 days of recoupment. Upon notification from DSHS, North Sound BHO shall  
39 notify Contractor in writing of changes/modifications in DSHS/DBHR policies and/or  
40 contract requirement changes.  
41

1 **6. COMPLIANCE WITH North Sound BHO OPERATIONAL POLICIES**

2 Contractor shall comply with all North Sound BHO operational policies that pertain to the  
3 delivery of services under this Contract that are in effect when the Contract is signed or  
4 come into effect during the term of the Contract.  
5

6 Along with all North Sound BHO stakeholders, Contractor will be included in the process  
7 for developing relevant operational policies and procedures. North Sound BHO's policies  
8 and procedures are posted on North Sound BHO's website. North Sound BHO shall notify  
9 Contractor of new and revised policies, if applicable to the services provided under this  
10 Contract, through its numbered memoranda. Training will be provided on policies that  
11 impact providers.  
12

13 North Sound BHO will make best efforts to maintain currency of policies with applicable  
14 federal or state law, regulation or policy. In the event of a conflict, federal or state laws,  
15 regulations or policies supersede North Sound BHO policies and procedures.  
16

17 **7. CONFIDENTIALITY OF CLIENT INFORMATION**

18 The parties shall not use, publish, sell or otherwise disclose any confidential information  
19 gained by reason of this Contract for any purpose not directly connected with the  
20 performance of the services contemplated there under, except:  
21

- 22 a. As provided by law, or
- 23 b. In the case of Personal Information, as provided by law or with prior written consent  
24 of the person or personal representative who is subject of the Personal Information.  
25

26 The parties shall protect and maintain all Confidential Information gained by reason of this  
27 Contract against unauthorized use, access, disclosure, modification or loss. This duty  
28 requires the parties to employ reasonable security measures, which include restricting  
29 access to the Confidential Information by:  
30

- 31 a. Allowing access only to staff that have an authorized business requirement to view  
32 the Confidential Information;
- 33 b. Physically securing any computers, documents, or other media containing the  
34 Confidential Information.  
35

36 To the extent allowed by law, at the end of the Contract term, or when no longer needed,  
37 the parties shall return Confidential Information or certify in writing the destruction of  
38 Confidential Information upon written requests by the other party.  
39

40 Paper documents with Confidential Information may be recycled through a contracted  
41 firm, provided the contract with the recycler specifies the confidentiality of information  
42 will be protected and the information destroyed through the recycling process. Paper  
43 documents containing Confidential Information requiring special handling (i.e., protected  
44 health information) must be destroyed through shredding, pulping or incineration.

1 The compromise or potential compromise of Confidential Information must be reported to  
2 North Sound BHO contact designated on this Contract within 5 business days of discovery  
3 for breaches less than 500 persons' protected data and 3 business days of discovery for  
4 breaches of over 500 persons' protected data. The parties must also take actions to  
5 mitigate the risk of loss and comply with any notification or other requirements imposed  
6 by law.  
7

8 Contractor shall ensure all staff and subcontractors providing mental health services under  
9 this Contract receive annual training on confidentiality policies and procedures. In  
10 addition, Contractor shall ensure all staff and subcontractors' providing mental health  
11 services under this Contract sign an annual Oath of Confidentiality statement. Signed  
12 copies of the Oath of Confidentiality shall be kept in Contractor's personnel files.  
13

14 **8. CONTRACT PERFORMANCE/ENFORCEMENT**

15 North Sound BHO shall be vested with the rights of a third-party beneficiary, including the  
16 "cut through" right to enforce performance should Contractor be unwilling or unable to  
17 enforce action on the part of its/their subcontractor(s). In the event Contractor dissolves  
18 or otherwise discontinues operations, North Sound BHO may, at its sole option, assume  
19 the right to enforce the terms and conditions of this Contract directly with Contractor.  
20 Contractor shall include this clause in their contracts with their subcontractors. In the  
21 event of the dissolution of Contractor, North Sound BHO's rights in indemnification shall  
22 survive.  
23

24 **9. COOPERATION**

25 The parties to this Contract shall cooperate in good faith to effectuate the terms and  
26 conditions of this Contract.  
27

28 **10. DEBARMENT CERTIFICATION**

29 Contractor, by signature to this Contract, certifies Contractor and any Owners are not  
30 presently debarred, suspended, proposed for debarment, declared ineligible, or  
31 voluntarily excluded by any Federal department or agency from participating in  
32 transactions (Debarred) and is not listed in the Excluded Parties List System in the System  
33 for Award Management (SAM) website. Contractor shall immediately notify North Sound  
34 BHO if, during the term of this Contract, Contractor becomes debarred.  
35

36 **11. EXECUTION, AMENDMENT AND WAIVER**

37 This Contract shall be binding on all parties only upon signature by authorized  
38 representatives of each party. This Contract, or any provision, may be amended during  
39 the contract period, if circumstances warrant, by a written amendment executed by all  
40 relevant parties. Only North Sound BHO's Program Administrator or North Sound BHO's  
41 Program Administrator's designee has authority to waive any provision of this Contract on  
42 behalf of North Sound BHO.  
43

1       **12. HEADINGS AND CAPTIONS**

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

5  
6       **13. INDEMNIFICATION**

7       Contractor shall be responsible for and shall indemnify and hold North Sound BHO  
8       harmless (including all costs and attorney fees) from all claims for personal injury,  
9       property damage and/or disclosure of confidential information, including claims against  
10       North Sound BHO for the negligent hiring, retention and/or supervision of Contractor  
11       and/or from the imposition of governmental fines or penalties resulting from the acts or  
12       omissions of Contractor and its subcontractors related to the performance of this  
13       contract. North Sound BHO shall be responsible and shall indemnify and hold Contractor  
14       harmless (including all costs and attorney fees) from all claims for personal injury,  
15       property damage, disclosure of confidential information and from the imposition of  
16       governmental fines or penalties resulting from the acts or omissions of North Sound BHO.  
17       Except to the extent caused by the gross negligence and/or willful misconduct of North  
18       Sound BHO, Contractor, shall indemnify and hold North Sound BHO harmless from any  
19       claims made by non-participating BHAs related to the provision of services under this  
20       Contract. For the purposes of these indemnifications, the Parties specifically and expressly  
21       waive any immunity granted under the Washington Industrial Insurance Act, RCW Title 51.  
22       This waiver has been mutually negotiated and agreed to by the Parties. The provision of  
23       this section shall survive the expiration or termination of the Contract.

24  
25       **14. INDEPENDENT CONTRACTOR FOR NORTH SOUND BHO**

26       The parties intend an independent Contractor relationship be created by this contract.  
27       Contractor acknowledges that Contractor is not officers, employees, or agents of North  
28       Sound BHO. Contractor shall not hold Contractor or any of Contractor’s employees out as,  
29       nor claim status as, officers, employees, or agents of North Sound BHO. Contractor shall  
30       not claim for Contractor or Contractor’s employees any rights, privileges, or benefits,  
31       which would accrue to an employee of North Sound BHO. Contractor shall indemnify and  
32       hold North Sound BHO harmless from all obligations to pay or withhold Federal or State  
33       taxes or contributions on behalf of Contractor or Contractor’s employees and  
34       subcontractors unless specified in this Contract.

35  
36       **15. INSURANCE**

37       North Sound BHO certifies it is a member of Washington Governmental Risk Pool for all  
38       exposure to tort liability, general liability, property damage liability and vehicle liability, if  
39       applicable, as provided by RCW 43.19.

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

11  
12 **16. INTEGRATION**

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

16  
17 **17. MAINTENANCE OF RECORDS**

18 During the term of this Contract and for six (6) years following termination or expiration of  
19 this Contract, if any audit, claim, litigation, or other legal action involving the records is  
20 started before expiration of the six (6) year period, the records shall be maintained until  
21 completion and resolution of all issues arising there from or until the end of the six (6)  
22 year period, whichever is later. Contractor shall maintain records sufficient to:

- 23
- 24 a. Maintain the content of all Medical Records in a manner consistent with utilization  
25 control requirements of 42 CFR 456, 434.34 (a), 456.111 and 456.211;
- 26 b. Document performance of all acts required by law, regulation, or this Contract;
- 27 c. Substantiate Contractor statement of their organizations' structures, tax status,  
28 capabilities and performance;
- 29 d. Demonstrate accounting procedures, practices and records, which sufficiently and  
30 properly document Contractor invoices to North Sound BHO and all expenditures  
31 made by Contractor to perform as required by this Contract;
- 32 e. Cooperate in all reviews including, but not limited to, surveys and research  
33 conducted by North Sound BHO, DSHS, or other Washington State Departments;
- 34 f. Evaluate by inspection or other means to measure quality, appropriateness and  
35 timeliness of services performed under this Contract and to determine whether  
36 Contractor and their subcontractors are providing service to individuals in  
37 accordance with the requirements set forth in this Contract and applicable state and  
38 federal regulations as existing or hereafter amended.
- 39

40 **18. NO WAIVER OF RIGHTS**

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

1 Waiver of any breach of any provision of this Contract shall not be deemed to be a waiver  
2 of any subsequent breach and shall not be construed to be a modification of the terms  
3 and conditions of this Contract.  
4

5 **19. ONGOING SERVICES**

6 Contractor and their subcontractors shall ensure in the event of labor disputes or job  
7 actions, including work slowdowns, so called "sick outs", or other activities within its  
8 service network, uninterrupted services shall be available as required by the terms of this  
9 Contract.  
10

11 **20. ORDER OF PRECEDENCE**

12 In the event of an inconsistency in the terms of this Contract, or any inconsistency  
13 between the terms of this Contract and any applicable statute, rule, or contract, unless  
14 otherwise provided herein, the conflict shall be resolved by giving precedence in the  
15 following order, to:  
16

- 17 a. The applicable Medicaid 1915(b) Waiver, Provisions of Title XIX of the SSA and  
18 Federal regulations concerning the operations of PIHPs;
- 19 b. State statutes and regulations concerning the operation of the community mental  
20 health programs;
- 21 c. Other applicable Federal, State, or local law;
- 22 d. North Sound BHO/DSHS contract, or its successors, that covers the provision of the  
23 mental health services covered under this Contract, which shall include any exhibit,  
24 document, or material incorporated by reference;
- 25 e. This Contract.  
26

27 **21. OVERPAYMENTS**

28 In the event Contractor fails to comply with any of the terms and conditions of this  
29 Contract and that failure results in an overpayment, North Sound BHO may recover the  
30 amount due DSHS, CMS, or other federal or state agency. In the case of overpayment,  
31 Contractor shall cooperate in the recoupment process and return to North Sound BHO the  
32 amount due upon demand.  
33

34 **22. OWNERSHIP OF MATERIALS**

35 Materials created by Contractor and their subcontractors and paid for by North Sound  
36 BHO as a part of this Contract shall be owned by North Sound BHO and shall be, "works for  
37 hire" as defined by the U.S. Copyright Act of 1976. This material includes, but is not  
38 limited to: books, computer programs, documents, films, pamphlets, reports, sound  
39 reproductions, studies, surveys, tapes and/or training materials. Contractor or relevant  
40 subcontractors' own material which Contractor and their subcontractors use to perform  
41 this Contract, but which is not created for or paid for by North Sound BHO; however,  
42 North Sound BHO and DSHS shall have a perpetual license to use this material for DSHS  
43 internal purposes at no charge to DSHS.  
44



1       **23. PERFORMANCE**

2 Contractor shall furnish the necessary personnel, materials and/or mental health services  
3 and otherwise do all things for, or incidental to, the performance of the work set forth  
4 here and as attached. Unless specifically stated, Contractor is responsible for performing  
5 or ensuring all fiscal and program responsibilities required in this contract. No subcontract  
6 will terminate the legal responsibility of Contractor to perform the terms of this Contract.  
7

8       **24. RESOLUTION OF DISPUTES**

9 The parties wish to provide for prompt, efficient, final and binding resolution of disputes  
10 or controversies that may arise under this Contract and therefore establish this dispute  
11 resolution procedure. All claims, disputes and other matters in question between the  
12 parties arising out of, or relating to, this Contract shall be resolved exclusively by the  
13 following dispute resolution procedure unless the parties mutually agree in writing  
14 otherwise:  
15

- 16 a. The parties shall use their best efforts to resolve issues prior to giving written Notice  
17 of Dispute.
- 18 b. Within 10 working days of receipt of the written Notice of Dispute, the parties (or a  
19 designated representative) shall meet, confer and attempt to resolve the claim.
- 20 c. The terms of the resolution of all claims concluded in meetings shall be memorialized  
21 in writing and signed by each party.  
22

23 **Arbitration:** If the claim is not resolved within 30 days, the parties shall proceed to  
24 arbitration as follows:  
25

- 26 a. Demand for arbitration shall be made in writing to the other party. The parties shall  
27 select one (1) person as arbitrator.
- 28 b. If there is a delay of more than 10 days in the naming of any arbitrator, either party  
29 can ask the presiding judge of Skagit County to name any remaining arbitrator(s).
- 30 c. The prevailing party shall be entitled to recover from the other party all costs and  
31 expenses, including reasonable attorney fees. The arbitrators shall determine which  
32 party, if any, is the prevailing party.
- 33 d. The parties agree the arbitrators' decision shall be binding, final and appealable to  
34 Skagit County Superior Court only as provided in RCW Chapter 7.04A.
- 35 e. Unless the parties agree in writing otherwise, the unresolved claims in each notice of  
36 dispute shall be considered at an arbitration session which shall occur in Skagit  
37 County no later than 30 days after the close of the meeting described in paragraph  
38 (b) above.
- 39 f. The Provisions of this section shall, with respect to any controversy or claim, survive  
40 the termination or expiration of this Contract.
- 41 g. Nothing contained in this Contract shall be deemed to give the arbitrator the power  
42 to change any of the terms and conditions of this Contract in any way.

- 1 h. The prevailing party in any action to compel arbitration or to enforce an arbitration  
2 award shall be awarded its costs, including attorney fees. Venue for any such action  
3 is exclusively Skagit County Superior Court.  
4 i. This Contract shall be governed by laws of the State of Washington, both as to  
5 interpretation and performance.  
6

7 **25. SEVERABILITY AND CONFORMITY**

8 The provisions of this Contract are severable. If any provision of this Contract, including  
9 any provision of any document incorporated by reference is held invalid by any court, that  
10 invalidity shall not affect the other provisions of this Contract and the invalid provision  
11 shall be considered modified to conform to existing law.  
12

13 **26. SINGLE AUDIT ACT**

14 If Contractor or their subcontractor is a sub-recipient of Federal awards as defined by  
15 OMB Circular A-133, Contractor and their subcontractors shall maintain records that  
16 identify all Federal funds received and expended. Said funds shall be identified by the  
17 appropriate OMB Catalog of Federal Domestic Assistance titles and numbers, the award  
18 names and numbers and award years, if awards are for research and development, as well  
19 as names of the Federal agencies. Contractor and their subcontractors shall make  
20 Contractor and their subcontractors' records available for review or audit by officials of  
21 the Federal awarding agency, the General Accounting Office and DSHS. Contractor and  
22 their subcontractors shall incorporate OMB Circular A-133 audit requirements into all  
23 contracts between Contractor and their subcontractors who are sub-recipients.  
24 Contractor and their subcontractors shall comply with any future amendments to OMB  
25 Circular A-133 and any successor or replacement Circular or regulation.  
26

27 If Contractor and/or their subcontractors are a sub-recipient and expends \$750,000 or  
28 more in Federal awards from any and/or all sources in any fiscal year, Contractor and  
29 applicable subcontractors shall procure and pay for a single audit for that fiscal year.  
30 Upon completion of each audit, Contractor and applicable subcontractors shall submit to  
31 North Sound BHO's Program Administrator a copy of their audited financial statements.  
32

33 For purposes of "sub-recipient" status under the rules of OMB Circular A-133 205(i)  
34 Medicaid payments to a sub-recipient for providing patient care services to Medicaid  
35 eligible individuals are not considered Federal awards expended under this part of the rule  
36 unless a State requires the fund to be treated as Federal awards expended because  
37 reimbursement is on a cost-reimbursement basis.  
38

39 **27. SUBRECIPIENTS**

40 General – If Contractor is a sub-recipient of federal awards as defined by OMB Circular A-  
41 133 and this Contract, Contractor shall:  
42

- a. Maintain records that identify, in its accounts, all federal awards received and expended and the federal programs under which they were received, by Catalog of Federal Domestic Assistance (CFDA) title and number, award number and year, name of the federal agency and name of the pass-through entity;
- b. Maintain internal controls that provide reasonable assurance that Contractor is managing federal awards in compliance with laws, regulations and provisions of contracts or grant contracts that could have a material effect on each of its federal programs;
- c. Prepare appropriate financial statements, including a schedule of expenditures of federal awards;
- d. Incorporate OMB Circular A-133 audit requirements into all contracts between Contractor and its Subcontractors who are sub-recipients;
- e. Comply with any future amendments to OMB Circular A-133 and any successor or replacement Circular or regulation;
- f. Comply with the applicable requirements of OMB Circular A-87 and any future amendments to OMB Circular A-87 and any successor or replacement Circular or regulation; and
- g. Comply with the Omnibus Crime Control and Safe Streets Act of 1968; Title VI of the Civil Rights Act of 1964; Section 504 of the Rehabilitation Act of 1973; Title II of the Americans with Disabilities Act of 1990; Title IX of the Education Amendments of 1972; The Age Discrimination Act of 1975; and The Department of Justice Non-Discrimination Regulations, 28 CFR Part 42 Subparts C, D, E and G and 28 CFR Part 35 and Part 39 (see <http://ojp.gov/about/ocr/statutes.htm> for additional information and access to the aforementioned Federal laws and regulations).

**28. SUBCONTRACTS**

Contractor may subcontract services to be provided under this Contract subject to the following requirements.

- a. Contractor shall be responsible for the acts and omissions of any subcontractor.
- b. Contractor must ensure the subcontractor neither employs any person nor contracts with any person or CMHA excluded from participation in federal health care programs under either 42 USC 1320a-7 (§§1128 or 1128A SSA) or debarred or suspended per this Contract's General Terms and Conditions.
- c. Contractor shall require subcontractors to comply with all applicable federal and state laws, regulations and operational policies as specified in this Contract.
- d. Contractor shall require subcontractors to comply with all applicable North Sound BHO operational policies as specified in this Contract, including travel standards and access standards.
- e. Contractor shall oversee, be accountable for and monitor all functions and responsibilities delegated to a subcontractor on an ongoing basis including formal reviews.

- 1 f. Contractor will monitor performance of the subcontractors on an annual basis and  
2 notify North Sound BHO of any identified deficiencies or areas for improvement  
3 requiring corrective action by Contractor.
- 4 g. Contractor shall ensure all subcontracts are in writing and specify all duties, reports  
5 and responsibilities delegated under this Contract. Those written subcontracts shall:  
6
- 7 i. Require subcontractors to hold all necessary licenses, certifications and/or  
8 permits as required by law for the performance of the services to be  
9 performed under this Contract;
  - 10 ii. Include clear means to revoke delegation, impose corrective action, or take  
11 other remedial actions if the subcontractor fails to comply with the terms of  
12 the subcontract;
  - 13 iii. Require the subcontractor correct any areas of deficiencies in the  
14 subcontractor's performance identified by Contractor, North Sound BHO  
15 and/or DBHR;
  - 16 iv. If a subcontractor is a Faith Based Organization (FBO), the subcontract must:  
17
- 18 a) Use generally accepted auditing and accounting principles to account  
19 for SABG funds similar to other nongovernmental organizations;
  - 20 b) Segregate Federal funds from non-Federal funds;
  - 21 c) Subject Federal funds to audits by the government;
  - 22 d) Apply Charitable Choice requirements when other funds are  
23 commingled with SABG.

24  
25 **29. SURVIVABILITY**

26 The terms and conditions contained in this Contract by their sense and context are  
27 intended to survive the expiration of this Contract and shall so survive. Surviving terms  
28 include, but are not limited to: Financial Terms and Conditions, Single Audit Act, Order of  
29 Precedence, Contract Performance and Enforcement, Confidentiality of Client Information,  
30 Resolution of Disputes, Indemnification, Oversight Authority, Maintenance of Records,  
31 Ownership of Materials and Contract Administration Warranties and Survivability.  
32

33 **30. TREATMENT OF CLIENT PROPERTY**

34 Unless otherwise provided in this Contract, Contractor shall ensure any adult individual  
35 receiving services from Contractor under this Contract has unrestricted access to the  
36 individual's personal property. Contractor shall not interfere with any adult individual's  
37 ownership, possession, or use of the individual's property unless clinically indicated.  
38 Contractor shall provide individuals under age 18 with reasonable access to their personal  
39 property that is appropriate to the individual's age, development and needs. Upon  
40 termination of this Contract, Contractor shall immediately release to the individual and/or  
41 the individual's guardian or custodian all the individual's personal property.  
42

1       **31. WARRANTIES**

2       The parties' obligations are warranted and represented by each to be individually binding,  
3       for the benefit of the other party. Contractor warrants and represents it is able to  
4       perform its obligations set forth in this Contract and such obligations are binding upon  
5       Contractor and other subcontractors for the benefit of North Sound BHO.  
6

7       **32. CONTRACT ADMINISTRATION**

8       The Program Administrator for each of the parties shall be responsible for and shall be the  
9       contact person for all communications and billings regarding the performance of this  
10      Contract.  
11

12             The Contact for North Sound BHO is:

13  
14                     Joe Valentine, Executive Director  
15                     North Sound Behavioral Health Organization, LLC  
16                     301 Valley Mall Way, Suite 110  
17                     Mount Vernon, WA 98273-5462  
18

19             The Contact for Whatcom County is:

20  
21                     Anne Deacon, Human Services Manager  
22                     Whatcom County Health Department  
23                     509 Girard Street  
24                     Bellingham, WA 98225  
25

26             Changes shall be provided to the other party in writing within 10 working days.  
27

28             This contract will go into effect and shall be fully enforceable when signed by authorized  
29             representatives of all parties involved. This contract is subject to ratification after it  
30             becomes effective. This contract will be submitted for ratification at the next scheduled  
31             meeting of the North Sound BHO County Authorities Executive Committee ("the  
32             Committee"). If not ratified by the Committee, North Sound BHO will terminate the  
33             contract either immediately or within a reasonable amount of time at North Sound BHO's  
34             discretion.  
35

1 **THIS CONTRACT**, consisting of 38 Pages, plus Exhibits is executed by the persons signing below who  
2 warrant that they have the authority to execute this Contract.

3  
4 **NORTH SOUND BHO** **WHATCOM COUNTY**

5  
6  
7  
8  
9 \_\_\_\_\_  
Betsy Kruse Date Regina Delahunt Date  
10 Deputy Director Director