

INTERGOVERNMENTAL AGREEMENT

BETWEEN

ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM ADMINISTRATION
("AHCCCS")

And

MARICOPA COUNTY SPECIAL HEALTH CARE DISTRICT d.b.a.
MARICOPA INTEGRATED HEALTH SYSTEM,
MARICOPA MEDICAL CENTER
("DISTRICT")

WHEREAS, there exists a critical physician shortage in Arizona the effects of which are particularly evident in the County of Maricopa, and

WHEREAS, an important factor in reducing the physician shortage is the creation and maintenance of strong graduate medical education programs within the shortage area, including the County of Maricopa; and

WHEREAS, the District, a political subdivision of the State of Arizona, through its Maricopa Integrated Health System ("MIHS"), has for many years sponsored a Graduate Medical Education Program ("GME Programs") at the Maricopa Medical Center ("MMC"), acting as the primary teaching hospital; and

WHEREAS, for varied reasons, the District (through MIHS and Maricopa Medical Center) has had limited ability to expand the number of graduate medical education positions and GME Programs it may accommodate; and

WHEREAS, the District through MIHS, beginning July 1, 2008, will continue to sponsor the largest graduate medical education Program in Maricopa County; and,

WHEREAS, the District's Board of Directors wishes to support efforts to reduce physician shortage through strengthening existing GME Programs at MMC and other District licensed health care facilities; and

WHEREAS, AHCCCS is duly authorized to execute and administer Agreements under A.R.S. § 362903 et seq.; and

WHEREAS, the District, is authorized to enter into this Agreement under A.R.S. §§ 48-5501 et seq. and

WHEREAS, AHCCCS and the District are authorized by A.R.S. § 11-951 et seq. to enter into Intergovernmental Agreements for cooperative action pertaining to reimbursement or advancements of funds for services performed; and

WHEREAS, as authorized by A.R.S. § 36-2903.01(H)(9)(f), the District and AHCCCS wish to enter into this Agreement in order to establish procedures to fund the Non-Federal Share of the Medicaid payment for Graduate Medical Education Programs ("GME Programs") in the District .

NOW, THEREFORE, the District and AHCCCS (collectively, the "Parties"), pursuant to the above and in consideration of the matters and things hereinafter set forth, do mutually agree as follows:

- 1.0 DEFINITIONS: Unless otherwise defined in this Agreement, all terms have the same meaning as set forth in Title 36 of the Arizona Revised Statutes or Title 9, Ch. 22., Art. 7 of the Arizona Administrative Code (A.A.C.) as appropriate.

- 1.1 Agreement: This document, together with any and all attachments, appendices, exhibits, schedules and future amendments as agreed to by the Parties. The term "Agreement" is synonymous with "Intergovernmental Agreement" or "IGA".
- 1.2 AHCCCS: Arizona Health Care Cost Containment System
- 1.3 CFR: Code of Federal Regulations – the official compilation of Federal rules and requirements.
- 1.4 District: The Maricopa County Special Health Care District, a political subdivision of the State of Arizona and its Maricopa Integrated Health System, Maricopa Medical Center and Desert Vista Campus.
- 1.5 CMS: Centers for Medicare and Medicaid Services, a Federal agency within the U.S. Department of Health and Human Services.
- 1.6 Day: A calendar day, unless specified otherwise.
- 1.7 Eligible District Hospital(s): Those teaching hospitals owned and operated by the District that meet the definition and requirements set forth in A.A.C. R 9-22-712.05, specifically Maricopa Medical Center and Desert Vista Campus; this term is also synonymous with the term "Hospital" as used in this Agreement.
- 1.8 FFP: Federal Financial Participation refers to the Federal matching rate that the Federal government makes to the Title XIX program portion of AHCCCS, which are the monies that AHCCCS can claim from CMS for the Federal share of AHCCCS Program service and administration costs.
- 1.9 State: The State of Arizona.
- 1.10 Non-Federal Share: The percentage of payment for GME programs contributed by the State or paid to the State by MIHS or another permissible local entity to qualify for FFP.

2.0 PURPOSE:

The purpose of this Agreement is to provide a framework that complies with Federal and State laws, regulations, rules and appropriate CMS approval for AHCCCS and the District to fund the Non-Federal Share of the Medicaid payment for GME Programs by the District for the period of July 1, 2008 through June 30, 2009. This Agreement is entered into pursuant to A.R.S. § 36-2903.01(H)(9)(f) and A.A.C. R9-22-712.05(F) to provide AHCCCS with the appropriate Non-Federal Share in order to qualify for additional federal funds which will be provided to Eligible District Hospitals' GME Programs in the District.

3.0 SCOPE:

3.1 ELIGIBILITY REQUIREMENTS.

Monies generated through this Agreement may only be utilized for permissible indirect GME Program costs and distributed to those Eligible District Hospitals owned or operated by the District that are defined as eligible health care facilities in A.R.S. §36-2903.01(H)(9) and A.A.C. R-9-22-712.05. AHCCCS Administration will determine which District GME Programs are approved and eligible to receive distribution of Medicaid payment for GME Programs for the period of July 1, 2008 through June 30, 2009 and the amount of any distribution. Eligibility and distribution amount determinations, for indirect GME costs, will be consistent with applicable Federal statutes, regulations and rules,

3.2 CONTACT INFORMATION.

3.2.1 AHCCCS. Questions, comments and concerns regarding the duties and responsibilities of the

AHCCCS are to be directed to:

Michael Veit, Contracts Administrator
AHCCCS
701 E. Jefferson, MD 5700
Phoenix, AZ 85034
Phone: 6024174762
Fax: 6024175957
Email: Michael.Veit@azahcccs.gov

3.2.2 THE DISTRICT

Questions, comments and concerns regarding the duties and responsibilities of the District are to be directed to:

Ken Meinke, MIHS Chief Financial Officer
Maricopa Integrated Health System
2601 E. Roosevelt
Phoenix, Az. 85008
Phone: 602-344-1256
Fax: 602-344-5190
Email: ken.meinke@hcs.maricopa.gov

3.3 AHCCCS RIGHTS AND OBLIGATIONS.

3.3.1 Receipt and Distribution of Funds.

AHCCCS will utilize the funds provided by the District to obtain FFP and distribute the combined funds to Eligible District Hospitals for Medicaid indirect payment for GME Programs for the period of July 1, 2008 through June 30, 2009. AHCCCS will obtain FFP funds and distribute the combined funds to the Eligible District Hospital upon CMS approval of this Agreement and within 10 days of receipt of the District's funds. AHCCCS will not retain any portion of the Non-Federal Share or the FFP under this Agreement. Both the Non-Federal Share and the FFP under this Agreement may only be used for Medicaid indirect GME payments for Eligible District Hospitals.

3.3.2 Non-Appropriation.

Payments made to AHCCCS by the District pursuant to this Agreement are conditioned upon the availability to the District of funds authorized for expenditure in the manner and for the purpose(s) stated herein. The District is not liable for any purchases or subcontracts entered into by AHCCCS in anticipation of such funding. AHCCCS is not responsible for any payments to Eligible District Hospitals under this Agreement if the District has not provided the Non-Federal Share for such payments.

3.3.3 AHCCCS Payment Recoupment from Hospital.

3.3.3.1 AHCCCS, upon prior written notice, will require Hospitals

receiving Medicaid indirect GME payments as a result of this Agreement, to reimburse AHCCCS upon demand and AHCCCS will deduct from future payments to the receiving Hospital(s) any amount:

- 3.3.3.1.1 Received by the Hospital from AHCCCS for Medicaid indirect GME payments that have been inaccurately reported or paid or are found to be for an excluded expense;
 - 3.3.3.1.2 Paid by AHCCCS for which a Hospital's books, records, and other documents are not sufficient to clearly confirm that the Hospital was entitled to the amount of Medicaid indirect GME payments paid;
 - 3.3.3.1.3 Identified as a questioned Medicaid indirect GME cost as the result of a CMS financial management review or audit.
- 3.3.3.2 AHCCCS is responsible to satisfy any reporting or FFP reimbursement requirements imposed by CMS as a result of a recoupment made as a result of the Paragraph 3.3.3.1 of this Agreement or applicable Federal laws, regulations and rules. In the event AHCCCS recoups indirect GME monies from a Hospital(s), AHCCCS will promptly return to the District, without demand, that portion of the recoupment representing the Non-Federal Share contributed under this Agreement.
- 3.3.3.3 Except as provided in the forgoing provisions of this Paragraph, Eligible District Hospitals will receive and retain one hundred percent (100%) of all Medicaid indirect GME payments and Eligible District Hospitals are not required by this or any other agreement to return any portion of the Medicaid indirect GME payment to AHCCCS.

3.5 THE DISTRICT'S RIGHTS AND OBLIGATIONS.

3.5.1 Payment of funds

- 3.5.1.1 The District will pay AHCCCS a total of Four Million, Three Hundred Thirty-Two Thousand, Six Hundred dollars and no cents (\$ 4,332,600.00) which shall be used pursuant to Section 3.3.1 above, the monies come from the District General Fund which includes local Property Tax assessments.
- 3.5.1.2 Within ten (10) days of AHCCCS receipt of the Medicaid GME payments, AHCCCS will pay Eligible District Hospitals a total of Eighteen Million dollars (\$ 18,000,000) without any deductions or set offs which shall be used pursuant to Section 3.3.1 hereof.

3.6 GENERAL FINANCIAL RESPONSIBILITIES

3.6.1 AHCCCS Reporting: Expenditure Report

AHCCCS will submit to the District a report showing actual distribution of funds to the Eligible District Hospitals. The distribution report shall be submitted within fifteen (15) days after the date of distribution of the Medicaid GME payments.

3.7 GENERAL PROVISIONS.

3.7.1 Entire Agreement.

This document, its attachments and appendices, including any approved subcontracts, amendments and modifications made thereto, shall constitute the entire Agreement between the Parties, and supersedes all other understandings, oral or written.

3.7.2 Exercise of Rights.

Failure to exercise any right, power or privilege under this Agreement will not operate as a waiver thereof, nor will a single or partial exercise thereof preclude any other or further exercise of that or any other right, power, or privilege.

3.7.3 Contract Term.

Notwithstanding the facts that certain AHCCCS or District obligations under this Agreement occur after the Term hereof, the parties agree that the Term of this Agreement is for one (1) year beginning July 1, 2009 and ending June 30, 2010 and is not effective until signed by both parties. This Agreement must be filed with the Secretary of State.

3.7.4 Compliance with Laws, Rules and Regulations.

AHCCCS, the District, and their subcontractors must comply with all applicable Federal and state laws, rules, regulations, standards and Executive Orders, without limitation to those designated within this Agreement. The laws and regulations, of the State of Arizona govern the rights of the Parties, the performance of this Agreement, and any disputes arising from the Agreement. Any action relating to this Agreement must be brought by arbitration to the extent required by A.R.S. § 12-1518 or in an appropriate court. Any arbitration award will be enforced in an appropriate court.

Non-Discrimination. The parties shall not discriminate against any employee, client or any other individual in any way because of that person's age, race, creed, color, religion, sex, disability or national origin in the course of carrying out their duties pursuant to this IGA. The Parties shall comply with the provisions of Executive Order 755, as amended by Executive Order 994, which is incorporated into this Agreement by reference, as if set forth in full herein.

ADA. The parties shall comply with all applicable provisions of the Americans with Disabilities Act (Public Law 101336, 42 U.S.C. 1210112213) and all applicable federal regulations under the Act, including 28 CFR Parts 35 and 36.

3.7.5 Amendments.

This Agreement, including its term, may be modified only through a duly authorized written amendment, executed with the same formality as the Agreement.

3.7.6 Paragraph 3.7.5, above, notwithstanding AHCCCS and the District will give notice to each other of any change:

- 3.7.6.1 of address;
- 3.7.6.2 of telephone number;
- 3.7.6.3 authorized signatory or designee; or
- 3.7.6.4 name and/or address of the person to whom notices are to be sent.

3.7.7 Termination.

Pursuant to A.R.S. § 38-511, either party to this Agreement may terminate this Agreement without penalty or further obligation if any person significantly involved in initiating, negotiating, securing, drafting or creating the Agreement is or becomes at any time while the Agreement or an extension of the Agreement is in effect an employee of or a consultant to any other party to this Agreement with respect to the subject matter of the Agreement. The cancellation will be effective when AHCCCS or the District receives written notice of the cancellation unless the notice specifies a later time.

3.7.8 Records.

The Parties agree to retain all financial books, records, and other documents and will contractually require each subcontractor to retain all data and other records relating to the acquisition and performance of the Agreement for a period of five (5) years after the completion of the Agreement. All records are subject to inspection and audit by the Parties at reasonable times. Upon request, the Parties will produce a legible copy of any or all such records.

3.7.9 Severability.

The provisions of this Agreement are severable. If any provision of this Agreement is held by a court to be invalid or unenforceable, the remaining provisions continue to be valid and enforceable to the full extent permitted by law.

3.7.10 Indemnification.

Each party (as Indemnitor) agrees to indemnify, defend and hold harmless the other party (as Indemnitee) from and against any and all claims, losses, liability, costs or expenses (including reasonable attorney's fees) (hereinafter collectively referred to as "claims") arising out of bodily injury of any person (including death) or property damage, but only to the extent that such claims which result in vicarious/derivative liability to the Indemnitee, are caused by the act, omission, negligence, misconduct, or other fault of the Indemnitor, its officers, officials, agents, employees, or volunteers.

3.7.11 Notices.

Notices to the Parties will be sent to the person indicated in Paragraph 3.2 above.

3.7.12 No Third Party Beneficiaries

Nothing in the provisions of this Agreement is intended to create duties or obligations to or rights in third parties not parties to this Agreement or effect the legal liability of either party to the Agreement.

3.7.13 No Joint Venture

Nothing in this Agreement is intended to create a joint venture between the Parties and it will not be so construed. Neither AHCCCS' nor the District's employees will be considered officers, agents or employees of the other or be entitled to receive any employment related fringe benefits from the other.

3.8 NON APPROPRIATION

3.8.1 Funding for this Agreement is contingent upon the availability of funds authorized annually for the specific program services provided under this Agreement. An

authority may be from a Federal, state or other funding source or a combination of these sources.

3.8.2 Notwithstanding any other provision in this Agreement, this Agreement may be terminated if for any reason the District's Board of Directors does not appropriate sufficient monies for the purpose of maintaining this Agreement.

NOW THEREFORE, AHCCCS and the District agree to abide by the terms and conditions set forth in this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date and year specified below.

MARICOPA COUNTY SPECIAL HEALTH CARE DISTRICT

ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM (AHCCCS)

William Ben 7/30/09
BY: Chairman, Board of Directors Date

Michael Veit JUL 22 2009
BY: Michael Veit, Contracts Administrator Date

ATTEST:

[Signature] 7/31/09
Clerk of Board Date

In accordance with A.R.S. § 11952, this Agreement has been reviewed by the undersigned who has determined in the proper form and is within the power and authority that this Agreement is in the appropriate form and is granted to AHCCCS under A.R.S. §§ 36-2903 et seq. within the power and authority granted to MIHS. And 36-2932 et seq.

JRG Jones 7/29/09
Counsel for District

[Signature] JUL 22 2009
Counsel for AHCCCS Date

Secretary of State filing information:

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Secretary of State
By: KBenz