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RICHA W. WILSON
CLERK
U.S. DISTRICT COURT
SACRAMENTO, CALIF.

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA**

MARCIANO PLATA , et al.,

Plaintiffs

v.

ARNOLD SCHWARZENEGGER,
et al.,

Defendants,

NO. C01-1351-T.E.H.

**SUPPLEMENTAL ORDER RE STATE
CONTRACTS**

On March 30, 2006 the Court filed its Order Re State Contracts and Contract Payments Relating to Service Providers for CDCR Inmate/Patients (“Order”). Page 5, paragraph B.1. of the Order mandated payment of current outstanding, valid and CDCR-approved medical invoices. Paragraph B.2. required that defendants continue to pay received invoices for services until new processes were in place pursuant to a 180 day plan proposed by the Court’s Correctional Expert and agreed to by defendants. Page 7, paragraph 4 of the Order excused the CDCR from the State requirement for competitive bids for medical provider contracts. As set forth in the Order, nothing was intended to limit in any manner to authority of the Receiver, whose effective date of Appointment was April 17, 2006.

The Office of the Receiver has worked with defendants to develop and implement a program to improve the State’s bid, procurement, management, and payment processes concerning contracts for CDCR clinical services providers. The process has, however, exceeded the initial estimate of 180 days. Furthermore, the Office of the Receiver has informed the Court that the plan as developed calls for a four prison pilot project to implement and thereafter test the

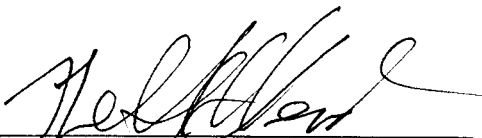
1 effectiveness of the revised contract process. Given the significant nature of the changes
2 proposed, both defendants and the Receiver believe that a pilot project provides the best
3 assurances for overall success of the project. As a result, the current emergency system of
4 contract procurement and payment will exist alongside the revised contract system for a period of
5 ten to twelve months.

6 Defendants, including the State of California control agencies, and some contract
7 providers, have expressed concern that the State's authority to continue making emergency
8 payments as required by page 5, paragraph B of the Order and the no-bid provision of page 7,
9 paragraph 4 of the Order may expire at the end of the 180-day planning period set forth in the
10 Order.

11 Given this concern, the Court clarifies that the emergency payment and no bid provisions
12 set forth in the Order shall not expire until the planning process is complete and the new contract
13 system fully implemented at all CDCR institutions. In making this clarification the Court finds
14 as follows:

- 15 1. Defendants have requested and do not object to this clarification.
- 16 2. Defendants anticipate that when the pilot is implemented, and when additional prisons
17 convert to the new system, the emergency and no-bid provisions of the Order will cease to apply
18 to those institutions.

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20 Dated: November 8, 2006.

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23 _____
24 THELTON E. HENDERSON
25 UNITED STATES DISTRICT JUDGE
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UNITED STATES DISTRICT COURT
FOR THE
NORTHERN DISTRICT OF CALIFORNIA

PLATA et al,
Plaintiff,

Case Number: CV01-01351 TEH

CERTIFICATE OF SERVICE

v.

DAVIS et al,
Defendant.

I, the undersigned, hereby certify that I am an employee in the Office of the Clerk, U.S. District Court, Northern District of California.

That on November 8, 2006, I SERVED a true and correct copy(ies) of the attached, by placing said copy(ies) in a postage paid envelope addressed to the person(s) hereinafter listed, by depositing said envelope in the U.S. Mail, or by placing said copy(ies) into an inter-office delivery receptacle located in the Clerk's office.

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Dated: November 8, 2006

Richard W. Wieking, Clerk
By: R.B. Espinosa, Deputy Clerk