

**DEPARTMENT OF CORRECTIONS**

**NETWORK PROVIDER FACILITY**

**CONTRACT**

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### APPENDIX:

NETWORK FACILITY APPLICATION  
SIGNATURE PAGE

# Network Provider Facility Contract

It is hereby agreed between the Oklahoma Department of Corrections and the Facility named on the signature page, that the Facility shall be a provider in the Oklahoma Department of Corrections' Network of Providers.

This Contract is entered into for the purpose of defining the conditions for reimbursement by the Oklahoma Department of Corrections to the Facility. It in no way is meant to impact on the Facility's decision as to what is considered appropriate medical treatment.

## I. RECITALS

- 1.1 The Oklahoma Department of Corrections (hereinafter, the DOC) is a statutory body created by 57 O.S., § 505 et seq., as amended, to administer and manage the incarceration of persons who have committed criminal offences or are otherwise subjected to criminal sanctions within the State of Oklahoma.
- 1.2 The Facility is duly licensed by the state of Oklahoma and shall comply with all applicable federal, state, and local laws regulating such a Facility providing general acute, subacute, or rehabilitative health care services and satisfies additional credentialing criteria as established by the DOC.
- 1.3 The intent of this Contract is to provide access to enhanced quality health care, utilizing managed care components at an affordable, competitive cost to the DOC.
- 1.4 Failure to abide by any of the following provisions may result in non-renewal of the Contract or may be cause for termination.

## II. DEFINITIONS

- 2.1 "Allowable Fee" means the maximum charge payable to a Facility for a specific procedure in accordance with the provisions in Article VI of this Contract. The Facility shall charge the usual and customary fee unless the fee schedule limits otherwise.
- 2.2 "Emergency" means a sudden onset of a medical or mental condition displaying acute symptoms that are so severe that the absence of immediate medical attention could reasonably result in:
  - a) permanently placing the patient's health in jeopardy; or
  - b) causing other serious medical consequences; or
  - c) causing serious impairment to bodily functions; or

- d) causing serious and permanent dysfunction of any body organ or part.
- 2.3 "Facility Services" means those acute care inpatient and outpatient Facility services that are covered by the DOC.
- 2.4 "Medical" means belonging to the study and practice of medicine for the prevention, alleviation or management of a physical or mental defect, illness, or condition.
- 2.5 "Medically Necessary" means services or supplies that, under the provisions of this Contract, are determined to be:
- a) appropriate and necessary for the symptoms, diagnosis or treatment of the medical condition, and
  - b) provided for the diagnosis and treatment of the medical condition, and
  - c) within standards of acceptable, prudent medical practice within the community, and
  - d) not primarily for the convenience of the Inmate, the Inmates's facility or another provider, and
  - e) any condition which, if left untreated, could deteriorate into a life threatening situation, and
  - f) the most appropriate supply or level of service that can safely be provided. In the event of an inpatient facility stay, acute care is necessary due to the types of services the Inmate is receiving or the severity of the Inmate's condition, and that safe and adequate care cannot be received as an outpatient or in a less intensified medical setting.
- 2.6 "Medical Services" means the professional services provided by a Network Facility and covered by the DOC's Plan.
- 2.7 "Inmates" means all persons within the DOC's custody for whom the DOC is required to furnish medical care and services.
- 2.8 "Network Facility" means a certified facility that has entered into this Contract with the DOC to accept scheduled reimbursement for covered medical services provided to Inmates.
- 2.9 "Network Physician" means a licensed practitioner of the healing arts who has entered into a Contract with the DOC to accept scheduled reimbursement for covered medical services provided to Inmates.

- 2.10 "Outpatient services" means medically necessary Facility services for treatment rendered by a Facility to a Inmate, including, but not limited to, emergency room care, clinic care, ambulatory surgery, radiology, pathology and other services which are provided without the admission of the patient.
- 2.11 "Prior Authorization" means a function performed by the DOC, or its designee, to review for medical necessity in identified areas of practice as defined at 7.11 of this Contract, prior to services being rendered.
- 2.12 "Psychiatric Day Treatment" means an approved treatment that provides a therapeutic environment consisting of appropriate mental health therapy, supportive care, case management, and reintegration into the home and community.
- 2.13 "Rehabilitation" means an approved treatment that leads to the restoration of an ill or injured person to self-sufficiency at their highest attainable skill.
- 2.14 "Residential" means an approved treatment Facility which provides temporary accommodations. It is a structured, safe, and therapeutic environment in which residents receive psychotherapy appropriate to their individualized treatment plan.
- 2.15 "Skilled Nurse Facility" means an approved treatment Facility rendering services prescribed by a physician that could not be given safely or reasonably by a person who is not medically skilled and would need continuous supervision of the effectiveness of the treatment and progress of the condition of the patient. These services are not custodial in nature.
- 2.16 "Referral Process" means a process by which the DOC handles the authorization, scheduling, tracking and monitoring of all medical service appointments outside the DOC. The process begins with the appropriate DOC provider diagnosing the patient with a condition that requires treatment not available within the DOC's Medical Services Division. The DOC's provider forwards the referral to the DOC's regional physician to obtain approval for the patient to access a facility outside of the prison and/or county jail. The regional physician approves or denies the outside referral by checking the appropriate box on the referral form. The DOC's provider contacts the outside provider and the appointment is scheduled. In some cases, a telephone conference between the referring DOC provider and the outside provider may be warranted. In the event a procedure needs to be performed that is not indicated on the Referral Record as approved by the DOC's regional physician, a telephone conference between the outside provider and the referring provider shall be necessary.

- 2.19 "Third Party Payor" means an insurance company or other entity making payment directly to the Facility on behalf of the DOC.
- 2.20 "Certification" means a function performed by the DOC or its designee to review and certify medical necessity for emergency, holiday or weekend surgeries and observation stays with a duration of more than 24 hours within one working day after services are incurred.

### **III. RELATIONSHIP BETWEEN THE DOC AND THE FACILITY**

- 3.1 The DOC has negotiated and entered into this Contract with the Facility on behalf of the Inmates of the State and Education Employees Health Insurance Plan. The Facility is an independent contractor that has entered into this Contract to become a Network Facility and is not, nor is intended to be, the employee, agent or other legal representative of the DOC in the performance of the provisions of this Contract. Nothing in this Contract shall be construed or be deemed to create a relationship contrary to that of independent contractor for the purposes of this Contract.
- 3.2 The DOC and the Facility agree that all of the parties hereto shall respect and observe the facility/patient relationship which will be established and maintained by the Facility. The Facility may choose not to establish a facility/patient relationship if the Facility would have otherwise made the decision not to establish a facility/patient relationship had the patient not been a Inmate. The Facility reserves the right to refuse to furnish services to a Inmate in the same manner as they would any other patient.
- 3.3 Nothing in this Contract is intended to be construed, or be deemed to create any rights or remedies of any third party, including but not limited to, a Inmate or a Network Provider other than the Facility named in this Contract.

### **IV. FACILITY SERVICES AND RESPONSIBILITIES**

- 4.1 The Facility shall provide quality, medically necessary facility services to Inmates, in a cost efficient manner, when such services are ordered by a licensed practitioner of the healing arts, who is an Inmate of the Facility's medical staff and has been awarded the prerequisite clinical privileges to order and/or perform such services. Nothing in this Contract shall be construed to require the medical staff of the Facility to perform any procedure or course of treatment which the staff deems professionally unacceptable or is contrary to Facility policy.

- 4.2 The Facility shall provide facility services to Inmates in the same manner and quality as those services are provided to all other patients of the Facility.
- 4.3 The Facility has, and shall maintain, in good standing while this Contract is in effect, all licenses required by law, and if applicable, certification to participate in the Medicare program under Title XVIII of the Social Security Act and/or JCAHO or AAACH certification.
- 4.4 The Facility agrees to make reasonable efforts to refer covered Inmates to other Network Facilities with which the DOC contracts, for medically necessary services that the Facility cannot or chooses not to provide. Failure of the Facility to use Network Providers will result in a review pursuant to the credentialing plan.
- 4.5 The Facility shall prescribe for Insurance Board Inmate's medications identified on the adopted formulary or explain, in writing, on behalf of the Inmates of the DOC why it is medically inappropriate to do so.
- 4.6 The Facility shall participate in the pre-admission certification, concurrent review and prior authorization procedures provided in Article VII and for purposes of reimbursement to abide by decisions resulting from that review subject to the rights of reconsideration, review and appeal.
- 4.7 The Facility shall furnish, at no cost to the DOC, any medical and billing records covering any facility services, for any Inmate, with the understanding that each Inmate, as a condition of enrollment in the Oklahoma State and Education Employees Group Insurance Plan, has authorized such disclosure.
- 4.8 The Facility shall accurately complete the Network Facility Application which is attached to and made part of this Contract. The Facility shall notify the DOC of any change in the information contained in the Application within 15 days of such change, including resolved litigation listed as "pending" on the original Application.
- 4.9 The Facility shall reimburse the DOC for any overpayments made to the Facility within 30 days of the Facility's receipt of the overpayment notification.
- 4.10 The Facility shall submit to a patient record audit upon 48 hours advance notice.
- 4.11 The Facility shall participate in HELP/Wellness promotions sponsored by the DOC, at the DOC's allowable under the terms of the promotion.

**V. DOC SERVICES AND RESPONSIBILITIES**

- 5.1 The DOC agrees to pay the Facility compensation pursuant to the provisions of Article VI, subject to appropriate application of procedural coding recommendations.
- 5.2 The DOC agrees to grant the Facility the status of "Network Facility" and to identify the Facility as a Network Facility on informational materials disseminated to Inmates.
- 5.3 The DOC agrees to continue listing the Facility as a Network Facility until this Contract terminates.
- 5.4 The DOC agrees to periodically provide the Facility with access to a listing of all Network Facilities.
- 5.5 The DOC agrees to provide appropriate identification cards for Inmates.
- 5.6 The DOC agrees to acknowledge the confidentiality of patient's records and to only release pertinent clinical information in accordance with state and federal guidelines.
- 5.7 The DOC shall give a 48 hour notice prior to an audit.
- 5.8 The DOC shall maintain prior authorization, precertification and concurrent review programs in order to aid its Inmates in making decisions that will maximize medical benefits and reduce their financial risk.

**VI. COMPENSATION AND BILLING**

- 6.1 The Facility shall seek payment only from the DOC for the provision of medical services except as provided in paragraphs 6.3, 6.4 and 6.9. The payment from the DOC shall be limited to the amounts referred to in paragraph 6.2.
- 6.2 The DOC shall determine the allowed charges to the Facility for a DRG value for non-transfer cases according to the following formula:

$$\text{Flat rate DRG value} = \text{Medicare DRG Relative Weight} \times \text{Base Rate}$$

Skilled nursing facility services, day treatment and residential treatment will be reimbursed utilizing the per diem methodology. In no event shall a per diem qualify as an outlier. Outpatient benefits will be allowed at 70% of billed charges for an urban Facility and 80% of billed charges for a rural Facility. A Facility's urban/rural status is determined by the county in which the Facility operates. Counties which are designated by the U.S. Office of Management and Budget (OMB) as metropolitan statistical areas are considered urban. These benefits shall be allowed when the Inmate has received medically necessary covered services subject to the following policy limitations and conditions:

- a) The DOC will pay 80% of the DRG value and the Inmate shall pay 20% of the DRG value unless the Inmate has met the stop loss limitation, and then the DOC shall pay the DRG value and the Inmate has no liability. When the DRG value exceeds billed charges, the DOC shall pay 80% of the DRG value and the Inmate shall pay 20% of billed charges unless the Inmate has met the stop loss limitation and then the DOC shall pay the DRG value and the Inmate has no liability.
- b) The DRG, after final physician attestation, shall be controlling, subject to the DOC's approval.
- c) The DRG rates do not include any physician professional component fees, which are considered for payment according to separately billed Current Procedural Terminology code allowables.
- d) The DOC may reduce the payment by any deductibles, coinsurance and copayments.
- e) The DOC shall include the day of admission but not the day of discharge when computing the number of facility days provided to a Inmate. Observation facility confinements for which a room and board charge is incurred shall be paid based on inpatient benefits.
- f) In the case of a transfer, the allowed charges for the transferring Facility shall be calculated as follows:

Per Diem for Transfer =  $DRG \div \text{Medicare Geometric Mean Length of Stay (LOS)}$

Total Fee for Transfer Cases = Per Diem for Transfer Cases x (LOS + 1)

The total allowed charges to the transferring Facility shall be capped at the amount of the DRG fee for a non-transfer case. The DOC shall allow payment to the receiving Facility, if it is also the final discharging Facility, at the DRG value as if it were an original admission. In no event shall a per diem DRG qualify as an outlier.

- g) The DOC shall have the right to categorize what shall constitute a procedure. The DOC's and the Inmate's financial liability shall be limited to the procedure's allowable as determined by the DOC, paid by applying appropriate coding methodology, whether the Facility has billed appropriately or not.
- h) The Facility agrees not to charge more for medical services to Inmates than the amount normally charged (excluding Medicare) by the Facility to other patients for similar services. The Facility may, however, contract with other third party payors for services. The Facility's usual and customary charges may be requested by the DOC and verified through an audit.
- i) For outlier cases, the DOC shall allow an outlier payment plus the DRG fee amount. The following formula shall be utilized to calculate the outlier payment:

$$\text{Outlier Payment} = [\text{Billed Charges} - (\text{DRG} + \text{outlier threshold})] \times \text{Marginal Cost Factor}$$

- j) The DOC shall pay all other non-specified covered facility services, subject to the allowable limits.
- 6.3 The Facility agrees that the only charges for which a Inmate may be liable and be billed by the Facility shall be for deductibles, coinsurance, copayments or services not covered by the Oklahoma State and Education Employees Health Insurance Plan, or as provided in paragraph 6.4 and 6.9. The Facility shall not waive any deductibles, copayments and coinsurance required by the DOC, except during times of HELP/Wellness promotions, when the copayment/coinsurance is waived by the DOC.
- 6.4 The Facility shall not collect amounts in excess of the Plan limits unless the Inmate has exceeded his/her annual or lifetime maximum.

- 6.5 The Facility shall refund within 30 days of discovery to the Inmate any overpayment made by the Inmate.
- 6.6 In a case in which the DOC is primary under applicable coordination of benefit rules, the DOC shall pay the amounts due under this Contract. In a case in which the DOC is other than primary under the coordination of benefit rules, the DOC shall pay only those amounts not payable from other sources pursuant to the applicable coordination of benefit rules, up to the DOC's maximum liability under the terms of this Contract.
- 6.7 The Facility shall bill the DOC on form UB-92 in the manner prescribed by CMS (formerly HCFA) guidelines and in accordance with the UB-92 Manual for the state in which the Facility operates. The Facility shall bill the DOC within six months of the date of services or the date of discharge. This provision shall not apply in cases involving litigation, multiple payors, or where the patient has failed to notify the Facility that they were an Inmate.
- 6.8 The DOC shall reimburse the Facility within 30 days of receipt of billings that are accurate, complete and otherwise in accordance with Article VI of this Contract. The DOC will not be responsible for the delay of reimbursement due to circumstances beyond the DOC's control.
- 6.9 The Facility shall not charge the Inmate for medical services denied during pre-admission certification, concurrent review or the prior authorization procedures described in Article VII, unless the Facility has obtained a written waiver from that Inmate. Such a waiver shall be obtained only upon the denial of admission, concurrent review or prior authorization and prior to the provision of those medical services. The waiver shall clearly state that the Inmate shall be responsible for payment of medical services denied by the DOC.
- 6.10 The DOC shall have the right at all reasonable times and to the extent permitted by law, to inspect and duplicate all medical and billing records relating to medical services rendered to covered Inmates at no cost to the DOC or the Inmate.

## **VII. UTILIZATION REVIEW**

- 7.1 The Facility shall adhere to and cooperate with the DOC's precertification, concurrent review and prior authorization procedures. These procedures do not guarantee an Inmate's eligibility or that benefits are payable, but assure the physician that the medical services to be provided are covered under the Plan.

- 7.2 The Facility, or its representative, shall notify the DOC, or its designee, of any admission or outpatient surgical procedure as per Section 7.3 of this Contract. A request for precertification shall be made at least three days prior to the scheduled admission, or three days prior to the scheduled outpatient surgical procedure. A request for certification shall be made within one working day after an emergency admission, emergency outpatient surgical procedure, or observation stay with a duration greater than 24 hours. Such notification shall be at no charge to the DOC or the Inmate. Failure to comply with the precertification, concurrent review or prior authorization requirements, shall result in the Facility's reimbursement being penalized by 10% if medical necessity is confirmed retrospectively and, if not confirmed, there shall be no reimbursement.
- 7.3 The Facility or its representative shall notify the DOC or its designee of any outpatient surgical procedure.
- 7.4 The precertification, prior authorization and concurrent review requirements are intended to maximize insurance benefits assuring that hospital and medical services are provided to the Inmate at the appropriate level of care. In no event is it intended that the procedures interfere with the physician's or Facility's decision to order admission or discharge of the patient to or from the hospital.
- 7.5 The DOC shall maintain review procedures and screening criteria that take into account professionally acceptable standards for quality medical care in the community. the DOC or its designee shall consider all relevant information concerning the Inmate before medical necessity is approved or denied.
- 7.6 The DOC, or its designee, shall respond to requests for precertification by immediately assigning a code number to each request.
- 7.7 At the time of the precertification request the Facility should be prepared to give the following information:
- a) Inmate's name and social security number,
  - b) age and sex,
  - c) diagnosis,
  - d) reason for admission,
  - e) scheduled date of admission,
  - f) planned procedure or surgery,
  - g) scheduled date of surgery,
  - h) name of hospital,
  - i) name of physician, and

- 7.8 The DOC shall not retrospectively deny any previously approved care. The Facility and/or its designee shall update the DOC, or its designee, as the Inmate's condition or diagnosis changes. Updated information may result in a change of the originally approved length of stay.
- 7.9 Upon the Inmate's request, the the DOC shall reconsider any non-approved services. The Facility may submit a formal written appeal to the the DOC.
- 7.10 The Facility shall request precertification before the admission or referral of Inmates to non-network hospitals. The DOC shall review emergency referrals to non-network hospitals to determine whether the admission was medically necessary and an emergency as defined in this Contract.
- 7.11 The Facility shall request prior authorization from the DOC or its designee for the following:
- a) solid organ transplantation, including autologous bone marrow transplant/high dose chemotherapy/peripheral stem cell recovery,
  - b) home health care,
  - c) durable medical equipment,
  - d) home infusion therapies,
  - e) mental health/substance abuse (day and residential treatment),
  - f) bone growth stimulators, and
  - g) breast surgeries, implants, reductions and reconstruction.

## **VIII. LIABILITY AND INSURANCE**

- 8.1 Neither party to this Contract, the DOC nor the Facility, or any agent, employee or other representative of a party, shall be liable to third parties for any act by commission or omission of the other party in performance of this Contract and the terms and provisions herein.
- 8.2 The Facility shall be required to obtain general and medical liability coverages for claims of acts and omissions of the Facility and its employees and agents. Such coverage shall be maintained at a level of not less than that which is mandated by state statute or less than \$1,000,000 per incident, when the Facility is not regulated by statute. The DOC shall be notified 30 days prior to cancellation. If coverage is lost or reduced below specified limits, this Contract may be canceled by the DOC.

## **IX. MARKETING, ADVERTISING AND PUBLICITY**

- 9.1 The DOC shall encourage its Inmates to use the services of the Network Facility.
- 9.2 The DOC shall have the right to use the name, address, phone number and specialty of the Facility in a provider listing for purposes of informing Inmates and prospective Inmates of the identity of the Facility, and otherwise carrying out the terms of this Contract.
- 9.3 The Facility, upon prior approval of the DOC, shall have the right to publicize its status as a Network Facility.

## **X. DISPUTE RESOLUTION**

- 10.1 The DOC and the Facility agree that their authorized representatives will meet in a timely manner, and negotiate in good faith, to resolve any problems or disputes that may arise in performance of the terms and provisions of this Contract. Nothing in this Article shall interfere with either party's rights under Article XI.

## **XI. TERM AND TERMINATION**

- 11.1 It is agreed by the parties that no changes to the Contract, which include coverages or fee reimbursements, shall be made with less than 60 days notice to all affected parties.
- 11.2 Either party may terminate this Contract with or without cause, upon giving 30 day notice pursuant to 12.2 at any time during the term of this Contract.
- 11.3 Nothing in this Contract shall be construed to limit either party's remedies at law or in equity in the event of a material breach of this Contract.
- 11.4 Following termination of this Contract, the DOC shall continue to have access, at no cost to the DOC, to the Facility's records of care and services provided to Inmates for five years from the date of provision of the services to which the records refer as set forth in paragraph 6.10.
- 11.5 This Contract shall terminate with respect to a Facility upon:
  - a) the loss or suspension of the Facility's license to operate in the state of residence, JCAHO/Medicare certification; or
  - b) failure to maintain Facility's professional and general liability coverage in accordance with this Contract.

## **XII. GENERAL PROVISIONS**

- 12.1 This Contract, or any of the rights, duties, or obligations of the parties hereunder, shall not be assigned by either party without the express written consent and approval of the other party.
- 12.2 At any place within this Contract that notice is required, it is the intention of the parties that only those with regard to termination by either party of participation in the Contract must be sent by certified mail, a return receipt requested, at no other time when notice is required by this Contract is there an obligation by either party to use certified mail.
- 12.3 Notwithstanding the provisions in Section 12.1, the THE DOC may designate an Administrator to administer any of the terms of this Contract.
- 12.4 This Contract, together with exhibits, contains the entire agreement between the THE DOC and the Facility relating to the rights granted and the obligations assumed by the parties concerning the provision of facility services to Inmates. Any prior agreements, promises, negotiations, or representations, either oral or written, relating to the subject matter of this Contract, not expressly set forth in this Contract, are of no force or effect.
- 12.5 This Contract, or any part or section of it, may be amended at any time during the term of the Contract by mutual written consent of duly authorized representatives of the THE DOC and the Facility.
- 12.6 This Contract is subject to all applicable Oklahoma State Statutes and Rules and Regulations. Any provision of this Contract, which is not in conformity with existing or future legislation, shall be considered amended to comply with such legislation. Any interpretations or disputes with respect to contract provisions shall be resolved in accordance with the laws of the State of Oklahoma.
- 12.7 The terms and provisions of this Contract shall be deemed to be severable one from the other, and determination at law or in a court of equity that one term or provision is unenforceable shall not operate so as to void the enforcement of the remaining terms and provisions of this entire Contract, or any one provision, in accordance with the intent and purpose of the parties hereto.
- 12.8 Nothing in this Contract shall imply that the Facility is obligated to perform any medical procedure which would be contradicted by the Directives for Catholic Health Care Facilities.