

**STATE OF MICHIGAN**  
 DEPARTMENT OF TECHNOLOGY, MANAGEMENT & BUDGET  
 PROCUREMENT

525 W. ALLEGAN STREET  
 LANSING, MI 48933

P.O. BOX 30026  
 LANSING, MI 48909

CHANGE NOTICE NO. 7  
 to  
 CONTRACT NO. 071B0200031  
 between  
 THE STATE OF MICHIGAN  
 and

NAME & ADDRESS OF CONTRACTOR	PRIMARY CONTACT	EMAIL
Health Management Associates 120 North Washington Square Lansing MI, 48933	Kelly Johnson	kjohnson@healthmanagement.com
	PHONE	CONTRACTOR'S TAX ID NO. (LAST FOUR DIGITS ONLY)
	(517) 482-9236	*****9727

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
PROGRAM MANAGER / CCI	MDOC	Marti Kay Sherry	517-373-9143	sherrym@Michigan.gov
CONTRACT ADMINISTRATOR	DTMB	Jillian Yeates	517-284-7019	yeatesj@michigan.gov

CONTRACT SUMMARY				
<b>DESCRIPTION:</b> 3rd Party Review Health Care Prisoners				
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW	
October 1, 2009	September 30, 2012	2 - 1 Year	June 1, 2016	
PAYMENT TERMS		DELIVERY TIMEFRAME		
2% 10 N 30 Days		N/A		
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING	
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
MINIMUM DELIVERY REQUIREMENTS				

DESCRIPTION OF CHANGE NOTICE				
EXERCISE OPTION?	LENGTH OF OPTION	EXERCISE EXTENSION?	LENGTH OF EXTENSION	REVISED EXP. DATE
<input type="checkbox"/>		<input checked="" type="checkbox"/>	27 days	June 27, 2016
CURRENT VALUE		VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE	
align="center">\$2,739,638.00		\$45,000.00	align="center">\$2,784,638.00	
<b>DESCRIPTION:</b> Effective March 21, 2016, this Contract is increased by \$45,000.00 for Michigan Department of Corrections use. This Contract is also extended 27 days per Section 2.170, Transition Responsibilities. The revised contract expiration date is June 27, 2016. All other terms, conditions, specifications and pricing remaining the same. Per contractor and agency agreement, and DTMB Procurement approval.				

STATE OF MICHIGAN  
 DEPARTMENT OF TECHNOLOGY, MANAGEMENT AND BUDGET  
 PROCUREMENT  
 P.O. BOX 30026, LANSING, MI 48909  
 OR  
 525 W. ALLEGAN, LANSING, MI 48933

**CHANGE NOTICE NO. 6**  
 to  
**CONTRACT NO. 071B0200031**  
 between  
**THE STATE OF MICHIGAN**  
 and

NAME & ADDRESS OF CONTRACTOR	PRIMARY CONTACT	EMAIL
Health Management Associates 120 North Washington Square Lansing MI, 48933	Kelly Johnson	kjohnson@healthmanagement.com
	PHONE	CONTRACTOR'S TAX ID NO. (LAST FOUR DIGITS ONLY)
	(517) 482-9236	*****9727

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
PROGRAM MANAGER / CCI	MDOC	Sherry, Marti Kay	517-373-9143	sherrym@michigan.gov
CONTRACT ADMINISTRATOR	DTMB	Jillian Yeates	(517) 284-7019	yeatesj@michigan.gov

CONTRACT SUMMARY			
<b>DESCRIPTION:</b> 3rd Party Review Health Care Prisoners			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
October 1, 2009	September 30, 2012	2 - 1 Year	December 31, 2015
PAYMENT TERMS		DELIVERY TIMEFRAME	
2% Net 10		N/A	
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS			
N/A			

DESCRIPTION OF CHANGE NOTICE				
EXERCISE OPTION?	LENGTH OF OPTION	EXERCISE EXTENSION?	LENGTH OF EXTENSION	REVISED EXP. DATE
<input type="checkbox"/>		<input checked="" type="checkbox"/>	5 Months	June 1, 2016
CURRENT VALUE		VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE	
\$2,739,638.00		\$ 0	\$2,739,638.00	

**DESCRIPTION:**  
 Effective December 2, 2015, this Contract is extended 5 months, to June 1, 2016, per section 2.170. Please note that the Contract Administrator has been changed to Jillian Yeates. All other terms, conditions, specifications and pricing remain unchanged. Per agency request, contractor agreement, and DTMB Procurement approval.

STATE OF MICHIGAN  
 DEPARTMENT OF TECHNOLOGY, MANAGEMENT AND BUDGET  
 PROCUREMENT  
 P.O. BOX 30026, LANSING, MI 48909  
 OR  
 525 W. ALLEGAN, LANSING, MI 48933

**CHANGE NOTICE NO. 5**  
 to  
**CONTRACT NO. 071B0200031**  
 between  
**THE STATE OF MICHIGAN**  
 and

NAME & ADDRESS OF CONTRACTOR	PRIMARY CONTACT	EMAIL
Health Management Associates 120 North Washington Square, Suite 705 Lansing, MI 48933	Kelly Johnson	kjohnson@healthmanagement.com
	PHONE	VENDOR FEIN # (LAST FOUR DIGITS ONLY)
	(517) 482-9236	9727

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
PROGRAM MANAGER	MDOC	Marti Kay Sherry	(517) 373-9143	sherrym@michigan.gov
CONTRACT ADMINISTRATOR	DTMB	Lance Kingsbury	(517) 284-7017	kingsburyl@michigan.gov

CONTRACT SUMMARY			
<b>DESCRIPTION:</b> Third Party Reviewer for Monitoring Health Care Services to Prisoners - DOC			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
October 1, 2009	September 30, 2012	2, one year	March 31, 2015
PAYMENT TERMS	F.O.B.	SHIPPED TO	
2% Net 10	N/A	N/A	
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS			
N/A			

DESCRIPTION OF CHANGE NOTICE				
EXTEND CONTRACT EXPIRATION DATE	EXERCISE CONTRACT OPTION YEAR(S)	EXTENSION BEYOND CONTRACT OPTION YEARS	LENGTH OF OPTION/EXTENSION	EXPIRATION DATE AFTER CHANGE
<input type="checkbox"/> No <input checked="" type="checkbox"/> Yes	<input checked="" type="checkbox"/>	<input type="checkbox"/>	9 months	December 31, 2015
CURRENT VALUE		VALUE/COST OF CHANGE NOTICE	ESTIMATED REVISED AGGREGATE CONTRACT VALUE	
\$2,510,638.00		\$229,000.00	\$2,739,638.00	

**DESCRIPTION:**  
 Effective April 1, 2015, this contract is extended 9 months, to December 31, 2015. Contract is also increased by \$229,000.00.

All other terms, conditions, specifications and pricing remain unchanged. Per agency request, contractor agreement, DTMB Procurement approval and the approval of the State Administrative Board on March 31, 2015.

STATE OF MICHIGAN  
 DEPARTMENT OF TECHNOLOGY, MANAGEMENT AND BUDGET  
 PROCUREMENT  
 P.O. BOX 30026, LANSING, MI 48909  
 OR  
 530 W. ALLEGAN, LANSING, MI 48933

**CHANGE NOTICE NO. 4**  
 to  
**CONTRACT NO. 071B0200031**  
 between  
**THE STATE OF MICHIGAN**  
 and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
Health Management Associates 120 North Washington Square, Suite 705 Lansing, MI 48933	Kelly Johnson	kjohnson@healthmanagement.com
	TELEPHONE	CONTRACTOR #, MAIL CODE
	(517) 482-9236	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR	MDOC	Marti Kay Sherry	(517) 373-9143	sherrym@michigan.gov
BUYER	DTMB	Lance Kingsbury	(517) 241-3768	kingsburyl@michigan.gov

CONTRACT SUMMARY:			
<b>Third Party Reviewer for Monitoring Health Care Services to Prisoners - DOC</b>			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
October 1, 2009	September 30, 2012	2, One Year Options	September 30, 2014
PAYMENT TERMS	F.O.B	SHIPPED	SHIPPED FROM
2% Net 10	N/A	N/A	N/A
ALTERNATE PAYMENT OPTIONS:			AVAILABLE TO MiDEAL PARTICIPANTS
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS:			
N/A			

DESCRIPTION OF CHANGE NOTICE:				
EXTEND CONTRACT EXPIRATION DATE	EXERCISE CONTRACT OPTION YEAR(S)	EXTENSION BEYOND CONTRACT OPTION YEARS	LENGTH OF OPTION/EXTENSION	EXPIRATION DATE AFTER CHANGE
<input type="checkbox"/> No <input checked="" type="checkbox"/> Yes	<input type="checkbox"/>	<input checked="" type="checkbox"/>	6 Months	March 31, 2015
VALUE/COST OF CHANGE NOTICE:		ESTIMATED REVISED AGGREGATE CONTRACT VALUE:		
\$100,000.00		\$2,510,638.00		
Effective October 28, 2014, this contract is extended 6 month, to March 31, 2015. Contract is also increased by \$100,000.00. All other terms, conditions, specifications and pricing remain unchanged. Per agency request, contractor agreement, DTMB Procurement approval and the approval of the State Administrative Board on October 28, 2014.				

STATE OF MICHIGAN  
 DEPARTMENT OF TECHNOLOGY, MANAGEMENT AND BUDGET  
 PROCUREMENT  
 P.O. BOX 30026, LANSING, MI 48909  
 OR  
 530 W. ALLEGAN, LANSING, MI 48933

**CHANGE NOTICE NO. 3**  
 to  
**CONTRACT NO. 071B0200031**  
 between  
**THE STATE OF MICHIGAN**  
 and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
Health Management Associates 120 North Washington Square, Suite 705 Lansing, MI 48933	Kelly Johnson	kjohnson@healthmanagement.com
	TELEPHONE	CONTRACTOR #, MAIL CODE
	(517) 482-9236	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR	MDOC	Marti Kay Sherry	(517) 373-9143	sherrym@michigan.gov
BUYER	DTMB	Lance Kingsbury	(517) 241-3768	kingsburyl@michigan.gov

CONTRACT SUMMARY:			
<b>Third Party Reviewer for Monitoring Health Care Services to Prisoners - DOC</b>			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
October 1, 2009	September 30, 2012	2, One Year Options	September 30, 2013
PAYMENT TERMS	F.O.B	SHIPPED	SHIPPED FROM
2% Net 10	N/A	N/A	N/A
ALTERNATE PAYMENT OPTIONS:			AVAILABLE TO MiDEAL PARTICIPANTS
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS:			
N/A			

DESCRIPTION OF CHANGE NOTICE:				
EXTEND CONTRACT EXPIRATION DATE	EXERCISE CONTRACT OPTION YEAR(S)	EXTENSION BEYOND CONTRACT OPTION YEARS	LENGTH OF OPTION/EXTENSION	EXPIRATION DATE AFTER CHANGE
<input type="checkbox"/> No <input checked="" type="checkbox"/> Yes	<input checked="" type="checkbox"/>	<input type="checkbox"/>	One Year	September 30, 2014
VALUE/COST OF CHANGE NOTICE:		ESTIMATED REVISED AGGREGATE CONTRACT VALUE:		
<b>\$0.00</b>		<b>\$2,410,638.00</b>		
Effective immediately the second of two option years is incorporated into this Contract. New contract end date is now September 30, 2014. All other terms, conditions, specifications and pricing remain unchanged.				

STATE OF MICHIGAN  
 DEPARTMENT OF TECHNOLOGY, MANAGEMENT AND BUDGET  
 PROCUREMENT  
 P.O. BOX 30026, LANSING, MI 48909  
 OR  
 530 W. ALLEGAN, LANSING, MI 48933

**CHANGE NOTICE NO. 2**  
 to  
**CONTRACT NO. 071B0200031**  
 between  
**THE STATE OF MICHIGAN**  
 and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
Health Management Associates 120 North Washington Square, Suite #705 Lansing, MI 48933	Kelly Johnson	kjohnson@healthmanagement.com
	TELEPHONE	CONTRACTOR #, MAIL CODE
	(517) 482-9236	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR	MDOC	Marti Kay Sherry	(517) 373-9143	<a href="mailto:sherrym@michigan.gov">sherrym@michigan.gov</a>
BUYER	DTMB	Lance Kingsbury	(517) 241-3768	<a href="mailto:kingsbury@michigan.gov">kingsbury@michigan.gov</a>

CONTRACT SUMMARY:			
DESCRIPTION: Third Party Reviewer for Monitoring Health Care Services to Prisoners - DOC			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
October 1, 2009	September 30, 2012	2, 1 Yr. Options	September 30, 2012
PAYMENT TERMS	F.O.B	SHIPPED	SHIPPED FROM
2% Net 10	N/A	N/A	N/A
ALTERNATE PAYMENT OPTIONS:			AVAILABLE TO MiDEAL PARTICIPANTS
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS:			
N/A			

DESCRIPTION OF CHANGE NOTICE:				
EXTEND CONTRACT EXPIRATION DATE	EXERCISE CONTRACT OPTION YEAR(S)	EXTENSION BEYOND CONTRACT OPTION YEARS	LENGTH OF OPTION/EXTENSION	EXPIRATION DATE AFTER CHANGE
<input type="checkbox"/> No <input checked="" type="checkbox"/> Yes	<input checked="" type="checkbox"/>	<input type="checkbox"/>	1 Yr.	September 30, 2013
VALUE/COST OF CHANGE NOTICE:		ESTIMATED REVISED AGGREGATE CONTRACT VALUE:		
\$0.00		\$2,410,638.00		

Effective September 30, 2012, the State of Michigan is exercising the first of two (2), one (1)-year options to EXTEND. The revised Contract end date is September 30, 2013.

All other terms, conditions, specifications, and pricing remain the same.

Per agency and vendor agreement and DTMB Procurement approval.

STATE OF MICHIGAN  
 DEPARTMENT OF TECHNOLOGY, MANAGEMENT AND BUDGET  
 PURCHASING OPERATIONS  
 P.O. BOX 30026, LANSING, MI 48909  
 OR  
 530 W. ALLEGAN, LANSING, MI 48933

July 23, 2010

**CHANGE NOTICE NO. 1  
 TO  
 CONTRACT NO. 071B0200031  
 between  
 THE STATE OF MICHIGAN  
 and**

NAME & ADDRESS OF CONTRACTOR		TELEPHONE (517) 482-9236
<b>Health Management Associates</b> <b>120 North Washington Square, Suite #705</b> <b>Lansing, MI 48933</b>  <b>kjohnson@healthmanagement.com</b>		<b>Kelly Johnson</b>
		CONTRACTOR NUMBER/MAIL CODE
		BUYER/CA (517) 241-3768 <b>Lance Kingsbury</b>
CONTRACT COMPLIANCE INSPECTOR: Marti Kay Sherry (517) 373-9143 <b>Third Party Reviewer for Monitoring Health Care Services to Prisoners - DOC</b>		
CONTRACT PERIOD: From: <b>October 1, 2009</b> To: <b>September 30, 2012</b>		
TERMS	SHIPMENT	
<b>2% Net 10</b>	<b>N/A</b>	
F.O.B.	SHIPPED FROM	
<b>N/A</b>	<b>N/A</b>	
MINIMUM DELIVERY REQUIREMENTS <b>N/A</b>		

**NATURE OF CHANGE (S):**

Effective immediately, the following new rates are now in effect. Also, the contract compliance inspector is changed to Marti Kay Sherry. All other terms, conditions, specifications, and pricing remain unchanged.

**AUTHORITY/REASON:**

Per DTMB/Purchasing Operations, Contractor agreement and Agency request.

**TOTAL CURRENT AUTHORIZED SPEND LIMIT: \$2,410,638.00**

**FOR THE CONTRACTOR:**

**Health Management Associates**  
 \_\_\_\_\_  
 Firm Name  
 \_\_\_\_\_  
 Authorized Agent Signature  
 \_\_\_\_\_  
 Authorized Agent (Print or Type)  
 \_\_\_\_\_  
 \_\_\_\_\_  
 Date

**FOR THE STATE:**

\_\_\_\_\_  
 Signature  
**Kevin Dunn, Buyer Manager**  
 \_\_\_\_\_  
 Name/Title  
**Services Division, Purchasing Operations**  
 \_\_\_\_\_  
 Division  
 \_\_\_\_\_  
 Date

**Task 1: Review of Claims Data**

The frequency for this Task 1 has changed since the start of the Contract. The revised budget reflects the change from a quarterly review to a semi-annual review.

**Task 4: Review of Financials**

No change.

**Task 9: Review of Pharmaceutical Contract Compliance**

No change.

**Task 10: Annual Report on DCH Mental Health Quality Improvement Plan**

No change.

**Administrative Costs**

The costs associated with the administration of the project in FY 2010 have been reduced to reflect the decreased scope and the reduction of tasks.

**Pool for Hourly Consultation**

Hourly rates for staff are listed below; rates reflect an average 25 percent decrease from full rates across the project team. A blended rate is not possible for this category, as the complement of staff that may be tapped for consultation is unknown.

<b>Staff Person</b>	<b>Rate</b>
Physician	\$300
Principal	\$258
Senior Consultant	\$220
Senior Analyst	\$135
Analyst	\$100

**Revised Budget**

The following table summarizes the hours, hourly rate and task price for the first year.

<b>YEAR ONE: 10/1/09 - 9/31/10</b>			
<b>Task</b>	<b>Cost</b>	<b>Hours</b>	<b>Blended Hourly Rate</b>
Task 1: Review of Electronic Claims and Encounter Data	\$138,420.00	760	\$182.00
Task 4: Annual Review and Preparation of Report on PHS Financials	\$30,162.00	147	\$206.00
Task 9: Annual Pharmaceutical Review	\$111,504.00	490	\$228.00
Task 10: Annual Report on DCH Mental Health QI Plan	\$86,557.00	445	\$195.00
Administration/Project Management	\$76,564.00	370	\$207.00
<b>Subtotal</b>	<b>\$443,207.00</b>	<b>2,212</b>	<b>\$200.00</b>
Pool for Hourly Consultation	\$90,415.00	N/A	N/A
<b>YEAR ONE (1) TOTAL: \$533,622.00</b>			

The following table compares and calculates the amount that could be available in a pool for consultation as needed throughout Year One.

	<b>Original</b>	<b>Amended</b>	<b>Difference to Put Into "Pool"</b>
<b>Task 1 Claims Review</b>	\$146,399.00	\$138,420.00	\$7,979.00
<b>Task 4 Financials</b>	\$30,162.00	\$30,162.00	\$0.00
<b>Task 9 Rx Review</b>	\$111,504.00	\$111,504.00	\$0.00
<b>Task 10 Mental Health Review</b>	\$86,557.00	\$86,557.00	\$0.00
<b>Admin</b>	\$159,000.00	\$76,564.00	\$82,436.00
<b>TOTAL:</b>	<b>\$533,622.00</b>	<b>\$443,207.00</b>	<b>\$90,415.00</b>

STATE OF MICHIGAN  
 DEPARTMENT OF MANAGEMENT AND BUDGET  
 PURCHASING OPERATIONS  
 P.O. BOX 30026, LANSING, MI 48909  
 OR  
 530 W. ALLEGAN, LANSING, MI 48933

October 7, 2009

**NOTICE  
 TO  
 CONTRACT NO. 071B0200031  
 between  
 THE STATE OF MICHIGAN  
 and**

NAME & ADDRESS OF CONTRACTOR  <b>Health Management Associates        120 North Washington Square, Suite 705        Lansing, MI 48933</b>		TELEPHONE (517) 482-9236 <b>Kelly Johnson</b>
		BUYER/CA (517) 241-3768 <b>Lance Kingsbury</b>
Contract Compliance Inspector: Lia Gulick (517) 241-9902 <b>Third Party Reviewer for Monitoring Health Care Services to Prisoners - MDOC</b>		
CONTRACT PERIOD: From: <b>October 1, 2009</b> To: <b>September 30, 2012</b>		
TERMS <b>2% Net 10</b>	SHIPMENT <b>N/A</b>	
F.O.B. <b>N/A</b>	SHIPPED FROM <b>N/A</b>	
MINIMUM DELIVERY REQUIREMENTS <b>N/A</b>		
MISCELLANEOUS INFORMATION:		

The terms and conditions of this Contract are those of RFP #071I9200217, this Contract Agreement and the Contractor's quote dated 7/9//2009. In the event of any conflicts between the specifications, and terms and conditions, indicated by the State and those indicated by the Contractor, those of the State take precedence.

**CURRENT AUTHORIZED SPEND LIMIT: \$2,410,638.00**

**STATE OF MICHIGAN  
 DEPARTMENT OF MANAGEMENT AND BUDGET  
 PURCHASING OPERATIONS  
 P.O. BOX 30026, LANSING, MI 48909  
 OR  
 530 W. ALLEGAN, LANSING, MI 48933**

**CONTRACT NO. 071B0200031  
 between  
 THE STATE OF MICHIGAN  
 and**

NAME & ADDRESS OF CONTRACTOR  <b>Health Management Associates          120 North Washington Square, Suite 705          Lansing, MI 48933</b>  <div style="text-align: right;">kjohanson@healthmanagement.com</div>	TELEPHONE (517) 482-9236 <b>Kelly Johnson</b>  BUYER/CA (517) 241-3768 <b>Lance Kingsbury</b>
Contract Compliance Inspector: Lia Gulick (517) 241-9902 <b>Third Party Reviewer for Monitoring Health Care Services to Prisoners - MDOC</b>	
CONTRACT PERIOD: From: <b>October 1, 2009</b> To: <b>September 30, 2012</b>	
TERMS <div style="text-align: center;"><b>2% Net 10</b></div>	SHIPMENT <div style="text-align: center;"><b>N/A</b></div>
F.O.B. <div style="text-align: center;"><b>N/A</b></div>	SHIPPED FROM <div style="text-align: center;"><b>N/A</b></div>
MINIMUM DELIVERY REQUIREMENTS <div style="text-align: center;"><b>N/A</b></div>	
MISCELLANEOUS INFORMATION:  <p>The terms and conditions of this Contract are those of RFP #071I9200217, this Contract Agreement and the Contractor's quote dated 7/9//2009. In the event of any conflicts between the specifications, and terms and conditions, indicated by the State and those indicated by the Contractor, those of the State take precedence.</p> <p><b>CURRENT AUTHORIZED SPEND LIMIT:                      \$2,410,638.00</b></p>	

**THIS IS NOT AN ORDER:** This Contract Agreement is awarded on the basis of our inquiry bearing the RFP #071I9200217. Orders for delivery may be issued directly by the Michigan Department of Corrections through the issuance of a Purchase Order Form.

**FOR THE CONTRACTOR:**

**Health Management Associates**  
 \_\_\_\_\_  
 Firm Name

\_\_\_\_\_  
 Authorized Agent Signature

\_\_\_\_\_  
 Authorized Agent (Print or Type)

\_\_\_\_\_  
 Date

**FOR THE STATE:**

\_\_\_\_\_  
 Signature  
**Melissa Castro, CPPB, Buyer Manager**  
 \_\_\_\_\_  
 Name/Title  
**Services Division, Purchasing Operations**  
 \_\_\_\_\_  
 Division

\_\_\_\_\_  
 Date



**STATE OF MICHIGAN  
Department of Management and Budget  
Purchasing Operations**

**Contract No. 071B0200031**

**Third Party Reviewer for Monitoring Health Care Services to Prisoners**

Buyer Name: Lance Kingsbury  
Telephone Number: 517.241.3768  
E-Mail Address: kingsburyL@michigan.gov



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**DEFINITIONS**

**24x7x365** means 24 hours a day, seven days a week, and 365 days a year (including the 366th day in a leap year).

**Additional Service** means any Services within the scope of the Contract, but not specifically provided under any Statement of Work.

**Audit Period** means the seven year period following Contractor's provision of any work under the Contract.

**Bidder(s)** are those companies that submit a proposal in response to the RFP.

**Business Day** means any day other than a Saturday, Sunday or State-recognized legal holiday from 8:00am EST through 5:00pm EST unless otherwise stated.

**Blanket Purchase Order** is an alternate term for Contract and is used in the Plan Sponsors' computer system.

**CCI** means Contract Compliance Inspector.

**Days** mean calendar days unless otherwise specified.

**Deleted – N/A** means that section is not applicable or included in this Contract. This is used as a placeholder to maintain consistent numbering.

**Deliverable** means physical goods and/or services required or identified in a Statement of Work.

**DMB** means the Michigan Department of Management and Budget.

**Environmentally Preferable Products** means a product or service that has a lesser or reduced effect on human health and the environment when compared with competing products or services that serve the same purpose. Such products or services may include, but are not limited to: those which contain recycled content, minimize waste, conserve energy or water, and reduce the amount of toxics either disposed of or consumed.

**Hazardous Material** means any material defined as hazardous under the latest version of federal Emergency Planning and Community Right-to-Know Act of 1986 (including revisions adopted during the term of the Contract).

**Incident** means any interruption in any function performed for the benefit of a Plan Sponsor.

**Key Personnel** means any personnel identified in **Section 1.031** as Key Personnel.

**New Work** means any Services/Deliverables outside the scope of the Contract and not specifically provided under any Statement of Work, such that once added will result in the need to provide the Contractor with additional consideration. "New Work" does not include Additional Service.

**Ozone-depleting Substance** means any substance the Environmental Protection Agency designates in 40 CFR part 82 as: (1) Class I, including, but not limited to, chlorofluorocarbons, halons, carbon tetrachloride, and methyl chloroform; or (2) Class II, including, but not limited to, hydrochlorofluorocarbons.

**Post-Consumer Waste** means any product generated by a business or consumer which has served its intended end use; and which has been separated or diverted from solid waste for the purpose of recycling into a usable commodity or product, and which does not include post-industrial waste.

**Post-Industrial Waste** means industrial by-products which would otherwise go to disposal and wastes generated after completion of a manufacturing process, but does not include internally generated scrap commonly returned to industrial or manufacturing processes.

**Recycling** means the series of activities by which materials that are no longer useful to the generator are collected, sorted, processed, and converted into raw materials and used in the production of new products. This definition excludes the use of these materials as a fuel substitute or for energy production.



**Reuse** means using a product or component of municipal solid waste in its original form more than once.

**RFP** means a Request for Proposal designed to solicit proposals for services.

**Services** means any function performed for the benefit of the State.

**SLA** means Service Level Agreement.

**Source Reduction** means any practice that reduces the amount of any hazardous substance, pollutant, or contaminant entering any waste stream or otherwise released into the environment prior to recycling, energy recovery, treatment, or disposal.

**State Location** means any physical location where the State performs work. State Location may include state-owned, leased, or rented space.

**Subcontractor** means a company selected by the Contractor to perform a portion of the Services, but does not include independent contractors engaged by Contractor solely in a staff augmentation role.

**Unauthorized Removal** means the Contractor's removal of Key Personnel without the prior written consent of the State.

**Waste Prevention** means source reduction and reuse, but not recycling.

**Pollution Prevention** means the practice of minimizing the generation of waste at the source and, when wastes cannot be prevented, utilizing environmentally sound on-site or off-site reuse and recycling. The term includes equipment or technology modifications, process or procedure modifications, product reformulation or redesign, and raw material substitutions. Waste treatment, control, management, and disposal are not considered pollution prevention, per the definitions under Part 143, Waste Minimization, of the Natural Resources and Environmental Protection Act (NREPA), 1994 PA 451, as amended.

**Work in Progress** means a Deliverable that has been partially prepared, but has not been presented to the State for Approval.

**Work Product** refers to any data compilations, reports, and other media, materials, or other objects or works of authorship created or produced by the Contractor as a result of an in furtherance of performing the services required by the Contract.



## **Article 1 – Statement of Work (SOW)**

### **1.010 Project Identification**

#### **1.011 Project Request**

This is a Contract for an external, independent review of the health services contract, the pharmacy contract and the contract related to mental health services within the Michigan Department of Corrections (MDOC). This third party reviewer services will include, but are not limited to, trends and utilization management, review and enforcement of the Service Level Agreements in the health services contract, assistance in the Risk Share reconciliations, audit services related to claims, and review of performance and quality plans implemented by the MDOC vendors. The Contractor will interface with the existing Bureau of Health Care Services (BHCS), the health services Contractor, the pharmacy Contractor, and the mental health services Contractor, when appropriate.

#### **1.012 Background**

MDOC recently awarded Prison Health Services, Inc. a contract for the delivery of prisoner health care. The MDOC has additional contracts for pharmacy services and mental health services. These contracts will result in a health care delivery system that meets the MDOC goals of reducing costs, improving prisoner access to care, documenting evidence-based quality of care, maintaining security issues to the community, and continuously improving quality utilizing the National Commission on Correctional Health Care (NCCHC) and the National Committee for Quality Assurance (NCQA) standards of care in service delivery.

##### **I. General**

MDOC arranges for and administers medically necessary health care to an average of 48,000 prisoners annually (including prisoners from other jurisdictions including federal prisoners) at correctional facilities, camps, and Re-Entry centers (current facilities listed at [www.michigan.gov/corrections](http://www.michigan.gov/corrections)). The MDOC operates Duane L Waters Health Center (DWH) in Jackson, MI which has 112 in patient beds, and houses Levels I-V prisoners whose medical needs cannot be met at other correctional facilities within the state. DWH provides acute, medical, long term care and surgical procedures that are non-invasive or use conscious sedation. DWH also has the responsibility for C-Unit, which involves a program to care for 64 extended-care patients who do not require hospitalization at DWH, but whose needs could not be met in general population. DWH currently has a procedure suite with two procedure rooms, on-site emergency room staffed 24 hours, seven days a week with MDOC RNs, EMTs and Paramedics, and specialty clinics.

##### **II. Health Care Standards**

- A. Health care services are provided to prisoners using a standard of medically necessary care imposed by court decisions, legislation, accepted correctional and health care standards, and MDOC policies and procedures. MDOC is working toward accreditation from the NCCHC utilizing the NCCHC standards of care and NCQA standards as the MDOC's acceptable standards for providing health care services to MDOC prisoners. See [www.ncchc.org](http://www.ncchc.org) and [www.ncqa.org](http://www.ncqa.org) for more information.
- B. Prison Health Services will be financially responsible for meeting the NCCHC clinical standards.

##### **III. Audit/Review Findings**

In December 2007 the National Commission on Correctional Healthcare (NCCHC) issued an independent report titled A Comprehensive Assessment of the Michigan Department of Corrections Health Care System. The report cited 54 recommendations for improving the delivery of health care services to prisoners.

##### **IV. Electronic Medical Record**

The MDOC has recently entered into a contract with NextGen to convert MDOC's current EMR from Serapis to NextGen version 5.2. Each facility must convert over as NextGen becomes available, and current EMR Serapis will be used until that time.

##### **V. Data Warehouse**

Once the data warehouse is operational, the Contractor will transmit HIPAA compliant transaction data in the form of an 837 to MDOC via their data warehouse no less than monthly, including all data from the beginning of the Contract. By April 1, 2009, MDOC will be able to validate the 837 transfer capability of the Contractor. MDOC may not have an operating data warehouse for an estimated six to nine months.



#### VI. Telemedicine

MDOC utilizes telemedicine in which clinical medical information is transferred via video conferencing equipment. Telemedicine specialties may include, but are not limited to, cardiology, endocrinology, ear, nose and throat, emergency room, intestinal, hematology, internal medicine, neurology, neurosurgery, orthopedics, pulmonary, renal and surgery.

#### VII. Pharmaceuticals

MDOC is currently contracting with PharmaCorr LLC for pharmaceuticals. Pharmaceuticals in a correctional setting require particular elements; delivery must be made to MDOC facilities and blister cards are used for all solid medications. MDOC employees a formulary with a mechanism for non formulary request, acquisition method, returned medication process and cost containment strategies.

#### VIII. Mental Health Services

MDOC has contracted with the Michigan Department of Community Health (DCH) to provide the following mental health services:

##### A. Inpatient Services

1. Acute Care for seriously mentally ill prisoners with acute symptoms of psychosis or high suicide risk.
2. Rehabilitation Treatment Services (Sub-Acute Care)

##### B. Crisis Stabilization Program

##### C. Residential Treatment Program

##### D. Outpatient Mental Health Services

### **1.020 Scope of Work and Deliverables**

#### **1.021 In Scope**

The Contractor will be responsible for the completion of all work set out in this Contract. The State may employ all reasonable means to ensure that the work is progressing and being performed in compliance with this Contract.

The Contractor will be responsible for, but not limited to, the following services:

1. Review of the electronic claims and encounter data that is submitted monthly by Prison Health Services (PHS). This review includes, but is not limited to, check for duplicate billings, a review of single event procedures that were completed multiple times, and mismatches between payment and allowable claims. In addition, the Contractor will utilize the claims data and analyze trends in provider utilization (under and over), review CPT code patterns by physician and identify providers who might require performance improvement.
2. Review PHS' performance and utilization of telemedicine and make recommendations for increased usage.
3. At the request of MDOC, validate the audit team findings related to the Service Level Agreements (SLAs) established under the health services contract. See Appendix B for details on the SLAs. This review will evaluate any related MDOC staffing vacancies or other factors beyond the PHS' control to determine if they had a significant impact upon PHS' ability to meet the SLA, and must take that into consideration when determining the PHS' SLA compliance. The review will also accept and evaluate additional information provided by PHS, within the timelines of their review process.
4. Review of PHS' final financials for each Contract year, including supporting documentation and records to independently verify the actual costs and its calculation of any risk sharing documents. See Appendix C for a copy of the health services risk sharing reconciliation methodology.
5. Review and assess the reports that are provided by PHS. See Appendix D for the reports required in the health services contract.
6. Review PHS and Aetna provider network credentialing and re-credentialing program, including policies and procedures to ensure they are consistent with the standards established by the NCQA, URAC and NCCHC P-C-01, as well as state and federal requirements.
7. Validation of the performance measures and processes are developed as part of the PHS Quality Assurance Plan. See Appendix E for the quality assurance plan.
8. Review and validate the findings from the PHS annual effectiveness program review.
9. Pharmaceutical review that includes compliance with existing contract terms, which includes, but is not limited to, pricing, dispensing fees, administrative feeds, claims basis, eligibility, and unsupported therapy. Pharmaceutical services are provided by PharmaCorr and a copy of their contract will be available to the Contractor for review.



10. Review of the DCH mental health quality improvement plan. This will include validation of their performance measures, assessment of the mental health provider vacancy rates and recommendations of the Psychotropic prescription patterns.

### **1.022 Work and Deliverable**

Contractor must provide Deliverables/Services and staff, and otherwise do all things necessary for or incidental to the performance of work, as set forth below:

#### Tasks

The following is a preliminary analysis of the major tasks involved for developing the end products for this Contract. The Contractor is not, however, constrained from supplementing this listing with additional steps, sub tasks, or elements deemed necessary to permit the development of alternative approaches or the application of proprietary analytical techniques.

1. The Contractor is responsible for a quarterly review of the electronic claims and encounter data is submitted from PHS.
2. The Contractor is responsible for a quarterly review of PHS' performance and utilization of telemedicine. This report will include, but is not limited to, validation of the number of sites utilizing telemedicine by medical condition, and how this data compares to the goals set by PHS. The report should also include a series of recommendations and a timeframe for implementing those recommendations.
3. The Contractor will be responsible for validating the audit team findings related to the SLAs on a quarterly basis. Currently there are 12 SLAs with three being assessed each quarter.
4. The Contractor will annually review and prepare a report on PHS financials, which will include the verification of actual costs and calculation of any risk sharing documents. The verification will be due within 60 days of receipt of the annual PHS financial statements.
5. The Contractor will conduct a quarterly review of the reports provided by PHS.
6. The Contractor will review annually, the PHS and Aetna credentialing and re-credentialing policies and procedures.
7. The Contractor will be responsible for an annual validation of the performance measures developed as a part of the PHS quality assurance report.
8. The Contractor will be responsible for an annual validation of the findings from the PHS annual effectiveness program review.
9. The Contractor will be responsible for conducting an annual pharmaceutical review to ensure compliance with existing contract terms.
10. The Contractor will be responsible for providing an annual report that evaluates the DCH mental health quality improvement plan.

### **1.030 Roles and Responsibilities**

#### **1.031 Contractor Staff, Roles, and Responsibilities**

Contractor should identify where Contractor staff will be physically located during Contract performance. If an overall organization chart has been developed, then provide a reference to that chart as well. Identify individuals and descriptions of their roles which should be functional and not just by title.

1. The State of Michigan retains the right to final approval of the staffing plan.
2. The Contractor must provide up to date job descriptions for relevant positions to the CCI.
3. The Contractor must be able to provide appropriate staff to properly service this Contract.
4. Key Personnel - Project Manager

The Contractor's Project Manager will be responsible for the management and overall direction of services provided to the MDOC. They will be the MDOC's liaison and will work closely with the MDOC and the facility administrations to ensure the healthcare programs meet the goals and expectations of the MDOC.



5. Within five working days of the award of this Contract, the Contractor will submit the final project organizational structure to MDOC for approval. This will include the Contractor's staffing table with names and title of personnel assigned to the project. Necessary substitutions due to change of employment status and other unforeseen circumstances may only be made with prior approval of the State.

#### **1.040 Project Plan**

##### **1.041 Project Plan Management**

The Contractor will carry out this project under the direction and control of MDOC. Although there will be continuous liaison with the Contractor, the MDOC Project Manager and CCI will meet monthly with the Contractor's project manager for the purpose of reviewing progress and providing necessary guidance to the Contractor in solving problems which arise.

Using the scope of work outlined in this Contract, a work plan should be developed within five working days of the award of this Contract. The work plan should include, but not be limited to, the following:

- a. The project breakdown showing sub-projects, activities and tasks, and resources required and allocated to each.
- b. The time-phased plan in the form of a graphic display, showing each event, task, and decision point in the work plan.
- c. The Contractor should also be available to conduct regular updates and/or presentations, at a minimum, on a quarterly basis on reports, findings, etc.
- d. The Contractor will participate in meetings which include MDOC leadership and other vendors as necessary.

##### **1.042 Reports**

MDOC will require two sets of Contractor reports in addition to those detailed under Work and Deliverables, Section 1.022.

A quarterly report to be based on the progress made by the Contractor on the detailed items in the scope of the work

Quarterly reports, to include, but not limited to, the following:

- a. Progress review
- b. Financial Status
- c. Difficulties encountered and solutions
- d. Changes in personal
- e. Planned activities and timeline for completing those activities
- f. Evaluated ability to complete the remainder of the project
- g. Benchmarks to other state correctional health care programs

Reports will be submitted in a **non-pdf** electronic format (such as Microsoft Office Project) and must be provided at no cost to the state.

The Contractor must obtain the State's written approval prior to publishing or making formal public presentations of statistical or analytical material based on any of the findings from the review/audit.

#### **1.050 Acceptance**

##### **1.051 Criteria**

The following criteria will be used by the State to determine Acceptance of the Services or Deliverables provided under this Contract:



Acceptance criteria for the work plan will include approval of the work plan. The Contractor must submit a work plan with five days of this Contract award. MDOC and the Contractor will work toward making the necessary adjustments for MDOC to approve the work plan. Work plan must be approved by MDOC with in 30 calendar days from the award of this Contract.

MDOC will consider the work plan that must include a time-phased plan outlining the tasks to be completed in order to meet the report deadlines. The Contractor must submit to the MDOC their revised detailed work plan, including timing of the items to be completed to meet the scope of work section.

#### **1.052 Final Acceptance**

Each task/deliverable described herein, may be invoiced for payment when the final task/deliverable is completed.

### **1.060 Proposal Pricing**

#### **1.061 Proposal Pricing**

For authorized Services and Price List, see Appendix A.

Contractor's out-of-pocket expenses are not separately reimbursable by the State unless, on a case-by-case basis for unusual expenses, the State has agreed in advance and in writing to reimburse Contractor for the expense at the State's current travel reimbursement rates. See [www.michigan.gov/dmb](http://www.michigan.gov/dmb) for current rates.

Some of the tasks will need to be completed quarterly or annually. MDOC will determine the frequency of each of the tasks.

#### **1.062 Price Term**

Prices quoted are firm for the entire length of this Contract.

#### **1.063 Tax Excluded from Price**

(a) Sales Tax: For purchases made directly by the State, the State is exempt from State and Local Sales Tax. Prices must not include the taxes. Exemption Certificates for State Sales Tax will be furnished upon request.

(b) Federal Excise Tax: The State may be exempt from Federal Excise Tax, or the taxes may be reimbursable, if articles purchased under this Contract are used for the State's exclusive use. Certificates showing exclusive use for the purposes of substantiating a tax-free, or tax-reimbursable sale will be sent upon request. If a sale is tax exempt or tax reimbursable under the Internal Revenue Code, prices must not include the Federal Excise Tax.

#### **1.064 Holdback – Deleted – N/A**

### **1.070 Additional Requirements**

#### **1.071 Additional Terms and Conditions specific to this Contract**

All tobacco products are prohibited at all Michigan Department of Corrections Facilities. This includes Contractors/drivers who will be prohibited from bringing in personal tobacco products to these locations. Facilities will provide a lock box for personal tobacco products in the Sallyport. Contractors that come into the Administration Building of a Facility will need to secure their personal tobacco products in their vehicle prior to entrance. If Contractors arrive with such products, the Contractors will not be allowed to place the products in the visitor lockers, but will be requested to return it to their vehicle.

Delivery vehicles that carry tobacco products for other organizations will not be allowed to bring such products into the Facilities.



## Article 2, Terms and Conditions

### 2.000 Contract Structure and Term

#### **2.001 Contract Term**

This Contract is for a period of three years beginning October 1, 2009 through September 30, 2012. All outstanding Purchase Orders must also expire upon the termination (cancellation for any of the reasons listed in **Section 2.150**) of this Contract, unless otherwise extended under this Contract. Absent an early termination for any reason, Purchase Orders issued but not expired, by the end of this Contract's stated term, will remain in effect for the balance of the fiscal year for which they were issued.

#### **2.002 Options to Renew**

This Contract may be renewed in writing by mutual agreement of the parties not less than 30 days before its expiration. This Contract may be renewed for up to two additional one year periods.

#### **2.003 Legal Effect**

Contractor must show acceptance of this Contract by signing two copies of this Contract and returning them to the Contract Administrator. The Contractor must not proceed with the performance of the work to be done under this Contract, including the purchase of necessary materials, until both parties have signed this Contract to show acceptance of its terms, and the Contractor receives a Contract release/purchase order that authorizes and defines specific performance requirements.

Except as otherwise agreed in writing by the parties, the State assumes no liability for costs incurred by Contractor or payment under this Contract, until Contractor is notified in writing that this Contract (or Change Order) has been approved by the State Administrative Board (if required), approved and signed by all the parties, and a Purchase Order against this Contract has been issued.

#### **2.004 Attachments & Exhibits**

All Attachments and Exhibits affixed to any and all Statement(s) of Work, or appended to or referencing this Contract, are incorporated in their entirety and form part of this Contract.

#### **2.005 Ordering**

The State will issue a written Purchase Order, Blanket Purchase Order, Direct Voucher or Procurement Card Order, which must be approved by the Contract Administrator or the Contract Administrator's designee, to order any Services/Deliverables under this Contract. All orders are subject to the terms and conditions of this Contract. No additional terms and conditions contained on either a Purchase Order or Blanket Purchase Order apply unless they are also specifically contained in that Purchase Order's or Blanket Purchase Order's accompanying Statement of Work. Exact quantities to be purchased are unknown; however, the Contractor must furnish all such materials and services as may be ordered during this Contract period. Quantities specified, if any, are estimates based on prior purchases, and the State is not obligated to purchase in these or any other quantities.

#### **2.006 Order of Precedence**

(a) This Contract, including any Statements of Work and Exhibits, to the extent not contrary to this Contract, each of which is incorporated for all purposes, constitutes the entire agreement between the parties with respect to the subject matter and supersedes all prior agreements, whether written or oral, with respect to the subject matter and as additional terms and conditions on the purchase order must apply as limited by **Section 2.005**.

(b) In the event of any inconsistency between the terms of this Contract and a Statement of Work, the terms of the Statement of Work will take precedence (as to that Statement of Work only); provided, however, that a Statement of Work may not modify or amend the terms of this Contract, which may be modified or amended only by a formal Contract amendment.

#### **2.007 Headings**

Captions and headings used in this Contract are for information and organization purposes. Captions and headings, including inaccurate references, do not, in any way, define or limit the requirements or terms and conditions of this Contract.

**2.008 Form, Function, & Utility**

If this Contract is for use of more than one State agency and if the Deliverable/Service does not meet the form, function, and utility required by that State agency, that agency may, subject to State purchasing policies, procure the Deliverable/Service from another source.

**2.009 Reformation and Severability**

Each provision of this Contract is severable from all other provisions of this Contract and, if one or more of the provisions of this Contract is declared invalid, the remaining provisions of this Contract remain in full force and effect.

**2.010 Consents and Approvals**

Except as expressly provided otherwise in this Contract, if either party requires the consent or approval of the other party for the taking of any action under this Contract, the consent or approval must be in writing and must not be unreasonably withheld or delayed.

**2.011 No Waiver of Default**

If a party fails to insist upon strict adherence to any term of this Contract then the party has not waived the right to later insist upon strict adherence to that term, or any other term, of this Contract.

**2.012 Survival**

Any provisions of this Contract that impose continuing obligations on the parties, including without limitation the parties' respective warranty, indemnity and confidentiality obligations, survive the expiration or termination of this Contract for any reason. Specific references to survival in this Contract are solely for identification purposes and not meant to limit or prevent the survival of any other section.

**2.020 Contract Administration****2.021 Issuing Office**

This Contract is issued by the Department of Management and Budget, Purchasing Operations, and DMB-Vehicle and Travel Services (collectively, including all other relevant State of Michigan departments and agencies, the "State"). Purchasing Operations is the sole point of contact in the State with regard to all procurement and contractual matters relating to this Contract. Purchasing Operations **is the only State office authorized to change, modify, amend, alter or clarify the prices, specifications, terms and conditions of this Contract.** The Contractor Administrator within Purchasing Operations for this Contract is:

Lance Kingsbury  
Department of Management and Budget – Purchasing Operations  
PO Box 30026  
Lansing, MI 48909  
Phone: (517) 241-3768  
e-mail: kingsburyL@michigan.gov

**2.022 Contract Compliance Inspector**

After DMB-Purchasing Operations receives the properly executed Contract, it is anticipated that the Director of Purchasing Operations, in consultation with DMB-Vehicle and Travel Services will direct the person named below, or any other person so designated, to monitor and coordinate the activities for this Contract on a day-to-day basis during its term. However, monitoring of this Contract implies **no authority to change, modify, clarify, amend, or otherwise alter the prices, terms, conditions and specifications of this Contract as that authority is retained by DMB Purchasing Operations.** The CCI for this Contract is:

Marti Kay Sherry, Planning Manager  
Michigan Department of Corrections  
206 E. Michigan Avenue  
Lansing, MI 48903  
Phone: (517) 373-9143  
e-mail: sherrym@michigan.gov

**2.023 Project Manager**

The following individual will oversee the project:

Lynda Zeller, Health Services Administrator  
Michigan Department of Corrections  
206 E. Michigan Avenue  
Lansing, MI 48903  
Phone: (517) 241-0587  
e-mail: zellerl2@michigan.gov

**2.024 Change Requests**

The State reserves the right to request, from time to time, any changes to the requirements and specifications of this Contract and the work to be performed by the Contractor under this Contract. During the course of ordinary business, it may become necessary for the State to discontinue certain business practices or create Additional Services/Deliverables. At a minimum, to the extent applicable, the State would like the Contractor to provide a detailed outline of all work to be done, including tasks necessary to accomplish the services/deliverables, timeframes, listing of key personnel assigned, estimated hours for each individual per task, and a complete and detailed cost justification.

If the Contractor does not so notify the State, the Contractor has no right to claim thereafter that it is entitled to additional compensation for performing that service or providing that deliverable.

Change Requests:

- (a) By giving Contractor written notice within a reasonable time, the State must be entitled to accept a Contractor proposal for Change, to reject it, or to reach another agreement with Contractor. Should the parties agree on carrying out a Change, a written Contract Change Notice must be prepared and issued under this Contract, describing the Change and its effects on the Services and any affected components of this Contract (a "Contract Change Notice").
- (b) No proposed Change may be performed until the proposed Change has been specified in a duly executed Contract Change Notice issued by the Department of Management and Budget, Purchasing Operations.
- (c) If the State requests or directs the Contractor to perform any activities that Contractor believes constitute a Change, the Contractor must notify the State that it believes the requested activities are a Change before beginning to work on the requested activities. If the Contractor fails to notify the State before beginning to work on the requested activities, then the Contractor waives any right to assert any claim for additional compensation or time for performing the requested activities. If the Contractor commences performing work outside the scope of this Contract and then ceases performing that work, the Contractor must, at the request of the State, retract any out-of-scope work that would adversely affect this Contract.

**2.025 Notices**

Any notice given to a party under this Contract must be deemed effective, if addressed to the State contact as noted in Section 2.021 and the Contractor's contact as noted on the cover page of this Contract, upon: (i) delivery, if hand delivered; (ii) receipt of a confirmed transmission by facsimile if a copy of the notice is sent by another means specified in this Section; (iii) the third Business Day after being sent by U.S. mail, postage pre-paid, return receipt requested; or (iv) the next Business Day after being sent by a nationally recognized overnight express courier with a reliable tracking system.

Either party may change its address where notices are to be sent by giving notice according to this Section.

**2.026 Binding Commitments**

Representatives of Contractor must have the authority to make binding commitments on Contractor's behalf within the bounds set forth in this Contract. Contractor may change the representatives from time to time upon written notice.

**2.027 Relationship of the Parties**

The relationship between the State and Contractor is that of client and independent contractor. No agent, employee, or servant of Contractor or any of its Subcontractors must be deemed to be an employee, agent or servant of the State for any reason. Contractor is solely and entirely responsible for its acts and the acts of its agents, employees, servants and Subcontractors during the performance of this Contract.

**2.028 Covenant of Good Faith**

Each party must act reasonably and in good faith. Unless stated otherwise in this Contract, the parties must not unreasonably delay, condition, or withhold the giving of any consent, decision, or approval that is either requested or reasonably required of them in order for the other party to perform its responsibilities under this Contract.

**2.029 Assignments**

(a) Neither party may assign this Contract, or assign or delegate any of its duties or obligations under this Contract, to any other party (whether by operation of law or otherwise), without the prior written consent of the other party; provided, however, that the State may assign this Contract to any other State agency, department, division or department without the prior consent of Contractor and Contractor may assign this Contract to an affiliate so long as the affiliate is adequately capitalized and can provide adequate assurances that the affiliate can perform the requirements of this Contract. The State may withhold consent from proposed assignments, subcontracts, or novations when the transfer of responsibility would operate to decrease the State's likelihood of receiving performance on this Contract or the State's ability to recover damages.

(b) Contractor may not, without the prior written approval of the State, assign its right to receive payments due under this Contract. If the State permits an assignment, the Contractor is not relieved of its responsibility to perform any of its contractual duties, and the requirement under this Contract that all payments must be made to one entity continues.

(c) If the Contractor intends to assign this Contract or any of the Contractor's rights or duties under this Contract, the Contractor must notify the State in writing at least 90 days before the assignment. The Contractor also must provide the State with adequate information about the assignee within a reasonable amount of time before the assignment for the State to determine whether to approve the assignment.

**2.030 General Provisions****2.031 Media Releases**

News releases (including promotional literature and commercial advertisements) pertaining to this Contract or project to which it relates must not be made without prior written State approval, and then only in accordance with the explicit written instructions from the State. No results of the activities associated with this Contract are to be released without prior written approval of the State and then only to persons designated.

**2.032 Contract Distribution**

Purchasing Operations retains the sole right of Contract distribution to all State agencies and local units of government unless other arrangements are authorized by Purchasing Operations.

**2.033 Permits**

Contractor must obtain and pay any associated costs for all required governmental permits, licenses and approvals for the delivery, installation and performance of the Services. The State must pay for all costs and expenses incurred in obtaining and maintaining any necessary easements or right of way.

**2.034 Website Incorporation**

The State is not bound by any content on the Contractor's website, even if the Contractor's documentation specifically referenced that content and attempts to incorporate it into any other communication, unless the State has actual knowledge of the content and has expressly agreed to be bound by it in a writing that has been manually signed by an authorized representative of the State.

**2.035 Future Bidding Preclusion**

Contractor acknowledges that, to the extent the Contract involves the creation, research, investigation or generation of a future RFP, it may be precluded from bidding on the subsequent RFP. The State reserves the right to disqualify any bidder if the State determines that the bidder has used its position (whether as an incumbent Contractor, or as a Contractor hired to assist with the RFP development, or as a Vendor offering free assistance) to gain a competitive advantage on the RFP.

**2.036 Freedom of Information**

All information in any proposal submitted to the State by Contractor and this Contract is subject to the provisions of the Michigan Freedom of Information Act, 1976 PA 442, MCL 15.231, et seq (the "FOIA").



### **2.037 Disaster Recovery**

Contractor and the State recognize that the State provides essential services in times of natural or man-made disasters. Therefore, except as so mandated by Federal disaster response requirements, Contractor personnel dedicated to providing Services/Deliverables under this Contract must provide the State with priority service for repair and work around in the event of a natural or man-made disaster.

## **2.040 Financial Provisions**

### **2.041 Fixed Prices for Services/Deliverables**

Each Statement of Work or Purchase Order issued under this Contract must specify (or indicate by reference to the appropriate Contract Exhibit) the firm, fixed prices for all Services/Deliverables, and the associated payment milestones and payment amounts. The State may make progress payments to the Contractor when requested as work progresses, but not more frequently than monthly, in amounts approved by the Contract Administrator, after negotiation. Contractor must show verification of measurable progress at the time of requesting progress payments.

### **2.042 Adjustments for Reductions in Scope of Services/Deliverables**

If the scope of the Services/Deliverables under any Statement of Work issued under this Contract is subsequently reduced by the State, the parties must negotiate an equitable reduction in Contractor's charges under such Statement of Work commensurate with the reduction in scope.

### **2.043 Services/Deliverables Covered**

For all Services/Deliverables to be provided by Contractor (and its Subcontractors, if any) under this Contract, the State must not be obligated to pay any amounts in addition to the charges specified in this Contract.

### **2.044 Invoicing and Payment – In General**

(a) Each Statement of Work issued under this Contract must list (or indicate by reference to the appropriate Contract Exhibit) the prices for all Services/Deliverables, equipment and commodities to be provided, and the associated payment milestones and payment amounts.

(b) Each Contractor invoice must show details as to charges by Service/Deliverable component and location at a level of detail reasonably necessary to satisfy the State's accounting and charge-back requirements. Invoices for Services performed on a time and materials basis must show, for each individual, the number of hours of Services performed during the billing period, the billable skill/labor category for such person and the applicable hourly billing rate. Prompt payment by the State is contingent on the Contractor's invoices showing the amount owed by the State minus any holdback amount to be retained by the State in accordance with **Section 1.064**.

(c) Correct invoices will be due and payable by the State, in accordance with the State's standard payment procedure as specified in 1984 PA 279, MCL 17.51 et seq., within 45 days after receipt, provided the State determines that the invoice was properly rendered.

#### **(d) Contract Payment Schedule**

1. Contractor request for performance-based payment.  
The Contractor may submit requests for payment of performance-based payments not more frequently than monthly, in a form and manner acceptable to the CCI. Unless otherwise authorized by the Contract Administrator and/or CCI, all performance-based payments in any period for which payment is being requested must be included in a single request, appropriately itemized and totaled.
2. Approval and payment of requests.
  - a) The Contractor will not be entitled to payment of a request for performance-based payment prior to successful accomplishment of the event or performance criterion for which payment is requested. The CCI will determine whether the event or performance criterion for which payment is requested has been successfully accomplished in accordance with the terms of this Contract. The CCI may, at any time, require the Contractor to substantiate the successful performance of any event or performance criterion, which has been or is represented as being payable.
  - b) A payment under this performance-based payment clause is a Contract financing payment under the Quick Payment Terms in **Section 1.061** of this Contract.



c) The approval by the CCI of a request for performance-based payment does not constitute an acceptance by the State and does not excuse the Contractor from performance of obligations under this Contract.

#### **2.045 Pro-ration**

To the extent there are any Services that are to be paid for on a monthly basis, the cost of such Services must be pro-rated for any partial month.

#### **2.046 Antitrust Assignment**

The Contractor assigns to the State any claim for overcharges resulting from antitrust violations to the extent that those violations concern materials or services supplied by third parties to the Contractor, toward fulfillment of this Contract.

#### **2.047 Final Payment**

The making of final payment by the State to Contractor does not constitute a waiver by either party of any rights or other claims as to the other party's continuing obligations under this Contract, nor will it constitute a waiver of any claims by one party against the other arising from unsettled claims or failure by a party to comply with this Contract, including claims for Services and Deliverables not reasonably known until after acceptance to be defective or substandard. Contractor's acceptance of final payment by the State under this Contract must constitute a waiver of all claims by Contractor against the State for payment under this Contract, other than those claims previously filed in writing on a timely basis and still unsettled.

#### **2.048 Electronic Payment Requirement**

Electronic transfer of funds is required for payments on State contracts. The Contractor must register with the State electronically at <http://www.cpexpress.state.mi.us>. As stated in 1984 PA 431, all contracts that the State enters into for the purchase of goods and services must provide that payment will be made by Electronic Fund Transfer (EFT).

### **2.050 Taxes**

#### **2.051 Employment Taxes**

Contractors are expected to collect and pay all applicable federal, state, and local employment taxes.

#### **2.052 Sales and Use Taxes**

Contractors are required to be registered and to remit sales and use taxes on taxable sales of tangible personal property or services delivered into the State. Contractors that lack sufficient presence in Michigan to be required to register and pay tax must do so as a volunteer. This requirement extends to: (1) all members of any controlled group as defined in § 1563(a) of the Internal Revenue Code and applicable regulations of which the company is a member, and (2) all organizations under common control as defined in § 414(c) of the Internal Revenue Code and applicable regulations of which the company is a member that make sales at retail for delivery into the State are registered with the State for the collection and remittance of sales and use taxes. In applying treasury regulations defining "two or more trades or businesses under common control" the term "organization" means sole proprietorship, a partnership (as defined in § 701(a)(2) of the Internal Revenue Code), a trust, an estate, a corporation, or a limited liability company.

### **2.060 Contract Management**

#### **2.061 Contractor Personnel Qualifications**

All persons assigned by Contractor to the performance of Services under this Contract must be employees of Contractor or its majority-owned (directly or indirectly, at any tier) subsidiaries (or a State-approved Subcontractor) and must be fully qualified to perform the work assigned to them. Contractor must include a similar provision in any subcontract entered into with a Subcontractor. For the purposes of this Contract, independent contractors engaged by Contractor solely in a staff augmentation role must be treated by the State as if they were employees of Contractor for this Contract only; however, the State understands that the relationship between Contractor and Subcontractor is an independent contractor relationship.

#### **2.062 Contractor Key Personnel**

- (a) The Contractor must provide the CCI with the names of the Key Personnel when the workplan is submitted.
- (b) Key Personnel must be dedicated as defined in the Statement of Work to the Project for its duration in the applicable Statement of Work with respect to other individuals designated as Key Personnel for that Statement of Work.



(c) The State reserves the right to recommend and approve in writing the initial assignment, as well as any proposed reassignment or replacement, of any Key Personnel. Before assigning an individual to any Key Personnel position, Contractor must notify the State of the proposed assignment, must introduce the individual to the appropriate State representatives, and must provide the State with a resume and any other information about the individual reasonably requested by the State. The State reserves the right to interview the individual before granting written approval. In the event the State finds a proposed individual unacceptable, the State must provide a written explanation including reasonable detail outlining the reasons for the rejection.

(d) Contractor must not remove any Key Personnel from their assigned roles on this Contract without the prior written consent of the State. The Contractor's removal of Key Personnel without the prior written consent of the State is an unauthorized removal ("Unauthorized Removal"). Unauthorized Removals does not include replacing Key Personnel for reasons beyond the reasonable control of Contractor, including illness, disability, leave of absence, personal emergency circumstances, resignation, or for cause termination of the Key Personnel's employment. Unauthorized Removals does not include replacing Key Personnel because of promotions or other job movements allowed by Contractor personnel policies or Collective Bargaining Agreement(s) as long as the State receives prior written notice before shadowing occurs and Contractor provides 30 days of shadowing unless parties agree to a different time period. The Contractor with the State must review any Key Personnel replacements and appropriate transition planning must be established. Any Unauthorized Removal may be considered by the State to be a material breach of this Contract, in respect of which the State may elect to exercise its termination and cancellation rights.

(e) The Contractor must notify the CCI and the Contract Administrator at least 10 business days before redeploying non-Key Personnel, who are dedicated to primarily to the Project, to other projects. If the State does not object to the redeployment by its scheduled date, the Contractor may then redeploy the non-Key Personnel.

### **2.063 Re-assignment of Personnel at the State's Request**

The State reserves the right to require the removal from the Project of Contractor personnel found, in the judgment of the State, to be unacceptable. The State's request must be written with reasonable detail outlining the reasons for the removal request. Additionally, the State's request must be based on legitimate, good-faith reasons. Replacement personnel for the removed person must be fully qualified for the position. If the State exercises this right, and the Contractor cannot immediately replace the removed personnel, the State agrees to an equitable adjustment in schedule or other terms that may be affected by the State's required removal. If any incident with removed personnel results in delay not reasonably anticipatable under the circumstances and which is attributable to the State, the applicable SLAs for the affected Service will not be counted for a time as agreed to by the parties.

### **2.064 Contractor Personnel Location**

All staff assigned by Contractor to work on this Contract will perform their duties either primarily at Contractor's offices and facilities or at State facilities. Without limiting the generality of the foregoing, Key Personnel will, at a minimum, spend at least the amount of time on-site at State facilities as indicated in the applicable Statement of Work. Subject to availability, selected Contractor personnel may be assigned office space to be shared with State personnel.

### **2.065 Contractor Identification**

Contractor employees must be clearly identifiable while on State property by wearing a State-issued badge, as required. Contractor employees are required to clearly identify themselves and the company they work for whenever making contact with State personnel by telephone or other means.

### **2.066 Cooperation with Third Parties**

Contractor must cause its personnel and the personnel of any Subcontractors to cooperate with the State and its agents and other contractors including the State's Quality Assurance personnel. As reasonably requested by the State in writing, the Contractor must provide to the State's agents and other contractors reasonable access to Contractor's Project personnel, systems and facilities to the extent the access relates to activities specifically associated with this Contract and will not interfere or jeopardize the safety or operation of the systems or facilities. The State acknowledges that Contractor's time schedule for this Contract is very specific and must not unnecessarily or unreasonably interfere with, delay, or otherwise impede Contractor's performance under this Contract with the requests for access.

### **2.067 Contractor Return of State Equipment/Resources**

The Contractor must return to the State any State-furnished equipment, facilities, and other resources when no longer required for this Contract in the same condition as when provided by the State, reasonable wear and tear excepted.

**2.068 Contract Management Responsibilities**

The Contractor must assume responsibility for all contractual activities, whether or not that Contractor performs them. Further, the State considers the Contractor to be the sole point of contact with regard to contractual matters, including payment of any and all charges resulting from this Contract. If any part of the work is to be subcontracted, this Contract must include a list of Subcontractors, including firm name and address, contact person and a complete description of work to be subcontracted. The State reserves the right to approve Subcontractors and to require the Contractor to replace Subcontractors found to be unacceptable. The Contractor is totally responsible for adherence by the Subcontractor to all provisions of this Contract. Any change in Subcontractors must be approved by the State, in writing, prior to such change.

**2.070 Subcontracting by Contractor****2.071 Contractor Full Responsibility**

Contractor has full responsibility for the successful performance and completion of all of the Services and Deliverables. The State will consider Contractor to be the sole point of contact with regard to all contractual matters under this Contract, including payment of any and all charges for Services and Deliverables.

**2.072 State Consent to Delegation**

Contractor must not delegate any duties under this Contract to a Subcontractor unless the Department of Management and Budget, Purchasing Operations has given written consent to such delegation. The State reserves the right of prior written approval of all Subcontractors and to require Contractor to replace any Subcontractors found, in the reasonable judgment of the State, to be unacceptable. The State's request must be written with reasonable detail outlining the reasons for the removal request. Additionally, the State's request must be based on legitimate, good-faith reasons. Replacement Subcontractor(s) for the removed Subcontractor must be fully qualified for the position. If the State exercises this right, and the Contractor cannot immediately replace the removed Subcontractor, the State will agree to an equitable adjustment in schedule or other terms that may be affected by the State's required removal. If any such incident with a removed Subcontractor results in delay not reasonable anticipatable under the circumstances and which is attributable to the State, the applicable SLA for the affected Work will not be counted for a time agreed upon by the parties.

**2.073 Subcontractor Bound to Contract**

In any subcontracts entered into by Contractor for the performance of the Services, Contractor must require the Subcontractor, to the extent of the Services to be performed by the Subcontractor, to be bound to Contractor by the terms of this Contract and to assume toward Contractor all of the obligations and responsibilities that Contractor, by this Contract, assumes toward the State. The State reserves the right to receive copies of and review all subcontracts, although Contractor may delete or mask any proprietary information, including pricing, contained in such contracts before providing them to the State. The management of any Subcontractor is the responsibility of Contractor, and Contractor must remain responsible for the performance of its Subcontractors to the same extent as if Contractor had not subcontracted such performance. Contractor must make all payments to Subcontractors or suppliers of Contractor. Except as otherwise agreed in writing by the State and Contractor, the State will not be obligated to direct payments for the Services other than to Contractor. The State's written approval of any Subcontractor engaged by Contractor to perform any obligation under this Contract will not relieve Contractor of any obligations or performance required under this Contract.

**2.074 Flow Down**

Except where specifically approved in writing by the State on a case-by-case basis, Contractor must flow down the obligations in **Sections 2.031, 2.060, 2.100, 2.110, 2.120, 2.130, 2.200** in all of its agreements with any Subcontractors.

**2.075 Competitive Selection**

The Contractor must select Subcontractors (including suppliers) on a competitive basis to the maximum practical extent consistent with the objectives and requirements of this Contract.

**2.080 State Responsibilities****2.081 Equipment**

The State will provide only the equipment and resources identified in the Statements of Work and other Contract Exhibits.

**2.082 Facilities**

The State must designate space as long as it is available and as provided in the Statement of Work, to house the Contractor's personnel whom the parties agree will perform the Services/Deliverables at State facilities (collectively, the "State Facilities"). The Contractor must have reasonable access to and, unless agreed otherwise by the parties in writing, must observe and comply with all rules and regulations relating to each of the State Facilities (including hours of operation) used by the Contractor in the course of providing the Service(s). Contractor agrees that it will not, without the prior written consent of the State, use any State Facilities or access any State information systems provided for the Contractor's use, or to which the Contractor otherwise gains access in the course of performing the Services, for any purpose other than providing the Services to the State.

**2.090 Security****2.091 Background Checks**

On a case-by-case basis, the State may investigate the Contractor's personnel before they may have access to State facilities and systems. The scope of the background check is at the discretion of the State and the results will be used to determine Contractor personnel eligibility for working within State facilities and systems. The investigations will include Michigan State Police Background checks (ICHAT) and may include the National Crime Information Center (NCIC) Finger Prints. Proposed Contractor personnel may be required to complete and submit an RI-8 Fingerprint Card for the NCIC Finger Print Check. Any request for background checks will be initiated by the State and will be reasonably related to the type of work requested.

All Contractor personnel must comply with the State's security and acceptable use policies for State IT equipment and resources. See <http://www.michigan.gov/dit>. Furthermore, Contractor personnel must agree to the State's security and acceptable use policies before the Contractor personnel will be accepted as a resource to perform work for the State. The Contractor must present these documents to the prospective employee before the Contractor presents the individual to the State as a proposed resource. Contractor staff must comply with all Physical Security procedures in place within the facilities where they are working.

**2.092 Security Breach Notification**

If the Contractor breaches this Section, the Contractor must (i) promptly cure any deficiencies and (ii) comply with any applicable federal and state laws and regulations pertaining to unauthorized disclosures. Contractor and the State will cooperate to mitigate, to the extent practicable, the effects of any breach, intrusion, or unauthorized use or disclosure. Contractor must report to the State, in writing, any use or disclosure of Confidential Information, whether suspected or actual, other than as provided for by this Contract within 10 days of becoming aware of the use or disclosure or the shorter time period as is reasonable under the circumstances.

**2.093 PCI Data Security Requirements – Deleted – NA****2.100 Confidentiality****2.101 Confidentiality**

Contractor and the State each acknowledge that the other possesses, and will continue to possess, confidential information that has been developed or received by it. As used in this Section, "Confidential Information" of Contractor must mean all non-public proprietary information of Contractor (other than Confidential Information of the State as defined below) which is marked confidential, restricted, proprietary, or with a similar designation. "Confidential Information" of the State must mean any information which is retained in confidence by the State (or otherwise required to be held in confidence by the State under applicable federal, state and local laws and regulations) or which, in the case of tangible materials provided to Contractor by the State under its performance under this Contract, is marked as confidential, proprietary, or with a similar designation by the State. "Confidential Information" excludes any information (including this Contract) that is publicly available under the Michigan FOIA.

**2.102 Protection and Destruction of Confidential Information**

The State and Contractor must each use at least the same degree of care to prevent disclosing to third parties the Confidential Information of the other as it employs to avoid unauthorized disclosure, publication, or dissemination of its own confidential information of like character, but in no event less than reasonable care. Neither Contractor nor the State will (i) make any use of the Confidential Information of the other except as contemplated by this Contract, (ii) acquire any right in or assert any lien against the Confidential Information of the other, or (iii) if requested to do so, refuse for any reason to promptly return the other party's Confidential Information to the other party. Each party must limit disclosure of the other party's Confidential Information to employees and Subcontractors who must have access to fulfill the purposes of this Contract. Disclosure to, and use by, a Subcontractor is permissible where (A) use of a Subcontractor is authorized under this Contract, (B) the disclosure is necessary or otherwise naturally occurs in connection with work that is within the Subcontractor's scope of responsibility, and (C) Contractor obligates the Subcontractor in a written Contract to maintain the State's Confidential Information in confidence. At the State's request, any employee of Contractor and of any Subcontractor having access or continued access to the State's Confidential Information may be required to execute an acknowledgment that the employee has been advised of Contractor's and the Subcontractor's obligations under this Section and of the employee's obligation to Contractor or Subcontractor, as the case may be, to protect the Confidential Information from unauthorized use or disclosure.

Promptly upon termination or cancellation of this Contract for any reason, Contractor must certify to the State that Contractor has destroyed all State Confidential Information.

**2.103 Exclusions**

Notwithstanding the foregoing, the provisions of **Section 2.100** will not apply to any particular information which the State or Contractor can demonstrate (i) was, at the time of disclosure to it, in the public domain; (ii) after disclosure to it, is published or otherwise becomes part of the public domain through no fault of the receiving party; (iii) was in the possession of the receiving party at the time of disclosure to it without an obligation of confidentiality; (iv) was received after disclosure to it from a third party who had a lawful right to disclose the information to it without any obligation to restrict its further disclosure; or (v) was independently developed by the receiving party without reference to Confidential Information of the furnishing party. Further, the provisions of **Section 2.100** will not apply to any particular Confidential Information to the extent the receiving party is required by law to disclose the Confidential Information, provided that the receiving party (i) promptly provides the furnishing party with notice of the legal request, and (ii) assists the furnishing party in resisting or limiting the scope of the disclosure as reasonably requested by the furnishing party.

**2.104 No Implied Rights**

Nothing contained in this Section must be construed as obligating a party to disclose any particular Confidential Information to the other party, or as granting to or conferring on a party, expressly or impliedly, any right or license to the Confidential Information of the other party.

**2.105 Respective Obligations**

The parties' respective obligations under this Section must survive the termination or expiration of this Contract for any reason.

**2.110 Records and Inspections****2.111 Inspection of Work Performed**

The State's authorized representatives must at all reasonable times and with 10 days prior written request, have the right to enter Contractor's premises, or any other places, where the Services are being performed, and must have access, upon reasonable request, to interim drafts of Deliverables or work-in-progress. Upon 10 Days prior written notice and at all reasonable times, the State's representatives must be allowed to inspect, monitor, or otherwise evaluate the work being performed and to the extent that the access will not reasonably interfere or jeopardize the safety or operation of the systems or facilities. Contractor must provide all reasonable facilities and assistance for the State's representatives.

**2.112 Examination of Records**

For seven years after the Contractor provides any work under this Contract (the "Audit Period"), the State may examine and copy any of Contractor's books, records, documents and papers pertinent to establishing Contractor's compliance with this Contract and with applicable laws and rules. The State must notify the Contractor 20 days before examining the Contractor's books and records. The State does not have the right to review any information deemed confidential by the Contractor to the extent access would require the confidential information to become publicly available. This provision also applies to the books, records, accounts, documents and papers, in print or electronic form, of any parent, affiliated or subsidiary organization of Contractor, or any Subcontractor of Contractor performing services in connection with this Contract.

**2.113 Retention of Records**

Contractor must maintain at least until the end of the Audit Period, all pertinent financial and accounting records (including time sheets and payroll records, information pertaining to this Contract, and to the Services, equipment, and commodities provided under this Contract) pertaining to this Contract according to generally accepted accounting principles and other procedures specified in this Section. Financial and accounting records must be made available, upon request, to the State at any time during the Audit Period. If an audit, litigation, or other action involving Contractor's records is initiated before the end of the Audit Period, the records must be retained until all issues arising out of the audit, litigation, or other action are resolved or until the end of the Audit Period, whichever is later.

**2.114 Audit Resolution**

If necessary, the Contractor and the State will meet to review each audit report promptly after issuance. The Contractor must respond to each audit report in writing within 30 days from receipt of the report, unless a shorter response time is specified in the report. The Contractor and the State must develop, agree upon and monitor an action plan to promptly address and resolve any deficiencies, concerns, and/or recommendations in the audit report.

**2.115 Errors**

(a) If the audit demonstrates any errors in the documents provided to the State, then the amount in error must be reflected as a credit or debit on the next invoice and in subsequent invoices until the amount is paid or refunded in full. However, a credit or debit may not be carried for more than four invoices. If a balance remains after four invoices, then the remaining amount will be due as a payment or refund within 45 days of the last quarterly invoice that the balance appeared on or termination of this Contract, whichever is earlier.

(b) In addition to other available remedies, the difference between the payment received and the correct payment amount is greater than 10 percent, then the Contractor must pay all of the reasonable costs of the audit.

**2.120 Warranties****2.121 Warranties and Representations**

The Contractor represents and warrants:

(a) It is capable in all respects of fulfilling and must fulfill all of its obligations under this Contract. The performance of all obligations under this Contract must be provided in a timely, professional, and workman-like manner and must meet the performance and operational standards required under this Contract.

(b) These Contract Appendices, Attachments, and Exhibits identify the equipment and software and services necessary for the Deliverable(s) to perform and Services to operate in compliance with this Contract's requirements and other standards of performance.

(c) It is the lawful owner or licensee of any Deliverable licensed or sold to the State by Contractor or developed by Contractor under this Contract, and Contractor has all of the rights necessary to convey to the State the ownership rights or licensed use, as applicable, of any and all Deliverables. None of the Deliverables provided by Contractor to the State under this Contract, nor their use by the State, will infringe the patent, copyright, trade secret, or other proprietary rights of any third party.



- (d) If, under this Contract, Contractor procures any equipment, software or other Deliverable for the State (including equipment, software and other Deliverables manufactured, re-marketed or otherwise sold by Contractor under Contractor's name), then in addition to Contractor's other responsibilities with respect to the items in this Contract, Contractor must assign or otherwise transfer to the State or its designees, or afford the State the benefits of, any manufacturer's warranty for the Deliverable.
- (e) This Contract signatory has the power and authority, including any necessary corporate authorizations, necessary to enter into this Contract, on behalf of Contractor.
- (f) It is qualified and registered to transact business in all locations where required.
- (g) Neither the Contractor nor any Affiliates, nor any employee of either, has, must have, or must acquire, any contractual, financial, business, or other interest, direct or indirect, that would conflict in any manner or degree with Contractor's performance of its duties and responsibilities to the State under this Contract or otherwise create an appearance of impropriety with respect to the award or performance of this Contract. Contractor must notify the State about the nature of the conflict or appearance of impropriety within two days of learning about it.
- (h) Neither Contractor nor any Affiliates, nor any employee of either has accepted or must accept anything of value based on an understanding that the actions of the Contractor or Affiliates or employee on behalf of the State would be influenced. Contractor must not attempt to influence any State employee by the direct or indirect offer of anything of value.
- (i) Neither Contractor nor any Affiliates, nor any employee of either has paid or agreed to pay any person, other than bona fide employees and consultants working solely for Contractor or the Affiliate, any fee, commission, percentage, brokerage fee, gift, or any other consideration, contingent upon or resulting from the award or making of this Contract.
- (j) The prices proposed by Contractor were arrived at independently, without consultation, communication, or agreement with any other Bidder for the purpose of restricting competition; the prices quoted were not knowingly disclosed by Contractor to any other Bidder; and no attempt was made by Contractor to induce any other person to submit or not submit a proposal for the purpose of restricting competition.
- (k) All financial statements, reports, and other information furnished by Contractor to the State as part of its response to the RFP or otherwise in connection with the award of this Contract fairly and accurately represent the business, properties, financial condition, and results of operations of Contractor as of the respective dates, or for the respective periods, covered by the financial statements, reports, other information. Since the respective dates or periods covered by the financial statements, reports, or other information, there have been no material adverse change in the business, properties, financial condition, or results of operations of Contractor.
- (l) All written information furnished to the State by or for the Contractor in connection with this Contract, including its bid, is true, accurate, and complete, and contains no untrue statement of material fact or omits any material fact necessary to make the information not misleading.
- (m) It is not in material default or breach of any other contract or agreement that it may have with the State or any of its departments, commissions, boards, or agencies. Contractor further represents and warrants that it has not been a party to any contract with the State or any of its departments that was terminated by the State or the department within the previous five years for the reason that Contractor failed to perform or otherwise breached an obligation of the contract.
- (n) If any of the certifications, representations, or disclosures made in the Contractor's original bid response change after this Contract award, the Contractor is required to report those changes immediately to the Department of Management and Budget, Purchasing Operations.

**2.122 Warranty of Merchantability – Deleted – NA**

**2.123 Warranty of Fitness for a Particular Purpose – Deleted – NA**

**2.124 Warranty of Title – Deleted – NA**

**2.125 Equipment Warranty – Deleted – NA**

**2.126 Equipment to be New – Deleted – NA****2.127 Prohibited Products – Deleted – NA****2.128 Consequences For Breach**

In addition to any remedies available in law, if the Contractor breaches any of the warranties contained in this section, the breach may be considered as a default in the performance of a material obligation of this Contract.

**2.130 Insurance****2.131 Liability Insurance**

The Contractor must provide proof of the minimum levels of insurance coverage as indicated below. The insurance must protect the State from claims which may arise out of or result from the Contractor's performance of Services under the terms of this Contract, whether the Services are performed by the Contractor, or by any Subcontractor, or by anyone directly or indirectly employed by any of them, or by anyone for whose acts they may be liable.

The Contractor waives all rights against the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees and agents for recovery of damages to the extent these damages are covered by the insurance policies the Contractor is required to maintain under this Contract.

All insurance coverage's provided relative to this Contract/Purchase Order are PRIMARY and NON-CONTRIBUTING to any comparable liability insurance (including self-insurances) carried by the State.

The insurance must be written for not less than any minimum coverage specified in this Contract or required by law, whichever is greater.

The insurers selected by Contractor must have an A.M. Best rating of A or better, or as otherwise approved in writing by the State, or if the ratings are no longer available, with a comparable rating from a recognized insurance rating agency. All policies of insurance required in this Contract must be issued by companies that have been approved to do business in the State. See [www.michigan.gov/deleg](http://www.michigan.gov/deleg).

Where specific limits are shown, they are the minimum acceptable limits. If Contractor's policy contains higher limits, the State must be entitled to coverage to the extent of the higher limits.

The Contractor is required to pay for and provide the type and amount of insurance checked  below:

1. Commercial General Liability with the following minimum coverage:
- \$2,000,000 General Aggregate Limit other than Products/Completed Operations
  - \$2,000,000 Products/Completed Operations Aggregate Limit
  - \$1,000,000 Personal & Advertising Injury Limit
  - \$1,000,000 Each Occurrence Limit

The Contractor must list the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees and agents as ADDITIONAL INSUREDS on the Commercial General Liability certificate. The Contractor also agrees to provide evidence that insurance policies contain a waiver of subrogation by the insurance company.

2. If a motor vehicle is used to provide services or products under this Contract, the Contractor must have vehicle liability insurance on any auto including owned, hired and non-owned vehicles used in Contractor's business for bodily injury and property damage as required by law.

The Contractor must list the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees and agents as ADDITIONAL INSUREDS on the vehicle liability certificate. The Contractor also agrees to provide evidence that insurance policies contain a waiver of subrogation by the insurance company.



3. Workers' compensation coverage must be provided according to applicable laws governing the employees and employers work activities in the state of the Contractor's domicile. If the applicable coverage is provided by a self-insurer, proof must be provided of approved self-insured authority by the jurisdiction of domicile. For employees working outside of the state of qualification, Contractor must provide appropriate certificates of insurance proving mandated coverage levels for the jurisdictions where the employees' activities occur.

Any certificates of insurance received must also provide a list of states where the coverage is applicable.

The Contractor also agrees to provide evidence that insurance policies contain a waiver of subrogation by the insurance company. This provision must not be applicable where prohibited or limited by the laws of the jurisdiction in which the work is to be performed.

4. Employers liability insurance with the following minimum limits:

\$100,000 each accident  
\$100,000 each employee by disease  
\$500,000 aggregate disease

5. Employee Fidelity, including Computer Crimes, insurance naming the State as a loss payee, providing coverage for direct loss to the State and any legal liability of the State arising out of or related to fraudulent or dishonest acts committed by the employees of Contractor or its Subcontractors, acting alone or in collusion with others, in a minimum amount of \$1,000,000.00 with a maximum deductible of \$50,000.00.

### **2.132 Subcontractor Insurance Coverage**

Except where the State has approved in writing a Contractor subcontract with other insurance provisions, Contractor must require all of its Subcontractors under this Contract to purchase and maintain the insurance coverage as described in this Section for the Contractor in connection with the performance of work by those Subcontractors. Alternatively, Contractor may include any Subcontractors under Contractor's insurance on the coverage required in this Section. Subcontractor must fully comply with the insurance coverage required in this Section. Failure of Subcontractor to comply with insurance requirements does not limit Contractor's liability or responsibility.

### **2.133 Certificates of Insurance and Other Requirements**

Contractor must furnish to DMB-Purchasing Operations, certificate(s) of insurance verifying insurance coverage or providing satisfactory evidence of self-insurance as required in this Section (the "Certificates"). The Certificate must be on the standard "accord" form or equivalent. **THIS CONTRACT OR PURCHASE ORDER NO. MUST BE SHOWN ON THE CERTIFICATE OF INSURANCE TO ASSURE CORRECT FILING.** All Certificate(s) are to be prepared and submitted by the Insurance Provider. All Certificate(s) must contain a provision indicating that coverages afforded under the policies **MUST NOT BE CANCELLED, MATERIALLY CHANGED, OR NOT RENEWED** without 30 days prior written notice, except for 10 days for non-payment of premium, having been given to the Director of Purchasing Operations, Department of Management and Budget. The notice must include this Contract or Purchase Order number affected. Before this Contract is signed, and not less than 20 days before the insurance expiration date every year thereafter, the Contractor must provide evidence that the State and its agents, officers and employees are listed as additional insureds under each commercial general liability and commercial automobile liability policy. In the event the State approves the representation of the State by the insurer's attorney, the attorney may be required to be designated as a Special Assistant Attorney General by the Attorney General of the State of Michigan.

The Contractor must maintain all required insurance coverage throughout the term of this Contract and any extensions and, in the case of claims-made Commercial General Liability policies, must secure tail coverage for at least three years following the expiration or termination for any reason of this Contract. The minimum limits of coverage specified above are not intended, and must not be construed, to limit any liability or indemnity of Contractor under this Contract to any indemnified party or other persons. Contractor is responsible for all deductibles with regard to the insurance. If the Contractor fails to pay any premium for required insurance as specified in this Contract, or if any insurer cancels or significantly reduces any required insurance as specified in this Contract without the State's written consent, then the State may, after the State has given the Contractor at least 30 days written notice, pay the premium or procure similar insurance coverage from another company or companies. The State may deduct any part of the cost from any payment due the Contractor, or the Contractor must pay that cost upon demand by the State.



## **2.140 Indemnification**

### **2.141 General Indemnification**

To the extent permitted by law, the Contractor must indemnify, defend and hold harmless the State from liability, including all claims and losses, and all related costs and expenses (including reasonable attorneys' fees and costs of investigation, litigation, settlement, judgments, interest and penalties), accruing or resulting to any person, firm or corporation that may be injured or damaged by the Contractor in the performance of this Contract and that are attributable to the negligence or tortious acts of the Contractor or any of its Subcontractors, or by anyone else for whose acts any of them may be liable.

### **2.142 Code Indemnification**

To the extent permitted by law, the Contractor must indemnify, defend and hold harmless the State from any claim, loss, or expense arising from Contractor's breach of the No Surreptitious Code Warranty.

### **2.143 Employee Indemnification**

In any claims against the State of Michigan, its departments, divisions, agencies, sections, commissions, officers, employees and agents, by any employee of the Contractor or any of its Subcontractors, the indemnification obligation under this Contract must not be limited in any way by the amount or type of damages, compensation or benefits payable by or for the Contractor or any of its Subcontractors under worker's disability compensation acts, disability benefit acts or other employee benefit acts. This indemnification clause is intended to be comprehensive. Any overlap in provisions, or the fact that greater specificity is provided as to some categories of risk, is not intended to limit the scope of indemnification under any other provisions.

### **2.144 Patent/Copyright Infringement Indemnification**

To the extent permitted by law, the Contractor must indemnify, defend and hold harmless the State from and against all losses, liabilities, damages (including taxes), and all related costs and expenses (including reasonable attorneys' fees and costs of investigation, litigation, settlement, judgments, interest and penalties) incurred in connection with any action or proceeding threatened or brought against the State to the extent that the action or proceeding is based on a claim that any piece of equipment, software, commodity or service supplied by the Contractor or its Subcontractors, or the operation of the equipment, software, commodity or service, or the use or reproduction of any documentation provided with the equipment, software, commodity or service infringes any United States patent, copyright, trademark or trade secret of any person or entity, which is enforceable under the laws of the United States.

In addition, should the equipment, software, commodity, or service, or its operation, become or in the State's or Contractor's opinion be likely to become the subject of a claim of infringement, the Contractor must at the Contractor's sole expense (i) procure for the State the right to continue using the equipment, software, commodity or service or, if the option is not reasonably available to the Contractor, (ii) replace or modify to the State's satisfaction the same with equipment, software, commodity or service of equivalent function and performance so that it becomes non-infringing, or, if the option is not reasonably available to Contractor, (iii) accept its return by the State with appropriate credits to the State against the Contractor's charges and reimburse the State for any losses or costs incurred as a consequence of the State ceasing its use and returning it.

Notwithstanding the foregoing, the Contractor has no obligation to indemnify or defend the State for, or to pay any costs, damages or attorneys' fees related to, any claim based upon (i) equipment developed based on written specifications of the State; (ii) use of the equipment in a configuration other than implemented or approved in writing by the Contractor, including, but not limited to, any modification of the equipment by the State; or (iii) the combination, operation, or use of the equipment with equipment or software not supplied by the Contractor under this Contract.

### **2.145 Continuation of Indemnification Obligations**

The Contractor's duty to indemnify under this Section continues in full force and effect, notwithstanding the expiration or early cancellation of this Contract, with respect to any claims based on facts or conditions that occurred before expiration or cancellation.

### **2.146 Indemnification Procedures**

The procedures set forth below must apply to all indemnity obligations under this Contract:



(a) After the State receives notice of the action or proceeding involving a claim for which it will seek indemnification, the State must promptly notify Contractor of the claim in writing and take or assist Contractor in taking, as the case may be, any reasonable action to avoid the imposition of a default judgment against Contractor. No failure to notify the Contractor relieves the Contractor of its indemnification obligations except to the extent that the Contractor can prove damages attributable to the failure. Within 10 days following receipt of written notice from the State relating to any claim, the Contractor must notify the State in writing whether Contractor agrees to assume control of the defense and settlement of that claim (a "Notice of Election"). After notifying Contractor of a claim and before the State receiving Contractor's Notice of Election, the State is entitled to defend against the claim, at the Contractor's expense, and the Contractor will be responsible for any reasonable costs incurred by the State in defending against the claim during that period.

(b) If Contractor delivers a Notice of Election relating to any claim: (i) the State is entitled to participate in the defense of the claim and to employ counsel at its own expense to assist in the handling of the claim and to monitor and advise the State about the status and progress of the defense; (ii) the Contractor must, at the request of the State, demonstrate to the reasonable satisfaction of the State, the Contractor's financial ability to carry out its defense and indemnity obligations under this Contract; (iii) the Contractor must periodically advise the State about the status and progress of the defense and must obtain the prior written approval of the State before entering into any settlement of the claim or ceasing to defend against the claim and (iv) to the extent that any principles of Michigan governmental or public law may be involved or challenged, the State has the right, at its own expense, to control the defense of that portion of the claim involving the principles of Michigan governmental or public law. But the State may retain control of the defense and settlement of a claim by notifying the Contractor in writing within 10 days after the State's receipt of Contractor's information requested by the State under clause (ii) of this paragraph if the State determines that the Contractor has failed to demonstrate to the reasonable satisfaction of the State the Contractor's financial ability to carry out its defense and indemnity obligations under this Section. Any litigation activity on behalf of the State, or any of its subdivisions under this Section, must be coordinated with the Department of Attorney General. In the event the insurer's attorney represents the State under this Section, the insurer's attorney may be required to be designated as a Special Assistant Attorney General by the Attorney General of the State of Michigan.

(c) If Contractor does not deliver a Notice of Election relating to any claim of which it is notified by the State as provided above, the State may defend the claim in the manner as it may deem appropriate, at the cost and expense of Contractor. If it is determined that the claim was one against which Contractor was required to indemnify the State, upon request of the State, Contractor must promptly reimburse the State for all the reasonable costs and expenses.

### **2.150 Termination/Cancellation**

#### **2.151 Notice and Right to Cure**

If the Contractor breaches this Contract, and the State, in its sole discretion, determines that the breach is curable, then the State must provide the Contractor with written notice of the breach and a time period (not less than 30 days) to cure the Breach. The notice of breach and opportunity to cure is inapplicable for successive or repeated breaches or if the State determines in its sole discretion that the breach poses a serious and imminent threat to the health or safety of any person or the imminent loss, damage, or destruction of any real or tangible personal property.

#### **2.152 Termination for Cause**

(a) The State may terminate this Contract, for cause, by notifying the Contractor in writing, if the Contractor (i) breaches any of its material duties or obligations under this Contract (including a Chronic Failure to meet any particular SLA), or (ii) fails to cure a breach within the time period specified in the written notice of breach provided by the State

(b) If this Contract is terminated for cause, the Contractor must pay all costs incurred by the State in terminating this Contract, including but not limited to, State administrative costs, reasonable attorneys' fees and court costs, and any reasonable additional costs the State may incur to procure the Services/Deliverables required by this Contract from other sources. Re-procurement costs are not consequential, indirect or incidental damages, and cannot be excluded by any other terms otherwise included in this Contract, provided the costs are not in excess of 50 percent more than the prices for the Service/Deliverables provided under this Contract.

(c) If the State chooses to partially terminate this Contract for cause, charges payable under this Contract will be equitably adjusted to reflect those Services/Deliverables that are terminated and the State must pay for all Services/Deliverables for which Final Acceptance has been granted provided up to the termination date. Services and related provisions of this Contract that are terminated for cause must cease on the effective date of the termination.



(d) If the State terminates this Contract for cause under this Section, and it is determined, for any reason, that Contractor was not in breach of this Contract under the provisions of this section, that termination for cause must be deemed to have been a termination for convenience, effective as of the same date, and the rights and obligations of the parties must be limited to that otherwise provided in this Contract for a termination for convenience.

### **2.153 Termination for Convenience**

The State may terminate this Contract for its convenience, in whole or part, if the State determines that a termination is in the State's best interest. Reasons for the termination must be left to the sole discretion of the State and may include, but not necessarily be limited to (a) the State no longer needs the Services or products specified in this Contract, (b) relocation of office, program changes, changes in laws, rules, or regulations make implementation of the Services no longer practical or feasible, (c) unacceptable prices for Additional Services or New Work requested by the State, or (d) falsification or misrepresentation, by inclusion or non-inclusion, of information material to a response to any RFP issued by the State. The State may terminate this Contract for its convenience, in whole or in part, by giving Contractor written notice at least 30 days before the date of termination. If the State chooses to terminate this Contract in part, the charges payable under this Contract must be equitably adjusted to reflect those Services/Deliverables that are terminated. Services and related provisions of this Contract that are terminated for cause must cease on the effective date of the termination.

### **2.154 Termination for Non-Appropriation**

(a) Contractor acknowledges that, if this Contract extends for several fiscal years, continuation of this Contract is subject to appropriation or availability of funds for this Contract. If funds to enable the State to effect continued payment under this Contract are not appropriated or otherwise made available, the State must terminate this Contract and all affected Statements of Work, in whole or in part, at the end of the last period for which funds have been appropriated or otherwise made available by giving written notice of termination to Contractor. The State must give Contractor at least 30 days advance written notice of termination for non-appropriation or unavailability (or the time as is available if the State receives notice of the final decision less than 30 days before the funding cutoff).

(b) If funding for this Contract is reduced by law, or funds to pay Contractor for the agreed-to level of the Services or production of Deliverables to be provided by Contractor are not appropriated or otherwise unavailable, the State may, upon 30 days written notice to Contractor, reduce the level of the Services or the change the production of Deliverables in the manner and for the periods of time as the State may elect. The charges payable under this Contract will be equitably adjusted to reflect any equipment, services or commodities not provided by reason of the reduction.

(c) If the State terminates this Contract, eliminates certain Deliverables, or reduces the level of Services to be provided by Contractor under this Section, the State must pay Contractor for all Work-in-Process performed through the effective date of the termination or reduction in level, as the case may be and as determined by the State, to the extent funds are available. This Section will not preclude Contractor from reducing or stopping Services/Deliverables or raising against the State in a court of competent jurisdiction, any claim for a shortfall in payment for Services performed or Deliverables finally accepted before the effective date of termination.

### **2.155 Termination for Criminal Conviction**

The State may terminate this Contract immediately and without further liability or penalty in the event Contractor, an officer of Contractor, or an owner of a 25 percent or greater share of Contractor is convicted of a criminal offense related to a State, public or private Contract or subcontract.

### **2.156 Termination for Approvals Rescinded**

The State may terminate this Contract if any final administrative or judicial decision or adjudication disapproves a previously approved request for purchase of personal services under Constitution 1963, Article 11, § 5, and Civil Service Rule 7-1. In that case, the State must pay the Contractor for only the work completed to that point under this Contract. Termination may be in whole or in part and may be immediate as of the date of the written notice to Contractor or may be effective as of the date stated in the written notice.

**2.157 Rights and Obligations upon Termination**

(a) If the State terminates this Contract for any reason, the Contractor must (a) stop all work as specified in the notice of termination, (b) take any action that may be necessary, or that the State may direct, for preservation and protection of Deliverables or other property derived or resulting from this Contract that may be in Contractor's possession, (c) return all materials and property provided directly or indirectly to Contractor by any entity, agent or employee of the State, (d) transfer title in, and deliver to, the State, unless otherwise directed, all Deliverables intended to be transferred to the State at the termination of this Contract and which are resulting from this Contract (which must be provided to the State on an "As-Is" basis except to the extent the amounts paid by the State in respect of the items included compensation to Contractor for the provision of warranty services in respect of the materials), and (e) take any action to mitigate and limit any potential damages, or requests for Contractor adjustment or termination settlement costs, to the maximum practical extent, including terminating or limiting as otherwise applicable those subcontracts and outstanding orders for material and supplies resulting from the terminated Contract.

(b) If the State terminates this Contract before its expiration for its own convenience, the State must pay Contractor for all charges due for Services provided before the date of termination and, if applicable, as a separate item of payment under this Contract, for Work In Process, on a percentage of completion basis at the level of completion determined by the State. All completed or partially completed Deliverables prepared by Contractor under this Contract, at the option of the State, becomes the State's property, and Contractor is entitled to receive equitable fair compensation for the Deliverables. Regardless of the basis for the termination, the State is not obligated to pay, or otherwise compensate, Contractor for any lost expected future profits, costs or expenses incurred with respect to Services not actually performed for the State.

(c) Upon a good faith termination, the State may assume, at its option, any subcontracts and agreements for Services and Deliverables provided under this Contract, and may further pursue completion of the Services/Deliverables under this Contract by replacement contract or otherwise as the State may in its sole judgment deem expedient.

**2.158 Reservation of Rights**

Any termination of this Contract or any Statement of Work issued under it by a party must be with full reservation of, and without prejudice to, any rights or remedies otherwise available to the party with respect to any claims arising before or as a result of the termination.

**2.160 Termination by Contractor****2.161 Termination by Contractor**

If the State breaches this Contract, and the Contractor in its sole discretion determines that the breach is curable, then the Contractor will provide the State with written notice of the breach and a time period (not less than 30 days) to cure the breach. The Notice of Breach and opportunity to cure is inapplicable for successive and repeated breaches.

The Contractor may terminate this Contract if the State (i) materially breaches its obligation to pay the Contractor undisputed amounts due and owing under this Contract, (ii) breaches its other obligations under this Contract to an extent that makes it impossible or commercially impractical for the Contractor to perform the Services, or (iii) does not cure the breach within the time period specified in a written notice of breach. But the Contractor must discharge its obligations under **Section 2.190** before it terminates this Contract.

**2.170 Transition Responsibilities****2.171 Contractor Transition Responsibilities**

If the State terminates this Contract, for convenience or cause, or if this Contract is otherwise dissolved, voided, rescinded, nullified, expires or rendered unenforceable, the Contractor agrees to comply with direction provided by the State to assist in the orderly transition of equipment, services, software, leases, etc. to the State or a third party designated by the State. If this Contract expires or terminates, the Contractor agrees to make all reasonable efforts to effect an orderly transition of services within a reasonable period of time that in no event will exceed 180 days. These efforts must include, but are not limited to, those listed in **Sections 2.171, 2.172, 2.173, 2.174, and 2.175**.

**2.172 Contractor Personnel Transition**

The Contractor must work with the State, or a specified third party, to develop a transition plan setting forth the specific tasks and schedule to be accomplished by the parties to effect an orderly transition. The Contractor must allow as many personnel as practicable to remain on the job to help the State, or a specified third party, maintain the continuity and consistency of the services required by this Contract. In addition, during or following the transition period, in the event the State requires the Services of the Contractor's Subcontractors or vendors, as necessary to meet its needs, Contractor agrees to reasonably, and with good-faith, work with the State to use the Services of Contractor's Subcontractors or vendors. Contractor must notify all of Contractor's subcontractors of procedures to be followed during transition.

**2.173 Contractor Information Transition – Deleted – N/A****2.174 Contractor Software Transition**

The Contractor must reasonably assist the State in the acquisition of any Contractor software required to perform the Services/use the Deliverables under this Contract. This must include any documentation being used by the Contractor to perform the Services under this Contract. If the State transfers any software licenses to the Contractor, those licenses must, upon expiration of this Contract, transfer back to the State at their current revision level. Upon notification by the State, Contractor may be required to freeze all non-critical changes to Deliverables/Services.

**2.175 Transition Payments**

If the transition results from a termination for any reason, reimbursement must be governed by the termination provisions of this Contract. If the transition results from expiration, the Contractor will be reimbursed for all reasonable transition costs (i.e. costs incurred within the agreed period after Contract expiration that result from transition operations) at the rates agreed upon by the State. The Contractor must prepare an accurate accounting from which the State and Contractor may reconcile all outstanding accounts.

**2.176 State Transition Responsibilities**

In the event that this Contract is terminated, dissolved, voided, rescinded, nullified, or otherwise rendered unenforceable, the State agrees to perform the following obligations, and any others upon which the State and the Contractor agree:

- (a) Reconciling all accounts between the State and the Contractor;
- (b) Completing any pending post-project reviews.

**2.180 Stop Work****2.181 Stop Work Orders**

The State may, at any time, by written stop work order to Contractor, require that Contractor stop all, or any part, of the work called for by this Contract for a period of up to 90 calendar days after the stop work order is delivered to Contractor, and for any further period to which the parties may agree. The stop work order must be identified as a stop work order and must indicate that it is issued under this **Section 2.180**. Upon receipt of the stop work order, Contractor must immediately comply with its terms and take all reasonable steps to minimize incurring costs allocable to the work covered by the stop work order during the period of work stoppage. Within the period of the stop work order, the State must either: (a) cancel the stop work order; or (b) terminate the work covered by the stop work order as provided in **Section 2.150**.

**2.182 Cancellation or Expiration of Stop Work Order**

The Contractor must resume work if the State cancels a Stop Work Order or if it expires. The parties will agree upon an equitable adjustment in the delivery schedule, this Contract price, or both, and this Contract must be modified, in writing, accordingly, if: (a) the stop work order results in an increase in the time required for, or in Contractor's costs properly allocable to, the performance of any part of this Contract; and (b) Contractor asserts its right to an equitable adjustment within 30 calendar days after the end of the period of work stoppage; provided that, if the State decides the facts justify the action, the State may receive and act upon a Contractor proposal submitted at any time before final payment under this Contract. Any adjustment must conform to the requirements of **Section 2.024**.

**2.183 Allowance of Contractor Costs**

If the stop work order is not canceled and the work covered by the stop work order is terminated for reasons other than material breach, the termination must be deemed to be a termination for convenience under **Section 2.150**, and the State will pay reasonable costs resulting from the stop work order in arriving at the termination settlement. For the avoidance of doubt, the State is not liable to Contractor for loss of profits because of a stop work order issued under this **Section 2.180**.



## **2.190 Dispute Resolution**

### **2.191 In General**

Any claim, counterclaim, or dispute between the State and Contractor arising out of or relating to this Contract or any Statement of Work must be resolved as follows. For all Contractor claims seeking an increase in the amounts payable to Contractor under this Contract, or the time for Contractor's performance, Contractor must submit a letter, together with all data supporting the claims, executed by Contractor's Contract Administrator or the Contract Administrator's designee certifying that (a) the claim is made in good faith, (b) the amount claimed accurately reflects the adjustments in the amounts payable to Contractor or the time for Contractor's performance for which Contractor believes the State is liable and covers all costs of every type to which Contractor is entitled from the occurrence of the claimed event, and (c) the claim and the supporting data are current and complete to Contractor's best knowledge and belief.

### **2.192 Informal Dispute Resolution**

(a) All disputes between the parties must be resolved under the Contract Management procedures in this Contract. If the parties are unable to resolve any disputes after compliance with the processes, the parties must meet with the Director of Purchasing Operations, DMB, or designee, for the purpose of attempting to resolve the dispute without the need for formal legal proceedings, as follows:

- (i) The representatives of Contractor and the State must meet as often as the parties reasonably deem necessary to gather and furnish to each other all information with respect to the matter in issue which the parties believe to be appropriate and germane in connection with its resolution. The representatives must discuss the problem and negotiate in good faith in an effort to resolve the dispute without the necessity of any formal proceeding.
- (ii) During the course of negotiations, all reasonable requests made by one party to another for non-privileged information reasonably related to this Contract must be honored in order that each of the parties may be fully advised of the other's position.
- (iii) The specific format for the discussions will be left to the discretion of the designated State and Contractor representatives, but may include the preparation of agreed upon statements of fact or written statements of position.
- (iv) Following the completion of this process within 60 calendar days, the Director of Purchasing Operations, DMB, or designee, must issue a written opinion regarding the issue(s) in dispute within 30 calendar days. The opinion regarding the dispute must be considered the State's final action and the exhaustion of administrative remedies.

(b) This Section must not be construed to prevent either party from instituting, and a party is authorized to institute, formal proceedings earlier to avoid the expiration of any applicable limitations period, to preserve a superior position with respect to other creditors, or under **Section 2.193**.

(c) The State will not mediate disputes between the Contractor and any other entity, except state agencies, concerning responsibility for performance of work under this Contract.

### **2.193 Injunctive Relief**

The only circumstance in which disputes between the State and Contractor will not be subject to the provisions of **Section 2.192** is where a party makes a good faith determination that a breach of the terms of this Contract by the other party is the that the damages to the party resulting from the breach will be so immediate, so large or severe and so incapable of adequate redress after the fact that a temporary restraining order or other immediate injunctive relief is the only adequate remedy.

### **2.194 Continued Performance**

Each party agrees to continue performing its obligations under this Contract while a dispute is being resolved except to the extent the issue in dispute precludes performance (dispute over payment must not be deemed to preclude performance) and without limiting either party's right to terminate this Contract as provided in **Section 2.150**, as the case may be.



## **2.200 Federal and State Contract Requirements**

### **2.201 Nondiscrimination**

In the performance of this Contract, Contractor agrees not to discriminate against any employee or applicant for employment, with respect to his or her hire, tenure, terms, conditions or privileges of employment, or any matter directly or indirectly related to employment, because of race, color, religion, national origin, ancestry, age, sex, height, weight, marital status, or physical or mental disability. Contractor further agrees that every subcontract entered into for the performance of this Contract or any purchase order resulting from this Contract must contain a provision requiring non-discrimination in employment, as specified here, binding upon each Subcontractor. This covenant is required under the Elliot Larsen Civil Rights Act, 1976 PA 453, MCL 37.2101, et seq., and the Persons with Disabilities Civil Rights Act, 1976 PA 220, MCL 37.1101, et seq., and any breach of this provision may be regarded as a material breach of this Contract.

### **2.202 Unfair Labor Practices**

Under 1980 PA 278, MCL 423.321, et seq., the State must not award a Contract or subcontract to an employer whose name appears in the current register of employers failing to correct an unfair labor practice compiled under Section 2 of the Act. This information is compiled by the United States National Labor Relations Board. A Contractor of the State, in relation to this Contract, must not enter into a contract with a Subcontractor, manufacturer, or supplier whose name appears in this register. Under Section 4 of 1980 PA 278, MCL 423.324, the State may void any Contract if, after award of this Contract, the name of Contractor as an employer or the name of the Subcontractor, manufacturer or supplier of Contractor appears in the register.

### **2.203 Workplace Safety and Discriminatory Harassment**

In performing Services for the State, the Contractor must comply with the Department of Civil Services Rule 2-20 regarding Workplace Safety and Rule 1-8.3 regarding Discriminatory Harassment. In addition, the Contractor must comply with Civil Service regulations and any applicable agency rules provided to the Contractor. For Civil Service Rules, see <http://www.mi.gov/mdcs/0,1607,7-147-6877---,00.html>.

### **2.204 Prevailing Wage – Deleted – NA**

## **2.210 Governing Law**

### **2.211 Governing Law**

This Contract must in all respects be governed by, and construed according to, the substantive laws of the State of Michigan without regard to any Michigan choice of law rules that would apply the substantive law of any other jurisdiction to the extent not inconsistent with, or pre-empted by federal law.

### **2.212 Compliance with Laws**

Contractor must comply with all applicable state, federal and local laws and ordinances in providing the Services/Deliverables.

### **2.213 Jurisdiction**

Any dispute arising from this Contract must be resolved in the State of Michigan. With respect to any claim between the parties, Contractor consents to venue in Ingham County, Michigan, and irrevocably waives any objections it may have to the jurisdiction on the grounds of lack of personal jurisdiction of the court or the laying of venue of the court or on the basis of forum non conveniens or otherwise. Contractor agrees to appoint agents in the State of Michigan to receive service of process.

## **2.220 Limitation of Liability**

### **2.221 Limitation of Liability**

Neither the Contractor nor the State is liable to each other, regardless of the form of action, for consequential, incidental, indirect, or special damages. This limitation of liability does not apply to claims for infringement of United States patent, copyright, trademark or trade secrets; to claims for personal injury or damage to property caused by the gross negligence or willful misconduct of the Contractor; to claims covered by other specific provisions of this Contract calling for liquidated damages; or to court costs or attorney's fees awarded by a court in addition to damages after litigation based on this Contract.

**2.230 Disclosure Responsibilities****2.231 Disclosure of Litigation**

(a) Disclosure. Contractor must disclose any material criminal litigation, investigations or proceedings involving the Contractor (and each Subcontractor) or any of its officers or directors or any litigation, investigations or proceedings under the Sarbanes-Oxley Act. In addition, each Contractor (and each Subcontractor) must notify the State of any material civil litigation, arbitration or proceeding which arises during the term of this Contract and extensions, to which Contractor (or, to the extent Contractor is aware, any Subcontractor) is a party, and which involves: (i) disputes that might reasonably be expected to adversely affect the viability or financial stability of Contractor or any Subcontractor; or (ii) a claim or written allegation of fraud against Contractor or, to the extent Contractor is aware, any Subcontractor by a governmental or public entity arising out of their business dealings with governmental or public entities. The Contractor must disclose in writing to the Contract Administrator any litigation, investigation, arbitration or other proceeding (collectively, "Proceeding") within 30 days of its occurrence. Details of settlements which are prevented from disclosure by the terms of the settlement may be annotated. Information provided to the State from Contractor's publicly filed documents referencing its material litigation will be deemed to satisfy the requirements of this Section.

(b) Assurances. If any Proceeding disclosed to the State under this Section, or of which the State otherwise becomes aware, during the term of this Contract would cause a reasonable party to be concerned about:

- (i) the ability of Contractor (or a Subcontractor) to continue to perform this Contract according to its terms and conditions, or
- (ii) whether Contractor (or a Subcontractor) in performing Services for the State is engaged in conduct which is similar in nature to conduct alleged in the Proceeding, which conduct would constitute a breach of this Contract or a violation of Michigan law, regulations or public policy, then the Contractor must provide the State all reasonable assurances requested by the State to demonstrate that:
  - (a) Contractor and its Subcontractors must be able to continue to perform this Contract and any Statements of Work according to its terms and conditions, and
  - (b) Contractor and its Subcontractors have not and will not engage in conduct in performing the Services which is similar in nature to the conduct alleged in the Proceeding.

(c) Contractor must make the following notifications in writing:

- (1) Within 30 days of Contractor becoming aware that a change in its ownership or officers has occurred, or is certain to occur, or a change that could result in changes in the valuation of its capitalized assets in the accounting records, Contractor must notify DMB Purchasing Operations.
- (2) Contractor must also notify DMB Purchasing Operations within 30 days whenever changes to asset valuations or any other cost changes have occurred or are certain to occur as a result of a change in ownership or officers.
- (3) Contractor must also notify DMB Purchasing Operations within 30 days whenever changes to company affiliations occur.

**2.232 Call Center Disclosure**

Contractor and/or all Subcontractors involved in the performance of this Contract providing call or contact center services to the State must disclose the location of its call or contact center services to inbound callers. Failure to disclose this information is a material breach of this Contract.

**2.233 Bankruptcy**

The State may, without prejudice to any other right or remedy, terminate this Contract, in whole or in part, and, at its option, may take possession of the "Work in Process" and finish the Works in Process by whatever appropriate method the State may deem expedient if:

- (a) the Contractor files for protection under the bankruptcy laws;
- (b) an involuntary petition is filed against the Contractor and not removed within 30 days;
- (c) the Contractor becomes insolvent or if a receiver is appointed due to the Contractor's insolvency;
- (d) the Contractor makes a general assignment for the benefit of creditors; or
- (e) the Contractor or its affiliates are unable to provide reasonable assurances that the Contractor or its affiliates can deliver the services under this Contract.

Contractor will fix appropriate notices or labels on the Work in Process to indicate ownership by the State. To the extent reasonably possible, materials and Work in Process must be stored separately from other stock and marked conspicuously with labels indicating ownership by the State.



## **2.240 Performance**

### **2.241 Time of Performance**

(a) Contractor must use commercially reasonable efforts to provide the resources necessary to complete all Services and Deliverables according to the time schedules contained in the Statements of Work and other Exhibits governing the work, and with professional quality.

(b) Without limiting the generality of **Section 2.241(a)**, Contractor must notify the State in a timely manner upon becoming aware of any circumstances that may reasonably be expected to jeopardize the timely and successful completion of any Deliverables/Services on the scheduled due dates in the latest State-approved delivery schedule and must inform the State of the projected actual delivery date.

(c) If the Contractor believes that a delay in performance by the State has caused or will cause the Contractor to be unable to perform its obligations according to specified Contract time periods, the Contractor must notify the State in a timely manner and must use commercially reasonable efforts to perform its obligations according to these Contract time periods notwithstanding the State's failure. Contractor will not be in default for a delay in performance to the extent the delay is caused by the State.

### **2.242 Service Level Agreements (SLAs) – See Appendix B**

### **2.243 Liquidated Damages – Deleted – NA**

### **2.244 Excusable Failure**

Neither party will be liable for any default, damage, or delay in the performance of its obligations under this Contract to the extent the default, damage or delay is caused by government regulations or requirements (executive, legislative, judicial, military, or otherwise), power failure, lightning, earthquake, war, water or other forces of nature or acts of God, delays or failures of transportation, equipment shortages, suppliers' failures, or acts or omissions of common carriers, fire; riots, civil disorders; strikes or other labor disputes, embargoes; injunctions (provided the injunction was not issued as a result of any fault or negligence of the party seeking to have its default or delay excused); or any other cause beyond the reasonable control of a party; provided the non-performing party and its Subcontractors are without fault in causing the default or delay, and the default or delay could not have been prevented by reasonable precautions and cannot reasonably be circumvented by the non-performing party through the use of alternate sources, workaround plans or other means, including disaster recovery plans.

If a party does not perform its Contractual obligations for any of the reasons listed above, the non-performing party will be excused from any further performance of its affected obligation(s) for as long as the circumstances prevail. but the party must use commercially reasonable efforts to recommence performance whenever and to whatever extent possible without delay. A party must promptly notify the other party in writing immediately after the excusable failure occurs, and also when it abates or ends.

If any of the above-enumerated circumstances substantially prevent, hinder, or delay the Contractor's performance of the Services/provision of Deliverables for more than 10 Business Days, and the State determines that performance is not likely to be resumed within a period of time that is satisfactory to the State in its reasonable discretion, then at the State's option: (a) the State may procure the affected Services/Deliverables from an alternate source, and the State is not be liable for payment for the unperformed Services/ Deliverables not provided under this Contract for so long as the delay in performance continues; (b) the State may terminate any portion of this Contract so affected and the charges payable will be equitably adjusted to reflect those Services/Deliverables terminated; or (c) the State may terminate the affected Statement of Work without liability to Contractor as of a date specified by the State in a written notice of termination to the Contractor, except to the extent that the State must pay for Services/Deliverables provided through the date of termination.

The Contractor will not have the right to any additional payments from the State as a result of any Excusable Failure occurrence or to payments for Services not rendered/Deliverables not provided as a result of the Excusable Failure condition. Defaults or delays in performance by Contractor which are caused by acts or omissions of its Subcontractors will not relieve Contractor of its obligations under this Contract except to the extent that a Subcontractor is itself subject to an Excusable Failure condition described above and Contractor cannot reasonably circumvent the effect of the Subcontractor's default or delay in performance through the use of alternate sources, workaround plans or other means.



## 2.250 Approval of Deliverables

### **2.251 Delivery Responsibilities – Deleted – NA**

### **2.252 Delivery of Deliverables**

Where applicable, the Statements of Work/POs contain lists of the Deliverables to be prepared and delivered by Contractor including, for each Deliverable, the scheduled delivery date and a designation of whether the Deliverable is a document (“Written Deliverable”), a good (“Physical Deliverable”) or a Service. All Deliverables must be completed and delivered for State review and written approval and, where applicable, installed according to the State-approved delivery schedule and any other applicable terms and conditions of this Contract.

### **2.253 Testing – Deleted – NA**

### **2.254 Approval of Deliverables, In General**

(a) All Deliverables (Physical Deliverables and Written Deliverables) and Services require formal written approval by the State, according to the following procedures. Formal approval by the State requires the State to confirm in writing that the Deliverable meets its specifications. Formal approval may include the successful completion of Testing as applicable in **Section 2.253**, to be led by the State with the support and assistance of Contractor. The approval process will be facilitated by ongoing consultation between the parties, inspection of interim and intermediate Deliverables and collaboration on key decisions.

(b) The State’s obligation to comply with any State Review Period is conditioned on the timely delivery of Deliverables/Services being reviewed.

(c) Before commencement of its review or testing of a Deliverable/Service, the State may inspect the Deliverable/Service to confirm that all components of the Deliverable/Service have been delivered without material deficiencies. If the State determines that the Deliverable/Service has material deficiencies, the State may refuse delivery of the Deliverable/Service without performing any further inspection or testing of the Deliverable/Service. Otherwise, the review period will be deemed to have started on the day the State receives the Deliverable or the Service begins, and the State and Contractor agree that the Deliverable/Service is ready for use and, where applicable, certification by Contractor according to **Section 2.253**.

(d) The State must approve in writing a Deliverable/Service after confirming that it conforms to and performs according to its specifications without material deficiency. The State may, but is not be required to, conditionally approve in writing a Deliverable/Service that contains material deficiencies if the State elects to permit Contractor to rectify them post-approval. In any case, Contractor will be responsible for working diligently to correct within a reasonable time at Contractor’s expense all deficiencies in the Deliverable/Service that remain outstanding at the time of State approval.

(e) If, after three opportunities (the original and two repeat efforts), the Contractor is unable to correct all deficiencies preventing Final Acceptance of a Deliverable/Service, the State may: (i) demand that the Contractor cure the failure and give the Contractor additional time to cure the failure at the sole expense of the Contractor; or (ii) keep this Contract in force and do, either itself or through other parties, whatever the Contractor has failed to do, and recover the difference between the cost to cure the deficiency and this Contract price(s) plus an additional sum equal to 10 percent of the cost to cure the deficiency to cover the State’s general expenses provided the State can furnish proof of the general expenses; or (iii) terminate the particular Statement of Work for default, either in whole or in part by notice to Contractor provided Contractor is unable to cure the breach. Notwithstanding the foregoing, the State cannot use, as a basis for exercising its termination rights under this Section, deficiencies discovered in a repeat State Review Period that could reasonably have been discovered during a prior State Review Period.

(f) The State, at any time and in its reasonable discretion, may halt the testing or approval process if the process reveals deficiencies in or problems with a Deliverable/Service in a sufficient quantity or of a sufficient severity that renders continuing the process unproductive or unworkable. If that happens, the State may stop using the Service or return the applicable Deliverable to Contractor for correction and re-delivery before resuming the testing or approval process.

**2.255 Process for Approval of Written Deliverables**

The State Review Period for Written Deliverables will be the number of days set forth in the applicable Statement of Work following delivery of the final version of the Deliverable (and if the Statement of Work does not state the State Review Period, it is by default five Business Days for Written Deliverables of 100 pages or less and 10 Business Days for Written Deliverables of more than 100 pages). The duration of the State Review Periods will be doubled if the State has not had an opportunity to review an interim draft of the Written Deliverable before its submission to the State. The State agrees to notify Contractor in writing by the end of the State Review Period either stating that the Deliverable is approved in the form delivered by Contractor or describing any deficiencies that must be corrected before approval of the Deliverable (or at the State's election, after approval of the Deliverable). If the State notifies the Contractor about deficiencies, the Contractor must correct the described deficiencies and within 30 Business Days resubmit the Deliverable in a form that shows all revisions made to the original version delivered to the State. Contractor's correction efforts must be made at no additional charge. Upon receipt of a corrected Deliverable from Contractor, the State must have a reasonable additional period of time, not to exceed the length of the original State Review Period, to review the corrected Deliverable to confirm that the identified deficiencies have been corrected.

**2.256 Process for Approval of Services**

The State Review Period for approval of Services is governed by the applicable Statement of Work (and if the Statement of Work does not state the State Review Period, it is by default 30 Business Days for Services). The State agrees to notify the Contractor in writing by the end of the State Review Period either stating that the Service is approved in the form delivered by the Contractor or describing any deficiencies that must be corrected before approval of the Services (or at the State's election, after approval of the Service). If the State delivers to the Contractor a notice of deficiencies, the Contractor must correct the described deficiencies and within 30 Business Days resubmit the Service in a form that shows all revisions made to the original version delivered to the State. The Contractor's correction efforts must be made at no additional charge. Upon implementation of a corrected Service from Contractor, the State must have a reasonable additional period of time, not to exceed the length of the original State Review Period, to review the corrected Service for conformity and that the identified deficiencies have been corrected.

**2.257 Process for Approval of Physical Deliverables**

The State Review Period for approval of Physical Deliverables is governed by the applicable Statement of Work (and if the Statement of Work does not state the State Review Period, it is by default 30 continuous Business Days for a Physical Deliverable). The State agrees to notify the Contractor in writing by the end of the State Review Period either stating that the Deliverable is approved in the form delivered by the Contractor or describing any deficiencies that must be corrected before approval of the Deliverable (or at the State's election, after approval of the Deliverable). If the State delivers to the Contractor a notice of deficiencies, the Contractor must correct the described deficiencies and within 30 Business Days resubmit the Deliverable in a form that shows all revisions made to the original version delivered to the State. The Contractor's correction efforts must be made at no additional charge. Upon receipt of a corrected Deliverable from the Contractor, the State must have a reasonable additional period of time, not to exceed the length of the original State Review Period, to review the corrected Deliverable to confirm that the identified deficiencies have been corrected.

**2.258 Final Acceptance**

Unless otherwise stated in the Article 1, Statement of Work or Purchase Order, "Final Acceptance" of each Deliverable must occur when each Deliverable/Service has been approved by the State following the State Review Periods identified in **Sections 2.251-2.257**. Payment will be made for Deliverables installed and accepted. Upon acceptance of a Service, the State will pay for all Services provided during the State Review Period that conformed to the acceptance criteria.

**2.260 Ownership****2.261 Ownership of Work Product by State**

The State owns all Deliverables as they are works made for hire by the Contractor for the State. The State owns all United States and international copyrights, trademarks, patents, or other proprietary rights in the Deliverables.

**2.262 Vesting of Rights**

With the sole exception of any preexisting licensed works identified in the SOW, the Contractor assigns, and upon creation of each Deliverable automatically assigns, to the State, ownership of all United States and international copyrights, trademarks, patents, or other proprietary rights in each and every Deliverable, whether or not registered by the Contractor, insofar as any the Deliverable, by operation of law, may not be considered work made for hire by the Contractor for the State. From time to time upon the State's request, the Contractor must confirm the assignment by execution and delivery of the assignments, confirmations of assignment, or other written instruments as the State may request. The State may obtain and hold in its own name all copyright, trademark, and patent registrations and other evidence of rights that may be available for Deliverables.

**2.263 Rights in Data**

(a) The State is the owner of all data made available by the State to the Contractor or its agents, Subcontractors or representatives under this Contract. The Contractor must not use the State's data for any purpose other than providing the Services, nor will any part of the State's data be disclosed, sold, assigned, leased or otherwise disposed of to the general public or to specific third parties or commercially exploited by or on behalf of the Contractor. No employees of the Contractor, other than those on a strictly need-to-know basis, have access to the State's data. Contractor must not possess or assert any lien or other right against the State's data. Without limiting the generality of this Section, the Contractor must only use personally identifiable information as strictly necessary to provide the Services and must disclose the information only to its employees who have a strict need-to-know the information. The Contractor must comply at all times with all laws and regulations applicable to the personally identifiable information.

(b) The State is the owner of all State-specific data under this Contract. The State may use the data provided by the Contractor for any purpose. The State must not possess or assert any lien or other right against the Contractor's data. Without limiting the generality of this Section, the State may use personally identifiable information only as strictly necessary to utilize the Services and must disclose the information only to its employees who have a strict need to know the information, except as provided by law. The State must comply at all times with all laws and regulations applicable to the personally identifiable information. Other material developed and provided to the State remains the State's sole and exclusive property.

**2.264 Ownership of Materials**

The State and the Contractor will continue to own their respective proprietary technologies developed before entering into this Contract. Any hardware bought through the Contractor by the State, and paid for by the State, will be owned by the State. Any software licensed through the Contractor and sold to the State, will be licensed directly to the State.

**2.270 State Standards****2.271 Existing Technology Standards**

The Contractor must adhere to all existing standards as described within the comprehensive listing of the State's existing technology standards at <http://www.michigan.gov/dit>.

**2.272 Acceptable Use Policy**

To the extent that Contractor has access to the State computer system, Contractor must comply with the State's Acceptable Use Policy, see <http://www.michigan.gov/ditservice>. All Contractor employees must be required, in writing, to agree to the State's Acceptable Use Policy before accessing the State system. The State reserves the right to terminate Contractor's access to the State system if a violation occurs.

**2.273 Systems Changes**

Contractor is not responsible for and not authorized to make changes to any State systems without written authorization from the Project Manager. Any changes Contractor makes to State systems with the State's approval must be done according to applicable State procedures, including security, access, and configuration management procedures.

**2.280 Extended Purchasing****2.281 MiDEAL – Deleted – NA****2.282 State Employee Purchases – Deleted – NA**



## 2.290 Environmental Provision

### **2.291 Environmental Provision**

Energy Efficiency Purchasing Policy – The State seeks wherever possible to purchase energy efficient products. This includes giving preference to U.S. Environmental Protection Agency (EPA) certified Energy Star products for any category of products for which EPA has established Energy Star certification. For other purchases, the State may include energy efficiency as one of the priority factors to consider when choosing among comparable products.

Environmental Purchasing Policy – The State of Michigan is committed to encouraging the use of products and services that impact the environment less than competing products. The State is accomplishing this by including environmental considerations in purchasing decisions, while remaining fiscally responsible, to promote practices that improve worker health, conserve natural resources, and prevent pollution. Environmental components that are to be considered include: recycled content and recyclability; energy efficiency; and the presence of undesirable materials in the products, especially those toxic chemicals which are persistent and bioaccumulative. The Contractor should be able to supply products containing recycled and environmentally preferable materials that meet performance requirements and is encouraged to offer such products throughout the duration of this Contract. Information on any relevant third party certification (such as Green Seal, Energy Star, etc.) should also be provided.

#### Hazardous Materials:

For the purposes of this Section, “Hazardous Materials” is a generic term used to describe asbestos, ACBMs, PCBs, petroleum products, construction materials including paint thinners, solvents, gasoline, oil, and any other material the manufacture, use, treatment, storage, transportation or disposal of which is regulated by the federal, State, or local laws governing the protection of the public health, natural resources or the environment. This includes, but is not limited to, materials the as batteries and circuit packs, and other materials that are regulated as (1) “Hazardous Materials” under the Hazardous Materials Transportation Act, (2) “chemical hazards” under the Occupational Safety and Health Administration standards, (3) “chemical substances or mixtures” under the Toxic Substances Control Act, (4) “pesticides” under the Federal Insecticide Fungicide and Rodenticide Act, and (5) “hazardous wastes” as defined or listed under the Resource Conservation and Recovery Act.

(a) The Contractor must use, handle, store, dispose of, process, transport and transfer any material considered a Hazardous Material according to all federal, State, and local laws. The State must provide a safe and suitable environment for performance of Contractor’s Work. Before the commencement of Work, the State must advise the Contractor of the presence at the work site of any Hazardous Material to the extent that the State is aware of the Hazardous Material. If the Contractor encounters material reasonably believed to be a Hazardous Material and which may present a substantial danger, the Contractor must immediately stop all affected Work, notify the State in writing about the conditions encountered, and take appropriate health and safety precautions.

(b) Upon receipt of a written notice, the State will investigate the conditions. If (a) the material is a Hazardous Material that may present a substantial danger, and (b) the Hazardous Material was not brought to the site by the Contractor, or does not result in whole or in part from any violation by the Contractor of any laws covering the use, handling, storage, disposal of, processing, transport and transfer of Hazardous Materials, the State must order a suspension of Work in writing. The State must proceed to have the Hazardous Material removed or rendered harmless. In the alternative, the State must terminate the affected Work for the State’s convenience.

(c) Once the Hazardous Material has been removed or rendered harmless by the State, the Contractor must resume Work as directed in writing by the State. Any determination by the Michigan Department of Community Health or the Michigan Department of Environmental Quality that the Hazardous Material has either been removed or rendered harmless is binding upon the State and Contractor for the purposes of resuming the Work. If any incident with Hazardous Material results in delay not reasonable anticipatable under the circumstances and which is attributable to the State, the applicable SLAs for the affected Work will not be counted in **Section 2.212** for a time as mutually agreed by the parties.

(d) If the Hazardous Material was brought to the site by the Contractor, or results in whole or in part from any violation by the Contractor of any laws covering the use, handling, storage, disposal of, processing, transport and transfer of Hazardous Material, or from any other act or omission within the control of the Contractor, the Contractor must bear its proportionate share of the delay and costs involved in cleaning up the site and removing and rendering harmless the Hazardous Material according to Applicable Laws to the condition approved by applicable regulatory agency(ies).

Michigan has a Consumer Products Rule pertaining to labeling of certain products containing volatile organic compounds. For specific details visit [http://www.michigan.gov/deq/0,1607,7-135-3310\\_4108-173523--,00.html](http://www.michigan.gov/deq/0,1607,7-135-3310_4108-173523--,00.html)

**Refrigeration and Air Conditioning:**

The Contractor must comply with the applicable requirements of Sections 608 and 609 of the Clean Air Act (42 U.S.C. 7671g and 7671h) as each or both apply to this Contract.

**Environmental Performance:**

**Waste Reduction Program:** Contractor must establish a program to promote cost-effective waste reduction in all operations and facilities covered by this Contract. The Contractor's programs must comply with applicable Federal, State, and local requirements, specifically including Section 6002 of the Resource Conservation and Recovery Act (42 U.S.C. 6962, et seq.).

**2.300 Other Provisions****2.311 Forced Labor, Convict Labor, Forced or Indentured Child Labor, or Indentured Servitude Made Materials**

Equipment, materials, or supplies, that will be furnished to the State under this Contract must not be produced in whole or in part by forced labor, convict labor, forced or indentured child labor, or indentured servitude.

"Forced or indentured child labor" means all work or service: exacted from any person under the age of 18 under the menace of any penalty for its nonperformance and for which the worker does not offer himself voluntarily; or performed by any person under the age of 18 under a contract the enforcement of which can be accomplished by process or penalties.



**Appendix A – Pricing**

**Year 1 Pricing**

Notes:  
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<b>Task Title</b>	<b>Hourly Rate</b>	<b>Price per Task</b>	<b>Frequency of Reporting Period</b>	<b>Annual Price</b>
Review of claims data	\$178.00	\$35,600.00	Semi Annually	\$73,200.00
Review of telemedicine utilization	\$248.00	\$11,052.00	Hourly	\$44,208.00
Review of SLAs	\$175.00	\$15,764.00	Hourly	\$63,056.00
Review of Financials	\$204.00	\$30,162.00	Hourly	\$30,162.00
Review of Reports	\$211.00	\$46,852.00	Hourly	\$187,408.00
Review of Credentialing and Re-credentialing processes	\$115.00	\$45,129.00	Hourly	\$45,129.00
Review of Effectiveness Program	\$128.00	\$85,098.00	Hourly	\$85,098.00
Review of Quality Assurance Report	\$150.00	\$80,350.00	Hourly	\$80,350.00
Review of Pharmaceutical contract compliance	\$223.00	\$111,504.00	1 <sup>st</sup> Year and Then As Needed (Hourly)	\$111,504.00
Report of Mental Health Quality Improvement Plan	\$195.00	\$86,557.00	Annual	\$86,557.00
Administrative Costs	\$196.00	\$39,750.00	Quarterly	\$159,000.00
Total Annual Price for Year 1:				\$965,672.00
Total Three Year Price:				\$2,410,638.00

Hourly rate for each task

reflects a blended hourly rate for all staff/team members involved in a particular task, and assumes the complement of staff would participate. If hourly assistance is limited to specific individuals, the hourly rate may change.

\*\* Price per task and annual price are based on original hours per task.

Prices quoted are firm for the entire length of the Contract.

Health Management Associates is offering the following quick payment terms to the State of Michigan:  
Two percent off invoice if paid within 10 days.



## Appendix B – Service Level Agreements

### **Introduction**

The Michigan Department of Corrections (MDOC) and the Contractor will work in collaboration to develop a detailed plan which provides both a clearly defined process and measurable outcomes for successful monitoring and resolution of performance issues, or Service Level Agreements (SLAs). These SLAs will be annually reviewed and customized in partnership with the MDOC, reflecting the specific issues, indicators, updates, operating characteristics and requirements which are unique to this project while incorporating consistent “best practices” and industry standards.

### **Audit Process**

Utilizing the current standards published by the National Commission on Correctional Health Care (NCCHC) as its foundation, a list of 12 core medical performance component SLAs have been identified, to be reviewed and audited annually. Three of these SLAs will be audited each quarter. Any SLA that falls below acceptable thresholds will automatically be audited again in the next quarter to gauge progress and assure satisfactory recovery. A sample Quarterly Audit Schedule is included.

An audit team consisting of the MDOC staff designated by the Bureau of Healthcare Leadership team, and the Contractor’s MP or designee, will perform audits on the performance of Contractor services. Each audit will be scheduled in advance, and may include the Contractor’s Regional Manager as necessary. The Contractor and the MDOC will provide the audit team access to all medical/mental health/pharmacy/dental records, logbooks, staffing charts, time reports, prisoner grievances, and other requested documents as required to assess Contractor/MDOC performance. Such activities may be conducted in institution’s clinic, but will be conducted in a manner so as not to disrupt the routine provision of prisoner healthcare. When necessary, MDOC custody and/or administrative records will be utilized to establish facts or corroborate other information. All audits are designed and performed in accordance with the following standards:

- The current healthcare contract
- American Correctional Association Standards (ACA)
- National Commission on Correctional Health Care Standards (NCCHC)
- State of Michigan Rules and Regulations
- Michigan Department of Corrections Policies, Procedure, Formulary, and Medical Services Advisory Committee Guidelines

General requirements applicable to all prisoners will be assessed via a data review of a statistically appropriate sample, mutually agreed upon by the Contractor and the MDOC of the prisoners’ concurrent health records at each institution. Other requirements relevant to a segment of the prisoner population may be monitored by a higher percentage (up to 100 percent) of the records of a sub-population (i.e., Special Needs or Chronic Care roster, pregnant prisoners, etc.).

The MDOC reserves the right to have the audit validated by their third party reviewer. Penalties will be assessed after the third party reviewer validates compliance for areas where the third party is requested and verification by the Chief Medical Officer (CMO) for areas not needing the third party reviewer. The third party reviewer, as part of their review, will evaluate any related MDOC staffing vacancies or other factors beyond the Contractor’s control to determine if they had a significant impact upon the Contractor’s ability to meet the SLA, and shall take that into consideration when determining the Contractor’s SLA compliance. The third party reviewer will also, as part of their review, accept and evaluate additional information provided by the Contractor, within the timelines of their review process.

### **Transition Period**

Recognizing the complexity inherent in transitioning a new healthcare provider into an existing correctional system, the amount of change required in clinical and administrative operations and the need for the parties to agree upon a clear process and set of measures, an initial transition period during which the parties put the components of the monitoring system in place, a “grace period” of 180 days after these Contract Services “Go Live” date is allowed, prior to the implementation of specific SLA Credits.

This does not mean that the performance monitoring process does not occur or is put on hold; rather, this time period allows the parties to put in place and test-run the monitoring/audit and corrective action processes and to make adjustments as needed.

**Completion Of Audit**

At the conclusion of an audit, the team will share the preliminary results with the respective MDOC and Contractor Regional Management staff. An exit interview will be held with Site Senior Medical Practitioner, Regional Managers and warden and/or designee regarding the audit results, wherein the team will provide final documents necessary for review.

Copies of completed audit documents will be provided to the Contractor's Project Manager, MDOC third party reviewer, and the MDOC designee. Necessary corrective action plans will be initiated by the Contractor and/or MDOC HUM/CCI and communicated to the MDOC Chief Medical Officer, the HUM and the Contractor's Project Manager.

The Contractor may request review and reconsideration in the findings via appeal to the MDOC Chief Medical Officer. The Contractor must specifically address each disputed finding and justification for appealing such. The MDOC Chief Medical Officer will render a final decision on the appeal to Contractor within 30 days of receipt.

**Corrective Action Process**

Detailed Corrective Plans (CAP) will be developed and submitted to the MDOC CCI within 15 days to address deficiencies when compliance thresholds are not met.

CAPs will be provided in a standardized format throughout the MDOC project and will specify the following information:

- Compliance Criteria
- Percent of Compliance
- Specific description of deficiency
- Time frame for corrective action
- Owner responsible for corrective action
- Completion Date

CAPs will be maintained on-site and will be reviewed and discussed as part of regularly scheduled health unit meetings.

Documentation to support completion of corrective action will be provided to the HUM and the Contractor's Regional Manager.

**Threshold Compliance**

For each element reviewed, an adjustment to compensation has been specified in the case of non-compliance. MDOC will withhold the monetary amount from the Contractor's compensation for substandard performance in the designated SLA areas. The Contractor will be notified in writing and the appropriate deduction will be made in the next monthly payment following the expiration of the appeal deadline.

The Contractor will implement a phased-in or tiered level of threshold compliance be utilized in the initial stages of the audit process, allowing the corrective actions and operational improvements to be implemented which will impact successive performance results. The thresholds will be summed in aggregate for each indicator; however an additional penalty will be assessed for each facility that falls below 70 percent in the first assessment period and below 80 percent in subsequent assessment periods.

For example, the first assessment non-compliance threshold for each indicator may be placed at 75 percent, with a Tier One penalty of \$2,000.00 each for non-compliance. For the initial non-compliance threshold on any SLA credit will be assessed at the Tier One Level. Beginning with the second assessment, the non-compliance threshold will be 85 percent, with a Tier Two penalty of \$3,000.00 each for non-compliance and the intent to work towards 90-95 percent compliance. For the first 180 days of this process, for each indicator, no SLA Credits will be assessed until the second indicator of non-compliance, at which time the Tier Two penalty amount of \$3,000.00 will apply.

SLAs that are determined to fall below the compliance percentage will be re-evaluated during the next quarterly audit. In the event they continue to fall below the threshold, the penalty amount will be double the original assessment.

The SLA Outcome Measures and Performance Guarantees outline areas that are subject to adjustment to the Contractor's compensation. Objective performance criteria are subject to change at the discretion of the MDOC in consultation with the Contractor. The Contractor will be given a 180-day notice to prepare for any new or changed criterion. Audits will begin 180 days from the effective date of this Contract with adjustments to compensation beginning 180 days from that date.



The Contractor anticipates meeting these Contract requirements proposed by the MDOC as outlined in this Contract, and will use the above SLAs in any case of non-compliance.

### Development of Additional SLAs

MDOC and the Contractor will consider development of additional SLAs as appropriate which may address areas such as:

- Medical Records
- No-Show Follow-Up
- Use of Informed Consent
- Policies & Procedures
- Meetings & Reports
- Grievance Tracking
- Environmental Health & Safety
- Medical Waste
- Special Confinement
- Site Orientation
- Transfer Screenings
- Mental Health – Use of Restraints

### SLA: RECEIVING SCREENING

#### Definition and Purpose of Auditing This Criterion

As per this Contract, ACA / NCCHC standards, MDOC policy and procedures, and this Contract, an initial receiving screen will be made on each new admission as soon as feasible, within 24 hours of their arrival at designated intake facilities.

#### Elements of the Criterion

At any reception unit (new admissions) immediately upon receipt of a prisoner, a health care staff member will perform a brief health screening to ensure timely continuity of care. This screening will be composed of a review of all available medical records, and a brief interview of the prisoner will be done to ensure attention to any obvious acute or contagious conditions requiring care and any medications that must be provided or continued.

#### Indicators/Methodology/Acceptable Standard

**1) Indicator:** The receiving screening will note the existence of any obvious acute or contagious conditions requiring immediate referral for emergent or urgent care.

#### Methodology:

- a. Review the medical record and county transfer forms.
- b. Document on the appropriate encounter form in the medical record any obvious contagious conditions that may require care and any medications that must be provided or continued.

#### Acceptable Standard: Threshold 85 percent

**Amount for failing to meet indicator: Tier One: \$2,000.00 Tier Two: \$3,000.00**

**2) Indicator:** When a newly admitted prisoner arrives on medication, there will be a referral to a provider for continuity of care.

#### Methodology:

- a. Review the prisoner's medical record and the Physician's/NP Orders.
- b. If the prisoner was on medication when he/she arrived, there will be a referral to a provider documented in the medical record.
- c. Continuation of medications as required is documented.

#### Acceptable Standard: Threshold 85 percent

**Amount for failing to meet indicator: Tier One: \$2,000.00 Tier Two: \$3,000.00**

**SLA: HEALTH ASSESSMENT****Definition and Purpose of Auditing This Criterion**

As per this Contract, ACA / NCCHC standards and MDOC policy and procedures, an Initial Assessment by the provider is required upon admission of all prisoners. The Initial Assessment will include history and hands on physical examination (including breast, rectal, and testicular exams as indicated by the patient's gender, age, and risk factors), review of all receiving screen and lab results, and initiation of therapy and immunizations when appropriate.

**Elements of the Criterion**

All new admissions at any reception facility will undergo health appraisals to include history and physical examinations as well as appropriate admission testing as designated by policy.

**Indicators/Methodology/Acceptable Standard**

**1) Indicator:** Admission Testing will be completed as required by MDOC policies.

**Methodology:** Review the Medical Record.

**Acceptable Standard: Threshold 85 percent**

**Amount for failing to meet indicator: Tier One: \$2,000.00 Tier Two: \$3000.00**

**2) Indicator:** Initial Health Assessment is completed by provider upon admission, but in no case beyond 14 days post admission, in accordance with ACA / NCCHC Standards and MDOC policy and procedures.

**Methodology:** Review the Medical Record for completion of appropriate forms.

**Acceptable Standard: Threshold 85 percent**

**Amount for failing to meet indicator: Tier One: \$2,000.00 Tier Two: \$3,000.00**

**SLA: CHRONIC CARE CLINICS****Definition and Purpose of Auditing This Criterion**

In accordance with ACA / NCCHC standards and MDOC policies, prisoners with special medical conditions requiring medication for indefinite time frames shall be evaluated for a Chronic Care Clinic (CCC).

**Elements of the Criterion**

For CCC prisoners, the following elements are reviewed: maintenance medication renewals, follow-up appointment, and referrals.

**Indicators/Methodology/Acceptable Standard****Indicators:**

1. All prisoners who have been diagnosed with chronic hypertension, cardiac disease, neurologic disease (including seizure disorder or other diagnosis resulting in a disability), endocrine disease (including diabetes and thyroid disease), infectious disease (including HIV and Hepatitis C), pulmonary disease (including asthma and COPD), and gastrointestinal disease will be evaluated by a Medical Provider every six months if in good control, every three months if in fair control, and every month if in poor control.
2. The MP evaluation will consist of a documented history and review of systems and symptoms, appropriate physical exam for system involved, diagnosis update as necessary, and treatment plan to include medication, appropriate diagnostic testing, referral to specialists, follow-up MP appointments entered into the scheduling component, and education. This evaluation will be documented in the EMR at the time of the visit.
3. Medication prescriptions will include medication, dosage, number of 30 day refills and expiration date. All chronic care medications (except short term medication such as antibiotics) for each prisoner will be on the same schedule and expire on the same date, and may be written in the EMR for a period of up to one year.
4. The MP will indicate the date of the next MP appointment based on the degree of control of the least controlled chronic care diagnosis. This date will be entered by the MP into the scheduling component of the EMR.



**Methodology:** Review the prisoner's medical record for chronic clinic visits.

**Acceptable Standard: Threshold 85 percent**

**Amount for failing to meet indicator: Tier One: \$2,000.00 Tier Two: \$3,000.00**

## **SLA: INFECTION CONTROL MANAGEMENT**

### **Definition and Purpose of Auditing This Criterion**

As per this Contract, ACA / NCCHC Standards and MDOC Policies/Procedures, MDOC is responsible for maintaining infection control.

### **Elements of the Criterion**

TB skin tests (PPD) will be given annually to prisoners. Prisoners with a documented past positive PPD will be exempt from the annual PPD, but must be informed about the symptoms of TB and evaluated annually for pulmonary symptoms suggestive of TB by a nurse/physician. The annual encounter must be documented on the appropriate medical record encounter form (flow sheet). A medical staff member will counsel any prisoner who refused TB testing. This counseling will be documented on the appropriate medical record encounter form. If he/she continues to refuse, the institution's CQI/ Infectious Diseases Coordinator will be notified. A healthcare staff member will counsel the prisoner. Documentation of the refusal and the notification of the TB Coordinator will be made on the TB Screening Refusal form. If he/she continues to refuse, the prisoner will be referred to the MDOC QA Staff for action.

### **Indicators/Methodology/Acceptable Standard**

#### **Indicators:**

1. MP evaluates all prisoners who have been referred due to positive TB test or signs of active TB, draining wounds, physical sign that has the potential for being chicken pox, herpes zoster, mumps, or any other infectious disease that could result in the need for quarantine the same day.
2. The MP evaluation will consist of a documented history and review of systems and symptoms, appropriate physical exam for system involved, diagnosis update as necessary, and treatment plan to include medication, appropriate diagnostic testing, referral to specialists, follow-up MP appointments entered into the scheduling component, and education. This evaluation will be documented in the EMR at the time of the visit.

#### **Methodology:**

Review the prisoner's medical record for documentation on the immunization record. Review employee personnel record for proper documentation on immunization form.

**Acceptable Standard: Threshold 100 percent (TB)**

**Amount for failing to meet indicator: Tier One: \$2,000.00 Tier Two: \$3,000.00**

## **SLA: MEDICAL PROVIDER APPOINTMENT**

### **Definition and Purpose of auditing this Criterion:**

As per this Contract, ACA / NCCHC standards, daily sick call will be conducted at each correctional facility by a Contractor MP.

### **Elements of the Criterion**

The prisoner sick call request will be screened and assessed for non-emergent health problems by qualified MDOC healthcare staff within 24 hours of receipt of request for healthcare on the proper form. Sick call will be available Monday through Saturday (excluding holidays). The prisoner's request will be triaged by MDOC healthcare staff within 24 hours and prisoner will be seen by a Contractor MP within 24 hours of the triage.



### Indicators/Methodology/Acceptable Standard

#### Indicators:

1. MP evaluates all routine nursing referrals within five business days.
2. MP evaluates all urgent nursing referrals within one business day.
3. MP evaluates all emergent nursing referrals the same day.
4. The MP evaluation will consist of a documented history and review of systems and symptoms, appropriate physical exam for system involved, diagnosis update as necessary, and treatment plan to include medication, appropriate diagnostic testing, referral to specialists, and education. This evaluation will be documented in the EMR at the time of the visit.
5. The MP will review all diagnostic tests within two days of receipt at the facility or EMR and document in the EMR any further recommended tests or changes in the treatment plan.

#### Methodology:

1. Review sick call documents to determine which prisoners were referred to the MP.
2. Review prisoner's medical record to determine if referral was completed in accordance with policy.

#### Acceptable Standard: Threshold 85 percent

Amount for failing to meet indicator: Tier One: \$2,000.00 Tier Two: \$3,000.00

### SLA: SPECIALTY SERVICES / CONSULTATIONS

#### **Definition and Purpose of Auditing This Criterion:**

As per this Contract, ACA / NCCHC Standards and current Policy, the Contractor will make referral arrangements with Michigan licensed and Board Certified specialty physicians for the treatment of those prisoners with health care problems that extend beyond the primary care specialty clinics provided on-site.

#### **Elements of the Criterion:**

The Contractor will arrange for specialty care as medically needed. The consultation request will be a part of the prisoner's medical record. Documentation of all requests will be noted on the appropriate forms. Requests for specialty care will be maintained and tracked in the NextGen EMR at each institution, as well as in the prisoner's medical record. All specialty consults will be approved or denied by the Contractor within seven working days upon receiving request for consultation. When possible, specialty care will be delivered at the prisoner's parent institution or regional facility. In no case will a visit to a specialist be delayed for more than 30 days from the date of request. Urgent specialty referrals will be handled within five working days.

The primary MP will review the consultation recommendation and document his/her response to the consultant's recommendations in the prisoner's medical record within three days.

### Indicators/Methodology/Acceptable Standard

#### 1) Indicators:

1. All initial visits to a specialist must occur within 30 days of the MP's request.
2. All follow-up visits to a specialist will occur based on the recommendations of the specialist.
3. All prisoners who are not seen by the specialist within 30 days, must be re-evaluated by the MP every 30 days to determine if the medical condition is resolved, stable, or has worsened. If the medical condition has worsened, the Medical Provider must take action to meet the medical needs of the prisoner in a timely manner.
4. The MP evaluation will consist of a documented history and review of systems and symptoms, appropriate physical exam for system involved, diagnosis update as necessary, and treatment plan to include medication, appropriate diagnostic testing, referral to specialists, follow-up MP visits entered into the scheduling component and education. This evaluation will be documented in the EMR at the time of the visit.
5. The MP will document all requests on the appropriate EMR screen.
6. The MP will review all specialty care consultations within two business days of receipt at the facility and document findings and further treatment plan in the EMR.

**Methodology:**

- a. Review the prisoner's medical record and the consult log to determine the date on which a specialty consult was completed.
- b. Documentation of all requests will be noted on the appropriate medical record encounter form.

**Acceptable Standard: Threshold 85 percent****Amount for failing to meet indicator: Tier One: \$2,000.00 Tier Two: \$3,000.00****2) Indicator:** Regarding Specialty Care/Consultation findings/recommendations, the provider will review the consultant recommendations and document those findings in the medical record of the respective prisoner.**Methodology:**

- a. Review the prisoner's medical record for documentation of consultant's findings/recommendations.
- b. Review medical record for documentation by provider within three days of receipt of consultation results.

**Acceptable Standard: Threshold 85 percent****Amount for failing to meet indicator: Tier One: \$2,000.00 Tier Two: \$3,000.00****SLA: CREDENTIALING****Definition and Purpose of Auditing This Criterion**

As per this Contract, ACA / NCCHC Standards and MDOC Policies/Procedures, the Contractor is responsible for ensuring all health care personnel are appropriately licensed, registered or certified in the state of Michigan to practice their respective discipline.

**Elements of the Criterion**

All health care will be performed as directed by personnel authorized to give such orders. Nurse Practitioners and PA's may practice within the limits of their training and applicable laws. All physicians will be licensed to practice medicine in the state of Michigan; non-physician health care personnel will be licensed, registered, or certified in their respective discipline. All licensed professionals will maintain an unrestricted license.

**Indicators/Methodology/Acceptable Standard****Indicators:**

All physicians, consulting physicians, nurse practitioners, physicians' assistants, and allied health personnel have on file at the institution documentation of a current unrestricted license or certification to practice their respective discipline.

**Methodology:** Audit site personnel and credentialing files**Acceptable Standard: Threshold 85 percent****Amount for failing to meet indicator: Tier One: \$2,000.00 Tier Two: \$3,000.00****SLA: EMERGENCY / DISASTER PLAN****Definition and Purpose of Auditing This Criterion**

As per this Contract, ACA / NCCHC Standards and MDOC Policies/Procedures, MDOC is responsible for the development and implementation of an emergency/disaster plan to provide for the delivery of health services in the event of a man-made or naturally occurring disaster. Disaster plan is to be finalized within 60 days of this Contract award.



### Elements of the Criterion

A medical emergency/disaster plan to provide for the delivery of health services, which includes the following key elements, is in place:

1. Evacuation of infirmary patients
2. Triage of casualties
3. Use of emergency vehicles
4. Periodic training of health services staff
5. Practice drills which are coordinated with facility practice drills
6. Key health care staff/health care professional recall roster
7. Copy of plan furnished institutional warden/superintendent

### Indicators/Methodology/Acceptable Standard

#### Indicators:

1. Emergency/disaster plan is developed and in place
2. Emergency/disaster plan contains provision for all the key elements
3. Plan is practiced at least annually in conjunction with facility drills
4. Health services training records reflect periodic training on plan
5. Current recall roster is in place
6. Copy of emergency/disaster plan has been provided to the institutional warden/supervision
7. The MP will participate in facility emergency mobilizations.

#### Methodology:

Review emergency/disaster plan and related documentation attesting to availability of the following:

1. Plan contains all key elements
2. Plan has been practiced annually in conjunction with facility drills
3. Health services training records reflect annual training on the plan
4. Current recall roster is in place
5. Copy of the plan has been provided to the warden/superintendent

#### Acceptable Standard: Threshold 85 percent

Amount for failing to meet indicator: Tier One: \$2,000.00 Tier Two: \$3,000.00

### SLA: ELECTRONIC CLAIMS/ENCOUNTER SUBMISSION

#### Definition and Purpose of Auditing This Criterion:

The purpose of this element is to ensure that the MDOC receives complete data related to prisoner encounters to all the MDOC to effectively monitor this Contract, review, and trend costs.

#### Elements of the Criterion:

Acceptable monthly encounter data containing detail for each patient encounter provided by the Contractor, directly and by all providers receiving payment from the Contractor for services to prisoners within 90 days of the date of service. The data must be submitted electronically into the MDOC data warehouse.

### Indicators/Methodology/Acceptable Standard

#### Indicators:

1. The Contractor records are submitted by the 12<sup>th</sup> of the following month via electronic media in HIPAA compliant format.
2. Submission includes all patient encounters for both on-site and off-site services.
3. The Contractor's data passes all required data quality edits prior to acceptance into the data warehouse. Data not accepted into the warehouse will not be used in any analysis of compliance with service level agreements or deliverables.
4. MDOC will not accept incomplete encounter data for inclusion into the MDOC data warehouse and subsequent calculations.
5. Stored data will be subject to regular and on-going quality checks as developed by the MDOC.

**Methodology:**

1. The data will be electronically submitted to the data warehouse by the 12<sup>th</sup> day of the following month.
2. MDOC will provide feedback to the Contractor for data that is not accepted.
3. Contractor will correct and resubmit data until they receive acceptance by the MDOC.
4. The assessment of the standard will occur with the first monthly attempt to submit the date. The penalties will not be assessed for the first six months.

**Acceptable Standard: Threshold 98 percent****Amount for failing to meet indicator: \$10,000.00****SLA: TRAINING AND EDUCATION****Definition and Purpose of Auditing This Criterion**

As per this Contract, ACA / NCCHC Standards and MDOC Policies/Procedures, the Contractor is responsible for the provision of Medical Practitioner professional continuing education in accordance with state of Michigan licensure requirements.

**Elements of the Criterion**

Each site Lead MP will be responsible for overseeing and approving training in the delivery of health care to enable Contractor employees to respond to health-related situations. Such in-service training will include, but not be limited to, response to emergency medical situations. In-service training will be conducted at least monthly and will be mandatory for Contractor allied health care personnel. MDOC Nursing staff may and Contractor allied health care personnel will participate in the Contractor's Monthly CEU Program which provides for twelve continuing education credits annually. An approved Medical Library containing a variety of standard medical publications will be available.

**Indicators/Methodology/Acceptable Standard****Indicators:**

1. Audit of Contractor employee training records and attendance rosters for attendance at monthly in-service health related training.
2. Audit of Contractor employee personnel records for participation in the Contractor's Monthly CEU program.
3. MPs attend MDOC mandatory annual training.
4. MPs attend additional MDOC training as mutually agreed upon by MDOC and the Contractor.

**Methodology:**

Review of Contractor employee training records and attendance rosters for in-service training. Review of Contractor employee personnel records for participation in CEU program.

**Acceptable Standard: Threshold 85 percent****Amount for failing to meet indicator: Tier One: \$2,000.00 Tier Two: \$3,000.00****SLA: DISCHARGE PLANNING****Definition and Purpose of Auditing This Criterion**

As per this Contract, ACA / NCCHC Standards and MDOC Policies/Procedures, MDOC is responsible of providing sufficient medications and arranging for necessary follow-up health services before the prisoner's release to the community.

**Elements of the Criterion**

Upon notification of a prisoner's imminent release, MDOC medical staff will review prisoner's medical record to determine if discharge planning is needed. If the prisoner is receiving medication, Contractor medical staff will prescribe a sufficient supply of current medications be provided upon release, to last until the prisoner can be seen by a community health care provider. If the prisoner has critical medical or mental health needs, MDOC medical staff will make the appropriate arrangements or referrals for follow-up services with community providers.



### Indicators/Methodology/Acceptable Standard

#### Indicators:

1. Prisoners receiving medications upon release should have a sufficient supply of the current medications to last until the prisoner can be seen by a community health care provider.
2. Prisoners with critical medical or mental health needs should have a referral for follow up services with a community health provider.
3. MPs write medication orders for discharge medications prior to prisoner parole or discharge.

#### Methodology:

Review of medical records of released prisoners

#### Acceptable Standard: Threshold 85 percent

Amount for failing to meet indicator: Tier One: \$2,000.00 Tier Two: \$3,000.00

### SLA: CONTINUOUS QUALITY IMPROVEMENT (CQI)

#### Definition and Purpose of Auditing This Criterion

As per this Contract, ACA / NCCHC Standards and MDOC Policies/Procedures, within six months of this Contract award the Contractor is responsible for the provision of a Continuous Quality Improvement/Quality Assurance program to evaluate the health care provided to prisoners assigned to both on site and off site facilities for quality, appropriateness and continuity of care. CQI program includes provisions for independent CQI activities conducted by the MDOC.

#### Elements of the Criterion

The continuous quality improvement/quality assurance program will be system wide and will incorporate a quality management program to provide for the following elements:

1. Continuous Quality Improvement
2. Infection Control
3. Peer Review
4. Risk Management

### Indicators/Methodology/Acceptable Standard

#### Indicators:

A Continuous Quality Improvement/Quality Assurance Committee as been appointed and meets at least quarterly. The site's Lead MP is the chairperson of the committee. Minutes of meetings will be prepared, maintained, and available for review. CQI meeting agenda will include, but not be limited to, discussion of institutional CQI activities and documentation; Infection Control monitoring; status of provider Peer Review Program; Risk Management issues and development of action plans to correct deficiencies noted during the conduct of Quality Assurance Activities.

#### Methodology:

1. Review minutes of Continuous Quality Improvement/Quality Assurance Committee for key elements of the program (Continuous Quality Improvement, Infection Control, Peer Review and Risk Management).
2. Audit documentation of CQI chart reviews and activities as well as the timely implementation of action plans relating to deficiencies noted in the chart reviews.
3. Review documentation of infection control activities. Audit instances of reportable infections/diseases for compliance with appropriate statutes.
4. Audit peer review activities. Peer reviews should be conducted on all physicians, nurse practitioners, and physicians' assistants no less than annually. Reviews should include audits of the following: chart reviews, special needs prisoners' treatment plans, off site consultations, specialty referrals, emergencies, and hospitalizations.
5. Review mortality and morbidity reports and related documentation for appropriateness and compliance with applicable Michigan state laws. Review institutional critical incident reports relating to health services activities as well as corrective actions taken for those determined to demonstrate deficiencies.

#### Acceptable Standard: Threshold 90 percent

Amount for failing to meet indicator: Tier One: \$2,000.00 Tier Two: \$3,000.00

**SUMMARY OF SLA CREDITS**

Following is a summary of the indicators and compensation adjustment amounts for Objective Performance Criteria. This listing does not represent the complete description or the Contractor's responsibility for the stated criteria; details are provided in the Performance Criteria and Critical Indicators section of these appendices. The amounts indicated are the adjustment (deduction) to compensation amounts that may be assessed to the Contractor as SLA Credits for substandard performance by failing to meet indicator in the audit areas.

Basis for imposing damages/adjustments to compensation:

ACA/NCCHC Accredited	Requirement for accreditation by the ACA and NCCHC
MDOC Policies	Required per MDOC and institutional policies
Contract	Written agreement between parties



ACA/ NCCHC Accred	MDOC Policies	Contract	Criteria	Indicators / Update	Amount
X X	X X	X X	Receiving Screening	1. Note acute or contagious conditions  2. Refer prisoners on medication to provider for continuity of care	\$2,000/\$3000  \$2,000
X X	X X	X X	Health Assessment	1. Admission testing as required within 14 days  2. Initial health assessment is timely and complies with ACA standards	\$2,000  \$2,000
X	X	X	Chronic Care Clinics	CCC prisoners are scheduled for follow-up appointments	\$2,000
X	X	X	Infection Control Management	1. Annual tuberculin screening of prisoners  2. Annual tuberculin screening of employees	\$2,000  \$2,000
X X	X X	X X	Medical Provider Appointment	1. MP evaluates all routine nursing referrals within five business days.  2. MP evaluates all urgent nursing referrals within one business day.  3. MP evaluates all emergent nursing referrals the same day.  4. The MP evaluation will consist of a documented history and review of systems and symptoms, appropriate physical exam for system involved, diagnosis update as necessary, and treatment plan to include medication, appropriate diagnostic testing, referral to specialists, and education. This evaluation will be documented in the EMR at the time of the visit.  5. The MP will review all diagnostic tests within two days of receipt at the facility or EMR and document in the EMR any further recommended tests or changes in the treatment plan.	\$2,000  \$2,000  \$2,000  \$2,000  \$2,000



X	X	X	Specialty Service	1. Timely visits to a specialist	\$2,000
X	X	X		2. Provider review and documentation of consultant recommendations	\$2,000
X	X	X	Credentialing	All health care providers will have on file an unrestricted license to practice their respective discipline.	\$2,000
X	X	X	Emergency/Disaster Plan	1. Emergency disaster plan developed and implemented	\$2,000
X	X	X		2. Emergency/disaster plan contains provision for all key elements	\$2,000
X	X	X		3. Plan is practiced at least annually in conjunction with MDOC drills	\$2,000
X	X	X		4. Health services training records reflect periodic training on plan	\$2,000
X	X	X		5. Current recall roster is in place	\$2,000
X	X	X		6. Copy of plan provided to the institutional warden/supervision	\$2,000
X	X	X	Electronic Claims Encounter Submission	1. The Contractor records are submitted by the 12 <sup>th</sup> of the following month via electronic media in HIPAA compliant format.	\$10,000
				2. Submission includes all patient encounters for both on-site and off-site services.	\$10,000
				3. The Contractor's data passes all required data quality edits prior to acceptance into the data warehouse. Data not accepted into the warehouse will not be used in any analysis of compliance with service level agreements or deliverables.	\$10,000
				4. MDOC will not accept incomplete encounter data for inclusion into the MDOC data warehouse and subsequent calculations.	\$10,000
				5. Stored data will be subject to regular and on-going quality checks as developed by the MDOC.	\$10,000



X	X	X	Training & Education	<ol style="list-style-type: none"> <li>1. Audit of employee training records and attendance rosters for attendance at monthly in-service health related training.</li> <li>2. Audit of employee personnel records for participation in the Contractor's Monthly CEU program.</li> <li>3. Evaluate Job Training for Correctional Officers Health Services Program of Instruction for key element contents.</li> <li>4. Review attendance rosters of Correctional Officer Health Services Training</li> </ol>	<p>\$2,000</p> <p>\$2,000</p> <p>\$2,000</p> <p>\$2,000</p>
X	X	X	Discharge Planning	<ol style="list-style-type: none"> <li>1. Sufficient supply of meds is provided to prisoners upon release to last until appointment with community provider</li> <li>2. Prisoners with critical medical/mental health needs should have referral for follow-up with community provider</li> </ol>	<p>\$2,000</p> <p>\$2,000</p>
X	X	X	Continuous Quality Improvement (CQI)	CQI Committee is appointed and meets at least quarterly, documenting minutes and reviewing designated issues to be on each agenda.	\$2,000



<b>PROPOSED SCHEDULE FOR QUARTERLY AUDITS</b>	
<b>QTR</b>	<b>AUDIT ELEMENTS</b>
<b>1<sup>ST</sup> QUARTER</b>	Receiving Screening Health Assessment Chronic Care Clinics
<b>2<sup>ND</sup> QUARTER</b>	Infection Control Medical Provider Appointment Specialty Services
<b>3<sup>RD</sup> QUARTER</b>	Credentialing Emergency/Disaster Encounter Data
<b>4<sup>TH</sup> QUARTER</b>	Training & Education Discharge Planning Continuous Quality Improvement (CQI)



### **Appendix C – Risk Share Reconciliation Methodology**

The Contractor will maintain financial records and prepare financial statements specific to this Contract with the MDOC. The Contractor will charge to this Contract with the MDOC all costs and expenses associated with providing services described under this Contract, consistent with its accounting practices as applied to its other Contracts. These charges are primarily direct expenses (e.g. staffing and benefits, contracted providers, ancillary services, off-site costs, etc.), but also include allocations for such matters as self-insurance plans consistent with the allocation of overall plan expenses between all of its client contracts participating in the respective plans.

The Contractor will use United States generally accepted accounting principles when preparing its Contract specific financial statements which require the use of accrual accounting. Accordingly, financial statements prepared during the term of this Contract and provided to MDOC will be prepared using the accrual basis of accounting. Accrual basis accounting requires recording some transactions using estimates which are adjusted to actual cost as the transactions are settled (e.g. the cost of off-site care is initially recorded at an estimate, then adjusted to actual when the claims are adjudicated).

The risk-sharing reconciliations prepared during the term of this Contract will be prepared using the Contract specific financial statements except that instead of using the off-site services expense calculated under the accrual method, the reconciliations will use the amount paid by the Contractor for off-site services through the date of the invoice (e.g. for the reconciliation prepared for the quarter ending June and to be delivered to the MDOC by July 30<sup>th</sup>, the reconciliation will reflect cash payments through approximately July 30<sup>th</sup>).

The Contractor will prepare preliminary Contract year financial statements and the preliminary Contract year reconciliation of the Actual Costs as compared to the Risk Share Target (collectively, the "Preliminary Financials") as of 91 days of each Contract year-end which will be provided to the MDOC within 120 days of each Contract year-end. This reconciliation period will allow for most transactions that had been recorded using an estimated amount to be settled with any corresponding adjustments reflected in Preliminary Financials.

MDOC and the Contractor recognize that 1) providers of off-site services have up to 365 days to submit claims or 2) resolution of questions or disputes concerning a claim could occur beyond 91 days following the end of this Contract year and therefore claims could be paid beyond the preparation of the Preliminary Financials. Accordingly, the Contractor will prepare final Contract year financial statements and the final Contract year reconciliation (collectively, the "Final Financials") as of 183 days of each Contract year-end which will be provided to the MDOC within 198 days of each Contract year-end. The only change that will occur from the Preliminary Financials to the Final Financials will be to reflect the payment of any claims for off-site services that occurred between the date of the Preliminary Financials and the Final Financials. Additionally at the time it provides the Final Financials, the Contractor will provide the MDOC with an estimate of outstanding claims for off-site services for this Contract year which have not yet been paid by the Contractor as of the date of the Final Financials. Any claims that are paid subsequent to 183 days following the end of each Contract year will be charged to this Contract year in which they are paid. The Contractor will prepare a report identifying for the MDOC claims charged to a Contract year subsequent to the Contract year in which the services were provided.

MDOC's third party reviewer may examine the Contractor's Final Financials for each Contract year, including supporting documentation and records to independently verify the Actual Costs and its calculation of any risk sharing amounts.

Following are the captions that are currently reflected in the Contractor's financial statements and a brief description of each category.

#### **Salaries and Benefits**

This category will include the costs of personnel assigned to this Contract, including those employed by professional corporations which are subcontractors under this Contract and those located in the Regional Office. It will include their salaries and benefits, including health insurance and workers compensation insurance which are currently self-insured plans, the estimated cost of which the Contractor allocates across all contracts participating in the plans. Lines items within this category are as follows:

- Salaries
- Fringe Benefits
- Temporary Services
- Temporary Services – Prof Corps
- Salaries – Prof Corps
- Fringe Benefits – Prof Corps



### Professional Services

This category will include the professional fees of contracted providers (not employed by the Contractor or its Subcontractors) who provide services to the MDOC on either on-site. Line items within this category are as follows:

- Physician Fees
- Subcontractors - Prof Corps

### Hospitalization

This category will include the costs of off-site hospitalization services provided to the MDOC prisoners. Line items within this category are as follows:

- Hospitalization
- ER and Ambulance

### Outpatient Services

This category will include the costs of off-site outpatient services provided to the MDOC prisoners. Outpatient Physician represents office visits. Outpatient One Day represents one day surgery including professional fees. Line items within this category are as follows:

- Outpatient Physician
- Outpatient Dialysis
- Outpatient One Day

### Aetna Network Access Fee

This category represents the PPM fee paid to Aetna for development of and access to its provider network, resources of its Appointment Scheduling System and for claim adjudication. This will include all fees paid to Aetna along with any refund of those fees under the guarantees described in Appendix G.

### Diagnostic Services

This category will include the costs of diagnostic services provided to the MDOC prisoners. Outpatient X-Ray represents diagnostic services provided on an off-site basis. X-Ray On-Site represents the costs, if any, of providing X-Ray services on-site. Line items within this category are as follows:

- Outpatient X-Ray
- X-Ray-On-Site
- Lab-On-Site

### Pharmaceuticals

This category will include the costs of dialysis medications provided to the MDOC prisoners. Line items within this category are as follows:

- Pharmaceuticals
- Pharmaceutical Returns/Credits

### Supplies

This category will include the costs of any supplies not provided by the MDOC, but which are necessary for the provision of care to the MDOC prisoners, if any. Line items within this category are as follows:

- Medical Supplies

### Other

This category will include expenses incurred by the Contractor associated directly with this Contract with the MDOC, provision of services to its prisoners and employment of individuals assigned to this Contract to provide those services. This category will not include any costs, including any allocations of costs, which are not directly related to this Contract and the services provided there under. Line items within this category are as follows:



- Administrative Expense
- Telephone Expense
- Classified Ads
- Equipment
- Travel
- Legal Fees (does not include expenses associated with professional liability claims)
- Background Checks
- In-service Education
- Dues and Subscriptions
- Other Expense - Prof Corps

#### Management Fee

This category will include the Contractor's fee for management of services under this Contract, which covers such required Contract costs and support services as clinical service initiatives, provider credentialing and peer reviews, provider training and education support, human resource and benefit management, payroll and accounts payable processing, accounting and reporting support, executive management and information technology and support, which are not provided by individuals assigned directly to this Contract.

This fee will be calculated based on the population at a fixed PPM amount as set forth in the following table. The amounts set forth below are a component of and not in addition to the PPM set forth in Attachment A.

Population	Year 1	Year 2	Year 3
50,000 and above	\$22.97	\$23.89	\$24.84
49,000 to 49,999	\$23.42	\$24.36	\$25.33
48,000 to 48,999	\$23.89	\$24.85	\$25.84
47,000 to 47,999	\$24.43	\$25.41	\$26.42

#### Total Operating Expenses

This category will be a sum of the above items and will represent the Actual Costs under this Contract.

The Contractor recognizes that expenses it incurs for professional liability claims and income taxes cannot be charged to this Contract under Michigan law and therefore they are not included above and will not be charged to this Contract.

A standard format of the financial statements is presented on the last page of this appendix.

The reconciliation of the Actual Costs to the Risk Share Target will be prepared quarterly within 30 days of quarter-end and will be prepared for this Contract on a year-to-date basis. The reconciliation will result in either a credit due to the MDOC or an invoice to the MDOC. A credit issued to the MDOC can be used at its discretion. An invoice issued to the MDOC will be due within 45 days of the invoice date.

Reconciliations will be in the following form. For demonstrative purposes, two examples are also presented in the form. As they are for demonstrative purposes, the form and examples are not a part of this Contract and therefore are not binding on the parties to this Contract.

Assumptions made in the first example – 1) it is the reconciliation for the second quarter of the first year of this Contract, 2) Actual Costs are assumed to be less than the target rate and 3) the Contractor had credited MDOC \$2,000,000.00 through the first quarter of this Contract as a result of the risk share reconciliation.



Calculation of Risk Share Target and Risk Share Cap

Month	Population(1)	Risk Share Target PPPM(2)	Risk Share Target - \$		Risk Share Cap PPPM(2)	Risk Share Cap - \$
April	49,328	\$176.25	\$8,694,060		\$197.49	\$9,741,787
May	50,132	\$175.00	\$8,773,100		\$196.24	\$9,837,904
June	48,533	\$177.55	\$8,617,034		\$198.79	\$9,647,875
July	49,501	\$176.25	\$8,724,551		\$197.49	\$9,775,952
August	49,433	\$176.25	\$8,712,566		\$197.49	\$9,762,523
September	50,325	\$175.00	\$8,806,875		\$196.24	\$9,875,778
October						
November						
December						
January						
February						
March						
Totals:			\$52,328,186			\$58,641,819

Actual Costs(3)		\$49,000,000	
Less Off-Site Costs – Accrual Basis		\$(25,000,000)	
Plus Off-Site Costs – Cash Basis		\$24,500,000	
Modified Actual Costs		\$48,500,000	
Difference		\$(3,828,186)	
MDOC Portion of Difference:			
Tier 1	\$(3,828,186)(4)	85%	\$(3,253,958)
Tier 2	(4)	70%	\$0
Total			\$(3,253,958)
Previously Billed / (Credited):		\$ (2,000,000)	(5)
Current Billing / (Credit):		\$ (1,253,958)	(6)
Total Cost to MDOC – YTD:		\$49,074,228	(7)
Risk Share Cap – YTD:		\$58,641,819	

In the reconciliation,

1. The population would be as determined in accordance with Section Xxx of this Contract.
2. The Risk Share Target and Risk Share Cap PPPM would be as set forth in Appendix A of this Contract.
3. The Actual Costs would be as set forth in this Contract year-to-date financial statements for the applicable month.
4. Tier 1 costs represent up to nine percent of the Risk Share Target - \$. If the Difference is a credit, the entire difference will be reflected in Tier 1.
5. Previously Billed / (Credited) represents the total amount either billed or credited to MDOC in the previous quarters of each Contract year as a result of the risk sharing reconciliation.
6. The Current Billing / (Credit) is the amount to be billed or credited in accordance with Attachment A for the current quarter.
7. The Total Cost to MDOC – YTD is the sum of the amounts billed / (credited): 1) as base amounts pursuant to Section 1.061.A.1; 2) as adjustments for differences in estimated and actual population pursuant to Section 1.061.A.1; and 3) as risk sharing amounts pursuant to this reconciliation.

Assumptions made in the second example – 1) it is the reconciliation for the second quarter of the first year of this Contract, 2) Actual Costs are assumed to be at a high enough level to demonstrate the use of both tiers of the pricing structure and 3) the MDOC had reimbursed \$1,600,000 to the Contractor through the first quarter of each Contract as a result of the risk share reconciliation.



Calculation of Risk Share Target and Risk Share Cap

Month	Population(1)	Risk Share Target PPM(2)	Risk Share Target - \$		Risk Share Cap PPM(2)	Risk Share Cap - \$
April	49,328	\$176.25	\$8,694,060		\$197.49	\$9,741,787
May	50,132	\$175.00	\$8,773,100		\$196.24	\$9,837,904
June	48,533	\$177.55	\$8,617,034		\$198.79	\$9,647,875
July	49,501	\$176.25	\$8,724,551		\$197.49	\$9,775,952
August	49,433	\$176.25	\$8,712,566		\$197.49	\$9,762,523
September	50,325	\$175.00	\$8,806,875		\$196.24	\$9,875,778
October						
November						
December						
January						
February						
March						
Totals:			\$52,328,186			\$58,641,819

Actual Costs(3)		\$59,000,000	
Less Off-Site Costs – Accrual Basis		\$(35,000,000)	
Plus Off-Site Costs – Cash Basis		\$34,000,000	
Modified Actual Costs		\$58,000,000	
Difference		\$5,671,814	
MDOC Portion of Difference:			
Tier 1	\$4,709,537(4)	85%	\$4,003,106
Tier 2	\$962,277(5)	70%	\$673,594 (6)
Total			\$4,676,700
Previously Billed / (Credited):		\$1,600,000	(7)
Current Billing / (Credit):		\$3,076,700	(8)
Total Cost to MDOC – YTD:		\$57,004,886	(9)
Risk Share Cap – YTD:		\$58,641,819	

In the reconciliation,

1. The population would be as determined in accordance with Section Xxx of this Contract.
2. The Risk Share Target and Risk Share Cap PPM would be as set forth in Appendix A of this Contract.
3. The Actual Costs would be as set forth in each Contract year-to-date financial statements for the applicable month.
4. Tier 1 costs represent up to nine percent of the Risk Share Target - \$.
5. Tier 2 costs represent the difference between the Difference and the Risk Share Target - \$ plus the Tier 1 costs. If the Difference is a credit, the entire difference will be reflected in Tier 1.
6. The MDOC portion under Tier 2 is limited to an amount that will result in the Total Cost to the MDOC – YTD being no more than the Risk Share Cap – YTD.
7. Previously Billed / (Credited) represents the total amount either billed or credited to MDOC in the previous quarters of each Contract year as a result of the risk sharing reconciliation.
8. The Current Billing / (Credit) is the amount to be billed or credited in accordance with Attachment A for the current quarter.
9. The Total Cost to MDOC – YTD is the sum of the amounts billed / (credited): 1) as base amounts pursuant to Section 1.061.A.1; 2) as adjustments for differences in estimated and actual population pursuant to Section 1.061.A.1; and 3) as risk sharing amounts pursuant to this reconciliation.



Example financial statement row format:

	<u>Month or year to</u> <u>date period</u>
<b>SALARIES &amp; BENEFITS</b>	
Salaries	\$ 1
Fringe Benefits	1
Temporary Services	1
Temporary Services - Prof Corps	1
Salaries - Prof Corps	1
Fringe Benefits - Prof Corps	1
Salaries & Benefits total	<u>6</u>
<b>PROFESSIONAL SERVICES</b>	
Physician Fees	1
Dentist Fees	1
Psychiatric Fees	1
Subcontractors - Prof Corps	1
Professional Services Total	<u>4</u>
<b>HOSPITALIZATION</b>	
Hospitalization	1
ER and Ambulance	1
Hospitalization Total	<u>2</u>
<b>OUTPATIENT SERVICES</b>	
Outpatient Physician	1
Outpatient Dialysis	1
Outpatient One Day	1
Outpatient Services Total	<u>3</u>
AETNA NETWORK ACCESS FEE	<u>1</u>
<b>DIAGNOSTIC SERVICES</b>	
Outpatient X-Ray	1
X-Ray-On-Site	1
Lab-On-Site	1
Diagnostic Services Total	<u>3</u>
<b>PHARMACY</b>	
Pharmacy	1
Pharmacy Returns/Credits	1
Pharmacy Total	<u>2</u>
<b>SUPPLIES</b>	
Dental Supplies	1
Medical Supplies	1
Supplies Total	<u>2</u>
<b>OTHER</b>	
Administrative Expense	1
Telephone Expense	1
Classified Ads	1
Equipment	1
Travel	1
Legal Fees	1
Background Checks	1
Inservice Educ.	1
Dues and Subscriptions	1
Other Expense - Prof Corps	1
Other Total	<u>10</u>
MANAGEMENT FEE	<u>1</u>
TOTAL OPERATING EXPENSES	<u>\$ 34</u>

Note> The numerical data above is intended only for the illustration of how the financial statement rows will accumulate to subtotals and the grand total.

**Appendix D – Reports**

- A. The following reports submitted by the health services Contractor to be reviewed and assessed.
1. Critical Lab Results Summary Report I
  2. Report of Clinical Coverage by Facility
  3. MP Utilization Report including back logs, wait times, outlier reports, and productivity
  4. Quarterly telemedicine utilization reports documenting usage
  5. Quality Improvement Project Management Reports
  6. Secure Unit Occupancy Report
  7. Quality Assurance Report (Quarterly)
  8. Off Formulary Drug Utilization Report
  9. Specialty Utilization Referral Report
  10. Prosthetics, Physical Therapy, Occupational Therapy and Related Services Utilization Report
  11. Dialysis Utilization Report
  12. Diagnostic Testing and Laboratory Utilization Report
  13. Emergency Room Utilization Report
  14. Inpatient Utilization Report
  15. Provider prescription practices against the MDOC formulary
  16. Annual Facility Audit Report (this is added as part of the SLAs)
  17. AETNA Reports
  18. Financial and Claims Reporting
  19. Other reports to be identified
- B. As part of the assessment, the Contractor is required to submit reports on the tasks in the statement of work. These reports are due within 60 days of the reporting period end and must include benchmarks against other states.



## **Appendix E – Continuous Quality Assurance Plan**

The Contractor, PHS, in partnership with their Subcontractor Aetna, agrees to Contract requirements for the Michigan Department of Corrections (MDOC) Quality Assurance Plan and will execute Contractor's and MDOC quality assurance programs for on-site and off-site services at the MDOC facilities to ensure the safety of patients, health care staff, correctional colleagues and the community. The Contractor's Quality Assurance Plan may be updated and revised in conjunction and consultation with the MDOC Quality Administrator and the MDOC CCI. Also, as noted in the Staffing Plans, the Contractor will provide a Quality Improvement Director that will liaison with the MDOC Quality Administrator and the MDOC Bureau of Health Care Leadership Team to review data and make recommendations through routinely scheduled meetings. Committees in this plan will be joint MDOC and Contractor committees. The MDOC Bureau of Health Care Services Leadership team will identify the MDOC participants. MDOC Quality Assurance will approve all Quality Assurance Plan submissions and revisions within 60 days of this Contract services start date, and then annually.

### **Continuous Quality Improvement (CQI) Program – On-site**

The Contractor's Continuous Quality Improvement Program based on the full participation and cooperation of MDOC Civil Services Health Care staff, as well as MDOC Dental and Mental Health subcontractor staff in the PHS CQI process. The Contractor's CQI Program is dedicated to the safety of patients, health care staff, correctional colleagues, and the community. The Contractor's CQI program will fulfill national correctional healthcare standards while adapting to specific state agency requirements and offers a systematic approach to monitoring, measuring and evaluating Contractor services. Additionally, the Contractor's CQI program is conducted in accordance with *The Federal Patient Safety & Quality Improvement Act of 2005* and applicable State Peer Review Laws. As such, these CQI reviews are deemed confidential and privileged under state and federal law. By continually critiquing the provision of services and implementing corrective action as appropriate, the Contractor will facilitate adherence to recognized healthcare standards and improvements to quality of care. The Contractor's CQI program is based on concepts and practices outlined in reports issued by the Institute of Medicine (IOM). It efficiently and effectively monitors correctional health care services provided at Contractor's facilities using the following framework:

### **Six Integrated Components of CQI**

**Each component of the CQI plan will be reported in the quarterly quality assurance report.**

#### **1. Credentialing**

The Contractor's Credentialing Program is designed, implemented, and monitored to assure that qualified, well trained, experienced, ethical and competent licensed providers are selected. Initial practitioner applications for employment and annual PEER review evaluations are audited by the Contractor's Credentialing Committee to assure continued competency of our providers. URAC is a nationally recognized nonprofit organization which promotes healthcare quality by accrediting healthcare organizations. The Contractor has achieved URAC certification. With this certification, the credentialing department confirms its commitment to quality and accountability.

#### **2. Training and Education**

The Contractor's Training and Education Program will have an extensive scope of service. Programs such as monthly continuing education self-study packets and emergency preparedness drills are designed to meet the requirements of national correctional accrediting bodies. The Contractor's Training and Education department monitors the results of the site-based Quality Improvement (QI) Program and develops educational programs and tools based upon identified needs. Active participation in the Contractor's Patient Safety Committee and QI committees also contributes to the identification of site-specific needs. These needs are reviewed and educational programs are developed as a result. This method benefits not only the individual site, but all other sites that have similar needs or challenges. This is the motivating force behind our Training and Education program. All Contractor sites will have access to all materials and educational tools for clinical staff, correctional staff, and patients via a number of avenues including the customized website, MyPHS. This service is available to the Contractor's administrative staff located at the Michigan Regional Office on a 24/7 basis and contains the complete library of resources provided by Contractor's Training and Education program. Necessary information will be disseminated to the site staff as needed. Entries include policy and procedure templates, standardized forms, educational tools and programs for clinical staff, correctional staff, and prisoners and prisoner patients.



### 3. Utilization Management (UM)

The mission of the Contractor's UM department is to provide appropriate care in the most cost effective manner and setting. Ensuring that prisoners get appropriate services delivered by qualified providers, within an appropriate timeframe, improves quality and assures efficient utilization of resources and optimized utilization of on-site services. The Contractor's UM department will actively participate in the identification, tracking, and trending of inpatient sentinel events. The Contractor entered into a long-term agreement with McKesson Health Solutions to use InterQual, a nationally recognized set of decision support tools, to evaluate medical necessity and appropriate level of care for all imaging studies, outpatient procedures, and elective surgeries. This agreement allows the Contractor to provide consistent delivery of care across all populations while providing impartial best practice parameters based on an individual prisoner's presentation. InterQual review is now offered as part of the Contractor's UM program and is managed by the Contractor's State and Regional Medical Directors and by Certified Professionals in Utilization Management and Utilization Review.

### 4. Infection Control

The purpose of the Contractor Infection Control Program is to establish principles and standards for surveillance, prevention, diagnosis, and effective treatment of communicable diseases within correctional facilities. The Contractor works in concert with the MDOC and the local health department in developing a community approach to infection control. The Contractor's Infection Control Program reflects standards of infection control in health services established by OSHA, the NCCHC and ACA. The Contractor will incorporate their infection control program into the MDOC Policies related to infection control (Control of Communicable Diseases).

Routine monitoring of general infection control principles, tuberculosis screening, identification and management, biohazardous waste disposal, and blood borne pathogens safety is part of the Contractor's CQI Program. The Contractor's CQI Program tracks each facility's compliance with our Infection Control Program.

The Contractor's Infection Control Program includes an Exposure Control Plan that describes staff actions to be taken to prevent or minimize exposure to pathogens. The Contractor's Exposure Control Plan includes a Post-Exposure Prophylaxis (PEP) Kit which can be used for emergency situations where exposure to potentially infectious agents has occurred and access to offsite care is delayed (typically due to inclement weather, such as hurricanes and snowstorms). The PEP Kit includes a decision tree of steps to assist in determining the type and risk of exposure, and a plan of action for each type of exposure. The Contractor must incorporate their exposure control plan into the MDOC Exposure control plan.

### 5. Disease Management

Disease Management is the concept of improving quality of care for individuals with chronic disease conditions by preventing or minimizing the effects of a disease, or chronic condition, through integrative care. Disease Management refers to the processes and people concerned with improving or maintaining health in populations. Disease Management encompasses the treatment of common chronic illnesses, and the reduction of future complications associated with those diseases. The Contractor's Disease Management program focuses on conditions such as Coronary Heart Disease, Kidney Failure, Hypertension, Heart Failure, Diabetes, Asthma, Cancer, Depression, as well as other common ailments. The underlying premise of Disease Management is that when the right tools, experts, and equipment are applied to a population; resources can be provided more efficiently. The objective is to ease the disease path, rather than cure disease. Improving quality of life and activities of daily living are first and foremost. Improving cost is also an essential component. Some examples of tools used in Contractor's Disease Management Program include web-based assessment tools, clinical guidelines, health risk assessments, best practices, formularies, and numerous other strategies, systems and protocols. Specific Contractor disease management tools include, but are not limited to:

- **Contractor's Disease Management Manual** – This manual, available on MyPHS, includes Disease Monographs, Clinical Guidelines, Disease Monitoring Tools, Patient Education Information, Correctional Officer Training Information and a Corrections Specific Laboratory Formulary.
- **Contractor's Mental Health Pharmacy Resource Manual**
- **Contractor's Pharmacy Resource Manual** – The 2008 Pharmacy Resource Manual currently consists of 11 Treatment Guidelines, 9 Medication Monographs, 7 Medication Conversion Tables, Immunizations Schedule Recommendations and the Medication Formulary.
- **CHOICES: The Contractor's Palliative Care and End of Life Program** – This program is highlighted by an Interdisciplinary Care Plan and includes Educational tools, Assessment forms, and Psychosocial, Spiritual and Nursing Aspects of Palliative Care assessment forms.



- **HIV and HCV Disease Monographs** – These two disease management monographs focuses on the primary care clinicians involvement in the management of these complex disease entities.

## 6. Quality Improvement (QI)

The Contractor's Quality Improvement process will examine negative as well as positive events to improve the level of care. The Institute of Medicine (IOM) defines quality as: *The degree to which health services for individuals and populations increase the likelihood of desired health outcomes and are consistent with current professional knowledge.* The Contractor's QI program approaches improvements by making systems more supportive. Instead of focusing on an individual involved when a problem occurs, the Contractor will examine how to prevent recurrences of the problem by fixing systems. The Contractor's QI program is not just limited to problem areas, but also addresses areas with good outcomes with the goal of making them even better. Best Practices which are identified are shared with other Contractor facilities.

### Program Management

The Contractor's Chief Medical Officer and Senior Vice President of Clinical Affairs, administers the CQI program and serves as the CQI Committee Chairperson. The CQI Committee, which meets at least once a month, is responsible for the development, implementation, and oversight of the Contractor's CQI Program.

Members of the multi-disciplinary committee:

- Chief Medical Officer
- President and CEO
- Director of Quality Improvement
- Vice President of Utilization Management
- Vice President of Clinical Programs and Applications
- General Counsel
- Designated Regional Medical Directors on a rotational basis
- Risk Management personnel

Positive reinforcement for the efforts and strategies that have been developed over the past five years are identified in the above referenced article:

- Preexisting decision support
- Patient Education
- Change Management
- Package of QI tools
- Training in QI
- Both doing and improving the work

### Site Level QI Program

The Contractor has an established Site Level Quality Improvement Program (Site Level QI) that monitors the healthcare delivery systems and processes at each site with the goal of measuring and improving the health care delivered in the facility. All Contractor facilities are required to participate in the program and it is anticipated that State Civil Servant, Dental and Mental Health subcontractors, as well as local facility security staff will actively participate as required by NCCHC standards. The Contractor will work with the Quality Assurance Office and the Bureau of Health Care Services to form teams and get them functioning.

The objectives of the Site Level QI Program are:

- To ensure timely treatment and continuity-of-care;
- To ensure compliance with national standards and these Contract requirements;
- To ensure continuity of care for patients with special health care needs;
- To develop and implement action plans when opportunities for improvement are identified;
- To monitor the cost effectiveness of the health care services delivered;
- To develop, record and collate QI data to enhance health care systems;
- To support Contractor Clinical Initiatives.

**Committee**

The Contractor has designed its Site Level QI Program to emphasize the importance of a site-specific quality improvement process guided by a multidisciplinary committee. This committee, which is chaired by the site medical director, includes representation and/or input from each health care discipline (medical, mental health, dental, pharmacy, and nursing) and the MDOC Health Unit Manager (HUM). The Contractor will work with Quality Assurance office and the Bureau of Healthcare Services to establish the committee members.

The multidisciplinary QI committee, which meets at least quarterly, or as stipulated by NCCHC standards, identifies and addresses clinical and correctional issues. Issues such as off-site transports, sick call schedules, intake flow, infection control, collaboration with community providers for additional services, training and education requirements are a few of the day-to-day challenges of operating a correctional facility, which, when addressed in a codified program, can define positive results. Reports and recommendations from the committee will be forwarded to MDOC's Bureau of Healthcare Services Leadership Team and the Contractor's management team for consideration.

**Annual Review**

An annual review, performed by the Contractor's designated staff and participants identified by the MDOC Bureau of Healthcare Services and Quality Assurance on a rotational basis, of:

- access to care,
- receiving screening,
- health assessment,
- continuity of care (sick call, chronic disease management, discharge planning),
- infirmary care,
- nursing care,
- pharmacy services,
- diagnostic services,
- mental health care (including substance abuse, as appropriate),
- dental care,
- emergency care and hospitalizations,
- policies and procedures,
- all deaths,
- sentinel events,
- critiques of disaster drills,
- environmental inspection,
- prisoner grievances, and
- infection control.

**Summary Review**

An annual summary review of the site specific QI program is done to ensure:

- Completion of a minimum of one process quality improvement study per year.
- Completion of a minimum of one outcome quality improvement study per year.
- Implementation of corrective actions to solve identified problems.
- Compliance with the responding and review of all mortality and non-mortality sentinel events.
- Copies of site level QI meeting minutes are on file.

**Requirements**

With requirements for NCCHC and ACA accreditation interwoven throughout, compliance with the Contractor Site Level QI Program plays a significant role in ensuring compliance for accreditation by both the NCCHC and the ACA.

**Four Essential Components of Site Level CQI**

The four program components are as follows:

1. Sentinel Event Reporting
2. Peer Review Program
3. Process Quality Improvement Study
4. Outcome Quality Improvement Study



## 1. Site Level Sentinel Event Reporting

The QI program addresses both mortality and non-mortality sentinel events. Sentinel events are defined as an unexpected occurrence involving death or serious physical or psychological injury, or the risk thereof. Serious injury includes loss of limb or function. The phrase “or risk thereof” includes any process variation for which a recurrence would carry a significant chance of serious adverse outcome. Sentinel Events are reviewed by the Contractor’s Patient Safety Committee and the MDOC Bureau of Healthcare Services Leadership team in accordance with the Federal Patient & Quality Improvement Act of 2005 and as such are considered confidential.

The Sentinel events designated for automatic review include:

- Mortalities
- Hospitalizations for any of the following diagnoses:
  - Diabetic Ketoacidosis (DKA)
  - Medication Error
  - Heat Related Illness
  - Ruptured Appendix
  - Status Asthmaticus
  - Suicide Attempt
  - Other diagnosis as agreed upon by the MDOC CMO, QA, and the Contractor

Sentinel Event Reviews are also performed upon events if an adverse serious adverse patient outcome occurred. By concentrating on events rather than errors, the Contractor focuses on a broader range of factors and reduces the inclination to attribute an event to a single cause or responsible party. In the Contractor Site Level QI Program, the “pathophysiology” of adverse events is investigated using a Root Cause Analysis. This process helps to identify true causes and contributing factors or conditions. Corrective action plans are developed based upon an analysis of the Patient Safety Committee’s findings.

A specific Review Form for each sentinel event has been developed, tested, deployed, and refined (the process itself is subject to QI principles) using specific case review data to identify the most common areas that generate avoidable adverse outcomes. This data is used to update the QI program, to focus the Contractor’s educational efforts and to improve processes of care. This data will be reported on hard copy forms from the site level to the Contractor’s QI Director at the Regional Office.

### Mortalities

The joint MDOC/Contractor Patient Safety Committee (comprised of participants identified by MDOC Bureau of Healthcare Services Leadership team and Contractor Administration) conducts Mortality Reviews on all prisoner patients who expire while in custody at correctional institutions where Contractor is responsible for providing health care. This includes patients who expire while housed in alternative locations such as hospitals and nursing homes.

The Contractor Patient Safety Committee also reviews the mortalities of prisoner patients who expire shortly after release from custody. This includes, but is not limited to, prisoner patients who are released from custody and expire while still in the hospital.

The Mortality Review evaluates the health care services provided, focusing on opportunities to improve systems and the quality of care. It also identifies variations in the systems and processes established to provide care and identify opportunities for improvement in these areas.

Mortality Review may be initiated by the site Medical Director the first day at the facility following the death. The completed Contractor Mortality Review form is then sent to the Regional Medical Director, Contractor/MDOC Patient Safety Committee, and the MDOC CMO. Significant findings from Patient Safety Committee Mortality Reviews are communicated to the medical leadership of the facility and MDOC Central Office. The Contractor Patient Safety Committee makes recommendations for plans of action when opportunities for improvement are identified. Mortality Reviews conducted by the Contractor Patient Safety Committee are part of the Contractor Corporate QI Program.

### Medication Errors

The Contractor uses the medication error index established by the *National Coordinating Council for Medication Error Reporting and Prevention*. Medication errors are reported to the Site Level QI Committee. Medication errors designated for review in the QI Program include:



- E – An error occurred that may have contributed to or resulted in temporary harm to the patient and required intervention.
- F – An error occurred that may have contributed to or resulted in temporary harm to the patient and required initial or prolonged hospitalization.
- G – An error that may have contributed to or resulted in permanent patient harm.
- H – An error occurred that required intervention necessary to sustain life.
- I – An error occurred that may have contributed to or resulted in the patient's death.

### Medication Safety Program

The Contractor Medication Safety Program is designed to assist sites in the development and implementation of safe medication practices. The medication error component of the program is based on the program established by the National Coordination Council for Medication Error and Prevention (NCC MERP). The Contractor Medication Safety Program addresses the following areas:

- Pharmacy and Therapeutics – The Contractor, in conjunction with MDOC, has an established Pharmacy and Therapeutics (P&T) committee responsible for reviewing pharmaceutical utilization practices to ensure that medications are used appropriately. The Contractor's internal P&T committee is multidisciplinary and includes pharmacy representation from Maxor Correctional Pharmacy Services (Maxor CPS). Through the formulary review process the Contractor's internal P&T committee evaluates medication therapy based on efficacy, safety and cost parameters. The Site Level QI committee addresses site-specific P&T issues. The MDOC P&T committee includes its current health care and pharmaceutical contractors.
- Education – The Contractor anticipates that staff education related to pharmaceuticals and medication systems is provided to MDOC nursing staff during the orientation process and reviewed at least annually.
- The PHS QI Resource Manual includes information on various aspects of the Medication Safety Program that can be used to facilitate the education process.
- Medication Refusals – Prisoners have the right to refuse prescribed therapies, including medications; therefore, MDOC facilities have established policies and procedures that address refusals of treatment and medications so that such refusals can be appropriately discouraged, which should include nurse counseling during the medication round and referral to the Medical Practitioner as necessary.
- Verbal Orders – Verbal orders are reviewed and countersigned by a physician in accordance with applicable state laws within 72 hours.
- Site-Specific QI Activities – In addition to the requirements outlined in the Contractor's policy, the Contractor's Medication Safety Program requires each Contract site to establish and maintain a site-specific program addressing medication safety. The Contractor's Regional Managers will work with the MDOC HUM to establish these site specific procedures.
- Psychotropic Medication Reviews – As a function of the Medication Safety Program, the Contractor performs periodic quality improvement reviews on patients prescribed psychotropic medications. The purpose of the review is to evaluate the appropriateness of psychotropic medication therapy as supported by information documented in the prisoner's medical record. Recommendations will be shared with the MDOC HUM and the Mental Health providers.
- Continuing Education – A CEU on Preventing Medication Errors is part of the Contractor's 30-day clinical staff orientation program.

### 2. Peer Review Program

The Contractor has established a standardized peer review process to facilitate the evaluation of physicians who provide service in contracted facilities. The peer review is designed to evaluate both the appropriateness of the care provided by the physician and compliance with the requirements of their position description. The Peer Review Program is under the authority of the Contractor's Chief Medical Officer/Senior Vice President of Clinical Services, and includes standardized forms for evaluating administrative responsibilities, provided in physician sick call, chronic care, and the infirmary setting. Peer Review is also used as part of the Contractor's re-credentialing process. The Contractor's State Medical Director will provide direction and leadership for the Peer Review Program and chart review process. The Regional Medical Directors, or other appropriate physician designee, will perform peer review for the Site Medical Director, while the Site Medical Director is responsible for performing peer review for staff physicians. Benchmarking, the process of providing a practitioner with feedback regarding their performance relative to that of their peers, is an important part of Peer Review.



### 3. Site Level Process Quality Improvement Study

Contractor facilities with an average daily population (ADP) greater than 500 are required to complete at least one Site Level Process Quality Improvement Study annually. This study examines the efficiency of the health care delivery process at the facility. Completed studies are discussed at the monthly Site Level QI Committee meeting. The MDOC Quality Administrator will approve all studies.

To identify a process that may benefit from a Process Improvement Study, the Contractor reviews a variety of sources including the Contractor's Web-based QI screens, accreditation audits, and information from QI committee meetings.

### 4. Site Level Outcome Quality Improvement Study

Contractor facilities with an ADP greater than 500 are also required to complete at least one **Site Level Outcome Quality Improvement Study** annually in accordance with NCCHC Standards. The study requires the input and cooperation of the local MDOC HUM and all necessary health and mental health staff. This study examines the efficiency of the health care delivery process at the facility. Completed studies are discussed at the monthly Site Level QI Committee meeting. Outcome quality improvement studies examine whether expected outcomes of patient care were achieved. An example of such a study would be measuring the effectiveness of the chronic disease program in achieving control of the patient's disease. Each facility receives a copy of the Contractor's QI Program Manual, which includes a sample QI plan, committee meeting agenda and a variety of monitoring forms designed to review systems and processes related to medical, mental health and dental care. The Quality Administrator and the Contractor's Director of QI will review and approve all Quality Screen Tools and Studies.



### **Aetna Quality Management (QM) Program – Off-site**

The Contractor's Subcontractor, Aetna, contractually requires providers to comply with their current quality management (QM) and utilization management policies and procedures. In addition, participating physicians serve on regional Quality Advisory committees, including an MDOC representative, to review and offer advice on clinical quality programs, guidelines, studies, indicators, and communications. Aetna also provides input to the QM program, annual work plan, and annual QM program evaluation.

#### **Provider Quality**

Aetna continuously profiles provider performance as part of the quality management process. Aetna's claim databases allow network managers and local medical directors to analyze trends in provider utilization (both over and under-utilization), with the intent of educating to improve performance, and locate opportunities for improving the delivery of medical services. Aetna combines utilization and unit-cost metrics of performance with clinical effectiveness measures of performance.

#### **Individual Practitioner Performance**

The Aetna credentialing/recredentialing process is designed to evaluate the qualifications of individual practitioners who participate with Aetna. This is done prior to a practitioner joining the network and then ongoing on a periodic two or three-year cycle, as required by regulatory agencies and accrediting organizations.

Aetna systematically monitors clinical care and service activities that are applicable to a large portion of the membership. Specific issues related to member complaints, potential quality of care concerns, or other issues of professional competence and conduct that adversely affect or could adversely affect the health or welfare of a member, may be considered by a peer review committee at any time between recredentialing cycles. These are formally monitored at least every six months between recredentialing cycles for practitioner-specific trends. Potential quality of care concerns are investigated and referred to the peer review committee for action as indicated.

Aetna supports the use of nationally recognized metrics and currently have several programs for measuring and rewarding individual practitioner performance. These include Performance Networks (Aexcel) and pay-for-performance programs. Aetna utilizes metrics from various nationally recognized organizations such as the National Quality Forum (NQF), National Committee for Quality Assurance (NCQA), Centers for Medicare & Medicaid Services (CMS) and Agency for Healthcare Research and Quality (AHRQ). Aetna is also involved in collaborative work with CMS, AHRQ, specialty societies, America's Health Insurance Plans, and the Ambulatory Quality Alliance to further identify consistent reporting metrics and guidelines.

#### **Pay-For-Performance Program**

Aetna's national pay-for-performance program includes a performance-based component of compensation that gives physicians and hospitals the opportunity to earn reward payments based on recognized clinical effectiveness and efficiency measures. Measures are based, as much as possible, on externally validated measures such as those endorsed by the National Quality Forum, Ambulatory Quality Alliance, National Committee for Quality Assurance, the Centers for Medicare and Medicaid Services (CMS), as well as from Bridges to Excellence, The Leapfrog Group and Care Focused Purchasing.

#### **Episode Treatment Groups**

Aetna Integrated Informatics utilizes Symmetry Health Data Systems' Episode Treatment Groups software to stratify providers by efficiency and uses Episode Treatment Groups software for both their broad network and Performance Network. The Aetna data warehouse contains the claims data that Aetna analyzes with this efficiency software tool. Aetna Integrated Informatics uses industry accepted clinical practices guidelines to create clinical effectiveness measures (e.g., NCQA guidelines for beta blocker use after a heart attack, HEDIS measures for breast cancer screening and cervical cancer screening, and AHRQ's inpatient safety measures in an adverse event rate).

When measuring the actual performance of individual provider offices, Aetna first adjusts for prisoner differences, such as age, gender, region, plan type, and illness severity. Otherwise, the performance of some providers who care for a sicker population might appear below average when calculating the scores. Aetna can profile physician performance and generate reports that include rates use by service (utilization), as well as associated patient outcomes. Examples of services that they profile:



- Physician office visits
- Inpatient
- Outpatient
- Emergency room
- Aggregate pharmacy
- Disease-specific services
- Procedure-specific services
- Diagnostic imaging
- Laboratory tests

Aetna can compare treatment continuums for similar cases or conditions to determine the more effective courses of care and those physicians responsible for implementing the more and less effective treatments, based on outcomes. This analytical approach applies to care delivered to prisoners in all Aetna medical plans; unlike an approach of tracking PCP or specialist referral rates, which would not consider care delivered to prisoners in our many plans that do not require referrals and which Aetna therefore does not typically implement.

Results from Episode Treatment Groups analyses are used internally; however, at the network level, medical directors or provider relations staff may share results with providers on a one-on-one, as-needed basis.

### **Claims Data Analysis**

Network managers and local medical directors, MDOC, and their third party reviewer have access to claims data that help them analyze trends in provider utilization (under and over), review CPT code patterns by physician and identify providers who might require performance improvement. Each region has an assigned medical director to assist in the review of claims as needed. Aetna medical directors review those claims that merit in-depth analysis. Medical directors have access to specialists for consultation and peer/specialty matched reviews when indicated.

### **Clinical Information Lists**

Selected Members' Clinical Information lists were developed by Aetna Integrated Informatics to provide PCPs with actionable information for reviewing members' treatment and compliance with treatment. PCPs may access the lists on our secure website for physicians, hospitals and other health care professionals at [www.aetna.com/provider](http://www.aetna.com/provider). Based on widely accepted standards of treatment, the lists profile patients in a practice that have asthma, diabetes, or cardiac conditions, and who may benefit from an adjustment to their therapy or review for medication compliance. The lists also identify members with potential drug interactions or polypharmacy that may affect their health.

### **Network Level Quality**

Aetna annually evaluates administrative data for HEDIS-like measures, with data reported in aggregate by region and nationally. Results are compared to previous performance and goals to assist in development of improvement plans.

### **Medical Network Trend Operating Report**

Aetna's approach is to rigorously evaluate medical costs and identify opportunities to manage medical cost and trend. The overall approach is called MENTOR (Medical Network Trend Operating Report), and it looks at medical costs from both medical cost categories and medical condition perspectives. Aetna analyzes medical costs by product on regional and local-market levels and compares costs from one year to the next. Local-market unit costs and utilization results are reviewed by medical cost categories such as ambulatory care, hospitalizations, emergency room visits and pharmacy costs. Aetna evaluates each market's actual results against plan by the medical cost categories. If a variance is identified, the market develops corrective action plans.

Aetna also analyzes medical costs by condition across the continuum of care and across markets. This end-to-end analysis also seeks to identify opportunities to better manage medical costs and improve health outcomes. Conditions with the greatest potential for positively impacting costs and improving outcomes are selected for analysis.

**Internal Clinical Quality**

Aetna has an ongoing process of monitoring internal quality at least annually. Aetna regularly conducts internal mock accreditation reviews, patient management inter-rater reliability audits, and reviews of denial and appeal processing. The Aetna Quality Management (QM) program focuses on ongoing assessment and improvement of clinical care and services. Aetna prepares an annual QM program evaluation, which provides a comprehensive summary of completed and ongoing quality improvement activities performed under the scope of our QM program, which enables Aetna to plan activities for future years.

**Hospital Quality**

Aetna relies on The Joint Commission review of the hospital. If the hospital is Joint Commission-accredited, it meets our standards. If certain quality issues arise from the hospital, Aetna has the right to suspend or terminate the arrangement or to immediately terminate the agreement if a hospital loses its Joint Commission accreditation. Hospitals undergo a Joint Commission accreditation review every three years.

If the hospital is not Joint Commission accredited, it must be accredited by the American Osteopathic Association (AOA) or an accrediting entity deemed appropriate by Aetna policy, business participation requirements and/or regulatory standards. If a hospital is not accredited, Aetna requires that it is in good standing with Medicare and state licensing authorities.

**Quality of Care Concerns**

Aetna monitors potential quality of care concerns and identifies them for review and action on a case-by-case basis. These potential qualities of care concerns include, but are not limited to, unexpected outcome/adverse events, surgery-related events, mental health/substance abuse concerns, delay of care/service, extension of length of facility stay, and member-reported events. These are tracked in the region where the provider practices.

Aetna tracks 21 indicators as potential quality of care concerns and review trended information. Aggregate reports of quality of care concerns are presented to the regional Quality Oversight committees.

**Inpatient Performance Measurement System**

Aetna Integrated Informatics has created the In-patient Performance Measurement System (IPMS), which compares hospital and provider performance in the inpatient setting to case-mix adjusted averages. IPMS is Aetna's system to apply clinical logic to adjust for the severity of illness within the hospitalized population and to provide indicators to evaluate performance associated with adverse events and length of stay. This information is also included in Aetna's Navigator Hospital Comparison Tool on Aetna Navigator, the Aetna secure member website.

Aetna tracks adverse events through population-based trending analysis, as well as on an individual patient level. Through proactive analysis, for instance, Aetna has found hospitals with high nosocomial (hospital-acquired) infection rates. Aetna was able to bring these high rates to the hospitals' attention, and they reduced the infection rate through programmatic efforts.

Aetna Integrated Informatics has approximately 30 criteria for evaluating adverse events in the inpatient setting, including:

- Sepsis
- Meningitis
- Skin Infection
- Wound disruption
- Coagulation complication
- Hemorrhage
- Pneumonia
- Transfusion reaction
- Embolism/Thrombosis
- Postoperative decubitus ulcer
- Ulcer or gastrointestinal bleeding
- Surgical complication
- Urinary complication
- Respiratory complication
- Fluid or electrolyte complication



- Gastrointestinal complication
- Anesthesia complication
- Renal complication
- Neurologic complication
- Acute myocardial infarction
- Cardiac arrest
- Other cardiac complication
- Birth canal injury
- Other medical complication
- Other infection complication

Aetna Integrated Informatics also tracks unplanned readmission rates, unexpected returns to surgery during the same hospitalization, and medication errors.

**Security Procedures**

The Contractor and Aetna will assure compliance with MDOC Security Procedures for the above. The Contractor staff and Subcontractors will work with the off-site providers in cooperation with local facility security staff to assure all requirements are met.



## Appendix F – Corrections Mental Health Program

### Performance Improvement Plan

#### **MISSION**

The mission of the Corrections Mental Health Program is to provide mental health services to Michigan Department of Corrections' prisoners that are efficient, effective, accessible, timely, and of a quality equal to or exceeding community standards.

#### **VISION**

The vision of the Corrections Mental Health Program is to provide treatment to mentally ill prisoners which will empower them to function more independently, responsibly, and with self-control, thereby increasing the safety and security of the prisoners and the facility and also with the skills and abilities to successfully prepare them for successful re-entry into the community.

#### **CMHP PI COMMITTEES**

The focus of the Statewide PI Committees will be established by the Director of Corrections Mental Health Program and the four Program Directors, and Performance Improvement Chairpersons on an annual basis.

The Statewide PI Committees provides oversight and direction for the Central, Eastern, Western, and Inpatient Program and report directly to the Program Directors. The PI Committees conduct: ongoing monthly and yearly performance reports, quarterly studies and studies as requested by the Program Directors. The Committees may require an audit or survey be done. Results of all audits and studies are evaluated and recommendations are made to improve performance. Training needs and other resource needs may be handled at the program level.

Membership includes:

- PI Coordinator, Chair of the committee
- Health Information staff, a member of the committee
- Nurses, Activity Therapists, Social Workers, Psychologists, and Physicians may be appointed by the Program Director
- A representative from the DOC/BHCS Regional Office
- A representative from Program Services
- Other members, as deemed appropriate by the Program Director

#### **OBJECTIVES**

The objectives of the Corrections Mental Health Program PI program cover a broad range including both short and long term objectives:

1. Achieve and maintain CARF accreditation.
2. Assist DOC in achieving and maintaining ACA and NCCHC accreditation.
3. Develop and maintain standardization of treatment process and outcomes.
4. Monitor computerized Health Information Management System for clinical trends/program changes.
5. Monitor and evaluate average length of stay related to mental health diagnostic acuity for utilization review purposes.
6. Maintain prisoners at the lowest level of care through efficient clinical intervention whenever possible.
7. Monitor parole rates for prisoners with mental illness.
8. Monitor community supports for parolees.
9. Monitor access to mental health services.

#### **STATEWIDE STUDIES**

##### **First Quarter – October/November/December**

##### **Plans of Correction**

Plan of correction for the CMHP portion of the NCCHC audit. Recent CARF audit and plan of correction.

##### **TNR Audit**

Evaluate clinical findings related to comprehensive psychiatric evaluations which concluded that a prisoner did not require treatment within the CMHP continuum (TNR.)

**Second Quarter – January/February/March****Complete Record Audit**

Conduct complete medical record audit, including the interpretive summary, CPE and medication progress notes relative to appropriateness and efficacy of the prescribed medication. Medical records (both active and closed cases) for 10 percent of prisoners served at each site (no more than 20 and no less than five prisoners) will be audited. This audit will be conducted by a team of staff within each region. A comparison will be made between the clinical record and the data on the “Mental Health Utilization Report” (HC-121) for open cases. In addition, an Insyte report will be distributed to each team identifying which closed cases are to be audited. Each region will present their findings in a pre-determined consistent format. **(Documentation/Chart Audit Tool)**

**Medication Utilization Review**

A review will be conducted to determine if appropriate medication is being prescribed for each of the diagnostic categories. The CPE, Medication Progress Note, and Medication Orders will be reviewed for 10 percent of the records at each clinical site. A tool will be developed and distributed to the auditors prior to this quarter.

**Medication Discontinuation Audit**

An audit will be conducted to determine if the guidelines are being followed for medication discontinuation. This audit will include a 10 percent sample (no less than five cases). The tool will be the “Audit Instrument for Physician Review of Compliance with Medication Discontinuation Follow-Up Guidelines” as developed by Dr. Dillon.

**Consent to Treatment Audit**

Conduct a comprehensive review of consent to treatment. This audit will include 20 percent of the records at each clinical site. **(Admission/Rights/Consent for Mental Health Treatment Audit Form)**

**Third Quarter – April/May/June****Orientation Audit**

Audit to ensure the prisoner orientation is documented and Advance Directive for mental health services has been presented to the prisoner. This will also include documentation of referral for other services/needs. **(Audit Tool for Orientation)**

**Annual Satisfaction Survey**

Annual survey will be conducted on all prisoners currently receiving mental health services through the CMHP. **(Annual Mental Health Survey) A standard reporting format will be distributed.**

**Treatment Plan Review/Documentation Review Audit**

A comprehensive review of 10 percent of open cases at each clinical site will be conducted. The audit will include:

- 1) A review of the most recent treatment plan and treatment plan review to determine whether the goals and objectives are written in the words of persons served.
- 2) A review of the most recent treatment plan review to determine if the actual services provided were directly related to the goals and objectives as stated on the treatment plan.
- 3) A review of the group therapy progress notes to determine whether goals and objectives are being achieved and documented. **(Audit Tool will be developed)**

**Inpatient CARF Mock Survey**

Inpatient Services will conduct a mock survey for CARF using standardized format in April. A survey team will be assigned to visit the inpatient program units and will use the data collection tool appropriate for the program being surveyed. Inpatient Services will again be surveyed late in the fourth quarter. **(Current audit tool will be revised for Inpatient Services)**

**Fourth Quarter – July/August/September****Relapse Prevention Plan Audit**

Medical records will be reviewed for existence and implementation of individual relapse prevention plans for persons served. Ten percent of the prisoners participating in Dual Diagnosis groups will be audited. **(Audit Tool has been sent out for comments/review)**



### Medication Coming with Prisoner

Statistics will be maintained regarding the arrival of medication for prisoners being transferred between various treatment programs/teams. Data will be evaluated to determine if the issue of prisoners arriving without medication is specific or systemic. **(Audit Tool and reporting format will be developed)**

### DOC Custody and Housing Administration Satisfaction Survey

A satisfaction survey to determine level of satisfaction with the Corrections Mental Health Programs will be distributed to the following DOC custody staff at each facility with RTP or OPT: Warden, Deputy Warden, ADWs, RUMs, ARUS/Prison Counselors, and Administrative Assistants. **(Survey will be developed)**

### Inpatient CARF Mock Survey

Inpatient Services will conduct a mock survey for CARF using standardized format in August. A survey team will be assigned to visit the inpatient program units and will use the data collection tool appropriate for the program being surveyed. The audit results will be compared with the April Mock Survey results and corrective plans will be formulated.

## PROGRAM OUTCOMES

1. Satisfaction Survey - all four Programs will utilize the same survey tool and will report the data in a uniform and consistent manner.
  - A. Annual Satisfaction Survey - on all prisoners currently receiving mental health services through the CMHP. The survey will be conducted in the fourth quarter.  
**(Annual Mental Health Survey) A standard reporting format will be distributed.**
  - B. Prisoners who change levels of care within CMHP (transfer to lower level of care), but remain in DOC custody, will receive Satisfaction Survey at the time of transfer.  
**(Transfer From Higher Level of Care to Lower Level of Care)**
  - C. Prisoners who discharge from the CMHP due to parole or discharge from prison will be surveyed just prior to their scheduled release.  
**(Discharge from Prison on Parole or Maximum Sentence)**
  - D. Prisoners who discharge from the CMHP but remain in DOC will be surveyed just prior to their discharge.  
**(Discharge from CMHP, but Remain in DOC Custody)**
2. Review hours of direct therapy per client by team (as provided in the supervisors' monthly report) to determine accreditation standards are being met. Review is completed monthly per team, and compiled annually. Also review to ensure treatment standards are being met by all teams. A standardized reporting format will be used.
3. Designated staff will review the Insyte report for tickets received by type, frequency, and facility. This information will be compared with overall facility levels to determine if CMHP prisoners receive more or fewer tickets than those not receiving CMHP services.
4. Outcome studies will be compiled in an annual report and will be posted on the CMHP Intranet site. Quarterly audit results will be shared at monthly staff meetings and action plans will be posted on the CMHP Intranet site.

The management audit will be reviewed monthly or more frequently by the Regional Director. Any problems or trends will be closely monitored. Results of the audits will be reported each month to the CMHP Director and a plan of correction will accompany the report when deficiencies are found.

## ROUTINE MANAGEMENT AUDITS

### (Information provided by supervisors' monthly statistical reports)

1. Review of critical incident reports for trends, potential training needs, staff injury, etc.
2. Review ORR report to determine trends, patterns, potential training needs, timeliness, etc.
3. Ensure supervisors are completing monthly record audits of each clinician supervised.
4. All teams will complete monthly review of records of closed cases (on discharge status).
5. HC-121 record comparison - ensuring criteria on HC-121 matches information in clinical record.
6. Track the referral and service dates of prisoners receiving CMHP services to ensure compliance with urgent, emergent, and routine guidelines and that the prisoners are seen out of cell.

**ROUTINE MANAGEMENT AUDITS****(Using information from the Health Management Information System)**

1. Review prisoners TNR and admitted within 60 days  
J78069 – X78066-02
2. Admissions within time frame for urgent, emergent, and routine referrals. No waiting lists for admission.  
J78073 – X78074    J78070 – X78071
3. Review of diagnosis and GAF for appropriate level of care  
J78053 – X78059-01
4. Proportion of prisoners with MMD in each Program.  
J78079 – X78072-01
5. Medication Compliance Rates.  
J78053 – X78059-02
6. Percentage of prisoners receiving treatment under an Involuntary Treatment Order.  
J78053 – X78059-03
7. Proportion of prisoners discharged to inactive.  
J78047 – X78051-01
8. Timely identification of mentally ill in Segregation, especially prisoners with a GAF below 51.  
J78069 – X78066-01, 02
9. Administrative Segregation placements and appeals status update. MMD in segregation. Are they being identified and appealed as required? Is the treatment plan being changed and are they being evaluation out of cell  
J78097 or J78098 – X78074-01
10. Each quarter, each Program Director will ensure that CARF standards are being maintained.
11. Review proportion of prisoners on psychotropic medications.  
J78053 – X78059-02
12. Review proportion of prisoners on Outpatient Teams receiving group therapy.  
J78053 – X78059-03
13. Program Support staff will review prisoners admitted to the CMHP after leaving Reception.  
J78027 – X78032-01 (J78057 – X78057-01)
14. Review mental health referrals and entry into the treatment continuum for intake population.  
J78028 – X78033-01, 02 - X78034-01, 02
15. Program Support staff will review prisoners with major mental disorder admitted within 60 days of reception with no major mental disorder while in reception.  
J78057 – X78057 – 01    -    J78056 – X78056-01
16. Program Support staff will review prisoners with a primary Axis I code indicating MMD, Malingering, MMD progression.  
J78064 – X78062-01
17. Program Support staff will review all prisoners with MMD and four or more moves between different levels of care.  
J78065 – X78061-01
18. Transferred prisoners that return to the same level of care within seven, 30, or 60 days.  
J78047 – X78064-01