

ADMINISTRATIVE CONDITIONS AGREEMENT

ADDENDUM A

This Administrative Conditions Agreement (hereinafter, “Addendum A”) is hereby made a part of and incorporated by reference into the Settlement Agreement (the “Agreement”) entered into between the United States (as defined in the Agreement and incorporated herein by reference) and the California Rural Indian Health Board (“CRIHB”), in *United States v. California Rural Indian Health Care Board*, CV 12-4024 (LB) (EDL) (the “Civil Action”) to which it is attached. The purpose of this Addendum A is to describe the administrative conditions that are being imposed on CRIHB for the remainder of the Access to Recovery (“ATR”) III grant program, and to set forth other administrative terms, including administrative enforcement actions, that must be adhered to in order to resolve the Covered Conduct contained in the Agreement. Unless otherwise defined in this Addendum A, capitalized terms will have the meanings set forth in the Agreement. Addendum A is attached to the Agreement.

1. Termination of Access to Recovery (“ATR”) III Grant – CRIHB consents to the termination of its Federal Fiscal Year (“FFY”) 2013 award under the ATR III grant program, effective September 29, 2013, by the Substance Abuse and Mental Health Services Administration (“SAMHSA”), pursuant to 45 C.F.R. 74.61(a)(2). CRIHB further agrees that the termination of its FFY 2013 award under the ATR III grant program is not subject to appeal to SAMHSA, or any component of the United States Department of Health and Human Services (“HHS”), or in any state or federal court.
 - a. Unobligated Balances – Pursuant to the HHS Grants Policy Statement to which CRIHB is subject to in connection with ATR III, starting on the Effective Date of the Agreement, SAMHSA will not approve any new requests from CRIHB to carryover unobligated balances remaining at the end of any budget period of the ATR grant programs into a subsequent budget period of the ATR III grant program. Any requests to carryover unobligated balances that are pending approval by the Effective Date of the Agreement are denied. Unobligated balances currently reflected in the Payment Management System (“PMS”), identified on the Federal Financial Reports (“FFR”), or remaining at the end of the FFY 2012 budget period of the ATR grant program will be withdrawn by SAMHSA from CRIHB’s PMS account. CRIHB agrees that withdrawal of any unobligated balances following termination of its ATR III grant award is not an adverse action and is not subject to appeal to SAMHSA, or any component of HHS, or in any state or federal court.
2. Eligibility for Future SAMHSA Grants – CRIHB agrees that it will not apply for any new, competitive grant or contract awards announced by SAMHSA for two FFYs, beginning October 1, 2012. This means that CRIHB shall not apply for any new, competitive grant or contract awards in FFY 2013 and FFY 2014. CRIHB may apply for new, competitive grant, or contract awards announced by SAMHSA on or after October 1, 2014 (FFY 2015). The foregoing does not affect the Garrett Lee Smith Memorial

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(“GLS”) grant award that CRIHB received from SAMHSA in FFY 2012 for suicide prevention activities, and it does not affect CRIHB’s eligibility for any non-competitive GLS continuation funding contemplated during the GLS grant award project period, which runs from August 1, 2012 to July 31, 2015.

3. Continuity of Care – CRIHB agrees that it will establish arrangements with providers to ensure that its existing ATR clients who wish to continue receiving substance abuse treatment and recovery support services (“RSS”) after June 30, 2013 are informed of their options for doing so. By May 15, 2013, CRIHB will submit to its SAMHSA-designated project officer written documentation describing these arrangements. The written documentation must address the arrangements CRIHB has established with its current ATR providers to inform its ATR clients of their options, and must also address the arrangements CRIHB has established to transfer CRIHB’s ATR clients to alternative providers, where such alternatives are available. The written documentation must also demonstrate that ATR clients with open vouchers as of June 30, 2013, have been notified by the provider in writing, at least thirty (30) days prior to June 30, 2013, of the status of CRIHB’s ATR III grant award and options for continuing care.
4. Administrative Costs – SAMHSA agrees that it will consider the costs incurred from June 30, 2013 through September 29, 2013 to transition CRIHB’s existing ATR clients to other substance abuse treatment and recovery support providers as CRIHB’s care coordination program costs rather than administrative costs. Pursuant to the FFY 2010 ATR (i.e., ATR III) Request for Applications (“RFA”), administrative costs are not to exceed 20 percent of the total grant expenditures over the four-year grant period. CRIHB agrees that it will furnish SAMHSA with written documentation demonstrating the calculation of its administrative costs for the remaining FFY 2012 budget period. In connection with the termination of CRIHB’s FFY 2013 ATR III grant award, compliance with the RFA’s twenty (20) percent cap on administrative costs will be determined based on three years rather than four years. SAMHSA agrees that it will review any documentation submitted by CRIHB to determine whether the percentage by which CRIHB’s administrative cost may exceed the 20 percent threshold is reasonable and justifiable in accordance with applicable ATR program policies and HHS grant administration rules.
5. High-Risk Status – CRIHB shall remain on high-risk status until September 29, 2013 for the ATR III grant program consistent with the HHS Grants Policy Statement and ATR III grant terms and conditions, which are applicable to CRIHB. In connection with the high-risk designation, CRIHB agrees that it will abide by all conditions of drawdown restriction, including but not limited to submission of the supporting documentation set forth in the SAMHSA guidance document titled “Guidelines for Review of Standard Form 270, Request for Advance or Reimbursement, Submitted by High-Risk Grantees” that is required by SAMHSA’s Division of Grants Management for reimbursement. To assist with ATR III grant program compliance monitoring, CRIHB further agrees that it will continue to submit through June 30, 2013 documentation on ten (10) percent of the

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actual clients served by CRIHB for use in verifying that assessments for RSS are being conducted.

6. Progress Reports – CRIHB will continue to provide to its SAMHSA-designated project officer quarterly progress reports within thirty (30) days following the end of each quarter, up to and including the quarter ending September 29, 2013. The progress reports must include the following information:
 - a. Strategic Implementation
 - b. Strategic Planning including relevant updates on the Voucher Management System, plans to reach yearly client target and spend annual dollars, efforts to recruit clients for the quarter and efforts to support providers
 - c. Policy and Procedural Changes
 - d. Discussion of Cultural Competency
 - e. Fraud, Waste and Abuse including a discussion of activities implemented to prevent fraud, waste and abuse and actions taken if it has been detected
 - f. Relevant Partnerships and Collaborations

Progress reports provided to SAMHSA under this section must not disclose in any way the identity of ATR clients. Upon request, CRIHB will provide SAMHSA and its designated representatives with timely and unrestricted access to all grantee and sub-grantee provider records pertinent to the ATR III grant award, including but not limited to client assessments, program performance data, service billings, vouchers, and reimbursement records in a manner that complies with all applicable privacy laws. The foregoing is in accordance with 45 C.F.R. 74.53(e), 74.41, 74.48(d), and 74.5. CRIHB agrees to provide, upon request, the information identified in this section to any SAMHSA representative, including but not limited to any SAMHSA auditor/contractor, designated to review either program performance or verify the accuracy of financial transactions, or both under the ATR III grant program.

7. Site Visits – For the remainder of the ATR III grant program, CRIHB agrees that it may be subject to announced and unannounced site visits by SAMHSA and its representatives. Any on-site visit conducted by SAMHSA will occur during CRIHB's posted hours of operation. CRIHB further agrees that during such site visits it will provide on-site access to all pertinent ATR-III-related records, including records related to program performance and financial transactions under the ATR III grant program, pursuant to 45 C.F.R. 74.53(e) and 74.5. On-site access means that the records will be available for inspection at the commencement of the site visit or within one (1) business day thereafter at CRIHB's office or service provider sites, depending on where they are maintained in the ordinary course of business.
8. Administrative Enforcement Regarding Covered Conduct – CRIHB's compliance with the terms set forth above resolves in full all administrative liability with respect to SAMHSA in connection with the Covered Conduct set forth in the Agreement. SAMHSA makes no

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representation in this Addendum A or the Agreement regarding CRIHB's administrative liability under the ATR II and ATR III grant programs. SAMHSA does, however, agree that it will not dispute CRIHB's use of the RSS Needs Evaluation Form during the project periods for the ATR II and ATR III grant programs.

9. Payment of Settlement Amount – CRIHB agrees that it will not use any HHS grant or contract funds awarded, including funds awarded pursuant to an Indian Self-Determination and Education Assistance Act (ISDEAA) contract and Annual Funding Agreement with the Indian Health Service, or the interest or income derived therefrom, to satisfy its obligation to pay the Settlement Amount specified in the Agreement. In addition, CRIHB agrees that it will not use any ISDEAA funds received from its ISDEAA subcontractors and members, to satisfy its obligation to pay the Settlement Amount. Using federal grant or contract funds to pay the Settlement Amount would contravene the allowable cost requirements and payment principles set forth in 45 C.F.R. Part 74 and the OMB Circular A-122. At the same time CRIHB submits its payment(s) towards the Settlement Amount to the Department of Justice, the Executive Director of CRIHB and a member of its Board of Directors, on behalf of the Board of Directors, must provide a copy of the executed Declaration in the form attached hereto and to the Agreement as Addendum B to CRIHB's SAMHSA-designated Grants Management Officer stating that CRIHB has not violated grant or contract allowable cost requirements by improperly using federal grant or contract money to pay the Settlement Amount. The Declaration in the form of Addendum B will provide notice to SAMHSA of payment and a certification that other HHS grant or contract funds have not been misappropriated to pay the Settlement Amount. However, the Declaration in the form of Addendum B shall not abrogate CRIHB's other obligations to adhere to any other grant or contract requirements and terms set forth by HHS awarding agencies in ongoing or future grants or contracts. If HHS learns of any false certification by CRIHB on, or material misrepresentation in connection with, the Declarations made in the form of Addendum B, then HHS may use the false certifications as a basis, along with the Covered Conduct set forth in the Agreement, for referring CRIHB for potential debarment proceedings under 2 C.F.R. §§ 180 and 376 or other enforcement action.