

**STATE-COUNTY AGREEMENT REGARDING TRANSFER OF  
PUBLIC FUNDS FOR ENHANCED MEDI-CAL PAYMENTS TO  
DOCTORS MEDICAL CENTER SAN PABLO/PINOLE**

This Agreement is entered into between the California Department of Health Services (“CDHS”) and the County of Contra Costa (“County”), on October 31, 2006 with respect to the matters set forth below.

**RECITALS**

A. This Agreement is made pursuant to the authority of Government Code Section 6500 *et seq.* that establishes a procedure for the exercise of powers by the contracting parties, where those parties are within the definition of the term “public agency.”

B. The County of Contra Costa (“County”) Health Services Department operates the Contra Costa Regional Medical Center and related health centers. The County is also responsible for mental health and public health services in the County and operates the Emergency Medical Services Agency.

C. The West Contra Costa Healthcare District (“District”) is a public health care district organized and operated pursuant to Division 23 of the California Health and Safety Code, and is within the definition of the term “public agency.” The District, which owns and operates Doctors Medical Center San Pablo/Pinole (“Doctors Medical Center”), located in West Contra Costa County, has experienced significant financial distress in recent years. Doctors Medical Center is a Medi-Cal provider and is party to a contract with CDHS for the provision of inpatient hospital services to Medi-Cal beneficiaries. Doctors Medical Center is one of only two hospitals in the isolated West Contra Costa region and is a critical component of the County’s emergency medical services system. The only other hospital in the area, Kaiser Richmond,

would be quickly overwhelmed if Doctors Medical Center were to close, leading to significant risk to patient safety. Because of insufficient intensive care unit (“ICU”) capacity in the County, the loss of Doctors ICU beds would have an adverse impact on hospital care throughout the County. Moreover, Doctors Medical Center is the only Medi-Cal contract hospital in that region.

D. In response to significant losses in recent years, the District made drastic cuts in staffing and services. On October 1, 2006, the District filed a voluntary petition in the United States Bankruptcy Court for the Northern District of California under Chapter 9 of the United States Bankruptcy Code.

E. The County and CDHS wish to ensure continued access to hospital services at Doctors Medical Center for the community, including Medi-Cal beneficiaries, in West Contra Costa County.

F. Subject to any necessary approvals by the Bankruptcy Court, and development of an agreement between the County and District regarding future management of, and financing for, Doctors Medical Center, County has agreed to fund the non-federal share of enhanced Medi-Cal payments to Doctors Medical Center.

THEREFORE, the parties agree as follows:

**1. Transfer of Public Funds from Contra Costa County to CDHS**

1.1. The County may transfer funds in an amount not to exceed TEN MILLION DOLLARS (\$10,000,000.00) to CDHS pursuant to California Welfare and Institutions Code Section 14164 for use as the non-federal share of enhanced Medi-Cal payments to Doctors Medical Center for inpatient hospital services rendered to Medi-Cal beneficiaries during the State fiscal year ending June 30, 2007.

1.2. The transfers described in paragraph 1.1 shall occur between the effective date of this Agreement and June 30, 2007, in such amounts and on such dates as agreed to between the parties.

1.3. The source of the funds transferred by the County to CDHS for the enhanced Medi-Cal payments to Doctors Medical Center will be County general funds.

2. **CDHS Acceptance and Use of Transferred County Funds**

2.1. CDHS agrees to exercise its authority under Welfare and Institutions §14164 to accept funds transferred by the County pursuant to this Agreement, for the purpose set forth in Section 2.2 below.

2.2. The funds transferred by the County pursuant to this Agreement will be used solely as the non-federal share of enhanced Medi-Cal payments in amounts to be determined by the California Medical Assistance Commission of up to TWENTY MILLION DOLLARS (\$20,000,000.00) to Doctors Medical Center for inpatient hospital services rendered to Medi-Cal beneficiaries during State funding year ending June 30, 2007. Such enhanced Medi-Cal payments will be in addition to Medi-Cal payments that would otherwise be made to Doctors Medical Center under its contract or under any other Medi-Cal regulation, policy or agreement. Payments will be made pursuant to an amendment to the Selective Provider Contracting Program contract authorized pursuant to Welfare and Institutions Code §14081 et seq.

2.3. CDHS will seek federal financial participation (“FFP”) with respect to the enhanced Medi-Cal payments to Doctors Medical Center to the full extent permitted by federal law.

2.4. This Agreement establishes no obligation on the part of CDHS to make any additional payment to Doctors Medical Center using State General Fund monies.

2.5. Subject to Section 2.6, CDHS will return any unexpended County funds to the County within 30 days of receipt of the funds by CDHS if any of the following occur:

a. The funds are not eligible to be used as the non-federal share of the enhanced Medi-Cal payments to Doctors Medical Center.

b. Any intervening event occurs that makes it impossible for CDHS to expend the funds for the purpose set forth in Section 1.1 of this Agreement.

Should any of the above described circumstances occur, CDHS shall provide written notification and an explanation to the County within three (3) business days, excluding State holidays, of such occurrence.

2.6. In the event that any of the circumstances described in Section 2.5.a and 2.5.b occur, CDHS shall, at the election of the County, pay the otherwise unexpended County funds to Doctors Medical Center, even though such payments would be ineligible for FFP. The County shall notify CDHS of its election under this section in writing. The exercise of this election is subject to CDHS authority under State law to make such payments.

2.7. CDHS shall have no obligation to make enhanced Medi-Cal payments to Doctors Medical Center if insufficient County funds are transferred to fund the non-federal share of those payments.

3. **Amendments and Termination**

3.1. No amendment or modification to this Agreement will be binding on either party unless made in writing and executed by both parties.

3.2. If the County determines it is unable to transfer the non-federal share of the enhanced Medi-Cal payments to CDHS for Doctors Medical Center, the County may terminate this Agreement immediately upon written notice to CDHS stating the effective date of termination.

4. **Notices**

Any and all notices required, permitted or desired to be given hereunder by one party to the other will be in writing and will be delivered to the other party personally or by United States first class, certified or registered mail with postage prepaid, addressed to the other party at the address set forth below:

To Contra Costa County:

William Walker, M.D., Director, and  
Patrick Godley, Chief Operating Officer/Chief Financial Officer  
  
Department of Health Services  
50 Douglas Dr Suite 310-A  
Martinez, CA 94553  
FAX#: (925) 957-5401

With copies to:

John Cullen, County Administrator  
  
Contra Costa County  
651 Pine Street 11th Floor  
Martinez CA 94553  
FAX#: 925-335-1098

To CDHS:

Nancy Hutchison

Medi-Cal Operations Division (MS 4504)  
Department of Health Services  
P.O. Box 997419  
Sacramento, CA 95899-7419

With copies to:

John Whitsett, Senior Counsel

Office of Legal Services (MS 0010)  
Department of Health Services  
P.O. Box 997413  
Sacramento, CA 95899-7413

5. **Other Provisions**

5.1. This Agreement contains the entire Agreement between the parties with respect to enhanced Medi-Cal payments to Doctors Medical Center and supersedes any previous or contemporaneous oral or written proposals, statements, discussions, negotiations, or other agreements. This Agreement does not modify or affect any other existing agreement between the parties on matters relating to the funding and administration of the Medi-Cal program unless the other agreement contains specific written language that refers to the terms in this Agreement. This Agreement will not modify the terms of any other existing agreement between the parties, nor will this Agreement modify or affect either party's obligation to comply with federal, state, or local statutes, regulations, ordinances, rules, policies, or California's Medicaid State Plan.

5.2. The waiver or failure to enforce any provision of this Agreement will not be construed as a continuing waiver or as a waiver of any other provision of this Agreement.

5.3. Nothing in this Agreement is intended to confer any rights or remedies on any third party, including, without limitation, any provider(s), or groups of providers, or any right to medical services for any individual(s) or groups of individuals; accordingly, there will be no third party beneficiary of this Agreement.

5.4. Each party hereby represents that the person(s) executing this Agreement on its behalf is duly authorized to do so.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, effective October 31, 2006.

COUNTY OF CONTRA COSTA:

By: \_\_\_\_\_  
\_\_\_\_\_

Date: \_\_\_\_\_

Its: \_\_\_\_\_

THE STATE OF CALIFORNIA, DEPARTMENT OF HEALTH SERVICES:

By: \_\_\_\_\_  
\_\_\_\_\_

Date: \_\_\_\_\_

Its: \_\_\_\_\_