

CONTRACT NO. 2016-048273
PROGRAM ATTACHMENT NO. 001A
PURCHASE ORDER NO. 0000418307

CONTRACTOR: NORTH TEXAS BEHAVIORAL HEALTH AUTHORITY

DSHS PROGRAM: NORTHSTAR PROGRAM

TERM: 9/1/2015

THRU: 8/31/2017

SECTION I. STATEMENT OF WORK:

INTRODUCTION

Contractor shall act as the local behavioral health authority for the NorthSTAR behavioral health program (NorthSTAR) in accordance with Health & Safety Code § 533.0356. ValueOptions of Texas, Inc. is the behavioral health organization (BHO) that administers and manages NorthSTAR in accordance with a contract with the Department of State Health Services (DSHS) in Dallas, Hunt, Kaufman, Rockwall, Ellis, Navarro, and Collin Counties (Service Area).

CONTRACTOR'S RELATIONSHIP WITH DSHS

Contractor shall assist DSHS in the management and oversight of the BHO's performance under the DSHS-BHO contract to enhance local control, but DSHS retains sole authority to meet its responsibilities to the Health and Human Services Commission (HHSC) and the Center for Medicare and Medicaid Services (CMS) with regard to services being provided under the DSHS-BHO contract. This Program Attachment provides expanded duties to Contractor in comparison with past agreements. Contractor is given greater responsibility and accountability, both in relation to the specific activities of the BHO, and in ensuring that the system of services provided by the BHO are aligned with other regional and/or county services and priorities within the Service Area.

Contractor shall assist DSHS in the development and implementation of behavioral health systems and services, for both mental health and substance use disorders, in the Service Area to ensure that the BHO's services are aligned with local priorities, needs, and effective utilization of resources across counties and behavioral-health funding sources. Contractor will advise DSHS in making decisions related to clinical and programmatic prioritization and service system design, performance improvement, performance monitoring, performance indicators, and performance incentives for all aspects of the behavioral health system in the Service Area. Contractor will advise DSHS on the promotion and the development of a system of services that is consumer and family driven, recovery oriented, and integrated, and that results in continually improving outcomes for individuals and families who need services. Contractor will inform

DSHS of locally identified consumer needs so that the services provided can be developed and adapted to meet those needs. To achieve these objectives, Contractor shall work with the BHO and DSHS on behalf of Contractor's constituent counties and behavioral health stakeholders in the Service Area in a quality improvement relationship as a core responsibility of this Program Attachment. Contractor shall identify local priorities to guide the activities and functioning of the BHO to: 1) assist with structuring any changes in benefit design for non-Medicaid populations and service prioritization levels for both Medicaid and non-Medicaid populations; 2) create mechanisms by which the BHO and local stakeholders work collaboratively in the design of the service system; 3) identify and monitor locally determined performance indicators; and 4) assist DSHS in determining BHO performance measures. Contractor shall make recommendations to DSHS on how the DSHS-BHO contract can be improved to enhance services in the Service Area.

REGIONAL SYSTEM OF CARE DEVELOPMENT

Contractor shall advise and assist in the development and collaboration of behavioral health stakeholders from each county in the Service Area and facilitate the participation of stakeholder representatives in regional planning, prioritization, system design, and prioritization of services to be delivered by the BHO. Contractor shall document their efforts in the Quarterly Report

Contractor shall advise and assist in the continued development of mechanisms by which behavioral health stakeholders in the Service Area, including Contractor's constituent counties, are able to provide organized and representative input on services to Contractor. Contractor shall document their efforts in the Quarterly Report. DSHS recognizes the value of constituent counties' input, which will assist Contractor in its expanded oversight of the BHO. In addition, DSHS recognizes the value of organizing county-level behavioral health stakeholders and constituencies in leveraging a broader array of local resources to work in partnership with resources provided through NorthSTAR to produce more effective and efficient outcomes for consumers and families requiring public behavioral health services in the Service Area.

CONTRACTOR RESPONSIBILITIES AND AUTHORITY AS THE LOCAL BEHAVIORAL HEALTH AUTHORITY (LBHA)

Contractor shall assist DSHS in planning, developing, and designing the regional system of care through the mechanisms specified below. Contractor shall assist DSHS and the BHO in developing performance indicators and appropriate incentives for the DSHS-BHO contract to ensure the BHO's full participation and partnership in critical local activities. Contractor shall inform DSHS of opportunities for innovation in system design that can be learned from the NorthSTAR service system and may be of value in system improvement activities elsewhere in the state.

SERVICES TO BE PROVIDED BY CONTRACTOR

A. **Local Service Area Plan**

Introduction:

Contractor shall work on behalf of its constituent counties and each of their respective behavioral health stakeholders to improve the quality and availability of mental health and substance use disorder services as a core responsibility. Documentation of this quality improvement process will be captured in the Local Service Area Plan (LSAP), a written document that communicates service priorities and plans to various audiences, including DSHS, the BHO, consumer and constituency groups, behavioral health providers, Contractor's staff, and the general public.

Contractor's local planning shall involve the input of stakeholders from each constituent county. Contractor shall collect public input in the planning process. Contractor shall develop procedures for identifying and soliciting input from local stakeholders in each constituent county. The process shall ensure that planning efforts are inclusive and participants represent the diversity of opinion, culture, and ethnicity of the local service area, and that stakeholders have opportunities to participate effectively in the planning process.

Contractor shall use methods such as focus groups, discussion forums, meetings, surveys, and public hearings for gathering input from the community. Contractor shall use a variety of methods, locations and times to collect information from stakeholders, including, but not limited to the following stakeholders:

- behavioral health consumers and family members;
- mental health and substance use disorder service providers;
- advocacy organizations;
- representatives of local governments;
- law enforcement;
- BHO; and
- DSHS.

Contractor shall conduct local area planning activities to serve the following purposes:

- Establish a regional quality improvement framework to guide key policy decisions that emphasize systemic improvement versus a crisis-response method of decision-making;
- Use the LSAP process to document the efforts of local behavioral health stakeholders and constituencies to coordinate local resources to individuals in the NorthSTAR service area;
- Provide a mechanism through which the care delivery system as a whole (including both BHO and other county-level services) is responsive to the needs of residents of the Service Area by emphasizing needs identified at the local level;
- Establish a forum to involve representatives of local stakeholders from each of the constituent counties in the continued development of the system;
- Ensure that substance use disorder services are available throughout the Service Area;
- Provide a forum for communication among behavioral health consumers, family members, advocates, providers, other stakeholders, DSHS, and the BHO;

- Collect and maximize input from cultural, racial, and ethnic minorities; and
- Provide input to DSHS for crisis area planning and criminal justice diversion planning.

Contractor's LSAP Obligations

1. Contractor shall develop and implement a written LSAP to specify Contractor's activities for the term of this Program Attachment.
2. Contractor shall develop and maintain written policies and procedures for the development of the LSAP. The policies and procedures shall include a schedule for collecting input from the local stakeholders in each constituent county.
3. Contractor's LSAP shall:
 - a) Identify and prioritize current programmatic issues within NorthSTAR, including unmet needs and behavioral health service gaps.
 - b) Identify and provide solutions to any system of service issues in the NorthSTAR program and how these issues affect service delivery to consumers.
 - c) Identify anticipated future behavioral health demands of the service area and their relationship to current and anticipated funding levels.
 - d) Identify the means through which the care delivery system can be made more responsive to the needs of the residents of the service area by placing emphasis on needs identified at the local level.
 - e) Identify how substance use disorder services meet regional needs for specific substance use disorder services.
 - f) Identify the Service Area population, square miles, and number and name of counties that are urban, rural, and frontier counties.
 - g) Describe how Contractor collaborates with community entities and stakeholders, especially minorities, in each county to develop and implement the LSAP, including stakeholder meeting dates, number of participants, and topics discussed.
 - h) Identify provider network development activities and rationale for network expansion or exclusion. The LSAP shall identify deficiencies in the network and steps to correct these deficiencies.
 - i) Describe the local mental health and substance use disorder service delivery system, including the array of services provided and the role of non-NorthSTAR local entities providing services to program participants.
 - j) Describe how local service provision can be developed to maximize local county match contributions from local behavioral health stakeholders and constituencies in all participating counties in the Service Area.
 - k) Describe the BHO performance measures Contractor shall track during the period of this Program Attachment and the processes Contractor will use to monitor and report on the BHO's performance.
4. The LSAP shall include a crisis service plan that includes the following:
 - a) A description of how the provision of crisis services is designed to assure rapid response to persons in crisis and local stabilization when possible. The plan shall describe how the components are integrated with other components in the service delivery system to reduce utilization of state hospital beds, the criminal justice

- system, and emergency healthcare resources.
- b) A description of the components of the crisis services delivery system, including but not limited to the following: crisis hotline, mobile crisis outreach teams, other crisis outpatient services, extended observation services, crisis stabilization units, crisis residential, crisis stabilization in an inpatient setting, crisis intervention teams, and crisis transportation.
 - c) An outline of how special populations are served, including, but not limited to services provided to veterans, children and adolescents, racial, ethnic, and cultural minorities, and victims of trauma.
 - d) A description of crisis service gaps in the program and Contractor's activities to address those gaps.
5. The LSAP shall include a diversion action plan and a plan for continuity of care services that includes the following:
- a) A description of how local criminal and juvenile justice agencies, healthcare providers, and other social services agencies communicate with Contractor and participate in the Continuity of Care and Service Program including, but not limited to, providing and receiving referrals.
 - b) A description of training provided to community stakeholders by Contractor or other community stakeholders who have frequent contact with individuals with severe mental illness and/or substance use disorders regarding early identification, intervention and access to treatment, including information on the current crisis response system in the Service Area.
 - c) A description of technical assistance and training provided, or facilitated, by Continuity of Care and Service Program stakeholders designed to help in developing an understanding of issues related to the criminal and juvenile justice systems that may affect operation of the Continuity of Care and Services Program.
 - d) A description of strategies that will maximize the funding available to operate the Continuity of Care and Service Program, including collaboration or integration of funding with local or regional stakeholders.
 - e) A listing of the type, and limits, of services provided by Contractor and by each stakeholder participating in the operation of the Continuity of Care and Service Program.
 - f) A description of how the Continuity of Care and Service Program will be integrated with the local crisis response system including, but not limited to, access to 24-hour emergency screening and rapid crisis stabilization services.
 - g) A description of the process for early and ongoing identification of individuals with serious mental illness and serious emotional disturbances and/or substance use disorders who are also involved with the criminal or juvenile justice system.
 - h) A description of how Contractor will identify and implement strategies that address the disproportionate risk of criminal justice involvement for behavioral health populations associated with certain minorities.
 - i) A description of the strategies that will be implemented to divert individuals with serious mental illness and serious emotional disturbances from the criminal justice system, including:
 - i. pre-booking diversion strategies that focus on diversion prior to arrest; and

- ii. post-booking strategies that focus on diversion after arrest but before adjudication.
 - j) A description of local barriers to pre-booking and post-booking diversion from the criminal justice system, and how these local barriers will be addressed.
 - k) A description of plans to address the needs of individuals found incompetent to stand trial, including:
 - i. methods for diversion from criminal justice facilities and services to be provided in an outpatient setting; and
 - ii. a description of the competency restoration program curriculum used by stakeholders in the Service Area or program to be implemented, and any perceived barriers to implementation.
 - l) A timeline for implementing the Continuity of Care and Service Program, including key tasks, responsibilities, and dates.
- 6. The LSAP shall include a BHO oversight plan that includes the following:
 - a) A systematic approach to oversight of the BHO's activities, including but not limited to:
 - i. utilization management;
 - ii. quality management;
 - iii. customer service;
 - iv. provider network development and adequacy;
 - v. financial performance;
 - vi. court-ordered behavioral health services; and
 - vii. identification of incentives for the BHO in the DSHS-BHO contract.
 - b) A description of opportunities to strengthen the efficiency and effectiveness of the NorthSTAR service delivery system.

B. County Jail – State Hospital Liaison

Contractor shall assign a staff person to facilitate forensic commitments from county jails to the state hospital system, including linkages to community services, as appropriate. Contractor shall develop and maintain written policies and procedures for these processes. Contractor shall describe the role of this position in relation to the activities in the rest of the Criminal Justice Diversion Plan.

C. Jail Diversion Program

1. Contractor shall oversee the BHO's strategies and procedures to divert individuals with mental illness from the criminal justice system to appropriate community services.
2. Contractor shall assist with coordinating behavioral health services delivered in jails and through county probation programs with services delivered through NorthSTAR.
3. Contractor shall meet with the BHO coordinator for jail diversion and coordination of care at least on a quarterly basis to determine that jail diversion targets are being met and to resolve any problems.
4. Contractor shall assist with the development of strategies and procedures to divert individuals with mental illness from the criminal justice system. Contractor shall work in partnership with local stakeholders in each constituent county on these strategies and procedures. Contractor shall incorporate these strategies into the LSAP

and will monitor how the BHO incorporates these strategies into its operational plans, including updates in the quarterly report to DSHS on performance.

D. Utilization Management Plan and Behavioral Health Service Array Recommendations

1. Contractor shall develop a Utilization Management (UM) Plan for behavioral health service array and utilization management. The plan shall be consistent with the DSHS vision of a consumer-and-family driven, recovery-oriented system of care and describe how better outcomes will be promoted at lower costs for individuals with complex needs, particularly those who present in crisis and at risk of hospitalization, incarceration and homelessness. The UM Plan should provide direction to the BHO to use the BHO's flexibility in managing care to provide creative mechanisms for connecting individuals with needed services within the constraints of available resources.
2. The UM Plan shall describe how Contractor will oversee the BHO's utilization management practices to ensure they are consistent with DSHS requirements, and to provide recommendations for how to maximize consistency with state guidelines while promoting the most effective and efficient clinical outcomes.
3. The UM Plan shall outline a process for Contractor to assist DSHS in developing benefit redesign proposals for non-Medicaid populations in accordance with the LSAP, and the local priorities, and assist DSHS in negotiating the benefit package with the BHO.
4. The UM Plan shall outline a process for Contractor to engage DSHS to review the current Texas Resilience and Recovery (TRR) criteria and uniform assessment practices. Contractor shall identify to the BHO and provider communities opportunities to maximize flexibility, accuracy, and cost-effectiveness of service matching while reducing administrative burden. Contractor shall make proposals to DSHS regarding pilot projects for alternative means to design cost-effective utilization and outcome-measurement criteria or TRR service packages to assist DSHS in designing improvements to the service system locally and statewide.
5. Contractor shall conduct monthly meetings with BHO utilization management staff to monitor the UM process.
6. Contractor shall include in the UM Plan a process for persons in need of involuntary mental health treatment to ensure they receive treatment in the most appropriate, least restrictive setting.
7. Contractor shall include in the UM Plan strategies to address the service needs of consumers with co-occurring mental health and substance use disorders.

E. Network Development and Management

1. Contractor shall monitor and oversee BHO's management of NorthSTAR's network of providers.
2. Contractor shall review the BHO's quarterly provider geo-access reports and the monthly network change reports and provide recommendations to the BHO and DSHS for improving access if that is identified as a problem in the reports.
3. Contractor shall review and oversee the provision of service access for cultural, ethnic,

and racial minorities in the region.

4. Contractor shall convene meetings at least on a quarterly basis with the BHO's provider-relations staff to monitor the adequacy and availability of the provider network.

F. BHO Oversight

1. Contractor shall provide written recommendations to DSHS on the DSHS-BHO contract and assist DSHS in monitoring the BHO's performance under the contract, including performance of the BHO's network providers.
2. Contractor shall use the performance indicator reports posted on the NorthSTAR website to assist with oversight of the BHO's service utilization and contract compliance.
3. Contractor shall assign a qualified staff person with experience in behavioral healthcare and quality management processes to work with DSHS and the BHO in developing and monitoring the BHO's quality strategies for the NorthSTAR program. This person will be the liaison among all parties to the quality management partnership, including the Contractor, DSHS, BHO and the local stakeholders of each constituent county.
4. Contractor shall convene meetings on at least a monthly basis with DSHS and BHO staff to discuss contractual and consumer-service concerns.
5. Contractor shall monitor and oversee BHO activities related to carrying out the clinical functions for court-ordered mental health services to determine whether the BHO's activities comply with applicable requirements.
6. Contractor shall develop and present system performance presentations to local stakeholders from each constituent county, the BHO, and DSHS in accordance with Exhibit C Submission Schedule. These presentations shall include performance indicators Contractor identifies in the LSAP and other indicators of interest to illustrate the status of the system and opportunities for quality improvement. Contractor shall use data from the NorthSTAR data warehouse, DSHS invoices, BHO financial and utilization management reports, complaints and the appeals data collection system, satisfaction surveys, and other sources of data that might be helpful in identifying quality improvement issues.

G. Quality Management

1. Contractor shall coordinate with DSHS on BHO quality improvement initiatives related to the NorthSTAR program. These initiatives will be jointly developed by DSHS, Contractor, and the BHO. Contractor shall have a designated staff person to participate in BHO quality improvement meetings. Contractor shall obtain quality improvement information and recommendations from local stakeholders of each constituent county, in accordance with the LSAP process described above.
2. Contractor shall ensure that the BHO's quality management program is customer driven, permits open exploration of the clinical and service experiences of individuals who are having poor outcomes, and incorporates utilization of organized quality improvement strategies, such as root cause analyses, to develop recommendations for system improvements based on those experiences and associated findings in the

analyses.

3. Contractor shall ensure that the BHO's quality management program incorporates ways to track clinical services, outcomes, and experiences, as well as costs, for consumers that are receiving services in other systems, such as primary and physical health care, criminal justice, housing and homelessness, juvenile justice, and child welfare, in order to improve resource coordination and clinical outcomes as data becomes readily available.
4. Contractor shall work with DSHS and the constituent counties in the Service Area to develop mechanisms for monitoring BHO performance in relation to performance indicators developed in the LSAP and make recommendations to DSHS on whether incentives or sanctions are appropriate for the BHO.

H. Consumer Oriented Quality Improvement and Ombudsman Responsibilities

1. Contractors shall act as an ombudsman to address inquiries and resolve service, payment, and other complaints of consumers, family members, advocates, providers, and other stakeholders.
2. Contractor shall assist DSHS and the BHO in addressing inquiries and resolving complaints regarding NorthSTAR.
3. Contractor shall develop and maintain policies and procedures to resolve complaints.
4. Contractor shall document all inquiries and complaints utilizing DSHS-approved standardized complaint system codes provided by DSHS.
5. Contractor shall provide ombudsman services to the service delivery area from 8:00 am to 5:00 pm when Contractor's offices are open.
6. Whenever Contractor's offices are closed, Contractor shall, at a minimum, provide a recorded message that states the hours when the ombudsman's office is open and gives phone numbers for the BHO ombudsman and for registering complaints with DSHS and the BHO ombudsman.
7. Contractor shall develop a written procedure to review, comment on, and distribute to interested stakeholders the combined complaint reports that DSHS provides to Contractor.
8. Contractor shall work with the BHO on reviewing adverse incidents, including sentinel events. Contractor shall use the information from reviews to recommend system and service improvements.
9. Contractor shall facilitate the resolution of issues between a complainant, the BHO, a NorthSTAR provider, or DSHS.

I. Service Resource Development and Allocation

1. Contractor shall conduct service resource development activities for the following purposes:
 - a. Identifying unmet needs and making recommendations to DSHS and the BHO;
 - b. Making recommendations for supplementing and/or expanding service availability to new populations in the Service Area; and
 - c. BHO performance monitoring and continuous quality improvement.
2. Contractor shall develop and maintain collaborative relationships with local

stakeholders from each constituent county both within the Service Area and across local service programs to provide a point of contact through which entities receiving or providing services are able to provide services that enhance the behavioral health service delivery system in the Service Area.

3. Contractor shall contact the commissioner's court representatives in counties in the Service Area who have not contributed local match funds. Contractor shall identify barriers experienced by counties in providing local matching funds and collaborate with DSHS and the BHO to overcome those identified barriers.
4. Contractor shall provide a copy of the data book and all other performance information provided by DSHS and the BHO to the commissioner's courts and the local behavioral health stakeholders and constituencies of all participating counties in the Service Area when requested by those entities or by DSHS.

J. Coordination of Community Resource Coordination Groups (CRCGs)

1. Contractor shall assign a staff member to attend meetings of and represent Contractor in Community Resource Coordination Groups (CRCGs) for children, youth, and adults in the Service Area. Contractor's staff attending these meetings must have expertise in mental health, authority to contribute to decisions and recommendations of the CRCG, and authority to contribute personnel resources toward resolving problems of consumers needing agency services identified by the CRCG. Contractor's participation in CRCGs shall further the goals and objectives specified in Exhibit E (Memorandum of Understanding for Coordinated Services to Persons Needing Services from More than One Agency).
2. Work with the CRCGs to ensure that planning regarding service delivery occurs and incorporates input from consumers, family members, and advocates.

K. Consumer and Family Advisory Committee

Contractor shall assign a staff member to attend and represent Contractor in scheduled Consumer and Family Advisory Committee (CFAC) Meetings.

L. Provider Advisory Committee and Psychiatrist Leadership and Advocacy Group

Contractor shall assign a staff member to attend and represent Contractor in scheduled Provider Advisory Council and Psychiatrist Leadership and Advocacy Group Meetings.

M. Community Input and Feedback

1. Contractor shall solicit and encourage community input and feedback on the NorthSTAR program and provide responses to stakeholders who have provided input. Contractor shall obtain input from stakeholders in each constituent county on the NorthSTAR program. Forums for community input may include public meetings, public commentary at board meetings, preparation and distribution of written documents to solicit feedback or input, participation in relevant community meetings, and program presentations to elected officials.

2. Contractor shall conduct community meetings at the request of DSHS to solicit input related to emerging behavioral health issues that arise during the term of this Program Attachment.

N. Education

1. Contractor shall educate NorthSTAR enrollees and providers about proposed legislation and other activities or initiatives that may affect the NorthSTAR program.
2. Contractor shall develop and maintain written policies and procedures to address education.
3. Contractor shall provide program information outreach to communities and populations that represent cultural, ethnic, and racial minorities that may be underserved.

O. Coordination and Continuity of Care

1. Managed care programs in the Service Area
 - a) Contractor shall participate with the BHO in Medicaid Managed Care programs' (STAR, STAR+PLUS, and any new programs that are implemented during the term of this Program Attachment) care coordination workgroups to assist in implementing the following two initiatives:
 - i. improving the coordination of care between primary care physicians and behavioral health specialists for children; and
 - ii. improving the coordination of care between Medicaid Managed Care programs and NorthSTAR in the chemical dependency specialty woman's program.
2. Criminal justice system
Contractor shall facilitate and oversee continuity of care and services for consumers who are in the criminal justice system. Contractor shall coordinate with and monitor the BHO to ensure the BHO's compliance with Exhibit D (Data Exchange and Continuity of Care Guidelines).
3. Children's Health Insurance Program (CHIP)
Contractor shall assist the BHO in coordinating with CHIP operating agencies, contractors, and providers. Contractor shall participate in the integration of efforts between NorthSTAR, CHIP, and other publicly funded behavioral health systems, including the City of Dallas, the constituent counties, local housing authorities, and any other providers of behavioral health services to consumers, including county jails and/or their healthcare contractors.
4. Other primary health care coordination
Contractor shall coordinate with the BHO and representatives from the constituent counties in developing both regional and county-specific plans for improved coordination of primary, physical, and behavioral health care, including initiatives to improve the health of behavioral health consumers.
5. Housing and homelessness
 - a) Contractor shall coordinate with the BHO and local housing advocates in each constituent county to ensure participation of NorthSTAR in efforts to reduce homelessness among individuals with behavioral health needs.
 - b) Contractor shall participate in meetings held by local stakeholders and

constituencies on plans for addressing homelessness in the NorthSTAR region and ensure participation of the BHO in addressing homelessness.

P. Care System Changes

1. Contractor shall track the accuracy of and correct inaccuracies in the county of residence (COR) assignments for NorthSTAR enrollees in DSHS's CARE system to prevent inappropriate cost shifting from one service delivery area to another.
2. Contractor shall develop and maintain written policies and procedures for all COR changes.
3. Contractor shall respond in accordance with timelines established in written policies and procedures to requests from other local mental health authorities to coordinate COR changes for consumers.

Q. Disaster Response

1. Contractor shall assist the BHO and local stakeholders with coordination of activities during disasters that affect the Service Area to ensure that mental health and/or substance use disorder services and intervention are being provided.
2. Contractor shall attend all regional assessment and coordination meetings convened by DSHS's Disaster Behavioral Health program when disasters affect the Service Area and require mental health and/or substance use disorder services intervention.

R. Website

1. Contractor shall maintain its website to provide information to the public and for soliciting input on NorthSTAR or DSHS activities or to post other information related to the provision of behavioral health services.
2. Contractor shall post and maintain for one year from the date of issuance all letters regarding the assessment of liquidated damages or required corrective actions that have been sent to the BHO or Contractor by DSHS.

S. Coordination with the BHO

1. Contractor shall develop and enter into a memorandum of understanding (MOU) with the BHO. The MOU shall outline the roles and responsibilities of the BHO to the Contractor, and the responsibilities of the Contractor to the BHO, so that each entity may better provide coordinated services to NorthSTAR enrollees, associated agencies, and stakeholders. The MOU will also address BHO responsibilities to provide data not available through another source and coordination to the Contractor in support of Contractor's obligations under this Program Attachment. Contractor may delegate to the BHO to perform certain single portal authority requirements, with DSHS's approval, but Contractor shall retain full responsibility for compliance with such requirements. Contractor shall use the provisions in the MOU as guidelines to monitor the performance of any functions delegated by Contractor to the BHO and the BHO's activities in support of the obligations of the Contractor specified in this Program Attachment. The MOU shall include the responsibilities of the BHO and Contractor to ensure consultation with local stakeholders in designing, implementing, and overseeing NorthSTAR related behavioral health services and systems of care.

2. The MOU shall also address requirements for BHO performance in relation to Contractor, as specified in the DSHS-BHO contract. Areas that shall be specified in the MOU include, at a minimum:
 - a) BHO collaboration with the Contractor to develop any reinvestment plan required due to failure of the BHO to meet the Direct Service Claims Target (DSCT);
 - b) BHO provision of data and reports to support Contractor's responsibilities under this Program Attachment, including all copies of reports submitted to DSHS specified in the BHO contract;
 - c) Contractor's access to all records that are required to be maintained under the BHO contract with DSHS;
 - d) Special reports related to the quality improvement relationship among DSHS, Contractor, the BHO, and local stakeholders, in addressing opportunities to improve service delivery as the opportunities arise during the term of this Program Attachment; and
 - e) Support of the NorthSTAR system of service coordination with other local and regional resources.
3. Contractor shall ensure that the requirements in Health and Safety Code §§574.012, 574.027, 574.023, 574.041, 575.011 and 25 TAC Chap. 411, Subch. M, Division 2 and 25 TAC Chap. 412, Subch. D are met by making recommendations to the BHO or other appropriate entity relating to:
 - a) the most appropriate and available treatment alternatives for individuals in need of mental health services, including individuals who are in contact with the criminal justice system and individuals detained in local jails and juvenile detention facilities;
 - b) mental health commitments; and
 - c) transfers of consumers involving Contractor.
4. Contractor shall work with the BHO and the local judiciary to ensure that consumers enrolled in the NorthSTAR program who are involuntarily required to receive mental health or substance use disorder services receive those services in the most appropriate, safe, and least restrictive environment possible and have appropriate treatment and discharge plans.
5. Contractor shall convene monthly meetings with BHO staff and representatives from local providers that carry out the clinical functions related to court-ordered mental health services and monitor the single portal authority process to ensure efficacy and effectiveness.

T. BHO Per Member Per Month (PMPM) Payment Authorization

Introduction:

Each month DSHS will calculate the permember permonth (PMPM) payment to be disbursed to the BHO. DSHS will submit this calculation to Contractor, with supporting enrollment information, in a spreadsheet for review by Contractor prior to final disbursement of the payment to the BHO.

DSHS will send a copy of the DSHS-approved BHO monthly spreadsheet to Contractor electronically via email. The spreadsheet will include any amounts withheld by DSHS for liquidated damages or earned incentives paid to the BHO.

1. Contractor's Executive Director or designee shall review the spreadsheet PMPM calculation for accuracy of member months and premiums and approve the calculation within two working days of receipt of the spreadsheet.
2. Failure to respond electronically within two working days will allow DSHS to continue with the payment to the BHO without Contractor's review. DSHS will notify Contractor of the failure to receive Contractor's electronic approval. Contractor shall respond to DSHS explaining why the Executive Director or designee did not respond.
3. DSHS will consult with Contractor regarding any liquidated damages that may be assessed against the BHO for failure to adequately perform under the DSHS-BHO contract. DSHS will notify contractor in advance of any liquidated damages assessed against the BHO or incentives earned by the BHO.

U. Affidavits of Board Members and Executive Director

1. Board of Directors

Each member of Contractor's Board of Directors shall complete an affidavit for his or her term on the board. This affidavit shall attest that each board member:

- a) has read and is familiar with Contractor's current contract with DSHS;
- b) has read and is familiar with the current BHO statement of work with DSHS;
- c) has read and is familiar with the current memorandum of understanding between Contractor and the BHO;
- d) affirms that neither the board member nor his or her spouse owns or controls, directly or indirectly, more than a ten percent (10%) interest in a business entity or other organization receiving funds from NorthSTAR or be employed by such a business entity or other organization or serves on the governing board of any BHO which is under a contractual obligation to Contractor;
- e) affirms that the board member qualifies for appointment to the board under Texas law and the board's bylaws;
- f) affirms that the board member has not participated and will not participate in the hiring of a person who is related to any member of the board by affinity within the second degree or by consanguinity within the third degree; and
- g) agrees to report immediately in writing to the Contract Manager any conflict of interest, grounds for removal, or disqualification of membership on the board that occurs during the term of this Program Attachment.

2. Executive Director

Contractor's executive director will complete an affidavit for the director's term of employment as executive director. This affidavit will attest that the executive director:

- a) has read and is familiar with Contractor's current contract with DSHS;
- b) has read and is familiar with the current BHO statement of work with DSHS;
- c) has read and is familiar with the current MOU between Contractor and the BHO;
- d) and the director's spouse does not own or control, directly or indirectly, more than ten percent interest in a business entity or other organization receiving funds from NorthSTAR or is employed by such a business entity or other organization or service on the governing board of any BHO which is under a contractual obligation to Contractor or DSHS;

- e) has not participated and will not participate in the hiring of a person who is related to any member of the board by affinity within the second degree or by consanguinity within the third degree; and
- f) shall report immediately in writing to the Contract Manager any conflict of interest that develops during the term of this Program Attachment.

V. DSHS's Obligations

DSHS's obligations to Contractor under this Program Attachment include the following:

1. To the extent allowed by state and federal law and provisions of the NorthSTAR 1915(b) waiver, DSHS will review and incorporate – at DSHS's sole discretion– Contractor's recommended programmatic changes or modifications. DSHS will retain final authority for all behavioral health program design.
2. Provide training on data systems and written guidelines to Contractor as requested by Contractor or deemed needed by DSHS to enable Contractor to effectively resolve complaints regarding the provision of or payment for services.
3. Provide data via the NorthSTAR data warehouse, CARE, and CMBHS as allowable to monitor the performance of the BHO and to evaluate NorthSTAR.
4. Seek input and consult with Contractor regarding the terms of DSHS's contract with the BHO, proposed contract amendments, and proposed changes to the NorthSTAR program.
5. If requested, assist Contractor in the development of its MOU with the BHO to ensure alignment of the terms of that MOU and the DSHS-BHO contract.
6. If requested, facilitate resolution of issues regarding compliance by either party to the Contractor-BHO MOU.
7. Coordinate with Contractor in conducting activities to develop any benefit re-design package regarding non-Medicaid populations, and to support the development of any benefit redesign proposals by the BHO that align with the priorities described in the LSAP.
8. Provide Contractor with information on and clarifications regarding State TRR requirements, and clarification for proposed strategies for increasing system efficiencies for BHO and providers within the NorthSTAR system.
9. Review and provide comments on proposals from Contractor for pilot projects for alternative methodologies for managing utilization and outcomes in a manner that is cost-effective and well-matched to the needs of individuals seeking service, and for working with Contractor to evaluate pilot projects to inform DSHS about improving both statewide and local methodologies for UM and outcome tracking.
10. Notify Contractor of DSHS rules and amendments thereto pertaining to Contractor's provision of services under this Program Attachment. Contractor shall comply with all applicable rules regardless of whether DSHS has specifically notified Contractor of their applicability.
11. Provide technical assistance to Contractor as deemed necessary by DSHS to assist Contractor in fulfilling its obligations under this Program Attachment and any subsequent amendments to this Program Attachment.
12. Notify Contractor of all communications and meetings with the U.S. Health and Human Service Commission, Centers for Medicare and Medicaid Services (CMS), and other

- agencies if they pertain to the provision of services under this Program Attachment.
13. Consult with Contractor, as deemed appropriate by DSHS, prior to submitting proposed modifications to the current or future NorthSTAR Federal Medicaid Waiver.
 14. Develop and submit to Contractor a monthly complaint report summarizing the cumulative number of complaints and types of complaints received by Contractor, DSHS, and BHO.
 15. Coordinate with Contractor in the implementation of all BHO proposed modifications of service delivery as well as in the design and development of new services and programs, as well as new reimbursement mechanisms, and eligibility criteria, in accordance with supporting the goal of designing NorthSTAR to meet locally identified consumer needs within program budgets.
 16. Contractor will receive copies directly from DSHS of the BHO's provider and consumer inquiry and complaint summaries prepared by DSHS.

W. Penalties and Incentives Funds

At the end of each state fiscal year, DSHS will determine the penalties and unearned incentives for the BHO contract with DSHS and include them in a separate budget at DSHS. DSHS will inform Contractor of the amount available in this budget, and Contractor shall create a Penalties and Incentives Funds Plan (PIF) for the possible use of these funds by Contractor within the NorthSTAR service system and/or utilized within the NorthSTAR system for transition planning. The funds identified by DSHS must be reinvested into the NorthSTAR program in a manner approved by DSHS, possibly including but not limited to the following: 1) establishment of incentive programs with specific criteria for positive performance for the BHO or providers; 2) increasing BHO payments and/or provider reimbursement rates; 3) introducing new services identified by Contractor in collaboration with NorthSTAR stakeholders; or 4) transition planning for Indigent services Contractor may retain up to five percent of the total budgeted funds for administrative purposes, but Contractor shall not use these funds to augment current personnel costs, to purchase furniture, to buy equipment for existing employees, or to make rental payments.

Contractor shall provide the PIF plan within 60 days of being notified by DSHS that funds are available. DSHS will review the plan and provide comments as necessary. The final PIF must be approved by DSHS. After approval, DSHS will distribute the funds to the BHO and/or Contractor for distribution for projects as documented in the PIF. If during the term of this contract, the funds cannot be reinvested as initially approved, the Contractor must submit an alternative plan for approval by DSHS.

X. Youth Empowerment Services (YES) Waiver Requirements

Contractor must adhere to the YES Waiver requirements standards within the Exhibit G, Youth Empowerment Services (YES) Statement of Work (SOW), effective November 1, 2016 or the date designated by Health and Human Services (HHS).

SECTION II PERFORMANCE MEASURES:

The following performance measures will be used to assess, in part, Contractor's effectiveness in providing the services described in this Program Attachment, without waiving the enforceability of any of the terms of this Program Attachment.

A. Local Service Area Plan

1. No later than October 1, 2015, Contractor shall distribute a draft LSAP that contains, at a minimum, all requirements outlined in Section 1.A. to local stakeholders and post the draft LSAP on Contractor's website to solicit comments. Contractor shall allow stakeholders and the public 30 days to provide comments on the LSAP to Contractor.
2. Contractor shall submit the draft LSAP after the stakeholder and public comments period to DSHS, but no later than December 15, 2015. DSHS will review the LSAP for completeness and provide comments to Contractor no later than January 15, 2016.
3. No later than January 31, 2016, Contractor shall submit to DSHS a final LSAP that has addressed all DSHS comments and questions provided on the previously submitted draft document. DSHS will send Contractor final approval notification no later than February 8, 2016. Contractor shall post the DSHS-approved LSAP on its website by February 15, 2016.

B. County Jail – State Hospital Liaison

Contractor shall provide a written summary of all activities specified in Sec. I.B. that have been completed in the previous quarter in the quarterly summary of activities report (see Exhibit C, "Quarterly Report").

C. Jail Diversion Program

Contractor shall provide a written summary of all activities specified in Sec. I.C. that have been completed in the previous quarter in the Quarterly Report. Contractor shall detail corrective actions taken if jail diversion targets were not met during the quarter.

D. Utilization Management Plan and Behavioral Health Service Array Recommendations

Contractor shall provide a written summary of its monthly meetings with BHO UM staff in the Quarterly Report.

E. Network Development and Management

1. After reviewing the BHO's quarterly provider geo-access reports and the monthly network change reports, Contractor shall provide to DSHS in the Quarterly Report any recommendations for improving client access to providers if necessary BHO contract minimums are not met.
2. Contractor shall summarize any verbal recommendations made to the BHO related to improving access during the previous quarter in the Quarterly Report.

F. BHO Oversight

1. Contractor shall report on all meetings held with the BHO to discuss contractual and consumer service concerns and summarize all concerns discussed during these meetings in the Quarterly Report.

2. Contractor shall submit to DSHS an electronic version of the presentations provided to stakeholders, the BHO, DSHS, and interested parties in accordance with Exhibit C, Submission Calendar.
3. Contractor shall summarize all other activities specified in Sec. I.F. that have been completed in the previous quarter in the Quarterly Report .

G. Quality Management

Contractor shall provide a written summary of all activities specified in Sec. I.G. that have been completed in the previous quarter in accordance with Exhibit C, Submission Calendar.

H. Consumer Oriented Quality Improvement and Ombudsman’s Responsibilities

No later than the 15th day of each month during the term of this Program Attachment, Contractor shall submit to DSHS in the format specified by DSHS a narrative report including:

1. A list of complaints received by Contractor during the previous month, including a characterization of the complaint type;
2. The source of the complaint, including who the complainant was, as specified in codes that will be provided to Contractor by DSHS;
3. The entity or individual to whom the complaint relates (using specified codes supplied by DSHS);
4. Description of the complaint;
5. Disposition of the complaint (using specified codes supplied by DSHS);
6. Date received, date resolved, and the amount of time taken to resolve the complaint; and
7. County of origin of the complainant.

I. Resource Development and Allocation

Contractor shall provide a written summary of all activities specified in Sec. I.I. that have been completed in the previous quarter in the Quarterly Report.

J. Coordination of Community Resources Coordination Groups (CRCGs)

Contractor shall provide a written summary of all activities specified in Sec. I.J. that have been completed in the previous quarter in the Quarterly Report.

K. Consumer and Family Advisory Committee

Contractor shall provide a written summary of all activities and any outstanding issues specified in Sec. I.K. that occurred in the previous quarter in the Quarterly Report.

L. Provider Advisory Committee and Leadership and Advocacy Group (PLAG)

Contractor shall provide a written summary of all activities and outstanding issues specified in Sec. I.L. that occurred in the previous quarter in the Quarterly Report.

M. Community Input and Feedback

Contractor shall provide a written summary of all activities specified in Sec. I.M. that have been completed in the previous quarter in the Quarterly Report.

N. Advocacy and Education

Contractor shall provide a written summary of all activities specified in Sec. I.N. that have been completed in the previous quarter in the Quarterly Report.

O. Coordination and Continuity of Care

Contractor shall provide a written summary of all activities specified in Sec. I.O. that have been completed in the previous quarter in the Quarterly Report.

P. Care System Changes

Contractor shall summarize all COR activities undertaken in the previous quarter in the Quarterly Report.

Q. Disaster Response

1. Contractor shall attend all regional assessment and coordination meetings held by DSHS's Disaster Behavioral Health program when disasters affect service delivery in the service delivery area. Contractor shall document attendance by having Contractor's staff member who attends the meeting(s) sign the attendance sheet at the meeting or ensure the meeting notes reflect Contractor's attendance at the meeting.
2. Contractor shall assist DSHS and the BHO in coordination of local disaster response efforts.

R. Website

1. Contractor shall post board member, staff, and ombudsman information on its website no later than September 15, 2015 and September 15, 2016.
2. Contractor shall update contact information of board members, staff, and ombudsman within ten working days of changes.
3. Contractor hours of operation and holiday schedule for the state fiscal year will be posted no later than September 15, 2015 and September 15, 2016.
4. Within 30 days of receiving notification from DSHS that Contractor is assessed a liquidated damages sanction, Contractor shall post a copy of the DSHS notification letter on its website. Contractor shall leave the posting on its website for one year from the notification letter's date of issuance.

S. Coordination with the BHO

1. Contractor shall submit to DSHS a copy of the signed MOU with the BHO no later than October 31, 2015.
2. Contractor shall provide a written summary of all activities specified in Sec. I.S. of this Program Attachment that have been completed in the previous quarter in the quarterly summary of activities report.

T. BHO Per Member Per Month (PMPM) Payment Authorization

1. Contractor's Executive Director or designee shall review the spreadsheet PMPM calculation and approve the calculation within two working days of receiving the spreadsheet from DSHS.

2. If the Executive Director or designee did not review the PMPM calculation and payment within two working days of receiving it, Contractor shall respond within five working days to DSHS with a written explanation of why the deadline was not met.

U. Affidavits of Board Members and Executive Director

1. Board of Directors

No later than 30 days after Contractor executes this Contract or within 30 days of appointment of a new board member, Contractor shall submit to DSHS a completed Affidavit (Exhibit A) for the board member(s).

2. Executive Director

No later than 30 days after Contractor executes this Contract or within 30 days of hiring of an executive director, Contractor shall submit to DSHS a completed Affidavit (Exhibit B) for the executive director.

V. Quarterly Reports on Summary of Activities

Contractor shall submit to DSHS on dates specified in Exhibit C, Quarterly Report with a narrative summary of activities and how these activities fulfilled the objectives of the LSAP for the quarter. Contractor has discretion to organize the content and format of the report to efficiently summarize Contractor's activities in fulfilling its obligations under this Program Attachment. Quarterly reports shall include, but are not limited to, the following:

1. Recommendations on system or program changes needed to correct any underlying issue(s) that resulted in complaints.
2. A summary of any community-based meetings, including meetings of local stakeholders, hosted or attended by Contractor, including recommendations for needed programmatic changes that were discussed at the meetings.
3. A summary of meetings with the BHO's Quality Improvement Committee, to include a description of any quality improvement initiatives or recommendations discussed at the meetings or that resulted from the meetings.
4. A summary of contract monitoring meetings, activities, and Contractor's recommendations for needed system of service changes to address issues that were discussed at the meetings.
5. A summary of utilization management monitoring meetings, activities, and Contractor's recommendations for needed programmatic changes to address issues.
6. A summary of meetings with BHO staff and representatives from local providers that carry out the clinical functions related to court-ordered mental health services, including Contractor's recommendations for programmatic changes to address issues that were discussed at the meetings.
7. A summary of single portal authority meetings and activities, including Contractor's recommendations for needed programmatic changes to address issues.
8. A summary of Contractor's staff activities with the county jails and state hospitals.
9. A summary of jail diversion oversight meetings, including Contractor's recommendations for needed programmatic changes to address issues that were discussed at the meetings.
10. A summary of county-of-residence changes for consumers that were addressed during the quarter and how they were resolved.
11. A summary of CRCG activities, by county, in which Contractor was involved during the quarter.

12. A summary of BHO provider network development meetings, including recommendations to address issues that were discussed at the meetings.
13. A description of any grants for which Contractor has applied and the status of applications.
14. A summary of Consumer and Family Advisory Committee meetings, including Contractor's recommendation for programmatic changes to address issues that were discussed at the meetings.
15. A summary of Provider Advisory Committee meetings including recommendations for any needed programmatic changes to address issues that were discussed at the meetings.
16. A summary of Psychiatrist Leadership and Advocacy Group meetings, including recommendations for needed programmatic changes to address issues that were discussed at the meetings.
17. A summary of Coordination of Care meetings, including issues discussed and Contractor's recommendations for needed programmatic changes to address the issues.
18. A summary of CHIP Regional Advisory Council meetings, including Contractor's recommendations for needed programmatic changes to address issues that were discussed at the meetings.
19. Comments and recommendations for improving access if the quarterly provider geo-access report and/or monthly network change reports identify an area in need of access improvement.
20. A summary of resource development activities.
21. A summary of quality management meetings, activities, and Contractor's recommendations for needed programmatic changes to address issues.
22. A summary of advocacy and educational activities conducted by Contractor.
23. A summary of all activities undertaken to maximize local county match contributions.

W. Penalties and Incentives Funds

Contractor shall submit the PIF plan within 60 days of being notified by DSHS that penalties and incentive funds are available. After the PIF plan is approved by DSHS, DSHS will disburse the funds as documented in the PIF. Contractor shall submit reports to DSHS as documented in the PIF.

X. Annual Audit:

No later than May 31, 2016 and May 31, 2017 Contractor shall submit to DSHS a complete copy of Contractor's annual audit.

Y. General Operations

1. No later than September 30, 2015 and September 30, 2016 Contractor shall submit to DSHS a current organizational chart which identifies all of Contractor's staff members by name and operational title, with a short functional description for each position. This chart shall identify any staff member who oversees a subcontract and list the name of the subcontract.
2. No later than September 20, 2015, Contractor shall submit to DSHS a copy of the current Board of Directors Bylaws. Contractor shall submit to DSHS revisions to the Board of

Directors Bylaws within ten working days of the Board of Directors approving the revision(s).

3. No later than 10 days after Contractor executes this Contract, Contractor shall inform DSHS of the single point of contact. Contractor shall notify DSHS within five working days of making a change to the single point of contact.
4. No later than February 28, 2016, Contractor shall submit all written policies and procedures to DSHS.

Z. Submission Calendar

Contractor shall submit to DSHS all deliverables as outlined in the submission calendar in Exhibit C.

SECTION III. PROGRAM SERVICE AREA:

Collin, Dallas, Ellis, Hunt, Kaufman, Navarro, Rockwall

SECTION IV SOLICITATION DOCUMENT:

Exempt—Governmental Entity

SECTION V. RENEWALS:

Not Applicable

SECTION VI. PAYMENT METHOD:

Cost Reimbursement

SECTION VII. BILLING INSTRUCTIONS:

- A. Contractor shall request reimbursement for expenditures no later than the 20th day of each month during the term of the Program Attachment. Contractor shall submit upon request all supporting documentation for expenditures. Contractor shall submit the invoice to the DSHS contract manager at NorthSTAR.contracts@dshs.state.tx.us.

At a minimum, invoices shall include:

1. The total approved annual budget by budget category.
2. Ongoing expenditures of funds by budget category.
3. The month and year for which the reimbursement request is made.
4. Specific monthly request by budget category. Request for funds must show previous month's actual expenditures on invoice, unless advanced payment is requested.
5. One-time advanced payment made by the State by budget category at the beginning of the first fiscal year of this Program Attachment to allow Contractor to have operational funds at the beginning of the contract.
6. Unexpended advances by budget category.
7. Remaining balance of funds available to be disbursed by DSHS by budget category.

8. Remaining budget after funds are allocated by budget category.
 9. An explanation shall be attached to the invoice if expenditures exceed balances on hand or if encumbrances at the end of the month are less than the month's request for funds.
 10. Specific documentation of expenditures broken down in accordance with the categories in Exhibit F.
 11. An accounting of county match dollars and expenditures.
- B. Contractor may request advance payments for anticipated allowable costs that exceed Contractor's cash balances on hand. Such requests are subject to DSHS approval.
1. Contractor shall make requests for advance payments no less than 30 days prior to the expected disbursements for the anticipated allowable costs.
 2. Contractor shall limit the amount of the request to the minimum needed to meet actual cash expenditures for allowable costs for the 30-day period, less any cash balances.
- C. If allowable expenditures and encumbrances at the end of a month are significantly less than that month's request for advance payments:
1. Contractor shall submit to DSHS a written justification for the request for advance payment.
 2. DSHS may recoup from Contractor any amount paid in advance if allowable expenditures and encumbrances are less than the amount paid in advance.
- D. Contractor may carry over unexpended budget balances to the second year of the biennium.
- E. At the end of the term of this Program Attachment, DSHS disbursements to Contractor that have not been expended shall be remitted to DSHS for possible inclusion in the premium payments to the BHO.

SECTION VIII. BUDGET

Source of Funding: State

Total Payments to Contractor will not exceed \$1,511,594.00

SECTION IX. SPECIAL PROVISIONS:

- A. FY2016 DSHS Contract General Provisions Article XV, Breach of Contract and Remedies for Non-Compliance, Section 15.02, General Remedies and Sanctions, Subsec. (o) impose any other remedies, sanctions or penalties permitted by federal or state statute, law, regulation or rule is revised to read as follows:

(o) impose any other remedies, sanctions or penalties permitted by federal or state statute, law, regulation or rule.

Contractor agrees that non-compliance with certain contract requirements causes damages to DSHS that are difficult to ascertain and quantify. Contractor further agrees that DSHS may impose liquidated damages for non-compliance in accordance with this section.

Contractor agrees that DSHS may assess liquidated damages for the following incidents of non-compliance with a term of this Program Attachment:

1. Failure to deliver to DSHS by a due date specifically established by this Program Attachment reports, data, or information that is specifically required by this Program Attachment.
2. Failure to deliver a service specifically required by this Program Attachment by a due date specifically established by this Program Attachment.

For the first occurrence of non-compliance during the term of this Program Attachment, DSHS may assess Contractor \$200 (two hundred dollars) in liquidated damages.

For the second occurrence of non-compliance during the term of this Program Attachment, DSHS may assess Contractor \$400 (four hundred dollars) in liquidated damages.

For the third and subsequent occurrences of non-compliance during the term of this Program Attachment, DSHS may assess Contractor \$600 (six hundred dollars) in liquidated damages.

Before assessing liquidated damages, DSHS will notify Contractor in writing of non-compliance with a specific provision of this Program Attachment including the attached and incorporated Exhibits. Contractor will have five working days after receiving the notification to respond in writing to DSHS regarding the non-compliance. If Contractor believes non-compliance was erroneously determined, Contractor shall submit to DSHS sufficient information to document compliance. DSHS will determine, at its sole discretion, if the information submitted by Contractor documents that Contractor is in compliance with the provision. If DSHS determines that Contractor is in compliance, no liquidated damages will be assessed.

After Contractor responds to the notification of non-compliance, DSHS may waive the assessment of liquidated damages and allow Contractor to submit and implement a corrective action plan in accordance with written instructions that DSHS will provide Contractor.

If DSHS assesses liquidated damages, DSHS will send written notification to Contractor and Contractor's Board of Directors. DSHS will withhold assessed liquidated damages from Contractor's monthly reimbursement payment.

B. 2016 Federal Grant Subrecipient Additional Provisions, Article XXIII Program Funds and Payments, Section 23.03 titled Program Income is revised to add the following:

- f. Contractor shall spend funds received under this Program Attachment and local match, as described in Exhibit F.
- g. Contractor may retain up to 100 percent of local funds received from Ellis, Hunt, Kaufman, Navarro, and Rockwall Counties. Contractor shall spend these local county

funds in accordance with agreements made with each county providing the funds, which could include submission of all or a portion of the funds to DSHS for inclusion in the premium payments to the BHO. Contractor shall account for expenditure of local county funds on Exhibit F.

- h. Contractor may carry forward unexpended balances of retained county funds to the second year of the term of this Program Attachment.

C. 2016 Federal Grant Subrecipient Additional Provisions, Article XXIII Program Funds and Payments, Section 23.06, Financial Status Reports (FSR's) is revised as follows:

Except as otherwise provided in these General Provisions or in the terms of Contracts, Contractor shall submit quarterly FSRs electronically using Form 269a, which can be downloaded at <http://www.dshs.state.tx.us/grants/forms.shtm>, to the Claims Processing Unit at invoices@dshs.state.tx.us, with a copy to northstar.contracts@dshs.state.tx.us no later than the following dates of each state fiscal year: December 31; March 30; June 30; and September 30. Contractor shall submit the final FSR no later than 45 calendar days following the end of the Contract term.