

**INTERGOVERNMENTAL AGREEMENT REGARDING
TRANSFER OF PUBLIC FUNDS**

This Agreement is entered into between the STATE OF CALIFORNIA, DEPARTMENT OF HEALTH CARE SERVICES ("DHCS") and the COUNTY OF SAN MATEO, CALIFORNIA, (the "County") with respect to the matters set forth below.

RECITALS

A. This Agreement is made pursuant to the authority of Division 9, Part 3, Chapter 7, Article 5 of the Welfare & Institutions Code, section 14164.

B. The Health Plan of San Mateo ("HPSM") is a County Organized Health System formed pursuant to Welfare and Institutions Code section 14087.51 and Sections 2.68.010, 2.68.020 and 2.68.030 of the San Mateo County Ordinance Code. HPSM is a party to a Medi-Cal managed care contract with DHCS, entered pursuant to Welfare and Institutions Code section 14087.5, under which HPSM arranges and pays for the provision of covered health care services to eligible members residing in the County.

THEREFORE, the parties agree as follows:

AGREEMENT

1. Transfer of Public Funds

1.1 The County shall transfer funds to DHCS pursuant to section 14164 of the Welfare and Institutions Code, up to a maximum total amount of nine million dollars (\$9,000,000), to be used as the nonfederal share of Medi-Cal managed care capitation rate increases for HPSM for the period July 1, 2008 through June 30, 2009, as described in section 2.2 below. The funds shall be transferred in accordance with a mutually agreed upon schedule between the County and DHCS, in the amounts specified therein.

1.2 The County shall certify that the funds transferred qualify for federal financial participation pursuant to 42 C.F.R. part 433 subpart B.

2. Acceptance and Use of Transferred Funds by DHCS

2.1 DHCS shall exercise its authority under section 14164 of the Welfare and Institutions Code to accept funds transferred by the County pursuant to this Agreement as intergovernmental transfers, to use for the purpose set forth in section 2.2 below.

2.2 The funds transferred by the County pursuant to this Agreement shall be used to fund the nonfederal share of increases in Medi-Cal managed care capitation rates and shall be paid (together with the related federal financial participation) by DHCS to HPSM as part of HPSM's capitation rates for the period July 1, 2008 through June 30, 2009. The rate increases paid under this section 2.2 shall be in addition to (and shall not replace or supplant) all other amounts paid or payable by DHCS or other State agencies to HPSM including but not limited to: (a) any periodic, special or annual rate increases payable to HPSM by DHCS for Medi-Cal managed care services; (b) any rate increases that may result from the implementation of changes to HPSM's Medi-Cal service obligations; and/or (c) any and all other rate increases or amounts payable by DHCS or any other State agency to HPSM for any reason relating to health care or other services provided for or arranged by HPSM at any time.

2.3 DHCS shall seek federal financial participation for the rate increases specified in section 2.2 to the full extent permitted by federal law.

3. Amendments

3.1 No amendment or modification to this Agreement shall be binding on either party unless made in writing and executed by both parties and approved by the California Department of General Services, if required.

3.2 The parties shall negotiate in good faith to amend this Agreement as necessary and appropriate to implement the requirements set forth in section 2 of this Agreement.

4. Notices. Any and all notices required, permitted or desired to be given hereunder by one party to the other shall be in writing and shall 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 the County:

John Maltbie, County Manager
County of San Mateo
400 County Center
Redwood City, CA 94063-1662

With copies to:

Jim Saco, Budget Director
County of San Mateo
400 County Center
Redwood City, CA 94063-1662

Raul Gorospe, Chief Financial Officer
San Mateo Medical Center
222 W. 39th Avenue
San Mateo, CA 94403

Conrad Fernandes, Management Analyst
County of San Mateo
400 County Center
Redwood City, CA 94063-1662

To DHCS:

Kevin Melrose
California Department of Health Care Services
Medi-Cal Managed Care Division
1501 Capitol Ave., Suite 71-4010
MS 4402
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 the Medi-Cal rate increases for HPSM described in section 2.2 and supercedes any previous or contemporaneous oral or written proposals, statements, discussions, negotiations or other agreements between the County of San Mateo and the California Department of Health Care Services. This Agreement is not, however, intended to be the sole agreement between the parties on matters relating to the funding and administration of the Medi-Cal program. One or more other agreements already exist between the parties regarding such other matters, and other agreements may be entered into in the future. This Agreement shall not modify the terms of any other agreement between the parties.

5.2 The nonenforcement or other waiver of any provision of this Agreement shall not be construed as a continuing waiver or as a waiver of any other provision of this Agreement.

5.3 Section 2 of this Agreement shall survive the expiration or termination of this Agreement.

5.4 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 shall be no third party beneficiary of this Agreement.

5.5 Time is of the essence in this Agreement.

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

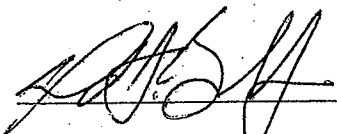
6. State Authority. Except as expressly provided herein, nothing in this Agreement shall be construed to limit, restrict, or modify the DHCS' powers, authorities and duties under federal and state law and regulations.

7. Approval. This Agreement is of no force and effect until signed by the parties, and approved by the California Department of General Services, if required.

8. Term. This Agreement shall be effective as of July 1, 2008 and shall expire as of December 31, 2009 unless terminated earlier by mutual agreement of the parties.

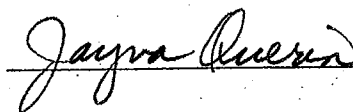
IN WITNESS WHEREOF, the parties hereto have executed this Agreement, on the date of the last signature below.

THE COUNTY OF SAN MATEO, CALIFORNIA:

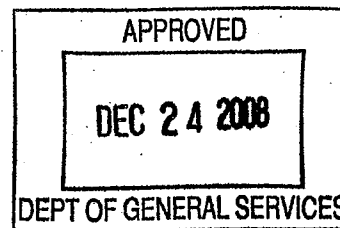
By: 
for John Maltbie, County Manager

Date: Nov. 25, 2008

THE STATE OF CALIFORNIA, DEPARTMENT OF HEALTH CARE SERVICES:

By: 
Jayna Querin, Chief, Contract Management Unit

Date: 12/16/08



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