

STATE OF MICHIGAN
DEPARTMENT OF TECHNOLOGY, MANAGEMENT AND BUDGET **August 10, 2011**
PURCHASING OPERATIONS
P.O. BOX 30026, LANSING, MI 48909
 OR
530 W. ALLEGAN, LANSING, MI 48933

CHANGE NOTICE NO. 4
OF
CONTRACT NO. 071B6200272
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR SecureCare, Inc. 3830 Packard Street, Suite 270 Ann Arbor, MI 48108 kathy.laginess@correctioncare.com		TELEPHONE (734) 975-8400 Kathy Laginess
		VENDOR NUMBER/MAIL CODE
		BUYER/CA (517) 241-1218 Brandon Samuel
Contract Compliance Inspector: Steve Kenzie (734) 295-4204 Hospital Services for Center for Forensic Psychiatry – Department of Community Health		
CONTRACT PERIOD: From: June 6, 2006 To: September 30, 2011		
TERMS	N/A	SHIPMENT
		N/A
F.O.B.	N/A	SHIPPED FROM
		N/A
MINIMUM DELIVERY REQUIREMENTS N/A		

NATURE OF CHANGE(S):

Effective immediately, this Contract is hereby **EXTENDED** through **September 30, 2011**.
 All other terms, conditions, specifications, and pricing remain unchanged.

AUTHORITY/REASON:

Per request of DCH, Contractor's agreement and Ad Board approval on August 30, 2011

TOTAL ESTIMATED CONTRACT VALUE REMAINS: \$5,000,221.00

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

June 8, 2011

CHANGE NOTICE NO. 3
OF
CONTRACT NO. 071B6200272
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR SecureCare, Inc. 3830 Packard Street, Suite 270 Ann Arbor, MI 48108 kathy.laginess@correctioncare.com		TELEPHONE (734) 975-8400 Kathy Laginess
		VENDOR NUMBER/MAIL CODE
		BUYER/CA (517) 241-1218 Brandon Samuel
Contract Compliance Inspector: Steve Kenzie (734) 295-4204 Hospital Services for Center for Forensic Psychiatry – Department of Community Health		
CONTRACT PERIOD: From: June 6, 2006 To: August 31, 2011		
TERMS N/A	SHIPMENT N/A	
F.O.B. N/A	SHIPPED FROM N/A	
MINIMUM DELIVERY REQUIREMENTS N/A		

NATURE OF CHANGE(S):

Effective immediately, this Contract is hereby EXTENDED through August 31, 2011 and the buyer is CHANGED to Brandon Samuel. Please note that the email address for the vendor contact, Kathy Laginess, has been updated to kathy.laginess@correctioncare.com. All other terms, conditions, specifications, and pricing remain unchanged.

AUTHORITY/REASON:

Per request of DCH and Ad Board approval on June 7, 2011.

TOTAL ESTIMATED CONTRACT VALUE REMAINS: \$5,000,221.00

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

June 3, 2010

CHANGE NOTICE NO. 2
OF
CONTRACT NO. 071B6200272
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR SecureCare, Inc. 3830 Packard Street, Suite 270 Ann Arbor, MI 48108 klaginess@securecarehealth.com	TELEPHONE (734) 975-8400 Kathy Laginess
	VENDOR NUMBER/MAIL CODE
	BUYER/CA (517) 373-7396 Andy Ghosh, CPPB
Contract Compliance Inspector: Steve Kenzie (734) 295-4204 Hospital Services for Center for Forensic Psychiatry – Department of Community Health	
CONTRACT PERIOD: From: June 6, 2006 To: June 4, 2011	
TERMS <p style="text-align: center;">N/A</p>	SHIPMENT <p style="text-align: center;">N/A</p>
F.O.B. <p style="text-align: center;">N/A</p>	SHIPPED FROM <p style="text-align: center;">N/A</p>
MINIMUM DELIVERY REQUIREMENTS <p style="text-align: center;">N/A</p>	

NATURE OF CHANGE(S):

Effective immediately, this Contract is hereby **EXTENDED** through June 4, 2011, and **INCREASED** by \$989,000.00. All other terms, conditions, specifications, and pricing remain unchanged.

AUTHORITY/REASON:

Per request of DCH and Ad Board approval on June 1, 2010.

INCREASE: \$989,000.00

REVISED CURRENT AUTHORIZED SPEND LIMIT: \$5,000,221.00

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

March 20, 2009

CHANGE NOTICE NO. 1
OF
CONTRACT NO. 071B6200272
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR SecureCare, Inc. 3830 Packard Street, Suite 270 Ann Arbor, MI 48108 klaginness@securecarehealth.com	TELEPHONE (734) 975-8400 Kathy Laginness
	VENDOR NUMBER/MAIL CODE
	BUYER/CA (517) 373-7396 Andy Ghosh, CPPB
Contract Compliance Inspector: Steve Kenzie (734) 295-4204 Hospital Services for Center for Forensic Psychiatry – Department of Community Health	
CONTRACT PERIOD: From: June 6, 2006 To: June 4, 2010	
TERMS <p style="text-align: center;">N/A</p>	SHIPMENT <p style="text-align: center;">N/A</p>
F.O.B. <p style="text-align: center;">N/A</p>	SHIPPED FROM <p style="text-align: center;">N/A</p>
MINIMUM DELIVERY REQUIREMENTS <p style="text-align: center;">N/A</p>	

NATURE OF CHANGE(S):

Effective immediately, this Contract is hereby **EXTENDED** through June 4, 2010, and **INCREASED** by \$1,000,000.00. All other terms, conditions, specifications, and pricing remain unchanged.

AUTHORITY/REASON:

Per agency request (PRF dated 1/16/09), Ad Board approval on March 17, 2009, and DMB/Purchasing Operations' approval.

REVISED CURRENT AUTHORIZED SPEND LIMIT: \$4,011,221.00

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

June 12, 2006

**NOTICE
 OF
 CONTRACT NO. 071B6200272
 between
 THE STATE OF MICHIGAN
 and**

NAME & ADDRESS OF VENDOR SecureCare, Inc. 3830 Packard Street, Suite 260 Ann Arbor, MI 48108 klaginness@securecarehealth.com	TELEPHONE (734) 975-8400 Kathy Laginness
	VENDOR NUMBER/MAIL CODE
	BUYER/CA (517) 373-7396 Andy Ghosh, CPPB
Contract Compliance Inspector: Steve Kenzie (734) 295-4204 Hospital Services for Center for Forensic Psychiatry – Department of Community Health	
CONTRACT PERIOD: From: June 6, 2006 To: June 5, 2009	
TERMS <p style="text-align: center;">N/A</p>	SHIPMENT <p style="text-align: center;">N/A</p>
F.O.B. <p style="text-align: center;">N/A</p>	SHIPPED FROM <p style="text-align: center;">N/A</p>
MINIMUM DELIVERY REQUIREMENTS <p style="text-align: center;">N/A</p>	

The terms and conditions of this Contract are those of ITB #071I6200044, this Contract Agreement and the vendor's quote dated 3/29/2006. In the event of any conflicts between the specifications, terms and conditions indicated by the State and those indicated by the vendor, those of the State take precedence.

Estimated Contract Value: **\$3,011,221.00**

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. 071B6200272
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR SecureCare, Inc. 3830 Packard Street, Suite 260 Ann Arbor, MI 48108	TELEPHONE (734) 975-8400 Kathy Laginess VENDOR NUMBER/MAIL CODE BUYER/CA (517) 373-7396 Andy Ghosh, CPPB
Contract Compliance Inspector: Steve Kenzie (734) 295-4204 Hospital Services for Center for Forensic Psychiatry – Department of Community Health	
CONTRACT PERIOD: From: June 6, 2006 To: June 5, 2009	
TERMS <p style="text-align: center;">N/A</p>	SHIPMENT <p style="text-align: center;">N/A</p>
F.O.B. <p style="text-align: center;">N/A</p>	SHIPPED FROM <p style="text-align: center;">N/A</p>
MINIMUM DELIVERY REQUIREMENTS <p style="text-align: center;">N/A</p>	
MISCELLANEOUS INFORMATION: <p>The terms and conditions of this Contract are those of ITB #071I6200044, this Contract Agreement and the vendor's quote dated 03/29/2006. In the event of any conflicts between the specifications, terms and conditions indicated by the State and those indicated by the vendor, those of the State take precedence.</p> <p>Estimated Contract Value: \$3,011,221.00</p>	

THIS IS NOT AN ORDER: This Contract Agreement is awarded on the basis of our inquiry bearing the ITB No. 071I6200044. A Purchase Order Form will be issued only as the requirements of the Department of Community Health are submitted to Purchasing Operations. Orders for delivery may be issued directly by the Department of Community Health through the issuance of a Purchase Order Form.

FOR THE VENDOR: <p style="text-align: center;">SecureCare, Inc.</p> <hr/> <p style="text-align: center;">Firm Name</p> <hr/> <p style="text-align: center;">Authorized Agent Signature</p> <hr/> <p style="text-align: center;">Authorized Agent (Print or Type)</p> <hr/> <p style="text-align: center;">Date</p>	FOR THE STATE: <hr/> <p style="text-align: center;">Signature Elise Lancaster</p> <hr/> <p style="text-align: center;">Name Director of Purchasing Operations</p> <hr/> <p style="text-align: center;">Title</p> <hr/> <p style="text-align: center;">Date</p>
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**STATE OF MICHIGAN
Department of Management and Budget
Acquisition Services**

**Contract No. 071B6200272
Hospital Services for Center for Forensic Psychiatry (CFP)**

**Buyer Name: Andy Ghosh
Telephone Number: 517-373-7396
E-Mail Address: ghosha@michigan.gov**



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Article 1 – Statement of Work (SOW)

This contract is for Hospital services and the following SOW reflects the agreement of the State and the selected Vendor on the items covered.

1.0 Project Identification

1.001 PROJECT REQUEST

The purpose of this agreement is to acquire the necessary health care services of a qualified medical entity to supplement those services not provided by the CFP facility. The facility requires a contract that provides essential required health services with centralized billing and administrative oversight. Essential health services include inpatient/outpatient physician services and some inpatient/outpatient facility services.

This agreement will improve internal systems for communication among all disciplines and departments thus establishing monitors of the referral and notification processes. It will also:

1. Improve policy review and revision including directives for appropriate completion of patient data sheet information.
2. Improve monitoring of accounting and financial data to assure appropriate verification, account designation, and timely payment of invoices.
3. Improve relationships with outside service providers by establishing contracts to include cost and quality of service controls, use review mechanisms, billing facilitation and requirements for proper documentation.
4. Provide a reliable means to monitor progress on a quarterly basis.
5. To obtain the services of an outside medical entity in order to provide essential health services to the CFP patients in such a way as to promote quality health care while fulfilling the mission, goals, and objectives of the CFP.
6. To provide medically necessary health care consistent with community standards, while striving to maintain the standards of the Joint Commission on Accreditation of Health Care Organizations.
7. To adhere to all applicable local, state, and federal laws and regulations governing the delivery of health care services.
8. To incorporate administrative management oversight and quality control procedures that ensure the health care delivery system is designed and implemented in a manner to promote the orderly, efficient, and cost-effective delivery and management of the health services to CFP patients.

SecureCare, Inc., is of the understanding that the Center for Forensic Psychiatry (CFP) would like to acquire the services of a qualified medical entity to supplement those services not provided by the CFP facility. The proposed contract will provide essential required health services with centralized billing and administrative oversight. Essential health services will include inpatient/outpatient physician services and some inpatient/outpatient facility services.

SecureCare understands that the CFP desires to improve internal systems for communication among all disciplines and departments thus establishing monitors of the referral and notification processes. SecureCare will work cooperatively with the CFP toward these aims and the following goals as indicated in the project request:

1. Improve policy review and revision including directives for appropriate completion of patient data sheet information.
2. Improve monitoring of accounting and financial data to assure appropriate verification, account designation, and timely payment of invoices.
3. Improve relationships with outside service providers by establishing contracts to include cost and quality of service controls, use review mechanisms, billing facilitation and requirements for proper documentation.
4. Provide a reliable means to monitor progress on a quarterly basis.
5. To obtain the services of an outside medical entity in order to provide essential health services to the CFP patients in such a way as to promote quality health care while fulfilling the mission, goals, and objectives of the CFP.



6. To provide medically necessary health care consistent with community standards, while striving to maintain the standards of the Joint Commission on Accreditation of Health Care Organizations.
7. To adhere to all applicable local, state, and federal laws and regulations governing the delivery of health care services.
8. To incorporate administrative management oversight and quality control procedures that ensure the health care delivery system is designed and implemented in a manner to promote the orderly, efficient, and cost-effective delivery and management of the health services to CFP patients.

1.002 BACKGROUND

The Center for Forensic Psychiatry (CFP) is the statewide provider of essential mental health for Forensic patients in Michigan. CFP operates in accordance with the standards set forth by the Department of Community Health. Patients are either Not Guilty by Reason of Insanity (NGRI) or Incompetent to Stand Trial (IST) and there is an occasional admission on some other basis such as an order to treat on behalf of one of the Probate Courts or Community Health Organizations. These represent a very small part of the population served.

The CFP medical staff is exclusively Forensic Psychiatrists and all treatment for medical issues is through outside services. Care provided is consistent with acceptable community standards within a secure environment. If specific health services are not available within the facility, contractual agreements are established with local health care providers to supplement the facility's health service needs. Depending on the expertise of in-house staff, these contractual agreements may include a combination of inpatient/outpatient facility services, group or individual physician services, and other ancillary health services such as laboratory or radiology services. Medical diagnostics are performed by physicians provided through a current contractual agreement that is limited to evaluations with recommendations to F staff that does not include any treatment.

The Center for Forensic Psychiatry has no provision for direct medical services being provided by the facility, either in staffing, space or equipment. This proposal will result in several opportunities for cost efficiencies: the fee schedule, methods of scheduling appointments, requirements that all patients be accompanied at all times (both inpatient and outpatient) by two CFP Security staff due to the nature of the patients, lack of an urgent care capability resulting in emergency room procedures and charges for minor treatments, lack of utilization management coordination with CFP doctors.



After extensive review of options available, CFP proposes to utilize a local Hospital System as primary provider. The provision of services shall be accomplished within a 15-mile radius of the Center for Forensic Psychiatry. Payments to the Hospital System will be processed through the contract vendor.

SecureCare understands that the Center for Forensic Psychiatry (CFP) is the statewide provider of essential mental health for Forensic patients in Michigan. CFP operates in accordance with the standards set forth by the Department of Community Health. Patients are either Not Guilty by Reason of Insanity (NGRI) or Incompetent to Stand Trial (IST) and there is an occasional admission on some other basis such as an order to treat on behalf of one of the Probate Courts or Community Health Organizations. These represent a very small part of the population served.

The CFP medical staff is exclusively Forensic Psychiatrists and all treatment for medical issues (physical health) is through outside services. Care provided is consistent with acceptable community standards within a secure environment. If specific health services are not available within the facility, contractual agreements are established with local health care providers to supplement the facility's health service needs. Depending on the expertise of in-house staff, these contractual agreements may include a combination of inpatient/outpatient facility services, group or individual physician services, and other ancillary health services such as laboratory or radiology services. Medical evaluations are performed by onsite physicians provided through a current contractual agreement that is limited to evaluations with recommendations to CFP staff that does not include any treatment.

The Center for Forensic Psychiatry has no provision for on-site medical services being provided by the facility, either in staffing, space or equipment. The proposal will provide several opportunities for cost efficiencies: the fee schedule, methods of scheduling appointments, requirements that all patients be accompanied at all times (both inpatient and outpatient) by two CFP Security staff due to the nature of the patients, lack of an urgent care capability resulting in emergency room procedures and charges for minor treatments, lack of utilization management coordination with CFP doctors.

It is also understood that the CFP proposes to utilize a local Hospital System as primary provider. The provision of services shall be accomplished within a 15-mile radius of the Center for Forensic Psychiatry. Payments to the Hospital System will be processed through the contract vendor.

1.1 Scope of Work and Deliverables

1.101 IN SCOPE

QUALITY STANDARDS:

The State of Michigan reserves the right to inspect and evaluate all services provided during the performance of this contract. The State of Michigan may conduct surveillance of any task at any time during the performance of this contract. All surveillance observations will be documented by CFP or the appropriate State of Michigan agency.

When an observation indicates defective performance, the contract administrator may issue a discrepancy report to the contract. The contractor shall address any discrepancy report in writing to the contract administrator within ten calendar days of notification, indicating any corrective action taken to rectify the deficiency.

SecureCare understands that the State of Michigan reserves the right to inspect and evaluate all services provided during the performance of this contract. The State of Michigan may conduct surveillance of any task at any time during the performance of this contract. All surveillance observations will be documented by CFP or the appropriate State of Michigan agency.

When an observation indicates defective performance, the contract administrator may issue a discrepancy report to the contract. The contractor shall address any discrepancy report in writing to the contract administrator within ten calendar days of notification, indicating any corrective action taken to rectify the deficiency.

**FACILITY SERVICES:**

The contractor shall provide adequate inpatient/outpatient delivery sites to ensure access to care for the subspecialty services required by the resulting contractual agreement.

Inpatient facility services shall include but not be limited to the following: hospital inpatient rooms; meals; medical supplies; pharmaceuticals; and other ancillary services (e.g., radiology, laboratory services, dialysis, chemotherapy, radiation therapy, etc.).

Outpatient facility services shall include but not be limited to the following: medical supplies; pharmaceuticals; outpatient procedures at the contractor's facility; and other ancillary services (e.g., radiology, laboratory services, dialysis, chemotherapy, radiation therapy, etc.).

CFP patients shall be referred to the contractor's facility for emergency, inpatient, and outpatient health care services on an as-needed basis. Emergency care shall primarily be required the use of special care units (e.g., medical intensive, cardiac care, and emergency room care). Normal inpatient visits for non-emergency services shall require private room accommodations with available space for up to two (2) unarmed security escorts per patient.

Outpatient services shall be referred to the contractor's facility for necessary medical care. Outpatient service scheduling shall be coordinated by the CFP clinical nurse through the contractor. Outpatient examinations will typically be scheduled during normal working hours on Monday through Friday, excluding State holidays. There may be occasions when outpatient services may be required on holidays or weekends. Specialty consultation after normal working hours must be available via telephone, at a minimum, for emergency situations. Internal procedures for scheduling and referrals shall be specified in an agreement between the contractor and agency.

In cases of a physician-to-physician direct admit referral, the contractor shall not process admissions through the emergency room; rather, the contractor shall implement a system for direct admission whereby emergency room and associated physician costs would not be incurred.

In the event of an institution emergency requiring the evacuation of CFP inpatients, the contractor shall make arrangements to have these patients admitted either to the contractor's facility or subcontract the required care to other hospitals within a 30-mile radius of CFP.

SecureCare and its subcontractors will be available, on a nondiscriminatory basis, to provide services as needed. The services will be provided in a manner consistent with the medical needs of the CFP while maintaining applicable standards of quality and cost-efficient medical care for the following categorized areas: Inpatient Facility Services, Outpatient Facility Services, Inpatient Physician Services, and Outpatient Physician Services. CFP patients admitted to the hospital will be provided with private rooms to allow enough space for up to two security escorts per patient.

SecureCare utilizes the Saint Joseph Mercy Health System, which is accredited by JCAHO (See Attachment G for JCAHO Accreditation) to provide adequate in/outpatient delivery sites to ensure access to care for the sub-specialty services required. The Saint Joseph Mercy Health System includes Saint Joseph Mercy Hospital, Saint Joseph Mercy Livingston Hospital, and Saint Joseph Mercy Saline Hospital.

Saint Joseph Mercy Health System services include, but are not limited to, the following: emergency room care, intensive care units, hospital inpatient private rooms, meals, medical supplies, pharmaceuticals, outpatient procedures, and other ancillary services (e.g. radiology, laboratory services, dialysis, hyperbaric oxygen therapy, chemotherapy, radiation therapy, etc.).

From time to time, a patient may have a rare or unusual healthcare problem that may need to be admitted or transferred to the University of Michigan Medical Center. Also on occasion, with regards to security issues, a patient may be placed at another hospital if requested by the CFP.

SecureCare will work closely with the CFP Clinical Nurse or their designee to schedule outpatient services. Typically, outpatient procedures or exams will be scheduled during normal working hours, Monday through Friday, excluding State holidays. However, if needed, these services will be available on State holidays and weekends.



SecureCare will also be available for telephone consultation after normal working hours, seven days a week, for medical emergencies.

When appropriate, SecureCare will coordinate physician-to-physician direct hospital admissions to eliminate unnecessary emergency room charges.

In the event of an institutional emergency requiring the evacuation of the CFP's residents, SecureCare, along with the Saint Joseph Mercy Health System, will make arrangements to have these patients admitted to either an affiliated facility or subcontract the required care to other hospitals within a 30-mile radius of the CFP.

INFORMATION/RECORDS TRANSFER:

Subspecialty consultations, diagnostic procedure results, ER reports and inpatient medical records are all expedited to CFP by fax and/or USPS as soon as available to the agency.

SecureCare will coordinate and forward all subspecialty consultations, diagnostic procedures, ER reports, and inpatient medical records to the CFP via fax, email, or USPS as soon as available.

Due to growing HIPAA security constraints, receipt of medical records may be delayed and/or require individual patient authorizations for the information to be obtained. In these cases SecureCare will work with the CFP to complete and submit the necessary paperwork to obtain the records.

SECURE ENVIRONMENT:

Security is enhanced related to the minimal number of persons involved in the coordination of care. Security procedures have been established with hospital facilities and subspecialty offices. (see attachments)

Security is enhanced related to the minimal number of persons involved in the coordination of care. SecureCare will act as a liaison between the CFP and the local medical community providing one point of contact for the CFP.

Security procedures have been established with hospital facilities and subspecialty offices. At the CFP's request, SecureCare can arrange for security staff to tour hospital facilities or physician offices to review the site and help establish security procedures for CFP patients.

**PHYSICIAN SERVICES:**

The contractor shall provide comprehensive inpatient/outpatient physician and other medical services. It is estimated that these services shall include but not be limited to the following subspecialty areas:

Allergy
Anesthesiology
Arthritis
Autopsies
Breast Care
Chemotherapy
Dental/Oral Surgery
Dermatology
Detoxification
Dialysis
General Medicine
Cardiology
Endocrinology & Metab
Gastrology
Geriatrics
Hypertension
Hyperlipid
Infectious Disease
Internal Medicine
Gynecology
Nephrology
Neurology
Neurosurgery
Nuclear Medicine
Obstetrics
Oncology
Ophthalmology
Orthopedic
Otorhinolaryngology
Pathology
Pulmonary Medicine
Surgery
 General
 Burn
 Plastic
 Thorasic
 Vascular
Urology
Urgent Care/ER
ADSU
Colonoscopy
CT Scans
Cystometrics
Echocardiogram
EEG
EKG
EMG
MRI
Radiology
Ultra Sound
X-Ray
OP Surgery
Physical Therapy
Speech Therapy



The contractor shall provide an adequate number and mix of specialty providers to satisfy the contract requirements to ensure adequate access to appropriate types and levels of care. Appointments for specialty care shall be scheduled by contractor within five (5) calendar days of receipt of consult from CFP, or as otherwise agreed.

The agency maintains the right to cancel patient appointments at any time.

In addition to the above listed specialty services, contractor must have professional staff who are currently privileged (i.e., having hospital admission authority) at the contractor’s designated medical facility, or have the capability of obtaining privileges within 30 days of a contract award. All categories of staff provided by the contractor shall meet licensing and credentialing requirements of CFP and be consistent with community standards to include current competency assessments of non-licensed ancillary health care providers. Documentation of annual competency assessments will be provided to the CFP by the contractor. In addition, contract staff must agree to comply with the licensure and credentials directives of the CFP. The contractor is responsible for conducting primary source verification on applicable providers and querying the National Practitioner Data Bank about each provider upon initial appointment and every two years thereafter. All health services providers shall carry indemnification and medical liability insurance.

SecureCare will provide comprehensive inpatient/outpatient physician and other medical services. It is estimated that these services will include but are not limited to the following sub-specialty areas:

- | | |
|-----------------------|---------------------|
| Allergy | Hyperlipid |
| Arthritis | Hypertension |
| Autopsies | Internal Medicine |
| Breast Care | Nephrology |
| Chemotherapy | Neurology |
| Dental/Oral Surgery | Neurosurgery |
| Dermatology | Nuclear Medicine |
| Detoxification | Obstetrics |
| Dialysis | Oncology |
| General Medicine | Ophthalmology |
| Cardiology | Orthopedic |
| Endocrinology & Metab | Otorhinolaryngology |
| Gastroenterology | Pathology |
| Geriatrics | Pulmonary Medicine |
| Gynecology | Physical Therapy |
| Surgery | Cystometrics |
| - General | Echocardiogram |
| - Burn | EEG |
| - Plastic | EKG |
| - Thoracic | EMG |
| - Vascular | MRI |
| Urology | Radiology |
| Urgent Care/ER | Ultra Sound |
| ADSU | X-Ray |
| Colonoscopy | OP Surgery |
| CT Scans | Speech Therapy |

SecureCare will provide an adequate number and mix of specialty providers to satisfy the contract requirements. The majority of the sub-specialty offices are within a 15 mile radius of the CFP. For all non-emergent specialty care referrals, the CFP will be notified within five calendar days from the date of receipt of the future appointment date, unless otherwise specified by the CFP ordering physician.

SecureCare understands that the CFP retains the right to cancel appointments at any time. However, the CFP may be responsible for a cancellation fee from the provider if the appointment is cancelled with less than 24 hour notice per provider’s policy.



SecureCare will minimize waiting time for specialty appointments to ensure the safety and security of the patient and the escorting security staff. This will also assist in decreasing costs related to patient transports.

All professional staff with SecureCare will have admitting privileges within the Saint Joseph Mercy Health System. Professional staff will be credentialed through the Saint Joseph Mercy Health System. This credentialing process exceeds the credentialing requirements of the CFP. Credentialing documentation will be provided to the CFP upon request. (See Attachment H for Physician Credentialing requirements).

UTILIZATION MANAGEMENT:

The contractor shall subscribe to the Utilization Management Program goal of the CFP, which is to ensure the patients receive timely, appropriate, and coordinated health care services to maximize patient outcome within available resources. Outcomes associated with achievement of this goal are maintenance of quality health care and cost savings resulting from elimination of duplicate/unnecessary services and potentially decreasing the duration of care required when clinically appropriate. Each component of the Utilization Management Program supports the overall goal and contributes in some way to the associated outcomes. The contractor shall provide a Utilization Management Program consisting of, but not limited to, the following:

1. Pre-admission certification. Includes a pre-authorization for both admissions and ambulatory surgeries.
2. Concurrent Review. Includes examination and utilization of specific services, inpatient and/or outpatient, to assess medical necessity and appropriateness. The contractor shall monitor length of stay for all inpatient admissions as part of the concurrent review function.
3. Case Management. Includes a method of managing the provision of health care to patients with catastrophic high-cost medical conditions. The purpose of this program is to coordinate the care so as to both improve continuity and quality of care as well as lower costs.

Discharge Planning. Includes discharge planning for all admissions. This function may be administered centrally at the contractor's medical facility. The purpose of discharge planning will ensure patients are discharged from medical facilities at the appropriate time.

1.102 OUT OF SCOPE

The contractor will not directly supervise, in accordance with the Civil Service definition of supervision, any agency staff, even though, where applicable, they will provide clinical supervision to nurses, other professional support staff, residents, and students in the care and treatment of patients.

SecureCare understands that it will not directly supervise, in accordance with the Civil Service definition of supervision, any agency staff, even though, where applicable, they will provide clinical supervision to nurses, other professional support staff, residents, and students in the care and treatment of patients.

EQUIPMENT AND SUPPLIES:

Contractor furnished equipment under this agreement shall be made only upon approval of CFP. Any equipment or supplies provided by the contractor to CFP shall remain the property of the contractor and shall be removed upon the completion of the contract or upon written request of the contract administrator. Any necessary equipment maintenance and/or repair shall be the responsibility of the contractor. Contractor must provide written documentation of annual inspections and results of inspection to agency to ensure equipment works in accordance with manufacturers standards.

SecureCare understands that any furnished equipment under this agreement shall be made only upon approval of CFP. Any equipment or supplies provided by SecureCare to CFP shall remain the property of the contractor and shall be removed upon the completion of the contract or upon written request of the contract administrator. Any necessary equipment maintenance and/or repair shall be the responsibility of SecureCare. SecureCare will provide written documentation of annual inspections and results of inspection to agency to ensure equipment works in accordance with manufacturer standards.



1.103 ENVIRONMENT

The medical services are provided to consumers residing in the psychiatric hospital known as the Center for Forensic Psychiatry.

SecureCare understands that any furnished equipment under this agreement shall be made only upon approval of CFP. Any equipment or supplies provided by SecureCare to CFP shall remain the property of the contractor and shall be removed upon the completion of the contract or upon written request of the contract administrator. Any necessary equipment maintenance and/or repair shall be the responsibility of SecureCare. SecureCare will provide written documentation of annual inspections and results of inspection to agency to ensure equipment works in accordance with manufacturer standards.

1.104 WORK AND DELIVERABLE

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

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

ADMISSION PROCEDURES:

There shall be an open line of communication between contract physicians and CFP to ensure that only those services ordered by the institution are provided, unless required for intervention in a life-threatening emergency. In the event of a life-threatening emergency, the contractor shall contact the CFP clinical nurse within a 24-hour time period or the next normal working day. Prior to admitting a patient for inpatient services, scheduling outpatient surgery, or ordering a session for outpatient services, CFP may elect to conduct a pre-certification and/or consultative review of the patient through on-line electronic communication methods.

Admission procedures for referring patients to the contractor's facility shall be as follows:

1. The contract physician or CFP physician recommends the patients admission to the Clinical Director. Consult form is sent to the clinical nursing office.
2. The Clinical Director reviews all associated documentation to include the referral request, decides the course of action, and if a medical trip is appropriate. If inpatient admission is necessary, CFP will secure all necessary facility approval. Original consult and patient chart to accompany patient to appointment or ER. Copy of consults faxed to contractor.
3. In non-emergency and emergency cases, CFP shall be responsible for transportation of the patient to the contractor's arranged facility. In the event an emergency case requires the contractor to arrange for transportation, contractor will recognize the requirements for service contained with CFP's contractual agreement with the Huron Valley Ambulance Service.
4. The contract physician is responsible for all inpatient/outpatient care to include but not be limited to: conducting rounds, ordering tests, performing surgery, and processing discharges.
5. Upon discharge, CFP staff shall transport patient to CFP facility.
6. A copy of all physician care related documents (e.g., Discharge Summary) shall be forwarded to CFP within the time specified previously in this agreement.

SecureCare will have an open line of communication with the CFP twenty-four hours per day, seven days per week, to ensure that only those services ordered by the institution are provided by the sub-specialist or the hospital, unless required for intervention in a life-threatening emergency. SecureCare will contact the CFP Clinical Nurse with information within a twenty-four hour time period or the next working day (as information becomes available) in the event of a life-threatening emergency, or sooner if so desired by the CFP. SecureCare understands that prior to admitting a patient for inpatient services, scheduling outpatient surgery, or ordering a session for outpatient services, CFP may elect to conduct a pre-certification and/or consultative review of the patient through on-line electronic communication methods.

The following procedures will occur if a patient's medical condition requires transport for hospital admission:



1. The contract physician or CFP physician recommends the patient's admission to the Clinical Director. Consult form is sent to the clinical nursing office.
2. The Clinical Director reviews all associated documentation to include the referral request, decides the course of action, and if a medical trip is appropriate. If inpatient admission is necessary, CFP will secure all necessary facility approval. Original consult and patient chart to accompany patient to appointment or ER. Copy of consults faxed to SecureCare.
3. In non-emergency and emergency cases, CFP shall be responsible for transportation of the patient to SecureCare's arranged facility. In the event an emergency case, the CFP may utilize the Huron Valley Ambulance Service (HVA) per their contractual agreement with HVA.
4. Specialists utilized by SecureCare will be responsible for all inpatient/outpatient care. This will include, but not be limited to, conducting hospital rounds, ordering tests, performing surgery, and processing discharges.
5. Upon discharge, CFP staff shall transport the patient to the CFP facility.
6. SecureCare will forward a copy of all physician care related documents to the CFP within five business days (or sooner) of discharge.
7. SecureCare will collaborate with sub-specialists and discharging physicians for hospitalized patients to ensure compliance with CFP formulary. In rare circumstances, where a patient's medical condition requires a non-formulary medication, the CFP Clinical Director will be contacted prior to discharge back to the facility. If needed, SecureCare will assist in obtaining the non-formulary medication.

OUTSIDE REFERRALS:

Contract physicians shall only prescribe pharmaceutical drugs that are listed in the approved formulary. Requests for exemptions shall be submitted to the Clinical Director, who will obtain the required approvals.

As part of the Discharge Instructions, the issuance of sample medication to the CFP patient is prohibited.

SecureCare will assure that sub-specialist only prescribe pharmaceutical drugs that are listed in the approved formulary. Requests for exemptions will be submitted to the Clinical Director, or their designee, who will obtain the required approvals.

Sample medication will not be issued to the CFP patients.

SecureCare will forward all professional referrals to the CFP Clinical Director for their review and decision. SecureCare will not transfer a patient to another medical facility, except emergency cases, without advance authorization by authorized CFP staff.

MEDICAL RECORDS:

Regardless of the type of service provided, all contractor evaluations and treatment shall be completely documented and signed by the attending physician. Upon request, authorized CFP staff shall have access to and obtain copies of all patient medical records, evaluation and treatment reports prepared at the contractor's facility. Patient medical records will be subject to review by the CFP for validation of payment and verification of services rendered. Any request for copies of a patient's medical records by the patient or a third party shall be directed to the clinical nurse for processing.

Hospital, clinic and emergency room staff are prohibited from releasing patient information to CFP staff. All inquiries must route through the contractor.

At the time of a patient's discharge, whether for inpatient or outpatient services, the contractor shall provide the CFP with documented discharge instructions, completed by the attending physician. All other reports, including an official written discharge summary, shall be provided to the clinical nurse within ten business days of the patient's discharge.



SecureCare will ensure that all evaluations and treatments will be completely documented and signed by the attending physician. Upon request, authorized CFP staff will have access to and obtain copies of all patient medical records, evaluation and treatment reports. Patient medical records will be reviewed by SecureCare for validation of payment and verification of services rendered. Any request for copies of a patient's medical records by the patient or a third party will be directed to the Clinical Director for processing.

SecureCare requires all healthcare providers and hospitals to maintain confidentiality with regards to patient medical records and to comply with all applicable state and federal laws.

At the time of a patient's discharge, whether for inpatient or outpatient services, SecureCare will provide the CFP with documented Discharge Instructions, as provided by the attending physician. All other reports from appointments coordinated by SecureCare, including an official written Discharge Summary, shall be provided to the CFP within ten business days (or sooner) of the patient's discharge.

MEDICAL STANDARDS:

It is CFP's preference to obtain the services of a contractor that is accredited by the Joint Commission on Accreditation of Healthcare Organizations (JCAHO). Providers who maintain accreditation by JCAHO shall submit a copy of their current accreditation certificate as part of this contract. If a provider is accredited or certified by any other recognized professional accrediting body, the provider shall submit documentation validating this accreditation or certification.

SecureCare utilizes the Saint Joseph Mercy Health System, which is accredited by the Joint Commission on Accreditation of Healthcare Organizations (JCAHO). See Attachment G for a copy of their most recent JCAHO accreditation.

POLICIES, PROCEDURES AND REGULATIONS:

The contractor shall adhere to all Federal, state and local laws and regulations in effect during the term of this contract. The contractor shall adhere to all policies and procedures prescribed by the CFP relating to safety, custody, and conduct of patients. The CFP shall be responsible for the custody of any patient admitted to the contractor's facility for care and treatment. The contractor shall not supervise or discipline CFP staff or patients.

SecureCare will adhere to all federal, state and local laws and regulations in effect during the term of the contract. SecureCare will adhere to all policies and procedures prescribed by the CFP relating to safety, custody, and conduct of patients. The CFP will be responsible for the custody of any patient admitted to the contractor's facility for care and treatment. SecureCare will not supervise or discipline CFP staff or patients and will assure that providers associated with SecureCare do not supervise or discipline CFP staff or patients.

FEE SCHEDULE:

Contractor to provide to CFP a fee schedule for the most commonly utilized services by the patients.

The following is a preliminary analysis of the major tasks involved for developing the end product of this project. 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.

SecureCare will provide the CFP with a fee schedule upon request for the most commonly utilized services by the patients.

**INVOICING:**

The contractor shall:

1. Receive from hospitals with which the contractor has executed agreements, invoices for medical care provided to CFP patients referred for medical service by CFP.
2. Verify the appropriateness of the billing regarding the amount billed, the services provided and the eligibility of the patient served.
3. Reimburse affiliated contractor hospitals and physicians for each invoice, if verified. The contractor shall discount by 10% the charge by the affiliated contractor hospitals and physicians. In the event a service is provided by a non-contractor affiliate, contractor will forward patient bills directly to CFP for payment that will not include a predetermined discount.
4. After reimbursing the contractor affiliated hospitals and/or physicians, the contractor shall bundle the invoice per patient in a monthly invoice and submit to CFP. CFP shall reimburse the contractor within 30 days.
5. Monitor and manage necessary hospitalizations to ensure the earliest possible discharge back to CFP. Provide daily monitoring of all inpatients for appropriateness of procedures, care and "needless" days in the hospital. Contractor responsible for coordination of efforts with hospital to expedite the discharge of patients that can be medically managed at CFP. A dedicated inpatient physician works with contractor to assist with patient care and discharge.
6. Assist in minimizing CFP staff time off-site with medical transfers. Officer transport time and inpatient observation is minimized whenever possible to assist in decreasing costs to CFP.
7. Segregate inpatient and outpatient charges based on DCH definitions in Administrative Guidelines and as follows:
 - a. Clinic, outpatient and emergency room charges that do not result in hospital admission.
 - b. Inpatient, physician services for inpatient and emergency room charges associated with hospital admission.

CFP shall withhold payments from the contractor for invoices submitted by physicians and/or hospitals that are inappropriate due to the amount billed, service provided, patient served or other invoice error. The contractor shall be financially responsible for over-payments to physicians and/or hospitals and for payment errors.

The proposed rates apply to the usage of the following hospitals and their affiliated Urgent Care facilities. Hospitals include:

- Saint Joseph Mercy Hospital, Ann Arbor, MI
- Saint Joseph Mercy Hospital, Saline, MI
- Other specialty facilities as appropriate/necessary to obtain specialized services which includes University of Michigan, Ann Arbor, MI

SecureCare will submit properly priced invoices for services rendered to CFP patients. In addition, SecureCare will provide managed care oversight, which will compliment the services to be provided under this contract.

SecureCare will segregate inpatient and outpatient charges based on Department of Community Health (DCH) definitions in Administrative Guidelines and as follows:

- a. Clinic, outpatient and emergency room charges that do not result in hospital admission.
- b. Inpatient, physician services for inpatient and emergency room charges associated with hospital admission.

The proposed rates apply to the usage of the following hospitals and their affiliated Urgent Care facilities. Hospitals include:

- Saint Joseph Mercy Hospital, Ann Arbor, MI
- Saint Joseph Mercy Hospital, Saline, MI

These oversights will include paid medical claim review/analysis and utilization/case management as described in the next section.

**PAID BILLING REVIEW/ANALYSIS:**

The contractor shall provide and operate a centralized billing system for processing, adjudication, development and control that will facilitate the processing of medical billings. Billings for inpatient, outpatient and emergency services must be segregated.

1. Billing adjustment, receipt, and control. The contractor shall provide for a system of medical bills receipt (i.e., invoices), control, and distribution which will enable it to ensure that all hard copy medical billings are stamped with an internal control number (ICN) and that ICN is entered into an automated data processing system.
 - A. The contractor shall ensure that its health care providers forward to the contractor all billings for medical services rendered to patient beneficiaries. Complete consolidated invoices shall be submitted to the CFP within 90 calendar days after the services are rendered. Services provided over an extended period of time to the same patient (i.e., greater than 30 consecutive days), shall be billed upon the patient's discharge. Invoices containing billing discrepancies will be rejected by the CFP in accordance with the terms and conditions of this contract. Upon resubmission, a corrected invoice shall be submitted as an original invoice bearing the date of the resubmission.
 - B. All services provided under this contract, whether by the contractor or by subcontractor, shall be billed by the contractor at the established contract rate.
 - C. Within ten (10) calendar days of receipt, the contractor must be able to identify and retrieve all billings, including attached documents, through final disposition, by each of the following:
 1. Patient's name; and
 2. Internal Control Number
2. Duplicate billing checks. The contractor shall screen and adjudicate billings to ensure the duplicate billings are retrieved.
3. Price and adjudication. The contractor shall price and adjudicate medical billings according to established contract rates. After rate setting and adjudication, the contractor shall forward a comprehensive medical billing, which will be one bill encompassing services provided for each patient, to the CFP for review and concurrence. Medical billing shall be paid by the CFP in accordance with the invoicing procedures set forth in the contract. Charges for services submitted by all medical providers will be made available to the CFP for review and concurrence.
4. Medical bill filing. The contractor health care providers shall be responsible for centralized billing paperwork and filing for all medical care provided under the contract.
 - A. Billing form submission. The health care provider shall submit centralized bills on Health Services Claim Form HCFA-1500 for outpatient services, and UB-92 for inpatient services.
 1. HCFA-1500 invoices shall be submitted with an invoice summary-listing first by specialty, then by delivery order number, the following information (in the order listed):
 - a. Date of service
 - b. Last name
 - c. First name
 - d. Patient register number
 2. UB-92 invoices shall be submitted with an invoice summary listing by delivery order number and the following information (in the order listed):
 - a. Last name
 - b. First name
 - c. Patient number
 - d. Date of service
 - e. Billed amount



- B. The contractor shall provide summary billing with all UB92 and related back up.
- C. Paid billing analysis. The contractor shall provide a summary paid billing analysis report to the CFP on a quarterly basis. Reports must be submitted to the CFP by the tenth calendar day of the following month for the previous reporting period. The format for this report shall be mutually agreed-upon by the contractor and the CFP.

SecureCare operates a centralized billing system for processing, adjudication, and development and control which facilitates the processing of medical billings. Billings for inpatient, outpatient, and emergency services will be segregated.

1. Billing Adjustment, Receipt, and Control.

SecureCare has a system of medical bills receipt (i.e. invoices), control, and distribution which enables it to ensure that all hard copy medical billings are stamped with an internal control number (ICN) and that ICN is entered into an automated data processing (ADP) system.

- a. SecureCare will ensure that its health care providers forward all billings for medical services rendered to CFP patients. Complete consolidated invoices will be submitted to the CFP within 90 calendar days or sooner after the services are rendered on an outpatient basis or discharge from hospital. When invoices containing billing discrepancies are rejected by the CFP, a corrected invoice will be submitted within 30 days as an original invoice bearing the date of resubmission. On occasion a CFP patient may require health services from an institution other than the St. Joseph Mercy Health System (e.g. the University of Michigan Medical Center). SecureCare will make every attempt to assure that the CFP receives invoices within 90 days. However, on occasion, there have been incidences that the University of Michigan has delayed billing. If this should occur, SecureCare will notify the CFP Accounting Department.
- b. All services provided under this contract will be billed by SecureCare at the established contract rate, unless provider is a non-participant.
- c. Within ten (10) calendar days of receipt, SecureCare will identify and retrieve all billings, including attached documents, through final disposition, by each of the following:

* CFP Patient's Name

* Internal Control Number

- 2. SecureCare will screen and adjudicate billings to ensure duplicate billings are retrieved.
- 3. SecureCare will price and adjudicate medical billings according to established contract rates. After rate setting and adjudication, SecureCare will forward a comprehensive medical billing, which will be one bill encompassing services provided for each patient, to the CFP for review and concurrence. Medical billings will be paid by the CFP in accordance with the invoicing procedures set forth in the contract. Charges for services submitted by all medical providers will be made available to the CFP for review and concurrence, upon request.
- 4. SecureCare health providers will be responsible for centralized billing paper work and filing for all medical care provided under the contract.
 - a. With centralized bills SecureCare will submit copies of Health Services Claim Form HCFA-1500 for Outpatient Services and form UB-92 for Inpatient Services when received from provider.
 - 1. HCFA-1500 invoices will be submitted with an invoice summary listing first by specialty, then by delivery order number, the following information:
 - a. Date of service
 - b. Last Name
 - c. First Name
 - d. Patient Register Number
 - e. Date of Birth
 - f. Service CPT Code
 - g. Original Charge
 - h. Contract Rate



2. UB-92 invoices will be submitted with an invoice summary listing by delivery order number with the following information:
 - a. Date of service
 - b. Last Name
 - c. First Name
 - d. Patient Register Number
 - e. Date of Birth
 - f. DRG (Inpatient Diagnosis Code) when applicable
 - g. Original Charge
 - h. Contract Rate
3. SecureCare and the CFP will coordinate the preferred billing format.
- b. SecureCare will provide a Summary Analysis Report of all off-site trips to the CFP on a monthly basis. Reports will be submitted to the CFP by the tenth calendar day of the following month for the previous reporting period. The format for this report will be mutually agreed-upon by SecureCare and the CFP.

PRICING DEFINITIONS:

Under the terms of this contract, the following examples (which are not all-inclusive) represent coverage elements under the pricing categories.

1. Facilities Services Inpatient. Includes but not limited to admissions associated with room, board, nursing care, and related ancillary services and supplies (i.e., pharmacy, T.V., central supplies). An inpatient day shall be equivalent to an actual overnight admission to the contractor's designated medical facility.
2. Facility Services Outpatient Visit. Includes but not limited to preoperative and emergency room facilities and care, pharmacy, and central supplies. An outpatient visit shall be considered as either an emergency room visit or pre-scheduled outpatient surgery or procedure where the actual length of stay does not exceed a 24-hour period.
3. Physician Services Outpatient Visit. Includes but is not limited to initial work-up and outpatient surgical procedures.
4. Physician Services Inpatient Visit. Includes but is not limited to initial and follow-up encounters and procedures.

SecureCare acknowledges and agrees that under the terms of this contract, the following examples (which are not all-inclusive) represent coverage elements under the pricing categories.

1. Facilities Services Inpatient. Includes but not limited to admissions associated with room, board, nursing care, and related ancillary services and supplies (i.e., pharmacy, T.V., central supplies). An inpatient day shall be equivalent to an actual overnight admission to the contractor's designated medical facility.
2. Facility Services Outpatient Visit. Includes but not limited to preoperative and emergency room facilities and care, pharmacy, and central supplies. An outpatient visit shall be considered as either an emergency room visit or pre-scheduled outpatient surgery or procedure where the actual length of stay does not exceed a 24-hour period.
3. Physician Services Outpatient Visit. Includes but is not limited to initial work-up and outpatient surgical procedures.
4. Physician Services Inpatient Visit. Includes but is not limited to initial and follow-up encounters and procedures.



1.2 Roles and Responsibilities

1.201 CONTRACTOR STAFF, ROLES, AND RESPONSIBILITIES

POINT OF CONTACT:

Contractor to provide point of contact responsible (POC) for contract including name, pager and telephone numbers. Response time not to exceed 15 minutes. An alternate POC may be designated, however the contractor must provide 24-hour advance notification to facility if alternate point of contact is to be used. POC is responsible for the delivery of health service under this contractual agreement. The POC shall have the full authority to act on behalf of the contractor in all matters relating to the daily operations of the contracted health services. The contractor shall designate this individual in writing to the contract administrator prior to the beginning date of this contract.

All contractor personnel performing services under this contractual agreement shall have the ability to read, understand, fluently speak, and legibly write the English language.

SecureCare will provide a Point of Contact (POC) who will be responsible for the delivery of health services under this contract. The POC will have the full authority to act on behalf of SecureCare in all matters relative to the daily operation of the contracted health services. The Point of Contact responsible for this contract will be:

Kathy Laginess, RN, MBA
Automatic Paging System: (734) 975-8400 x 106 (Response time < 10 min)
Personal Pager: (800) 821-0588 (Response time < 10 min)
Office: (734) 975-8400 x. 103

An alternative POC will be designated and the CFP informed when the primary POC is unreachable by pager. The CFP will be notified at least 24 hours in advance if the alternate POC will be responsible for the contract. The alternate Point of Contact will be:

Deborah Krc, RN, MBA
Automatic Paging System: (734) 975-8400 x 106 (Response time < 10 min)
Personal Pager: (888) 377-5681 (Response time < 10 minutes)
Office: (734) 975-8400 x. 102

PROFESSIONAL STAFF QUALIFICATIONS/CREDENTIALING:

The contractor shall provide professional staff that have appropriate education qualifications, experience, and licensure to commensurate with the particular job responsibilities. Professional staff shall only perform those duties for which their position, certification, and licensure dictate. Medical specialists (e.g., cardiologists, orthopedics, surgeons, etc.) shall have appropriate current board certification to perform all applicable specialty services. Professional staff shall possess valid current license/registration to practice medicine within the jurisdiction where the service will be provided. The contractor shall provide upon request, verification of methods utilized for credentialing.

The contractor shall provide professional staff who have obtained a minimum of 18 months of experience within the past 24 months in the medical specialties listed within this contract. Only professional staff holding appropriate current licensure and offering evidence of primary source verification shall be considered eligible to perform under this contract. The contractor shall be required to document primary source verification of the credentials for each provider including: current license from the appropriate State Board of Medical Examiners, education from professional schools or universities, evidence of completion of internships and/or residencies as appropriate. These verifications must be provided upon request. A copy of the contractor's policy on primary source verification of credentials, sample forms, and a sample of a provider who has been primary source verified by the contractor should be provided in the technical proposal.

SecureCare will provide professional staff that will have appropriate educational qualifications, experience, and licensure commensurate with the particular job responsibilities, as required by CFP regulation and outside governing bodies. Professional staff will only perform those duties for which their position, certification, and licensure dictate. Medical specialists will have appropriate current board certification to perform all applicable specialty services. Professional staff will possess valid current license/registration to practice medicine in the State of Michigan. SecureCare will submit copies of licenses to the Contracting Officer, upon request, on an annual basis to coincide with contract option renewal dates.



SecureCare will provide professional staff that will have obtained a minimum of 18 months of experience within the past 24 months in the medical specialties. Only professional staff (i.e., physicians) holding appropriate current licensure and offering evidence of primary source verification will be eligible to perform under this contract. SecureCare works collaboratively with the Director of Credentialing at Saint Joseph Mercy Health System who documents primary source verification of the credentials for each provider. This includes a current license from the appropriate State Board of Medical Examiners, education from professional schools or universities, and evidence of completion of internships and/or residence as appropriate. These verifications will be provided to the Contracting Officer upon request. (See Attachment H for Physician Credentialing Criteria Requirements.)

CLINICAL PRIVILEGING REQUIREMENTS:

When services are provided at the contractor's facility, the contractor shall make available for inspection by designated CFP officials, the physician's privileging documents and any documentation used to grant those privileges. Any adverse actions taken to suspend, limit, or revoke any of the clinical privileges of any contract physician performing services under this contract shall be immediately brought to the attention of CFP. If additional specialists are added to the contractors or subcontractor's staff, those individuals must have privileges at the contractor's facility.

Upon request, SecureCare will make available for inspection by designated CFP officials the physician's privileging documents and any documentation used to grant those privileges (i.e., peer review, Quality Assessment and Improvement results). Any adverse actions taken to suspend, limit, or revoke the clinical privileges of a physician performing services under this contract will be brought immediately to the attention of the Contracting Officer.

All physician specialists contracted by SecureCare have privileges at Saint Joseph Mercy Health System, the SecureCare contracted health care facility.

EMPLOYEE HEALTH REQUIREMENTS:

The contractor shall ensure that all contract health services staff is free of infectious diseases. Any individual performing medical services under this contract who subsequently develops a medical condition which might reasonably be expected to place other workers, patients, or the public at risk shall be immediately removed from activities requiring performance of invasive procedures and activities which might reasonably be expected to place other workers, patients, or the public at risk. In any such case, the contractor shall be responsible, at no additional cost to CFP, for securing the services of any replacement personnel required for contract performance.

The contractor shall ensure that its employees are in compliance with preventive, prophylactic, and follow-up procedures, as well as infection control and employee health program procedures.

The contractor shall ensure that all contract health services staff is free of infectious diseases. Any individual performing medical services under this contract who subsequently develops a medical condition which might reasonably be expected to place other workers, patients, or the public at risk shall be immediately removed from activities requiring performance of invasive procedures and activities which might reasonably be expected to place other workers, patients, or the public at risk. In any such case, the contractor shall be responsible, at no additional cost to CFP, for securing the services of any replacement personnel required for contract performance.

The contractor shall ensure that its employees are in compliance with preventive, prophylactic, and follow-up procedures, as well as infection control and employee health program procedures.

PERSONNEL BACKGROUND INVESTIGATION:

If contract personnel are to provide services within the confines of CFP they shall have a criminal background investigation conducted. Results of the investigation must be cleared prior to employment on the grounds of CFP.



The following requirements apply only to those individuals delivering services inside the institution.

1. National Crime Information Center (NCIC)
2. CCH
3. SOS
4. LEIN
5. Resume/Personal qualifications

By signing the contract document, the contractor hereby agrees to complete the required documents and undergo the listed procedures. Any individual who does not pass the security clearances will be unable to work within the secure perimeter of the institution. The final determination and completion of the security investigation procedures will be made at the sole discretion of the CFP.

Once a contractor employee clears the initial screening requirements, each contractor employee must attend an orientation program at the institution. The purpose of this program is to familiarize contractor employees with CFP operations, the institution, and general rules of conduct and procedures inside the institution. Contractor employees shall adhere to all institution regulations regarding conduct and performance. Contractor employees will be allowed access to the institution at the sole discretion of the director of the facility. Any individual performing under this contract may be removed if it becomes apparent that his or her conduct does not reflect the conduct of that prescribed for those people performing under non-personal service contracts.

If SecureCare personnel or subspecialists perform duties within the confines of the CFP, they will cooperate with the background investigation conducted in accordance with CFP standards.

CONTRACTING OFFICER'S TECHNICAL REPRESENTATIVE (COTR):

1. The clinic nurse at the Center for Forensic Psychiatry, Milan, Michigan, is hereby designated to act as contracting officer's technical representative (COTR) under this contract.
2. The COTR is responsible, as applicable for: providing direction to the contractor which clarifies the contract effort, fills in details or otherwise serves to accomplish the contractual scope of work; evaluating performance; and certifying all invoices/vouchers for acceptance of the supplies or services furnished for payment.



3. The COTR does not have the authority to alter the contractor's obligations under the contract, and/or modify any of the expressed terms, conditions, specifications, or cost of the agreement. If as a result of technical discussions, it is desirable to alter/change contractual obligations or the scope of work, the contracting officer shall issue such changes.

SecureCare understands the following:

1. The clinic nurse at the Center for Forensic Psychiatry, Milan, Michigan, will be designated to act as contracting officer's technical representative (COTR) under this contract.
2. The COTR is responsible, as applicable for: providing direction to the contractor which clarifies the contract effort, fills in details or otherwise serves to accomplish the contractual scope of work; evaluating performance; and certifying all invoices/vouchers for acceptance of the supplies or services furnished for payment.
3. The COTR does not have the authority to alter the contractor's obligations under the contract, and/or modify any of the expressed terms, conditions, specifications, or cost of the agreement. If as a result of technical discussions, it is desirable to alter/change contractual obligations or the scope of work, the contracting officer shall issue such changes.

1.202 STATE STAFF, ROLES, AND RESPONSIBILITIES

CONTRACTOR TRAINING AND COURTESY PRIVILEGES:

Contractor training and courtesy privileges may be extended by CFP medical staff and will be limited to care and treatment of CFP patients to ensure continuity of care.

SecureCare understands training and courtesy privileges may be extended by CFP medical staff and will be limited to care and treatment of CFP patients to ensure continuity of care.

1.203 OTHER ROLES AND RESPONSIBILITIES

QUALITY OF PATIENT CARE/NON-DISCRIMINATION:

The hospital professional service providers will provide CFP patients under the terms of this contract the same or equal services to those provided to non-CFP patients. Professional service providers shall be provided within accepted professional standards.

The contractor agrees to make no distinction among patients under this contract on the basis of race, color, creed, national origin, or physical condition include but are not limited to the following: denying any service of benefit or availability of a facility; providing any service or benefit to a patient which is different, or if provided in different manner or at a different time from that provided to other patients under this contract; subjecting a patient segregation or separate treatment in any manner related to his receipt of any service; restricting a patient in any way in the enjoyment of an advantage or privilege enjoyed by others in determining whether he satisfies any admission, enrollment quota, eligibility, membership or other requirement or condition which an individual must meet in order to be provided any service or benefit; the assignment of time or places for the provision of services on the basis of race, color, creed, or national origin of the patients served.

SecureCare, Saint Joseph Mercy Health System, and the professional service providers will provide services to the CFP patients under the terms of this contract that are the same or equivalent to those provided to non-CFP patients. Professional services will be provided within accepted professional standards.



SecureCare, Saint Joseph Mercy Health System, and the professional service providers agree to make no distinction among patients under this contract on the basis of race, color, creed, national origin, physical condition, or any other reason prohibited by applicable law. SecureCare ensures this contract will not deny any service or benefit or availability of a facility, provide any service or benefit to a patient which is different, or if provided in a different manner or different time from that provided to other patients under this contract, subject a patient to segregation or separate treatment in any manner related to his receipt of any service, restrict a patient in any manner related to his receipt of service, restrict a patient in any way in the enjoyment of an advantage or privilege enjoyed by others in determining whether he satisfies any admission, enrollment quota, eligibility, membership or other requirement or condition which an individual must meet in order to be provided any service or benefit, be assigned a time or place for the provision of services on the basis of race, color, creed, or national origin of the patients served.

3.3 Project Plan

1.301 PROJECT PLAN MANAGEMENT

The designated Agency Project Managers is:

Steve Kenzie, Administrative Officer
Center for Forensic Psychiatry
8303 Platt Road
Saline, MI 48176
Phone: 734-295-4202
Fax: 734-429-2099

REVIEWS:

The contracting officer or designee is authorized to review by on-site survey, review of records, or by any other reasonable manner, the quality of care rendered under this contract.

The provider shall furnish medical information including a narrative summary when requested by the contracting officer or designee. Adequate records shall be maintained to reflect accuracy with respect to claims submissions as well as for quality and appropriateness of care. All records shall be subject to review by the contracting officer or other delegated representative of the CFP.

SecureCare understands that Steve McKenzie, Administrative Officer is the contracting officer. Mr. Kenzie or his designee is authorized to review by on-site survey, review of records, or by any other reasonable manner, the quality of care rendered under this contract.

SecureCare will furnish medical information including a narrative summary when requested by the contracting officer or designee. Adequate records shall be maintained to reflect accuracy with respect to claims submissions as well as for quality and appropriateness of care. All records shall be subject to review by the contracting officer or other delegated representative of the CFP.

1.302 REPORTS

I. Project Control

1. The Contractor will carry out this project under the direction and control of the Center for Forensic Psychiatry.



2. Although there will be continuous liaison with the Contractor team, the client agency's project director will meet monthly as a minimum, with the Contractor's project manager for the purpose of reviewing progress and providing necessary guidance to the Contractor in solving problems which arise.
 3. A work plan will be submitted for approval within 30 days of execution of contract.
- (l) The Contractor's project organizational structure.
- (1) The Contractor's staffing table with names and title of personnel assigned to the project. This must be in agreement with staffing of accepted proposal. Necessary substitutions due to change of employment status and other unforeseen circumstances may only be made with prior approval of the State.
- d. The Contractor will submit brief written monthly summaries of progress which outline the work accomplished during the reporting period; summary report design to be established upon mutual agreement between agency and contractor; work to be accomplished during the subsequent reporting period; problems, real or anticipated, which should be brought to the attention of the client agency's project director; and notification of any significant deviation from previously agreed-upon work plans. A copy of this report will be forwarded to the named buyer in Acquisition Services

SecureCare will collaborate with the CFP to meet or exceed the requirements of the contract.

Kathy Laginess, SecureCare's project manager, will be available to meet monthly and as needed with the CFP's Project Director.

SecureCare will submit a work plan within 30 days of execution of contract. See Attachment B for CFP's Project Organizational Structure.

SecureCare will submit monthly a mutually agreed upon report that summarizes the CFP project work for the previous month. Reports to be sent to the buyer in Acquisition Services in addition to others requested by CFP.

1.4 Project Management

1.401 ISSUE MANAGEMENT

Issues are those things that endanger the project. It includes imminent threats and events that may have already occurred. Propose a standard issue management process for managing this contract as part of your bid response. Include responsible parties, phone numbers, email addresses if relevant, and processes. Identify how issues will be captured, reported and escalated.

This project is impacted by funding that could be reduced not only due to budget constraints but impacted by consumer census levels. The funding could be reduced due to budget issues, which could result in only part of the deliverables being received. Additionally, due to increasing or decreasing consumer census levels, the amount of deliverables required could change.

CFP will have access to SecureCare Administration 24 hours a day, 7 days a week for any issues or concerns by contacting the automatic paging system at (734) 975-8400 ext. 106. In the event the CFP has not received a resolution that meets their expectation, they will be able to directly contact the SecureCare President/CEO, Kathy Laginess, at (734) 975-8400 ext. 103.



1.402 RISK MANAGEMENT

Risk and Issues are not the same. Risks are those things that you can assume or anticipate in a project. Issues are imminent threats or things that have already occurred. Risk management generally involves (1) identification of the risk, (2) assigning a level of priority based on the probability of occurrence and impact to the project, (3) definition of mitigation strategies, and (4) monitoring of risk and mitigation strategy. Risk assessment review should be conducted on a regular basis. Propose a standard risk management process for managing this contract as part of your bid response. Include responsible parties, phone numbers, email addresses if relevant, and processes.

CFP will have access to SecureCare Administration 24 hours a day, 7 days a week for any issues or concerns by contacting the automatic paging system at (734) 975-8400 ext. 106. In the event the CFP has not received a resolution that meets their expectation, they will be able to directly contact the SecureCare President/CEO, Kathy Laginess, at (734) 975-8400 ext. 103.

MEDICAL MALPRACTICE:

Except as provided elsewhere in this contract, the contractor shall provide and maintain medical malpractice and such other insurance during the period of this contract.

If the contractor or physician who is providing services under this contract has pending litigation or administrative proceedings that may affect his/her license to practice medicine or standing as a fellow member in a professional organization, full disclosure shall be provided to the clinical nurse within five calendar days upon official notification.

SecureCare will provide and maintain adequate medical liability insurance coverage consistent with the risks associated with the performance of this contract.

1.403 CHANGE MANAGEMENT

If a proposed contract change is approved by the Contract Compliance Inspector, the Contract Compliance Inspector will submit a request for change to the Department of Management and Budget, Acquisition Services Buyer, who will make recommendations to the Director of Acquisition Services regarding ultimate approval/disapproval of change request. If the DMB Acquisition Services Director agrees with the proposed modification, and all required approvals are obtained (including State Administrative Board), the Acquisition Services Buyer will issue an addendum to the Contract, via a Contract Change Notice. **Vendors who provide products or services prior to the issuance of a Contract Change Notice by the DMB Office of Acquisition Services, risk non-payment for the out-of-scope/pricing products and/or services.**

SecureCare understands that if a proposed contract change is approved by the Contract Compliance Inspector, the Contract Compliance Inspector will submit a request for change to the Department of Management and Budget (DMB), Acquisition Services Buyer, who will make recommendations to the Director of Acquisition Services regarding ultimate approval/disapproval of change request. If the DMB Acquisition Services Director agrees with the proposed modification, and all required approvals are obtained (including State Administrative Board), the Acquisition Services Buyer will issue an addendum to the Contract, via a written Contract Change Notice.

1.5 Acceptance

1.501 CRITERIA

The following criteria will be used by the State to determine Acceptance of the Services and/or Deliverables provided under this SOW.

Services must be presented in writing to the Agency Project Manager. Services must meet the agreed upon criteria between the Agency Project Manager and the Contractor. The Agency Project Manager must approve the services in writing to the Contractor within two weeks from the date of submittal. Any rejections of services shall be in writing to the Contractor and shall outline the reasons for rejection. A service plan must be submitted on June 6, 2006 for approval by the State Agency Project Manager.



SecureCare acknowledges and accepts that the following criteria will be used by the State to determine Acceptance of the Services and/or Deliverables provided under this SOW.

Services must be presented in writing to the Agency Project Manager. Services must meet the agreed upon criteria between the Agency Project Manager and the Contractor. The Agency Project Manager must approve the services in writing to the Contractor within two weeks from the date of submittal. Any rejections of services shall be in writing to the Contractor and shall outline the reasons for rejection. Upon receipt of the proposed contract, Kathy Laginess, SecureCare's Project Manager, will review, confirm, and approve the contract. Any questions or concerns will be directed to the Agency Project Manager.

1.502 FINAL ACCEPTANCE

The agency has the right to determine if the services are acceptable and the specified requirements are complete. Any intermediate acceptance of sub-Deliverables does not complete the requirement of Final Acceptance.

SecureCare acknowledges and agrees that the agency has the right to determine if the services are acceptable and the specified requirements are complete. Any intermediate acceptance of sub-Deliverables does not complete the requirement of Final Acceptance.

1.6 Compensation and Payment

1.601 COMPENSATION AND PAYMENT

Under the terms of this contract, the following examples (which are not all-inclusive) represent coverage elements under the pricing categories.

2. Facilities Services Inpatient. Includes but not limited to admissions associated with room, board, nursing care, and related ancillary services and supplies (i.e., pharmacy, T.V., central supplies). An inpatient day shall be equivalent to an actual overnight admission to the contractor's designated medical facility.
3. Facility Services Outpatient Visit. Includes but not limited to preoperative and emergency room facilities and care, pharmacy, and central supplies. An outpatient visit shall be considered as either an emergency room visit or pre-scheduled outpatient surgery or procedure where the actual length of stay does not exceed a 24-hour period.
4. Physician Services Outpatient Visit. Includes but is not limited to initial work-up and outpatient surgical procedures.
5. Physician Services Inpatient Visit. Includes but is not limited to initial and follow-up encounters and procedures.

SecureCare is able to accommodate under the terms of this contract, the following examples (which are not all-inclusive) that also represent coverage elements under the pricing categories. (Numbers below as appears in original Invitation to Bid)

2. Facilities Services Inpatient. Includes but not limited to admissions associated with room, board, nursing care, and related ancillary services and supplies (i.e., pharmacy, T.V., central supplies). An inpatient day shall be equivalent to an actual overnight admission to the contractor's designated medical facility.
3. Facility Services Outpatient Visit. Includes but not limited to preoperative and emergency room facilities and care, pharmacy, and central supplies. An outpatient visit shall be considered as either an emergency room visit or pre-scheduled outpatient surgery or procedure where the actual length of stay does not exceed a 24-hour period.
4. Physician Services Outpatient Visit. Includes but is not limited to initial work-up and outpatient surgical procedures.



5. Physician Services Inpatient Visit. Includes but is not limited to initial and follow-up encounters and procedures.

A complete pricing schedule is included in Article 1, Attachment A – Pricing.

ESTIMATED QUANTITIES:

Estimated quantities for all categories of services are provided below. The estimated quantities provided are not a representation to the contractor that the estimate quantities will be required or ordered or that conditions affecting requirements will be stable or normal.

Allergy	1
Arthritis	7
Dental/Oral Surgery	25
Dermatology	31
General Medicine	348
Cardiology	18
Endocrinology & Metab	13
Gastrology	27
Hypertension	12
Hyperlipid	1
Infectious Disease	12
Mammography	11
Gynecology	70
Nephrology	2
Neurology	24
Nuclear Medicine	4
Ophthalmology	40
Orthopedic	15
Otorhinolaryngology	20
Pulmonary Medicine	10
Surgery-General	15
Plastic	4
Urology	19
Urgent Care/ER	151
Other	119
Vascular Surgery	5
Colonoscopy	11
CT Scans	6
Echocardiogram	8
EEG	2
EKG	41
EMG	1
MRI	7
Radiology	8
Ultra Sound	10
X-Ray	5
OP Surgery	59
Physical Therapy	12
Speech Therapy	1

Ordering:

1. Any supplies and services to be furnished under this contract shall be ordered by issuance of delivery orders or task orders by the individuals or activities designated in the schedule. Such orders may be issued from the first day of the effective contract period through the last day of the effective contract period.
2. All delivery orders or task orders are subject to the terms and conditions of this contract. In the event of conflict between a delivery order or task order and this contract, the contract shall control.



3. If mailed, a delivery order of task order is considered "issued" when the facility deposits the order in the mail. Orders may be issued orally, or by electronic commerce methods only if authorized in the schedule.

Order Limitations:

1. No minimum order.
2. Maximum order. The contractor is not obligated to honor –
 - a) Any order for a single item in excess of \$5 million;
 - b) Any order for a combination of items in excess of \$5 million; or
 - c) A series of orders from the same ordering office within 30 days that together call for quantities exceeding the limitation in subparagraph (b) (1) or (2) of this section.

State shall pay Contractor for the performance of all activities necessary for or incidental to the performance of work as set forth in this SOW. Authorized Services and Price List as follows (use separate pages, marked as Article 1, Attachment A, if necessary for the price schedules relevant to each Statement of Work):

SecureCare is able to accommodate the estimated services needs listed in the Invitation to Bid as well as any additional offsite hospital needs that may occur.

B. Ordering

SecureCare acknowledges and agrees to the following:

1. Any supplies and services to be furnished under this contract shall be ordered by issuance of delivery orders or task orders by the individuals or activities designated in the schedule. Such orders may be issued from the first day of the effective contract period through the last day of the effective contract period.
2. All delivery orders or task orders are subject to the terms and conditions of this contract. In the event of conflict between a delivery order or task order and this contract, the contract shall control.
3. If mailed, a delivery order of task order is considered "issued" when the facility deposits the order in the mail. Orders may be issued orally, or by electronic commerce methods only if authorized in the schedule.

C. Order Limitations

SecureCare acknowledges and agrees to the following.

1. No minimum order.
2. Maximum order. The contractor is not obligated to honor –
 - a) Any order for a single item in excess of \$5 million;
 - b) Any order for a combination of items in excess of \$5 million; or
 - c) A series of orders from the same ordering office within 30 days that together call for quantities exceeding the limitation in subparagraph (b) (1) or (2) of this section.

State shall pay Contractor for the performance of all activities necessary for or incidental to the performance of work as set forth in this SOW. Please see the Pricing Schedule as follows in Article 1, Attachment A – Pricing.

1.7 Additional Terms and Conditions Specific to this SOW

1.701 ADDITIONAL TERMS AND CONDITIONS SPECIFIC TO THIS SOW

Contractor Job Qualifications – Knowledge, Skills and Abilities



NOTE: Considerable knowledge is required at the experienced level, and thorough knowledge is required at the advance level.

1. Knowledge of the principles and practices of medicine, surgery, psychiatry and neurology.
2. Knowledge of medications and their effects on physical and psychological disorders.
3. Ability to diagnose and treat mental illness/developmental disabilities in relation to physical conditions.
4. Ability to deal effectively with emotionally and developmentally disabled disturbed adults.
5. Ability to prescribe appropriate medications for the treatment of physical and psychological disorders.
6. Ability to review diagnostic reports.
7. Ability to communicate effectively with others.
8. Ability to maintain favorable public relations.

SecureCare acknowledges and agrees that considerable knowledge is required at the experienced level, and thorough knowledge is required at the advanced level of the following.

1. Knowledge of the principles and practices of medicine, surgery, psychiatry and neurology.
2. Knowledge of medications and their effects on physical and psychological disorders.
3. Ability to diagnose and treat mental illness/developmental disabilities in relation to physical conditions.
4. Ability to deal effectively with emotionally and developmentally disabled disturbed adults.
5. Ability to prescribe appropriate medications for the treatment of physical and psychological disorders.
6. Ability to review diagnostic reports.
7. Ability to communicate effectively with others.
8. Ability to maintain favorable public relations.

SecureCare has extensive experience administrating and monitoring off-site hospital services. Please see section 1B.201 for our prior experience, section 1B.202 for our staffing roles and responsibilities, and Attachment B for our organizational chart and staff resumes.



Article 1, Attachment A
Pricing

OPTION 1

A discount of 10% was requested in the Invitation to Bid. However, in light of SecureCare’s experience and good working relationship with the CFP, SecureCare is willing to extend a 12.5% discount on participating provider services.

Facility Services Inpatient	Standard hospital rate with a 12.5% discount. (Only applies to participating providers)
Facility Services Outpatient	Standard hospital rate with a 12.5% discount. (Only applies to participating providers)
Physician Services Outpatient	Standard hospital rate with a 12.5% discount. (Only applies to participating providers)
Physician Services Inpatient	Standard hospital rate with a 12.5% discount. (Only applies to participating providers)

Services provided by non-participating providers will be invoiced at the full standard amount.

In addition, for any CFP patient that has third party reimbursement, SecureCare will forward the insurance information to the participating provider. If the third party payer rejects the claim, the information will be forwarded to the CFP along with an invoice that includes the above discount if applicable. Any co-payment amounts or deductibles will be invoiced directly to the CFP with no discounts applied.

For all CFP patients that receive third party reimbursement for off-site hospital services, SecureCare will charge the following for patient processing:

Physician Services Inpatient	\$15.00 per patient visit.
Physician Services Outpatient	\$15.00 per patient visit.
Facility Services Outpatient	\$50.00 per patient visit
Facility Services Outpatient ER (Emergency & Urgent Care)	\$75.00 per patient visit.
Facility Services Inpatient	\$150.00 per day per patient.

Example 1

In the following example, assume a CFP patient, without personal third party reimbursement, was admitted to a participating hospital for three days.

	<u>Standard/Full Rate</u>	<u>Amount Invoiced to CFP</u>
Facility Inpatient Charges	\$10,000.00	\$8,750.00
Physician Inpatient Charges	<u>\$2,500.00</u>	<u>\$2,187.50</u>
Total:	\$12,500.00	\$10,937.50
	Savings:	\$1,562.50



Example 2

Assume the same situation has occurred as in the previous example but this patient has a personal third party reimbursement plan.

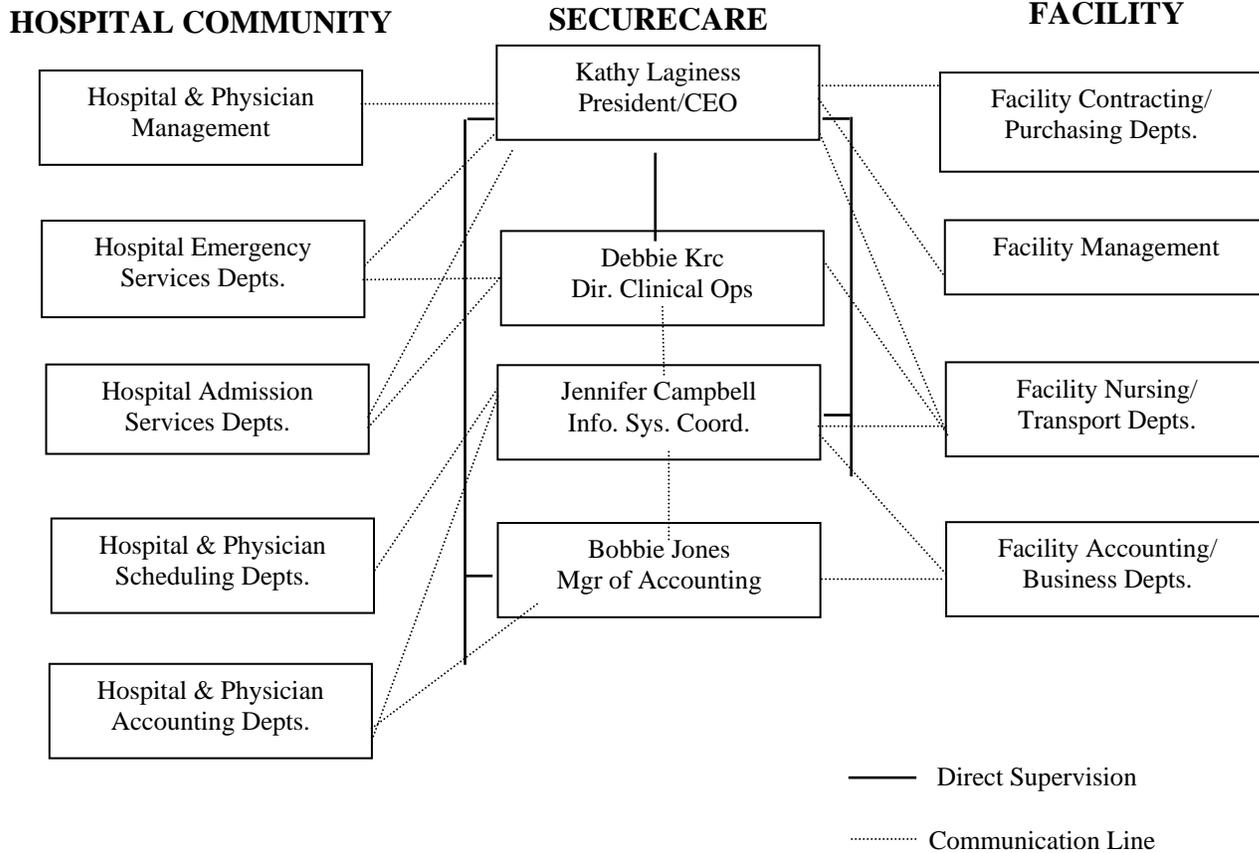
	<u>Amount Invoiced to CFP</u>
Facility Inpatient Processing Charges = \$150.00 x 3 days =	\$450.00
	<u>+ Any co-pays/deductibles</u>
Total:	\$450 + Any copay/deduc.



Article 1, Attachment B

Organizational Chart, including Key Personnel

Below is an organizational chart for SecureCare detailing the communication and direct supervision flow between the contracted facility and the local hospital community. Resumes for SecureCare personnel follow the chart.





Article 1, Attachment C
Labor Rates

Under the proposed contract, the facility is not contracting for on-site staff services. Please see Attachment A for a fee-per-service pricing schedule.



Article 1, Attachment D
Deliverables

Under the proposed contract, SecureCare will be providing off-site services only. There will be no tangible goods delivered to the facility. Please see Attachment E for a service Project Plan.

**Article 1, Attachment E**

Project Plan

The following is representative of SecureCare's plan to manage the CFP requested services for offsite facility and physician patient services, both inpatient and outpatient.

- A. **Contact Point** – There will be one contact point/person designated at SecureCare that will schedule and retrieve patient information for all in/outpatient appointments, procedures and hospitalizations. Having one central contact for the CFP will also assist in decreasing security risks that can be associated with too many personnel involved.
- B. **Emergency Transfers** – CFP authorized health services staff will contact SecureCare on-call administrator via pager, 24 hours per day 7 days per week. The patient information given to the administrator will be relayed to the emergency department at St. Joseph Mercy Health System. This assists with expediting the care received and also reduces security staff waiting time.

If the patient needs to be admitted, CFP will be notified for authorization. Case management is started when the patient is in the emergency department. This allows for information to be shared with the attending emergency department physician.

If the patient is admitted they are case managed daily, at the very minimum. Patient condition is forwarded to the CFP Clinical Nurse or their designee.

If the CFP wishes to transfer a medically stable patient to another hospital, SecureCare facilitates necessary arrangements.

- C. **Scheduling** – All scheduling will be handled through the SecureCare office, after CFP authorization. This increases continuity of care and decreases overlapping, while also decreasing security risks.
- D. **Centralized Billing** – Per patient, invoices received for facility and professional fees will be separated by inpatient and outpatient services on one invoice per patient and submitted to the CFP. If requested copies of the HCFA-1500 and UB-92 will be included. SecureCare will work closely with the CFP to develop a mutually agreeable invoice format.
- E. **Administrative Oversight** – SecureCare's point of contact (POC) will be responsible for contract oversight 24 hours per day. Any SecureCare personnel providing services related to this contract will be under the direct supervision of the POC.

SecureCare's POC will act as a liaison between the CFP and the medical provider or facility. If any non-medical issues arise regarding the patients or security staff, CFP will be notified immediately. Any outside patient inquiries will be forwarded to health services at the CFP.



Article 1, Attachment F
Service Level Agreement

A service plan must be provided on June 6, 2006 and must be approved by the Agency Project Manager at the initiation of the contract.



Article 2 – General Terms and Conditions

2.010 Contract Structure and Administration

2.011 Definitions

Capitalized terms used in this Contract (including its Exhibits) shall have the meanings given below, unless the context requires otherwise:

- (a) "Days" means calendar days unless otherwise specified.
- (b) "24x7x365" means 24 hours a day, seven days a week, and 365 days a year (including the 366th day in a leap year).
- (c) "Additional Service" means any Services/Deliverables within the scope of the Contract, but not specifically provided under any Statement of Work, that once added will result in the need to provide the Contractor with additional consideration. "Additional Service" does not include New Work.
- (d) "Amendment Labor Rates" means the schedule of fully-loaded hourly labor rates attached as **Article 1, Attachment C**.
- (e) "Audit Period" has the meaning given in **Section 2.111**.
- (f) "Business Day," whether capitalized or not, shall mean any day other than a Saturday, Sunday or State-recognized legal holiday (as identified in the Collective Bargaining Agreement for State employees) from 8:00am EST through 5:00pm EST unless otherwise stated.
- (g) "Incident" means any interruption in Services.
- (h) "Business Critical" means any function identified in any Statement of Work as Business Critical.
- (i) "Deliverable" means physical goods and/or commodities as required or identified by a Statement of Work
- (j) "Key Personnel" means any Personnel designated in **Article 1, Section 1.201 and/or Attachment B**, as Key Personnel.
- (k) "New Work" means any Services/Deliverables outside the scope of the Contract and not specifically provided under any Statement of Work, that once added will result in the need to provide the Contractor with additional consideration. "New Work" does not include Additional Service.
- (l) "Services" means any function performed for the benefit of the State.
- (m) "State Location" means any physical location where the State performs work. State Location may include state-owned, leased, or rented space.
- (n) "Subcontractor" means a company Contractor delegates performance of a portion of the Services to, but does not include independent contractors engaged by Contractor solely in a staff augmentation role.
- (o) "Work in Process" means a Deliverable that has been partially prepared, but has not been presented to the State for Approval.

2.012 Attachments and Exhibits

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

2.013 Statements of Work

- (a) The parties agree that the Services/Deliverables to be rendered by Contractor pursuant to this Contract (and any future amendments of it) will be defined and described in detail in Statements of Work or Purchase Orders (PO) executed under this Contract. Contractor shall not be obliged or authorized to commence any work to implement a Statement of Work until authorized via a PO issued against this Contract, or an amendment to this Contract (see 2.106). Contractor shall perform in accordance with this Contract, including the Statements of Work/Purchase Orders executed under it.
- (b) Unless otherwise agreed by the parties, each Statement of Work (as defined in Article 1) will include, or incorporate by reference to the appropriate Contract Article 1 Attachment containing, the following information:
 - a description of the Services to be performed by Contractor under the Statement of Work;
 - a project schedule (including the commencement and completion dates for all tasks, subtasks (for all projects of sufficient duration and complexity to warrant sub task breakdown), and Deliverables;
 - a list of the Deliverables to be provided, if any, including any particular specifications and acceptance criteria for such Deliverables, and the dates on which the Deliverables are scheduled to be completed and delivered to the State;
 - all Deliverable price schedules and other charges associated with the Statement of Work, the overall fixed price for such Statement of Work and any other appropriate pricing and payment terms;
- a specification of Contractor's and the State's respective performance responsibilities with respect to the performance or completion of all tasks, subtasks and Deliverables;



- a listing of any Key Personnel of Contractor and/or its Subcontractors for that Statement of Work and any future Statements of Work;
 - any other information or provisions the parties agree to include.
- (c) Reserved.
- (d) The initial Statements of Work, as of the Effective Date, are attached to this Contract.

2.014 Issuing Office

This Contract is issued by the Department of Management and Budget, Office of Acquisition Services ("OAS") and The Center for Forensic Psychiatry[insert agency] (collectively, including all other relevant State of Michigan departments and agencies, the "State"). OAS is the sole point of contact in the State with regard to all procurement and contractual matters relating to the Contract. **OAS 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 the Office of Acquisition Services for this Contract is:

Andy Ghosh, CPPB
Office of Acquisition Services
Department of Management and Budget
Mason Bldg, 2nd Floor
PO Box 30026
Lansing, MI 48909
Email – ghosha@michigan.gov
Phone – 517-373-7396

2.015 Contract Compliance Inspector

Upon receipt at OAS of the properly executed Contract, it is anticipated that the Director of DMB Acquisition Services, in consultation with (insert the end using agency), will direct that the person named below, or any other person so designated, be authorized to monitor and coordinate the activities for the 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 such Contract as that authority is retained by the Office of Acquisition Services.** The Contract Compliance Inspector for this Contract is:

Bethann A. Duffy
Department of Community Health
8303 Platt Rd.
Saline City, MI
Email – duffybe@michigan.gov
Phone – 734-295-4531

2.016 Project Manager

The following individual will oversee the project:

Name: Steve Kenzie
Department of Community Health
8303 Platt Road
SalineCity, MI, 48176
Email kenzie@michigan.gov
Phone: 734-295-4204
Fax: 734-429-2099

2.020 Contract Objectives/Scope/Background

2.021 Background

[This section should identify how this contract came to be. Any prior contracts or any laws that created the need for the project should be identified.]

2.022 Purpose

[This section should set forth in less than five sentences what the basic purpose of the Contract is. It should identify what the project is and whether this is a contract for goods or services or a mixture. This should be a very high level synopsis.]



The purpose statement must also include whether the Contract is state-wide, agency-specific, regional, DIT enterprise and whether it is to be an exclusive or non-exclusive Contract.]

2.023 Objectives and Scope

[This section should identify what basic outcomes should be achieved by the end of the Contract. It may also be used to identify what is not part of the Contract. This section will be used to interpret the remainder of the Contract if there is any ambiguity in what was being purchased. It is not necessary to repeat the Statement of Work in detail here and this Section may simply reference back to the appropriate SOW.]

2.024 Interpretation

Sections 2.021 through 2.023 are intended to provide background and context for this Contract and are not intended to expand the scope of the obligations under this Contract or to alter the plain meaning of the terms and conditions of this Contract. However, to the extent the terms and conditions of this Contract are unclear or otherwise ambiguous, such terms and conditions are to be interpreted and construed in light of the provisions of this Section.

2.025 Form, Function and Utility

If the 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.

2.030 Legal Effect and Term

2.031 Legal Effect

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 the Contract has been issued.

2.032 Contract Term

This Contract is for a period of three three-years commencing on the date that the last signature required to make the Contract enforceable is obtained. All outstanding Purchase Orders shall also expire upon the termination (cancellation for any of the reasons listed in 2.210) of the Contract, unless otherwise extended pursuant to the Contract. Absent an early termination for any reason, Purchase Orders issued but not expired, by the end of the Contract's stated term, will remain in effect for the balance of the fiscal year for which they were issued.

2.033 Renewal(s)

This Contract may be renewed in writing by mutual agreement of the parties not less than thirty (30) days before its expiration. The Contract may be renewed for up to two (2) additional one-year periods. Successful completion of negotiations surrounding the terms of the extension, will be a pre-requisite for the exercise of any option year.

2.040 Contractor Personnel

2.041 Contractor Personnel

(a) Personnel Qualifications. All persons assigned by Contractor to the performance of Services under this Contract shall be employees of Contractor or its majority-owned (directly or indirectly, at any tier) subsidiaries (or a State-approved Subcontractor) and shall be fully qualified to perform the work assigned to them. Contractor shall 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 shall 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.

(b) Key Personnel

(i) In discharging its obligations under this Contract, Contractor shall provide the named Key Personnel on the terms indicated. **Exhibit C** provides an organization chart showing the roles of certain Key Personnel, if any.

(ii) Key Personnel shall be dedicated as defined in **Exhibit C** 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.

(iii) The State will have 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 will notify the State of the proposed assignment, will introduce the individual to the appropriate State representatives, and will 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 will provide a written explanation including reasonable detail outlining the reasons for the rejection. Additionally, the State's request shall be based on legitimate, good-faith reasons. Proposed alternative for the individual denied, shall be fully qualified for the position.

(iv) Contractor shall not remove any Key Personnel from their assigned roles or the Contract without the prior written consent of the State. If the Contractor does remove Key Personnel without the prior written consent of the State, it shall be considered an unauthorized removal ("Unauthorized Removal"). It shall not be considered an Unauthorized Removal if Key Personnel must be replaced 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. It shall not be considered an Unauthorized Removal if Key Personnel must be replaced 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 thirty (30) days of shadowing unless parties agree to a different time period. The Contractor with the State shall review any Key Personnel replacements, and appropriate transition planning will be established. Any Unauthorized Removal may be considered by the State to be a material breach of the Contract, in respect of which the State may elect to exercise its rights under **Section 2.210**.

(v) It is acknowledged that an Unauthorized Removal will interfere with the timely and proper completion of the Contract, to the loss and damage of the State, and that it would be impracticable and extremely difficult to fix the actual damage sustained by the State as a result of any Unauthorized Removal. Therefore, Contractor and the State agree that in the case of any Unauthorized Removal in respect of which the State does not elect to exercise its rights under **Section 2.210**, the State may assess liquidated damages against Contractor as specified below.

For the Unauthorized Removal of any Key Personnel designated in the applicable Statement of Work, the liquidated damages amount shall be \$25,000.00 per individual provided Contractor identifies a replacement approved by the State pursuant to **Section 2.041** and assigns the replacement to the Project to shadow the Key Personnel s/he is replacing for a period of at least thirty (30) days prior to such Key Personnel's removal.

If Contractor fails to assign a replacement to shadow the removed Key Personnel for at least thirty (30) days, in addition to the \$25,000.00 liquidated damages for an Unauthorized Removal, Contractor shall pay the amount of \$833.33 per day for each day of the thirty (30) day shadow period that the replacement Key Personnel does not shadow the removed Key Personnel, up to \$25,000.00 maximum per individual. The total liquidated damages that may be assessed per Unauthorized Removal and failure to provide thirty (30) days of shadowing shall not exceed \$50,000.00 per individual.

(c) Re-assignment of non-Key Personnel. Prior to re-deploying to other projects, at the completion of their assigned tasks on the Project, teams of its non-Key Personnel who are performing Services on-site at State facilities or who are otherwise dedicated primarily to the Project, Contractor will give the State at least ten (10) Business Days notice of the proposed re-deployment to give the State an opportunity to object to the re-deployment if the State reasonably believes such team's Contract responsibilities are not likely to be completed and approved by the State prior to the proposed date of re-deployment.

(d) 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 shall be written with reasonable detail outlining the reasons for the removal request. Additionally, the State's request shall be based on legitimate, good-faith reasons. Replacement personnel for the removed person shall 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 such incident with removed personnel results in delay not reasonable anticipatable under the circumstances and which is attributable to the State, the applicable SLAs for the affected Service will not be counted in **Section 2.076** for a time as agreed to by the parties.

(e) Staffing Levels.

(i) All staff requirements not specified in the applicable Statement of Work or State-approved project plan as State personnel will be supplied by Contractor. This includes secretarial, clerical and Contract administration support staff necessary for Contractor to perform its obligations hereunder.



(ii) Contractor shall provide sufficient personnel resources for the completion of Contract tasks indicated in Contractor's project plan approved by the State. If the level of personnel resources is insufficient to complete any Contractor Contract tasks in accordance with the Contract time schedule as demonstrated by Contractor's failure to meet mutually agreed to time schedules, Contractor shall promptly add additional qualified personnel resources to the performance of the affected tasks, at no additional charge to the State, in an amount sufficient to complete performance of Contractor's tasks in accordance with the Contract time schedule.

(f) Personnel Turnover. The Parties agree that it is in their best interests to keep the turnover rate of employees of Contractor and its Subcontractors who are performing the Services to a reasonable minimum. Accordingly, if the State determines that the turnover rate of such employees is excessive and so notifies Contractor, Contractor will meet with the State to discuss the reasons for the turnover rate and otherwise use commercially reasonable efforts to minimize such turnover rate. If requested to do so by the State, Contractor will submit to the State its proposals for reducing the turnover rate to an acceptable level. In any event, notwithstanding the turnover of personnel, Contractor remains obligated to perform the Services without degradation and in accordance with the State-approved Contract schedule.

(g) Location. All staff assigned by Contractor to work on the 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.

2.042 Contractor Identification

Contractor employees shall 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.

2.043 Cooperation with Third Parties

Contractor agrees to 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, and, as reasonably requested by the State, to provide to the State's agents and other contractors with reasonable access to Contractor's Project personnel, systems and facilities to the extent they relate to activities specifically associated with this Contract and will not interfere or jeopardize the safety or operation of the systems or facilities and provided Contractor receives reasonable prior written notice of such request. The State acknowledges that Contractor's time schedule for the Contract is very specific and agrees not to unnecessarily or unreasonably interfere with, delay or otherwise impeded Contractor's performance under this Contract with such requests for access.

2.044 Subcontracting by Contractor

(a) Contractor shall have 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.

(b) Contractor shall not delegate any duties under this Contract to a Subcontractor unless the Department of Management and Budget, Office of Acquisition Services has given written consent to such delegation. The State shall have 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 shall be written with reasonable detail outlining the reasons for the removal request. Additionally, the State's request shall be based on legitimate, good-faith reasons. Replacement Subcontractor(s) for the removed Subcontractor shall 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 SLAs for the affected Work will not be counted in **Section 2.076** for a time agreed upon by the parties.

(c) In any subcontracts entered into by Contractor for the performance of the Services, Contractor shall 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 will be the responsibility of Contractor, and



Contractor shall remain responsible for the performance of its Subcontractors to the same extent as if Contractor had not subcontracted such performance. Contractor shall 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 shall not relieve Contractor of any obligations or performance required under this Contract. Attached as **Exhibit E** is a list of the Subcontractors, if any, approved by the State as of the execution of this Contract, together with a copy of the applicable subcontract.

(d) Except where specifically approved in writing by the State on a case-by-case basis, Contractor shall flow down the obligations in **Sections 2.040, 2.110, 2.150, 2.160, 2.171(c), 2.172(b), 2.180, 2.260, 2.276, 2.297** in all of its agreements with any Subcontractors.

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

2.045 Contractor Responsibility for Personnel

Contractor shall be responsible for all acts and omissions of its employees, as well as the acts and omissions of any other personnel furnished by Contractor to perform the Services.

2.050 State Standards

2.051 Existing Technology Standards - RESERVED

2.052 PM Methodology Standards - RESERVED

2.053 Adherence to Portal Technology Tools - RESERVED

2.054 Acceptable Use Policy - RESERVED

2.060 Deliverables

2.061 Ordering

(a) Any Services/Deliverables to be furnished under this Contract shall be ordered by issuance of written Purchase Orders/Blanket Purchase Order by the State after approval by the Contract Administrator or his/her designee. All orders are subject to the terms and conditions of this Contract. In the event of conflict between an order and this Contract, the Contract shall take precedence as stated in **Section 2.293**. In no event shall any additional terms and conditions contained on a Purchase Order/Blanket Purchase Order be applicable, unless specifically contained in that Purchase Order/Blanket Purchase Order's accompanying Statement of Work.

2.062 Software - RESERVED

2.063 Hardware - RESERVED

2.064 Equipment to be New and Prohibited Products - RESERVED

2.070 Performance

2.071 Performance, In General

The State engages Contractor to execute the Contract and perform the Services/provide the Deliverables, and Contractor undertakes to execute and complete the Contract in its entirety in accordance with the terms and conditions of this Contract and with the participation of State representatives as specified in this Contract.

2.072 Time of Performance

(a) Contractor shall use commercially reasonable efforts to provide the resources necessary to complete all Services and Deliverables in accordance with 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 2.072(a)**, Contractor shall 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, in such event, shall inform the State of the projected actual delivery date.

(c) If Contractor believes that a delay in performance by the State has caused or will cause Contractor to be unable to perform its obligations in accordance with specified Contract time periods, Contractor shall notify the State in a timely manner and shall use commercially



reasonable efforts to perform its obligations in accordance with such Contract time periods notwithstanding the State's failure. Contractor will not be in default for a delay in performance to the extent such delay is caused by the State.

2.073 Liquidated Damages - RESERVED

2.074 Bankruptcy

If Contractor shall file for protection under the bankruptcy laws, or if an involuntary petition shall be filed against Contractor and not removed within thirty (30) days, or if the Contractor becomes insolvent, be adjudicated bankrupt, or if it should make a general assignment for the benefit of creditors, or if a receiver shall be appointed due to its insolvency, and Contractor and/or its affiliates are unable to provide reasonable assurances that Contractor and/or its affiliates can deliver the services provided herein, 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 such Works in Process by whatever appropriate method the State may deem expedient. 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 shall be stored separately from other stock and marked conspicuously with labels indicating ownership by the State.

To secure the State's progress payments before the delivery of any services or materials required for the execution of Contractor's obligations hereunder, and any work which Contractor may subcontract in the support of the performance of its obligations hereunder, title shall vest in the State to the extent the State has made progress payments hereunder.

2.075 Time is of the Essence

The Contractor agrees that time is of the essence in the performance of the Contractor's obligations under this Contract.

2.76 Service Level Agreements (SLAs)

Please refer to Article 1, Attachment F regarding SLAs

2.080 Delivery and Acceptance of Deliverables

2.081 Delivery Responsibilities - RESERVED

2.082 Delivery of Deliverables -

(a) 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 shall be completed and delivered for State review and written approval and, where applicable, installed in accordance with the State-approved delivery schedule and any other applicable terms and conditions of the Contract.

2.083 Testing – RESERVED

2.084 Approval of Deliverables, In General – RESERVED

2.085 Process For Approval of Written Deliverables - RESERVED

2.086 Process for Approval of Services - RESERVED

2.087 Process for Approval of Physical Deliverables - RESERVED

2.088 Final Acceptance - RESERVED

2.090 Financial

2.091 Pricing

(a) Fixed Prices for Services/Deliverables

Each Statement of Work/PO issued under this Contract shall 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. To the extent the parties agree that certain specific Services will be provided on a time and materials basis, such Services shall be provided at the Amendment Labor Rates (**Article 1, Attachment C**). 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.



(b) 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 shall negotiate an equitable reduction in Contractor's charges under such Statement of Work commensurate with the reduction in scope, using the rates in **Article 1, Attachment Unless** specifically identified in an applicable Statement of Work.

(c) Services/Deliverables Covered

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

(d) Labor Rates

All time and material charges will be at the rates specified in **Article 1, Attachment C**.

2.092 Invoicing and Payment Procedures and Terms

(a) Invoicing and Payment – In General

(i) Each Statement of Work issued under this Contract shall 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.

(ii) Each Contractor invoice will 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. The charges for Services billed on a time and materials basis shall be determined based on the actual number of hours of Services performed, at the applicable Labor Rates specified in **Article 1, Attachment C**. Invoices for Services performed on a time and materials basis will 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 2.094**.

(iii) Correct invoices will be due and payable by the State, in accordance with the State's standard payment procedure as specified in 1984 Public Act No. 279, MCL 17.51 et seq., within forty-five (45) days after receipt, provided the State determines that the invoice was properly rendered.

(b) Taxes (See Section 2.305 and Article 3, Section 3.022-3.024 for additional)

The State is exempt from Federal Excise Tax, State and Local Sales Taxes, and Use Tax with respect to the sale to and use by it of tangible personal property. Such taxes shall not be included in Contract prices as long as the State maintains such exemptions. Copies of all tax exemption certificates shall be supplied to Contractor, if requested.

(c) Out-of-Pocket Expenses

Contractor acknowledges that the out-of-pocket expenses that Contractor expects to incur in performing the Services/ providing the Deliverables (such as, but not limited to, travel and lodging, document reproduction and shipping, and long distance telephone) are included in Contractor's fixed price for each Statement of Work. Accordingly, 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 such an expense at the State's current travel reimbursement rates. See http://www.mi.gov/dmb/0,1607,7-150-9141_13132---,00.html for current rates.

(d) Pro-ration

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

(e) 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.

(f) 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 the 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 shall 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.

**2.093 State Funding Obligation**

The State's obligation under this Contract is payable only and solely from funds appropriated for the purpose of this Contract. Contractor acknowledges and agrees that all funds for payments after the end of the current fiscal year are subject to the availability of a legislative appropriation for the purpose of this Contract. Events of non-appropriation are addressed further in **Section 2.210** of this Contract.

2.094 Holdback - RESERVED**2.095 Electronic Payment Availability**

Electronic transfer of funds is available to State contractors. Contractor is required to register with the State electronically at <http://www.cpexpress.state.mi.us>. Public Act 533 of 2004, requires all payments be transitioned over to EFT by October, 2005.

[If pricing for your product fluctuates frequently or if this is long term contract, please discuss with OAS buyer other options for pricing.]

2.100 Contract Management**2.101 Contract Management Responsibility**

(a) Contractor shall have overall responsibility for managing and successfully performing and completing the Services/Deliverables, subject to the overall direction and supervision of the State and with the participation and support of the State as specified in this Contract. Contractor's duties will include monitoring and reporting the State's performance of its participation and support responsibilities (as well as Contractor's own responsibilities) and providing timely notice to the State in Contractor's reasonable opinion if the State's failure to perform its responsibilities in accordance with **Article 1, Attachment E** (Project Plan) is likely to delay the timely achievement of any Contract tasks.

(b) The Services/Deliverables will be provided by the Contractor either directly or through its affiliates, subsidiaries, subcontractors or resellers. Regardless of the entity providing the Service/Deliverable, the Contractor will act as a single point of contact coordinating these entities to meet the State's need for Services/Deliverables. Nothing in this Contract, however, shall be construed to authorize or require any party to violate any applicable law or regulation in its performance of this Contract.

2.102 Problem and Contract Management Procedures

Problem Management and Contract Management procedures will be governed by the Contract and the applicable Statements of Work.

2.103 Reports and Meetings

Please refer to Section 1.302 for a discussion of reporting requirements.

2.104 System Changes

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

2.105 Reserved**2.106 Change Requests**

The State reserves the right to request from time to time, any changes to the requirements and specifications of the Contract and the work to be performed by the Contractor under the 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 State requests or directs the Contractor to perform any Services/Deliverables that are outside the scope of the Contractor's responsibilities under the Contract ("New Work"), the Contractor must notify the State promptly, and before commencing performance of the requested activities, that it believes the requested activities are New Work. If the Contractor fails to notify the State before commencing performance of the requested activities, any such activities performed before notice is given by the Contractor shall be conclusively considered to be in-scope Services/Deliverables, not New Work.



If the State requests or directs the Contractor to perform any services or provide deliverables that are consistent with and similar to the Services/Deliverables being provided by the Contractor under the Contract, but which the Contractor reasonably and in good faith believes are not included within the Statements of Work, then before performing such services or providing such deliverables, the Contractor shall notify the State in writing that it considers the services or deliverables to be an Additional Service/Deliverable for which the Contractor should receive additional compensation. If the Contractor does not so notify the State, the Contractor shall have no right to claim thereafter that it is entitled to additional compensation for performing that service or providing that deliverable. If the Contractor does so notify the State, then such a service or deliverable shall be governed by the Change Request procedure in this Section.

In the event prices or service levels are not acceptable to the State, the Additional Services or New Work shall be subject to competitive bidding based upon the specifications.

(a) Change Requests

(i) State Requests

If the State should require Contractor to perform New Work, Additional Services or make changes to the Services that would affect the Contract completion schedule or the amount of compensation due Contractor (a "Change"), the State shall submit a written request for Contractor to furnish a proposal for carrying out the requested Change (a "Change Request").

(ii) Contractor Recommendations

Contractor shall be entitled to propose a Change to the State, on its own initiative, should it be of the opinion that this would benefit the Contract.

(iii) Upon receipt of a Change Request or on its own initiative, Contractor shall examine the implications of the requested Change on the technical specifications, Contract schedule and price of the Deliverables and Services and shall submit to the State without undue delay a written proposal for carrying out the Change. Contractor's proposal will include any associated changes in the technical specifications, Contract schedule and price and method of pricing of the Services. If the Change is to be performed on a time and materials basis, the Amendment Labor Rates shall apply to the provision of such Services. If Contractor provides a written proposal and should Contractor be of the opinion that a requested Change is not to be recommended, it shall communicate its opinion to the State but shall nevertheless carry out the Change as specified in the written proposal if the State directs it to do so.

(iv) By giving Contractor written notice within a reasonable time, the State shall 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 shall 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").

(v) No proposed Change shall be performed until the proposed Change has been specified in a duly executed Contract Change Notice issued by the Department of Management and Budget, Office of Acquisition Services.

(vi) If the State requests or directs Contractor to perform any activities that Contractor believes constitute a Change, Contractor must notify the State that it believes the requested activities are a Change prior to commencing the performance of the requested activities. If Contractor fails to so notify the State prior to commencing performance of the requested activities, such activities shall be considered to be performed gratuitously by Contractor, and Contractor shall not have any right thereafter to assert any claim for additional compensation or time for the performance of such activities. If Contractor commences performance of gratuitous services outside the scope of this Contract and subsequently elects to stop performing such out-of-scope services, Contractor must, at the request of the State, back out or reverse any changes resulting from such performance that would adversely affect the Contract.

2.107 Management Tools – RESERVED

2.110 Records and Inspections

2.111 Records and inspections

The Contractor agrees that the State may, upon 24-hour notice, perform an audit at Contractor's location (s) to determine if the Contractor is complying with the requirements of the Contract. The Contractor agrees to cooperate with the State during the audit and produce all records and documentation that verifies compliance with the Contract requirements.

2.112 Errors

(a) If the audit demonstrates any errors in the statements provided to the State, then the amount in error shall 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 (4) quarterly statements. If a balance remains after four



(4) quarterly statements, then the remaining amount will be due as a payment or refund within forty-five (45) days of the last quarterly statement that the balance appeared on or termination of the 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 ten percent (10%), then the Contractor shall pay all of the reasonable costs of the audit.

2.120 State Responsibilities

2.121 State Performance Obligations

(a) Equipment and Other Resources. To facilitate Contractor's performance of the Services/Deliverables, the State shall provide to Contractor such equipment and resources as identified in the Statements of Work or other Contract Exhibits as items to be provided by the State.

(b) Facilities. The State shall designate space as long as it is available and as provided in the Statement of Work, to house Contractor's personnel whom the parties agree will perform the Services/Deliverables at State facilities (collectively, the "State Facilities"). Contractor shall have reasonable access to, and unless agreed otherwise by the parties in writing shall observe and comply with all rules and regulations relating to, each of the State Facilities (including hours of operation) used by Contractor in the course of providing the Services. 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 Contractor's use, or to which Contractor otherwise gains access in the course of performing the Services, for any purpose other than providing the Services to the State.

(c) Return. Contractor shall be responsible for returning to the State any State-furnished equipment, facilities and other resources when no longer required for the Contract in the same condition as when provided by the State, reasonable wear and tear excepted.

(d) Except as otherwise provided in **Section 2.220**, the State's failure to perform its responsibilities as set forth in this Contract shall not be deemed to be grounds for termination by Contractor. However, Contractor will not be liable for any default or delay in the performance of its obligations under this Contract to the extent such default or delay is caused by nonperformance of the State's obligations under this Contract, provided Contractor provides the State with reasonable written notice of such nonperformance and Contractor uses commercially reasonable efforts to perform notwithstanding the State's failure to perform. In addition, if the State's nonperformance of its responsibilities under this Contract materially increases the time required for Contractor's performance or Contractor's cost of performance, Contractor shall be

entitled to seek an equitable extension via the Change Request process described in **Section 2.106**.

2.130 Security

2.131 Background Checks

The Contractor shall authorize the investigation of its personnel proposed to have access to State facilities and systems on a case by case basis. 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. Such 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 will also be expected to comply with the State's security and acceptable use policies for State IT equipment and resources. See <http://www.michigan.gov/ditservice/0,1607,7-179-25781-73760--,00.html>. Furthermore, Contractor personnel will be expected to 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. It is expected the Contractor will present these documents to the prospective employee before the Contractor presents the individual to the State as a proposed resource. Contractor staff will be expected to comply with all Physical Security procedures in place within the facilities where they are working.

2.140 Reserved

2.150 Confidentiality

2.151 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 Public Act No. 442, as amended, MCL 15.231, et seq (the "FOIA").

2.152 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 shall 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 shall mean any information which is retained in confidence by the State (or otherwise required to be held in confidence by the State pursuant to applicable federal, state and local laws and regulations) or which, in the case of tangible materials provided to Contractor by the State pursuant to its performance under this Contract, is marked as confidential, proprietary or with a similar designation by the State. In the case of information of either Contractor or the State "Confidential Information" shall exclude any information (including this Contract) that is publicly available pursuant to the Michigan FOIA.

2.153 Protection of Confidential Information

The State and Contractor will 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 will limit disclosure of the other party's Confidential Information to employees and Subcontractors who must have access in order 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) such disclosure is necessary or otherwise naturally occurs in connection with work that is within such 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 such Confidential Information from unauthorized use or disclosure.

2.154 Exclusions - RESERVED

2.155 No Implied Rights - RESERVED

2.156 Remedies

Each party acknowledges that, if it breaches (or attempts or threatens to breach) its obligations under this Section, the other party may be irreparably harmed. Accordingly, if a court of competent jurisdiction should find that a party has breached (or attempted or threatened to breach) any such obligations, the non-breaching party shall be entitled to seek an injunction preventing such breach (or attempted or threatened breach).

2.157 Security Breach Notification

In the event of a breach of this Section, Contractor shall take (i) prompt corrective action to cure any such deficiencies and (ii) any action pertaining to such unauthorized disclosure required by applicable federal and state laws and regulations. Contractor and the State will cooperate to mitigate, to the extent practicable, the effects of any breach, intrusion, or unauthorized use or disclosure. Contractor shall report to the State in writing any use or disclosure of Confidential Information, whether suspected or actual, other than as provided for by the Contract within ten (10) days of becoming aware of such use or disclosure or such shorter time period as is reasonable under the circumstances.

2.158 Survival

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

2.159 Destruction of Confidential Information

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

2.160 Proprietary Rights - RESERVED

2.170 Warranties And Representations

2.171 Warranties and Representations

The Contractor represents and warrants:



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

(b) RESERVED

(c) RESERVED

(d) RESERVED

(e) The 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, shall have, or shall 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 Agreement. Contractor shall notify the State within two (2) days of any such interest that may be incompatible with the interests of the State.

(h) Neither Contractor nor any Affiliates, nor any employee of either has accepted or shall 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 shall 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 such 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 such financial statements, reports, other information. Since the respective dates or periods covered by such 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 behalf of 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 such 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 such department within the previous five (5) years for the reason that Contractor failed to perform or otherwise breached an obligation of such contract.

2.172 Software Warranties - RESERVED

2.173 Equipment Warranty - RESERVED

2.174 Physical Media Warranty - RESERVED



2.175a DISCLAIMER -RESERVED

2.175b Standard Warranties - RESERVED

2.176 Consequences For Breach

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

2.180 Insurance

2.181 Liability Insurance

(a) Liability Insurance

The Contractor is required to provide proof of the minimum levels of insurance coverage as indicated below. The purpose of this coverage shall be to 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 such 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 pursuant to this Contract.

All insurance coverages 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 shall 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 shall have an A.M. Best rating of A or better, or as otherwise approved in writing by the State, or if such ratings are no longer available, with a comparable rating from a recognized insurance rating agency. All policies of insurance required in this Contract shall be issued by companies that have been approved to do business in the State.

See http://www.mi.gov/cis/0,1607,7-154-10555_22535---,00.html.

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

Before the Contract is signed by both parties or before the purchase order is issued by the State, the Contractor must furnish to the Director of Acquisition Services, certificate(s) of insurance verifying insurance coverage ("Certificates"). The Certificate must be on the standard "accord" form or equivalent. **THE 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) shall contain a provision indicating that coverages afforded under the policies WILL NOT BE CANCELLED, MATERIALLY CHANGED, OR NOT RENEWED without THIRTY (30) days prior written notice, except for ten (10) days for non-payment of premium, having been given to the Director of Acquisition Services, Department of Management and Budget. The notice must include the Contract or Purchase Order number affected and be mailed to: Director, Acquisition Services, Department of Management and Budget, P.O. Box 30026, Lansing, Michigan 48909. Failure to provide evidence of coverage, may, at the State's sole option, result in this Contract's termination.

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
 \$500,000 Fire Damage Limit (any one fire)



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 in accordance with 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 shall 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 one million dollars (\$1,000,000.00) with a maximum deductible of fifty thousand dollars (\$50,000.00).

6. Umbrella or Excess Liability Insurance in a minimum amount of ten million dollars (\$10,000,000.00), which shall apply, at a minimum, to the insurance required in Subsection 1 (Commercial General Liability) above.

7. Professional Liability (Errors and Omissions) Insurance with the following minimum coverage: three million dollars (\$3,000,000.00) each occurrence and three million dollars (\$3,000,000.00) annual aggregate.

8. Fire and Personal Property Insurance covering against any loss or damage to the office space used by Contractor for any reason under this Contract, and the equipment, software and other contents of such office space, including without limitation, those contents used by Contractor to provide the Services to the State, up to the replacement value thereof, where such office space and its contents are under the care, custody and control of Contractor. Such policy shall cover all risks of direct physical loss or damage, including without limitation, flood and earthquake coverage and coverage for computer hardware and software. The State shall be endorsed on the policy as a loss payee as its interests appear.

(b) Subcontractors

Except where the State has approved in writing a Contractor subcontract with other insurance provisions, Contractor shall 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(s) shall fully comply with the insurance coverage required in this Section. Failure of Subcontractor(s) to comply with insurance requirements does not limit Contractor's liability or responsibility.

(c) Certificates of Insurance and Other Requirements

Contractor shall furnish to the Office of Acquisition Services certificate(s) of insurance verifying insurance coverage or providing satisfactory evidence of self-insurance as required in this Section (the "Certificates"). Before the Contract is signed, and not less than 20 days before the insurance expiration date every year thereafter, the Contractor



shall 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.

Contractor shall maintain all required insurance coverage throughout the term of the Contract and any extensions thereto and, in the case of claims-made Commercial General Liability policies, shall secure tail coverage for at least three (3) years following the expiration or termination for any reason of this Contract. The minimum limits of coverage specified above are not intended, and shall not be construed, to limit any liability or indemnity of Contractor under this Contract to any indemnified party or other persons. Contractor shall be responsible for all deductibles with regard to such insurance. If 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, at the State's election (but without any obligation to do so) after the State has given Contractor at least thirty (30) days written notice, the State may pay such premium or procure similar insurance coverage from another company or companies; and at the State's election, the State may deduct the entire cost (or part thereof) from any payment due Contractor, or Contractor shall pay the entire cost (or any part thereof) upon demand by the State.

2.190 Indemnification

2.191 Indemnification

(a) General Indemnification

To the extent permitted by law, the Contractor shall 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.

(b) Code Indemnification

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

(c) Employee Indemnification

In any and all 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 the Contract shall 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.

(d) Patent/Copyright Infringement Indemnification

To the extent permitted by law, the Contractor shall 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 such 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 such equipment, software, commodity or service, or the use or reproduction of any documentation provided with such 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 shall at the Contractor's sole expense (i) procure for the State the right to continue using the equipment, software, commodity or service or, if such 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 such 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 shall have 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; or (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.

2.192 Continuation of Indemnification Obligations

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

2.193 Indemnification Procedures

The procedures set forth below shall apply to all indemnity obligations under this Contract.

(a) After receipt by the State of notice of the action or proceeding involving a claim in respect of which it will seek indemnification, the State shall promptly notify Contractor of such 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 Contractor shall relieve Contractor of its indemnification obligations except to the extent that Contractor can demonstrate damages attributable to such failure. Within ten (10) days following receipt of written notice from the State relating to any claim, Contractor shall 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 prior to the State receiving Contractor's Notice of Election, the State shall be entitled to defend against the claim, at Contractor's expense, and Contractor will be responsible for any reasonable costs incurred by the State in defending against the claim during such period.

(b) If Contractor delivers a Notice of Election relating to any claim: (i) the State shall be entitled to participate in the defense of such claim and to employ counsel at its own expense to assist in the handling of such claim and to monitor and advise the State about the status and progress of the defense; (ii) Contractor shall, at the request of the State, demonstrate to the reasonable satisfaction of the State, Contractor's financial ability to carry out its defense and indemnity obligations under this Contract; (iii) Contractor shall periodically advise the State about the status and progress of the defense and shall obtain the prior written approval of the State before entering into any settlement of such claim or ceasing to defend against such claim and (iv) to the extent that any principles of Michigan governmental or public law may be involved or challenged, the State shall have the right, at its own expense, to control the defense of that portion of such claim involving the principles of Michigan governmental or public law.

Notwithstanding the foregoing, the State may retain control of the defense and settlement of a claim by written notice to Contractor given within ten (10) days after the State's receipt of Contractor's information requested by the State pursuant to clause (ii) of this paragraph if the State determines that Contractor has failed to demonstrate to the reasonable satisfaction of the State Contractor's financial ability to carry out its defense and indemnity obligations under this Section. Any litigation activity on behalf of the State of Michigan, or any of its subdivisions pursuant to this Section, must be coordinated with the Department of Attorney General. In the event the insurer's attorney represents the State pursuant to 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 shall have the right to defend the claim in such 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 shall promptly reimburse the State for all such reasonable costs and expenses.

2.200 Limits of Liability and Excusable Failure

2.201 Limits of Liability

The Contractor's liability for damages to the State shall be limited to two times the value of the Contract or \$200,000 (for low risk contracts – Select a higher amount for moderate to high risk contracts) which ever is higher. The foregoing limitation of liability shall not apply to claims for infringement of United States patent, copyright, trademarks 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.

The State's liability for damages to the Contractor shall be limited to the value of the Contract.

Neither the Contractor nor the State shall be liable to each other, regardless of the form of action, for consequential, incidental, indirect, or special damages. This limitation of liability shall 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.

2.202 Excusable Failure

Neither party will be liable for any default, damage or delay in the performance of its obligations under the Contract to the extent such default, damage or delay is caused by government regulations or requirements (executive, legislative, judicial, military or otherwise), power failure, electrical surges or current fluctuations, 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 such party; provided the non-performing party and its Subcontractors are without fault in causing such default or delay, and such 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.

In such event, the non-performing party will be excused from any further performance or observance of the obligation(s) so affected for as long as such circumstances prevail and such party continues to use its commercially reasonable efforts to recommence performance or observance whenever and to whatever extent possible without delay and provided further that such party promptly notifies the other party in writing of the inception of the excusable failure occurrence, and also of its abatement or cessation.

If any of the above-enumerated circumstances substantially prevent, hinder, or delay Contractor's performance of the Services/provision of Deliverables for more than ten (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 shall not be liable for payment for the unperformed Services/ Deliverables not provided under the Contract for so long as the delay in performance shall continue; (b) the State may terminate any portion of the Contract so affected and the charges payable there under shall 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 Contractor, except to the extent that the State shall pay for Services/Deliverables provided through the date of termination.

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 the 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.

2.203 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 will provide the State with priority service for repair and work around in the event of a natural or manmade disaster.

2.210 Termination/Cancellation by the State

The State may terminate this Contract without further liability or penalty to the State, its departments, divisions, agencies, offices, commissions, officers, agents and employees for any of the following reasons:

2.211 Termination for Cause

(a) In the event that Contractor breaches any of its material duties or obligations under this Contract (including a Chronic Failure to meet any particular SLA as defined in **Section 2.076**), which are either not capable of or subject to being cured, or are not cured within the time period specified in the written notice of breach provided by the State (such time period not to be less than thirty (30) days), or pose a serious and imminent threat to the health and safety of any person, or the imminent loss, damage or destruction of any real or tangible personal property, the State may, having provided written notice of termination to Contractor, terminate this Contract in whole or in part, for cause, as of the date specified in the notice of termination.

(b) In the event that this Contract is terminated for cause, in addition to any legal remedies otherwise available to the State by law or equity, Contractor shall be responsible for 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 shall not be considered by the parties to be consequential, indirect or incidental damages, and shall not be excluded by any other terms otherwise included in this Contract, provided such costs are not in excess of fifty percent (50%) more than the prices for such Service/Deliverables provided under this Contract.

(c) In the event 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 shall 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 shall cease on the effective date of the termination.

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

2.212 Termination for Convenience

The State may terminate this Contract for its convenience, in whole or part, if the State determines that such a termination is in the State's best interest. Reasons for such termination shall 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 the 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 thirty (30) days prior to the date of termination. If the State chooses to terminate this Contract in part, the charges payable under this Contract shall be equitably adjusted to reflect those Services/Deliverables that are terminated. Services and related provisions of this Contract that are terminated for cause shall cease on the effective date of the termination.

2.213 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 shall have the right to 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 shall give Contractor at least thirty (30) days advance written notice of termination for non-appropriation or unavailability (or such time as is available if the State receives notice of the final decision less than thirty (30) days before the funding cutoff).

(b) If funding for the 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 made available, the State may, upon thirty (30) days written notice to Contractor, reduce the level of the Services or the change the production of Deliverables in such manner and for such 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 such reduction.

(c) In the event the State terminates this Contract, eliminates certain Deliverables, or reduces the level of Services to be provided by Contractor pursuant to this Section, the State shall 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. For the avoidance of doubt, this Section will not preclude Contractor from reducing or stopping Services/Deliverables and/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.

2.214 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% or greater share of Contractor is convicted of a criminal offense incident to the application for, or performance of, a State, public or private Contract or subcontract; convicted of a criminal offense, including any of the following: embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, attempting to influence a public employee to breach the ethical conduct standards for State of Michigan employees; convicted under State or federal antitrust statutes; or convicted of any other criminal offense which in the sole discretion of the State reflects upon Contractor's business integrity.

2.215 Approvals Rescinded

The State may terminate this Contract without further liability or penalty in the event any final administrative or judicial decision or adjudication disapproves a previously approved request for purchase of personal services pursuant to



Constitution 1963, Article 11, § 5, and Civil Service Rule 7-1. 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 such written notice.

2.216 Rights and Obligations Upon Termination

(a) If this Contract is terminated by the State for any reason, Contractor shall (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) in the event that the Contractor maintains title in Deliverables that is intended to be transferred to the State at the termination of the Contract, Contractor will transfer title in, and deliver to, the State, unless otherwise directed, all Deliverables intended to be transferred to the State at the termination of the Contract and which are resulting from the Contract (which shall be provided to the State on an "As-Is" basis except to the extent the amounts paid by the State in respect of such items included compensation to Contractor for the provision of warranty services in respect of such 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) In the event the State terminates this Contract prior to its expiration for its own convenience, the State shall pay Contractor for all charges due for Services provided prior to the date of termination and, if applicable, as a separate item of payment pursuant to 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 pursuant to this Contract shall, at the option of the State, become the State's property, and Contractor shall be entitled to receive equitable fair compensation for such Deliverables. Regardless of the basis for the termination, the State shall not be 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 shall have the right to assume, at its option, any and all 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.

2.217 Reservation of Rights

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

2.218 Contractor Transition Responsibilities

In the event this contract is terminated, for convenience or cause, dissolved, voided, rescinded, nullified, expires or is otherwise 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. In the event of termination or the expiration of this Contract, 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 ninety (90) days. These efforts shall include, but are not limited to, the following:

(a) Personnel - The Contractor shall 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 shall 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 will notify all of Contractor's subcontractors of procedures to be followed during transition.

(b) Information - The Contractor agrees to provide reasonable detailed specifications for all Services/Deliverables needed by the State, or specified third party, to properly provide the Services/Deliverables required under this Contract. The Contractor will provide the State with asset management data generated from the inception of this Contract through the date on which this Contractor is terminated in a comma-delineated format unless otherwise requested by the State. The Contractor will deliver to the State any remaining owed reports and documentation still in Contractor's possession subject to appropriate payment by the State.

(d) Software. - The Contractor shall reasonably assist the State in the acquisition of any Contractor software required to perform the Services/use the Deliverables under this Contract. This shall 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 shall, upon expiration of the 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.

(e) Payment - If the transition results from a termination for any reason, reimbursement shall 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 specified by **Exhibit D**. The Contractor will prepare an accurate accounting from which the State and Contractor may reconcile all outstanding accounts.

2.219 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.

2.220 Termination by Contractor

2.221 Termination by Contractor

If the State materially breaches its obligation to pay Contractor undisputed amounts due and owing under this Contract in accordance with **Section 2.090**, or if the State breaches its other obligations under this Contract to an extent that makes it impossible or commercially impractical for Contractor to perform the Services, and if the State does not cure the breach within the time period specified in a written notice of breach provided to the State by Contractor (such time period not to be less than thirty (30) days), then Contractor may terminate this Contract, in whole or in part based on Statement of Work for cause, as of the date specified in the notice of termination; provided, however, that Contractor must discharge its obligations under **Section 2.250** before any such termination.

2.230 Stop Work

2.231 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 the Contract for a period of up to ninety (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 shall be specifically identified as such and shall indicate that it is issued under this **Section 2.230**. Upon receipt of the stop work order, Contractor shall immediately comply with its terms and take all reasonable steps to minimize the incurrence of 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 shall either: (a) cancel the stop work order; or (b) terminate the work covered by the stop work order as provided in **Section 2.210**.

2.232 Cancellation or Expiration of Stop Work Order

If a stop work order issued under this **Section 2.230** is canceled or the period of the stop work order or any extension thereof expires, Contractor shall resume work. The parties shall agree upon an equitable adjustment in the delivery schedule, the Contract price, or both, and the Contract shall 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 the Contract; and (b) Contractor asserts its right to an equitable adjustment within thirty (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 the Contract. Any adjustment will conform to the requirements of **Section 2.106**.

2.233 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, such termination shall be deemed to be a termination for convenience under **Section 2.212**, and the State shall allow reasonable costs resulting from the stop work order in arriving at the termination settlement. For the avoidance of doubt, the State shall not be liable to Contractor for loss of profits because of a stop work order issued under this **Section 2.230**.

2.240 Reserved

2.250 Dispute Resolution

2.251 In General

Any claim, counterclaim, or dispute between the State and Contractor arising out of or relating to the Contract or any Statement of Work shall be resolved as follows. For all Contractor claims seeking an increase in the amounts payable to



Contractor under the Contract, or the time for Contractor's performance, Contractor shall submit a letter executed by Contractor's Contract Administrator or his 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 supporting data provided with such an affidavit are current and complete to Contractor's best knowledge and belief.

2.252 Informal Dispute Resolution

(a) All operational disputes between the parties shall be resolved under the Contract Management procedures developed pursuant to **Section 2.100**. If the parties are unable to resolve any disputes after compliance with such processes, the parties shall meet with the Director of Acquisition Services, DMB, or designee, for the purpose of attempting to resolve such dispute without the need for formal legal proceedings, as follows:

(i) The representatives of Contractor and the State shall meet as often as the parties reasonably deem necessary in order 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 shall 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 the Contract will 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 sixty (60) calendar days, the Director of Acquisition Services, DMB, or designee, shall issue a written opinion regarding the issue(s) in dispute within thirty (30) calendar days. The opinion regarding the dispute shall be considered the State's final action and the exhaustion of administrative remedies.

(b) This **Section 2.250** will 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 pursuant to **Section 2.253**.

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

2.253 Injunctive Relief

The only circumstance in which disputes between the State and Contractor will not be subject to the provisions of **Section 2.252** is where a party makes a good faith determination that a breach of the terms of the Contract by the other party is such that the damages to such 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.

2.254 Continued Performance

Each party agrees to continue performing its obligations under the Contract while a dispute is being resolved except to the extent the issue in dispute precludes performance (dispute over payment shall not be deemed to preclude performance) and without limiting either party's right to terminate the Contract as provided in **Section 2.210** and **2.220**, as the case may be.

2.260 Federal and State Contract Requirements

2.261 Nondiscrimination

In the performance of the 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, 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 will contain a provision requiring non-discrimination in employment, as specified here, binding upon each Subcontractor. This covenant is required pursuant to 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 the Contract.

2.262 Unfair Labor Practices

Pursuant to 1980 PA 278, MCL 423.231, *et seq.*, the State shall 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 pursuant to 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 the Contract, shall not enter into a contract with a Subcontractor, manufacturer, or supplier whose name appears in this register. Pursuant to section 4 of 1980 PA 278, MCL 423.324, the State may void any Contract if, subsequent to award of the Contract, the name of Contractor as an employer or the name of the Subcontractor, manufacturer or supplier of Contractor appears in the register.

2.263 Workplace Safety and Discriminatory Harassment

In performing Services for the State, the Contractor shall 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 shall 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>.

2.270 Litigation

2.271 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 the Contract and extensions thereto, to which Contractor (or, to the extent Contractor is aware, any Subcontractor hereunder) 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 hereunder; or (ii) a claim or written allegation of fraud against Contractor or, to the extent Contractor is aware, any Subcontractor hereunder by a governmental or public entity arising out of their business dealings with governmental or public entities. Any such litigation, investigation, arbitration or other proceeding (collectively, "Proceeding") must be disclosed in a written statement to the Contract Administrator within thirty (30) days of its occurrence. Details of settlements which are prevented from disclosure by the terms of the settlement may be annotated as such. 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. In the event that any such Proceeding disclosed to the State pursuant to 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 hereunder) to continue to perform this Contract in accordance with its terms and conditions, or
- (ii) whether Contractor (or a Subcontractor hereunder) in performing Services for the State is engaged in conduct which is similar in nature to conduct alleged in such Proceeding, which conduct would constitute a breach of this Contract or a violation of Michigan law, regulations or public policy, then Contractor shall be required to provide the State all reasonable assurances requested by the State to demonstrate that:

(A) Contractor and/or its Subcontractors hereunder will be able to continue to perform this Contract and any Statements of Work in accordance with its terms and conditions, and

(B) Contractor and/or its Subcontractors hereunder have not and will not engage in conduct in performing the Services which is similar in nature to the conduct alleged in such Proceeding.

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

(1) Within thirty (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 shall notify the Office of Acquisition Services.



(2) Contractor shall also notify the Office of Acquisition Services within thirty (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 shall also notify Acquisition Services within thirty (30) days whenever changes to company affiliations occur.

2.272 Governing Law

The Contract shall in all respects be governed by, and construed in accordance with, 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.

2.273 Compliance with Laws

Contractor shall comply with all applicable state, federal, and local laws and ordinances ("Applicable Laws") in providing the Services/Deliverables.

2.274 Jurisdiction

Any dispute arising from the Contract shall 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 such jurisdiction on the grounds of lack of personal jurisdiction of such court or the laying of venue of such 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.

2.280 Environmental Provision - RESERVED

2.290 General

2.291 Amendments

The Contract may not be modified, amended, extended, or augmented, except by a writing executed by the parties.

2.292 Assignment

(a) Neither party shall have the right to assign the Contract, or to assign or delegate any of its duties or obligations under the 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 the Contract to any other State agency, department, division or department without the prior consent of Contractor and Contractor may assign the Contract to an affiliate so long as such affiliate is adequately capitalized and can provide adequate assurances that such affiliate can perform the Contract. Any purported assignment in violation of this Section shall be null and void. It is the policy of the State of Michigan to withhold consent from proposed assignments, subcontracts, or novations when such transfer of responsibility would operate to decrease the State's likelihood of receiving performance on the 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 the Contract. In the event of any such permitted assignment, Contractor shall not be relieved of its responsibility to perform any duty imposed upon it herein, and the requirement under the Contract that all payments shall be made to one entity shall continue.

2.293 Entire Contract; Order of Precedence

(a) The Contract, including any Statements of Work and Exhibits, to the extent not contrary to the 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 such subject matter and as additional terms and conditions on the purchase order shall apply as limited by **Section 2.061**.

(b) In the event of any inconsistency between the terms of the 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 **Sections 2.110 through 2.220** of the Contract, which may be modified or amended only by a formal Contract amendment.

2.294 Headings



Captions and headings used in the 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 the Contract.

2.295 Relationship of the Parties (Independent Contractor Relationship)

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 shall be or shall be deemed to be an employee, agent or servant of the State for any reason. Contractor will be solely and entirely responsible for its acts and the acts of its agents, employees, servants and Subcontractors during the performance of the Contract.

2.296 Notices

(a) Any notice given to a party under the Contract shall be deemed effective, if addressed to such party as addressed below, 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 (3rd) 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.

State:

Andy Ghosh, CPPB
State of Michigan
Department of Management & Budget
Office of Acquisition Services
PO Box 30026
530 West Allegan
Lansing, Michigan 48909

Contractor:

Kathy Laginess
SecureCare, Inc.
3830 Packard Street, Suite 260
Ann Arbor, MI 48108

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

(b) Binding Commitments

Representatives of Contractor identified in **Exhibit I** shall have the authority to make binding commitments on Contractor's behalf within the bounds set forth in such table. Contractor may change such representatives from time to time upon written notice.

2.297 Media Releases and Contract Distribution

(a) Media Releases

Neither Contractor nor the State will make any news releases, public announcements or public disclosures, nor will they have any conversations with representatives of the news media, pertaining to the Contract, the Services or the Contract without the prior written approval of the other party, and then only in accordance with explicit written instructions provided by that party. In addition, neither Contractor nor the State will use the name, trademarks or other proprietary identifying symbol of the other party or its affiliates without such party's prior written consent. Prior written consent of the Contractor must be obtained from authorized representatives.

(b) Contract Distribution

Acquisition Services shall retain the sole right of Contract distribution to all State agencies and local units of government unless other arrangements are authorized by Acquisition Services.

2.298 Reformation and Severability

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

**2.299 Consents and Approvals**

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

2.300 No Waiver of Default

The failure of a party to insist upon strict adherence to any term of the Contract shall not be considered a waiver or deprive the party of the right thereafter to insist upon strict adherence to that term, or any other term, of the Contract.

2.301 Survival

Any provisions of the Contract that impose continuing obligations on the parties including the parties' respective warranty, indemnity and confidentiality obligations, shall survive the expiration or termination of the Contract for any reason. Specific references to survival in the Contract are solely for identification purposes and not meant to limit or prevent the survival of any other section.

2.302 Covenant of Good Faith

Each party agrees that, in its dealings with the other party or in connection with the Contract, it shall act reasonably and in good faith. Unless stated otherwise in the Contract, the parties will 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 the Contract.

2.303 Permits

Contractor shall 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 shall pay for all costs and expenses incurred in obtaining and maintaining any necessary easements or right of way.

2.304 Website Incorporation

State expressly states that it will not be 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 such content and has expressly agreed to be bound by it in a writing that has been manually signed by an authorized representation of the State.

2.305 Taxes

Vendors are expected to collect and pay all applicable federal, state, and local employment taxes, including the taxes defined in Section 3.022 for all persons involved in the resulting Contract.

The State may refuse to award a contract to any Vendor who has failed to pay any applicable State taxes. The State may refuse to accept Vendor's bid, if Vendor has any outstanding debt with the State. Prior to any award, the State will verify whether Vendor has any outstanding debt with the State.

2.306 Prevailing Wage

The rates of wages and fringe benefits to be paid each class of individuals employed by the Contractor, its subcontractors, their subcontractors, and all persons involved with the performance of this Contract in privity of contract with the Contractor shall not be less than the wage rates and fringe benefits established by the Michigan Department of Labor and Economic Development, Wage and Hour Bureau, schedule of occupational classification and wage rates and fringe benefits for the local where the work is to be performed. The term Contractor shall include all general contractors, prime contractors, project managers, trade contractors, and all of their contractors or subcontractors and persons in privity of contract with them.

The Contractor, its subcontractors, their subcontractors, and all persons involved with the performance of this contract in privity of contract with the Contractor shall keep posted on the work site, in a conspicuous place, a copy of all wage rates and fringe benefits as prescribed in the contract. You must also post, in a conspicuous place, the address and telephone number of the Michigan Department of Labor and Economic Development, the office responsible for enforcement of the wage rates and fringe benefits. You shall keep an accurate record showing the name and occupation of the actual wage and benefits paid to each individual employed in connection with this contract. This record shall be available to the State upon request for reasonable inspection.



If any trade is omitted from the list of wage rates and fringe benefits to be paid to each class of individuals by the Contractor, it is understood that the trades omitted shall also be paid not less than the wage rate and fringe benefits prevailing in the local where the work is to be performed.

2.307 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 shall be a material breach of this Contract.

2.308 Future Bidding Preclusion

Contractor acknowledges that, to the extent this 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 leading edge on the competitive RFP.

2.310 Reserved2.320 Extended Purchasing**2.321 MiDEAL**

Public Act 431 of 1984 permits DMB to provide purchasing services to any city, village, county, township, school district, intermediate school district, non-profit hospital, institution of higher education, community, or junior college. A current listing of approved program members is available at: <http://www.michigan.gov/doingbusiness/0,1607,7-146-6586-16656--,00.html>. Unless otherwise stated, it is the responsibility of the Contractor to ensure that the non-state agency is an authorized purchaser before extending the Contract pricing.

The Contractor will supply Contract Services and equipment at the established State of Michigan contract prices and terms to the extent applicable and where available. Inasmuch as these are non-state agencies, all invoices will be submitted to and payment remitted by the local unit of government on a direct and individual basis.

To the extent that authorized local units of government purchase quantities of Services and/or equipment under this Contract, the quantities of Services and/or equipment purchased will be included in determining the appropriate rate wherever tiered pricing based on quantity is provided.

2.322 State Employee Purchases – RESERVED2.330 Federal Grant Requirements – Reserved.