

STATE OF MICHIGAN
DEPARTMENT OF TECHNOLOGY, MANAGEMENT AND BUDGET February 29, 2012
PROCUREMENT
P.O. BOX 30026, LANSING, MI 48909
OR
530 W. ALLEGAN, LANSING, MI 48933

CHANGE NOTICE NO. 9
TO
CONTRACT NO. 071B6200354
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR Health Management Systems of America 601 Washington Detroit, MI 48065 Dennis.rice@hmsanet.com	TELEPHONE (800) 847-7240 Dennis Rice
Contract Compliance Inspector: Shirley Martin Health Professional Recovery Program – Department of Community Health	BUYER/CA (517) 241-1916 Jim Wilson
CONTRACT PERIOD: From: July 1, 2006	To: August 31, 2012
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, 2012, and **INCREASED** by \$900,000.00.

All other terms, conditions and specifications remain unchanged.

AUTHORITY/REASON:

Per request of DCH and agreement per HMSA, Ad Board approval on March 6, 2012, and DTMB/Purchasing Operations' approval.

INCREASE: \$900,000.00

REVISED CURRENT AUTHORIZED SPEND LIMIT: \$13,294,297.00

STATE OF MICHIGAN
DEPARTMENT OF TECHNOLOGY, MANAGEMENT AND BUDGET September 28, 2011
PURCHASING OPERATIONS
P.O. BOX 30026, LANSING, MI 48909
OR
530 W. ALLEGAN, LANSING, MI 48933

CHANGE NOTICE NO. 8
TO
CONTRACT NO. 071B6200354
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR		TELEPHONE (800) 847-7240	
Health Management Systems of America 601 Washington Detroit, MI 48065 Dennis.rice@hmsanet.com		Dennis Rice	
		BUYER/CA (517) 241-1916 Jim Wilson	
Contract Compliance Inspector: Shirley Martin Health Professional Recovery Program – Department of Community Health			
CONTRACT PERIOD:		From: July 1, 2006	To: February 29, 2012
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 February 29, 2012, and **INCREASED** by \$841,379.00.

All other terms, conditions and specifications remain unchanged.

AUTHORITY/REASON:

Per request of DCH and agreement per HMSA, Ad Board approval on 9/30/11, and DTMB/Purchasing Operations' approval.

INCREASE: \$841,379.00

REVISED CURRENT AUTHORIZED SPEND LIMIT: \$12,394,297.00

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

July 1, 2011

CHANGE NOTICE NO. 7
TO
CONTRACT NO. 071B6200354
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR		TELEPHONE (800) 847-7240
Health Management Systems of America 601 Washington Detroit, MI 48065 Dennis.rice@hmsanet.com		Dennis Rice
		BUYER/CA (517) 241-1916 Jim Wilson
Contract Compliance Inspector: Shirley Martin Health Professional Recovery Program – Department of Community Health		
CONTRACT PERIOD: From: July 1, 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**, and **INCREASED** by **\$500,000.00**.

All other terms, conditions and specifications remain unchanged.

AUTHORITY/REASON:

Per request of DCH and agreement per HMSA, Ad Board approval on 6/30/11, and DTMB/Purchasing Operations' approval.

REVISED CURRENT AUTHORIZED SPEND LIMIT: \$11,552,918.00

FOR THE CONTRACTOR:

Health Management Systems of America

Firm Name

Authorized Agent Signature

Authorized Agent (Print or Type)

Date

FOR THE STATE:

Signature

Natalie Spaniolo, Acting Director

Name/Title

DTMB-Purchasing Operations

Division

Date

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

July 2, 2010

CHANGE NOTICE NO. 6
TO
CONTRACT NO. 071B6200354
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR		TELEPHONE (800) 847-7240
Health Management Systems of America 601 Washington Detroit, MI 48065 Dennis.rice@hmsanet.com		Dennis Rice
		BUYER/CA (517) 241-4225 Kevin Dunn
Contract Compliance Inspector: Shirley Martin Health Professional Recovery Program – Department of Community Health		
CONTRACT PERIOD: From: July 1, 2006		To: June 30, 2011 (with three 1-yr options)
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 June 30, 2011, and **INCREASED** by \$2,019,306.00.

All other terms, conditions and specifications remain unchanged.

AUTHORITY/REASON:

Per request of DCH and agreement per HMSA, Ad Board approval on 6/30/10, and DMB/Purchasing Operations' approval.

REVISED CURRENT AUTHORIZED SPEND LIMIT: \$11,052,918.00

FOR THE CONTRACTOR:

Health Management Systems of America

Firm Name

Authorized Agent Signature

Authorized Agent (Print or Type)

Date

FOR THE STATE:

Signature

Sergio Paneque, Director

Name/Title

Business Services Administration

Division

Date

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 25, 2009

CHANGE NOTICE NO. 5
TO
CONTRACT NO. 071B6200354
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR Health Management Systems of America 20811 Kelly Road Eastpointe, MI 48021 rmc@hmsanet.com		TELEPHONE (800) 847-7240 Robert Connolly
		BUYER/CA (517) 241-4225 Kevin Dunn
Contract Compliance Inspector: Shirley Martin Health Professional Recovery Program – Department of Community Health		
CONTRACT PERIOD: From: July 1, 2006 To: June 30, 2010 (with three 1-yr options)		
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 June 30, 2010, and **INCREASED** by \$2,042,306.00.

All other terms, conditions, specifications, and pricing remain unchanged.

AUTHORITY/REASON:

Per request of MDCH, Ad Board approval on 6/16/09, and DMB/Purchasing Operations' approval.

REVISED CURRENT AUTHORIZED SPEND LIMIT: \$9,033,612.00

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

February 27, 2009

**CHANGE NOTICE NO. 4
 TO
 CONTRACT NO. 071B6200354
 between
 THE STATE OF MICHIGAN
 and**

NAME & ADDRESS OF VENDOR		TELEPHONE (800) 847-7240	
Health Management Systems of America 20811 Kelly Road Eastpointe, MI 48021 <small>rmc@hmsanet.com</small>		Robert Connolly	
		BUYER/CA (517) 241-4225	
Contract Compliance Inspector: Shirley Martin		Kevin Dunn	
Health Professional Recovery Program – Department of Community Health			
CONTRACT PERIOD:		From: July 1, 2006	To: June 30, 2009 (with three 1-yr options)
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, the following language is incorporated into this Contract:

“The Contractor is authorized to purchase scanning services to scan and save closed files of compliant program participants. The Contractor may expend up to \$23,000.00 for these services which are expected to be completed on or before June 30, 2009.”

All other terms, conditions, specifications, and pricing remain unchanged.

AUTHORITY/REASON:

Per request of DCH (Kristi Broessel on 2/23/09) and DMB/Purchasing Operations' approval.

CURRENT AUTHORIZED SPEND LIMIT REMAINS: \$6,991,306.00

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

August 15, 2008

CHANGE NOTICE NO. 3
TO
CONTRACT NO. 071B6200354
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR Health Management Systems of America 20811 Kelly Road Eastpointe, MI 48021 <small>rmc@hmsanet.com</small>		TELEPHONE (800) 847-7240 Robert Connolly
		BUYER/CA (517) 241-4225 Kevin Dunn
Contract Compliance Inspector: Shirley Martin Health Professional Recovery Program – Department of Community Health		
CONTRACT PERIOD: From: July 1, 2006 To: June 30, 2009 <small>(with three 1-yr options)</small>		
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 **INCREASED** by \$2,019,306.00. Furthermore, Program Budget Summary and Program Equipment Budget documents are hereby incorporated into this Contract (see attachments). All other terms, conditions, specifications, and pricing remain unchanged.

AUTHORITY/REASON:

Per request of DCH, Ad Board approval on 8/05/08, and DMB/Purchasing Operations' approval.

REVISED CURRENT AUTHORIZED SPEND LIMIT: \$6,991,306.00

PROGRAM BUDGET SUMMARY

MICHIGAN DEPARTMENT OF COMMUNITY HEALTH

Michigan Health Professional Recovery Program Project (MHPRP)
 Health Management Systems of America, Inc.
 20811 Kelly Road Ste 100
 Eastpointe MI 48021

Prepared: 6/09/08 MDCH - KB
 From 7/01/08 To 6/30/09
 Renewal Agreement
 Tax ID: 382686158

PROGRAM BUDGET SUMMARY	
Administrative Wages	\$ 933,425
Fringe Benefits	\$ 261,359
Contractual (Subcontractors)	\$ 155,016
Travel	\$ 3,500
Supplies and Materials	\$ 20,980
Equipment (See Attached)	\$ 42,760
Rent Expense	\$ 159,000
Other Expenses	\$ 243,155
Total Direct Expenditures	\$ 1,819,195
Indirect Expenditures	\$ 200,111
Total Expenditures	\$ 2,019,306

PROGRAM BUDGET DETAIL			
ADMINISTRATIVE WAGES	Intake/Monitoring Positions	FTE	Wage
	Intake Specialist	4 FTE	\$ 180,000
	Intake Program Assistant	3 FTE	\$ 105,000
	Monitoring Case Mgr	9 FTE	\$ 354,375
	Monitoring Assistant	2 FTE	\$ 70,000
	TOTAL INTAKE/MONITORING WAGES	18 FTEs	\$ 709,375

ADMINISTRATIVE WAGES	Admin / Support Positions	FTE	Wage
	Program Manager	1 FTE	\$ 85,000
	Senior Mgt	.25FTE	\$ 21,250
	Financial Liaison	4 FTE	\$ 15,000
	Receptionist/ Secretary	2 FTE	\$ 60,000
	Quality Assurance Manager	.25FTE	\$ 20,000
	On-site Computer Support Tech	4 FTE	\$ 22,800
	TOTAL ADMINISTRATIVE / OTHER WAGES	3.9 FTEs	\$ 224,050

FRINGE BENEFITS	Type of Benefit	Rate	Amount
Group Health- Employee	FUTA		
Group Health- Dependent	SUTA		
Dental	401K Pension		
Vision	Life Insurance		
Workers Compensation	Short-term Disability		
Workers Compensation	Educational / Staff Development/ Dues		
FICA	Flexible Spending Account Administration		
Long-term Disability	Afflac	28% Of Wages	\$ 261,359
	TOTAL FRINGE BENEFITS		\$ 261,359

CONTRACTUAL SERVICES	Type of Expense	Rational / Assumptions	Amount
	Program Contractor(s)	Contractual Labor and temp. labor	\$ 20,000
	Programmer / Systems Analyst	Contractual Labor	\$ 46,500
	Medical Director MD (Med Consultant)	.26 FTE	\$ 65,516
	Expert Witness & Litigation Expert	Estimated	\$ 10,000
	Remote Computer Help Desk		\$ 13,000
	TOTAL CONTRACTUAL SERVICES		\$ 155,016

**PROGRAM EQUIPMENT BUDGET
MICHIGAN DEPARTMENT OF COMMUNITY HEALTH**

Michigan Health Professional Recovery Program Project (MHPRP)
Health Management Systems of America, Inc.
20811 Kelly Road Ste 100
Eastpointe MI 48021

Progress: 6/09/08
From: 7/01/08 To: 6/30/09
Original Agreement
Tax ID: 382686158

Type of Expense	Quantity	Cost	Total
Computer Peripherals			
Microsoft SQL Cal Licenses	5	\$ 155	\$ 775
Microsoft Office 2003 Licenses	5	\$ 369	\$ 1,845
Anti-Virus License Renewal	1	\$ 750	\$ 750
Software Upgrades			
Bandwidth Expansion (Potential)			
Existing Microsoft Office 2003 License Renewals	1	\$ 3,000	\$ 3,000
			\$ 7,500
Computer Equipment			
Computer PC with Monitors	5	\$ 850	\$ 4,250
Desktop Laser Printers w/ Cables & caterages	5	\$ 210	\$ 1,050
UPS Backup Power Supply	5	\$ 88	\$ 440
Hardware Upgrades			
Projected Replacement	23	\$ 109	\$ 2,500
			\$ 2,000
Furniture			
Work Station Chairs & guest chairs	12	\$ 139	\$ 1,668
Workstation Desks w/ Returns	5	\$ 558	\$ 2,790
5 Drawer Lateral File Cabinets	5	\$ 1,030	\$ 5,150
Other Equipment			
High Speed Document Scanning Device	0	\$ 25,000	\$ -
Telephones / misc	5	\$ 420	\$ 2,100
Telephone station card to support new users	1	\$ 1,800	\$ 1,800
Subtotal			\$ 39,868
Shipping Charges on Equipment Purchases			\$ 500
Taxes on Equipment Purchases			\$ 2,392
TOTAL			\$ 42,760

Intranet Portal & Update server need upgrading to latest version for security/stability reasons [100% labor] if degradation from additional staff occurs
Includes labor to upload/ install

Upgrade workstations to 1Gig from 512MB to in preparation of new software requirements. Upgrade both servers by 2 gigs to stem overloading, labor-inclusive

Certain minor equipment failures are expected during this period of the equipment life-cycle

NOTE:

ALL OF THE ABOVE ITEMS ARE ONE-TIME ONLY EXPENSES AND ARE NOT ANTICIPATED IN SUBSEQUENT YEAR CONTRACTS.

ALL OF THE ABOVE ITEMS WILL BE TAGGED AND INCLUDED IN AN ANNUAL INVENTORY.

ALL OF THE ABOVE ITEMS SHALL REMAIN THE PROPERTY OF THE STATE OF MICHIGAN AND BE SURRENDERED UPON CONTRACT CONCLUSION.

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 30, 2008

CHANGE NOTICE NO. 2
TO
CONTRACT NO. 071B6200354
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR Health Management Systems of America 20811 Kelly Road Eastpointe, MI 48021 rmc@hmsanet.com		TELEPHONE (800) 847-7240 Robert Connolly
		BUYER/CA (517) 241-4225 Kevin Dunn
Contract Compliance Inspector: Shirley Martin Health Professional Recovery Program – Department of Community Health		
CONTRACT PERIOD: From: July 1, 2006		To: June 30, 2009 (with three 1-yr options)
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 June 30, 2009. All other terms, conditions, specifications, and pricing remain unchanged.

AUTHORITY/REASON:

Per request of DCH, Ad Board approval on 6/30/08, and DMB/Purchasing Operations' approval.

REVISED CURRENT AUTHORIZED SPEND LIMIT: \$4,972,000.00

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 3, 2008

CHANGE NOTICE NO. 1
TO
CONTRACT NO. 071B6200354
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR		TELEPHONE (800) 847-7240 Robert Connolly	
Health Management Systems of America 20811 Kelly Road Eastpointe, MI 48021 <small>rmc@hmsanet.com</small>			
		BUYER/CA (517) 241-4225 Kevin Dunn	
Contract Compliance Inspector: Shirley Martin Health Professional Recovery Program – Department of Community Health			
CONTRACT PERIOD:		From: July 1, 2006	To: June 30, 2008 (with three 1-yr options)
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 **INCREASED** by \$940,000.00. Additionally, the DMB Buyer for this Contract is changed to Kevin Dunn (517) 241-4225. All other terms, conditions, specifications, and pricing remain unchanged.

AUTHORITY/REASON:

Per request of DCH, Ad Board approval on 6/3/08, and DMB/Purchasing Operations' approval.

REVISED CURRENT AUTHORIZED SPEND LIMIT: \$4,972,000.00

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

August 7, 2006

NOTICE
TO
CONTRACT NO. 071B6200354
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR Health Management Systems of America 20811 Kelly Road Eastpointe, MI 48021 <small>rmc@hmsanet.com</small>		TELEPHONE (800) 847-7240 Robert Connolly
		BUYER/CA (517) 241-1647 Irene Pena, CPPB
Contract Compliance Inspector: Shirley Martin Health Professional Recovery Program – Department of Community Health		
CONTRACT PERIOD: From: July 1, 2006 To: June 30, 2008 <small>(with three 1-yr options)</small>		
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 #071I5200381**, this Contract Agreement and the vendor's quote. 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 Not to Exceed: \$4,032,000.00

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. 071B6200354
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR Health Management Systems of America 20811 Kelly Road Eastpointe, MI 48021 <div style="text-align: right;">rmc@hmsanet.com</div>	TELEPHONE (800) 847-7240 Robert Connolly BUYER/CA (517) 241-1647 Irene Pena, CPPB
Contract Compliance Inspector: Shirley Martin Health Professional Recovery Program – Department of Community Health	
CONTRACT PERIOD: From: July 1, 2006 To: June 30, 2008 <div style="text-align: right;">(with three 1-yr options)</div>	
TERMS <div style="text-align: center;">N/A</div>	SHIPMENT <div style="text-align: center;">N/A</div>
F.O.B. <div style="text-align: center;">N/A</div>	SHIPPED FROM <div style="text-align: center;">N/A</div>
MINIMUM DELIVERY REQUIREMENTS <div style="text-align: center;">N/A</div>	
MISCELLANEOUS INFORMATION: <p>The terms and conditions of this Contract are those of ITB #071I5200381, this Contract Agreement and the vendor's quote. 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 Not to Exceed: \$4,032,000.00</p>	

THIS IS NOT AN ORDER: This Contract Agreement is awarded on the basis of our inquiry bearing the **ITB No. 071I5200381**. Orders for delivery may be issued directly by the **Department of Community Health** through the issuance of a Purchase Order Form.

All terms and conditions of the invitation to bid are made a part hereof.

<p>FOR THE VENDOR:</p> <p style="text-align: center;">Health Management Systems of America</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>	<p>FOR THE STATE:</p> <hr/> <p style="text-align: center;">Signature</p> <p style="text-align: center;">Elise A. Lancaster</p> <hr/> <p style="text-align: center;">Name/Title</p> <p style="text-align: center;">Director of Purchasing Operations</p> <hr/> <p style="text-align: center;">Division</p> <hr/> <p style="text-align: center;">Date</p>
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Article 1 – Statement of Work (SOW)

1.0 Project Identification

1.001 PROJECT REQUEST

The purpose of this Contract is to secure the services of a Contractor to act as a consultant and assist the Department of Community Health (DCH) through the Bureau of Health Professions and the Health Professional Recovery Committee (Committee) with the administration of the Health Professional Recovery Program (HPRP).

1.002 BACKGROUND

The Department of Community Health, Bureau of Health Professions, licenses and regulates the health professions established under Article 15 of the Michigan Public Health Code. These professions include: Audiologists; Chiropractors; Counselors; Dentists, Dental Hygienists & Dental Assistants; Allopathic Physicians; Marriage & Family Therapists; Registered Nurses, Licensed Practical Nurses; Nursing Home Administrators; Occupational Therapists & Assistants; Osteopathic Physicians; Optometrists; Pharmacists; Physical Therapists; Physician's Assistants; Podiatrists; Psychologists; Respiratory Therapists; Sanitarians; Social Workers; and, Veterinarians & Veterinarian Technicians.

Nationally and in Michigan, a frequent cause of regulatory action against health care licensees or registrants involves substance use and/or mental health disorders that lead to impaired practice or has the potential to lead to impaired practice. These behaviors may include, as examples, the diversion of prescription drugs in the workplace, the use of illegal/illicit drugs, alcohol abuse or alcoholism, severe depression that causes problems within the workplace, or mood/personality disorders.

Public Act 80 of 1993 established the HPRP as a confidential, non-disciplinary, treatment-oriented approach to address these public health and safety issues while assisting licensees in their recovery. To be involved in the program, licensees must be willing to: (1) Acknowledge their condition; (2) Seek and complete appropriate treatment; (3) Refrain from working as determined necessary by the contractor and any applicable policies of the Committee; and, (4) Abide by a written monitoring agreement.

The HPRP is NOT a treatment program. The HPRP does not provide intervention, evaluation, treatment, or continuing care services. The HPRP is a monitoring program that coordinates services between participants and approved service providers. Program participants are responsible for paying all costs associated with the treatment services they receive.

1.1 Scope of Work and Deliverables

1.101 IN SCOPE

The authorizing legislation requires that the Department enter into a contract with a private entity to act as a consultant to assist the Health Professional Recovery Committee with administration of the HPRP. The Contractor must:

1) **Demonstrate expertise and knowledge regarding treatment of impaired health professionals**

HMSA is clinically and operationally already familiar with the active participation process that defines the requirements each licensee participant must comply with as defined in the Monitoring Agreement, including the self reports, vacation/leave requests, return-to-work, etc.

Confidentiality for licensed health professionals is often a determining factor on where they go (if they'll go at all) for their own healthcare needs. HMSA is sensitive to this need while at the same time, acutely aware of our legal responsibilities regarding safety sensitive job classifications, Duty to Warn requirements, and regulated programs such as DOT and herein, HPRP. We work in this balance everyday serving the needs of these professionals while at the same time, we are entrusted through the work we do to help ensure the confidence and general safety of the public.



Health professionals serve an important role in our society. Providing a treatment oriented monitoring program that assists licensees in their recovery is an equally important role for the HPRP. HMSA's commitment to the well being of health professionals is evidenced by the health clients we have chosen to serve.

2) Provide intake and case management

HMSA's intake capabilities have been an integral part of the behavioral health continuum (mental health and substance abuse) of services we have administered since our inception. Meeting this requirement does not present any problem for HMSA, as services are available 7 days a week, 24 hours a day and 365 days a year. HMSA's intake process is fully automated via a proprietary database system that captures all of the required intake information needed to support all program models, services and contractual requirements. This system could easily be adapted to stand-alone and by adding/removing data fields to meet the specific needs of the HPRP requirements. We also understand that the State will release its own specially developed database for installation on a server. This is certainly acceptable to HMSA as are the anticipated SQL enhancements. HMSA is confident that between the State's database application and our own internal experience and expertise with similar database development, we can offer a future that includes enhancements to the system.

Many of HMSA's local partnerships are 'open for business' around the clock, with employee 2nd and 3rd shifts. HMSA is firmly committed to meeting the unique needs of each individual, offering services during normal business hours, any evening and on weekends and holidays. HMSA recognizes that problems do not only occur from 8am - 4pm or from 9am - 5pm.

In partnership with the Federal OMB and subsequently with the US Department of Public Health Services, HMSA entered into its first federal EAP project. A key operational requirement was the availability of a Centralized Telephone Access/Intake & Scheduling Process. While ahead of its time within the EAP industry, this system allowed for the publication of a single, toll-free number, that employees could call any time, from anywhere within the United States. In addition to streamlining a massive outreach effort by allowing for publication of a single number, it also significantly reduced confidentiality concerns. The availability of Centralized Telephone Access/Intake provided for universally accessed telephone numbers and created a system for standardized intake as well as a centralized scheduling system.

HMSA has expanded and enhanced this original system enabling HMSA to actively coordinate incoming calls through multiple call centers, and integrate intake data requirements with call accounting capabilities, Centralized Scheduling, and data capture needs. The complete Call Accounting capability provides many valuable benefits including the ability to monitor, track and report on response times, call duration, and abandonment rates. The system also includes a password protected Automated Account Management Profile, giving trained and authorized case managers and member service representatives access to account information at the touch of a key. The system can quickly identify the assigned Project Director, Assigned Administrative Liaison, Assigned Clinical Liaison, Assigned EAP/Case Manager, and clinical specialty assignments, service provider involvement, etc.

The screen-capture shots below illustrate the Intake Process.



HMSA Managed Care System - [Intake / Authorization]

CLIENT INTAKE / AUTHORIZATION

Date Auth'd: 12/18/04 Time: 10:12 AM Facility:

HMSA Staff: Therapist:

Clinical Problem: Treatment: Frequency: Initial Session:

Comments:

DSM Diagnosis: Primary Secondary Axis II Axis III Axis IV Axis V (GAF)

Prognosis: Motivation:

Length of Stay:

Symptoms --- Physical:

Emotional:

Social:

Occupational:

Spiritual:

Suicidal? Ideation Intent Plan Attempts

Homicidal? Ideation Intent Plan Attempts

Level of Risk:

Record: 3 of 3

Form View NUM

HMSA Managed Care System - [Intake / Authorization]

CLIENT INTAKE / AUTHORIZATION

Treatment History/Self Help ---

Date	Facility	Level of Care	Focus	Outcome
<input type="text"/>				

Record: 1 of 1

Medical Medical Condition? Last Exam: Unknown

Comment:

Doctor Name: Phone:

Address:

Prescription Medications ---

Date	Medication	Dosage	Frequency	Purpose
<input type="text"/>				

Record: 1 of 1

Substance Abuse History ---

Substance	Date Range	Amount	Age	48 hr	30 days	Frequency	Route
<input type="text"/>							

Record: 3 of 3

Form View NUM



HMSA Managed Care System - [Intake / Authorization]

File Edit View Insert Format Records Tools Window Help

CLIENT INTAKE/AUTHORIZATION

Substance Abuse History ---

Substance	Date Range	Amount	Age	48 hr	30 days	Frequency	Route
			0				

Record: 1 of 1

Dependency Indicators (3 or more symptoms occurring within a 12 month period):

- Tolerance
- Withdrawal
- Use to avoid withdrawal
- Increasing use
- Persistent desire
- Increased time spent obtaining/using/recovering
- Reduced functioning
- Continued use despite psychological or physical problems

Abuse Indicators (1 or more symptoms occurring within a 12 month period):

- Recurrent use with failure in work, home, school
- Hazardous use
- Recurrent legal problems
- Continued use despite social/interpersonal problems

Adverse Reactions:

- Seizures/Convulsions
- Tremors/Shakes
- Blackouts
- Hallucinations
- Paranoia/Suspiciousness
- Overdose

Additional Substance Use Observations:

OD/Withdrawal Complications:

Family History:

Legal History:

Treatment Plan ---

PRINT Top of Page Symptomology IX History Medical Info BX History SA History TX Plan Close Form

Record: 3 of 3

Form View NUM

HMSA Managed Care System - [Intake / Authorization]

File Edit View Insert Format Records Tools Window Help

CLIENT INTAKE/AUTHORIZATION

Additional Substance Use Observations:

OD/Withdrawal Complications:

Family History:

Legal History:

Treatment Plan ---

Date: 12/18/04 Staff: [dropdown]

Goal: 0 Objective: 0

Updates:

Facilitator: Estimated Date: Date Resolved:

Record: 1 of 1

PRINT Top of Page Symptomology IX History Medical Info BX History SA History TX Plan Close Form

Record: 3 of 3

Form View NUM



HMSA's clinical protocols require 100% compliance on case management – all intakes require follow-up, and all newly opened cases and on-going active cases require comprehensive case management. While clearly our most labor-intensive undertaking, it is by far, the single biggest reason for our successful administration of program services.

The benefits of this case management approach easily justify our requirement to perform this function at the highest level. In addition to data capture for reporting and statistical analysis, intensive case management helps to maintain motivation, encourages active participation and improves treatment readiness resistance and it is the foundation for HMSA's Continuous Quality Improvement Process and internal utilization review. This internal process provides us a level of assurance that our clinical staff is providing quality services within the boundaries of our clinical and administrative standards and allows us to provide critical feedback and support to our own clinical staff for continuing education, training, and monitoring.

Treatment plans, progress notes, discharge planning and case closure record keeping and reporting capabilities are all servicing elements currently in place. The operational and clinical acumen required to perform these functions within the parameters of the HPRP are already present. Transitionally, orienting HMSA intake and case management staff to HPRP protocols is a standard operating procedure. HMSA unequivocally agrees to perform these required elements. The following screen captures further demonstrate HMSA's familiarity with case management requirements.

The screenshot displays the HMSA Managed Care System interface. The title bar reads "HMSA Managed Care System - [Edit / View Client Data]". The menu bar includes File, Edit, View, Insert, Format, Records, Tools, Window, and Help. The main window has several tabs: Client Information, Insurance, CDR Appt, MCC Appt, Clinical Data, Sessions, IX Plan History, Progress Notes, Follow Up, F.O.R., and Printing. The "Client Information" tab is active, showing a form with the following fields:

- Client ID: [AutoNumber]
- Last Name: [Text Box]
- First Name: [Text Box]
- Phone: [Text Box]
- Address: [Text Box]
- Add'l Phone: [Text Box]
- Birthdate: [Text Box]
- Sex: [Dropdown Menu]
- Race/Ethnicity: [Dropdown Menu]
- Relationship to Insured: [Dropdown Menu]

Below this is the "Subscriber/Insured Information ---" section, which is highlighted in green and contains the following fields:

- Last Name: [Text Box]
- First Name: [Text Box]
- Phone: [Text Box]
- Address: [Text Box]
- Add'l Phone: [Text Box]
- Birthdate: [Text Box]
- Sex: [Dropdown Menu]
- Marital Status: [Dropdown Menu]
- Plant: [Dropdown Menu]
- Seniority Date: [Text Box]
- Shift: [Dropdown Menu]
- Status: [Dropdown Menu]
- Hourly/Salary: [Text Box]

At the bottom of the form are five buttons: "Add New Client", "Browse by Last Name", "Search by Last Name", "Search by Client ID", and "Main Menu". The status bar at the very bottom shows "Record: 7826 of 7826" and "Form View".



Date:	12/18/04		Type:	[Dropdown]		HMSA Staff:	[Dropdown]	
Emergency:	[Text]			Phone:	[Text]			
PRESENTING PROBLEM								
Problem:	[Dropdown]							
Comment:	[Text]							
PROBLEM AREAS / NEEDS / STRENGTHS								
Family History	[Dropdown]			Living Arrangement:	[Dropdown]			
Comment:	[Text]							
Employment History	[Text]							
Educational	Highest Grade:	[Text]	completed	Diploma:	[Text]			
Vocational	Schooling:	[Text]						
Military	Military Service?	[Dropdown]	Veteran?	[Dropdown]	Discharge Type:	[Text]		
Legal/Financial	Legal Concerns?	[Dropdown]	Financial Concerns?	[Dropdown]	[Text]			
Comment:	[Text]							
Cultural/Spiritual	Cultural Concerns?	[Dropdown]	Spiritual Concerns?	[Dropdown]	<input type="radio"/> Used as a source of support			
Comment:	[Text]							
Social/Recreation/Leisure	[Dropdown]							
Comment:	[Text]							
Sexuality	[Dropdown]	Concerns regarding current or past sexual behaviors?			[Dropdown]	[Text]		
Comment:	[Text]							
<input type="button" value="PRINT"/> <input type="button" value="Top of Page"/> <input type="button" value="Problem Areas"/> <input type="button" value="Medical"/> <input type="button" value="Psychological"/> <input type="button" value="Sub Abuse"/> <input type="button" value="Clinical"/> <input type="button" value="Close Form"/>								

3) COMPILE AND PROVIDE DATA & STATISTICS FOR ANALYSIS

HMSA agrees to comply with compilation and reporting requirements as defined in Section 1.104 of this Contract.

4) MAINTAIN AN IN-STATE OFFICE (status report w/in 30 days of contract assignment)

HMSA operates multiple clinical offices and call centers within SE Michigan, including the Corporate Headquarters in Eastpointe, the City of Detroit, City of Livonia, City of Ann Arbor, City of Dearborn, Shelby Township, City of Bloomfield Hills, and the City of Warren. A number of these existing sites could potentially be identified as the HPRP Service Center for intake and case management. Once notified of contract award and within the timeframe specified in the HPRP solicitation, HMSA will submit a site(s) for consideration and approval.

5) MAINTAIN HPRP WEBSITE (status report w/in 30 days of award)

HMSA currently maintains multiple websites that meet the company’s corporate needs and support the current programs administered on behalf of our client partners. The development of these sites has been under the direction of HMSA’s internal IT Department. Maintaining the HPRP website does not present a problem and HMSA agrees to comply as stipulated. HMSA acknowledged the timeline for submitting a status report on the integration and availability of the HPRP website.

6) STAFF TOLL-FREE 800# (status report w/in 30 days of award)

HMSA has established and operates multiple toll-free numbers that are dedicated to specific programs and our call centers are equipped to differentiate between the multiple numbers. Each toll-free number has been allotted a sufficient number of bump lines to accommodate multiple incoming calls on the same number at the same time. Call centers are equipped with a Centrex System and we do not anticipate any problem with integrating the toll-free number supplied by the Department. HMSA acknowledged the timeline for submitting a status report on the integration and availability of the HPRP toll-free number.

7) CONDUCT EDUCATIONAL AND OUTREACH SESSIONS

When HMSA implements new accounts, dedicated staffing assignments are made. Clinically these include primary case managers, secondary case managers and tertiary case managers to ensure availability during peak periods, vacations, days off, etc. During this implementation period, dedicated Account Service assignments are also made in order to support the educational, outreach and program promotional needs of each account.



Account Service representatives are experienced and extensively trained professionals with backgrounds in education and training. HMSA fully supports the need for educational and outreach initiatives within the health care community for increased awareness of the HPRP and for education on treatable conditions. HMSA recognizes that this initiative will be a continuous and ongoing effort throughout the State.

8) SUBCONTRACT WITH STATE-WIDE URINE DRUG SCREEN ENTITY (submit named subcontractor within 30 days of award for approval)

HMSA acknowledges the requirement to subcontract with an entity that has the knowledge, skills, abilities and locations in order for program participants to undergo randomized urine drug screening on a statewide basis. HMSA is familiar with several such potential entities, including but not limited to FirstLab, Compass Vision, Quest, and the Joint Venture Hospital Laboratories (JVHL) comprised of 123 Michigan-based hospital-affiliated labs. We understand that any identified selection is subject to final approval by the Department.

9) SUBCONTRACT WITH PHYSICIAN

HMSA acknowledges the requirement for physician involvement and we have existing professionals available that possess the appropriate knowledge, skills, and expertise in addiction issues and has the requisite health professional experience. HMSA is prepared to submit names and CVs for consideration and approval within the timeframe stipulated in the HPRP CONTRACT.

10) ATTEND REQUIRED MEETINGS

HMSA is prepared to have the appropriate level of staff attend meetings needed to ensure successful transition, implementation and ongoing success of the HPRP.

The goals of the Bureau of Health Professions, together with the Health Professional Recovery Committee, are to operate the HPRP in a manner that:

- 1.) Protects the public by providing a service that encourages those health care professionals, suffering from substance use and/or mental health disorders, to seek treatment and maintain recovery.
- 2.) Provides a program environment that supports licensees seeking treatment and ensures that the monitoring agreement developed and agreed to between the Contractor and the licensee is tailored to their specific situation.
- 3.) Provides program staff knowledgeable of the disease process of addiction and mental health concerns, and the ability to provide firm guidance and controls as needed.
- 4.) Ensures the confidentiality of voluntary program participants.
- 5.) Provides monitoring of those licensees whose involvement with the program is mandated by a board or disciplinary subcommittee as a condition of maintaining their license or registration.

1.102 OUT OF SCOPE

RESERVED

1.103 TECHNICAL ENVIRONMENT

The Work Plan shall address the Contractor's proposal to track pertinent information identified or required by the Committee and/or the Bureau of Health Professions, to gauge program effectiveness. In addition, an annual report is required by law, although the reporting period has been changed from an April to March reporting period to a fiscal year reporting period (October – September). The Annual Report, for the time period of April 1, 2003 through March 31, 2004, is attached as **Appendix A**. Future reports will cover the time period of October 1 through September 30.



The database developed under this and prior contracts is the property of the State of Michigan and the Contractor shall install the existing database on their server and staff computers, and secure necessary licenses for the State and for themselves. The system in its current design will be made available at no cost to the Contractor. The Contractor will need to provide a data network infrastructure for each HPRP staff member including a workstation, local area network connectivity, use of a central file server, access to a FoxPro Database server, SMTP email services and secure Internet access. The current MIS system relies upon a FoxPro Database Server accessible by each HPRP staff member. Additional functionality is planned utilizing a secure HIPAA compliant ASP.Net based application. This application will provide for secure data collection over the Internet and integration with the MIS system. The Contractor should be able to support both the FoxPro application and the ASP.net applications and provide future enhancements to the system. The Department expects some modifications will be required under the new contract; however, the nature and scope of these revisions have not yet been determined. The database and its information may not be used by the Contractor for any other clients or for any other purpose without the express written permission of the Department of Community Health, Bureau of Health Professions. Custom hardware and/or software will be the property of the State.

1.104 WORK AND DELIVERABLE

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

A. PROGRAM TRANSITION & STARTUP:

Task 1: Program Transition & Startup:

The Work Plan shall include the Contractor's process and timetable for staffing their office, and informing participants and service providers of the change in contractors. This office must be established in Michigan and hours of operation must be from 8:00 am to 5:00 pm, Monday - Friday.

The State of Michigan and the Department of Community Health, Bureau of Health Professions retains ownership of the toll-free 1-800 telephone line and will pay all costs associated with its operation. Invoices are submitted by the 800-carrier directly to the HPRP Contract Administrator for payment. The Contract Administrator will assist the Contractor in establishing the toll free 1-800 telephone line in their office.

Deliverables:

- Within 30 days of the contract assignment, the Contractor shall report to the Contract Administrator on the status of the new office. The report will include, at a minimum the status of staffing and equipping the office, installation and implementation of the data network infrastructure, implementation of the 1-800 telephone line and how the change in contractors has been communicated to service providers, participants, and other stakeholders.
- The Contractor must ensure that all telephone calls are responded to within two (2) business day of the inquiry.

- _ Process for establishing in-state office locale (status report w/in 30 days of award)
- _ Staffing
- _ Equipment
- _ Process for Installation & Implementation of data network infrastructure
- _ Activation of 800 line
- _ Notification to participants/service providers on change

HMSA is prepared to develop a program transition and Start-up timeline to ensure that all required operational and service elements have been identified and have target completion dates.

Task 2: Technical Issues:

The Work Plan shall include the Contractor's ability to house the database program, set up email accounts and obtain a secure Internet access, as specified under Technical Environment, Section 1.103.

Deliverables:

At the end of the first month of the contract, the Contractor shall report to the Contract Administrator the status of the data network infrastructure, including any problems encountered and anticipated completion dates if necessary.

By October 31st of each contract year, the Contractor shall submit a draft Executive Summary, together with appropriate statistical information, for the annual report as required by law. This information is to be submitted to the Contract Administrator for review by the Data Subcommittee of the Health Professional Recovery Committee, with ultimate approval by the Committee.

Data Network Infrastructure

 E-mail Accounts Secure Internet Access

HMSA's Data Network consists of a secure frame relay connection between its corporate office and its outlying offices. The HMSA frame relay network is a private network with its own internal numbering schema that is virtually invisible to systems outside its frame. All users' access the system's servers via computers running Windows XP Pro used as workstations. Application programs are loaded and stored on each workstation while data is stored on one of the company's three servers – one for general data, one for Exchange mail data, and one for SQL data. All server data is backed up off-site daily. Access to and from the Internet is routed through the corporate end firewall and is filtered by antivirus and spam blocking software as well as monitored for usage. All outgoing and incoming email is also filtered through antivirus software. Access from outside the HMSA frame is permitted only through a Virtual Private Network connection that is also established and monitored through the firewall using secured certificates. HMSA's IT systems and infrastructure stringently comply with all confidentiality, privacy and HIPAA requirements.

B. CASE MANAGEMENT:**Task 3: Intake Services:**

Licensees may be referred to the HPRP by the following sources:

- Licensee self-referral that can occur before, during, or following treatment.
- Colleagues/coworkers/family members.
- Employers.
- Employee Assistance Programs (EAPs) – Sometimes a self-report is made at the direction or suggestion of the EAP.
- DCH, Bureau of Health Professions, in lieu of taking regulatory action.
- Michigan Department of Attorney General, Licensing & Regulation Division, as a precursor to settle pending regulatory actions.

The Work Plan must include the contractor's intended process for gathering information from these various sources that captures, at a minimum, data needed to determine an appropriate course of action, data needed for statistical reporting, background information on the referred licensee, and the contractor's anticipated course of action, consistent with the requirements as noted in the HPRP's Policy and Procedure Manual (**See Appendix B**). This information must include, but is not limited to, how the Contractor anticipates setting up files to monitor case progression, necessary to determine compliance or noncompliance, and how the Contractor intends to capture statistical information needed for reporting requirements, consistent with HPRP policies and procedures.

Deliverables:

- Within 30 days of the contract assignment, the Contractor must provide a report to the Contract Administrator that details their intended Intake process as well as the Contractor's ability to adhere to the 45 calendar day timeframe for completion of the Intake process as articulated under section 206 of the HPRP policies and procedures.



- Program participants at the Intake phase shall be provided their proposed monitoring agreements within 10 business days following receipt of an evaluation. An approved treatment service provider, whose evaluation identifies the participant as appropriate for program monitoring, shall conduct this evaluation.

HMSA acknowledges that intake protocols must provide for referrals by the sources identified within the HPRP solicitation. The screen-capture shots previously included and shown below illustrate HMSA's familiarity with the Intake Process; this automated process demonstrates that HMSA has the experience and capacity to develop and maintain a system capable of gathering data, storing data and reporting data as required. The process includes all relevant information on the referred client, course of action, case progression and monitoring. Compliance and non-compliance fields will be adjusted within this stand-a-lone system so that it is reflective of the specific HPRP needs.

Task 4: Case Monitoring Services:

The Work Plan must include the Contractor's intended process for ensuring that program participant case files are timely and appropriately monitored for compliance or noncompliance, either during the Intake phase or following negotiation of a monitoring agreement between the Contractor and the program participant. The plan should address, at a minimum, issues pertaining to positive urine drug screens, reports from service providers, plan of action for missing documentation from participants, and the process for reporting noncompliant participants to the Bureau of Health Professions, as required by law.

The Work Plan must include a description of how a monitoring agreement will be developed that establishes the expectations, terms and conditions a participant must follow in order to address their substance use and/or mental health disorder. If a licensee is referred to the program as a result of a board or disciplinary subcommittee order, any terms and conditions imposed by these bodies must be incorporated into the monitoring agreement and these terms and conditions supersede any conflicting requirements of a monitoring agreement.

In addition, the Contractor must include their anticipated process for maintaining the confidentiality of participant files, and for storage and destruction of case files when a licensee's file is closed following successful completion of the program. (NOTE: If there has been no readmission within five years of closure of a file that involves a voluntary participant, the case file must be destroyed pursuant to State law.)

Deliverables:

- Within 30 days of the contract assignment, the Contractor must submit for approval by the Contract Administrator a draft copy of the monitoring agreement the Contractor proposes to use for program participants.
- Within 60 days of the contract assignment, the Contractor shall submit their intended process for ensuring participant confidentiality and their intended process for destruction of confidential program information.

_ Case Monitoring Services (w/in 30 days of award, submit draft copy for approval)

_ Maintain Confidentiality (files, storage & destruction) (submit w/in 60 days)

In essence, the HPRP Case Management services mirror the type of programming and case monitoring that HMSA currently has in place for its programs in behavioral health care. While the nomenclature may be somewhat different, the coordination and monitoring of case activity is virtually the same process we utilize within our comprehensive programs. The benefit of working with an organization such as HMSA is that we already employ the systems and staff who already possess the expert clinical skills in both mental health and chemical dependency treatment. These professionals are already utilizing database systems and procedures to track clients who are healthcare professionals, USDOT referred, and those in other safety-sensitive duties and working on waivers and "last chance agreements" with their employers.

Our case management process follows a similar path to how the HPRP program is designed to monitor health care professionals. We are familiar with the State's provider base and we are recognized and respected as a leader in the area of case management and monitoring of our employee/clients.



Like HPRP, HMSA employs a standardized intake, referral and case management process and uses a customized database for tracking and monitoring client cases. The primary difference between our current program services and the HPRP program is that while we provide the direct service of initial clinical assessments ourselves, this activity is left to the HPRP provider community and HMSA would act as the central intake/referral and monitoring body for HPRP.

The HPRP monitoring agreement must establish levels of expectations, terms and conditions established by providers (and/or the HPRC or disciplinary board). HMSA agrees to submit a draft copy of the monitoring agreement for approval within the timeframes following notification of award. Additionally, HMSA is familiar with compliance and reporting forms currently in place within the HPRP, including but not limited to:

- PCP/Addictionist/Psychiatrist Quarterly Report
- Therapist Quarterly Report
- Worksite Quarterly Report
- Therapy Group Quarterly Report (Caduceus Meetings – are they still monitored through the HPRP?)
- Monthly Self Report
- Pain Provider Progress Report
- Vacation or Leave Request Forms
- Return-to-Work Provider Assessments
- Change to Monitoring Agreement Request Form

Task 5: Ensure Continuation of the Pain Management Component:

The HPRP recognizes that some health care providers suffer from chronic pain issues. Current HPRP policies include criterion for identifying chronic pain management providers and how interaction must occur to appropriately monitor participants involved with the Pain Management component of the program. To that end, the Work Plan must address how this component of the program will be maintained and how the contractor will ensure that their list of service providers include specialists in the treatment of pain management issues, subject to HPRP policies (refer to Appendix B).

Deliverables:

- Within 90 days of the contract assignment, the Contractor must submit a report to the Contract Administrator on this component of the program. This report shall include the number of participants in this component, whether participants' pain issue is being satisfactorily controlled, whether participants are able to or anticipate being able to return to work in their chosen field, any issues encountered during this period and how they were resolved, and recommendations, if any, for policy changes or improvements.

HMSA acknowledges that this service component is to be included within the scope of contractor services and we are fully prepared to integrate this specialty service provider into our HMSA database of service providers. HMSA will follow the current HPRP policies that stipulate to the criterion for identifying pain management providers; the process for monitoring participants will mirror the case management monitoring requirements in place for any other participant. The ongoing maintenance of this specialty provider panel will be integrated into HMSA's current Provider Credentialing Department as it already has established panel maintenance guidelines for our national database containing more than 14,000 providers in over 3,000 cities throughout the Continental United States, Alaska, Puerto Rico and Hawaii.

Upon notification of award, HMSA's Provider Credentialing Department will collaborate with identified Department representatives to initiate the identification of potential providers for credentialing and placement within the panel. HMSA acknowledges that a progress report for the continuation of this component is to be submitted within a specified timeframe.



Task 6: Evaluation and Program Improvement:

The Work Plan shall address the Contractor's anticipated process for ongoing evaluation of the program's operation that include, but is not limited to, strategies for improving program utilization, strategies to increase program effectiveness and suggested revisions to HPRP policies and procedures, if appropriate. In addition, the Contractor is expected to provide the Committee with updates regarding the program during their quarterly meetings held in Lansing. The Contract Administrator following issuance of the contract will provide these meeting dates.

At the State's discretion, an independent evaluator, selected and paid for by the State, will perform periodic evaluations of the Contractor's performance with regard to this contract. The frequency of these evaluations will be determined by the State.

Deliverables:

- The Contractor shall meet with the Contract Administrator at least once each month, for the first six months of the contract, to discuss problems (real or anticipated), strategies for program improvement, program statistics and any other relevant issues. Additional meetings will be held as needed or requested by either party.
- Written summaries are to be provided to the Committee at their quarterly meetings held in Lansing, Michigan. At these meetings, the contractor representative shall provide a report to the Committee that includes, but is not limited to: the progress made during the quarter in regard to participation rates, both voluntary and regulatory; service provider issues and their resolution; service provider audits conducted; any problems encountered and their status and/or resolution; and, any interactions with health professional associations.
- The Contractor must fully and cooperatively agree to allow the State's chosen evaluator full access to any and all records pertaining to this program. Reasonable notice will be given the Contractor when the chosen evaluator will be conducting their on-site visits.
- Recommendations for policy revisions, if appropriate, can be submitted to the contract administrator at any time. The Contract Administrator will forward those recommendations to the Clinical Policy subcommittee of the HPRC for their review and consideration. The Contractor will be timely notified so that they can participate in any resultant discussions.

HMSA fully supports the minimum evaluation requirements set forth in the HPRP solicitation. Internally, HMSA maintains a Continuous Quality Improvement Process that monitors and evaluates each of the programs we currently administer. The HPRP will be integrated into the company's internal monitoring and program evaluation process. Due to the nature and size of the HPRP, HMSA would anticipate that our internal monitoring and ongoing evaluation would initially require members of the assigned team to meet bi-weekly with HMSA senior management during start-up and for a period of not less than 6 months.

The management staff assigned to the HPRP partnership will be required to interface with Department representatives to establish a meeting schedule as defined within the solicitation. HMSA will ensure that sufficient managerial time is scheduled to allow for report preparation and attendance at these meetings. HMSA has several client partners whereby we are contractually obligated to interface with external auditors for those programs – meeting this requirement will not present a problem and space will be made available to accommodate these program partners.

Task 7: Urine Drug Screening:

The Work Plan must provide the name and company information of the proposed subcontractor to provide the statewide, randomized urine drug screening of program participants. The Primary Contractor and the subcontractor for this service cannot be the same entity in order to avoid any potential conflict of interest issues or appearances of impropriety. The Contractor shall ensure that its subcontractor's agreement for this service includes a ninety (90) day grace period in the event of the contract's cancellation under section 2.701 of this contract.

Deliverables:

- Within thirty (30) days following issuance of the contract, the Contractor must provide the name and company information of the proposed subcontractor to provide the statewide, randomized urine drug screening of program participants.

The chosen subcontractor for this service will be required to provide a presentation of their services to include, at a minimum, the HPRP chairperson, the Contract Administrator and any other department or HPRC representative as determined by the Bureau of Health Professions. The date, time, and place of this presentation will be coordinated between the Contractor and the Contract Administrator. Within ten business days following this presentation, the Contractor will be notified by the Contract Administrator as to the acceptance or rejection of the proposed subcontractor. The Contractor shall not enter into any formal agreements with a proposed subcontractor for these services until receiving approval by the Contract Administrator.

HMSA acknowledges the requirement to subcontract with an entity that has the knowledge, skills, abilities and locations in order for program participants to undergo randomized urine drug screening on a statewide basis. HMSA is familiar with several such potential entities, including but not limited to FirstLab, Compass Vision, Quest, and the Joint Venture Hospital Laboratories (JVHL) comprised of 123 Michigan-based hospital-affiliated labs. We understand that any identified selection is subject to final approval by the Department and we look forward to working with the State to select an appropriate entity.

Task 8: Medical Consultant:

The Work Plan must include the credentials of the Contractor's proposed Medical Consultant who will assist and provide direction for the Contractor staff on issues in which expertise in addiction medicine is needed or requested. Information should include also whether this position will be part-time or full-time, and the anticipated weekly work hours. The medical consultant must be currently licensed to practice medicine in Michigan and can be either an allopathic physician or an osteopathic physician. Issues that may require their involvement include positive drug screen results, patterns of noncompliance, review of a participant's medical condition if that issue affects the participants involvement with the HPRP, review of medication usage, etc.

Deliverables:

- Within thirty (30) days following issuance of the contract, the Contractor must provide the name and curriculum vitae of the proposed Medical Consultant subcontractor to provide these services.

The Contract Administrator will arrange an interview with the proposed Medical Consultant to include, at a minimum, the HPRC chairperson, the Contract Administrator and any other department or HPRC representative as determined by the Bureau of Health Professions. The date, time, and place of this interview will be coordinated between the Contractor and the proposed Medical Consultant. Within ten business days following this interview, the Contractor will be notified by the Contract Administrator as to the acceptance or rejection of the proposed Medical Consultant. The Contractor shall not enter into any formal agreements with a proposed subcontractor for these services until receiving approval by the Contract Administrator.

HMSA acknowledges the requirement for physician involvement and we have existing professionals available that possess the appropriate knowledge, skills, and expertise in addiction issues and has the requisite health professional experience. HMSA is prepared to submit names and CVs for consideration and approval within the timeframe stipulated in the HPRP CONTRACT. Additionally, HMSA has an established relationship with the University Psychiatric Centers – a joint venture between the Detroit Medical Center (DMC) and Wayne State University (WSU). While these consultants would function in a part-time capacity, it affords HMSA with a significantly broader base of specialty medical consultants that are not typically found with most MH/SA companies.



Task 9: HPRP Treatment Service Provider Network:

Because the HPRP is not a treatment program, the program relies on an extensive statewide network of approved treatment service providers. These providers must have the appropriate education, skills, and training to ensure that program participants are being appropriately treated and monitored. Criteria that these providers must meet are further articulated under section 4 of the HPRP policies and procedures (refer to Attachment 1). In certain situations such as a participant's special needs, for insurance coverage reasons or lack of approved providers in the participant's area of the state, exceptions can be made to allow for involvement by an unapproved provider at the discretion of the Medical Consultant and the HPRP management staff.

The Work Plan must include the Contractor's anticipated process for identifying potential service providers and maintaining the current network of service providers. The Contractor must be able to identify gaps in the state in which more service providers are needed, the types of service providers needed, and a mechanism by which to evaluate these service providers, either through site visits, surveys and/or training seminars.

Deliverables:

- Within 90 days of the contract assignment, the Contractor must provide a written report to the Contract Administrator that identifies areas of the state in which additional service providers are needed, the types of service providers needed (i.e., substance use, mental health and/or pain management providers), a plan for marketing to potential providers, and a plan and timetable for periodic evaluation of these service providers.
- For each HPRC quarterly meeting, the Contractor shall provide to the committee a list of new providers identified during the reporting period including their specialty or expertise and a list of those providers removed from the approved provider list and the reasons why.

Like the HPRP, HMSA is not a treatment program or provider and we must also rely on the extensive network of licensed and accredited treatment service providers. As a mental health and substance abuse program administrator, HMSA routinely makes treatment referrals within the State of Michigan and across the country. As previously indicated HMSA is largely responsible for performing our own assessments and when clinically indicated, making treatment referrals that match the intensity of treatment with the severity of the problem.

At the time of the assessment, the Case Manager determines if the issue can be resolved through short-term intervention or if more intensive counseling/treatment is required. This decision is based on a variety of clinical factors including the presenting diagnosis, severity of illness and the treatment modality required. Level of risk is evaluated during the comprehensive assessment process. Initial impressions are recorded using DSM IV Axis I-V diagnostic criteria. Intensity of Services Criteria is additionally documented incorporating DSM IV and ASAM criteria. During each assessment, the counselor gathers information related to the employee's presenting problem. Specific guidelines are in place to determine if the client is high risk or in crisis.

Because this service element is integral to our current business operation, HMSA has employed stringent network participation guidelines in developing and maintaining our current proprietary network, including the State of Michigan's network. HMSA's process for the selection of treatment providers (facilities and clinicians) is specifically designed to accommodate the needs of HMSA clients. Considerations of geographic location, insurance reimbursement rates, and HMSA's treatment criteria (the client's existing mental health & SA benefits) are reviewed when constructing a customer-specific referral. One component includes gathering all relevant benefit information. This data is needed so that benefits can be coordinated when making a referral. Through this process, Case Managers will access benefit plan information when making a referral so that whenever possible, an employee is not referred to non-participating providers.

Providers are evaluated on such criteria as: clinical experience and specialties, state licensure, insurance plan participation, claims experience and high quality service at a reasonable price. The information required in order to consider a provider includes but is not limited to:



- Appropriate accreditation from a recognized accrediting body such as JCAH, CARF, COA, or AOA
- Types of treatment settings available (Inpatient, Residential, Day Treatment, Intensive Outpatient, etc.)
- Types of treatment programs available (Adult, Adolescent, Child; Mental Health, Substance Abuse)
- State Licensure
- Appropriate levels of liability insurance
- Geographic proximity to the client population
- Handicapped accessible
- Employer Identification Number (EIN)
- Participating Plans / Fee Scale

The HMSA Provider Relations Department is further responsible for updating provider files. Data reviewed during this process includes:

- Updated copy of accreditation
- Updated copy of insurance certificate
- Provider profile reports
- Patient satisfaction surveys

HMSA Provider Relations Department monitors each provider's compliance with corporate quality assurance procedures and review of client satisfaction survey results. Treatment providers are managed to specific quality measures of performance and client satisfaction. If a provider's performance is found to depart from their peers, their clinical approach is scrutinized more closely to identify the source of the discrepancy. Providers are first put on notice of their perceived deficiencies and then monitored for compliance. In the event of any repeated incidents, the provider is swiftly removed from the network. Any provider under examination for ethical or malpractice violations is immediately put on inactive status and no further referrals are made until the situation is resolved.

The HPRP solicitation stipulates that the approved Contractor is to submit a report following notification of award of the contract. HMSA is fully prepared to comply with this requirement.

Task 10: Contractor Business Ownership Information:

As part of the Work Plan response, the contractor is to describe the ownership of any other business it conducts with a special emphasis on potential conflict of interest among the various businesses and how it will ensure that state funds paid under this contract are used solely for this contract. Any associated businesses that may be held under a different corporate name are also to be described and the above issues addressed.

HMSA does not own nor is owned by, affiliated with or controlled in any way, by any treatment provider and has no conflict of interest when making treatment referrals. Referral patterns are monitored closely and all referrals are based upon client need, provider expertise and any limitations, which may be imposed by the employee's insurance plan.

Task 11: Payment of Funds:

The payments of funds associated with the HPRP contract are to be used solely for those services as outlined in this contract. These services include, but are not limited to: salaries, wages and fringe benefits (including portions thereof); equipment and materials; professional services such as legal services, bookkeeping/accounting services, payroll services, or other contractual services; transportation costs; computer or office equipment purchases, and other direct and indirect expenses, such as rental of office space, telephones, postage, and utilities. The use of state funds paid to the Contractor may not be used for any other business pursuits, projects, or programs of the Contractor. Any purchases of computer equipment and/or office furniture with contract funds will remain the property of the State, regardless of any other contract provisions in any other master agreements the potential bidder may have with the State.



Deliverables:

Within 30 days of the purchase of any computer or office furniture, purchased with contract funds, the Contractor shall provide the Contract Administrator with a detailed description of the item purchased for inventory purposes.

HMSA is appreciative of the Department's need to ensure that funds paid through the HPRP program are to be solely used for the purposes outlined in the contract. HMSA is a service provider that has in the past and continues to do business with government enterprises; we are accustomed to establishing accounting practices (including having independently audited financial statements for more than the last 10 years) that maintain financial integrity.

HMSA agrees to comply with the 30-day inventory report submission and the contract reporting requirement regarding the use of program funds and/or the purchase of materials/equipment/furniture/staffing/direct/indirect expenses.

C. REPORTS AND MEETINGS:

Task 12: Status Reports:

The Contractor will be required to submit quarterly status reports to the Contract Administrator. The content and format of these reports will be negotiated between the Contractor and the Contract Administrator following issuance of the contract.

HMSA agrees to comply with the requirements as set forth within the solicitation.

Task 13: HPRC Meetings:

The Contractor will be required to attend each HPRC meeting that is held quarterly. The Contract Administrator following issuance of the contract will provide these meeting dates to the Contractor.

Deliverables:

For each HPRC meeting, the Contractor will provide a written and verbal report to the committee that describes, at a minimum:

- a.) The number of program participants enrolled in the program during the previous quarter.
- b.) Problems or concerns identified with the HPRP's Policies and Procedures.
- c.) The number of program participants discharged, including non-compliant discharges.
- d.) Pending issues that require direction from either the Contract Administrator and/or the HPRC.

HMSA agrees to comply with the requirements as set forth within the solicitation.

Task 14 Annual Report:

State law requires that the HPRC submit an annual report to each health professional board. This report shall contain, at a minimum, statistical information on the level of participation in the program of health profession. The report will cover the time period of October 1 through September 30th.

Deliverables:

Using information garnered from the data contained in the database provided by the Department and updated daily by the Contractor, the Contractor shall provide a draft annual report for review by the Data Subcommittee of the HPRC. This draft report shall be provided by October 15th and shall include a draft Executive Summary. The Contract Administrator upon request will provide a copy of the previous Annual Report for review by the Contractor.

HMSA agrees to comply with the requirements as set forth within the solicitation.

**NON-NEGOITABLE ITEMS:**

- 1.) The Department retains ownership of the 1-800 telephone line for the program. This is the only contact number, with appropriate extensions, that will be used for the program, program participants and service providers. If the Contractor chooses to provide cellular telephone numbers or direct line numbers for direct contact with program staff, it will be at their discretion.
- 2.) The Department has paid for a computer program to track the program's effectiveness and to capture data required by the Health Professional Recovery Committee (HPRC) and the Department. The Department will provide for the transfer of this computer program to a server housed within the Contractor's facility, which will be the only computer program allowed for the HPRP.
- 3.) The Contractor shall host, update and maintain the www.hprp.org domain and website for use by anyone requesting information about the HPRP. This will include providing programming services, DNS support and SMTP email services for the HPRP.org domain. The current website consists of standard HTML and adobe Acrobat PDF pages. Additional functionality is planned for the site utilizing dynamic ASP.net pages linked to a Microsoft SQL database. It will be necessary to provide use of a compatible Broadband Internet Connection, Web Server, Database Server, Security Certificate, Firewall and DNS servers to support this domain. Any changes to the website will require prior approval by the Contract Administrator. (Refer to Technical Environment; Section 1.103)
- 4.) The Contractor shall use the www.hprp.org website address as the email address for the staff involved with the HPRP. No other website address will be allowed.
- 5.) The Contractor shall ensure that the HPRP is housed and staffed in its own location, separate from any other monitoring programs or business interests the chosen Contractor may have involvement with, to ensure separation of costs, expenses, etc. for the program. Exceptions to this requirement must be clearly outlined, with convincing rationale, in the Work Plan.
- 6.) All documents including but not limited to letterhead, forms etc., shall reference the Health Professional Recovery Program (HPRP) only. Use of the Contractor's name on any documents sent to program participants or service providers will not be allowed other than to initially communicate the change in Contractors.
- 7.) All staff members having direct contact with program participants shall have experience, training, expertise and/or education in addiction, substance use and/or mental health disorders. The chosen Contractor will be required to provide a current resume or curriculum vitae for all staff having direct contact with program participants, specifically those involved with Intake and Monitoring functions for pre-approval by the Department.
- 8.) No program participant or service provider information shall be sent out-of-state. An exception is allowed for program participants who are referred out-of-state for treatment that is required or requested.
- 9.) The Contractor must fully and cooperatively agree to allow an independent evaluator, chosen and paid for by the Department, to perform an evaluation of the program and the Contractor's performance on a schedule to be determined by the department.

HMSA agrees to comply with the requirements as set forth within the solicitation

1.2 Roles and Responsibilities**1.201 CONTRACTOR STAFF, ROLES, AND RESPONSIBILITIES**

The state reserves the right to approve the Contractor's assignment of Key Personnel to this project and to recommend reassignment of personnel deemed unsatisfactory by the State. It is not acceptable to have new and/or inexperienced staff responsible for case monitoring of program participants.

HMSA agrees to comply with the requirements as set forth within the solicitation



1.202 STATE STAFF, ROLES, AND RESPONSIBILITIES

The person named below will oversee contract performance on a day-to-day basis during the term of the
Contract: Ray R. Garza, Manager, Administrative Services Section

1.203 OTHER ROLES AND RESPONSIBILITIES

Reserved

1.3 Project Plan

1.301 PROJECT PLAN MANAGEMENT

Contractor to submit a final work plan and budget for services provided under this contract within 30 days of Contract signing which will be subject to the approval of the Department of Community Health prior to commencing work under this Contract.

I. Project Control

- a. The Contractor will carry out this project under the direction and control of the Michigan Department of Community Health, Bureau of Health Professions. Direction and control relates to the overall process and acceptable end product and does not necessarily imply that the Contract Administrator will be on-site. The Contract Administrator will not have direct supervision over the Contractor's personnel. The Contract Administrator will be available for initial consultation and guidance; however, the Contractor has the primary responsibility for the day-to-day operation of the program.
- b. Although there will be continuous liaison with the Contractor Administrator, the Contractor will meet monthly as a minimum, with the Contractor Administrator for the purpose of reviewing progress and providing necessary guidance to the Contractor in solving problems which arise.
- c. The Contractor will submit brief written monthly summaries of progress which outline the work accomplished during the reporting period; work to be accomplished during the subsequent reporting period; problems, real or anticipated, which should be brought to the attention of the Contractor Administrator; and notification of any significant deviation from previously agreed-upon work plans.
- d. Within five (5) working days of the award of the Contract, the Contractor will submit to the MDCH/BHP Contract Administrator a work plan for final approval. This final implementation plan must be in agreement with Article 4.3 of this contract as proposed by the bidder and accepted by the State for Contract, and must include the following:
 - (1) The Contractor's project organizational structure.
 - (2) The Contractor's staffing table with the name 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.
 - (3) The project breakdown showing sub-projects, activities and tasks, and resources required and allocated to each.

HMSA agrees to comply with the requirements as set forth within the solicitation

1.302 REPORTS

All reports must be provided to MDCH in electronic and hard copy formats unless otherwise specified by the state during implementation. The content, frequency, and number of copies for reports will be specified in more detail in the MDCH contract language. For non-compliant participants, the Contractor will prepare a separate package to be used by the Bureau of Health Professions, Complaint & Allegation Division, pursuant to section 333.16168(2) of the Public Health Code. The package will include the following:



- (1.) A cover memorandum, addressed to the Bureau of Health Professions, Complaint & Allegation Division, that provides a chronology of the participant's interaction with the HPRP staff;
- (2.) A clear explanation of why the file is being closed (i.e., the non-compliant issues); and,
- (3.) A complete copy of the closed participant file.

HMSA agrees to comply with the requirements as set forth within the solicitation.

1.4 Project Management

1.401 ISSUE MANAGEMENT

The Contractor shall maintain an Issue Log for this program. The Issue Log must be available electronically to the Department's project manager at all times. The Issue Log must be updated weekly and must include at a minimum the following elements:

- A.) A description of the issue.
- B.) The issue identification date.
- C.) Who is responsible for resolving the issue.
- D.) Priority for issue resolution (to be mutually agreed upon by the Department and the Contractor).
- E.) Resolution date.
- F.) Resolution Description.

HMSA agrees to comply with the requirements as set forth within the solicitation.

1.402 RISK MANAGEMENT

The Contractor must create a risk management plan for the program. A risk management plan format will be submitted to the Department for approval within thirty (30) business days after the effective date of the contract resulting from this CONTRACT. Once both parties have agreed to the format of the plan, it shall become the standard to follow for the duration of the contract.

HMSA agrees to comply with the requirements as set forth within the solicitation.

1.403 CHANGE MANAGEMENT

The following provides the process to follow if a change to the Statement of Work (SOW) is required:

- 1.) A Project Change Report (PCR) shall be the vehicle for communicating change. The PCR, completed by the Contractor's Program Manager must describe the change; rationale for the change; and, the effect the change will have on the program.
- 2.) The Contractor's Project Manager and the Contract Administrator will review the proposed change and the Contract Administrator shall review it for further consideration or reject it with rationale. If the change is warranted, the Department and the Contractor will sign the PCR, which will constitute approval for the changes. (The timing of the signature by the Department's Contract Manager will be in accordance with the State's Administrative Board or other applicable approval processes.)

A written PCR must be signed by both parties to authorize implementation of the proposed changes and before any changes are made. For matters involving policy or procedure changes, the HPRC shall retain the authority to modify, or delete any of the policies or procedures contained in the HPRP Policy & Procedures Manual, which the Contractor must follow.

HMSA agrees to comply with the requirements as set forth within the solicitation.



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.

1. Ability to maintain a acceptable level of professional staff with the appropriate expertise, knowledge and experience regarding the treatment of impaired health professionals to ensure the program operates smoothly and to provide timely interactions with program participants, treatment service providers, and other stakeholders.
2. Ability to maintain adequate supervisory staff to ensure that the program requirements are met and to ensure appropriate communication with DCH staff to the extent necessary.
3. Ability of contract staff to communicate issues to the Contract Administrator so that they can be resolved in a timely and professional manner.
4. Ability to develop and maintain participant files in sufficient detail to support the work performed, including but not limited to date of contacts, with whom the contacts were made, progress notes, appropriately signed Release of Information forms, etc.
5. Ability to provide professional staff that will occasionally be required to participate and testify in administrative hearings or court proceedings.
6. Ability to submit findings in a neat, well documented, organized package, in the required format, for each non-compliant participant.
7. Ability to communicate effectively and timely with treatment service providers with regard to participant case progress, required documentation and/or program updates.
8. Ability to adapt to changes in policies and procedures should it become necessary to utilize different approaches to fully accomplish program objectives.
9. Ability to determine weaknesses or deficiencies in program policies and procedures and, where issues are identified, the ability to provide recommendations for amendments to the policy or procedure.
10. Ability to adhere to the Department's expectations that the program be fully operational by October 1, 2005.

HMSA agrees to comply with the requirements as set forth within the solicitation.

1.502 FINAL ACCEPTANCE

Final acceptance will be given upon written approval of the Michigan Department of Community Health and the Contractor.

HMSA agrees to comply with the requirements as set forth within the solicitation.



1.6 Compensation and Payment

The State shall pay the Contractor for the performance of all activities necessary for or incidental to the performance of work as set forth in this Statement of Work. The State shall reimburse the Contractor a variable amount based upon the number of program participants involved in the HPRP on a monthly basis.

The Contractor shall include in their Work Plan their anticipated cost for management of this program based on a unit cost structure. Unit costs must include the Contractor's remuneration for all staff and services associated with management of the HPRP, including the cost of Intake, Monitoring and closing of files, whether a voluntary or regulatory participant (refer to section 1.104, Task 11).

Unit costs should be based on an average monthly caseload of up to seven hundred (700) program participants. In the event the number of program participants increases to between seven hundred (700) and a thousand (1000), the State shall reimburse the Contractor for up to 75% of the unit costs that exceed 700 participants. Should the number of program participants exceed 1000 program participants, the Contractor may request to negotiate a revised rate structure.

The Contractor shall continue to provide all required services despite any reduction in costs that may result due to an increase in the number of program participants and/or pending a revised negotiated rate structure.

1.7 Additional Terms and Conditions Specific to this SOW

Reserved



Article 2 – General Terms and Conditions

2.0 Introduction

2.001 GENERAL PURPOSE

The purpose of this contract is to procure the services of a Contractor to assist the Department through the Bureau of Health Professions to act as a consultant to assist the Health Professional Recovery Committee with the administration of the Health Professional Recovery Program for the State of Michigan. Orders will be issued directly to the Contractor by various State Agencies on the Purchase Order Contract Release Form. Bids are due and will be publicly identified at the time noted on the Invitation To Bid (CONTRACT) Form.

2.002 ISSUING OFFICE AND CONTRACT ADMINISTRATOR

This Contract is issued by Purchasing Operations, State of Michigan, Department of Management and Budget, hereinafter known as Purchasing Operations, for the Bureau of Health Professions, hereinafter known as *the Bureau*. Where actions are a combination of those of Purchasing Operations and the State agencies, the authority will be known as the State.

Purchasing Operations is the sole point of contact in the State with regard to all procurement and contractual matters relating to the commodities and/or services described herein. Purchasing Operations is the only office authorized to negotiate, change, modify, amend, alter, clarify, etc., the specifications, terms, and conditions of the Contract. Purchasing Operations will remain the SOLE POINT OF CONTACT throughout the procurement process.

Contractor proceeds at its own risk if it takes negotiation, changes, modification, alterations, amendments, clarification, etc., of the specifications, terms, or conditions of the contract from any individual or office other than Purchasing Operations and the listed contract administrator

All communications covering this procurement must be addressed to contract administrator indicated below:

Department of Management and Budget
Purchasing Operations
Attn: Irene Pena, CPPB
2nd Floor, Mason Building
P.O. Box 30026
Lansing, Michigan 48909
(517) 241-1647
Penai1@michigan.gov

2.003 NOTICE

Any notice given to a party under this Contract must be written and 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.

2.004 CONTRACT TERM

The term of this Contract will be for two (2) years and will commence with the issuance of a Contract. This will be approximately 07/01/2006 through 06/30/2008.

Option. The State reserves the right to exercise three (3) one-year options, at the sole option of the State. Contractor performance, quality of products, price, cost savings, and the contractor's ability to deliver on time are some of the criteria that will be used as a basis for any decision by Purchasing Operations to exercise an option year.



Extension. By agreement between the State and Contractor, the contract may also be extended.

Written notice will be provided to the Contractor within 90 days, provided that the State gives the Contractor a preliminary written notice of its intent to extend at least 60 days before the contract expires. The preliminary notice does not commit the Government to an extension. If the Government exercises this option, the extended contract shall be considered to include this option clause.

2.005 GOVERNING LAW

The Contract shall in all respects be governed by, and construed in accordance with, the laws of the State of Michigan. By signing this agreement, vendor consents to personal jurisdiction in the state of Michigan. Any dispute arising herein shall be resolved in the State of Michigan.

2.006 APPLICABLE STATUTES

The following statutes, rules, and laws are applicable to the performance of this contract; some statutes are reflected in the clauses of this contract. This list is NOT exhaustive.

MI Uniform Commercial Code (MIUCC) MCL 440. (All sections unless otherwise altered by agreement)

MI OSHA MCL §§ 408.1001 – 408.1094

Freedom of Information Act (FIOA) MCL §§ 15.231, et seq.

Natural Resources and Environmental Protection Act MCL §§ 324.101, et seq.

MI Consumer Protection Act MCL §§ 445.901 – 445.922

Laws relating to wages, payments of wages, and fringe benefits on state projects MCL §§ 408.551 – 408.558, 408.471 – 408.490, 1965 PA 390.

Department of Civil Service Rules and regulations

Elliot Larsen Civil Rights Act MCL §§ 37.2201, et seq.

Persons with disabilities Civil Rights Act MCL §§ 37.1101, et seq.

MCL §§ 423.321, et seq.

MCL § 18.1264 (law regarding debarment)

Davis-Bacon Act (DBA) 40 USCU §§ 276(a), et seq.

Contract Work Hours and Safety Standards Act (CWHSSA) 40 USCS § 327, et seq.

Business Opportunity Act for Persons with Disabilities MCL §§ 450.791 – 450.795

Rules and regulations of the Environmental Protection Agency

Internal Revenue Code

Rules and regulations of the Equal Employment Opportunity Commission (EEOC)

The Civil Rights Act of 1964, USCS Chapter 42

Title VII, 42 USCS §§ 2000e et seq.

The Americans with Disabilities Act (ADA), 42 USCS §§ 12101 et seq.

The Age Discrimination in Employment Act of 1967 (ADEA), 29 USCS §§ 621, 623 et seq.

The Old Workers Benefit and Protection Act of 1990 (OWBPA), 29 USCS §§ 626, et seq.

The Family Medical Leave Act of 1993 (FMLA), 29 USC §§ 651 et seq.

The Fair Labor Standards Act (FLSA), 29 USC §§ 201 et seq.

Pollution Prevention Act of 1990 (PPA) 42 U.S.C. §13106

Sherman Act, 15 U.S.C.S. § 1 et seq.

Robinson-Patman Act, 15 U.S.C.S. § 13 et. seq.

Clayton Act, 15 U.S.C.S. § 14 et seq.

The Occupational Regulation sections of the Public Health Code.

The HPRP policies and procedures.

2.007 RELATIONSHIP OF THE PARTIES

The relationship between the State and the Contractor is that of client and independent Contractor. No agent, employee, or servant of the 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. The Contractor will be solely and entirely responsible for its acts and the acts of its agents, employees, servants and subcontractors during the performance of this Contract.

**2.008 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 this Contract.

2.009 MERGER

This document constitutes the complete, final, and exclusive agreement between the parties. All other prior writings and negotiations are ineffective.

2.010 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.

2.011 SURVIVORSHIP

Any provisions of the Contract that impose continuing obligations on the parties including, but not limited to the Contractor's indemnity and other obligations shall survive the expiration or cancellation of the Contract for any reason.

2.012 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.

2.013 PURCHASE ORDERS

Orders for delivery of commodities and/or services may be issued directly by the State Departments through the issuance of a Purchase Order Form referencing this Contract (Blanket Purchase Order) agreement and the terms and conditions contained herein. Contractor is asked to reference the Purchase Order Number on all invoices for payment.

2.1 Vendor/Contractor Obligations**2.101 ACCOUNTING RECORDS**

The Contractor and all subcontractors shall maintain all pertinent financial and accounting records and evidence pertaining to the Contract in accordance with generally accepted principles of accounting and other procedures specified by the State of Michigan. Financial and accounting records shall be made available, upon request, to the State of Michigan, its designees, or the Michigan Auditor General at any time during the Contract period and any extension thereof, and for three years from expiration date and final payment on the Contract or extension thereof.

2.102 NOTIFICATION OF OWNERSHIP

The Contractor shall make the following notifications in writing:

1. When the Contractor becomes aware that a change in its ownership or officers has occurred, or is certain to occur, that could result in changes in the valuation of its capitalized assets in the accounting records, the Contractor shall notify Purchasing Operations within 30 days.
2. The Contractor shall also notify the Purchasing Operations within 30 days whenever changes to asset valuations or any other cost changes have occurred or are certain to occur as a result of a change in ownership or officers.



The Contractor shall:

1. Maintain current, accurate, and complete inventory records of assets and their costs;
2. Provide Purchasing Operations or designated representative ready access to the records upon request;
3. Ensure that all individual and grouped assets, their capitalized values, accumulated depreciation or amortization, and remaining useful lives are identified accurately before and after each of the Contractor's ownership or officer changes; and
4. Retain and continue to maintain depreciation and amortization schedules based on the asset records maintained before each Contractor ownership or officer change.

2.103 SOFTWARE COMPLIANCE

The vendor warrants that all software for which the vendor either sells or licenses to the State of Michigan and used by the State prior to, during or after the calendar year 2000, includes or shall include, at no added cost to the State, design and performance so the State shall not experience software abnormality and/or the generation of incorrect results from the software, due to date oriented processing, in the operation of the business of the State of Michigan.

The software design, to insure year 2000 compatibility, shall include, but is not limited to: data structures (databases, data files, etc.) that provide 4-digit date century; stored data that contain date century recognition, including, but not limited to, data stored in databases and hardware device internal system dates; calculations and program logic (e.g., sort algorithms, calendar generation, event recognition, and all processing actions that use or produce date values) that accommodates same century and multi-century formulas and date values; interfaces that supply data to and receive data from other systems or organizations that prevent non-compliant dates and data from entering any State system; user interfaces (i.e., screens, reports, etc.) that accurately show 4 digit years; and assurance that the year 2000 shall be correctly treated as a leap year within all calculation and calendar logic.

2.104 IT STANDARDS

1. EXISTING TECHNOLOGY STANDARDS. The Contractor will adhere to all existing standards as described within the comprehensive listing of the State's existing technology standards at <http://michigan.gov/dit>.
2. PM METHODOLOGY STANDARDS. The State has adopted a standard documented Project Management Methodology (PMM) for use on all Information Technology (IT) based projects. This policy is referenced in the document titled "Project Management Methodology" – DMB Administrative Guide Procedure 1380.02 issued June 2000. Vendors may obtain a copy of this procedure, as well as the State of Michigan Project Management Methodology, from the Department of Information Technology's website at <http://www.michigan.gov/projectmanagement>.

The contractor shall use the State's PPM to manage State of Michigan Information Technology (IT) based projects. The Requesting agency will provide the applicable documentation and internal agency processes for the methodology. If the vendor requires training on the methodology, those costs shall be the responsibility of the vendor, unless otherwise stated.

3. ADHERENCE TO PORTAL TECHNOLOGY TOOLS. The State of Michigan, Department of Information Technology, has adopted the following tools as its Portal Technology development efforts:
 - Vignette Content Management and personalization Tool
 - Inktomi Search Engine
 - E-Pay Payment Processing Module
 - Websphere Commerce Suite for e-Store applications



Vendors must use the Portal Technology Tools to implement web content management and deployment efforts for agencies. Tools used for web-based application development must work in conjunction with Vignette and Inktomi. The interaction with Vignette and Inktomi must be coordinated with the Department of Information Technology, Enterprise Application Services Office, e-Michigan Web Development team.

Under special circumstances vendors that are compelled to use alternate tools must submit an exception request to the Department of Information Technology, Enterprise Application Services Office, e-Michigan Web Development team, for evaluation and approval of each alternate tool prior to proposal evaluation by the State.

2.105 PERFORMANCE AND RELIABILITY EVALUATION (PARE)

Reserved

2.106 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 Consumer and Industry Service, Bureau of Safety and Regulation, Wage/Hour Division 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 Consumer and Industry Services, 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.

2.107 PAYROLL AND BASIC RECORDS

Payrolls and basic records relating to the performance of this contract shall be maintained by the Contractor during the course of the work and preserved for a period of 3 years thereafter for all laborers and mechanics working at the site of the work. Such records shall contain the name, address, and social security number of each such worker, his or her correct classification, hourly rates of wages paid (including rates of contributions or costs anticipated for bona fide fringe benefits or cash equivalents thereof of the types described in section 1(b)(2)(B) of the Davis-Bacon Act), daily and weekly number of hours worked, deductions made, and actual wages paid. Contractors employing apprentices or trainees under approved programs shall maintain written evidence of the registration of apprenticeship programs and certification of trainee programs, the registration of the apprentices and trainees, and the ratios and wage rates prescribed in the applicable programs.

The Contractor shall submit a copy of all payrolls to the Contract Administrator upon request. The payrolls submitted shall set out accurately and completely all of the information required to be maintained as indicated above.

The Prime Contractor is responsible for the submission of copies of payrolls by all subcontractors upon request from the Contract Administrator



The Contractor or subcontractor shall permit the Contract Administrator or representatives of the Contract Administrator or the State of Michigan to interview employees during working hours on the job.

If the Contractor or subcontractor fails to submit required records or to make them available, the Contract Administrator may, after written notice to the Contractor, take such action as may be necessary to cause the suspension of any further payment. Furthermore, failure to submit the required records upon request or to make such records available may be grounds for debarment.

2.108 COMPETITION IN SUB-CONTRACTING

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. The Primary Contractor and the subcontractor for the urine drug screening portion of this contract cannot be the same entity, in order to avoid any potential conflict of interest issues or appearances of impropriety.

2.109 CALL CENTER DISCLOSURE

Vendor and/or all subcontractors involved in the performance of this contract providing call or contact center services to the State of Michigan 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 agreement.

2.2 Contract Performance

2.201 TIME IS OF THE ESSENCE

Contractor/Vendor is on notice that time is of the essence in the performance of this contract. Late performance will be considered a material breach of this contract, giving the State a right to invoke all remedies available to it under this contract.

2.202 CONTRACT PAYMENT SCHEDULE

The specific payment schedule for any Contract(s) entered into, as the State and the Contractor(s) will mutually agree upon the result of this CONTRACT. The schedule should show payment amount and should reflect actual work done by the payment dates, less any penalty cost charges accrued by those dates. As a general policy statements shall be forwarded to the designated representative by the 15th day of the following month.

2.203 POSSIBLE PROGRESS PAYMENTS

The Government may make progress payments to the Contractor when requested as work progresses, but not more frequently than monthly, in amounts approved by the Contract Administrator, after negotiation. Contractor must show verification of measurable progress at the time of requesting progress payments.

2.204 POSSIBLE PERFORMANCE-BASED PAYMENTS (Actual performance rendered)

Reserved.

2.205 ELECTRONIC PAYMENT AVAILABILITY

Electronic transfer of funds is available to State contractors. Vendor is required register with the State of Michigan Office of Financial Management so the State can make payments related to this Contract electronically at www.cpexpress.state.mi.us.

2.206 PERFORMANCE OF WORK BY CONTRACTOR

The Contractor shall perform on the site, and with its own organization, according to the statement of work of this contract, work equivalent to at least one hundred (100) percent of the total amount of work to be performed under the contract. This percentage may be reduced by a supplemental agreement to this contract if, during performing the work, the Contractor requests a reduction and the Contract Administrator determines that the reduction would be to the advantage of the Government.



2.3 Contract Rights and Obligations

2.301 INCURRING COSTS

The State of Michigan is not liable for any cost incurred by the Contractor prior to signing of the Contract. The State fiscal year is October 1st through September 30th. The Contractor(s) should realize that payments in any given fiscal year are contingent upon enactment of legislative appropriations. Total liability of the State is limited to terms and conditions of the Contract.

2.302 CONTRACTOR RESPONSIBILITIES

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

2.303 ASSIGNMENT AND DELEGATION

The Contractor shall not have the right to assign this Contract, to assign its rights under this contract, 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 State. Any purported assignment in violation of this Section shall be null and void. Further, the Contractor may not assign the right to receive money due under the Contract without the prior written consent of the Director of Purchasing Operations.

The Contractor shall not delegate any duties or obligations under the Contract to a subcontractor other than a subcontractor named and approved in the bid unless the Director of Purchasing Operations has given written consent to the delegation.

Contractor must obtain the approval of the Director of Purchasing Operations before using a place of performance that is different from the address that bidder provided in the bid.

2.304 TAXES

Sales Tax: For purchases made directly by the State of Michigan, the State is exempt from State and Local Sales Tax. Prices shall not include such taxes. Exemption Certificates for State Sales Tax will be furnished upon request.

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

The State's Tax Exempt Certification is available for vendor viewing upon request to the Contract Administrator.



2.305 INDEMNIFICATION

General Indemnification

To the fullest extent permitted by law, the Contractor shall indemnify, defend and hold harmless the State, its departments, divisions, agencies, sections, commissions, officers, employees and agents, from and against all losses, liabilities, penalties, fines, damages and claims (including taxes), and all related costs and expenses (including reasonable attorneys' fees and disbursements and costs of investigation, litigation, settlement, judgments, interest and penalties), arising from or in connection with any of the following:

1. Any claim, demand, action, citation or legal proceeding against the State, its employees and agents arising out of or resulting from (1) the product provided or (2) performance of the work, duties, responsibilities, actions or omissions of the Contractor or any of its subcontractors under this Contract.
2. Any claim, demand, action, citation or legal proceeding against the State, its employees and agents arising out of or resulting from a breach by the Contractor of any representation or warranty made by the Contractor in the Contract;
3. Any claim, demand, action, citation or legal proceeding against the State, its employees and agents arising out of or related to occurrences that the Contractor is required to insure against as provided for in this Contract;
4. Any claim, demand, action, citation or legal proceeding against the State, its employees and agents arising out of or resulting from the death or bodily injury of any person, or the damage, loss or destruction of any real or tangible personal property, in connection with the performance of services by the Contractor, by any of its subcontractors, by anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable; provided, however, that this indemnification obligation shall not apply to the extent, if any, that such death, bodily injury or property damage is caused solely by the negligence or reckless or intentional wrongful conduct of the State;
5. Any claim, demand, action, citation or legal proceeding against the State, its employees and agents which results from an act or omission of the Contractor or any of its subcontractors in its or their capacity as an employer of a person.

Patent/Copyright Infringement Indemnification

To the fullest extent permitted by law, the Contractor shall indemnify, defend and hold harmless the State, its employees and agents from and against all losses, liabilities, damages (including taxes), and all related costs and expenses (including reasonable attorneys' fees and disbursements 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 or foreign patent, copyright, trade secret or other proprietary right of any person or entity, which right is enforceable under the laws of the United States. In addition, should the equipment, software, commodity, or service, or the operation thereof, become or in the 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 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.



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.

Indemnification Obligation Not Limited

In any and all claims against the State of Michigan, or any of its agents or employees, 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 benefits acts, or other employee benefits acts. This indemnification clause is intended to be comprehensive. Any overlap in sub clauses, 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 sub clause.

Continuation of Indemnification Obligation

The duty to indemnify will continue in full force and affect not withstanding the expiration or early termination of the Contract with respect to any claims based on facts or conditions, which occurred prior to termination.

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 so 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.

2.306 LIMITATION OF LIABILITY

Except as set forth herein, neither the Contractor nor the State shall be liable to the other party for indirect or consequential damages, even if such party has been advised of the possibility of such damages. Such limitation as to indirect or consequential damages 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; to Contractor's indemnification obligations (2.305); 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.

2.307 CONTRACT DISTRIBUTION

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

2.308 FORM, FUNCTION, AND UTILITY

If the Contract is for use of more than one State agency and if the good or service provided under this Contract do not meet the form, function, and utility required by a State agency, that agency may, subject to State purchasing policies, procure the good or service from another source.

2.309 ASSIGNMENT OF ANTITRUST CAUSE OF ACTION

For and in consideration of the opportunity to submit a quotation and other good and valuable consideration, the bidder hereby assigns, sells and transfers to the State of Michigan all rights, title and interest in and to all causes of action it may have under the antitrust laws of the United States or this State for price fixing, which causes of action have accrued prior to the date of payment and which relate solely to the particular goods, commodities, or services purchased or procured by this State pursuant to this transaction.

2.310 RESERVED

2.311 TRANSITION ASSISTANCE

If this Contract is not renewed at the end of this term, or is canceled prior to its expiration, for any reason, the Contractor must provide for up to 120 days after the expiration or cancellation of this Contract, all reasonable transition assistance requested by the State, to allow for the expired or canceled portion of the Services to continue without interruption or adverse effect, and to facilitate the orderly transfer of such services to the State or its designees. Such transition assistance will be deemed by the parties to be governed by the terms and conditions of this Contract, (notwithstanding this expiration or cancellation) except for those Contract terms or conditions that do not reasonably apply to such transition assistance. The State shall pay the Contractor for any resources utilized in performing such transition assistance at the most current rates provided by the Contract for Contract performance.



2.312 WORK PRODUCT

Work Products shall be considered works made by the Contractor for hire by the State and shall belong exclusively to the State and its designees, unless specifically provided otherwise by mutual agreement of the Contractor and the State. If by operation of law any of the Work Product, including all related intellectual property rights, is not owned in its entirety by the State automatically upon creation thereof, the Contractor agrees to assign, and hereby assigns to the State and its designees the ownership of such Work Product, including all related intellectual property rights. The Contractor agrees to provide, at no additional charge, any assistance and to execute any action reasonably required for the State to perfect its intellectual property rights with respect to the aforementioned Work Product.

Notwithstanding any provision of this Contract to the contrary, any preexisting work or materials including, but not limited to, any routines, libraries, tools, methodologies, processes or technologies (collectively, the "Development Tools") created, adapted or used by the Contractor in its business generally, including any and all associated intellectual property rights, shall be and remain the sole property of the Contractor, and the State shall have no interest in or claim to such preexisting work, materials or Development Tools, except as necessary to exercise its rights in the Work Product. Such rights belonging to the State shall include, but not be limited to, the right to use, execute, reproduce, display, perform and distribute copies of and prepare derivative works based upon the Work Product, and the right to authorize others to do any of the foregoing, irrespective of the existence therein of preexisting work, materials and Development Tools, except as specifically limited herein.

The Contractor and its subcontractors shall be free to use and employ their general skills, knowledge and expertise, and to use, disclose, and employ any generalized ideas, concepts, knowledge, methods, techniques or skills gained or learned during the course of performing the services under this Contract, so long as the Contractor or its subcontractors acquire and apply such information without disclosure of any confidential or proprietary information of the State, and without any unauthorized use or disclosure of any Work Product resulting from this Contract.

2.313 PROPRIETARY RIGHTS

A. Software Ownership

Ownership of Work Product by State.

All Deliverables shall be owned by the State and shall be considered works made for hire by the Contractor for the State. The State shall own all United States and international copyrights, trademarks, patents or other proprietary rights in the Deliverables.

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

Software License

Contractor grants to the State a non-exclusive, royalty-free, site-wide, irrevocable, transferable license to use the Software and related documentation according to the terms and conditions of this Contract. For the purposes of this license, "site-wide" includes any State of Michigan office regardless of its physical location.



The State may modify the Software and may combine such with other programs or materials to form a derivative work. The State will own and hold all copyright, trademark, patent and other intellectual property rights in any derivative work, excluding any rights or interest in Software other than those granted in this Contract.

The State may copy each item of Software to multiple hard drives or networks.

The State will make and maintain no more than one archival copy of each item of Software, and each copy will contain all legends and notices and will be subject to the same conditions and restrictions as the original. The State may also make copies of the Software in the course of routine backups of hard drive(s) for the purpose of recovery of hard drive contents.

In the event that the Contractor shall, for any reason, cease to conduct business, or cease to support the Software, the State shall have the right to convert these licenses into perpetual licenses, with rights of quiet enjoyment, but subject to payment obligations not to exceed the then current rates.

B. *Source Code Escrow*

Reserved.

2.314 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.

2.4 Contract Review and Evaluation

2.401 CONTRACT COMPLIANCE INSPECTOR

Upon receipt at Purchasing Operations of the properly executed Contract Agreement(s), the person named below will be allowed to oversee the Contract performance on a day-to-day basis during the term of the Contract. However, overseeing the Contract implies **no authority to negotiate, change, modify, clarify, amend, or otherwise alter the terms, conditions, and specifications of such Contract(s). That authority is retained by Purchasing Operations.** The Contract Compliance Inspector for this project is:

Shirley Martin
Department of Community Health
Bureau of Health Professions
P.O. Box 30670
Lansing, MI 48909

2.402 PERFORMANCE REVIEWS

Purchasing Operations in conjunction with the Bureau of Health Professions may review with the Contractor their performance under the Contract. Performance reviews shall be conducted quarterly, semi-annually or annually depending on Contractor's past performance with the State. Performance reviews shall include, but not limited to, quality of products/services being delivered and provided, timeliness of delivery, percentage of completion of orders, the amount of back orders, status of such orders, accuracy of billings, customer service, completion and submission of required paperwork, the number of substitutions and the reasons for substitutions, and other requirements of the Contract.



Upon a finding of poor performance, which has been documented by Purchasing Operations, the Contractor shall be given an opportunity to respond and take corrective action. If corrective action is not taken in a reasonable amount of time as determined by Purchasing Operations, the Contract may be canceled for default. Delivery by the Contractor of unsafe and/or adulterated or off-condition products to any State agency is considered a material breach of Contract subject to the cancellation provisions contained herein.

2.403 AUDIT OF CONTRACT COMPLIANCE/ 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.

2.5 Quality and Warranties

2.501 PROHIBITED PRODUCTS

The State will not accept salvage, distressed, outdated or discontinued merchandise. Shipping of such merchandise to any State agency, as a result of an order placed against the Contract, shall be considered default by the Contractor of the terms and conditions of the Contract and may result in cancellation of the Contract by the State. The brand and product number offered for all items shall remain consistent for the term of the Contract, unless Purchasing Operations has approved a change.

2.502 RESERVED

2.503 RESERVED

2.504 GENERAL WARRANTIES (goods)

Warranty of Merchantability – Goods provided by vendor under this agreement shall be merchantable. All goods provided under this contract shall be of good quality within the description given by the State, shall be fit for their ordinary purpose, shall be adequately contained and packaged within the description given by the State, shall conform to the agreed upon specifications, and shall conform to the affirmations of fact made by the vendor or on the container or label.

Warranty of fitness for a particular purpose – When vendor has reason to know or knows any particular purpose for which the goods are required, and the State is relying on the vendor's skill or judgment to select or furnish suitable goods, there is a warranty that the goods are fit for such purpose.

Warranty of title – Vendor shall, in providing goods to the State, convey good title in those goods, whose transfer is right and lawful. All goods provided by vendor shall be delivered free from any security interest, lien, or encumbrance of which the State, at the time of contracting, has no knowledge. Goods provided by vendor, under this agreement, shall be delivered free of any rightful claim of any third person by of infringement or the like.

2.505 CONTRACTOR WARRANTIES

The Contract will contain customary representations and warranties by the Contractor, including, without limitation, the following:

1. The Contractor will perform all services in accordance with high professional standards in the industry;
2. The Contractor will use adequate numbers of qualified individuals with suitable training, education, experience and skill to perform the services;
3. The Contractor will use its best efforts to use efficiently any resources or services necessary to provide the services that are separately chargeable to the State;



4. The Contractor will use its best efforts to perform the services in the most cost effective manner consistent with the required level of quality and performance;
5. The Contractor will perform the services in a manner that does not infringe the proprietary rights of any third party;
6. The Contractor will perform the services in a manner that complies with all applicable laws and regulations;
7. The Contractor has duly authorized the execution, delivery and performance of the Contract;
8. The Contractor is capable in all respects of fulfilling and shall fulfill all of its obligations under this contract.
9. The contract appendices, attachments, and exhibits identify all equipment and software services necessary for the deliverable(s) to perform and operate in compliance with the contract's requirements.
10. The Contractor is the lawful owner or licensee of any Deliverable licensed or sold to the state by Contractor or developed by Contractor under this contract, and Contractor has all of the rights necessary to convey to the state the ownership rights or license use, as applicable, of any and all Deliverables.
11. If, under this Contract, Contractor procures any equipment, software or other Deliverable for the State (including equipment, software and other Deliverables manufactured, re-marketed or otherwise sold by Contractor under Contractor's name), then in addition to Contractor's other responsibilities with respect to such items as set forth in this Contract, Contractor shall assign or otherwise transfer to the State or its designees, or afford the State the benefits of, any manufacturer's warranty for the Deliverable.
12. The contract signatory has the power and authority, including any necessary corporate authorizations, necessary to enter this contract, on behalf of Contractor.
13. The Contractor is qualified and registered to transact business in all locations where required.
14. 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.
15. All financial statements, reports, and other information furnished by Contractor to the State as part of its response to the CONTRACT 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 changes in the business, properties, financial condition, or results of operations of Contractor. 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.

2.506 STAFF

The State reserves the right to approve the Contractor's assignment of Key Personnel to this project and to recommend reassignment of personnel deemed unsatisfactory by the State.



The Contractor shall not remove or reassign, without the State's prior written approval any of the Key Personnel until such time as the Key Personnel have completed all of their planned and assigned responsibilities in connection with performance of the Contractor's obligations under this Contract. The Contractor agrees that the continuity of Key Personnel is critical and agrees to the continuity of Key Personnel. Removal of Key Personnel without the written consent of the State may be considered by the State to be a material breach of this Contract. The prohibition against removal or reassignment shall not apply where Key Personnel must be replaced for reasons beyond the reasonable control of the Contractor including but not limited to illness, disability, resignation or termination of the Key Personnel's employment.

2.507 SOFTWARE WARRANTIES

(a) Performance Warranty

The Contractor represents and warrants that Deliverables, after Final Acceptance, will perform and operate in compliance with the requirements and other standards of performance contained in this Contract (including all descriptions, specifications and drawings made a part of the Contract) for a period of ninety (90) days. In the event of a breach of this warranty, Contractor will promptly correct the affected Deliverable(s) at no charge to the State.

(b) No Surreptitious Code Warranty

The Contractor represents and warrants that no copy of licensed Software provided to the State contains or will contain in any Self-Help Code or any Unauthorized Code as defined below. This warranty is referred to in this Contract as the "No Surreptitious Code Warranty."

As used in this Contract, "Self-Help Code" means any back door, time bomb, drop dead device, or other software routine designed to disable a computer program automatically with the passage of time or under the positive control of a person other than the licensee of the software. Self-Help Code does not include Software routines in a computer program, if any, designed to permit an owner of the computer program (or other person acting by authority of the owner) to obtain access to a licensee's computer system(s) (e.g. remote access via modem) for purposes of maintenance or technical support.

As used in this Contract, "Unauthorized Code" means any virus, Trojan horse, spyware, worm or other Software routines or components designed to permit unauthorized access to disable, erase, or otherwise harm software, equipment, or data; or to perform any other such actions. The term Unauthorized Code does not include Self-Help Code.

In addition, Contractor will use up-to-date commercial virus detection software to detect and remove any viruses from any software prior to delivering it to the State.

(c) Calendar Warranty

The Contractor represents and warrants that all software for which the Contractor either sells or licenses to the State of Michigan and used by the State prior to, during or after the calendar year 2000, includes or shall include, at no added cost to the State, design and performance so the State shall not experience software abnormality and/or the generation of incorrect results from the software, due to date oriented processing, in the operation of the business of the State of Michigan.

The software design, to insure calendar year rollover compatibility, shall include, but is not limited to: data structures (databases, data files, etc.) that provide 4-digit date century; stored data that contain date century recognition, including, but not limited to, data stored in databases and hardware device internal system dates; calculations and program logic (e.g., sort algorithms, calendar generation, event recognition, and all processing actions that use or produce date values) that accommodates same century and multi-century formulas and date values; interfaces that supply data to and receive data from other systems or organizations that prevent non-compliant dates and data from entering any State system; user interfaces (i.e., screens, reports, etc.) that accurately show 4 digit years; and assurance that the year 2000 shall be correctly treated as a leap year within all calculation and calendar logic.



(d) Third-party Software Warranty

The Contractor represents and warrants that it will disclose the use or incorporation of any third-party software into the Deliverables. At the time of Delivery, the Contractor shall provide in writing the name and use of any Third-party Software, including information regarding the Contractor's authorization to include and utilize such software. The notice shall include a copy of any ownership agreement or license that authorizes the Contractor to use the Third-party Software.

2.508 EQUIPMENT WARRANTY

Reserved

2.509 PHYSICAL MEDIA WARRANTY

Contractor represents and warrants that each licensed copy of the Software provided by the Contractor is free from physical defects in the media that tangibly embodies the copy. This warranty does not apply to defects discovered more than thirty (30) days after that date of Final Acceptance of the Software by the State. This warranty does not apply to defects arising from acts of Excusable Failure. If the Contractor breaches this warranty, then the State shall be entitled to replacement of the non-compliant copy by Contractor, at Contractor's expense (including shipping and handling).

2.6 Breach of Contract

2.601 BREACH DEFINED

Failure to comply with articles, sections, or subsections of this agreement, or making any false statement in this agreement will be considered a material breach of this agreement giving the state authority to invoke any and all remedies available to it under this agreement.

In addition to any remedies available in law and by the terms of this contract, if the Contractor breaches Sections 2.508, 2.509, or 2.510, such a breach may be considered as a default in the performance of a material obligation of this contract.

2.602 NOTICE AND THE RIGHT TO CURE

In the event of a curable breach by the Contractor, the State shall provide the Contractor written notice of the breach and a time period to cure said breach described in the notice. This section requiring notice and an opportunity to cure shall not be applicable in the event of successive or repeated breaches of the same nature or if the State determines in its sole discretion that the breach poses a serious and imminent threat to the health or safety of any person or the imminent loss, damage or destruction of any real or tangible personal property.

2.603 EXCUSABLE FAILURE

1. Neither party shall be liable for any default or delay in the performance of its obligations under the Contract if and to the extent such default or delay is caused, directly or indirectly, by: fire, flood, earthquake, elements of nature or acts of God; riots, civil disorders, rebellions or revolutions in any country; the failure of the other party to perform its material responsibilities under the Contract (either itself or through another contractor); 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 best efforts to recommence performance or observance whenever and to whatever extent possible without delay provided such party promptly notifies the other party in writing of the inception of the excusable failure occurrence, and also of its abatement or cessation.



2. If any of the above enumerated circumstances substantially prevent, hinder, or delay performance of the services necessary for the performance of the State's functions for more than 14 consecutive 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 from an alternate source, and the State shall not be liable for payments for the unperformed services under the Contract for so long as the delay in performance shall continue; (b) the State may cancel any portions of the Contract so affected and the charges payable hereunder shall be equitably adjusted to reflect those services canceled; or (c) the Contract will be canceled without liability of the State to the Contractor as of the date specified by the State in a written notice of cancellation to the Contractor. The Contractor will not have the right to any additional payments from the State as a result of any excusable failure occurrence or to payments for services not rendered as a result of the excusable failure condition. Defaults or delays in performance by the Contractor which are caused by acts or omissions of its subcontractors will not relieve the Contractor of its obligations under the Contract except to the extent that a subcontractor is itself subject to any excusable failure condition described above and the 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.

2.7 Remedies

2.701 CANCELLATION

The State may cancel 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:

1. Material Breach by the Contractor. In the event that the Contractor breaches any of its material duties or obligations under the Contract, 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, 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 cancellation to the Contractor, cancel this Contract in whole or in part, for cause, as of the date specified in the notice of cancellation.

In the event that this Contract is cancelled for cause, in addition to any legal remedies otherwise available to the State by law or equity, the Contractor shall be responsible for all costs incurred by the State in canceling the Contract, including but not limited to, State administrative costs, attorneys fees and court costs, and any additional costs the State may incur to procure the services required by this Contract from other sources. All excess re-procurement costs and damages shall not be considered by the parties to be consequential, indirect or incidental, and shall not be excluded by any other terms otherwise included in the Contract.

In the event the State chooses to partially cancel this Contract for cause charges payable under this Contract will be equitably adjusted to reflect those services that are cancelled.

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

2. Cancellation For Convenience By the State. The State may cancel this Contract for its convenience, in whole or part, if the State determines that such a cancellation is in the State's best interest. Reasons for such cancellation shall be left to the sole discretion of the State and may include, but not 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 Contract services no longer practical or feasible, and (c) unacceptable prices for additional services requested by the State. The State may cancel the Contract for its convenience, in whole or in part, by giving the Contractor written notice 30 days prior to the date of cancellation. If the State chooses to cancel this Contract in part, the charges payable under this Contract shall be equitably adjusted to reflect those services that are cancelled.



3. Non-Appropriation. In the event that funds to enable the State to effect continued payment under this Contract are not appropriated or otherwise made available. The 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 project. If funds are not appropriated or otherwise made available, the State shall have the right to cancel this Contract at the end of the last period for which funds have been appropriated or otherwise made available by giving written notice of cancellation to the Contractor. The State shall give the Contractor written notice of such non-appropriation or unavailability within 30 days after it receives notice of such non-appropriation or unavailability.
4. Criminal Conviction. In the event the Contractor, an officer of the Contractor, or an owner of a 25% or greater share of the Contractor, is convicted of a criminal offense incident to the application for or performance of a State, public or private Contract or subcontract; or convicted of a criminal offense including but not limited to 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 the Contractor's business integrity.
5. 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, section 5, and Civil Service Rule 7. 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.

2.702 RIGHTS UPON CANCELLATION

A. Rights and Obligations Upon Termination

- (1) 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 equipment and software 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 and other Developed Materials 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.
- (2) 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 partially completed Deliverables, on a percentage of completion basis. 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.



- (3) If any such termination by the State is for cause, the State shall have the right to set-off against any amounts due Contractor the amount of any damages for which Contractor is liable to the State under this Contract or pursuant to law or equity.
- (4) 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 materials provided under this Contract, and may further pursue completion of the Services under this Contract by replacement contract or otherwise as the State may in its sole judgment deem expedient.

B. Termination Assistance

If the Contract (or any Statement of Work issued under it) is terminated for any reason before completion, Contractor agrees to provide for up to two-hundred seventy (270) calendar days after the termination all reasonable termination assistance requested by the State to facilitate the orderly transfer of such Services to the State or its designees in a manner designed to minimize interruption and adverse effect. Such termination assistance will be deemed by the parties to be governed by the terms and conditions of the Contract (notwithstanding its termination) other than any terms or conditions that do not reasonably apply to such termination assistance. The State shall compensate Contractor for such termination assistance at the same rates and charges set forth in the Contract on a time and materials basis in accordance with the Labor Rates indicated within Contractors pricing section. If Contractor under Section 20 terminates the Contract, then Contractor may condition its provision of termination assistance under this Section on reasonable assurances of payment by the State for such assistance, and any other amounts owed under the Contract.

C. Reservation of Rights

Any termination of the 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.

D. End of Contract Transition

In the event the Contract is terminated, for convenience or cause, or upon expiration, 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 the 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 270 calendar days. These efforts shall include, but are not limited to, the following:

- (1) 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 the Contract. In addition, during or following the transition period, in the event the State requires the Services of the Contractor's subcontractors, 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.
- (2) Knowledgeable Personnel. Contractor will make available to the State or a Third Party Provider knowledgeable personnel familiar with the operational processes and procedures used to deliver products and services to the State. The Contractor personnel will work with the State or third party to help develop a mutually agreeable transition plan, work to transition the process of ordering, shipping and invoicing equipment and services to the State.



- (3) Information - The Contractor agrees to provide reasonable detailed specifications for all Services needed by the State, or specified third party, to properly provide the services required under the Contract. The Contractor will also provide any licenses required to perform the Services under the Contract. I

In addition, the Contractor shall provide the following information within 30 days prior to the contract end date:

- A.) A current list of all program participants, separated by voluntary and regulatory participants, including their current mailing address;
- B.) A current list of all program participants at the Intake phase and the status for each participant in this phase;
- C.) A current list of all approved treatment service providers including their current mailing address, telephone number, email address and/or other contact information.
- D.) A current list of those cases identified as problematic by the Contractor, their efforts to resolve the issue(s) involved, and the current status of these cases.
- (4) Software. - The Contractor shall reasonably assist the State in the acquisition of any Contractor software required to perform the Services under the Contract. This shall include any documentation being used by the Contractor to perform the Services under the 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.
- (5) Payment - If the transition results from a termination for any reason, reimbursement shall be governed by the termination provisions of the 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). The hourly rates or fixed price to be charged will be agreed upon prior to the work commencing.
- (6) Single Point of Contact. Contractor will maintain a Single Point of Contact (SPOC) for the State after termination of the Contract until all product and service obligations have expired.

E. Transition out of this Contract

- (1) In the event that this Contract is terminated, dissolved, voided, rescinded, nullified, or otherwise rendered unenforceable, the Contractor agrees to perform the following obligations, and any others upon which the State and the Contractor agree:
- (i) Cooperating with any contractors, vendors, or other entities with whom the State contracts to meet its telecommunication needs, for at least two hundred and seventy (270) days after the termination of this Contract;
 - (ii) Reserved.
 - (iii) Providing the State with all asset management data generated from the inception of this Contract through the date on which this Contract is terminated, in a comma-delimited format unless otherwise required by the Program Office;
 - (iv) Reconciling all accounts between the State and the Contractor;
 - (v) Allowing the State to request the winding up of any pending or ongoing projects at the price to which the State and the Contractor agreed at the inception of the project;
 - (vi) Freezing all non-critical software changes;
 - (vii) Notifying all of the Contractor's subcontractors of procedures to be followed during the transition out phase;
 - (viii) Assisting with the communications network turnover, if applicable;
 - (ix) Assisting in the execution of a parallel operation until the effective date of termination of this Contract



- (x) Answering questions regarding post-migration services;
 - (xi) Delivering to the State any remaining owed reports and documentation still in the Contractor's possession.
- (2) 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:
- (i) Reconciling all accounts between the State and the Contractor;
 - (ii) Completing any pending post-project reviews.

2.703 LIQUIDATED DAMAGES

Reserved

2.704 STOP WORK

1. The State may, at any time, by written stop work order to the Contractor, require that the Contractor stop all, or any part, of the work called for by this Contract for a period of up to 90 days after the stop work order is delivered to the 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. Upon receipt of the stop work order, the 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) Cancel the work covered by the stop work order as provided in the cancellation section of this Contract.
2. If a stop work order issued under this section is canceled or the period of the stop work order or any extension thereof expires, the Contractor shall resume work. The State shall make 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 the Contractor's costs properly allocable to the performance of any part of this Contract; and
 - b) The Contractor asserts its right to an equitable adjustment within 30 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 proposal submitted at any time before final payment under this Contract.
3. If the stop work order is not canceled and the work covered by the stop work order is canceled for reasons other than material breach, the State shall allow reasonable costs resulting from the stop work order in arriving at the cancellation settlement.
4. If a stop work order is not canceled and the work covered by the stop work order is canceled for material breach, the State shall not allow, by equitable adjustment or otherwise, reasonable costs resulting from the stop work order.

An appropriate equitable adjustment may be made in any related contract of the Contractor that provides for adjustment and is affected by any stop work order under this section. The State shall not be liable to the Contractor for loss of profits because of a stop work order issued under this section.



2.705 SUSPENSION OF WORK

The Contract Administrator may order the Contractor, in writing, to suspend, delay, or interrupt all or any part of the work of this contract for the period of time that the Contract Administrator determines appropriate for the convenience of the Government.

If the performance of all or any part of the work is, for an unreasonable period of time, suspended, delayed, or interrupted (1) by an act of the Contract Administrator in the administration of this contract, or (2) by the Contract Administrator's failure to act within the time specified in this contract (or within a reasonable time if not specified), an adjustment shall be made for any increase in the cost of performance of this contract (excluding profit) necessarily caused by the unreasonable suspension, delay, or interruption, and the contract modified in writing accordingly.

However, no adjustment shall be made under this clause for any suspension, delay, or interruption to the extent that performance would have been so suspended, delayed, or interrupted by any other cause, including the fault or negligence of the Contractor, or for which an equitable adjustment is provided for or excluded under any other term or condition of this contract.

A claim under this clause shall not be allowed:

- (1) For any costs incurred more than 20 days before the Contractor shall have notified the Contract Administrator in writing of the act or failure to act involved (but this requirement shall not apply as to a claim resulting from a suspension order); and
- (2) Unless the claim, in an amount stated, is asserted in writing as soon as practicable after the termination of the suspension, delay, or interruption, but not later than the date of final payment under the contract.

2.8 Changes, Modifications, and Amendments

2.801 APPROVALS

The Contract may not be modified, amended, extended, or augmented except by a writing executed by the parties hereto, and any breach or default by a party shall not be waived or released other than in writing signed by the other party.

2.802 TIME EXTENTIONS

Time extensions for contract changes will depend upon the extent, if any, by which the changes cause delay in the completion of the various elements of performance as described in the statement of work. The change order granting the time extension may provide that the contract completion date will be extended only for those specific elements related to the changed work and that the remaining contract completion dates for all other portions of the work will not be altered. The change order also may provide an equitable readjustment of liquidated damages under the new completion schedule.

2.803 MODIFICATION

Purchasing Operations reserves the right to modify this contract at any time during the contract term. Such modification may include changing the locations to be serviced, additional locations to be serviced, method or manner of performance of the work, number of days service is to be performed, addition or deletion of tasks to be performed, addition or deletion of items, and/or any other modifications deemed necessary. Any changes in pricing proposed by the Contractor resulting from the proposed changes are subject to acceptance by the State. Changes may be increases or decreases. **IN THE EVENT PRICES ARE NOT ACCEPTABLE TO THE STATE, THE CONTRACT SHALL BE SUBJECT TO COMPETITIVE BIDDING BASED UPON THE NEW SPECIFICATION.**

The State reserves the right to add an item(s) that is not described on the item listing and is available from the Contract vendor. The item(s) may be included on the Contract, only if prior written approval has been granted by Purchasing Operations.



2.804 AUDIT AND RECORDS UPON MODIFICATION

DEFINITION: records includes books, documents, accounting procedures and practices, and other data, regardless of whether such items are in written form, electronic form, or in any other form

Contractor shall be required to submit cost or pricing data with the pricing of any modification of this contract to the Contract Administrator in Purchasing Operations. Data may include accounting records, payroll records, employee time sheets, and other information the state deems necessary to perform a fair evaluation of the modification proposal. Contract Administrator or authorized representative of the state shall have the right to examine and audit all of the contractor's records, including computations and projections, related to:

1. The proposal for modification;
2. The discussions conducted on the proposal, including those related to negotiation;
3. Pricing of the modification; or
4. Performance of the modification.

Contractor shall make available at its office at all reasonable times the materials described in the paragraphs above.

If this contract is completely or partially terminated, the records relating to the work terminated shall be made available for 3 years after any resulting final termination settlement.

2.805 CHANGES

- (a) The Contract Administrator may, at any time, without notice to the sureties, if any, by written order designated or indicated to be a change order, make changes in the work within the general scope of the contract, including changes:
 - (1) In the specifications (including drawings and designs);
 - (2) In the method or manner of performance of the work;
 - (3) In the Government-furnished facilities, equipment, materials, services, or site; or
 - (4) Directing acceleration in the performance of the work.
- (b) Any other written or oral order (which, as used in this paragraph (b), includes direction, instruction, interpretation, or determination) from the Contract Administrator that causes a change shall be treated as a change order under this clause; Provided, that the Contractor gives the Contract Administrator written notice stating:
 - (1) The date, circumstances, and source of the order; and
 - (2) That the Contractor regards the order as a change order.
- (c) Except as provided in this clause, no order, statement, or conduct of the Contract Administrator shall be treated as a change under this clause or entitle the Contractor to an equitable adjustment.



PRICE PROPOSAL

HMSA's price proposal is predicated on a three (3) year initial term with renewal options as defined and this contract. And, includes all costs associated with:

Transition: (including facility to house program staff, equipment needs, office furnishings, phone equipment and T1 connections, Internet equipment and connections, IT needs for installation, implementation and maintenance of data infrastructure, activation of toll-free line, notification to participants/service providers including associated printing & mailing , housing & maintenance of HPRP website, treatment service provider network development/maintenance/credentialing/re-credentialing, subcontractor relationship management, etc)

Intake Services: (including intake staff, housing of toll-free line provided by the state, IT needs for intake data collection, e-mail, data storage, data compilation, and reporting, work stations and related equipment, etc)

Case Management:
 (including intake staff, housing of toll-free line provided by the state, IT needs for intake data collection, data storage, data compilation, and reporting, work stations and related equipment, etc)

Program Education and Outreach
 (including staff, materials and associated printing & mailing, design costs, mileage, etc)

Administrative Oversight:
 (including medical review, Quality Assurance, Utilization Review, internal/external audits, risk management, program management, mileage, IT needs including security, and report(s) compilation, HPRP associated meetings, secretarial support, etc)

Annual:

ITEM	COMMODITY ID	QTY	UNIT COST	AMOUNT
001	948-75 Psychiatric Services	1.00	2,016,000.00/yr	2,016,000.00/yr

3 year Contract Term:

ITEM	COMMODITY ID	QTY	UNIT COST	AMOUNT
001	948-75 Psychiatric Services	1.00	6,048,000.00	6,048,000.00

* Quoted unit cost is good for a period of one-hundred-twenty (120) days from due date.