

**AMENDMENT TO AGREEMENT BETWEEN THE COUNTY OF SAN MATEO,
IN-HOME SUPPORTIVE SERVICES, PUBLIC AUTHORITY AND
ADDUS HEALTHCARE, INC.**

THIS AMENDMENT TO THE AGREEMENT, entered into this ___2nd___ day of _____ June _____, 20___14___, by and between the COUNTY OF SAN MATEO, IN-HOME SUPPORTIVE SERVICES, PUBLIC AUTHORITY, hereinafter called "Authority," and ADDUS HEALTHCARE, INC., hereinafter called "Contractor";

W I T N E S S E T H:

WHEREAS, pursuant to Government Code, Section 31000, Authority may contract with independent contractors for the furnishing of such services to or for County or any Department thereof;

WHEREAS, the parties entered into Agreement 70767 for the administration of contracted components of the In-Home Supportive Services (IHSS) Program for the term July 1, 2010 through June 30, 2013, for an aggregate amount not to exceed \$10,652,850; and

WHEREAS, the Chief of the Health System authorized Amendment 5700012R70767-1, changing the payment formula from an hourly wage of \$19.02 plus a fixed annual administrative fee of \$270,000, to a per-hour amount of \$22.80 with the administrative cost built into the hourly rate. This would have increased the maximum amount authorized under the amended Agreement. However, because the number of service hours purchased on an annual basis was projected to be, and was, substantially lower than the maximum number of hours available, the new rate formula has resulted in an annual savings of approximately \$100,000; and

WHEREAS, parties entered into Agreement 072718 to waive the Request for Proposal process, extend the term one additional year, through June 30, 2014, and increase the maximum aggregate amount available under the Agreement by \$3,933,000 for a total amount not to exceed \$14,585,850.

WHEREAS, the parties wish to further amend the Agreement to waive the Request for Proposal process, extend the term three additional months, through September 30, 2014, and increase the maximum aggregate amount available under the Agreement by \$983,250 for a total amount not to exceed \$15,569,100.

NOW, THEREFORE, IT IS HEREBY AGREED BY THE PARTIES HERETO AS FOLLOWS:

1. Section 3. Payments of the Agreement is amended to read as follows:

In consideration of the services provided by Contractor in accordance with all terms, conditions and specifications set forth herein and in Attachment A, Authority shall make payment to Contractor based on the rates and in the manner specified in Attachment B Amendment Two and Attachment B Amendment Three. The Authority reserves the right to withhold payment if the Authority determines that the quantity or quality of the work performed is unacceptable. This Agreement will purchase a maximum of 172,500 service hours at a fixed rate of \$19.02 per hour and administrative support services at a fixed rate of \$270,000 annually for FY 2010-2011 through FY 2011-2012, and at a fixed rate of \$22.80 per hour with no additional administrative charges for FY 2012-13 and FY 2013-14 for an amount not to exceed \$10,652,850 in the aggregate for the first three years of this Agreement. This Agreement will purchase 172,500 services hours at a fixed rate of \$22.80 for FY 2013-14 in an amount not to exceed \$3,933,000. This Agreement will purchase 43,125 services hours at a fixed rate of \$22.80 for the first three months of FY 2014-15 in an amount not to exceed \$983,250. In no event shall the Authority's total fiscal obligation under this Agreement exceed FIFTEEN MILLION FIVE HUNDRED SIXTY-NINE THOUSAND ONE HUNDRED DOLLARS, (\$15,569,100) for the term of this Agreement.

2. Section 4 Term and Termination of the Agreement is amended to read as follows:

Subject to compliance with all terms and conditions, the term of this Agreement shall be from July 1, 2010, through September 30, 2014.

This Agreement may be terminated by Contractor, Chief of the Health System or designee at any time without a requirement of good cause upon thirty (30) days' written notice to the other party.

In the event of termination, all finished or unfinished documents, data, studies, maps, photographs, reports, and materials (hereafter referred to as materials) prepared by Contractor under this Agreement shall become the property of the Authority and shall be promptly delivered to the Authority. Upon termination, the Contractor may make and retain a copy of such materials. Subject to availability of funding, Contractor shall be entitled to receive payment for work/services provided prior to termination of the Agreement. Such payment shall be that portion of the full payment which is determined by comparing the work/services completed to the work/services required by the Agreement.

Payment for services provided under this Agreement is dependent on the availability of federal, State and County revenues at the sharing ratios in existence as of the date of execution of this Agreement.

Should the sharing ratio change, this Agreement may be renegotiated at a new

rate or terminated with thirty (30) days' notice by the Contractor or the Chief of the Health System.

3. Attachment B is deleted and replaced with Attachment B Amendment Three.
4. Exhibit A Budgets are deleted and replaced with Exhibit A-Line Item Budget
5. **All other terms and conditions of the Agreement dated May 25, 2010, between the Authority and Contractor shall remain in full force and effect.**

IN WITNESS WHEREOF, the parties hereto, by their duly authorized representatives, have affixed their hands.

SAN MATEO COUNTY IN-HOME SERVICES
PUBLIC AUTHORITY

By: _____
President, In-Home Services Public Authority

Date: _____

ATTEST:

By: _____
Clerk of Said Board

ADDUS HEALTHCARE, INC.



Contractor's Signature

Date: 6/2/14

Attachment B – Payments and Rates Amendment Three

In consideration of the services provided by Contractor in Attachment A, Authority shall pay Contractor based on the following fiscal requirements:

PAYMENTS/RATES

The maximum payable under this Agreement for the term July 1, 2010 through September 30, 2014 for direct in-home client care shall not exceed \$15,569,100.

A. In-Home Client Care

1. County will purchase a maximum of 172,500 service hours per year at a rate of \$19.02 per hour, with a \$270,000 annual administrative fee, for the term July 1, 2010 through June 30, 2012, and \$22.80 per hour (with no administrative fee) for the term July 1, 2012 through September 30, 2014.
2. This is a fixed rate cost contract. The rates are supported by the Contract Budget and Budget Narrative (Exhibit A), which is attached and incorporated by this reference and made part hereof.
3. Contractor agrees that the hourly rate to be charged to the Authority for contracted direct services and the total cost of furnishing these services for the term of this Contract includes all allowable direct costs to the Contractor, relative to this Contract.
4. Costs must conform with federal costs regulations: Specialized Circular A-87: A guide for State and Local Government Agencies, 48 CFR, Chapter 1, Part 31, Subpart 31.2 (for profit agencies), and Specialized Circular A-122 (for non-profit agencies). All equipment purchased by the Contractor must be depreciated in accordance with 45 CFR 95.705.
5. Payment for all services provided in accordance with provisions under this Contract shall be contingent upon the availability of federal, State and County funds for the purpose of providing IHSS. The Authority shall not be required to purchase any definite amount of services nor does the Authority guarantee to Contractor any minimum amount of funds or hours.
6. If the Legislature and/or the County Board of Supervisors allocates additional funds for provider wages and benefits during the contract year, the Contract may be amended to increase the contract hourly rate, contract maximum amount payable and change affected clauses to allow for increases in wages and benefits consistent with the funding authorized by the Legislature and/or the County Board of Supervisors.

7. Contractor agrees maximum payments for Non-severely Impaired (NSI) and Severely Impaired (SI) recipients are the amounts authorized by the State. The Authority will notify the Contractor of any changes in these amounts.

B. Billings

1. Contractor billing cycle shall be consistent with a monthly reporting system which is compatible with the Case Management, Information and Payroll System (CMIPS). Contractor shall submit billings to the Authority in a format specified by the Authority within ten calendar days following the end of the month in which services were delivered. Such billings shall include, at a minimum, an itemized listing of recipient names and case numbers, authorized hours, and actual service hours rendered. The Authority will review the billings and make payment within 45 days following the month in question, as specified in Attachment B, Section C. Failure to meet the ten calendar days' requirement of this section may result in liquidated damages being assessed (See Attachment B, Section D. 1. f.). Contractor will comply with the procedures/regulations associated with the CMIPS II System once it is implemented.
2. No billing or any part thereof shall be paid by the Authority unless the Contractor submits a certified sworn statement under the penalty of perjury that all employees' wages have been paid on a current basis; that all time sheets supporting said billing have been verified as properly signed, dated, and totaled; and each time sheet will be kept in the Contractor's possession for audit purposes.
3. Contractor must deduct all share of cost liabilities owed by clients when submitting monthly billings for services to the Authority (see Share of Cost in Attachment B, Section E).
4. Contractor will not be reimbursed for billings that cover service periods for more than three prior months of service.

C. Payments

1. If the conditions set forth in this Contract are met, the Authority shall pay, on or before the 45th day following the filing of the billings, the sum of money claimed by the approved billings (less the share-of-cost liability and any credit due the Authority for adjustments of prior billings). If the conditions are not met in a timely manner, the Authority shall pay when the necessary processing is completed.

2. The Authority will not pay for unauthorized services rendered by the Contractor nor for the claimed services which Authority monitoring shows have not been provided as authorized.
3. The Authority retains the right to withhold payment on disputed claims.
4. Final payment under this Contract may be held until the termination audit is completed.

D. Liquidated Damages

1. The Authority intends that the Contractor comply fully with all contractual requirements. Contractor and Authority agree that it would be impractical and extremely difficult to fix the actual damages in the event Contractor does not fully comply in the areas listed in this section and that the amount set forth in each area listed in this section shall be presumed to be the amount of damages sustained by Authority for Contractor's non-compliance with the requirements in such area. Upon discovery of non-compliance with Contract requirements listed below, the County will inform the Contractor in writing, provide technical advising and arrange appropriate monitoring frequency to bring service into compliance. Failure to achieve compliance will result in Liquidate damages as outlined:
 - a) With respect to recipients with established service schedules, for each calendar day any scheduled homemaker services are not provided to a recipient:
\$200 per day/per recipient
 - b) With respect to new referrals for service, for each calendar day beyond the tenth calendar day after Contractor is notified of new recipient that service is not provided (24-hours on emergency cases):
Non-emergency cases: \$250.00 per day/per recipient
Emergency cases: \$400.00 per day/per recipient
 - c) For each day beyond the due date in which required supervisor or provider training is not completed within time frames set forth in the Contract:
\$250.00 per day
 - d) For each instance in which Contractor fails to comply fully with all required record maintenance which includes erroneous information reported to the Authority:
\$200.00 per instance

- e) For each instance in which first line supervisors are responsible on the average for more than 3,000 authorized service hours during one month:
\$175.00 per day/per supervisor
- f) For each calendar day beyond the due date in which Contractor fails to submit the required non-receipt of scheduled services report, required monthly reports, quarterly reports, specified billings, or other requested records/information in a timely manner
\$150.00 per item/per day
- g) For each instance in which a month's delivered services are less than 80% of the monthly hours authorized:
\$500.00 per month/per recipient
- h) For each instance where a recipient in need of paramedical service is receiving services from a provider who has not been properly trained to perform the authorized services:
\$500.00 per instance
- i) For each instance Contractor fails to cooperate fully during the transition process of one contractor to another contractor or to any other mode of service
\$200.00 per instance
- j) For each instance in which supervisors fail to perform 10% of their scheduled hours for each month performing monitoring activities in recipient's home; or fail to perform the required initial home visit within required time frame; or fail to submit required initial home visit report to the Authority; or when subsequent home visits are not performed each three months:
\$250.00 per instance
- k) For each instance where a recipient is not provided services as scheduled:
\$250.00 per day/per recipient

2. The Authority Contract Liaison shall advise the Contractor in writing of his/her intent to assess liquidated damages not less than ten (10) calendar days prior to actual withholding of such amounts from any payment. Notice to the Contractor shall contain specific instances or causes for assessing the amount, including the dates thereof. Amounts assessed shall be withheld from the next payment of claim submitted under the Contract or from the final claim for payment submitted under the Contract. Should the Contractor disagree with the Authority's action

the Contractor may appeal specific assessed liquidated damages for non-compliance items identified by the Authority. Such appeal must set forth, in writing, detail of all facts and matters, including records where appropriate which Contractor believes will justify a resolution to the specific case where liquidated damages had been assessed.

3. Any appeal regarding a dispute on liquidated damages will be resolved by the Authority appointed arbitrator. This decision shall be in writing and final.

E. Share of Cost

1. Contractor agrees that no charges will be made to any recipient of services under this Contract unless it has been determined by the Authority that recipient has a share-of-cost liability.
2. In those cases where the recipient is liable for a share of cost, the Contractor shall be responsible for collection of that share-of-cost liability from the recipient and must deduct all share-of-cost amounts owed by recipients from the billings submitted to the Authority.
3. The Contractor agrees to refund any over collection when a recipient does not realize all the authorized hours covered by the share-of-cost.
4. Contractor agrees to report delinquent share of cost accounts on a monthly basis.

F. General Accountability

1. In the event of an audit exception or exceptions, the party responsible for not meeting the program requirement(s) shall be responsible for the deficiency.
2. In the event of any State hearing award or lawsuit award resulting from the Contractor's failure to perform as required by this Contract, reimbursement shall be made to the damaged party by the Contractor.
3. Additional costs to the Authority for maintaining any portion of the IHSS Program as a result of the Contractor's failure to perform, as required by the Contract, are subject to recoupment by the Authority through withholding from billings or any other form of legal action. Notwithstanding any specific liquidated damages defined elsewhere in this Contract, Contractor's failure to perform as required in any provision of this Contract shall weigh negatively against the "responsible" factor inherent in any future procurement process statewide.

G. Termination

This Contract may be terminated under the following conditions:

1. Failure or refusal of Contractor to perform or do any act herein required shall constitute a default. In the event of any default, in addition to any other remedy available to the Authority, this Contract may be terminated by the Authority immediately upon written notice and/or services may be purchased from any source by the Authority. If a greater price than that named in this Contract is paid for such services, the excess price will be charged to and collected from the Contractor and sureties on his bond, and in addition thereto any other damages proximately resulting from said default may be recovered.
2. This Contract may be terminated by the Authority without cause when a thirty (30) day written notice is provided to the Contractor.
3. This Contract may be terminated by the Contractor without cause when a sixty (60) day written notice is provided to the Authority.
4. Notwithstanding any other provisions of this Contract the Authority may terminate the Contract immediately:
 - a. Upon receipt of evidence of probable contract-provider mistreatment or abuse of recipients of IHSS services, or of unsafe or hazardous practices in the provision of service;
 - b. Upon loss of any license(s) required for lawful operation of Contractor's business;
 - c. Upon an unauthorized decrease in the required insurance in force;
 - d. Upon failure of Contractor to provide authorized services for which reported liquidated damages have been assessed;
 - e. Upon failure to make payroll payments;
 - f. Upon failure to remit payroll deductions in a timely manner to the appropriate State and federal Government;
 - g. Upon failure to substantially meet other financial obligations; or,
 - h. Upon service of a writ of attachment by creditors of Contractor.

5. Payment for services provided under this Agreement are dependent on the availability of federal, State and County revenues at the sharing ratios in existence as of the date of execution of this Agreement.

Should this ratio change, this Agreement may be renegotiated at a new rate or terminated with thirty (30) days' notice by the Contractor or the Chief of the Health System.

H. Monitoring/Audit Provisions

1. Monitoring by the Authority may be accomplished by, but not limited to, the following means: field reviews, compliance audits, financial audits, review of Contractor reports, billings, monthly review of records, etc. The Authority will rely on AAS to conduct the annual monitorings/audits.
2. In accordance with the Federal Government Auditing Standards, OMB Circular A-87 et seq., OMB Circular A-110 et seq. and OMB Circular A-128 et seq., Public Law 98-502 "Single Audit Act" and OMB Circular A-133 et seq. as applicable, authorized representatives of the Authority, County, State and federal governments shall have the right to audit all aspects of the Contract including, but not limited to, all financial records, accounts and documents, the provider wages and benefits, the budget line item and the budget narrative and any other aspect of the Contract the Authority, County, State or federal agencies deem necessary.
3. The right to audit includes that of the Authority, County, State and federal Agencies to examine and audit this Contract and all audit working papers, for a period of three years after the final payment.
4. The Contractor agrees their financial records shall contain itemized records of all costs related to this Contract and be available for inspection in the County within three working days of the request by the Authority, County, State or federal Agencies.
5. The Contractor shall give full cooperation in any monitoring or auditing conducted by the Authority, or governmental entities or their agents.
6. The Contractor shall provide to the Authority a financial audit that meets the requirements of the Federal Government Audit Standards, OMB Circular A-87 et seq., OMB Circular A-110 et seq. and OMB Circular A-128 et seq., Public Law 98-502 "Single Audit Act" and OMB Circular A-133 et seq. as applicable.

- a. The audit shall be provided to the Authority within 120 days of completion of the Contract; or in the case of a multi-year Contract within 120 days of completion of the second year of the Contract and within 120 days of completion of the final year of the Contract.
 - b. Audits shall be performed by an independent auditor selected by the Contractor and funded through the Contract.
7. The Authority shall perform a complete performance/compliance audit following the end of each contract year, and more often if deemed necessary by the Authority. This process will include, but not be limited to, review of billings, financial and program records of the Contractor related to this Contract. Any independent public accountant can be appointed by the Authority to assist in this process.
8. Authority shall notify Contractor in writing within thirty (30) calendar days of the discovery of any problems or potential audit exceptions discovered during any monitoring or auditing examination.
9. The findings and Contractor's response to the evaluation/audits will be reviewed with the IHSS Advisory Committee.

I. Record Maintenance

Contractor agrees to maintain all program, fiscal, statistical and management records locally and make such records available for inspection by Authority, County, State and federal representatives at all reasonable times. The records to be kept and maintained in connection with this program shall include, but are not limited to, the Authority's assessment of need, case opening and closing dates, provider time sheets and schedules, billing invoices, records and recipient-contractor service-related correspondence as well as personnel files that are current, as well as provide accurate record of each employee's employment history. The personnel files should also include the Child/Elder Abuse Reporting Agreement and Oath of Confidentiality forms included in Exhibit P of this document. As a part of such records, the time spent at each visit to the recipient shall be recorded and documented by signature or initial of the recipient or recipient representative on a report service format approved by the Authority. Contractor may be assessed liquidated damages in the case of any delay by Contractor in providing requested records to Authority.

J. Records Retention

1. Contractor agrees to maintain all records pertaining to service delivery and fiscal and administrative controls for a minimum of three years after

final payment has been made or until all pending Authority, County, State and federal audits are completed, whichever is later.

2. Upon request, the Contractor shall make these records available in the County to all authorized Authority, County, State and federal personnel.

K. Disposal of Records:

Contractor shall ensure that records shall be stored and destroyed in accordance with CDSS MPP Division 23, Section 350.

L. Minimum Standards for Salaries and Benefits

The Contractor shall maintain the following minimum standards with regard to salaries and benefits for all employees:

1. All employees shall receive basic statutory coverage for Federal Insurance Contribution Act (FICA), Workers' Compensation, State Unemployment Insurance (SUI), and Federal Unemployment Tax (FUTA), benefits and State Disability Insurance (SDI). Whereas, pursuant to Section 12302.21 of the Welfare and Institutions Code (WIC) the State shall provide Workers' Compensation coverage for IHSS/PCSP providers that are employed under IHSS/PCSP contracts entered into by a county.
2. All employees shall receive wages and benefits which are no less than required by applicable State and federal law. The minimum wage in California, effective January 1, 2008, is \$8.00 an hour. Effective July 1, 2014, the minimum wage in California is \$9.00 per hour.
3. The job descriptions, salary levels, step merit increases, related promotional and step merit increase requirements under this Contract are as described in Exhibit H and Exhibit I-1 through I-4 attached hereto and made a part hereof. These are the minimum level for salaries and benefits. All wages, salaries and benefits described in Exhibit A, Exhibit H, and Exhibit I-1 through I-4 are certain and definite and not subject to further negotiation between Contractor and any union or other entity.

If for any reason, during the term of this Contract and any extension or renewal thereof, there is a reduction of any wages or benefits for providers, it may result in an adjustment to the per hourly unit rate of return for services. Any such reduction must be reported to the Authority prior to implementation. The Contractor must immediately notify the Authority of the effective date and the amount of such reduction. Any reduction in provider wages and benefits must be reflected in an amendment to this Contract and the Authority shall reduce the reimbursement to the Contractor, in an amount proportionate to the wage and

benefit reduction, effective for services provided on the date of the wage and benefit reduction provided by the Contractor. Parties hereby agree that this provision is included to protect the integrity of the proposal process. Except as provided in Attachment B, Section A. 6. of this Contract, in no event will the hourly rate of reimbursement to the Contractor be increased as a result of an increase to the wages and benefits.

M. Availability of Funds

Payment for all services provided in accordance with the provisions of this Contract are contingent upon the availability of federal, State and County funds for the purposes of providing IHSS. Pursuant to CDSS MPP Division 10, Section 205, the portion of a payment by a county on an IHSS Contract in excess of 110% of the allowable cost of service shall not be eligible for matching or reimbursement from State or federal funds.

Exhibit A-1 Line Item Budget

Year 1

REQUIRED CONTRACT BUDGET

7/1/2014

9/30/2014

County: San Mateo County

Date: June 2, 2014

Contractor: Addus HealthCare, Inc.

Period Beginning: July 1, 2014

Period Ending: Sept 30, 2014

Total Service Hours for Period: 43,125

Hourly Rate: \$ 22.8000

TOTAL COST

HOURLY RATE

IHSS Provider Wages

Full Time.....	<u>524,896.8750</u>	<u>\$ 12.1715</u>
Part Time.....	<u>-</u>	<u>\$ -</u>

IHSS Provider Employment Taxes

Social Security (FICA)	<u>45,480.1030</u>	<u>\$ 1.0546</u>
Federal Unemployment Ins. (FUTA)....	<u>37,380.0000</u>	<u>\$ 0.8668</u>
State Unemployment Ins. (SUI)	<u>15,813.9966</u>	<u>\$ 0.3667</u>
State Disability Ins. (SDI)	<u>5,945.1115</u>	<u>\$ 0.1379</u>

IHSS Provider Employment Benefits

Vacation	<u>15,746.9063</u>	<u>\$ 0.3651</u>
Sick Leave	<u>15,214.4022</u>	<u>\$ 0.3528</u>
Holiday	<u>8,775.6672</u>	<u>\$ 0.2035</u>
Health Insurance	<u>117,355.5300</u>	<u>\$ 2.7213</u>
Dental Insurance	<u>-</u>	<u>\$ -</u>
Other	<u>-</u>	<u>\$ -</u>

IHSS Provider Travel Costs

Travel Wages	<u>22,161.9375</u>	<u>\$ 0.5139</u>
Mileage	<u>16,399.8139</u>	<u>\$ 0.3803</u>

IHSS Provider Orientation/Skill Development Training

Training Wages	<u>7,715.0000</u>	<u>\$ 0.1789</u>
Training Staff/Consultants	<u>-</u>	<u>\$ -</u>
Other Training Costs (<i>specify</i>)	<u>-</u>	<u>\$ -</u>

Administrative Salaries

Local Administration	<u>17,595.9000</u>	<u>\$ 0.4080</u>
Clerical	<u>-</u>	<u>\$ -</u>
IHSS Supervisors	<u>27,562.5000</u>	<u>\$ 0.6391</u>
Salaries to Owners/Officers/Directors..	<u>-</u>	<u>\$ -</u>

Administrative Taxes

Social Security (FICA)	<u>3,454.6176</u>	<u>\$ 0.0801</u>
Federal Unemployment Ins. (FUTA)	<u>2,520.0000</u>	<u>\$ 0.0584</u>
State Unemployment Ins. (SUI)	<u>931.0000</u>	<u>\$ 0.0216</u>
State Disability Ins. (SDI)	<u>320.0000</u>	<u>\$ 0.0074</u>

Exhibit A-1 Line Item Budget

Year 1

REQUIRED CONTRACT BUDGET

	TOTAL COST	HOURLY RATE
Administrative Worker's Compensation ..	<u>248.3712</u>	<u>\$ 0.0058</u>
Administrative Benefits		
Vacation	Included in Salaries	
Sick Leave	Included in Salaries	
Holiday	Included in Salaries	
Health Insurance	<u>8,495.3280</u>	<u>\$ 0.1970</u>
Dental Insurance	<u>-</u>	<u>\$ -</u>
Other	<u>-</u>	<u>\$ -</u>
Administrative Travel		
Travel Wages	Included in Salaries	<u>\$ -</u>
Mileage	<u>630.4356</u>	<u>\$ 0.0146</u>
Insurance and Bonding		
Liability Insurance	<u>3,832.3325</u>	<u>\$ 0.0889</u>
Automobile Insurance	Included Above	<u>\$ -</u>
Fidelity Bond	Included Above	<u>\$ -</u>
Performance Bond	N/A	<u>\$ -</u>
Letter of Credit	Included in Other Costs	<u>\$ -</u>
Office Expense		
Rent	<u>4,794.0000</u>	<u>\$ 0.1112</u>
Maintenance/Janitorial	<u>163.0000</u>	<u>\$ 0.0038</u>
Utilities	<u>-</u>	<u>\$ -</u>
Equipment (<i>new</i>)	<u>-</u>	<u>\$ -</u>
Equipment Maintenance	<u>173.0000</u>	<u>\$ 0.0040</u>
Equipment Deprec. (<i>purchased prior</i>)..	<u>-</u>	<u>\$ -</u>
Accounting and Data Processing	<u>250.0000</u>	<u>\$ 0.0058</u>
Telephone	<u>5,464.0000</u>	<u>\$ 0.1267</u>
Postage	<u>461.0000</u>	<u>\$ 0.0107</u>
Photocopying/Printing	<u>321.0000</u>	<u>\$ 0.0074</u>
Supplies	<u>1,206.0000</u>	<u>\$ 0.0280</u>
Personnel Advertising	<u>450.0000</u>	<u>\$ 0.0104</u>
Other Costs (see Budget Narrative)	<u>61,151.2969</u>	<u>\$ 1.4180</u>
Profit (proprietary firms)	<u>9,340.8750</u>	<u>\$ 0.2166</u>
Audit Costs.....	<u>1,000.0000</u>	<u>\$ 0.0232</u>
TOTAL COSTS.....	<u>983,250.0000</u>	
HOURLY RATE		<u>\$ 22.8000</u>

Direct service workers hired prior to 10/1/98 shall accrue paid vacation based upon the following formula:

<u>Hours Worked per Week</u>	<u>Vacation Accrual Rate</u>
26- 39	2 hours for each 50 hours worked
40	8 hours of vacation each month

Direct service workers hired after to 10/1/98 shall accrue paid vacation based upon the following formula:

<u>Hours Worked per Week</u>	<u>Vacation Accrual Rate</u>
32- 40	2.67 hours of vacation each month

Based upon our experience, we estimate that each worker will average
for every hour worked.

0.030 hrs of vacation

$$0.0300 \times 43,125.0000 = 1,293.7500 \text{ Accrued Hours}$$

Accrued Hours	1,293.7500	x	12.1715	=	\$	15,746.9063	total cost
		\$	15,746.9063	/		43,125.0000	0.3651 per hour

Sick Leave:

All part-time (> 26 hours) direct service workers shall accrue paid sick leave based upon the following formula:

4 hours/ month 26-39 hours worked per week

All full-time (40 hours) direct service workers shall accrue paid sick leave based upon the following formula:

8 hours/ month 40 hours worked per week

All direct service workers hired prior to 10/1/91 accrue sick leave based upon the following formula:

1 hour for every 50 hours worked

All other direct service workers shall accrue paid sick leave based on the following formula:

0.8333 hour for every 40 hours worked

Based upon experience 95% of workers use sick leave benefits

1,250.0000	x	12.1715	composite wage	=	15,214.4022	total cost
	\$	15,214.4022	/		43,125.0000	0.3528 per hour

Holiday:

Holiday pay is based upon the following formula:

All employees are eligible for paid holidays based upon time worked.

Holiday pay is based upon the actual hours scheduled to work and

Estimated Hours eligible for holiday benefits

2.0000	paid holidays
251.000	work days
721.000	hrs.
8,775.6672	total cost
0.2035	per hour

\$	8,775.6672	/	43,125.0000	=
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Health and Vision Care Insurance:

Health insurance coverage is available to all homemakers who work an average of thirty-two hours per week. The company pays 100% of the monthly premium for full-time employees who opt for coverage with a hire date prior to 10/1/98. Employees hired after 10/1/98 pay \$20 monthly toward premium expense. Number of employees covered is based upon the current coverage and the change in contract requirements during this contract period.

Vision Care coverage is available to homemakers who work more than twenty-six hours per week.

954.1100 Total Monthly Premium Cost 41.0000 Employees receive health insurance.

41.0000	x	954.1100	x	3.0000	=	117,355.530
\$117,355.5300	/	43,125.0000	=			2.7213 per hour

IHSS Provider Travel Costs

Travel Wages:

Based upon our experience in the current year in the county, we estimate that provider travel wages will increase. Providers are compensated for actual time, there is no limit on the travel time between client homes. Travel time is audited by the employees supervisor.

1,820.8025	est. hours	x	12.1715	=	22,161.9375	total cost
\$22,161.9375	/	43,125.0000	=			0.5139 per hour

Mileage

Based upon our experience in the current year in the county, we estimate that provider mileage reimbursement will remain level. Providers are compensated for actual mileage, there is no limit on the mileage reimbursed. Mileage is audited by the employees supervisor.

35,651.7694	est. miles	x	0.4600	=	16,399.8139
\$16,399.8139	/	43,125.0000	=		0.3803

IHSS Provider Orientation/Skill Development Training

Orientation/Skill Development

Based upon the actual rate of turnover and new hires.

4.0000	Initial Training Hours	12.0000	Estimated new Hires per month
6.0000	Skill Development Training Hours	144.0000	Staff receiving skill development training
10.0000	Personal Care Training Hours	30.0000	Staff receiving Personal Care Training
12.0000	new hires/mth	x	4.0000 hrs/mth
12.0000	x	11.7000	average starting wage
140.4000	x	11.0000	months per period
			1,544.400

In addition, all homemakers receive skill development training.

144.0000	x	3.0000	x	12.1715	=	5,258.0974
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In addition, homemakers may choose to attend personal care training.

30.0000 x	10.0000 x	12.1715 =	912.8641	
\$1,544.4000 +	\$5,258.0974 +	912.8641 =		7,715.3615 Total Training We
	7,715.3615 /	43,125.0000	=	0.1789 per hour

Skill Development Training

Included above in orientation/skill development training costs.

Administrative Salaries

Local Administration:

1 Branch Manager	\$74,088.0000	allocated at	0.2375	of time to IHSS program.	
\$74,088.0000 x	23.7500%	=			\$17,595.9000 Total Cost
	17,595.9000 /	43,125.0000	=		0.4080 per hour

IHSS Supervisors:

3.5000 Supervisor positions average wage of			15.7500	per hour	
\$ 15.7500 x	40.0000 ho	x 12.5000 weeks	=	\$7,875.0000	
	7,875.0000 x	3.5000 employees	=	27,562.5000	total cost
	27,562.5000 /	43125.0000	=	0.6391	per hour

Administrative Taxes:

Taxes have been computed on a base composed of:

Local Administration.....	\$17,595.9000
IHSS Supervisors.....	\$27,562.5000
Total.....	\$45,158.4000

Social Security (FICA):

Reflects the federally mandated level of taxable wages.

Local Administrator	7.6500% x	17,595.9000	=	1,346.0864	
Supervisors	7.6500% x	27,562.5000	=	2,108.5313	
7.6500% x	\$45,158.4000	=		\$3,454.6176	total cost
	3,454.6176 /	43,125.0000	=	0.0801	per hour

Federal Unemployment Insurance (FUTA):

Reflects the federally mandated level of taxable wages.

6% of the first \$7,000 of wages per employee

Local Administrator	6.0000% x	7,000.0000	=	420.0000	
Supervisors	6.0000% x	35,000.0000	=	2,100.0000	
6.0000% x	\$42,000.0000	=		\$2,520.0000	total cost
	2,520.0000 /	43,125.0000	=	0.0584	per hour

State Unemployment Insurance (SUI) & Employment Training Tax:

Reflects the rate set for our company by the State x the wage limit set by the state.

Admin employee turnover is minimal for this location. So, only included SUI up to the state maximum per employee

Local Administrator	2.6600% x	7,000.0000	=	186.2000	
Supervisors	2.6600% x	28,000.0000	=	744.8000	
2.6600% x	\$35,000.0000	=		\$931.0000	total cost
	931.0000 /	43,125.0000	=	0.0216	per hour

State Disability Insurance (SDI)

Reflects the rate set for our company by the State x the wage limit set by the state.

Admin employee turnover is minimal for this location. So, only included SDI up to the state maximum per employee

Local Administrator	1.0000% x	7,000.0000	=	70.0000	
Supervisors	1.0000% x	25,000.0000	=	250.0000	
1.0000% x	\$32,000.0000	=		\$320.0000	total cost
	320.0000 /	43,125.0000	=	0.0074	per hour

A copy of the most recent state Unemployment Insurance rate determination letter has been attached under Exhibit A-3.

Administrative Worker's Compensation:

Workers Compensation reflects the most recent rate quoted to us by our carrier.

0.5500% x	\$45,158.4000	=	\$248.3712	total cost
			0.0058	per hour

Since we are not self-insured, the additional requested self-insured information is non-applicable.

Administrative Benefits:

Vacation, Sick Leave, Holiday

Vacation, Sick Leave and Holiday benefits are included in salary calculation. Amounts accrued and paid will be those averaged in administrative salaries. Current staff will retain their current level of benefits.

Health Insurance

Health insurance coverage is available to all full-time administrative staff. The company pays 80% of the monthly premium for these employees. Based upon the specific roster at this location, we estimate 4 employees will elect to receive health insurance coverage.

4.0000 employees	x	707.9440	x	3.0000	=	8,495.328	total cost
		8,495.3280	/	43,125.0000	=	0.1970	per hour

Administrative Travel

IHSS Administrative Travel Wages

Administrative travel wages are included in salary calculation since regular travel will be a part of each administrative persons job and will be paid for the actual time traveled at each person's regular rate of pay, as outlined in the administrative salaries section. Management functions required to carry out the contract which involve travel include client monitoring, provider training, initial service visits, general recruiting, and meetings with the County and/or general public, and will be performed by staff at all levels.

IHSS Administrative Mileage

Based upon our experience as the current provider in the county, and using the reimbursement rate of 0.4100 per mile our estimate has been calculated as follows:

1,537.6479	miles	x	0.4100	=	630.4356	total cost
	630.4356	/	43,125.0000	=	0.0146	per hour

Insurance and Bonding

Liability Insurance, Automobile Insurance, Fidelity Bonding

Coverage's include all required by contract. Coverage is based upon employee wages.

Field Wages	\$524,896.8750	x	0.0070	=	3,674.278	0.0852
Administrative Wages	\$45,158.4000	x	0.0035	=	158.054	0.0037
Total Wages	\$570,055.2750					per hour
\$570,055.2750	x	0.5455%	=	3,832.3325	total cost	
3,832.3325	/	43,125.0000	=	0.0889	per hour	

Office Expense

Rent

Based upon current rental costs for all offices in the service area.

Projected at	\$4,794.0000	total cost				
	4,794.0000	/	43,125.0000	0.1112	per hour	

Maintenance/Janitorial

Based upon current costs for routine facility maintenance.

Projected at	\$163.0000	total cost				
	163.0000	/	43,125.0000	0.0038	per hour	

Utilities

Included in Rent.

Equipment

No new equipment will be purchased under this contract.

Equipment Maintenance

Based upon current office equipment maintenance agreements and for repairs not covered by maintenance agreements. Equipment includes Copier, Telephones, Fax and Computers.

Projected at	\$173.0000	total cost				
	173.0000	/	43,125.0000	0.0040	per hour	

Equipment Depreciation

Non-applicable.

Accounting and Data Processing

Accounting is included in Other Costs. Data Processing Fees are projected at 250.0000 / 43,125.0000

\$	250.0000	
0.0058	per hour	

Telephone

Based upon current costs for use and maintenance of regular lines and long distance service.

Projected at	\$5,464.0000	total cost				
	5,464.0000	/	43,125.0000	0.1267	per hour	

Postage

Based upon current costs for stamps, postal services, and messenger services/express mail.

Projected at	\$461.0000	total cost				
	461.0000	/	43,125.0000	0.0107	per hour	

Photocopying/Printing

Based upon current costs copier, forms, general photocopying expenses and factors for outside printing.

Projected at	\$321.0000	total cost				
	321.0000	/	43,125.0000	0.0074	per hour	

Supplies

Based upon current costs for checks, paper, envelopes, note pads, calculators, and miscellaneous office supplies. Supplies are recorded in total and not itemized separately for accounting records.

Projected at	\$1,206.0000	total cost				
	1,206.0000	/	43,125.0000	0.0280	per hour	

Personnel Advertising

Based upon current costs for placing ads in local newspapers, distributing flyers and making contacts with potential recruitment referral sources.

Projected at	\$450.0000	total cost				
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450.0000 / 43,125.0000 0.0104 per hour

Other Costs

Based upon current costs for data processing, accounting, legal, claims, damages, consultants, letter of credit, temporary help, licenses, taxes, small miscellaneous expenses. Includes cost of regional management and home office expense. Also includes additional costs for compliance with DOL OSHA 29 CFR Part 1910.1030: Occupational Exposure to Blood-Borne Pathogens and employee identification badges.

Estimated at **\$61,151.2969** total cost
61,151.2969 / 43,125.0000 1.4180 per hour

Operating Profit*

Projected at **0.9500%** of the net total.

Estimated at \$9,340.8750 total cost
9,340.8750 / 43,125.0000 0.2166 per hour

*Please note that Operating Profit is utilized to cover Corporate Overhead Costs as listed above

Independent Audit

Estimated cost of required audit based upon current year's audit expense.

Projected at **\$1,000.0000** total cost
1,000.0000 / 43,125.0000 0.0232 per hour

Total Cost

Projected at \$983,250.0000 total cost

Hourly Rate

\$983,250.0000 / 43,125.0000 = **22.8000** hourly rate