

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

May 26, 2010

CHANGE NOTICE NO. 5
TO
CONTRACT NO. 071B7200263
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR Health Advantage, Inc. G-3245 Beecher Road, Suite 200 Flint, MI 48532 kathyk@mclaren.org		TELEPHONE (810) 733-9700 Kathy Kendall
		BUYER/CA (517) 241-4225 Kevin Dunn
Contract Compliance Inspector: Shirley Martin (517) 241-2305 / MartinS@michigan.gov Third Party Administration Services for the Breast and Cervical Cancer Control Program (BCCCP) and Well-Integrated Screening and Evaluation for Women Across Nation Program (WISEWOMAN) for the Michigan Department of Community Health, Cancer Prevention and Control Section		
CONTRACT PERIOD: From: June 1, 2007 To: May 31, 2011		
TERMS	N/A	SHIPMENT N/A
F.O.B.	N/A	SHIPPED FROM N/A
MINIMUM DELIVERY REQUIREMENTS N/A		

NATURE OF CHANGE(S):

Effective immediately, this Contract is hereby **EXTENDED** through May 31, 2011, and **INCREASED** by \$720,000.00.

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

AUTHORITY/REASON:

Per agency request (PRF dated 2/10/10), Ad Board approval on 5/18/10, and DTMB/Purchasing Operations' approval.

REVISED CURRENT AUTHORIZED SPEND LIMIT: \$1,806,000.00

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

September 23, 2009

CHANGE NOTICE NO. 4
TO
CONTRACT NO. 071B7200263
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR		TELEPHONE (810) 733-9700 Kathy Kendall	
Health Advantage, Inc. G-3245 Beecher Road, Suite 200 Flint, MI 48532 kathyk@mclaren.org			
		BUYER/CA (517) 241-4225 Kevin Dunn	
Contract Compliance Inspector: Shirley Martin (517) 241-2305 / MartinS@michigan.gov Third Party Administration Services for the Breast and Cervical Cancer Control Program (BCCCP) and Well-Integrated Screening and Evaluation for Women Across Nation Program (WISEWOMAN) for the Michigan Department of Community Health, Cancer Prevention and Control Section			
CONTRACT PERIOD:		From: June 1, 2007	To: May 31, 2010
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 \$114,750.00.

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

AUTHORITY/REASON:

Per agency request (PRF dated 8/26/09), Ad Board approval on 10/16/09, and DMB/Purchasing Operations' approval.

REVISED CURRENT AUTHORIZED SPEND LIMIT: \$1,086,000.00

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

September 23, 2009

CHANGE NOTICE NO. 3
TO
CONTRACT NO. 071B7200263
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR		TELEPHONE (810) 733-9700	
Health Advantage, Inc. G-3245 Beecher Road, Suite 200 Flint, MI 48532 kathyk@mclaren.org		Kathy Kendall	
		BUYER/CA (517) 241-4225	
Kevin Dunn Contract Compliance Inspector: Shirley Martin (517) 241-2305 / MartinS@michigan.gov Third Party Administration Services for the Breast and Cervical Cancer Control Program (BCCCP) and Well-Integrated Screening and Evaluation for Women Across Nation Program (WISEWOMAN) for the Michigan Department of Community Health, Cancer Prevention and Control Section			
CONTRACT PERIOD:		From: June 1, 2007	To: May 31, 2010
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 August 1, 2009, the price per adjudicated claim is changed to \$2.66.

Additionally, Article 1, Attachment A Pricing language is hereby modified to reflect the following:

“The price per adjudicated claim will receive an annual inflationary increase each August (commencing in August 2008), equal to the U.S. Bureau of Labor statistics, chained Consumer Price Index for all Urban Consumers (C-CI-U); All Items.”

NOTE: The Contract Compliance Inspector for this Contract is now Shirley Martin.

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

AUTHORITY/REASON:

Per agency/vendor agreement and DMB/Purchasing Operations' approval.

CURRENT AUTHORIZED SPEND LIMIT REMAINS: \$971,250.00

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, 2008

CHANGE NOTICE NO. 2
TO
CONTRACT NO. 071B7200263
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR		TELEPHONE (810) 733-9700 Kathy Kendall	
Health Advantage, Inc. G-3245 Beecher Road, Suite 200 Flint, MI 48532 kathyk@mclaren.org			
		BUYER/CA (517) 241-4225 Kevin Dunn	
Contract Compliance Inspector: Melissa Brown (517) 241-2383 / brownme@michigan.gov Third Party Administration Services for the Breast and Cervical Cancer Control Program (BCCCP) and Well-Integrated Screening and Evaluation for Women Across Nation Program (WISEWOMAN) for the Michigan Department of Community Health, Cancer Prevention and Control Section			
CONTRACT PERIOD:		From: June 1, 2007	To: May 31, 2010
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 August 1, 2008, the price per adjudicated claim is changed to \$2.70. All other terms, conditions, specifications, and pricing remain unchanged.

AUTHORITY/REASON:

Per agency/vendor agreement and DMB/Purchasing Operations' approval.

CURRENT AUTHORIZED SPEND LIMIT REMAINS: \$971,250.00

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

March 18, 2008

CHANGE NOTICE NO. 1
TO
CONTRACT NO. 071B7200263
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR		TELEPHONE (810) 733-9700 Kathy Kendall	
Health Advantage, Inc. G-3245 Beecher Road, Suite 200 Flint, MI 48532 kathyk@mclaren.org			
		BUYER/CA (517) 241-4225 Kevin Dunn	
Contract Compliance Inspector: Melissa Brown (517) 241-2383 / brownme@michigan.gov Third Party Administration Services for the Breast and Cervical Cancer Control Program (BCCCP) and Well-Integrated Screening and Evaluation for Women Across Nation Program (WISEWOMAN) for the Michigan Department of Community Health, Cancer Prevention and Control Section			
CONTRACT PERIOD:		From: June 1, 2007	To: May 31, 2010
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 attached HIPPA Business Associate Addendum is incorporated into this Contract. All other terms, conditions, specifications, and pricing remain unchanged.

AUTHORITY/REASON:

Per agency request and DMB/Purchasing Operations.

CURRENT AUTHORIZED SPEND LIMIT REMAINS: \$971,250.00

ATTACHMENT B

HIPAA BUSINESS ASSOCIATE ADDENDUM

The parties to this Business Associate Addendum ("Addendum") are the State of Michigan, acting by and through the Department of Management and Budget, on behalf of the Department of Community Health ("State") and Health Advantage Inc. ("Contractor"). This Addendum supplements and is made a part of the existing contract(s) or agreement(s) between the parties including the following Contract(s): Contract #: 071B7200263 - Third Party Administration Services for the Breast and Cervical Cancer Control Program (BCCCP) and Well-Integrated Screening and Evaluation for Women Across Nation Program (WISEWOMAN) for the Michigan Department of Community Health, Cancer Prevention and Control Section ("Contract").

For purposes of this Addendum, the State is (check one):

- Covered Entity ("CE")
- Business Associate ("Associate")

and Contractor is (check one):

- Covered Entity ("CE")
- Business Associate ("Associate")

RECITALS

- A. Pursuant to the terms of the Contract, CE wishes to disclose certain information to Associate, some of which may constitute Protected Health Information ("PHI") (defined below). In consideration of the receipt of PHI, Associate agrees to protect the privacy and security of the information as set forth in this Addendum.
- B. CE and Associate intend to protect the privacy and provide for the security of PHI disclosed to Associate pursuant to the Contract in compliance with the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191 ("HIPAA") and regulations promulgated thereunder by the U.S. Department of Health and Human Services (the "HIPAA Regulations") and other applicable laws, as amended.
- C. As part of the HIPAA Regulations, the Privacy Rule and the Security Rule (defined below) requires CE to enter into a contract containing specific requirements with Associate prior to the disclosure of PHI, as set forth in, but not limited to, 45 CFR §§ 160.103, 164.502(e), 164.504(e), and 164.314 and

contained in this Addendum.

In consideration of the mutual promises below and the exchange of information pursuant to this Addendum, the parties agree as follows:

1. Definitions.

- a. Except as otherwise defined herein, capitalized terms in this Addendum shall have the definitions set forth in the HIPAA Regulations at 45 CFR Parts 160, 162 and 164, as amended, including, but not limited to, subpart A, subpart C ("Security Rule") and subpart E ("Privacy Rule").
- b. "Agreement" means both the Contract and this Addendum.
- c. "Contract" means the underlying written agreement or purchase order between the parties for the goods or services to which this Addendum is added.
- d. "Protected Health Information" or "PHI" means any information, whether oral or recorded in any form or medium: (i) that relates to the past, present or future physical or mental condition of an individual; the provision of health care to an individual; or the past, present or future payment for the provision of health care to an individual; and (ii) that identifies the individual or with respect to which there is a reasonable basis to believe the information can be used to identify the individual, and shall have the meaning given to such term under the Privacy Rule, including, but not limited to, 45 CFR § 164.501.
- e. "Protected Information" shall mean PHI provided by CE to Associate or created or received by Associate on CE's behalf.

2. Obligations of Associate.

- a. Permitted Uses. Associate shall not use Protected Information except for the purpose of performing Associate's obligations under the Contract and as permitted under this Agreement. Further, Associate shall not use Protected Information in any manner that would constitute a violation of the HIPAA Regulations if so used by CE, except that Associate may use Protected Information: (i) for the proper management and administration of Associate; (ii) to carry out the legal responsibilities of Associate; or (iii) for Data Aggregation purposes for the Health Care Operations of CE.

- b. Permitted Disclosures. Associate shall not disclose Protected Information in any manner that would constitute a violation of the HIPAA Regulations if disclosed by CE, except that Associate may disclose Protected Information: (i) in a manner permitted pursuant to the Contract and this Addendum; (ii) for the proper management and administration of Associate; (iii) as required by law; (iv) for Data Aggregation purposes for the Health Care Operations of CE; or (v) to report violations of law to appropriate federal or state authorities, consistent with 45 CFR § 164.502(j)(1). To the extent that Associate discloses Protected Information to a third party, Associate must obtain, prior to making any such disclosure: (i) reasonable assurances from such third party that such Protected Information will be held confidential as provided pursuant to this Addendum and only disclosed as required by law or for the purposes for which it was disclosed to such third party; and (ii) an agreement to implement reasonable and appropriate safeguards to protect the Protected Information; and (iii) an agreement from such third party to immediately notify Associate of any breaches of confidentiality of the Protected Information or any Security Incident, to the extent it has obtained knowledge of such breach.
- c. Appropriate Safeguards. Associate shall implement appropriate Security Measures as are necessary to protect against the use or disclosure of Protected Information other than as permitted by the Contract or this Addendum. Associate shall maintain a comprehensive written information privacy and security program that includes Security Measures that reasonably and appropriately protect the Confidentiality, Integrity, and Availability of Protected Information relative to the size and complexity of the Associate's operations and the nature and scope of its activities.
- d. Reporting of Improper Use or Disclosure. Associate shall report to CE in writing any use or disclosure of Protected Information, whether suspected or actual, other than as provided for by the Contract and this Addendum within ten (10) days of becoming aware of such use or disclosure. If the disclosure is a Major Disclosure, then the improper use or disclosure shall be reported within three (3) days. A Major Disclosure means any improper use or disclosure of over twenty-five percent (25%) of the Protected Information held by the Associate. CE and Associate will cooperate to mitigate the effects of any unauthorized use or disclosure and document the outcome.

- e. Associate's Agents. If Associate uses one or more subcontractors or agents to provide services under this Agreement, and such subcontractors or agents receive or have access to Protected Information, each subcontractor or agent shall sign an agreement with Associate containing substantially the same provisions as this Addendum and further identifying CE as a third party beneficiary of the agreement with such subcontractors or agents in the event of any violation of such subcontractor or agent agreement. Associate shall implement and maintain sanctions against agents and subcontractors that violate such restrictions and conditions and shall mitigate the effects of any such violation.

- f. Access to Protected Information. Associate shall make Protected Information maintained by Associate or its agents or subcontractors in Designated Record Sets available to CE for inspection and copying within ten (10) days of a request by CE to enable CE to fulfill its obligations to permit individual access to PHI under the Privacy Rule, including, but not limited to, 45 CFR § 164.524.

- g. Amendment of PHI. Within ten (10) days of receipt of a request from CE for an amendment of Protected Information or a record about an individual contained in a Designated Record Set, Associate or its agents or subcontractors shall make such Protected Information available to CE for amendment and incorporate any such amendment to enable CE to fulfill its obligations with respect to requests by individuals to amend their PHI under the Privacy Rule, including, but not limited to, 45 CFR § 164.526. If any individual requests an amendment of Protected Information directly from Associate or its agents or subcontractors, Associate must notify CE in writing within ten (10) days of receipt of the request. Any denial of amendment of Protected Information maintained by Associate or its agents or subcontractors shall be the responsibility of CE.

- h. Accounting Rights. Within ten (10) days of notice by CE of a request for an accounting of disclosures of Protected Information, Associate and its agents or subcontractors shall make available to CE the information required to provide an accounting of disclosures to enable CE to fulfill its obligations under the Privacy Rule, including, but not limited to, 45 CFR § 164.528. As set forth in, and as limited by, 45 CFR § 164.528, Associate shall not provide an accounting to CE of disclosures made: (i) to carry out treatment, payment or health care operations, as set forth in 45 CFR § 164.506; (ii) to individuals of Protected Information about them as set forth in 45 CFR § 164.502; (iii) pursuant to an authorization as

provided in 45 CFR § 164.508; (iv) to persons involved in the individual's care or other notification purposes as set forth in 45 CFR § 164.510; (v) for national security or intelligence purposes as set forth in 45 CFR § 164.512(k)(2); or (vi) to correctional institutions or law enforcement officials as set forth in 45 CFR § 164.512(k)(5). Associate agrees to implement a process that allows for an accounting to be collected and maintained by Associate and its agents or subcontractors for at least six (6) years prior to the request, but not before the compliance date of the Privacy Rule. At a minimum, such information shall include: (i) the date of disclosure; (ii) the name of the entity or person who received Protected Information and, if known, the address of the entity or person; (iii) a brief description of Protected Information disclosed; and (iv) a brief statement of purpose of the disclosure that reasonably informs the individual of the basis for the disclosure, or a copy of the individual's authorization, or a copy of the written request for disclosure. In the event that the request for an accounting is delivered directly to Associate or its agents or subcontractors, Associate shall within ten (10) days of the receipt of the request forward it to CE in writing. It shall be CE's responsibility to prepare and deliver any such accounting requested. Associate shall not disclose any Protected Information except as set forth in Section 2(b) of this Addendum.

- i. Governmental Access to Records. Associate shall make its internal practices, books and records relating to the use and disclosure of Protected Information available to the Secretary of the U.S. Department of Health and Human Services (the "Secretary"), in a time and manner designated by the Secretary, for purposes of determining CE's compliance with the HIPAA Regulations. Associate shall provide to CE a copy of any Protected Information that Associate provides to the Secretary concurrently with providing such Protected Information to the Secretary.
- j. Minimum Necessary. Associate (and its agents or subcontractors) shall only request, use and disclose the minimum amount of Protected Information necessary to accomplish the purpose of the request, use or disclosure, in accordance with the Minimum Necessary requirements of the Privacy Rule, including, but not limited to 45 CFR §§ 164.502(b) and 164.514(d).
- k. Data Ownership. Unless otherwise specified in the Contract, Associate acknowledges that Associate has no ownership rights with respect to the Protected Information. The CE retains all rights with respect to ownership of the Protected Information.

- I. Retention of Protected Information. Notwithstanding Section 5(d) of this Addendum, Associate and its subcontractors or agents shall retain all Protected Information throughout the term of the Contract and shall continue to maintain the information required under Section 2(h) of this Addendum for a period of six (6) years from the date of creation or the date when it last was in effect, whichever is later, or as required by law. This obligation shall survive the termination of the Contract.

- m. Destruction of Protected Information. Associate agrees to implement policies and procedures for the final disposition of electronic Protected Information and/or the hardware and equipment on which it is stored, including but not limited to, removal before re-use.

- n. Notification of Breach. During the term of the Contract or this Addendum, Associate shall notify CE within twenty-four (24) hours of any suspected or actual breach of security, intrusion, or unauthorized use or disclosure of PHI and/or any actual or suspected use or disclosure of data in violation of any applicable federal or state laws or regulations. Associate shall take (i) prompt corrective action to cure any such deficiencies and (ii) any action pertaining to such unauthorized disclosure required by applicable federal and state laws and regulations. CE and Associate will cooperate to mitigate the effects on any breach, Security Incident, intrusion, or unauthorized use and document the Security Incident and its outcome.

- o. Audits, Inspection and Enforcement. Within ten (10) days of a written request by CE, Associate and its agents or subcontractors shall allow CE to conduct a reasonable inspection of the facilities, systems, books, records, agreements, policies and procedures relating to the use or disclosure of Protected Information pursuant to this Addendum for the purpose of determining whether Associate has complied with this Addendum; provided, however, that: (i) Associate and CE shall mutually agree in advance upon the scope, timing and location of such an inspection; (ii) CE shall protect the confidentiality of all confidential and proprietary information of Associate to which CE has access during the course of such inspection; and (iii) CE or Associate shall execute a nondisclosure agreement, if requested by Associate or CE. The fact that CE inspects, or fails to inspect, or has the right to inspect, Associate's facilities, systems, books, records, agreements, policies and procedures does not relieve Associate of its responsibility to comply

with this Addendum, nor does CE's (i) failure to detect or (ii) detection, but failure to notify Associate or require Associate's remediation of any unsatisfactory practices, constitute acceptance of such practice or a waiver of CE's enforcement rights under this Agreement.

- p. Safeguards During Transmission. Associate shall be responsible for using Security Measures to reasonably and appropriately maintain and ensure the Confidentiality, Integrity, and Availability of Protected Information transmitted to CE pursuant to this Agreement, in accordance with the standards and requirements of the HIPAA Regulations, until such Protected Information is received by CE.

3. Obligations of CE.

- a. Safeguards During Transmission. CE shall be responsible for using Security Measures to reasonably and appropriately maintain and ensure the Confidentiality, Integrity, and Availability of Protected Information transmitted to Associate pursuant to this Agreement, in accordance with the standards and requirements of the HIPAA Regulations, until such Protected Information is received by Associate.

- b. Notice of Changes. CE shall provide Associate with a copy of its notice of privacy practices produced in accordance with 45 CFR § 164.520, as well as any subsequent changes or limitation(s) to such notice, to the extent such changes or limitations may effect Associate's use or disclosure of Protected Information. CE shall provide Associate with any changes in, or revocation of, permission to use or disclose Protected Information, to the extent it may affect Associate's permitted or required uses or disclosures. To the extent that it may affect Associate's permitted use or disclosure of Protected Information, CE shall notify Associate of any restriction on the use or disclosure of Protected Information that CE has agreed to in accordance with 45 CFR § 164.522.

- 4. Term. This Addendum shall continue in effect as to each Contract to which it applies until such Contract is terminated or is replaced with a new contract between the parties containing provisions meeting the requirements of the HIPAA Regulations, whichever first occurs. However, certain obligations will continue as specified in this Addendum.

5. Termination.

- a. Material Breach. In addition to any other provisions in the Contract regarding breach, a breach by Associate of any provision of this Addendum, as determined by CE, shall constitute a material breach of the Agreement and shall provide grounds for termination of the Contract by CE pursuant to the provisions of the Contract covering termination for cause. If the Contract contains no express provisions regarding termination for cause, the following shall apply to termination for breach of this Addendum, subject to 5.b.:
- (1) Default. If Associate refuses or fails to timely perform any of the provisions of this Addendum, CE may notify Associate in writing of the non-performance, and if not corrected within thirty (30) days, CE may immediately terminate the Agreement. Associate shall continue performance of the Agreement to the extent it is not terminated.
 - (2) Associate's Duties. Notwithstanding termination of the Agreement, and subject to any directions from CE, Associate shall take timely, reasonable and necessary action to protect and preserve property in the possession of Associate in which CE has an interest.
 - (3) Compensation. Payment for completed performance delivered and accepted by CE shall be at the Contract price.
 - (4) Erroneous Termination for Default. If after such termination it is determined, for any reason, that Associate was not in default, or that Associate's action/inaction was excusable, such termination shall be treated as a termination for convenience, and the rights and obligations of the parties shall be the same as if the contract had been terminated for convenience, as described in this Addendum or in the Contract.
- b. Reasonable Steps to Cure Breach. If CE knows of a pattern of activity or practice of Associate that constitutes a material breach or violation of the Associate's obligations under the provisions of this Addendum or another arrangement and does not terminate this Agreement pursuant to Section 5(a), then CE shall take reasonable steps to cure such breach or end such violation, as applicable. If CE's efforts to cure such breach or end such violation are unsuccessful, CE shall either (i) terminate this Agreement, if feasible or (ii) if termination of this Agreement is not feasible, CE shall report Associate's breach or violation to the Secretary of the Department of Health and Human Services.

c. Reserved.

d. Effect of Termination.

(1) Except as provided in paragraph (2) of this subsection, upon termination of this Agreement, for any reason, Associate shall return or destroy all Protected Information that Associate or its agents or subcontractors still maintain in any form, and shall retain no copies of such Protected Information. If Associate elects to destroy the Protected Information, Associate shall certify in writing to CE that such Protected Information has been destroyed.

(2) If Associate believes that returning or destroying the Protected Information is not feasible, including but not limited to, a finding that record retention requirements provided by law make return or destruction infeasible, Associate shall promptly provide CE notice of the conditions making return or destruction infeasible. Upon mutual agreement of CE and Associate that return or destruction of Protected Information is infeasible, Associate shall continue to extend the protections of Sections 2(a), 2(b), 2(c), 2(d) and 2(e) of this Addendum to such information, and shall limit further use of such Protected Information to those purposes that make the return or destruction of such Protected Information infeasible.

6. Reserved.

7. No Waiver of Immunity. No term or condition of this Agreement shall be construed or interpreted as a waiver, express or implied, of any of the immunities, rights, benefits, protection, or other provisions of the Michigan Governmental Immunity Act, MCL 691.1401, *et seq.*, the Federal Tort Claims Act, 28 U.S.C. 2671 *et seq.*, or the common law, as applicable, as now in effect or hereafter amended.

8. Reserved.

9. Disclaimer. CE makes no warranty or representation that compliance by Associate with this Addendum, HIPAA or the HIPAA Regulations will be adequate or satisfactory for Associate's own purposes. Associate is solely responsible for all decisions made by Associate regarding the safeguarding of Protected Information.

10. Certification. To the extent that CE determines an examination is necessary in order to comply with CE's legal obligations pursuant to HIPAA relating to certification of its security practices, CE or its authorized agents or contractors, may, at CE's expense, examine Associate's facilities, systems, procedures and records as may be necessary for such agents or contractors to certify to CE the extent to which Associate's security safeguards comply with HIPAA, the HIPAA Regulations or this Addendum.
11. Amendment.
 - a. Amendment to Comply with Law. The parties acknowledge that state and federal laws relating to data security and privacy are rapidly evolving and that amendment of this Addendum may be required to provide for procedures to ensure compliance with such developments. The parties specifically agree to take such action as is necessary to implement the standards and requirements of HIPAA, the Privacy Rule, the Security Rule and other applicable laws relating to the security or privacy of Protected Information. The parties understand and agree that CE must receive satisfactory written assurance from Associate that Associate will adequately safeguard all Protected Information. Upon the request of either party, the other party agrees to promptly enter into negotiations concerning the terms of an amendment to this Addendum embodying written assurances consistent with the standards and requirements of HIPAA, the Privacy Rule, the Security Rule or other applicable laws. CE may terminate the Agreement upon thirty (30) days written notice in the event (i) Associate does not promptly enter into negotiations to amend this Agreement when requested by CE pursuant to this Section or (ii) Associate does not enter into an amendment to this Agreement providing assurances regarding the safeguarding of PHI that CE, in its sole discretion, deems sufficient to satisfy the standards and requirements of HIPAA, the HIPAA Regulations and other applicable laws.
12. Assistance in Litigation or Administrative Proceedings. Associate shall make itself, and any subcontractors, employees or agents assisting Associate in the performance of its obligations under this Agreement, available to CE, at no cost to CE, to testify as witnesses, or otherwise, in the event of litigation or administrative proceedings being commenced against CE, its directors, officers or employees, departments, agencies, or divisions based upon a claimed violation of HIPAA, the HIPAA Regulations or other laws relating to security and privacy of Protected Information, except where Associate or its subcontractor, employee or agent is a named adverse party.

13. No Third Party Beneficiaries. Nothing express or implied in this Agreement is intended to confer, nor shall anything herein confer, upon any person other than CE, Associate and their respective successors or assigns, any rights, remedies, obligations or liabilities whatsoever.
14. Effect on Contract. Except as specifically required to implement the purposes of this Addendum, or to the extent inconsistent with this Addendum, all other terms of the Contract shall remain in force and effect. This Addendum is incorporated into the Contract as if set forth in full therein. The parties expressly acknowledge and agree that sufficient mutual consideration exists to make this Addendum legally binding in accordance with its terms. Associate and CE expressly waives any claim or defense that this Addendum is not part of the Agreement between the parties under the Contract.
15. Interpretation and Order of Precedence. This Addendum is incorporated into and becomes part of each Contract identified herein. Together, this Addendum and each separate Contract constitute the "Agreement" of the parties with respect to their Business Associate relationship under HIPAA and the HIPAA Regulations. The provisions of this Addendum shall prevail over any provisions in the Contract that may conflict or appear inconsistent with any provision in this Addendum. This Addendum and the Contract shall be interpreted as broadly as necessary to implement and comply with HIPAA and the HIPAA Regulations. The parties agree that any ambiguity in this Addendum shall be resolved in favor of a meaning that complies and is consistent with HIPAA and the HIPAA Regulations. This Addendum supercedes and replaces any previous separately executed HIPAA addendum between the parties. In the event of any conflict between the mandatory provisions of the HIPAA Regulations and the provisions of this Addendum, the HIPAA Regulations shall control. Where the provisions of this Addendum differ from those mandated by the HIPAA Regulations, but are nonetheless permitted by the HIPAA Regulations, the provisions of this Addendum shall control.
16. Effective Date. This Addendum is effective upon receipt of the last approval necessary and the affixing of the last signature required.
17. Survival of Certain Contract Terms. Notwithstanding anything herein to the contrary, Associate's obligations under Section 5(d) and record retention laws ("Effect of Termination") and Section 13 ("No Third Party Beneficiaries") shall survive termination of this Agreement and shall be enforceable by CE as provided herein in the event of such failure to perform or comply by the Associate.
18. Representatives and Notice.
 - a. Representatives. For the purpose of this Agreement, the individuals identified in the Contract shall be the representatives of

the respective parties. If no representatives are identified in the Contract, the individuals listed below are hereby designated as the parties' respective representatives for purposes of this Agreement. Either party may from time to time designate in writing new or substitute representatives.

- b. **Notices.** All required notices shall be in writing and shall be hand delivered or given by certified or registered mail to the representatives at the addresses set forth below.

Covered Entity Representative:

Name: Nick Lyon
Title: Deputy Director
Department and Division: Operations Administration
Address: Lewis Cass Building
320 South Walnut
Lansing, MI 48913

Business Associate Representative:

Name: Kathy Kendall
Title: President and CEO
Department and Division: Administration
Address: Health Advantage, Inc
G-3245 Beecher Road
Flint, MI 48532

Any notice given to a party under this Addendum shall be deemed effective, if addressed to such party, upon: (i) delivery, if hand delivered; or (ii) the third (3rd) Business Day after being sent by certified or registered mail.

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

May 31, 2007

**NOTICE
 TO
 CONTRACT NO. 071B7200263
 between
 THE STATE OF MICHIGAN
 and**

NAME & ADDRESS OF VENDOR Health Advantage, Inc. G-3245 Beecher Road, Suite 200 Flint, MI 48532 kathyk@mclaren.org		TELEPHONE (810) 733-9700 Kathy Kendall
		BUYER/CA (517) 241-4225 Kevin Dunn
Contract Compliance Inspector: Melissa Brown (517) 241-2383 / brownme@michigan.gov Third Party Administration Services for the Breast and Cervical Cancer Control Program (BCCCP) and Well-Integrated Screening and Evaluation for Women Across Nation Program (WISEWOMAN) for the Michigan Department of Community Health, Cancer Prevention and Control Section		
CONTRACT PERIOD: From: June 1, 2007 To: May 31, 2010		
TERMS N/A	SHIPMENT N/A	
F.O.B. N/A	SHIPPED FROM N/A	
MINIMUM DELIVERY REQUIREMENTS N/A		

The terms and conditions of this Contract are those of ITB No. 07117200110, this Contract Agreement and the vendor's quote dated February 21, 2007. 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: \$971,250.00

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

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THIS IS NOT AN ORDER: This Contract Agreement is awarded on the basis of our inquiry bearing the ITB No. 071I7200110. Orders for delivery will 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.

FOR THE VENDOR: <div style="text-align: center; border-bottom: 1px solid black; margin-bottom: 5px;"> Health Advantage, Inc. Firm Name </div> <div style="text-align: center; border-bottom: 1px solid black; margin-bottom: 5px;"> Authorized Agent Signature </div> <div style="text-align: center; border-bottom: 1px solid black;"> Authorized Agent (Print or Type) </div>	FOR THE STATE: <div style="text-align: center; border-bottom: 1px solid black; margin-bottom: 5px;"> Signature Melissa Castro, CPPB, Buyer Manager </div> <div style="text-align: center; border-bottom: 1px solid black; margin-bottom: 5px;"> Name/Title Services Division, Purchasing Operations </div> <div style="text-align: center; border-bottom: 1px solid black;"> Department </div>
---	--

Date

Date



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

**Contract No. 071B7200263
Cancer Section Third Party Administrator for Michigan Department of Community Health**

**Buyer Name: Kevin Dunn
Telephone Number: 517-241-4225
E-Mail Address: dunnk3@michigan.gov**



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APPENDICES

Appendix A – Glossary of Terms



Article 1 – Statement of Work (SOW)

1.0 Project Identification

1.001 Project Request

The purpose of this contract is to obtain the services of a Third Party Administrator (TPA) for the State of Michigan's Breast and Cervical Cancer Control Program and the Well-Integrated Screening and Evaluation for Women Across the Nation Program.

1.002 Background

The Michigan Breast and Cervical Cancer Control Program (BCCCP) is a federally funded program through the Centers for Disease Control and Prevention (CDC) that provides breast and cervical cancer screening and diagnostic services to low-income women. Since its implementation in 1991, the BCCCP has screened over 113,000 women across the State. The current yearly caseload averages 24,000 women (125,000 claims) who receive selected services from 725 providers.

The BCCCP is administered through 20 local coordinating agencies (LCAs) throughout the state. Nineteen LCAs are local health departments. One (1) LCA is Karmanos Cancer Institute. The Michigan Department of Community Health (MDCH) administers the program at the State level to ensure adherence to the CDC's minimum program requirements.

The Well-Integrated Screening and Evaluation for Women Across the Nation (WISEWOMAN) Program is an extension of the BCCCP. This program provides cardiovascular screening services to select BCCCP clients. All WISEWOMAN Program clients are also BCCCP clients. However, not all BCCCP clients participate in the WISEWOMAN Program.

Currently, MDCH is contracted with a TPA for provider billing and reimbursement. This proposal invites other interested TPAs to bid on becoming the TPA for the BCCCP and WISEWOMAN Program starting August 1, 2007. A two-month transition period prior to the August 1, 2007 implementation is expected.

1.1 Scope of Work and Deliverables

1.101 In Scope

MDCH requires a Third Party Administer (TPA) to reimburse providers for services rendered to clients in the BCCCP and WISEWOMAN Program. Two (2) different benefit packages exist: BCCCP and BCCCP/WISEWOMAN.

Information from MDCH will be sent to the TPA from one (1) database. The Michigan Breast and Cervical Cancer Control Information System (MBCIS) is an Oracle-based system responsible for communicating information regarding BCCCP clients, providers, and a weekly adjudicated claims file to the TPA. This information will be sent electronically through a secure Data Exchange Gateway (DEG).

The TPA will receive claims from providers and send a nightly claims file to MDCH for processing and adjudication. The TPA will receive a weekly file from MDCH consisting of claims to be paid and claims to be rejected. The TPA will be responsible for issuing payment and Explanation of Payments (EOP) to providers.

The purpose for contracting with a TPA is:

- To simplify the role of the LCAs
- To improve the timeliness of provider reimbursement
- To enhance the financial management capabilities of the Program
- To standardize BCCCP billing procedures to correspond with insurance agencies

**1.102 Out of Scope**

1. The Contractor will not be adjudicating program claims.
2. The Contractor will not be providing customer service support to providers.
3. The Contractor will not have to differentiate between two (2) different benefit packages (BCCCP and BCCCP/WISEWOMAN).
4. The Contractor will not have to receive information from two (2) different databases (Oracle based system and Microsoft Access).
5. The Contractor will not have to receive an authorization file nightly for the BCCC Program or weekly for the BCCCP/WISEWOMAN Program.
6. The Contractor will not have to match up a BCCCP-specific services code with an authorization.

The contractor identifies the following item(s) outside the scope of the RFP.

Contractor Response:

Health Advantage will not be performing Fraud and Abuse audits of these providers and members for this project.

1.103 Environment - RESERVED**1.104 Work and Deliverable****Objectives / Tasks:**

1. A computerized application for BCCCP and BCCCP/WISEWOMAN claims processing that supports the exchange of financial information with the MBCIS is working.

Contractor Response:

Health Advantage, Inc. is a Full Service Third Party Administrator, licensed by the State of Michigan since 2001. Health Advantage is a wholly owned subsidiary of McLaren Health Plan, an HMO who has been serving the Michigan Managed Medicaid population since 1998. Through an administrative service agreement, McLaren Health Plan provides qualified staff, information technology systems, and other general administrative services to Health Advantage.

McLaren Health plan currently provides services to over 57,000 Medicaid members in 17 counties in Michigan.

Health Advantage currently provides various services for over 64,000 members. In 2002, Health Advantage was chosen as the claims administration partner for Health Plan Management Services (HPMS). HPMS provides certain administrative services for County Health Plan involved with the ABW State Waiver. HPMS currently has over 48,000 members enrolled.

McLaren Health Plan and Health Advantage's expertise in the Michigan Medicaid program, including electronic communication and interfaces with the State, is a significant asset that Health Advantage will bring to the BCCCP.

Health Advantage's state-of-the-art Integrated Information System is utilized to process medical claims, member eligibility, provider records and supports the financial management of the programs for both McLaren Health Plan and Health Advantage.



In calendar year 2006, over 1.2 million claim records were adjudicated as well as over 120,000 membership records. The following is a summary of our system's attributes:

- HIPAA Compliant
- Accommodates membership in excess of 1,000,000 lives
- Ability to receive both HCFA 1500 and UB 92 paper and electronic claims. In calendar year 2006, 60% of the claims received were submitted on paper and 40% electronically. The system is capable and prepared for the new CMS facility and medical claim forms.
- Consolidated Remittance Advice including all information necessary for the provider to appropriately post the check, including the disposition of each billed charge line
- Recovery program in place with the Medical Services Administration Medicaid division to bill and recover any medical services paid for County Health Plan members that are found to have Medicaid eligibility while they were enrolled with a County Health Plan.
- Key indicator reporting available at both the detail and consolidated level to assist in overall program performance.
- Technological ability to receive and send all electronic files and reports between the State of Michigan and McLaren Health Plan/Health Advantage, such as membership eligibility and encounter/claims reporting (DQIP) in the format prescribed by the State.
- A web-based component for all providers to status their claims and membership eligibility
- Automated claim adjudication at the charge line level against custom designed benefits, including qualifiers such as, benefit plan, frequency, age ranges, gender or whether the procedure is cosmetic or experimental
- Automated membership eligibility edits that do not allow a claim to be paid if the member's enrollment is not active on the date of service
- Accepts custom defined payment criteria at the specific benefit plan, provider or member level.

2. The Contractor must provide assistance for the data system development.

Contractor Response:

Health Advantage employs in-house system development staff with demonstrated experience in development and implementation of mechanisms for the electronic interchange of eligibility, provider and claims data.

Health Advantage staff currently receives and processes the following files from MDCH for over 57,000 members:

- 4976 (834) Benefit Enrollment and Maintenance Addenda File
- 5012 Monthly Substatus Enrollment/Disenrollment File
- 5013 Weekly Disenrollment File
- 4276 MAXIMUS Daily Enrollment/Disenrollment Information File
- Premium File
- 4165 Pharmacy Reconciliation
- 1897 EPSDT File

Health Advantage staff currently prepares and submits the following files to MDCH for over 57,000 members:

- 4275 Provider File
- NCPDP Pharmacy File
- 5284 PCP File
- 4951 (837) Encounter Data (over 105,000 MHP and HPMS members)



- The Contractor must be able to receive HCFA 1500, UB-92, and EOB forms electronically and/or in paper format. The Contractor will use the ANSI X12 837 (EDI) version 3050 or 4010 format.

Contractor Response:

Health Advantage accepts HCFA 1500, UB-92 and EOB forms both electronically and hardcopy. Health Advantage can accommodate ANSI X12 837 (EDI) version 3050 or 4010 formats. Health Advantage utilizes WebMD and Netwerkes as our electronic claims clearinghouses for receipt of electronic professional and hospital claims. Currently, 40% of claims are received electronically.

- The Contractor must maintain all billing information on a client-by-client basis. This information will be exported to MDCH electronically nightly. The format of the export file will be specified by MDCH.

Contractor Response:

Health Advantage will assign each client or member a unique member record utilizing the 9-digit BCCCP identification number for claims processing. All billing records will be maintained on the system under each clients' name and ID number. Health Advantage will prepare a file of claims received in the format specified by MDCH and submit the file to MDCH nightly.

Please refer to the answer to Question #2 for additional information on Health Advantage's experience with file submissions to MDCH.

- The Contractor will process and pay claims submitted by approved providers for MDCH. The amount of payments will be based on information provided by MDCH.

Contractor Response:

Health Advantage will download the eligibility and provider files on a nightly basis and process those files daily to ensure that the Health Advantage system has the most recent provider file changes. Health Advantage will also download the weekly approved claims file from MDCH. The contents of this file will be the sole determinate of which claims are to be finalized and the disposition of each charge line of the claims that are to be finalized.

The Health Advantage system *cannot* prepare a check for a provider who is not on the system or for a member who is not on the system or does not have coverage on the date of service of the claim. The individual claim review detailed below provides Health Advantage with the opportunity to verify member and provider enrollment prior to the check run. This is especially important because provider status and member status may change between the time the claims file is approved by MDCH and when the payment is to be finalized by Health Advantage.

There are many methodologies by which Health Advantage is able to pay claims in accordance with the approved claims file sent by MDCH. The basic process flow Health Advantage envisions is as follows:

- Health Advantage will enter claims received by providers onto the system in a "Pre-logged" status.
- Such claims will be electronically submitted to MDCH each night.
- When Health Advantage receives the weekly approved claims file from MDCH, Health Advantage will compare the approved claims file from MDCH to the claims on the Health Advantage system.
- Claims that match exactly will be loaded to the system and finalized for the provider check run.
- Claims that do not match the approved claims file from MDCH will be loaded to the system and put into the Senior Claims Analyst's work queue.



Claims in the Senior Analyst's queue will be reviewed individually and compared to the MDCH approved claims file to ensure that the member, servicing provider, procedure, diagnosis, payment amount and rejection codes are correct; before the claims are finalized for the provider check run.

Health Advantage is amenable to altering this basic process flow based on discussions with MDCH during the implementation period (June 1 thru July 31, 2007). In addition to finalizing the claims process flow, Health Advantage will develop a process amenable to MDCH to track and resolve those claims that Health Advantage has received and sent to MDCH but has not received a response from MDCH. Additionally, Health Advantage will determine the check runs dates based on the MDCH's timing of the weekly approved claims file from MDCH.

6. Providers that serve the BCCCP and WISEWOMAN Program are reimbursed within 14 days of receiving complete claim information (claim and authorization).

Contractor Response:

The provider check run for approved claims will occur 5 days after receipt of the MDCH approved claims file. The day of the check run, an electronic file is submitted to Health Advantage's external mail vendor, Advanced Business Fulfillment. Advanced Business Fulfillment prints and mails the check and the Explanation of Payment to the provider the next business day.

7. The Contractor must describe the batch process that controls the data entry and how individual claims are retrievable.

Contractor Response:

Health Advantage receives claims daily either through U. S. mail or via EDI through our EDI vendors, WebMD and Netwerkes. The following controls are in place:

Paper Claims

- Paper claims are stamped with a received date
- Paper claims suitable for scanning are scanned on the date received and electronically submitted to Health Advantage's imaging vendor, Emdeon (Dakota Imaging). Emdeon returns 90% of such claims electronically within 24 hours and 100% within 48 hours. Electronic files received from Emdeon are loaded into the system in a "Pre-logged" status where the system assigns a claim number
- Paper claims not suitable for scanning are manually entered onto the system in a "Pre-logged" status
- The system assigns a claim number, which is then written on the paper claim.
- All paper claims are filed by date entered and by processor.
- After 90 days in on-site storage, claims are boxed and stored off-site at Safe Records. Claims are immediately retrievable, as needed.

EDI Claims

- EDI claims are downloaded nightly to the system in a "Pre-logged" status and are then assigned a system generated claim number.
- A screen print of the adjudicated EDI claim can be printed as needed

When Health Advantage cannot match a member on the system to the member on the claim, the claim is returned to the provider. If a provider submits a claim and the provider information does not match the information on the system, Health Advantage's normal procedure is to return the claim to the provider and request that the provider update their information by contacting Health Advantage's Provider Services department.



During the implementation period, Health Advantage will develop a process agreeable to MDCH to accommodate both the “member mismatch” and the “provider mismatch” situations.

8. The Contractor must be able to track priority (primary, secondary, tertiary) billing based on insurance coverage to satisfy MDCH's federal regulations as payer of last resort.

Contractor Response:

The Health Advantage Eligibility Module is able to maintain an unlimited number of “other insurance” records. Further, each other insurance record can be classified as primary, secondary or tertiary. The Eligibility Module works in concert with the Claims Module, where when a claim is processed, if other insurance information is present, the claim will be processed accordingly. Coordination of benefits claims that are received without primary insurance payments/information are denied.

During the implementation period, Health Advantage will discuss with MDCH the mechanisms currently in place for the identification of other insurance and the transmittal of such information on the eligibility file.

9. The Contractor must have a system for payment reversals if incorrect payments are identified.

Contractor Response:

Health Advantage has an established comprehensive refund process which includes targeted refund requests and take-backs from future payments. When an **overpayment** is identified, Health Advantage sends a letter to the provider detailing the incorrect payment and requests that the provider return the identified amount. Health Advantage's current procedure is to send two letters, 30 days apart, to the provider. If the provider has not returned the identified overpayment after 30 days from the second letter, Health Advantage institutes a “take-back” from future payments of the identified amount. Such “take-backs” are noted on the provider's Explanation of Payment.

In the event that the incorrect payment is an **underpayment**, Health Advantage creates a new claim with a *new* claim number and processes the new claim with payment equal to the underpayment amount. These underpayment corrections are noted on the Explanation of Payment as adjustments to a previously processed claim.

During the implementation period, Health Advantage will discuss the method by which MDCH will notify Health Advantage of over/under payments. Additionally, Health Advantage is amenable to altering the timeframes associated with the letters to the providers for overpayment recovery if MDCH so desires.

10. The Contractor must prepare and send Internal Revenue Service 1099 forms to applicable Internal Revenue Service regulations and guidelines. A report that lists the providers who received these forms and their total payments shall also be sent to MDCH.

Contractor Response:

Health Advantage currently prepares 1099 forms for over 6,000 providers. Health Advantage has a standardized process to prepare and send the Internal Revenue Service 1099 forms that meet all IRS regulations and guidelines. Health Advantage standard procedures include preparing test files to ensure the final 1099 file meets all IRS specifications. Health Advantage will generate a report for MDCH that lists the providers who receive these forms and their total payments.

11. The Contractor must participate in a transition from the BCCCP's current TPA. It is expected that this transition period will take two (2) months.

**Contractor Response:**

Health Advantage is prepared to transition the responsibilities of claims payment from the current TPA either on a "Date Claim Received" basis (claims received on or after August 1, 2007 will be processed by Health Advantage) or "Date of Service basis" (claims with Dates of Service on or after August 1, 2007 will be processed by Health Advantage).

The "Date Claim Received" basis will be more involved than the "Date of Service" basis as it will require transfer of member, provider and claims data to ensure Health Advantage has the appropriate history for periods prior to August 1, 2007.

During the implementation period, Health Advantage will work with MDCH and the current TPA to define the file specifications and transfer methodologies relative to claims, member and provider data. Additionally, Health Advantage will work with MDCH and the current TPA to define operational procedures to ensure an orderly transfer of responsibility from the current TPA to Health Advantage.

12. The Contractor will collect and process claims daily.

Contractor Response:

As indicated in the answer to Question #7, Health Advantage receives claims via the US Mail and via EDI vendors daily. EDI claims are loaded daily; paper claims that are suitable for scanning are scanned the day they are received; paper claims that are not suitable for scanning are loaded manually into the system on a daily basis in the order they are received.

13. The Contractor will reimburse providers within seven (7) days of receiving the finalized claim file from MDCH.

Contractor Response:

Health Advantage will prepare the check run for approved claims no later than 5 days after Health Advantage receives the approved claims file from MDCH. The day of the check run, an electronic file is submitted to Health Advantage's external mail vendor, Advanced Business Fulfillment. Advanced Business Fulfillment prints and mails the check and the Explanation of Payment to the provider the next business day.

14. The Contractor will process and reject claim lines submitted by approved providers for eligible program clients. Rejections will be based on information provided by MDCH.

Contractor Response:

Health Advantage will utilize the nightly provider file from MDCH to load approved providers onto the system. The nightly provider file will be evaluated to determine if there are new providers and changed records of existing providers. Exception reports will be created and sent to the Membership Department on a daily basis for entry of new providers or corrections to existing providers. Health Advantage will utilize the monthly provider file report from MDCH to audit the provider records for this program.

The Client eligibility files will be processed nightly and compared to Health Advantage's member file. New members will be electronically added to the system; members with changes to their records will be identified and sent on a daily basis to the Membership Department for entry onto the system. Health Advantage will utilize the monthly Client reports from MDCH to ensure that the client eligibility files for MDCH and Health Advantage match.

The Health Advantage system *cannot* prepare a check for a provider who is not on the system nor for a member who is not on the system or does not have coverage on the date of service of the claim. The individual claim review detailed in the answer to Question # 5 provides Health Advantage with the opportunity to verify member and provider enrollment prior to the check run. This is especially important because provider status and member status may change between the time the claims file is approved by MDCH and when the payment is to be finalized by Health Advantage.



Health Advantage has the ability to pay one charge line and reject another within the same claim. Only those claim lines that are rejected on the MDCH approved claims will be rejected by Health Advantage.

Health Advantage utilizes "ineligible codes" with a corresponding dollar amount to indicate on the system, and on the provider payment report, the dollar amount that will not be paid and the reason why it will not be paid.

During the implementation period, Health Advantage will develop ineligible or rejection codes agreeable to MDCH that will indicate the reason the claim line was denied or not payable. In addition, Health Advantage will develop a process agreeable to MDCH for those instances where the provider's status or the member's status has changed between the time the claim is approved by MDCH and is to be finalized by Health Advantage.

15. The Contractor must be able to accept provider checks for payment errors.

Contractor Response:

Health Advantage has the capability to accept provider checks for payment errors and the necessary process to appropriately record and account for the payment errors. When provider checks are received, they are posted on the system as an additional charge line to the original claim with the "paid amount" as a negative number. This method ensures proper recording of the actual claims expense at the client (member) level as well as the program (BCCCP or WISEWOMAN) level.

16. The Contractor must be able to accept nightly client eligibility file from MDCH generated from Michigan Breast and Cervical Cancer Control Information System (MBCIS).

Contractor Response:

Health Advantage will download the client eligibility files nightly and process those files on a daily basis to ensure that the Health Advantage member file reflects the most recent changes from MDCH. Health Advantage has demonstrated experience and expertise in managing and interpreting electronic eligibility files from a variety of sources. Health Advantage currently receives and processes the following eligibility files from MDCH:

- 4976 (834) Benefit Enrollment and Maintenance Addenda File
- 5012 Monthly Substatus Enrollment/Disenrollment File
- 5013 Weekly Disenrollment File
- 4276 MAXIMUS Enrollment/Disenrollment Information File

During the implementation period, Health Advantage will develop internal protocols and test those protocols in concert with MDCH to ensure that Health Advantage is correctly interpreting the information in the file and loading the information accurately to the system.

17. The Contractor must be able to accept nightly provider file from MDCH generated from MBCIS.

Contractor Response:

Health Advantage will download the provider file on a nightly basis and process those files daily to ensure that the Health Advantage system has the most recent provider file changes. Health Advantage currently participates in the exchange of provider data with MDCH with the following files:

- 4275 Provider File
- 5284 PCP File



During the implementation period, Health Advantage will develop internal protocols and test those protocols in concert with MDCH to ensure that Health Advantage is correctly interpreting the information in the file and loading the information accurately to the system.

18. The Contractor must be able to accept weekly claims file from MDCH.

Contractor Response:

Health Advantage has reviewed the file specifications for the weekly claims file as detailed in this RFP. The weekly claims file contains all of the elements necessary for Health Advantage to load the approved claims onto the system and proceed with finalizing the claim for payment to the provider.

During the implementation period, Health Advantage will develop internal protocols and test those protocols in concert with MDCH to ensure that Health Advantage is correctly interpreting the information in the file and loading the information accurately to the system.

19. The Contractor must be able to accept monthly client eligibility and provider reports from MDCH (Excel format).

Contractor Response:

Health Advantage's internal staff has the demonstrated expertise to receive and correctly interpret client eligibility and provider files in excel formats. Health Advantage will utilize these reports to audit member and provider records housed on the claims system, and make corrections as necessary.

During the implementation period, Health Advantage will develop internal protocols and test those protocols in concert with MDCH to ensure that Health Advantage is correctly interpreting the information in the file and loading the information accurately to the system.

20. The Contractor must be able to send nightly claims file to MDCH for processing.

Contractor Response:

Health Advantage has reviewed the file specifications for the nightly claims file as detailed in this RFP. Health Advantage will create and submit a nightly claims file to MDCH in that format. Health Advantage presently exchanges 837 claims files for over 105,000 MHP and HPMS members with MDCH.

During the implementation period, Health Advantage will develop internal protocols and test those protocols in concert with MDCH to ensure that Health Advantage sends the correct information in the appropriate format for MDCH processing.

21. The Contractor must be able to send monthly invoice and financial breakdown to MDCH.

Contractor Response:

Health Advantage is proposing to be paid on a per claim basis. Accordingly, Health Advantage is proposing that the invoice will contain the number of claims adjudicated (claims that went through a check run) by program. In addition, Health Advantage is proposing the following information be included in the monthly invoice package:

- Overall Claim processing statistics: average days from claim receipt until claim payment by program. This would include the current month statistics and the Fiscal Year To Date statistics
- Detailed listing of each claim adjudicated by provider. This report would include the following data elements at a minimum:



- ✓ Client ID
 - ✓ Client Name
 - ✓ Date of Service
 - ✓ Date Adjudicated
 - ✓ CPT code
 - ✓ ICD-9 Code
 - ✓ Provider Name
 - ✓ Provider ID
 - ✓ Amount Billed
 - ✓ Amount Paid
 - ✓ Amount Ineligible
 - ✓ Ineligible Description
 - ✓ Check Number
 - ✓ Check Date
- Summary of total amount paid and denied by program, fiscal year to date.

22. The Contractor must be able to participate in monthly conference calls between the Contractor and MDCH.

Contractor Response:

Health Advantage's Project Manager and other Key Personnel will participate in monthly conference calls at dates and time mutually agreeable to both parties.

23. The Contractor must be able to participate in a yearly face-to-face meeting between Contractor and MDCH.

Contractor Response:

Health Advantage's Project Manager and other Key Personnel will participate in a yearly face-to-face meeting in Lansing, if the State wishes, at a date and time mutually agreeable to both parties.

24. The Contractor must have a system for protecting PHI data of program clients.

Contractor Response:

Health Advantage adheres to all HIPAA Privacy and Security regulations and has established policies, procedures and auditing tools to ensure compliance by all Health Advantage staff. Health Advantage staff undergo annual privacy, security and fraud and abuse training. Violations of Privacy or Security policies are grounds for immediate dismissal.

Health Advantage operates on the "minimum necessary" principle. The COO, who is also Health Advantage's Security Officer, controls system security. Access to system modules are based on job function/title; request to change access rights must be approved by the COO/Security Officer prior to the change being made. Such requests are only granted when job functions require such access. Security audits are conducted to guard against inappropriate/fraudulent behavior of employees.

25. The Contractor must provide providers with reason codes, mutually agreed upon by the Contractor and MDCH, for all claim lines rejected.

Contractor Response:

As indicated in the answer to Question # 14, Health Advantage has the ability to pay one charge line and reject another within the same claim. Only those claim lines that are rejected on the MDCH approved claims will be rejected by Health Advantage.

Health Advantage utilizes "ineligible codes" with a corresponding dollar amount to indicate on the system, and on the provider payment report, the dollar amount that will not be paid and the reason why it will not be paid. During the implementation period, Health Advantage will develop ineligible or rejection codes agreeable to MDCH that will indicate the reason the claim line was denied or not payable.



26. The Contractor must send out an end of the year letter to all BCCCP participating providers in mid-October.

Contractor Response:

Health Advantage currently performs these services for Health Advantage clients. Health Advantage has the ability to extract the BCCCP providers' names and addresses, prepare mailing labels, print, stuff and mail the letters.

27. The Contractor will update the list of program approved Current Procedural Terminology (CPT) codes, International Classification of Diseases Code (ICD-9 codes), and revenue codes when needed.

Contractor Response:

Health Advantage currently updates the list of program approved Current Procedural Terminology (CPT) codes, International Classification of Diseases Code (ICD-9 codes), and revenue codes when needed. This is consistently done on a routine basis as soon as updates (new and deleted) CPT-4, ICD-9, and revenue codes have been released for the rest of our business. Incorporating the BCCCP business requirements into this process is easily accommodated.

28. Establish a work team with MDCH program staff to identify the format for the import and export files and the methodology for the transfer of data with MBCIS and the WISEWOMAN database. The deliverables are formatted files and agreed upon methodology for data transfer.

Contractor Response:

Health Advantage will establish a multi-disciplinary work team to implement the entire BCCCP program. This work team will have two sub-groups: a technical work group and an operational work group.

The technical work group will include the COO (Project Manager), the Operations Manager and Health Advantage's technical staff. Health Advantage proposes that the first course of action during the implementation period be a review of all the data transfer file formats and specifications so that appropriate file transfer protocols, formats and methodologies can be developed that are agreeable to MDCH.

The operational work group will consist of the COO, the Operations Manager, the Claims Manager, the Membership Manager, the Senior Claims Analyst. The operational work group will work concurrently with the technical work group and MDCH to ensure all operational procedures are in place by July 15, 2007. Please refer to the Project Plan and the Deliverables in Article 1, Attachment D and E.

29. Participate in system testing of the data exchange with MBCIS. The deliverable is the successful exchange of data.

Contractor Response:

After the aforementioned file transfer protocols, formats and methodologies are agreed upon, Health Advantage will test each file transfer with MDCH. To ensure the appropriate information is transmitted in the appropriate timeframe. Health Advantage will devote the appropriate resources to ensure the successful exchange of data on or before July 15, 2007.

30. Set up a system for communication with MDCH. The deliverable is a verbal and/or email system for communicating if there are difficulties.

Contractor Response:

Issue management is critical to the success of a project of this nature. During the implementation period, Health Advantage will provide MDCH with a single contact person for technical issues and a single contact person for operational issues. During the implementation period, unabated access to these individuals is critical to the successful implementation of this project.



Health Advantage will develop communication protocols agreeable to MDCH for both the implementation period and post-implementation period to ensure effective communication and issue resolution. Health Advantage will develop and maintain a Communication Log to track issues/resolutions and submit that log to MDCH in a mutually agreeable timeframe and format. The Communication Log is utilized to not only track individual issues and resolutions, but is critical to identifying systemic issues as well.

31. Resolve any problems with the TPA and providers, the TPA and MDCH, and the TPA and MBCIS, the TPA and WISEWOMAN database, and retest the corrections for at least one week. The deliverable is the working system.

Contractor Response:

Health Advantage will work with all stakeholders to identify and resolve any technical or operational issue. All proposed resolutions for issues will be tested for at least a week to ensure the proposed resolution actually resolves the issue. Health Advantage will share test results with MDCH prior to implementation of the proposed resolution.

32. Contractor will arrange testing within the TPA and with MDCH resulting in a working system by July 15, 2007.

Contractor Response:

Health Advantage will develop and implement all testing required within our TPA and with MDCH according to the work plan described in Article 1, Attachments D and E, to result in systems and claims adjudication working as expected by MDCH. This will occur before, or at least no later than, July 15, 2007.

33. Contractor will accept claim data from the current TPA on August 1, 2007.

Contractor Response:

Health Advantage will be prepared and able to accept the transfer of claim data from the current TPA before, or at least no later than, August 1, 2007.

During the implementation period, Health Advantage will work with MDCH and the current TPA to define the file specifications and transfer methodologies relative to claims, member and provider data. Additionally, Health Advantage will work with MDCH and the current TPA to define operational procedures to ensure an orderly transfer of responsibility from the current TPA to Health Advantage.

34. Implement the TPA statewide by accepting Fiscal Year '07 claims by August 1, 2007.

Contractor Response:

Health Advantage will be prepared and able to accept and adjudicate FY 07 claim data from all providers in the state before, or at least no later than, August 1, 2007.

35. Finish processing Fiscal Year '07 claims by April 15, 2008.

Contractor Response:

Health Advantage will finish processing all providers claims received for FY 07 services no later than April 15, 2008. Any claims received after that date for FY 07 services will be denied as untimely, if that is how MDCH wishes to handle late claims.

36. Confirm that the claims, prior to payment, are submitted for approved clients and by approved providers for MDCH. Several methodologies are available to do this and will be agreed upon by MDCH and the Contractor.



Contractor Response:

Health Advantage will offer several methodologies to MDCH to assure that **all** claims, prior to payment, are only for **approved** clients and that such payments for services will only be made to **approved** providers for amounts **approved** by MDCH. The pros and cons of the various methodologies will be discussed with MDCH. These discussions will include the processes MDCH would like Health advantage to follow in those instances where the weekly approved claims file is in conflict with the information Health advantage has on the system. Such conflicts will include:

- ✓ The provider or member status has changed between the time MDCH approved the claim and the claim was sent to Health Advantage;
- ✓ The information on the claim submitted by Health Advantage does not match the information sent back from MDCH.

The preferred methodology will be tested, amended as necessary, and will not be implemented unless MDCH agrees to the methodology (please refer to the Project Plan in Article 1, Attachment E).

37. Replace any lost checks in accordance with normal practice. Replacements must be mailed within 14 days after notice is received and proper documentation is provided to the Contractor.

Contractor Response:

Upon notification that a check has been lost or not delivered, Health Advantage will follow normal protocols to void the original check and issue a new check to the provider. Health Advantage will re-issue any lost check within 14 days of notification that the check has been lost.

1.2 Roles and Responsibilities

1.201 Contractor Staff, Roles, and Responsibilities

The Contractor shall have on staff a project manager and claims processor. The Contractor must identify the following:

- A list of Contractor staff who will be involved, identify by name individuals that are to be designated as Key Personnel (if necessary), and describe in detail their roles and responsibilities.
- Where Contractor staff will be physically located during Contract performance.
- Any part-time personnel (descriptions of roles should be functional and not just by title).

An organization chart, including Key Personnel, is included as Article 1, Attachment B.

Contractor Response:

Health Advantage is a wholly owned subsidiary of McLaren Health Plan (a Michigan based HMO). Health Advantage contracts with McLaren Health Plan to provide certain services and personnel to conduct its business. All business operations of both Health Advantage and McLaren Health Plan are physically located in Flint, MI, including the staff and services provided under this proposal. The following Key Personnel will be directly involved in administering this project, as well as other non-Key Personnel who will be involved in providing deliverables/services to the State. Below is a listing, identifying them by name, title, and their roles and responsibilities.

**Project Manager****Carol Solomon – Vice President & Chief Operating Officer**

Responsibilities: Holds full responsibility and authority for the administrative leadership, direction, evaluation and coordination of assigned departments, which include: Claims/Auditing, Data Processing, Business Information, Benefits, and Membership/Eligibility. Provides administrative direction for the operations of all assigned departments, including implementing new policies, establishing performance and productivity measures, quality improvement goals and cost controls to maximize resources and performance. Oversees the development, implementation and on going maintenance of claim handling systems, policies and procedures. Oversees the preparation, processing and maintenance of new members and re-enrollment, assuring eligibility requirements are met.

Key Personnel:**Sara Mavredes – Operations Manager**

Responsibilities: Oversees all Business Information operations including the information systems and processes utilized for all core business functions. Specifically, has responsibility for configuration and maintenance of the system as it relates to claims, membership, benefits, provider files, fee schedules, benefit plan design, and all electronic interfaces. Oversees the design and maintenance of databases to produce uniform reporting for all business areas. Responsible for the development and production of management and customer reporting. Directs the design and development of the system's electronic interface activities.

Victoria (Vicki) Laney – Claims Manager

Responsibilities: Oversees the management and operations of the Claims and Recovery Departments. Responsible for managing the workflow to meet all timeliness standards for claims adjudication and payment recoveries. Identifies and addresses provider payment discrepancies. Conducts proficiency and accuracy audits on all staff to determine if educational intervention is warranted.

Rhonda Hayes – Membership Manager

Responsibilities: Overall management and supervision of the Membership and Provider Entry Departments. Oversees the electronic downloading of enrollment and disenrollment files from the State and external customers. Performs audits on eligibility, group and provider files to ensure all database entry is accurate and updated timely.

Cheryl Westoby – Finance Manager

Responsibilities: Overall management and supervision of the Finance Department staff. Prepares financial reports that summarize and forecast the financial position of the organization. Performs financial analysis to assist senior management in the development of business initiatives and strategies. Documents current accounting controls and procedures, adapting such as appropriate. Performs periodic tests of financial transactions to ensure compliance with controls is maintained. Has primary responsibility for supervising and coordinating financial audits by regulatory agencies. Oversees all financial transactions, including customer billing/payments, electronic wire transfers, reconciling funding to the claim payments, submission of the check registry, processing stop-payments and re-issuing checks, provider capitation payments, etc.

Sharon Wilcox – Senior Claims Analyst

Responsibilities: Adjudicates claims, manages the daily claims inventory and workflow, performs audits on individual Claims Analysts, trains Claims Analysts, tests all proposed changes to claims processing procedures, assists Claims Manager with development or revisions of department policies and procedures.



Denise Campbell – Senior Claims Recovery Analyst

Responsibilities: Implements provider reimbursement and recovery functions, crediting and debiting balances, as appropriate. Manages Claims Recovery daily workflow, trains Claims Recovery staff, tests all proposed changes to claims recovery procedures, assists Claims Manager with development or revisions of department policies and procedures.

Other Health Advantage staff involved in providing deliverables and services to the State:

Scott Thorington – Business Information Analyst

Responsibilities: Manages electronic file exchanges, system design and maintenance and internal and customer reporting.

Linda Coleman - Business Information Analyst

Responsibilities: Manages electronic file exchanges and reporting.

William Strutts – Business Information Analyst

Responsibilities: Manages electronic file exchanges and reporting.

Dan Kimmel – Business Information Analyst

Responsibilities: Manages electronic file exchanges and reporting.

Accountants

Responsibilities: Prepares, mails, tracks, and posts all customer billing statements, performs check runs, general ledger entry and tracking

Claims Analysts

Responsibilities: Pre-logs and adjudicates claims in accordance with established Health Advantage policy and procedure.

Membership Analysts

Responsibilities: Enters new members and modifies existing member records in accordance with Health Advantage policy and procedure.

1.202 State Staff, Roles, and Responsibilities

The following are State staff members involved with the reimbursement portion of the program:

- Paulette M. Valliere, Ph. D. - Manager, Breast and Cervical Cancer Control Unit, Michigan Department of Community Health. Program Director for the BCCCP and WISEWOMAN Programs.
- E.J. Siegl, MA, OCN, RN - Oncology Nurse Consultant, Breast and Cervical Control Program for MDCH. Responsibilities include: monitoring adherence of contracted providers to the medical protocol and to clinical quality improvement indicators established through the Breast and Cervical Cancer Control Program (BCCCP); identifying areas for quality improvement and developing strategies to assist local programs to strengthen their clinical delivery systems; providing consultation to local coordination agencies and clinical service providers in arranging for appropriate diagnostic and treatment services for women enrollment in the BCCCP with a breast or cervical abnormality; Developing, planning, implementing, and evaluating professional education activities for established and new BCCCP clinicians as well as other health care professionals involved in cancer control.
- Robin L. Roberts, MA - Program Coordinator and Data Manager for the WISEWOMAN Program, Michigan Department of Community Health. Responsible for ensuring the local agencies implement the WISEWOMAN Program according to defined policies and procedures. Also responsible for ensuring the quality of the data which is sent to CDC. This includes data related to the payment of claims.



1.203 Other Roles and Responsibilities

The following are other staff members involved with the reimbursement portion of the program:

- Cathy T. Blaze, BA – Data Quality Analyst / BCCCP TPA Program Manager, Michigan Public Health Institute supporting MDCH Cancer Prevention Program. Responsible for: overseeing the reimbursement process for the BCCCP and WISEWOMAN Programs; all non-clinical training; program manuals; data quality. Dedicated staff member.
- Tory Phelps – Program Technical Analyst, Michigan Public Health Institute Affiliate supporting MDCH Cancer Prevention Program. Responsible for: submitting payment and denial requests to the TPA as needed; liaison between the LCA and the TPA; WISEWOMAN and TPA reports. Dedicated staff member.
- Susan E. Harris, Ph.D. – BCCCP Data Manager, Michigan Public Health Institute supporting MDCH Cancer Prevention Program. Responsibilities include: Lead for MBCIS maintenance and updates; Business analyst for MBCIS data processes.
- Michael D. Carr, MA - Research Statistician, Michigan Public Health Institute Affiliate supporting MDCH Cancer Prevention Program.. Responsible for report requests, GIS mapping, data quality and Discoverer Viewer reports, process analyst and application testing.
- Gregory R. Gauss, BA – Department Analyst, Michigan Public Health Institute Affiliate supporting MDCH Cancer Prevention Program. Financial management of the contract with the selected Third Party Administrator (TPA). Responsibilities include: assist in the creation and submission of contract and amendment documents between the State of Michigan and the selected TPA; assist in addressing financial concerns related to the TPA including budgetary and fund source issues.
- Prabhakar Koduri, BS – Programmer/Analyst. Responsibilities include updating and maintaining MBCIS database and data entry application; develop, update and maintain programming packages for use with MBCIS; Liaison for BCCCP and Michigan Department of Information Technology (MDIT) with regards to requests and information about MBCIS operations.

1.3 Project Plan

1.301 Project Plan Management

The Contractor will provide the following:

- A detailed work plan, identifying how it will accomplish the necessary work and provide the required Deliverables/Services.
- A break down, by deliverable, task, resource and number of hours, if available.
- If possible, provide a Gantt type plan, including time periods and specifics where multiple tasks are performed concurrently.
- A project management plan for the project.
- Identify methods, tools and processes proposed to oversee the project, address issues/changes as they may arise, and keep the appropriate parties apprised of progress.
- Identify and explain the reasons for any deviations from the project plan.

Contractor Response:

Health Advantage has prepared a Project/Work Plan and has attached the plan in Article 1, Attachment E.

Since there are many critical aspects to the successful implementation of this project that are dependent on MDCH approval of processes and methodologies envisioned by Health Advantage, we would anticipate that the work plan would be revised. MDCH will be kept apprised of such changes to the work plan.



Health Advantage utilizes Microsoft Project as a project planning and tracking tool. The work plan itself will become more detailed as Health Advantage engages MDCH in critical path/process flow discussions, results from the various testing of processes and finalization of all processes.

All issues during implementation will be tracked and resolutions documented in Microsoft Excel and provided to MDCH. (Post-implementation issues will be tracked via the Communication Log, which is also in Microsoft Excel).

1.302 Reports

The Contractor shall provide a monthly invoice with the following additional information for each provider:

- Check Number
- Check Date
- List of CPT codes paid with the amount paid for each

Contractor needs to:

- Identify and explain any deviations from the required reporting
- Respond to agency- listed requirements
- Identify standard reports available, and note where customization is necessary
- Propose a standard set of reports for managing the project

Contractor Response:

Health Advantage will provide a monthly invoice that contains a detailed listing of each claim adjudicated by provider. This report would include the following data elements at a minimum:

- ✓ Client ID
- ✓ Client Name
- ✓ Date of Service
- ✓ Date Adjudicated
- ✓ CPT code
- ✓ ICD-9 Code
- ✓ Provider Name
- ✓ Provider ID
- ✓ Amount Billed
- ✓ Amount Paid
- ✓ Amount Ineligible
- ✓ Ineligible Description
- ✓ Check Number
- ✓ Check Date

1.4 Project Management

1.401 Issue Management

It is detailed below how issues or threats to the project will be identified, evaluated, reported and escalated. This includes processes, names of responsible parties, phone numbers and e-mail addresses in the Contractor's description.

Contractor Response:

Health Advantage proposes to handle standard operational issues of this contract through both formal and informal communication processes. Telephone calls are quite useful for simple questions requiring immediate answers, but the preferred process to address larger issues is through email. Any issue documented in writing is transferred to a Communication Log. This Communication Log will be reviewed at Health Advantage's weekly internal issues meeting and a weekly status report can be sent to MDCH if MDCH so desires.



We have used this process successfully with other customers, allowing us to ensure all issues, regardless of the originator, are clearly identified, tracked, investigated, and responded to in a prescribed and timely manner. It also has proven helpful in identifying underlying problems or miscommunications that are core process issues needing attention and resolution.

1.402 Risk Management

Risks include those things that the Contractor can assume or anticipate in a project. Below is a description of the Contractor's proposed standard risk management process for this project. This includes names of responsible parties, phone numbers and e-mail addresses in the Contractor's description.

Contractor Response:

Health Advantage is continuously assessing and identifying possible risk management issues that may impact all aspects of its business. As these are identified, safeguards are developed and implemented to minimize, if not eliminate, these potential risks. One key risk is the manner in which electronic PHI will be communicated between Health Advantage and MDCH. Health Advantage utilizes HIPAA compliant exchanges for all its data, and given our experience with MDCH, do not expect this to be a problem.

Health Advantage maintains off-site storage of the server and system files; the system files are backed up nightly. Health Advantage utilizes Disaster Recovery protocols and protection developed and implemented by the McLaren Health Care system to ensure appropriate and timely recovery from server damage or loss.

Additionally, Health Advantage has a business contingency plan to ensure critical business functions are maintained in the event of power loss, phone service loss or unanticipated server down time. Health Advantage has minimized down time due to power loss by installing a backup generator that powers the entire structure. Additionally, the building where the off-site server is located is also protected by a backup generator.

1.403 Change Management

All requests for modification of the Contract, whether in scope, pricing, time frames, or a combination of thereof, must be submitted through the Department of Management and Budget, Purchasing Operations Buyer, (see section 2.014) for approval and processing, or denial (see Section 2.101, generally).

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

Contractor Response:

Health Advantage understands all requests for contract modifications, regardless of the scope, must be submitted through the Department of Management and Budget, Purchasing Operations Buyer for approval and processing or denial. Furthermore, Health Advantage understands providing services outside of the scope of the contract prior to receiving all necessary approvals may result in non-payment from the State for such services.

1.5 Acceptance

1.501 Criteria

The PM/CCI will review the following information prior to approving a vendor invoice related to contract deliverables:



- Information provided by the Contractor per Section 1.104 Work and Deliverable; Tasks; Item 9: Confirm that the claims, prior to payment, are submitted for approved clients and by approved providers for MDCH.

1.502 Final Acceptance

Acceptance and approval of an invoice constitutes acceptance of the services provided. Approval of invoices will be contingent on the criteria stated in section 1.501.

At the conclusion of the contract, all reports, claim information, and invoices must be submitted. Final acceptance of completed deliverables will be made by the PM/CCI and indicated by payment in full.

1.6 Compensation and Payment

1.601 Compensation and Payment

This contract is a:

- 1) Part lump-sum contract

The lump-sum part of the contract will be compensation for the transition/development period, effective June 1, 2007 through July 31, 2007.

(see Contractor agreement reflected in Article 1, Attachment A)

- 2) Part unit price contract

The unit price part of the contract will be compensation for the completion of the actual contract services (i.e. post transition/development period), effective August 1, 2007 through the end of the contract period.

(see Contractor agreement reflected in Article 1, Attachment A)

1.7 Additional Terms and Conditions Specific to this SOW

1.701 Additional Terms and Conditions Specific to this SOW - RESERVED

**Article 1, Attachment A**

Pricing

Offer To Partner With In-Kind Services

Health Advantage welcomes the opportunity to partner with the Michigan Breast and Cervical Cancer Program (BCCCP). In support of this program, Health Advantage is proposing to waive all its costs associated with the start-up and transition/development period of June 1, 2007 through July 31, 2007.

The value to the BCCCP for this in-kind contribution is \$72,912. This is the actual cost Health Advantage anticipates it will incur to meet all of the described conditions and deliverables in transitioning from the former TPA to Health Advantage by August 1, 2007. This reflects both resource personnel that will be devoted to this transition, as well as non-personnel costs.

Price Per Adjudicated Claim: \$2.59

The price per adjudicated claim will receive an annual inflationary increase each August (commencing in August 2008), equal to the U.S. Bureau of Labor statistics, chained Consumer Price Index for all Urban Consumers (C-CI-U); All Items.

This single price encompasses all of Health Advantage's costs, which include:

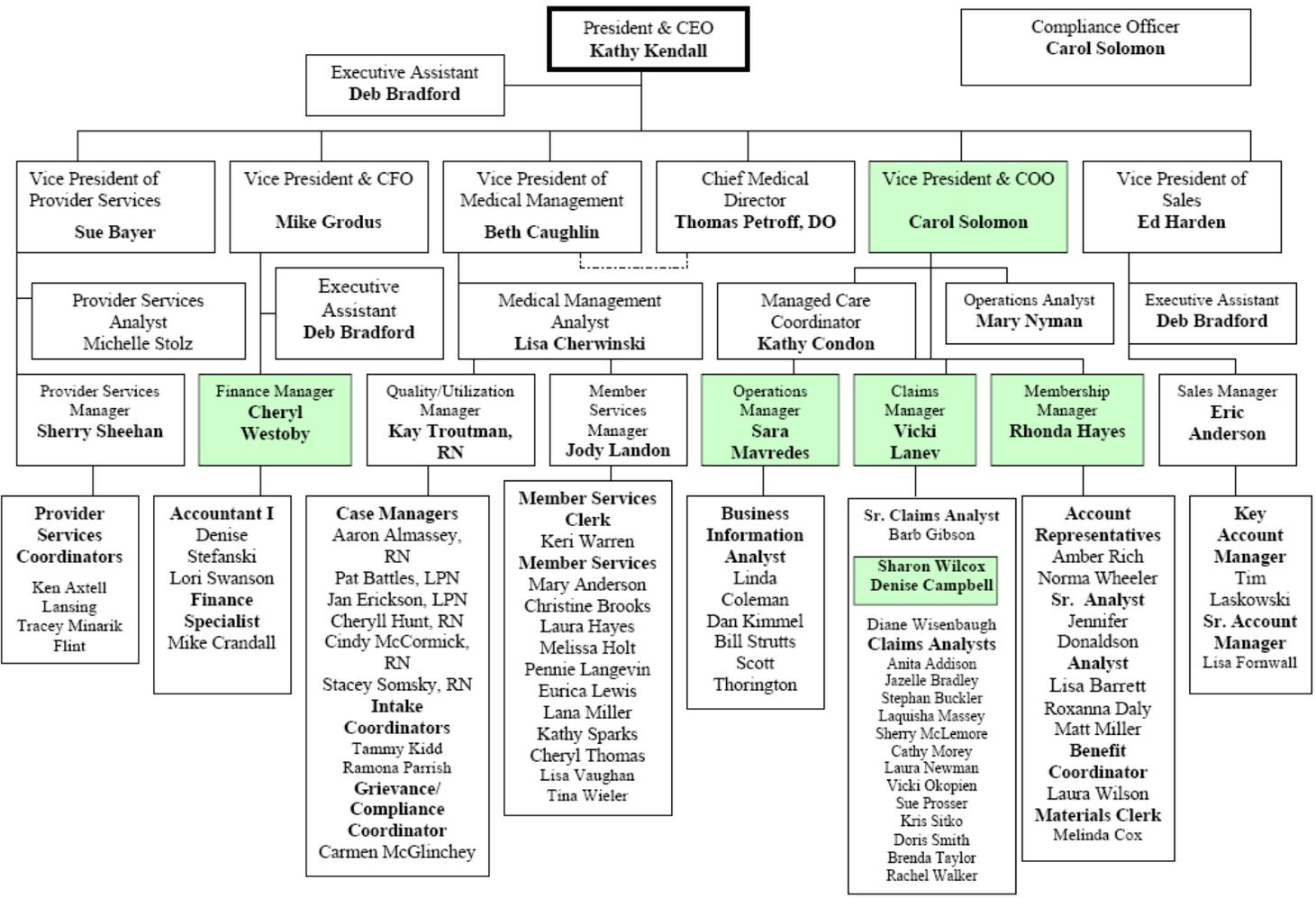
- Claims Adjudication (Paper and EDI)
- Membership Eligibility Maintenance
- EDI Clearinghouse Charges for Electronic Claims Submission
- Electronic Data Archiving
- Provider File Database Maintenance
- Automated Provider Payments/Remittance Advice
- Web Access for Reviewing Provider Payments and Remittance Advice
- Fee Schedule Maintenance
- Group and Plan Maintenance
- CPT-4, ICD-9, Revenue Code and Benefit Maintenance
- Scanning and Archiving of Paper Claims
- Payment Recovery
- Wire Transfer Fees
- Posting Refunds to the Database Software
- Full IT System Disaster Recovery
- Electronic Exchanges with MDCH
- Letter Mailings to Providers (as requested by MDCH)
- Automated 1099 Year End Filings
- Report Development and Production for MDCH



Article 1, Attachment B
Organizational Chart, including Key Personnel

Health Advantage
Departmental Organizational Chart
All Corporate Operations are based in Flint, Michigan

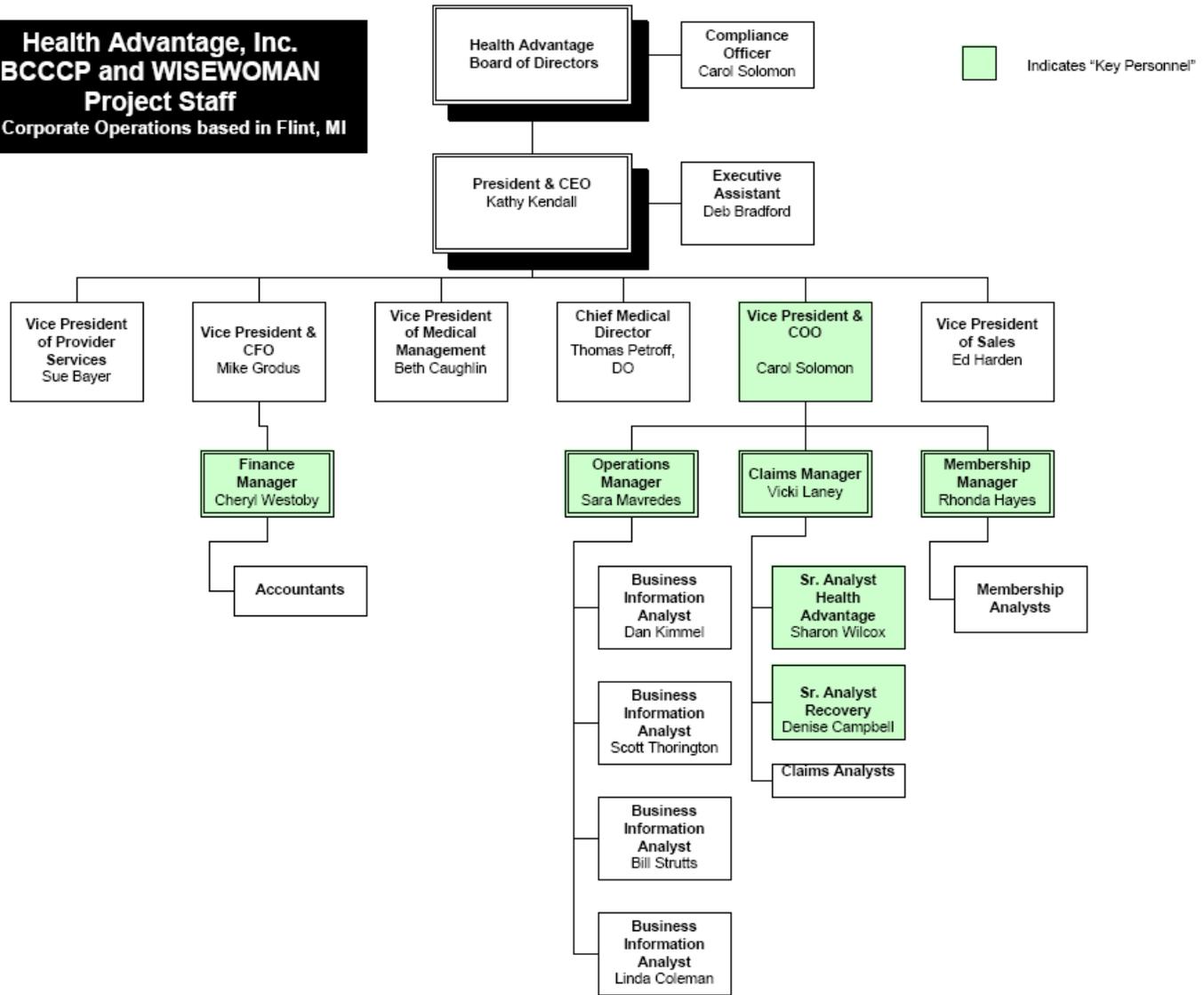
Indicates "Key Personnel"





Article 1, Attachment B – continued
Organizational Chart, including Key Personnel

**Health Advantage, Inc.
BCCCP and WISEWOMAN
Project Staff**
All Corporate Operations based in Flint, MI

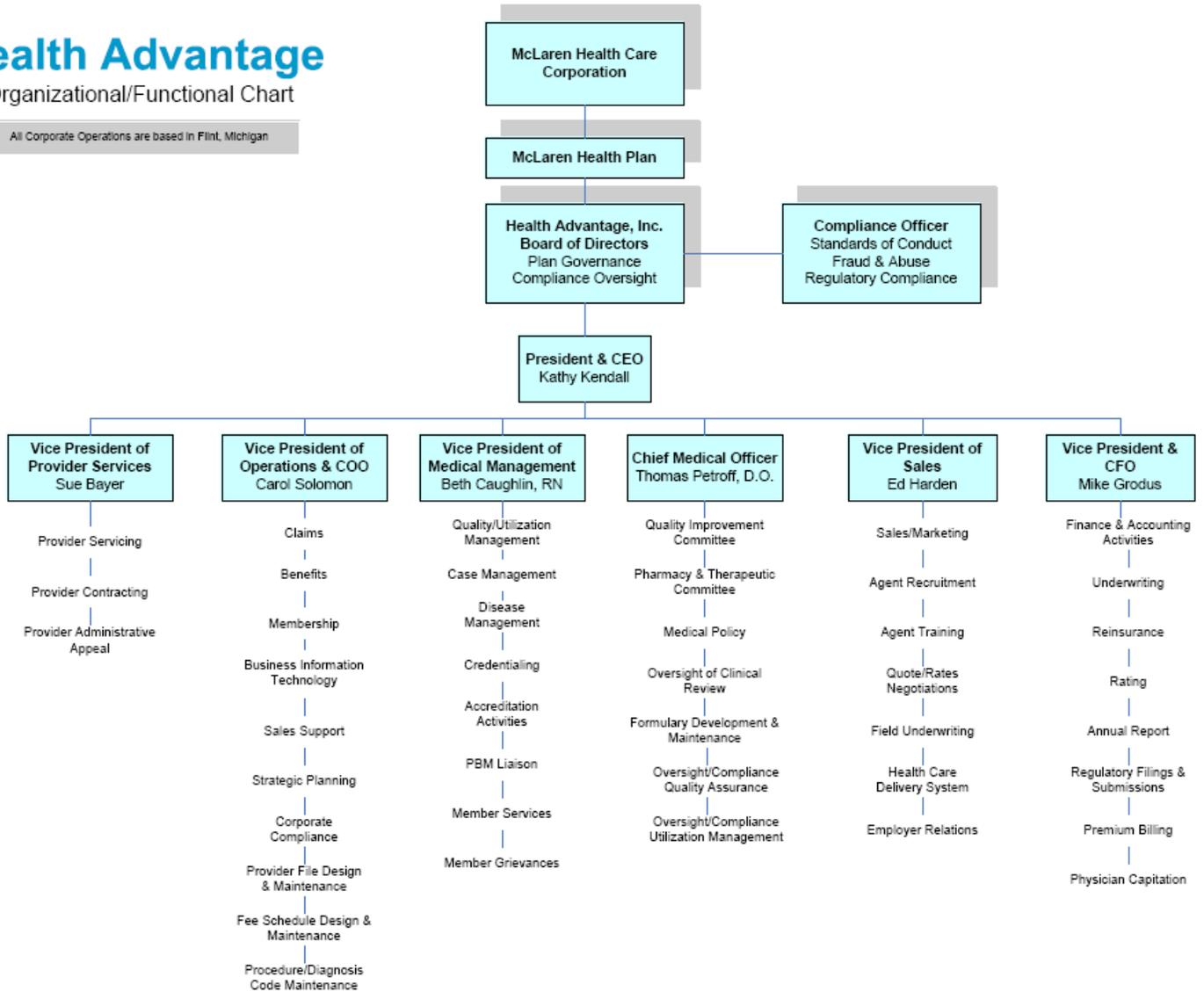




Article 1, Attachment B – continued
Organizational Chart, including Key Personnel

Health Advantage
Organizational/Functional Chart

All Corporate Operations are based in Flint, Michigan





Article 1, Attachment C - RESERVED
Labor Rates



Article 1, Attachment D
Deliverables

Health Advantage will provide the following Deliverables to MDCH under this project:

- 1) Health Advantage will finalize claims for the BCCCP program in the manner determined by MDCH starting August 1, 2007.
- 2) Health Advantage will successfully exchange **all** electronic files with MDCH by July 15, 2007.
- 3) Health Advantage will participate in an effective and successful transition from the current TPA in the manner agreed to by Health advantage and MDCH. Such transition may commence June 1, 2007 and continue for two months.
- 4) Health Advantage will provide monthly invoice.
- 5) Health Advantage will provide financial management reports.
- 6) Health Advantage will prepare and submit 1099s by January 1, 2008.
- 7) Health Advantage will mail letter to BCCCP clients in October 2007.
- 8) Health Advantage will participate in monthly conference calls or meetings with MDCH to discuss project issues and status, including preparing of agenda and recording of minutes (specific dates to be determined).
- 9) Health Advantage will participate and record minutes in annual meeting with MDCH, including preparing of agenda and recording of minutes (Specific date to be determined).



Article 1, Attachment E
Project Plan

BCCCP Project Plan v4.mpp				
ID	Task Name	Start	Finish	Resource Names
1	Kickoff Planning meeting	Mon 6/4/07	Fri 6/8/07	
2	Review project work plan, time frames and adjust a	Mon 6/4/07	Fri 6/8/07	MDCH & HA
3	Determine requirements for transition from curri	Mon 6/4/07	Fri 6/8/07	MDCH & HA
4	Develop separate transition work plan for trans	Mon 6/4/07	Fri 6/8/07	Operations
5				
6	File Transfer Methodology and Protocol	Mon 6/4/07	Mon 7/2/07	
7	Review File specifications	Mon 6/4/07	Fri 6/8/07	
8	Claims file out (nightly) from HA to MDCH	Mon 6/4/07	Fri 6/8/07	MDCH & Tech Team
9	Claims file (weekly) from MDCH to HA	Mon 6/4/07	Fri 6/8/07	MDCH & Tech Team
10	Eligibility file (daily) from MDCH to HA	Mon 6/4/07	Fri 6/8/07	MDCH & Tech Team
11	Provider file (daily) from MDCH to HA	Mon 6/4/07	Fri 6/8/07	MDCH & Tech Team
12	Monthly Eligibility file from MDCH to HA	Mon 6/4/07	Fri 6/8/07	MDCH & Tech Team
13	Monthly provider file from MDCH to HA	Mon 6/4/07	Fri 6/8/07	MDCH & Tech Team
14	Develop File transfer methodology:	Fri 6/8/07	Thu 6/14/07	
15	Claims file out (nightly) from HA to MDCH	Fri 6/8/07	Thu 6/14/07	MDCH & Tech Team
16	Claims file (weekly) from MDCH to HA	Fri 6/8/07	Thu 6/14/07	MDCH & Tech Team
17	Eligibility file (daily) from MDCH to HA	Fri 6/8/07	Thu 6/14/07	MDCH & Tech Team
18	Provider file (daily) from MDCH to HA	Fri 6/8/07	Thu 6/14/07	MDCH & Tech Team
19	Monthly Eligibility file from MDCH to HA	Fri 6/8/07	Thu 6/14/07	MDCH & Tech Team
20	Monthly provider file from MDCH to HA	Fri 6/8/07	Thu 6/14/07	MDCH & Tech Team
21	Test all file transfers	Fri 6/15/07	Mon 7/2/07	
22	Test Claims file out (nightly) from HA to MDCH	Fri 6/15/07	Fri 6/29/07	Tech Team
23	Test Claims file (weekly) from MDCH to HA	Fri 6/15/07	Fri 6/29/07	Tech Team
24	Test Eligibility file (daily) from MDCH to HA	Fri 6/15/07	Fri 6/29/07	Tech Team
25	Test Provider file (daily) from MDCH to HA	Fri 6/15/07	Fri 6/29/07	Tech Team
26	Test Monthly Eligibility file from MDCH to HA	Fri 6/15/07	Fri 6/29/07	Tech Team
27	Test Monthly provider file from MDCH to HA	Fri 6/15/07	Fri 6/29/07	Tech Team
28	Review test results	Fri 6/15/07	Fri 6/29/07	Tech Team
29	Revise file transfer protocols	Fri 6/15/07	Fri 6/29/07	Tech Team
30	Re-test file transfers; adjust as necessary	Fri 6/15/07	Fri 6/29/07	Tech Team
31	Review test results with MDCH	Mon 7/2/07	Mon 7/2/07	MDCH & Tech Team
32	Finalize file transfer protocols	Mon 7/2/07	Mon 7/2/07	MDCH & Tech Team
33				
34	Issue Management	Mon 6/4/07	Mon 6/18/07	
35	Review proposed Communication Log process	Mon 6/4/07	Mon 6/18/07	MDCH & HA
36	Determine method and contact person for commun	Mon 6/4/07	Mon 6/18/07	MDCH & HA
37	Determine method and contact person for commun	Mon 6/4/07	Mon 6/18/07	MDCH & HA
38	Determine if MDCH wants weekly status report	Mon 6/4/07	Mon 6/18/07	MDCH & HA
39	Develop Monthly Conference call Schedule	Mon 6/4/07	Mon 6/18/07	MDCH & HA
40	Determine procedures to handle the following c	Mon 6/4/07	Mon 6/18/07	
41	Eligibility Issues	Mon 6/4/07	Mon 6/18/07	MDCH & HA
42	Provider issues	Mon 6/4/07	Mon 6/18/07	MDCH & HA
43	File transfer Issues	Mon 6/4/07	Mon 6/18/07	MDCH & HA
44	Banking issues	Mon 6/4/07	Mon 6/18/07	MDCH & HA
45	Finalize Issue Management Process	Mon 6/18/07	Mon 6/18/07	MDCH & HA
46				
47	Group, Plan, and Member Set Up	Mon 6/4/07	Mon 7/9/07	
48	Determine Group, Division and Plan requirements :	Mon 6/4/07	Mon 6/18/07	MDCH & Operations
49	Develop Plan & Benefit Code structure	Mon 6/4/07	Mon 6/18/07	MDCH & Operations
50	Test Benefit Code and Plan Setup	Tue 6/19/07	Tue 6/26/07	Operations
51	Adjust Plan Setup; retest	Wed 6/27/07	Fri 7/6/07	Operations
52	Finalize Group/member Setup	Mon 7/9/07	Mon 7/9/07	MDCH & Operations
53	Finalize Plan /Benefit Setup	Mon 7/9/07	Mon 7/9/07	MDCH & Operations
54				
55	Claims Process	Mon 6/4/07	Fri 7/13/07	
56	Review and discuss initial methodology with MDCH	Mon 6/4/07	Mon 6/18/07	MDCH & Operations
57	Determine Rejection Codes and Description codes	Mon 6/4/07	Mon 6/18/07	MDCH & Operations
58	Determine process to handle:	Mon 6/4/07	Mon 6/18/07	
59	Member/provider not on system when claim pr	Mon 6/4/07	Mon 6/18/07	MDCH & Operations
60	Claims data elements on weekly approved file	Mon 6/4/07	Mon 6/18/07	MDCH & Operations
61	Member/provider status changes between time	Mon 6/4/07	Mon 6/18/07	MDCH & Operations
62	Amend Claims process as required	Mon 6/4/07	Mon 6/18/07	MDCH & Operations
63	Develop detailed claims flow process	Tue 6/19/07	Mon 6/25/07	Operations
64	Review with MDCH for concurrence	Tue 6/26/07	Thu 6/28/07	MDCH & Operations
65	Test claims flow process	Fri 6/29/07	Tue 7/3/07	Operations
66	Amend claims flow process as necessary; retest	Thu 7/5/07	Mon 7/9/07	Operations
67	Share test results with MDCH	Mon 7/9/07	Fri 7/13/07	MDCH & Operations
68	Finalize claims process	Fri 7/13/07	Fri 7/13/07	MDCH & Operations
69				
70	Provider Set-Up	Mon 6/4/07	Mon 7/2/07	
71	Develop Provider file structure (Provider and Netw	Mon 6/4/07	Fri 6/8/07	MDCH & Operations
72	Test Provider File structure; amend as necessary	Mon 6/11/07	Fri 6/15/07	Operations
73	Review file structure with MDCH	Mon 6/18/07	Fri 6/22/07	Operations
74	Finalize Provider File structure	Mon 6/25/07	Mon 7/2/07	MDCH & Operations
75				
76	Banking	Mon 6/4/07	Fri 7/13/07	
77	Set up banking account	Mon 6/4/07	Mon 6/18/07	MDCH & Operations
78	Decide check run schedule	Mon 6/4/07	Mon 6/18/07	MDCH & Operations
79	Decide communication methodology and schedule	Mon 6/4/07	Mon 6/18/07	MDCH & Operations
80	Develop invoicing structure, methodology and form	Mon 6/4/07	Mon 6/18/07	MDCH & Operations
81	Test bank setup; amend as necessary	Tue 6/19/07	Tue 7/3/07	Operations
82	Share test results with MDCH	Thu 7/5/07	Wed 7/11/07	MDCH & Operations
83	Finalize bank setup	Thu 7/12/07	Fri 7/13/07	MDCH & Operations
84				
85	Reporting	Mon 6/18/07	Thu 7/12/07	
86	Develop monthly reporting package, format and da	Mon 6/18/07	Mon 6/25/07	MDCH & Operations
87	Review reporting package with MDCH	Tue 6/26/07	Tue 7/3/07	MDCH & Operations
88	Finalize reporting package	Thu 7/5/07	Thu 7/12/07	MDCH & Operations
89	Internal Training	Mon 7/2/07	Fri 7/13/07	
90	Train Claims staff on claims process flow and proc	Mon 7/2/07	Fri 7/13/07	Operations
91	Train Membership staff on member and provider pr	Mon 7/2/07	Fri 7/13/07	Operations
92	Train Finance staff on banking processes and proc	Mon 7/2/07	Fri 7/13/07	Operations
93				
94	Go Live	Wed 8/1/07	Wed 8/1/07	



Article 1, Attachment F - RESERVED
Service Level Agreement



Article 2 – General Terms and Conditions

2.010 Contract Structure and Administration

2.011 Definitions

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

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

2.012 Attachments and Exhibits

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

2.013 Statements of Work

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



- all Deliverable price schedules and other charges associated with the Statement of Work, the unit price for such Statement of Work and any other appropriate pricing and payment terms;
- a specification of Contractor's and the State's respective performance responsibilities with respect to the performance or completion of all tasks, subtasks and Deliverables;
- a listing of any Key Personnel of Contractor and/or its Subcontractors for that Statement of Work and any future Statements of Work;
- any other information or provisions the parties agree to include.

(c) Reserved.

(d) The initial Statements of Work, as of the Effective Date, are attached to this Contract.

2.014 Issuing Office

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

Kevin Dunn
Purchasing Operations
Department of Management and Budget
Mason Bldg, 2nd Floor
PO Box 30026
Lansing, MI 48909
Dunnk3@michigan.gov
517-241-4225

2.015 Contract Compliance Inspector

Upon receipt at PO of the properly executed Contract, it is anticipated that the Director of DMB Purchasing Operations, in consultation with the Department of Community Health, will direct that the person named below, or any other person so designated, be authorized to monitor and coordinate the activities for the Contract on a day-to-day basis during its term. However, monitoring of this Contract implies **no authority to change, modify, clarify, amend, or otherwise alter the prices, terms, conditions and specifications of such Contract as that authority is retained by Purchasing Operations.** The Contract Compliance Inspector for this Contract is:

Melissa Brown
Financial Analyst
Bureau of Budget & Audit
Budget & Contracts Division
320 S. Walnut
Lansing, MI 48913
Phone: 517-241-2383
Email: brownme@michigan.gov

2.016 Project Manager

The following individual will oversee the project:

Name: Paulette M. Valliere, Ph. D.
Department of Community Health
Washington Square Building, 5th Floor
109 Michigan Avenue
Lansing, MI 48909
Email: vallierep@michigan.gov
Phone: 517-335-8049
Fax: 517-335-9397



2.020 Contract Objectives/Scope/Background

2.021 Background - RESERVED

2.022 Purpose - RESERVED

2.023 Objectives and Scope - RESERVED

2.024 Interpretation - RESERVED

2.025 Form, Function and Utility

If the Contract is for use of more than one (1) State agency and if the Deliverable/Service does not meet the form, function, and utility required by that State agency, that agency may, subject to State purchasing policies, procure the Deliverable/Service from another source.

2.030 Legal Effect and Term

2.031 Legal Effect

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

2.032 Contract Term

This Contract is for a period of three (3) years commencing on June 1, 2007 and ending on May 31, 2010. All outstanding Purchase Orders shall also expire upon the termination (cancellation for any of the reasons listed in 2.210) of the Contract, unless otherwise extended pursuant to the Contract. Absent an early termination for any reason, Purchase Orders issued but not expired, by the end of the Contract's stated term, will remain in effect for the balance of the fiscal year for which they were issued.

2.033 Renewal(s)

This Contract may be renewed in writing by mutual agreement of the parties not less than 30 days before its expiration. The Contract may be renewed for up to two (2) additional one (1) year periods. Successful completion of negotiations surrounding the terms of the extension, will be a pre-requisite for the exercise of any option year.

2.040 Contractor Personnel

2.041 Contractor Personnel

- (a) Personnel Qualifications. All persons assigned by Contractor to the performance of Services under this Contract shall be employees of Contractor or its majority-owned (directly or indirectly, at any tier) subsidiaries (or a State-approved Subcontractor) and shall be fully qualified to perform the work assigned to them. Contractor shall include a similar provision in any subcontract entered into with a Subcontractor. For the purposes of this Contract, independent contractors engaged by Contractor solely in a staff augmentation role shall be treated by the State as if they were employees of Contractor for this Contract only; however, the State understands that the relationship between Contractor and Subcontractor is an independent Contractor relationship.
- (b) Key Personnel
 - (i) In discharging its obligations under this Contract, Contractor shall provide the named Key Personnel on the terms indicated. **Exhibit C** provides an organization chart showing the roles of certain Key Personnel, if any.



- (ii) Key Personnel shall be dedicated as defined in **Exhibit C** to the Project for its duration in the applicable Statement of Work with respect to other individuals designated as Key Personnel for that Statement of Work.
- (iii) The State will have the right to recommend and approve in writing the initial assignment, as well as any proposed reassignment or replacement, of any Key Personnel. Before assigning an individual to any Key Personnel position, Contractor will notify the State of the proposed assignment, will introduce the individual to the appropriate State representatives, and will provide the State with a resume and any other information about the individual reasonably requested by the State. The State reserves the right to interview the individual before granting written approval. In the event the State finds a proposed individual unacceptable, the State will provide a written explanation including reasonable detail outlining the reasons for the rejection. Additionally, the State's request shall be based on legitimate, good-faith reasons. Proposed alternative for the individual denied, shall be fully qualified for the position.
- (iv) Contractor shall not remove any Key Personnel from their assigned roles or the Contract without the prior written consent of the State. If the Contractor does remove Key Personnel without the prior written consent of the State, it shall be considered an unauthorized removal ("Unauthorized Removal"). It shall not be considered an Unauthorized Removal if Key Personnel must be replaced for reasons beyond the reasonable control of Contractor, including illness, disability, leave of absence, personal emergency circumstances, resignation or for cause termination of the Key Personnel's employment. It shall not be considered an Unauthorized Removal if Key Personnel must be replaced because of promotions or other job movements allowed by Contractor personnel policies or Collective Bargaining Agreement(s) as long as the State receives prior written notice before shadowing occurs and Contractor provides 30 days of shadowing unless parties agree to a different time period. The Contractor with the State shall review any Key Personnel replacements, and appropriate transition planning will be established. Any Unauthorized Removal may be considered by the State to be a material breach of the Contract, in respect of which the State may elect to exercise its rights under **Section 2.210**.
- (v) It is acknowledged that an Unauthorized Removal will interfere with the timely and proper completion of the Contract, to the loss and damage of the State, and that it would be impracticable and extremely difficult to fix the actual damage sustained by the State as a result of any Unauthorized Removal. Therefore, Contractor and the State agree that in the case of any Unauthorized Removal in respect of which the State does not elect to exercise its rights under **Section 2.210**, the State may assess liquidated damages against Contractor as specified below.

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

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

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



- (d) Re-assignment of Personnel at the State's Request. The State reserves the right to require the removal from the Project of Contractor personnel found, in the judgment of the State, to be unacceptable. The State's request shall be written with reasonable detail outlining the reasons for the removal request. Additionally, the State's request shall be based on legitimate, good-faith reasons. Replacement personnel for the removed person shall be fully qualified for the position. If the State exercises this right, and the Contractor cannot immediately replace the removed personnel, the State agrees to an equitable adjustment in schedule or other terms that may be affected by the State's required removal. If any such incident with removed personnel results in delay not reasonable anticipatable under the circumstances and which is attributable to the State, the applicable SLAs for the affected Service will not be counted in **Section 2.076** for a time as agreed to by the parties.
- (e) Staffing Levels.
- (i) All staff requirements not specified in the applicable Statement of Work or State-approved project plan as State personnel will be supplied by Contractor. This includes secretarial, clerical and Contract administration support staff necessary for Contractor to perform its obligations hereunder.
- (ii) Contractor shall provide sufficient personnel resources for the completion of Contract tasks indicated in Contractor's project plan approved by the State. If the level of personnel resources is insufficient to complete any Contractor Contract tasks in accordance with the Contract time schedule as demonstrated by Contractor's failure to meet mutually agreed to time schedules, Contractor shall promptly add additional qualified personnel resources to the performance of the affected tasks, at no additional charge to the State, in an amount sufficient to complete performance of Contractor's tasks in accordance with the Contract time schedule.
- (f) Personnel Turnover. The Parties agree that it is in their best interests to keep the turnover rate of employees of Contractor and its Subcontractors who are performing the Services to a reasonable minimum. Accordingly, if the State determines that the turnover rate of such employees is excessive and so notifies Contractor, Contractor will meet with the State to discuss the reasons for the turnover rate and otherwise use commercially reasonable efforts to minimize such turnover rate. If requested to do so by the State, Contractor will submit to the State its proposals for reducing the turnover rate to an acceptable level. In any event, notwithstanding the turnover of personnel, Contractor remains obligated to perform the Services without degradation and in accordance with the State-approved Contract schedule.
- (g) Location. All staff assigned by Contractor to work on the Contract will perform their duties either primarily at Contractor's offices and facilities or at State facilities. Without limiting the generality of the foregoing, Key Personnel will, at a minimum, spend at least the amount of time on-site at State facilities as indicated in the applicable Statement of Work. Subject to availability, selected Contractor personnel may be assigned office space to be shared with State personnel.

2.042 Contractor Identification

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

2.043 Cooperation with Third Parties

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

**2.044 Subcontracting by Contractor**

- (a) Contractor shall have full responsibility for the successful performance and completion of all of the Services and Deliverables. The State will consider Contractor to be the sole point of contact with regard to all contractual matters under this Contract, including payment of any and all charges for Services and Deliverables.
- (b) Contractor shall not delegate any duties under this Contract to a Subcontractor unless the Department of Management and Budget, Purchasing Operations has given written consent to such delegation. The State shall have the right of prior written approval of all Subcontractors and to require Contractor to replace any Subcontractors found, in the reasonable judgment of the State, to be unacceptable. The State's request shall be written with reasonable detail outlining the reasons for the removal request. Additionally, the State's request shall be based on legitimate, good-faith reasons. Replacement Subcontractor(s) for the removed Subcontractor shall be fully qualified for the position. If the State exercises this right, and the Contractor cannot immediately replace the removed Subcontractor, the State will agree to an equitable adjustment in schedule or other terms that may be affected by the State's required removal. If any such incident with a removed Subcontractor results in delay not reasonable anticipatable under the circumstances and which is attributable to the State, the applicable SLAs for the affected Work will not be counted in **Section 2.076** for a time agreed upon by the parties.
- (c) In any subcontracts entered into by Contractor for the performance of the Services, Contractor shall require the Subcontractor, to the extent of the Services to be performed by the Subcontractor, to be bound to Contractor by the terms of this Contract and to assume toward Contractor all of the obligations and responsibilities that Contractor, by this Contract, assumes toward the State. The State reserves the right to receive copies of and review all subcontracts, although Contractor may delete or mask any proprietary information, including pricing, contained in such contracts before providing them to the State. The management of any Subcontractor will be the responsibility of Contractor, and Contractor shall remain responsible for the performance of its Subcontractors to the same extent as if Contractor had not subcontracted such performance. Contractor shall make all payments to Subcontractors or suppliers of Contractor. Except as otherwise agreed in writing by the State and Contractor, the State will not be obligated to direct payments for the Services other than to Contractor. The State's written approval of any Subcontractor engaged by Contractor to perform any obligation under this Contract shall not relieve Contractor of any obligations or performance required under this Contract. Attached as **Exhibit E** is a list of the Subcontractors, if any, approved by the State as of the execution of this Contract, together with a copy of the applicable subcontract.
- (d) Except where specifically approved in writing by the State on a case-by-case basis, Contractor shall flow down the obligations in **Sections 2.040, 2.110, 2.150, 2.160, 2.171(c), 2.172(b), 2.180, 2.260, 2.276, 2.297** in all of its agreements with any Subcontractors.
- (e) The Contractor shall select subcontractors (including suppliers) on a competitive basis to the maximum practical extent consistent with the objectives and requirements of the Contract.

2.045 Contractor Responsibility for Personnel

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

2.050 State Standards**2.051 Existing Technology Standards - RESERVED****2.052 PM Methodology Standards - RESERVED****2.053 Adherence to Portal Technology Tools - RESERVED**

**2.054 Acceptable Use Policy**

To the extent that Contractor has access to the State computer system, Contractor must comply with the State's Acceptable Use Policy, see <http://www.michigan.gov/ditservice/0,1607,7-179-25781-73760--,00.html>. All Contractor employees must be required, in writing, to agree to the State's Acceptable Use Policy before accessing the State system. The State reserves the right to terminate Contractor's access to the State system if a violation occurs.

2.060 Deliverables**2.061 Ordering**

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

2.062 Software - RESERVED**2.063 Hardware - RESERVED****2.064 Equipment to be New and Prohibited Products - RESERVED**2.070 Performance**2.071 Performance, In General**

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

2.072 Time of Performance

- (a) Contractor shall use commercially reasonable efforts to provide the resources necessary to complete all Services and Deliverables in accordance with the time schedules contained in the Statements of Work and other Exhibits governing the work, and with professional quality.
- (b) Without limiting the generality of **Section 2.072(a)**, Contractor shall notify the State in a timely manner upon becoming aware of any circumstances that may reasonably be expected to jeopardize the timely and successful completion of any Deliverables/Services on the scheduled due dates in the latest State-approved delivery schedule and, in such event, shall inform the State of the projected actual delivery date.
- (c) If Contractor believes that a delay in performance by the State has caused or will cause Contractor to be unable to perform its obligations in accordance with specified Contract time periods, Contractor shall notify the State in a timely manner and shall use commercially reasonable efforts to perform its obligations in accordance with such Contract time periods notwithstanding the State's failure. Contractor will not be in default for a delay in performance to the extent such delay is caused by the State.

2.073 Liquidated Damages - RESERVED

**2.074 Bankruptcy**

If Contractor shall file for protection under the bankruptcy laws, or if an involuntary petition shall be filed against Contractor and not removed within thirty days, or if the Contractor becomes insolvent, be adjudicated bankrupt, or if it should make a general assignment for the benefit of creditors, or if a receiver shall be appointed due to its insolvency, and Contractor and/or its affiliates are unable to provide reasonable assurances that Contractor and/or its affiliates can deliver the services provided herein, the State may, without prejudice to any other right or remedy, terminate this Contract, in whole or in part, and, at its option, may take possession of the "Work in Process" and finish such Works in Process by whatever appropriate method the State may deem expedient. Contractor will fix appropriate notices or labels on the Work in Process to indicate ownership by the State. To the extent reasonably possible, materials and Work in Process shall be stored separately from other stock and marked conspicuously with labels indicating ownership by the State.

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

2.075 Time is of the Essence

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

2.076 Service Level Agreements (SLAs) - RESERVED2.080 Delivery and Acceptance of Deliverables**2.081 Delivery Responsibilities**

Unless otherwise specified by the State within an individual order, the following shall be applicable to all orders issued under this Contract.

- (a) Shipment responsibilities - Services performed/Deliverables provided under this Contract shall be delivered "F.O.B. Destination, within Government Premises." The Contractor shall have complete responsibility for providing all Services/Deliverables to all site(s) unless otherwise stated. Actual delivery dates will be specified on the individual purchase order.
- (b) Delivery locations - Services will be performed/Deliverables will be provided at every State of Michigan location within Michigan unless otherwise stated in the SOW. Specific locations will be provided by the State or upon issuance of individual purchase orders.
- (c) Damage Disputes - At the time of delivery to State Locations, the State shall examine all packages. The quantity of packages delivered shall be recorded and any obvious visible or suspected damage shall be noted at time of delivery using the shipper's delivery document(s) and appropriate procedures to record such.

Where there is no obvious or suspected damage, all deliveries to a State Location must be opened by the State and the contents inspected for possible internal damage not visible externally within 14 days of receipt. Any damage must be reported to the Contractor within five (5) days of inspection. If this inspection does not occur and damages not reported within thirty days of receipt, the cure for such damaged deliveries shall transfer to the delivery signing party.

2.082 Delivery of Deliverables

Where applicable, the Statements of Work/POs contain lists of the Deliverables to be prepared and delivered by Contractor including, for each Deliverable, the scheduled delivery date and a designation of whether the Deliverable is a document ("Written Deliverable"), a good ("Physical Deliverable") or a Service.



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

2.083 Testing

- (a) Prior to delivering any of the above-mentioned Statement of Work Physical Deliverables or Services to the State, Contractor will first perform all required quality assurance activities to verify that the Physical Deliverable or Service is complete and in conformance with its specifications listed in the applicable Statement of Work or Purchase Order. Before delivering a Physical Deliverable or Service to the State, Contractor shall certify to the State that (1) it has performed such quality assurance activities, (2) it has performed any applicable testing, (3) it has corrected all material deficiencies discovered during such quality assurance activities and testing, (4) the Deliverable or Service is in a suitable state of readiness for the State's review and approval, and (5) the Deliverable/Service has all Critical Security patches/updates applied.
- (b) If a Deliverable includes installation at a State Location, then Contractor shall (1) perform any applicable testing, (2) correct all material deficiencies discovered during such quality assurance activities and testing, and (3) inform the State that the Deliverable is in a suitable state of readiness for the State's review and approval. To the extent that testing occurs at State Locations, the State shall be entitled to observe or otherwise participate in testing.

2.084 Approval of Deliverables, In General

- (a) All Deliverables (Physical Deliverables and Written Deliverables) and Services require formal written approval by the State, in accordance with the following procedures. Formal approval by the State requires that the Deliverable be confirmed in writing by the State to meet its specifications, which will include the successful completion of Testing as applicable in **Section 2.083**, to be led by the State with the support and assistance of Contractor. The parties acknowledge that the approval process set forth herein will be facilitated by ongoing consultation between the parties, visibility of interim and intermediate Deliverables and collaboration on key decisions.
- (b) The State's obligation to comply with any State Review Period is conditioned on the timely delivery of Deliverables/Services being reviewed.
- (c) Prior to commencement of its review or testing of a Deliverable/Service, the State may inspect the Deliverable/Service to confirm that all components of the Deliverable/Service have been delivered without material deficiencies. If the State determines that the Deliverable/Service has material deficiencies, the State may refuse delivery of the Deliverable/Service without performing any further inspection or testing of the Deliverable/Service. Otherwise, the review period will be deemed to have started on the day the State receives the Deliverable or the Service begins, and the State and Contractor agree that the Deliverable/Service is ready for use and, where applicable, certification by Contractor in accordance with **Section 2.083(a)**.
- (d) The State will approve in writing a Deliverable/Service upon confirming that it conforms to and, performs in accordance with, its specifications without material deficiency. The State may, but shall not be required to, conditionally approve in writing a Deliverable/Service that contains material deficiencies if the State elects to permit Contractor to rectify them post-approval. In any case, Contractor will be responsible for working diligently to correct within a reasonable time at Contractor's expense all deficiencies in the Deliverable/Service that remain outstanding at the time of State approval.
- (e) If, after three (3) opportunities (the original and two repeat efforts), Contractor is unable to correct all deficiencies preventing Final Acceptance of a Deliverable/Service, the State may: (i) demand that Contractor cure the failure and give Contractor additional time to cure the failure at the sole expense of Contractor; or (ii) keep the Contract in force and do, either itself or through other parties, whatever Contractor has failed to do, in which event Contractor shall bear any excess expenditure incurred by the State in so doing beyond the Contract price for such Deliverable/Service and will pay the State an additional sum equal to ten percent (10%) of such excess expenditure to cover the State's general expenses provided the State can furnish proof of such general expenses;



or (iii) terminate the particular Statement of Work for default, either in whole or in part by notice to Contractor provided Contractor is unable to cure such breach. Notwithstanding the foregoing, the State shall not use, as a basis for exercising its termination rights under this Section, deficiencies discovered in a repeat State Review Period that could reasonably have been discovered during a prior State Review Period.

- (f) The State, at any time and in its reasonable discretion, may halt the testing or approval process if such process reveals deficiencies in or problems with a Deliverable/Service in a sufficient quantity or of a sufficient severity as to make the continuation of such process unproductive or unworkable. In such case, the State may stop using the Service or return the applicable Deliverable to Contractor for correction and re-delivery prior to resuming the testing or approval process.

2.085 Process for Approval of Written Deliverables

The State Review Period for Written Deliverables will be the number of days set forth in the applicable Statement of Work following delivery of the final version of the Deliverable (failing which the State Review Period, by default, shall be five (5) Business Days for Written Deliverables of 100 pages or less and ten (10) Business Days for Written Deliverables of more than 100 pages). The duration of the State Review Periods will be doubled if the State has not had an opportunity to review an interim draft of the Written Deliverable prior to its submission to the State. The State agrees to notify Contractor in writing by the end of the State Review Period either stating that the Deliverable is approved in the form delivered by Contractor or describing any deficiencies that must be corrected prior to approval of the Deliverable (or at the State's election, subsequent to approval of the Deliverable). If the State delivers to Contractor a notice of deficiencies, Contractor will correct the described deficiencies and within 30 Business Days resubmit the Deliverable in a form that shows all revisions made to the original version delivered to the State. Contractor's correction efforts will be made at no additional charge. Upon receipt of a corrected Deliverable from Contractor, the State will have a reasonable additional period of time, not to exceed the length of the original State Review Period, to review the corrected Deliverable to confirm that the identified deficiencies have been corrected.

2.086 Process for Approval of Services

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

2.087 Process for Approval of Physical Deliverables

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



2.088 Final Acceptance

Unless otherwise stated in the Statement of Work or Purchase Order, "Final Acceptance" of each Deliverable shall occur when each Deliverable/Service has been approved by the State following the State Review Periods identified in **Sections 2.080-2.087**. Payment will be made for Deliverables installed and accepted. Upon acceptance of a Service, the State will pay for all Services provided during the State Review Period that conformed to the acceptance criteria.

2.090 Financial

2.091 Pricing

(a) Unit Prices for Services/Deliverables

Each Statement of Work/PO issued under this Contract shall specify (or indicate by reference to the appropriate Contract Exhibit) the firm, unit prices for all Services/Deliverables, and the associated payment milestones and payment amounts. To the extent the parties agree that certain specific Services will be provided on a time and materials basis, such Services shall be provided at the Amendment Labor Rates (**Article 1, Attachment C**). The State may make progress payments to the Contractor when requested as work progresses, but not more frequently than monthly, in amounts approved by the Contract Administrator, after negotiation. Contractor must show verification of measurable progress at the time of requesting progress payments.

(b) Adjustments for Reductions in Scope of Services/Deliverables

If the scope of the Services/Deliverables under any Statement of Work issued under this Contract is subsequently reduced by the State, the parties shall negotiate an equitable reduction in Contractor's charges under such Statement of Work commensurate with the reduction in scope, using the rates in **Article 1, Attachment C** unless specifically identified in an applicable Statement of Work.

(c) Services/Deliverables Covered

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

(d) Labor Rates

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

2.092 Invoicing and Payment Procedures and Terms

(a) Invoicing and Payment – In General

- (i) Each Statement of Work issued under this Contract shall list (or indicate by reference to the appropriate Contract Exhibit) the prices for all Services/Deliverables, equipment and commodities to be provided, and the associated payment milestones and payment amounts.
- (ii) Each Contractor invoice will show details as to charges by Service/Deliverable component and location at a level of detail reasonably necessary to satisfy the State's accounting and charge-back requirements. The charges for Services billed on a unit price basis shall be determined based on the actual number of claims processed during the billing period as specified in **Article 1, Attachment A**. Invoices for Services performed on a time and materials basis will show, for each individual, the number of hours of Services performed during the billing period, the billable skill/labor category for such person and the applicable hourly billing rate. Prompt payment by the State is contingent on the Contractor's invoices showing the amount owed by the State minus any holdback amount to be retained by the State in accordance with **Section 2.094**.



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

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

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

(c) Out-of-Pocket Expenses

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

(d) Pro-ration

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

(e) Antitrust Assignment

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

(f) Final Payment

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

2.093 State Funding Obligation

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

2.094 Holdback - RESERVED

2.095 Electronic Payment Availability

Public Act 533 of 2004 requires that payments under this contract be processed by electronic funds transfer (EFT). Contractor is required to register to receive payments by EFT at the Contract & Payment Express website (www.cpexpress.state.mi.us).



2.100 Contract Management

2.101 Contract Management Responsibility

- (a) Contractor shall have overall responsibility for managing and successfully performing and completing the Services/Deliverables, subject to the overall direction and supervision of the State and with the participation and support of the State as specified in this Contract. Contractor's duties will include monitoring and reporting the State's performance of its participation and support responsibilities (as well as Contractor's own responsibilities) and providing timely notice to the State in Contractor's reasonable opinion if the State's failure to perform its responsibilities in accordance with **Article 1, Attachment E** (Project Plan) is likely to delay the timely achievement of any Contract tasks.
- (b) The Services/Deliverables will be provided by the Contractor either directly or through its affiliates, subsidiaries, subcontractors or resellers. Regardless of the entity providing the Service/Deliverable, the Contractor will act as a single point of contact coordinating these entities to meet the State's need for Services/Deliverables. Nothing in this Contract, however, shall be construed to authorize or require any party to violate any applicable law or regulation in its performance of this Contract.

2.102 Problem and Contract Management Procedures

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

2.103 Reports and Meetings

- (a) Reports.

Within 30 days after the Effective Date, the parties shall determine an appropriate set of periodic reports to be issued by Contractor to the State. Such reports may include:

 - (i) separately address Contractor's performance in each area of the Services;
 - (ii) for each area of the Services, assess the degree to which Contractor has attained or failed to attain the pertinent objectives in that area, including on-time completion and delivery of Deliverables;
 - (iii) explain the reasons for any failure to achieve on-time completion and delivery of Deliverables and include a plan for corrective action where appropriate;
 - (iv) describe any circumstances that Contractor anticipates will impair or prevent on-time completion and delivery of Deliverables in upcoming reporting periods;
 - (v) include plans for corrective action or risk mitigation where appropriate and describe the status of ongoing problem resolution efforts;
 - (vi) provide reports setting forth a comparison of actual hours spent by Contractor (including its augmented personnel and Subcontractors) in performing the Project versus hours budgeted by Contractor.
 - (vii) set forth a record of the material personnel changes that pertain to the Services and describe planned changes during the upcoming month that may affect the Services.
 - (viii) include such documentation and other information may be mutually agreed to verify compliance with, and meeting the objectives of, this Contract.
 - (ix) set forth an updated schedule that provides information on the status of upcoming Deliverables, expected dates of delivery (or redelivery) of such Deliverables and estimates on timing for completion of the Project.



(b) Meetings.

Within 30 days after the Effective Date, the parties shall determine an appropriate set of meetings to be held between representatives of the State and Contractor. Contractor shall prepare and circulate an agenda sufficiently in advance of each such meeting to give participants an opportunity to prepare for the meeting. Contractor shall incorporate into such agenda items that the State desires to discuss. At the State's request, Contractor shall prepare and circulate minutes promptly after a meeting.

2.104 System Changes

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

2.105 RESERVED

2.106 Change Requests

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

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

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

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

(a) Change Requests

(i) State Requests

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



(ii) Contractor Recommendations

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

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

(iv) By giving Contractor written notice within a reasonable time, the State shall be entitled to accept a Contractor proposal for Change, to reject it or to reach another agreement with Contractor. Should the parties agree on carrying out a Change, a written Contract Change Notice shall be prepared and issued under this Contract, describing the Change and its effects on the Services and any affected components of this Contract (a "Contract Change Notice").

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

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

2.107 Management Tools

Contractor will use an automated tool for planning, monitoring and tracking the Contract's progress. In addition, Contractor shall use automated project management tools as reasonably necessary to perform the Services, which tools shall include the capability to produce through the end of the Contract: (i) staffing tables with names of personnel assigned to Contract tasks, (ii) project plans showing tasks, subtasks, Deliverables and the resources required and allocated to each (including detailed plans for all Services to be performed within the next 60 days, updated semi-monthly) and (iii) graphs showing critical events, dependencies and decision points during the course of the Contract. Any tool(s) used by Contractor for such purposes must produce information of a type and in a manner and format that will support reporting in compliance with the State's standard to the extent such information is described with reasonable detail in the Statements of Work and to the extent the related work is of sufficient project complexity and duration to warrant such reporting.

2.110 Records and Inspections

2.111a Records and Inspections – RESERVED



2.111b Records and Inspections

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

2.112 Errors

- (a) If the audit demonstrates any errors in the statements provided to the State, then the amount in error shall be reflected as a credit or debit on the next invoice and in subsequent invoices until the amount is paid or refunded in full. However, a credit or debit may not be carried for more than four (4) quarterly statements. If a balance remains after four (4) quarterly statements, then the remaining amount will be due as a payment or refund within 45 days of the last quarterly statement that the balance appeared on or termination of the contract, whichever is earlier.
- (b) In addition to other available remedies, the difference between the payment received and the correct payment amount is greater than ten percent (10%), then the Contractor shall pay all of the reasonable costs of the audit.

2.120 State Responsibilities

2.121 State Performance Obligations

- (a) **Equipment and Other Resources.** To facilitate Contractor's performance of the Services/Deliverables, the State shall provide to Contractor such equipment and resources as identified in the Statements of Work or other Contract Exhibits as items to be provided by the State.
- (b) **Facilities.** The State shall designate space as long as it is available and as provided in the Statement of Work, to house Contractor's personnel whom the parties agree will perform the Services/Deliverables at State facilities (collectively, the "State Facilities"). Contractor shall have reasonable access to, and unless agreed otherwise by the parties in writing shall observe and comply with all rules and regulations relating to, each of the State Facilities (including hours of operation) used by Contractor in the course of providing the Services. Contractor agrees that it will not, without the prior written consent of the State, use any State Facilities or access any State information systems provided for Contractor's use, or to which Contractor otherwise gains access in the course of performing the Services, for any purpose other than providing the Services to the State.
- (c) **Return.** Contractor shall be responsible for returning to the State any State-furnished equipment, facilities and other resources when no longer required for the Contract in the same condition as when provided by the State, reasonable wear and tear excepted.
- (d) Except as otherwise provided in **Section 2.220**, the State's failure to perform its responsibilities as set forth in this Contract shall not be deemed to be grounds for termination by Contractor. However, Contractor will not be liable for any default or delay in the performance of its obligations under this Contract to the extent such default or delay is caused by nonperformance of the State's obligations under this Contract, provided Contractor provides the State with reasonable written notice of such nonperformance and Contractor uses commercially reasonable efforts to perform notwithstanding the State's failure to perform. In addition, if the State's nonperformance of its responsibilities under this Contract materially increases the time required for Contractor's performance or Contractor's cost of performance, Contractor shall be entitled to seek an equitable extension via the Change Request process described in **Section 2.106**.

2.130 Security**2.131 Background Checks**

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

All Contractor personnel will also be expected to comply with the State's security and acceptable use policies for State IT equipment and resources. See <http://www.michigan.gov/ditservice/0,1607,7-179-25781-73760--,00.html>. Furthermore, Contractor personnel will be expected to agree to the State's security and acceptable use policies before the Contractor personnel will be accepted as a resource to perform work for the State. It is expected the Contractor will present these documents to the prospective employee before the Contractor presents the individual to the State as a proposed resource. Contractor staff will be expected to comply with all Physical Security procedures in place within the facilities where they are working.

2.140 Reserved2.150 Confidentiality**2.151 Freedom of Information**

All information in any proposal submitted to the State by Contractor and this Contract is subject to the provisions of the Michigan Freedom of Information Act, 1976 Public Act No. 442, as amended, MCL 15.231, et seq (the "FOIA").

2.152 Confidentiality

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

2.153 Protection of Confidential Information

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



At the State's request, any employee of Contractor and of any Subcontractor having access or continued access to the State's Confidential Information may be required to execute an acknowledgment that the employee has been advised of Contractor's and the Subcontractor's obligations under this Section and of the employee's obligation to Contractor or Subcontractor, as the case may be, to protect such Confidential Information from unauthorized use or disclosure.

2.154 Exclusions

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

2.155 No Implied Rights

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

2.156 Remedies

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

2.157 Security Breach Notification

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

2.158 Survival

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

2.159 Destruction of Confidential Information

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

2.160 Proprietary Rights**2.161c 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 unless otherwise agreed by the parties.

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.

2.162 Source Code Escrow - RESERVED**2.163 Rights in Data**

- (a) The State will be and remain the owner of all data made available by the State to Contractor or its agents, Subcontractors or representatives pursuant to the Contract. Contractor will not use the State's data for any purpose other than providing the Services, nor will any part of the State's data be disclosed, sold, assigned, leased or otherwise disposed of to the general public or to specific third parties or commercially exploited by or on behalf of Contractor, nor will any employee of Contractor other than those on a strictly need to know basis have access to the State's data. Contractor will not possess or assert any lien or other right against the State's data. Without limiting the generality of this Section, Contractor shall only use personally identifiable information as strictly necessary to provide the Services and shall disclose such information only to its employees who have a strict need to know such information. Contractor shall comply at all times with all laws and regulations applicable to such personally identifiable information.
- (b) The State is and shall remain the owner of all State-specific data pursuant to the Contract. The State may use the data provided by the Contractor for any purpose. The State will not possess or assert any lien or other right against the Contractor's data. Without limiting the generality of this Section, the State shall only use personally identifiable information as strictly necessary to utilize the Services and shall disclose such information only to its employees who have a strict need to know such information, except as provided by law. The State shall comply at all times with all laws and regulations applicable to such personally identifiable information. Other material developed and provided to the State shall remain the State's sole and exclusive property.

2.164 Ownership of Materials

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

**2.165 Standard Software**

If applicable and necessary, all Standard Software used in performing the Services shall be provided to the State under a separate license agreement between the State and the owner (or authorized licensor) of such software. Standard Software to be licensed to the State is listed in **Exhibit J**.

2.166 Pre-existing Materials for Custom Software Deliverables

Neither Contractor nor any of its Subcontractors shall incorporate any preexisting materials (including Standard Software) into Custom Software Deliverables or use any pre-existing materials to produce Custom Software Deliverables if such pre-existing materials will be needed by the State in order to use the Custom Software Deliverables unless (i) such pre-existing materials and their owners are identified to the State in writing and (ii) such pre-existing materials are either readily commercially available products for which Contractor or its Subcontractor, as the case may be, has obtained a license (in form and substance approved by the State) in the name of the State, or are materials that Contractor or its Subcontractor, as the case may be, has the right to license to the State and has licensed to the State on terms and conditions approved by the State prior to using such pre-existing materials to perform the Services.

2.167 General Skills

Notwithstanding anything to the contrary in this Section, each party, its Subcontractors and their personnel shall be free to use and employ its and their general skills, know-how and expertise, and to use, disclose and employ any generalized ideas, concepts, know-how, methods, techniques or skills gained or learned during the course of performing the Services, so long as it or they acquire and apply the foregoing without disclosure of any confidential or proprietary information of the other party.

2.170 Warranties And Representations**2.171 Warranties and Representations**

The Contractor represents and warrants:

- (a) It is capable in all respects of fulfilling and shall fulfill all of its obligations under this Contract. The performance of all obligations under this Contract shall be provided in a timely, professional, and workman-like manner and shall meet the performance and operational standards required under this Contract.
- (b) The Contract Appendices, Attachments and Exhibits identify the equipment and software and services necessary for the Deliverable(s) to perform and Services to operate in compliance with the Contract's requirements and other standards of performance.
- (c) It is the lawful owner or licensee of any Deliverable licensed or sold to the State by Contractor or developed by Contractor under this Contract, and Contractor has all of the rights necessary to convey to the State the ownership rights or licensed use, as applicable, of any and all Deliverables. None of the Deliverables provided by Contractor to the State under this Contract, nor their use by the State, will infringe the patent, copyright, trade secret, or other proprietary rights of any third party.
- (d) If, under this Contract, Contractor procures any equipment, software or other Deliverable for the State (including equipment, software and other Deliverables manufactured, re-marketed or otherwise sold by Contractor under Contractor's name), then in addition to Contractor's other responsibilities with respect to such items 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.
- (e) The contract signatory has the power and authority, including any necessary corporate authorizations, necessary to enter into this Contract, on behalf of Contractor.
- (f) It is qualified and registered to transact business in all locations where required.



- (g) Neither the Contractor nor any Affiliates, nor any employee of either, has, shall have, or shall acquire, any contractual, financial, business, or other interest, direct or indirect, that would conflict in any manner or degree with Contractor's performance of its duties and responsibilities to the State under this Contract or otherwise create an appearance of impropriety with respect to the award or performance of this Agreement. Contractor shall notify the State within two (2) days of any such interest that may be incompatible with the interests of the State.
- (h) Neither Contractor nor any Affiliates, nor any employee of either has accepted or shall accept anything of value based on an understanding that the actions of the Contractor or Affiliates or employee on behalf of the State would be influenced. Contractor shall not attempt to influence any State employee by the direct or indirect offer of anything of value.
- (i) Neither Contractor nor any Affiliates, nor any employee of either has paid or agreed to pay any person, other than bona fide employees and consultants working solely for Contractor or such Affiliate, any fee, commission, percentage, brokerage fee, gift, or any other consideration, contingent upon or resulting from the award or making of this Contract.
- (j) The prices proposed by Contractor were arrived at independently, without consultation, communication, or agreement with any other bidder for the purpose of restricting competition; the prices quoted were not knowingly disclosed by Contractor to any other bidder; and no attempt was made by Contractor to induce any other person to submit or not submit a proposal for the purpose of restricting competition.
- (k) All financial statements, reports, and other information furnished by Contractor to the State as part of its response to the RFP or otherwise in connection with the award of this Contract fairly and accurately represent the business, properties, financial condition, and results of operations of Contractor as of the respective dates, or for the respective periods, covered by such financial statements, reports, other information. Since the respective dates or periods covered by such financial statements, reports, or other information, there have been no material adverse change in the business, properties, financial condition, or results of operations of Contractor.
- (l) All written information furnished to the State by or behalf of Contractor in connection with this Contract, including its bid, is true, accurate, and complete, and contains no untrue statement of material fact or omits any material fact necessary to make such information not misleading.
- (m) It is not in material default or breach of any other contract or agreement that it may have with the State or any of its departments, commissions, boards, or agencies. Contractor further represents and warrants that it has not been a party to any contract with the State or any of its departments that was terminated by the State or such department within the previous five (5) years for the reason that Contractor failed to perform or otherwise breached an obligation of such contract.

2.172 Software Warranties – RESERVED**2.173 Equipment Warranty – RESERVED****2.174 Physical Media Warranty - RESERVED****2.175a DISCLAIMER**

THE FOREGOING EXPRESS WARRANTIES ARE IN LIEU OF ALL OTHER WARRANTIES AND EACH PARTY EXPRESSLY DISCLAIMS ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, BY OPERATION OF LAW OR OTHERWISE, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.



2.175b Standard Warranties

(a) Warranty of Merchantability

Deliverables shall be merchantable. All Deliverables 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 Contractor on the container or label.

2.176 Consequences For Breach

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

2.180 Insurance

2.181 Liability Insurance

(a) Liability Insurance

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

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

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

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

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

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

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

Before the Contract is signed by both parties or before the purchase order is issued by the State, the Contractor must furnish to the Director of Purchasing Operations, certificate(s) of insurance verifying insurance coverage ("Certificates"). The Certificate must be on the standard "accord" form or equivalent. **THE CONTRACT OR PURCHASE ORDER NO. MUST BE SHOWN ON THE CERTIFICATE OF INSURANCE TO ASSURE CORRECT FILING.** All Certificate(s) are to be prepared and submitted by the Insurance Provider. All Certificate(s) shall contain a provision indicating that coverages afforded under the policies WILL NOT BE CANCELLED, MATERIALLY CHANGED, OR NOT RENEWED without 30 days prior written notice, except for ten (10) days for non-payment of premium, having been given to the Director of Purchasing Operations, Department of Management and Budget. The notice must include the Contract or Purchase Order number affected and be mailed to: Director, Purchasing Operations, Department of Management and Budget, P.O. Box 30026, Lansing, Michigan 48909. Failure to provide evidence of coverage, may, at the State's sole option, result in this Contract's termination.



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

1. Commercial General Liability with the following minimum coverage:

\$2,000,000 General Aggregate Limit other than Products/Completed Operations
\$2,000,000 Products/Completed Operations Aggregate Limit
\$1,000,000 Personal & Advertising Injury Limit
\$1,000,000 Each Occurrence Limit
\$500,000 Fire Damage Limit (any one fire)

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

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

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

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

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

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

4. Employers liability insurance with the following minimum limits:

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

5. Employee Fidelity, including Computer Crimes, insurance naming the State as a loss payee, providing coverage for direct loss to the State and any legal liability of the State arising out of or related to fraudulent or dishonest acts committed by the employees of Contractor or its Subcontractors, acting alone or in collusion with others, in a minimum amount of one million dollars (\$1,000,000.00) with a maximum deductible of fifty thousand dollars (\$50,000.00).
6. Umbrella or Excess Liability Insurance in a minimum amount of ten million dollars (\$10,000,000.00), which shall apply, at a minimum, to the insurance required in Subsection 1 (Commercial General Liability) above.
7. Professional Liability (Errors and Omissions) Insurance with the following minimum coverage: three million dollars (\$3,000,000.00) each occurrence and three million dollars (\$3,000,000.00) annual aggregate.



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

(b) Subcontractors

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

(c) Certificates of Insurance and Other Requirements

Contractor shall furnish to Purchasing Operations certificate(s) of insurance verifying insurance coverage or providing satisfactory evidence of self-insurance as required in this Section (the "Certificates"). Before the Contract is signed, and not less than 20 days before the insurance expiration date every year thereafter, the Contractor shall provide evidence that the State and its agents, officers and employees are listed as additional insureds under each commercial general liability and commercial automobile liability policy. In the event the State approves the representation of the State by the insurer's attorney, the attorney may be required to be designated as a Special Assistant Attorney General by the Attorney General of the State of Michigan.

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

2.190 Indemnification

2.191 Indemnification

(a) General Indemnification

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



(b) Code Indemnification

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

(c) Employee Indemnification

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

(d) Patent/Copyright Infringement Indemnification

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

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

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

2.192 Continuation of Indemnification Obligations

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



2.193 Indemnification Procedures

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

- (a) After receipt by the State of notice of the action or proceeding involving a claim in respect of which it will seek indemnification, the State shall promptly notify Contractor of such claim in writing and take or assist Contractor in taking, as the case may be, any reasonable action to avoid the imposition of a default judgment against Contractor. No failure to notify Contractor shall relieve Contractor of its indemnification obligations except to the extent that Contractor can demonstrate damages attributable to such failure. Within ten (10) days following receipt of written notice from the State relating to any claim, Contractor shall notify the State in writing whether Contractor agrees to assume control of the defense and settlement of that claim (a "Notice of Election"). After notifying Contractor of a claim and prior to the State receiving Contractor's Notice of Election, the State shall be entitled to defend against the claim, at Contractor's expense, and Contractor will be responsible for any reasonable costs incurred by the State in defending against the claim during such period.
- (b) If Contractor delivers a Notice of Election relating to any claim: (i) the State shall be entitled to participate in the defense of such claim and to employ counsel at its own expense to assist in the handling of such claim and to monitor and advise the State about the status and progress of the defense; (ii) Contractor shall, at the request of the State, demonstrate to the reasonable satisfaction of the State, Contractor's financial ability to carry out its defense and indemnity obligations under this Contract; (iii) Contractor shall periodically advise the State about the status and progress of the defense and shall obtain the prior written approval of the State before entering into any settlement of such claim or ceasing to defend against such claim and (iv) to the extent that any principles of Michigan governmental or public law may be involved or challenged, the State shall have the right, at its own expense, to control the defense of that portion of such claim involving the principles of Michigan governmental or public law. Notwithstanding the foregoing, the State may retain control of the defense and settlement of a claim by written notice to Contractor given within ten (10) days after the State's receipt of Contractor's information requested by the State pursuant to clause (ii) of this paragraph if the State determines that Contractor has failed to demonstrate to the reasonable satisfaction of the State Contractor's financial ability to carry out its defense and indemnity obligations under this Section. Any litigation activity on behalf of the State of Michigan, or any of its subdivisions pursuant to this Section, must be coordinated with the Department of Attorney General. In the event the insurer's attorney represents the State pursuant to this Section, the insurer's attorney may be required to be designated as a Special Assistant Attorney General by the Attorney General of the State of Michigan.
- (c) If Contractor does not deliver a Notice of Election relating to any claim of which it is notified by the State as provided above, the State shall have the right to defend the claim in such manner as it may deem appropriate, at the cost and expense of Contractor. If it is determined that the claim was one against which Contractor was required to indemnify the State, upon request of the State, Contractor shall promptly reimburse the State for all such reasonable costs and expenses.

2.200 Limits of Liability and Excusable Failure

2.201 Limits of Liability

The Contractor's liability for damages to the State shall be limited to two (2) times the value of the Contract. The foregoing limitation of liability shall not apply to claims for infringement of United States patent, copyright, trademarks or trade secrets; to claims for personal injury or damage to property caused by the gross negligence or willful misconduct of the Contractor; to claims covered by other specific provisions of this Contract calling for liquidated damages; or to court costs or attorney's fees awarded by a court in addition to damages after litigation based on this Contract.

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



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

2.202 Excusable Failure

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

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

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

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

2.203 Disaster Recovery

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

2.210 Termination/Cancellation by the State

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

**2.211 Termination for Cause**

- (a) In the event that Contractor breaches any of its material duties or obligations under this Contract (including a Chronic Failure to meet any particular SLA as defined in **Section 2.076**), which are either not capable of or subject to being cured, or are not cured within the time period specified in the written notice of breach provided by the State (such time period not to be less than 30 days, or pose a serious and imminent threat to the health and safety of any person, or the imminent loss, damage or destruction of any real or tangible personal property, the State may, having provided written notice of termination to Contractor, terminate this Contract in whole or in part, for cause, as of the date specified in the notice of termination.
- (b) In the event that this Contract is terminated for cause, in addition to any legal remedies otherwise available to the State by law or equity, Contractor shall be responsible for all costs incurred by the State in terminating this Contract, including but not limited to, State administrative costs, reasonable attorneys' fees and court costs, and any reasonable additional costs the State may incur to procure the Services/Deliverables required by this Contract from other sources. Re-procurement costs shall not be considered by the parties to be consequential, indirect or incidental damages, and shall not be excluded by any other terms otherwise included in this Contract, provided such costs are not in excess of 50% more than the prices for such Service/Deliverables provided under this Contract.
- (c) In the event the State chooses to partially terminate this Contract for cause, charges payable under this Contract will be equitably adjusted to reflect those Services/Deliverables that are terminated and the State shall pay for all Services/Deliverables for which Final Acceptance has been granted provided up to the termination date. Services and related provisions of this Contract that are terminated for cause shall cease on the effective date of the termination.
- (d) In the event this Contract is terminated for cause pursuant to this Section, and it is determined, for any reason, that Contractor was not in breach of contract pursuant to the provisions of this section, that termination for cause shall be deemed to have been a termination for convenience, effective as of the same date, and the rights and obligations of the parties shall be limited to that otherwise provided in this Contract for a termination for convenience.

2.212 Termination for Convenience

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

2.213 Non-Appropriation

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



- (b) If funding for the Contract is reduced by law, or funds to pay Contractor for the agreed-to level of the Services or production of Deliverables to be provided by Contractor are not appropriated or otherwise made available, the State may, upon 30 days written notice to Contractor, reduce the level of the Services or the change the production of Deliverables in such manner and for such periods of time as the State may elect. The charges payable under this Contract will be equitably adjusted to reflect any equipment, services or commodities not provided by reason of such reduction.
- (c) In the event the State terminates this Contract, eliminates certain Deliverables, or reduces the level of Services to be provided by Contractor pursuant to this Section, the State shall pay Contractor for all Work-in-Process performed through the effective date of the termination or reduction in level, as the case may be and as determined by the State, to the extent funds are available. For the avoidance of doubt, this Section will not preclude Contractor from reducing or stopping Services/Deliverables and/or raising against the State in a court of competent jurisdiction, any claim for a shortfall in payment for Services performed or Deliverables finally accepted before the effective date of termination.

2.214 Criminal Conviction

The State may terminate this Contract immediately and without further liability or penalty in the event Contractor, an officer of Contractor, or an owner of a 25% or greater share of Contractor is convicted of a criminal offense incident to the application for, or performance of, a State, public or private Contract or subcontract; convicted of a criminal offense, including any of the following: embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, attempting to influence a public employee to breach the ethical conduct standards for State of Michigan employees; convicted under State or federal antitrust statutes; or convicted of any other criminal offense which in the sole discretion of the State reflects upon Contractor's business integrity.

2.215 Approvals Rescinded

The State may terminate this Contract without further liability or penalty in the event any final administrative or judicial decision or adjudication disapproves a previously approved request for purchase of personal services pursuant to Constitution 1963, Article 11, § 5, and Civil Service Rule 7-1. Termination may be in whole or in part and may be immediate as of the date of the written notice to Contractor or may be effective as of the date stated in such written notice.

2.216 Rights and Obligations Upon Termination

- (a) If this Contract is terminated by the State for any reason, Contractor shall (a) stop all work as specified in the notice of termination, (b) take any action that may be necessary, or that the State may direct, for preservation and protection of Deliverables or other property derived or resulting from this Contract that may be in Contractor's possession, (c) return all materials and property provided directly or indirectly to Contractor by any entity, agent or employee of the State, (d) in the event that the Contractor maintains title in Deliverables that is intended to be transferred to the State at the termination of the Contract, Contractor will transfer title in, and deliver to, the State, unless otherwise directed, all Deliverables intended to be transferred to the State at the termination of the Contract and which are resulting from the Contract (which shall be provided to the State on an "As-Is" basis except to the extent the amounts paid by the State in respect of such items included compensation to Contractor for the provision of warranty services in respect of such materials), and (e) take any action to mitigate and limit any potential damages, or requests for Contractor adjustment or termination settlement costs, to the maximum practical extent, including terminating or limiting as otherwise applicable those subcontracts and outstanding orders for material and supplies resulting from the terminated Contract.
- (b) In the event the State terminates this Contract prior to its expiration for its own convenience, the State shall pay Contractor for all charges due for Services provided prior to the date of termination and, if applicable, as a separate item of payment pursuant to this Contract, for Work In Process, on a percentage of completion basis at the level of completion determined by the State. All completed or partially completed Deliverables prepared by Contractor pursuant to this Contract shall, at the option of the State, become the State's property, and Contractor shall be entitled to receive equitable fair compensation for such Deliverables. Regardless of the basis for the termination, the State shall not be obligated to pay, or otherwise compensate, Contractor for any lost expected future profits, costs or expenses incurred with respect to Services not actually performed for the State.



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

2.217 Reservation of Rights

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

2.218 Contractor Transition Responsibilities

In the event this contract is terminated, for convenience or cause, dissolved, voided, rescinded, nullified, expires or is otherwise rendered unenforceable, the Contractor agrees to comply with direction provided by the State to assist in the orderly transition of equipment, services, software, leases, etc. to the State or a third party designated by the State. In the event of termination or the expiration of this Contract, the Contractor agrees to make all reasonable efforts to effect an orderly transition of services within a reasonable period of time that in no event will exceed 120 days. These efforts shall include, but are not limited to, the following:

- (a) **Personnel** - The Contractor shall work with the State, or a specified third party, to develop a transition plan setting forth the specific tasks and schedule to be accomplished by the parties, to effect an orderly transition. The Contractor shall allow as many personnel as practicable to remain on the job to help the State, or a specified third party, maintain the continuity and consistency of the services required by this Contract. In addition, during or following the transition period, in the event the State requires the Services of the Contractor's subcontractors or vendors, as necessary to meet its needs, Contractor agrees to reasonably, and with good-faith, work with the State to use the Services of Contractor's subcontractors or vendors. Contractor will notify all of Contractor's subcontractors of procedures to be followed during transition.
- (b) **Information** - The Contractor agrees to provide reasonable detailed specifications for all Services/Deliverables needed by the State, or specified third party, to properly provide the Services/Deliverables required under this Contract. The Contractor will provide the State with asset management data generated from the inception of this Contract through the date on which this Contractor is terminated in a comma-delineated format unless otherwise requested by the State. The Contractor will deliver to the State any remaining owed reports and documentation still in Contractor's possession subject to appropriate payment by the State.
- (c) **Software** - The Contractor shall reasonably assist the State in the acquisition of any Contractor software required to perform the Services/use the Deliverables under this Contract. This shall include any documentation being used by the Contractor to perform the Services under this Contract. If the State transfers any software licenses to the Contractor, those licenses shall, upon expiration of the Contract, transfer back to the State at their current revision level. Upon notification by the State, Contractor may be required to freeze all non-critical changes to Deliverables/Services.
- (d) **Payment** - If the transition results from a termination for any reason, reimbursement shall be governed by the termination provisions of this Contract. If the transition results from expiration, the Contractor will be reimbursed for all reasonable transition costs (i.e. costs incurred within the agreed period after contract expiration that result from transition operations) at the rates specified by **Exhibit D**. The Contractor will prepare an accurate accounting from which the State and Contractor may reconcile all outstanding accounts.

2.219 State Transition Responsibilities

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



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

2.220 Termination by Contractor

2.221 Termination by Contractor

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

2.230 Stop Work

2.231 Stop Work Orders

The State may, at any time, by written stop work order to Contractor, require that Contractor stop all, or any part, of the work called for by the Contract for a period of up to 90 calendar days after the stop work order is delivered to Contractor, and for any further period to which the parties may agree. The stop work order shall be specifically identified as such and shall indicate that it is issued under this **Section 2.230**. Upon receipt of the stop work order, Contractor shall immediately comply with its terms and take all reasonable steps to minimize the incurrence of costs allocable to the work covered by the stop work order during the period of work stoppage. Within the period of the stop work order, the State shall either: (a) cancel the stop work order; or (b) terminate the work covered by the stop work order as provided in **Section 2.210**.

2.232 Cancellation or Expiration of Stop Work Order

If a stop work order issued under this **Section 2.230** is canceled or the period of the stop work order or any extension thereof expires, Contractor shall resume work. The parties shall agree upon an equitable adjustment in the delivery schedule, the Contract price, or both, and the Contract shall be modified, in writing, accordingly, if: (a) the stop work order results in an increase in the time required for, or in Contractor's costs properly allocable to, the performance of any part of the Contract; and (b) Contractor asserts its right to an equitable adjustment within 30 calendar days after the end of the period of work stoppage; provided that, if the State decides the facts justify the action, the State may receive and act upon a Contractor proposal submitted at any time before final payment under the Contract. Any adjustment will conform to the requirements of **Section 2.106**.

2.233 Allowance of Contractor Costs

If the stop work order is not canceled and the work covered by the stop work order is terminated for reasons other than material breach, such termination shall be deemed to be a termination for convenience under **Section 2.212**, and the State shall allow reasonable costs resulting from the stop work order in arriving at the termination settlement. For the avoidance of doubt, the State shall not be liable to Contractor for loss of profits because of a stop work order issued under this **Section 2.230**.

2.240 Reserved

2.250 Dispute Resolution**2.251 In General**

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

2.252 Informal Dispute Resolution

- (a) All operational disputes between the parties shall be resolved under the Contract Management procedures developed pursuant to **Section 2.100**. If the parties are unable to resolve any disputes after compliance with such processes, the parties shall meet with the Director of Purchasing Operations, DMB, or designee, for the purpose of attempting to resolve such dispute without the need for formal legal proceedings, as follows:
- (i) The representatives of Contractor and the State shall meet as often as the parties reasonably deem necessary in order to gather and furnish to each other all information with respect to the matter in issue which the parties believe to be appropriate and germane in connection with its resolution. The representatives shall discuss the problem and negotiate in good faith in an effort to resolve the dispute without the necessity of any formal proceeding.
 - (ii) During the course of negotiations, all reasonable requests made by one party to another for non-privileged information reasonably related to the Contract will be honored in order that each of the parties may be fully advised of the other's position.
 - (iii) The specific format for the discussions will be left to the discretion of the designated State and Contractor representatives, but may include the preparation of agreed upon statements of fact or written statements of position.
 - (iv) Following the completion of this process within 60 calendar days, the Director of Purchasing Operations, DMB, or designee, shall issue a written opinion regarding the issue(s) in dispute within 30 calendar days. The opinion regarding the dispute shall be considered the State's final action and the exhaustion of administrative remedies.
- (b) This **Section 2.250** will not be construed to prevent either party from instituting, and a party is authorized to institute, formal proceedings earlier to avoid the expiration of any applicable limitations period, to preserve a superior position with respect to other creditors, or pursuant to **Section 2.253**.
- (c) The State will not mediate disputes between the Contractor and any other entity, except state agencies, concerning responsibility for performance of work pursuant to the Contract.

2.253 Injunctive Relief

The only circumstance in which disputes between the State and Contractor will not be subject to the provisions of **Section 2.252** is where a party makes a good faith determination that a breach of the terms of the Contract by the other party is such that the damages to such party resulting from the breach will be so immediate, so large or severe and so incapable of adequate redress after the fact that a temporary restraining order or other immediate injunctive relief is the only adequate remedy.

**2.254 Continued Performance**

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

2.260 Federal and State Contract Requirements**2.261 Nondiscrimination**

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

2.262 Unfair Labor Practices

Pursuant to 1980 PA 278, MCL 423.231, *et seq.*, the State shall not award a Contract or subcontract to an employer whose name appears in the current register of employers failing to correct an unfair labor practice compiled pursuant to section 2 of the Act. This information is compiled by the United States National Labor Relations Board. A Contractor of the State, in relation to the Contract, shall not enter into a contract with a Subcontractor, manufacturer, or supplier whose name appears in this register. Pursuant to section 4 of 1980 PA 278, MCL 423.324, the State may void any Contract if, subsequent to award of the Contract, the name of Contractor as an employer or the name of the Subcontractor, manufacturer or supplier of Contractor appears in the register.

2.263 Workplace Safety and Discriminatory Harassment

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

2.270 Litigation**2.271 Disclosure of Litigation**

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



- (b) Assurances. In the event that any such Proceeding disclosed to the State pursuant to this Section, or of which the State otherwise becomes aware, during the term of this Contract would cause a reasonable party to be concerned about:
- (i) the ability of Contractor (or a Subcontractor hereunder) to continue to perform this Contract in accordance with its terms and conditions, or
 - (ii) whether Contractor (or a Subcontractor hereunder) in performing Services for the State is engaged in conduct which is similar in nature to conduct alleged in such Proceeding, which conduct would constitute a breach of this Contract or a violation of Michigan law, regulations or public policy, then Contractor shall be required to provide the State all reasonable assurances requested by the State to demonstrate that:
 - (A) Contractor and/or its Subcontractors hereunder will be able to continue to perform this Contract and any Statements of Work in accordance with its terms and conditions, and
 - (B) Contractor and/or its Subcontractors hereunder have not and will not engage in conduct in performing the Services which is similar in nature to the conduct alleged in such Proceeding.
- (c) Contractor shall make the following notifications in writing:
- (1) Within 30 days of Contractor becoming aware that a change in its ownership or officers has occurred, or is certain to occur, or a change that could result in changes in the valuation of its capitalized assets in the accounting records, Contractor shall notify Purchasing Operations.
 - (2) Contractor shall also notify Purchasing Operations within 30 days whenever changes to asset valuations or any other cost changes have occurred or are certain to occur as a result of a change in ownership or officers.
 - (3) Contractor shall also notify Purchasing Operations within the 30 days whenever changes to company affiliations occur.

2.272 Governing Law

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

2.273 Compliance with Laws

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

2.274 Jurisdiction

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

2.280 Environmental Provision

2.281 Environmental Provision - RESERVED

2.290 *General***2.291 Amendments**

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

2.292 Assignment

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

2.293 Entire Contract; Order of Precedence

- (a) The Contract, including any Statements of Work and Exhibits, to the extent not contrary to the Contract, each of which is incorporated for all purposes, constitutes the entire agreement between the parties with respect to the subject matter and supersedes all prior agreements, whether written or oral, with respect to such subject matter and as additional terms and conditions on the purchase order shall apply as limited by **Section 2.061**.
- (b) In the event of any inconsistency between the terms of the Contract and a Statement of Work, the terms of the Statement of Work will take precedence (as to that Statement of Work only); provided, however, that a Statement of Work may not modify or amend the terms of **Sections 2.110 through 2.220** of the Contract, which may be modified or amended only by a formal Contract amendment.

2.294 Headings

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

2.295 Relationship of the Parties (Independent Contractor Relationship)

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

2.296 Notices

- (a) Any notice given to a party under the Contract shall be deemed effective, if addressed to such party as addressed below, upon: (i) delivery, if hand delivered; (ii) receipt of a confirmed transmission by facsimile if a copy of the notice is sent by another means specified in this Section; (iii) the third (3rd) Business Day after being sent by U.S. mail, postage pre-paid, return receipt requested; or (iv) the next Business Day after being sent by a nationally recognized overnight express courier with a reliable tracking system.



State:
State of Michigan
Purchasing Operations
Attention: Kevin Dunn
PO Box 30026
530 West Allegan
Lansing, Michigan 48909
with a copy to:

Melissa Brown
Financial Analyst
Bureau of Budget & Audit
Budget & Contracts Division
320 S. Walnut
Lansing, MI 48913
Phone: 517-241-2383
Email: brownme@michigan.gov

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

(b) Binding Commitments

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

2.297 Media Releases and Contract Distribution

(a) Media Releases

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

(b) Contract Distribution

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.

2.298 Reformation and Severability

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

2.299 Consents and Approvals

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

**2.300 No Waiver of Default**

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

2.301 Survival

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

2.302 Covenant of Good Faith

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

2.303 Permits

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

2.304 Website Incorporation

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

2.305 Taxes

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

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

2.306 Prevailing Wage

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

The Contractor, its subcontractors, their subcontractors, and all persons involved with the performance of this contract in privity of contract with the Contractor shall keep posted on the work site, in a conspicuous place, a copy of all wage rates and fringe benefits as prescribed in the contract. You must also post, in a conspicuous place, the address and telephone number of the Michigan Department of Labor and Economic Development, the office responsible for enforcement of the wage rates and fringe benefits.



You shall keep an accurate record showing the name and occupation of the actual wage and benefits paid to each individual employed in connection with this contract. This record shall be available to the State upon request for reasonable inspection.

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

2.307 Call Center Disclosure

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

2.308 Future Bidding Preclusion

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

2.310 Reserved

2.320 Extended Purchasing

2.321 MiDEAL- RESERVED

2.322 State Employee Purchases - RESERVED

2.330 Federal Grant Requirements

2.331 Federal Grant Requirements

The following links contain certifications and terms which may be required for some purchases paid via Federal funds. They are included here to be utilized as required.

Lobbying Certifications are usually for agreements over \$100,000. The debarment certification is required for all agreements. The last link is where you can go and search for debarred or suspended Contractors.

http://straylight.law.cornell.edu/uscode/html/uscode31/usc_sec_31_00001352----000-.html

http://www.archives.gov/federal_register/codification/executive_order/12549.html

http://www.archives.gov/federal_register/executive_orders/pdf/12869.pdf

<http://www.epls.gov/epl/servlet/EPLSSearchMain/1>



Appendix A

Glossary of Terms

Authorization – Electronic file sent by MDCH containing BCCCP client ID, client name (last and first), service date, LCA ID, BCCCP-specific service code (for BCCCP claims only), and CPT code (for WISEWOMAN claims only). This authorization is used to match up against claims received by the TPA.

BCCCP – Breast and Cervical Cancer Control Program.

BCCCP-Specific Service Code – 2-digit code corresponding to specific CPT/HCPCS codes. There is a many to one relationship between the service codes and CPT/HCPCS codes. Examples: BC, BD, CA, CD.

Claim Status – Paid, Pended, or Rejected

COB – Coordination of Benefits.

CPT – Current Procedural Terminology; American Medical Association's national Level I codes. This is the procedure code.

DEG – Data Exchange Gateway.

EOB – Explanation of Benefits.

File Date – Date in which the file is sent.

HCFA 1500 – Claim form used by providers.

HCPCS – Healthcare Common Procedure Coding System; Medicare's national Level II codes. This is the procedure code.

Hold Code – 2-digit code associated with explanations as to why a claim is pended or rejected.

ICD-9 Code – International Classification of Diseases Code; this is the diagnosis code.

LCA – Local coordinating agency. The BCCCP is administered by 21 LCAs throughout the State of Michigan. Twenty LCAs are local health department. One LCA is Karmanos Cancer Institute.

MBCIS – Michigan Breast and Cervical Cancer Control Information System; this is the data system for the BCCCP.

MBCIS Number – Unique identification number given to each client.

MDCH – Michigan Department of Community Health - Administers the BCCCP for the State of Michigan.

Procedure Code – CPT/HCPCS code.

Revenue Code – 3-digit code on UB-92 claims indicating the type of service provided

Service Date – Date in which client received medical services.

TPA – Third Party Administrator

UB-92 – Claim form used by hospitals

WISEWOMAN – Well-Integrated Screening and Evaluation for Women Across the Nation. The program is an extension of the BCCCP. Some BCCCP clients also participate in the WISEWOMAN Program. All WISEWOMAN clients are also BCCCP clients.