

IGT RESPONSIBILITY AGREEMENT
BETWEEN
THE TEXAS HEALTH AND HUMAN SERVICES COMMISSION
AND
NON-STATE GOVERNMENTAL ENTITY

I. CONTRACTING PARTIES

This Agreement is between the Texas Health and Human Services Commission ("HHSC") and the Nueces County Hospital District ("Governmental Entity") (collectively, "the Parties").

II. BACKGROUND AND PURPOSE

- A. HHSC is the single state agency designated in Texas to administer the medical assistance program known as Medicaid.
- B. HHSC will implement the Network Access Improvement Program ("NAIP") through Medicaid managed care organizations ("MCOs"). Through the NAIP initiative, Texas hopes to achieve the following goals and objectives:

1. Improve the availability, quality and coordination of primary and specialty care services provided by public hospitals.
2. Promote provider education on Medicaid program requirements and the specialized needs of Medicaid recipients.
3. Measure progress through increased care access and physician compliance with selected quality objectives.

Under the NAIP initiative, MCOs will provide incentive payments to qualified public hospitals for meeting one or more NAIP program goals and objectives.

- C. The Public Hospital has separately entered into NAIP participation agreements with one or more Medicaid MCOs. The NAIP participation agreement(s) describe the specific program under which the Public Hospital, in which the Governmental Entity owns a membership interest, becomes eligible for incentive payments from the MCO(s). These agreements must comply with the terms and conditions of the Medicaid MCO(s)' HHSC-approved NAIP proposal(s), as amended or modified. In the event of a conflict between terms in the NAIP participation agreement(s) and this Agreement or the HHSC-approved NAIP proposal(s), this Agreement and the approved proposal prevail.
- D. The purposes of this Agreement are:
1. To provide terms and conditions for the Governmental Entity to transfer non-federal Public Funds to HHSC for use as the non-federal share of NAIP incentive



payments to the Public Hospital from the MCO(s);

2. To describe the expectations of the Parties in the event the Governmental Entity fails to timely transfer funds to HHSC for this purpose or the Public Hospital fails to achieve the NAIP performance metrics described in its NAIP participation agreements; and
3. To describe the process that will be used to reconcile the non-federal percentage of payments from HHSC to the MCOs with the amount of funds transferred to HHSC from the Governmental Entity.

III. DEFINITIONS

For purposes of this Agreement, the following terms have the meanings as described below:

- A. Intergovernmental Transfer (IGT) -- A transfer of Public Funds from a Non-state Governmental Entity to HHSC.
- B. Managed Care Organization (MCO) -- A Medicaid managed care organization contracted with HHSC to provide health care services to Medicaid recipients.
- C. Non-state Governmental Entity -- A hospital authority, hospital district, health district, city or county.
- D. Public Hospital -- The hospital located in Nueces County, Texas and qualifying as a public hospital as defined in Section 355.8065(b)(46) of the Texas Administrative Code, in which the Governmental Entity owns a membership interest (i.e. CHRISTUS Spohn Health System Corporation).
- E. Public Funds -- Funds derived from taxes, assessments, levies, investments, and other public revenues within the sole and unrestricted control of the Governmental Entity, which owns a membership interest in the Public Hospital. Public funds do not include gifts, grants, trusts, or donations, the use of which is conditioned on supplying a benefit solely to the donor or grantor of the funds.

IV. PROGRAM PERIOD AND CONTRACT PERIOD

- A. The Program Period begins on the later of September 1, 2016, or the day that HHSC implements the NAIP initiative, and ends on August 31, 2017.



- B. The Contract Period begins on the latest date a party signs this Agreement and continues until completion of the final reconciliation that is described in Section VIII of this Agreement.
- C. The term of the Program Period or Contract Period may be modified by written agreement between the Parties.

V. CONTRACT AMOUNT

- A. For each Medicaid managed care program and service area in which the Public Hospital participates in a NAIP initiative, HHSC's managed care contract with participating MCOs will require the MCOs to allocate a fixed percentage of the capitation rates to the Public Hospital's NAIP initiatives (the "NAIP Rate Component"), less any amounts withheld or recouped due to the Public Hospital's failure to achieve all or part of its NAIP performance metrics. The Governmental Entity agrees to reimburse HHSC for the non-federal percentage of the NAIP Rate Component for all Medicaid programs and service areas in which the Public Hospital participates in the NAIP initiative.

The non-federal percentage of the NAIP Rate Component equals one-hundred percent minus the applicable Federal Medical Assistance Percentage for Medicaid for Texas in effect when HHSC incurs the expense.

- B. The Parties estimate that the Contract Amount will not exceed \$8,435,789.00 (EIGHT MILLION FOUR HUNDRED THIRTY-FIVE THOUSAND SEVEN HUNDRED AND EIGHTY-NINE DOLLARS), which equals the non-federal percentage of the values described in all of the Public Hospital's HHSC-approved NAIP proposals plus ten percent.

VI. STATEMENT OF SERVICES TO BE PERFORMED

- A. By the Governmental Entity:

1. Beginning on August 10, 2016 and continuing on the tenth day of each month through July 10, 2017, the Governmental Entity will transfer to HHSC an amount equal to one-twelfth of the estimated Contract Amount described in section V.B. of this Agreement. If at any time during the Program Period HHSC determines that the Contract Amount is likely to exceed the amount described in section V.B. of this Agreement, HHSC will notify the Governmental Entity of a revised amount that the Governmental Entity must transfer on the tenth day of each month remaining in the Program Period.
2. The Governmental Entity will transfer any shortfall amount calculated as described in Section VIII of this Agreement. The Governmental Entity will



complete the transfer within 30 days of receipt of HHSC's notice regarding the shortfall.

B. By HHSC:

1. Prior to August 10, 2016, HHSC will provide the Governmental Entity with the NAIP Rate Component for each MCO, Medicaid program, and service area in which the Public Hospital participates in a NAIP initiative.
2. HHSC will perform the reconciliation processes described in Section VIII of this Agreement.

**VII. FAILURE BY THE GOVERNMENTAL ENTITY
TO TRANSFER FUNDS TO HHSC OR FAILURE BY
THE PUBLIC HOSPITAL TO COMPLETE PROGRAM METRICS**

- A. If the Governmental Entity does not transfer the full amount described in Section VI.A. of this Agreement for one or more months, HHSC will retain any amount not paid to an MCO as the NAIP Rate Component, pending the outcome of the reconciliation process described in Section VIII of this Agreement.
- B. If the Public Hospital does not achieve all of the NAIP program performance metrics described in the NAIP participation agreements that are attributable to the Program Period, HHSC will:
 1. Recoup from the MCO an amount that is equal to the value of the incomplete performance metrics; and
 2. Refund the federal percentage of the recouped amount to the Centers for Medicare and Medicaid Services.

At its discretion, HHSC may retain all or part of the non-federal percentage of the recouped amount pending the outcome of the reconciliation process described in Section VIII of this Agreement.

VIII. RECONCILIATION

HHSC will complete the reconciliation in multiple parts:

- A. HHSC will complete the first reconciliation on or before August 31, 2017.
 - I. For each Medicaid program and service area in which the Public Hospital participates in the NAIP initiative, HHSC will determine the amount expended for the Program Period by multiplying the NAIP Rate Component by the total member months included in the Program Period. Total member months include



any adjustments to enrollment that occurred for the Program Period prior to the reconciliation.

2. HHSC will compare the amount transferred by the Governmental Entity to HHSC for the Program Period, including any amounts identified in Section VII of this Agreement, to the non-federal percentage of the NAIP Rate Component expended by HHSC for the Program Period.
 - a. If the amount transferred by the Governmental Entity exceeds 102% of the non-federal percentage of the NAIP Rate Component expended by HHSC:
 - I. HHSC will refund to the Governmental Entity the difference between the amount transferred and 102% of the amount expended by HHSC; and
 - II. HHSC will return any excess funds to the Governmental Entity following the reconciliation described in Paragraph C. of this Section.
 - b. If the amount transferred by the Governmental Entity is less than 102% of the non-federal percentage of the NAIP Rate Component expended by HHSC, HHSC will notify the Governmental Entity of the amount of the shortfall and of a deadline for the Governmental Entity to transfer the shortfall to HHSC.
- B. HHSC may complete interim reconciliations between August 31, 2017, and August 31, 2019, as updated enrollment data for the Program Period, as reflected in adjusted member months, becomes available. HHSC will follow the process described in paragraph A of this section for such interim reconciliations.
- C. HHSC will complete the final reconciliation no later than August 31, 2019. The purpose of the final reconciliation is to ensure that final enrollment figures are available to confirm HHSC's total expenditures under this Agreement.
 1. For each Medicaid program and service area in which the Public Hospital participates in the NAIP initiative, HHSC will determine the amount expended for the Program Period by multiplying the NAIP Rate Component by the total member months included in the Program Period. Total member months include any adjustments to enrollment that occurred subsequent to a reconciliation.
 2. HHSC will compare the amount transferred by the Governmental Entity to HHSC for the Program Period, including any amounts identified in Section VII of this Agreement, to the non-federal percentage of the NAIP Rate Component expended by HHSC under this Agreement relating to the Program Period.

- a. If the amount transferred by the Governmental Entity exceeds the non- federal percentage of the NAIP Rate Component expended by HHSC, HHSC will refund to the Governmental Entity the excess and the amount retained under Paragraph A.2.a.II. of this Section;
 - b. If the amount transferred by the Governmental Entity is less than the non- federal percentage of the NAIP Rate Component expended by HHSC plus the amount retained under paragraph A.2.a.II. of this Section, HHSC will notify the Governmental Entity of the amount of the shortfall and of the 30-day deadline for the Governmental Entity to transfer the shortfall to HHSC.
- D. If the Governmental Entity does not timely complete the transfer described in paragraphs A.2.b. or C.2.b of this section, HHSC will withhold any or all future IGT payments made by the Governmental Entity on behalf of the Public Hospital or affiliates of the Public Hospital for the Uncompensated Care Program, the Delivery System Reform Incentive Payment Program, or the Disproportionate Share Hospital Program until HHSC has recovered an amount equal to the amount of the shortfall under this Agreement and the Public Hospital will be ineligible for future participation in the Network Access Improvement Program. Any withholding of IGT payments as referenced above shall not extend to or include IGT payments made by the Governmental Entity on behalf of other providers in Regional Healthcare Partnership (RHP) 4 or IGT payments made by the Governmental Entity related to the Governmental Entity's RHP 4 anchor expense reimbursement.

IX. TERMINATION

- A. HHSC may terminate this agreement at any time at its discretion by providing written notice to the Governmental Entity.
- B. The Governmental Entity has no termination rights for the duration of the Contract Period.

X. ADDITIONAL TERMS

- A. The services specified above are necessary and authorized for activities that are properly within the statutory functions and programs of the Parties.
- B. The services contracted for are not required by Section 21 of Article XVI of the Constitution of Texas to be supplied under contract given to the lowest responsible bidder.
- C. All acts required under this Agreement will be done in conformity with federal and



state laws and regulations. If any term of this Agreement conflicts with state law or rule, state law or rule controls.

- D. If any portion of this Agreement is held to be invalid or unenforceable, the remainder of the Agreement remains valid and enforceable.
- E. The dispute resolution process provided for in Texas Government Code Chapter 2260 (Resolution of Certain Contract Claims Against the State) will be used by the Parties to attempt to resolve any claim for breach of the Agreement.

XI. NOTICE

- A. All communications to the Governmental Entity will be sent to:

Name: Jonny F. Hipp
Title: Administrator/Chief Executive Officer
Address: Nueces County Hospital District
555 North Carancahua Street, Suite 950
Corpus Christi, TX 78401-0835
Phone: 361-808-3300
Email: jonny.hipp@nchdcc.org

- B. All communications to HHSC will be sent to Charles Smith, Executive Commissioner, Health and Human Services Commission, Brown-Heatly Bldg., 4900 North Lamar Blvd., Austin, TX 78751

The individuals below are authorized representatives of their respective agencies and have the authority to bind their respective agencies in a contractual agreement:

HEALTH AND HUMAN SERVICES COMMISSION

By:



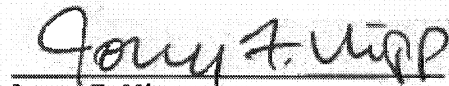
Charles Smith
Executive Commissioner

Date:

8-4-2016

NUECES COUNTY HOSPITAL DISTRICT

By:



Jonny F. Hipp
Administrator/Chief Executive Officer

Date:

07/13/2016