

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

March 30, 2012

**CHANGE NOTICE NO. 6**  
**TO**  
**CONTRACT NO. 071B9200049**  
**between**  
**THE STATE OF MICHIGAN**  
**and**

NAME & ADDRESS OF CONTRACTOR		TELEPHONE (213) 291-6139 <b>Matt Haddad</b>
<b>Medversant Technologies, LLC</b> <b>355 S. Grand Avenue - Suite #1700</b> <b>Los Angeles, CA 90071</b>  <b>matt.haddad@medversant.com</b>		
		BUYER/CA (517) 241-3768 <b>Lance Kingsbury</b>
Contract Compliance Inspector: Penny Saites 517-335-5096 <b>One Source Credentialing – Department of Licensing and Regulatory Affairs</b>		
CONTRACT PERIOD: From: <b>November 1, 2008</b> To: <b>March 30, 2012</b>		
TERMS	SHIPMENT	
<b>2% 30 Days</b>		<b>N/A</b>
F.O.B.	SHIPPED FROM	
<b>N/A</b>		<b>N/A</b>
MINIMUM DELIVERY REQUIREMENTS <b>N/A</b>		

**NATURE OF CHANGE(S):**

**Effective March 30, 2012, this Contract is hereby TERMINATED per section 2.153 – Termination for Convenience of the Contract.**

**AUTHORITY/REASON(S):**

**Per Department of Licensing & Regulatory Affairs (LARA) request and DTMB Procurement approval.**

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

August 4, 2011

**CHANGE NOTICE NO. 5**  
**TO**  
**CONTRACT NO. 071B9200049**  
**between**  
**THE STATE OF MICHIGAN**  
**and**

NAME & ADDRESS OF CONTRACTOR  <b>Medversant Technologies, LLC</b> <b>355 S. Grand Avenue - Suite #1700</b> <b>Los Angeles, CA 90071</b>  <b>matt.haddad@medversant.com</b>	TELEPHONE (213) 291-6139 <b>Matt Haddad</b>
	BUYER/CA (517) 241-3768 <b>Lance Kingsbury</b>
	Contract Compliance Inspector: Penny Saites 517-335-5096 <b>One Source Credentialing – Department of Community Health</b>
CONTRACT PERIOD: From: <b>November 1, 2008</b> To: <b>October 31, 2012</b>	
TERMS <p style="text-align: center;"><b>2% 30 Days</b></p>	SHIPMENT <p style="text-align: center;"><b>N/A</b></p>
F.O.B. <p style="text-align: center;"><b>N/A</b></p>	SHIPPED FROM <p style="text-align: center;"><b>N/A</b></p>
MINIMUM DELIVERY REQUIREMENTS <p style="text-align: center;"><b>N/A</b></p>	

**NATURE OF CHANGE(S):**

Effective immediately, this contract is hereby **EXTENDED** to **October 31, 2012** and **INCREASED** by **\$3,300,000.00**. All other terms, conditions, specifications and pricing will remain unchanged.

**AUTHORITY/REASON(S):**

Per agency request and DTMB/Purchasing Operations approval and the approval of the State Administrative Board on August 30, 2011.

**INCREASE: \$3,300,000.00**

**TOTAL REVISED ESTIMATED CONTRACT VALUE: \$7,175,000.00**

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

March 4, 2011

**CHANGE NOTICE NO. 4**  
**TO**  
**CONTRACT NO. 071B9200049**  
**between**  
**THE STATE OF MICHIGAN**  
**and**

NAME & ADDRESS OF CONTRACTOR  <b>Medversant Technologies, LLC</b> <b>355 S. Grand Avenue - Suite #1700</b> <b>Los Angeles, CA 90071</b>  <b>matt.haddad@medversant.com</b>	TELEPHONE (213) 291-6139 <b>Matt Haddad</b>
	BUYER/CA (517) 241-3768 <b>Lance Kingsbury</b>
	Contract Compliance Inspector: Penny Saites 517-335-5096 <b>One Source Credentialing – Department of Community Health</b>
CONTRACT PERIOD: From: <b>November 1, 2008</b> To: <b>October 31, 2011</b>	
TERMS <b>2% 30 Days</b>	SHIPMENT <b>N/A</b>
F.O.B. <b>N/A</b>	SHIPPED FROM <b>N/A</b>
MINIMUM DELIVERY REQUIREMENTS <b>N/A</b>	

**NATURE OF CHANGE(S):**

Effective immediately, this contract is hereby **INCREASED** by \$1,725,000.00. The attached changes are hereby incorporated. All other terms, conditions, specifications and pricing will remain unchanged.

**AUTHORITY/REASON(S):**

Per agency request and DTMB/Purchasing Operations approval and the approval of the State Administrative Board on March 1, 2011.

**INCREASE: \$1,725,000.00**

**TOTAL REVISED ESTIMATED CONTRACT VALUE: \$3,875,000.00**

# OneSource Credentialing PRF

## Attachment: CMS Transformation Grant Medicaid Component

### Background

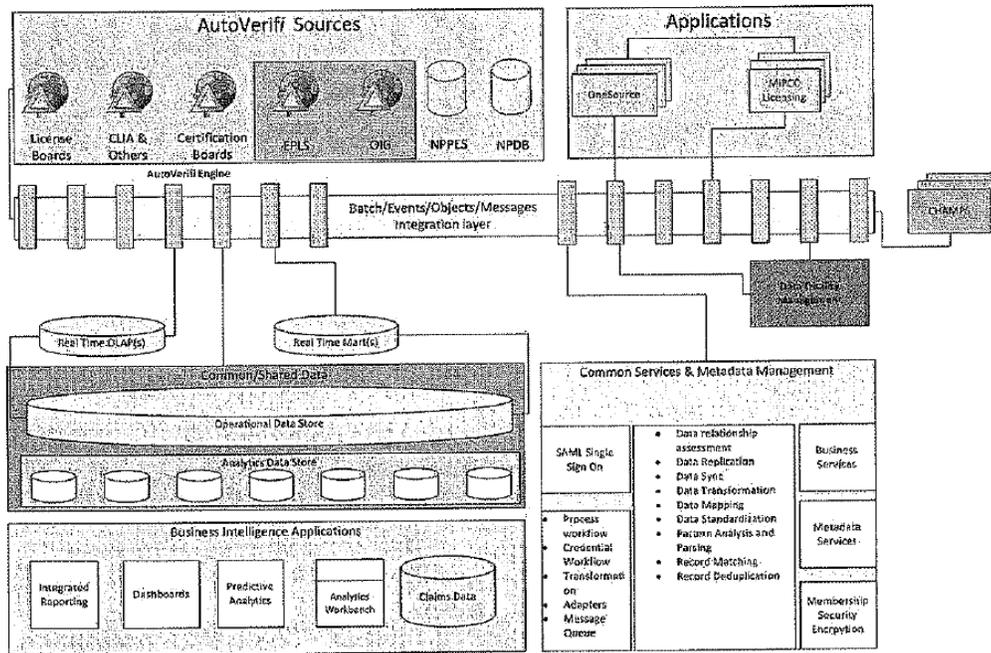
To further automate and streamline the Medicaid provider enrollment process DCH is requesting that long term OneSource would become the consolidated data verification source and provide the data to CHAMPS. CHAMPS would request and receive the CLIA, DEA, License, State and Federal Death, NPPEs, EPLS and OIG data from OneSource through services built using the service oriented architecture. The exchange of the data would be implemented in multiple phases. DCH is targeting the exchange of sanctions data to be the Phase-1 with an anticipated implementation date of March 31<sup>st</sup> 2011.

### Scope

The scope includes modifying and enhancing the CHAMPS Provider Enrollment (PE) screens to provide the ability for the users to verify the Provider Sanctions using the services provided by the OneSource project. The verification would be including real time and batch modes. The real-time will facilitate the State staff to make informed decisions during the enrollment approval process and batch (asynchronous) mode will be used to update the CHAMPS Provider data and invoke the associated business rules upon receiving the sanctions updates from credentialing application.

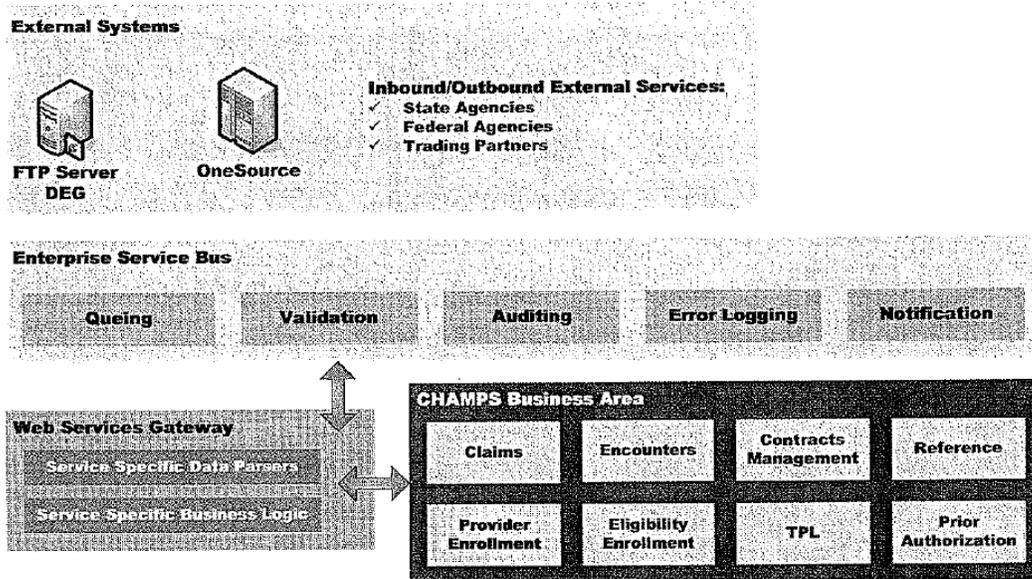
The intended solution is depicted in the diagrams that follow:

Modifications to the OneSource process as follows:



With the phase one data sources and integration points shaded in green.

Modifications to the CHAMPS as follows:



**Assumptions and Dependencies**

- This phase of the project is limited to utilization of EPLS and OIG data and services from OneSource.
- The data will be used for validation of providers during initial enrollment as well as for ongoing monitoring as sanctions occur.
- CHAMPS is not responsible for the data sources that are used by OneSource for provider sanctions.
- The estimates are based on the assumption that there will be multiple web services developed by both CHAMPS and OneSource to facilitate real-time and batch verification.
- The details of number of services developed will depend on design sessions with CNSI, DCH and Medversant.
- Initial implementation is to access EPLS and OIG data but the architectural framework will be extensible to allow other integrations with OneSource as other Sanctions data is incorporated and stored in the OneSource data store.
- One Source data and verification engine are hosted in the MiPCC data center.

**Deliverables**

- Business requirement documentation (questionnaire, gap analysis, End User requirements document etc.)
- Draft technical proposal of provider verification for PE process

- Project Implementation Plan – Phase 1
- Sanction source overview document
- Consolidated sanction data repository and feasibility analysis
- Business Requirement validation sessions and sign off
- Testing plan -Draft
- Integration Framework- technical specification draft
- Sanction Data Repository Data Model – specification documentation
- Integration Framework Detail Technical Specification (web services, interaction architecture, security protocol etc.)
- Testing plan and test cases - Finalized
- Acceptance testing documentation
- Security and compliance documentation
- Implementation Specification – documentation

Medversant Cost: 1,200,000

CNSI Cost: \$500,000

STATE OF MICHIGAN  
DEPARTMENT OF TECHNOLOGY MANAGEMENT AND BUDGET November 30, 2010  
PURCHASING OPERATIONS  
P.O. BOX 30026, LANSING, MI 48909  
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530 W. ALLEGAN, LANSING, MI 48933

**CHANGE NOTICE NO. 3**  
**TO**  
**CONTRACT NO. 071B9200049**  
**between**  
**THE STATE OF MICHIGAN**  
**and**

NAME & ADDRESS OF CONTRACTOR  <b>Medversant Technologies, LLC</b> <b>355 S. Grand Avenue - Suite #1700</b> <b>Los Angeles, CA 90071</b>  <b>matt.haddad@medversant.com</b>	TELEPHONE (213) 291-6139 <b>Matt Haddad</b>
	BUYER/CA (517) 241-3768 <b>Lance Kingsbury</b>
	Contract Compliance Inspector: Penny Saites 517-335-5096 <b>One Source Credentialing – Department of Community Health</b>
CONTRACT PERIOD: From: <b>November 1, 2008</b> To: <b>October 31, 2011</b>	
TERMS <b>2% 30 Days</b>	SHIPMENT <b>N/A</b>
F.O.B. <b>N/A</b>	SHIPPED FROM <b>N/A</b>
MINIMUM DELIVERY REQUIREMENTS <b>N/A</b>	

**NATURE OF CHANGE(S):**

Effective immediately, the following changes are hereby incorporated. All other terms, conditions, specifications and pricing will remain unchanged.

**AUTHORITY/REASON(S):**

Per agency request and DTMB/Purchasing Operations approval.

**CURRENT AUTHORIZED SPEND LIMIT REMAINS: \$2,150,000.00**

Michigan Provider Credentials Center (MiPCC)

Bureau of Health Professions  
Fee Schedule – Service Pricing

In accordance with the terms, conditions, and project requirements (Article 1 - Statement of Work) of the Contract and the commitments and deliverables described in the State of Michigan OneSource Work Plan, this Change Notice describes the details pertaining to the Bureau of Health Professions (BHP) Licensing Division implementation (as referenced in the Implementation Requirements of Section 1.022: "Service Rolled out to other State agencies..."). This implementation will include New License Applications, License Renewals, and Re-licensure for all Health Professions licensed by the State of Michigan:

The implementation includes:

- A paperless mechanism for provider data to enter the service
- An automated mechanism to conduct primary source verification during provider application review process
- Connection to State of Michigan Payment Process System
- An additional method of data exchange with the L2K application following primary source verification.

Service Pricing terms and conditions in the current contract are applicable to this component.

Attachment A: This attachment contains the detailed tiered services and pricing proposal

Attachment B: This attachment contains an updated table that reflects total volume of renewals and overall licenses per board for FY2010

## Attachment A – Service Pricing

Table 1. Tiered services and pricing

Licensure Verification Service		Verification Tier Service for New/Renewal License	Verification Tier Service for License Re-licensure
<b>Class A (\$10)</b>	<b>Service Scope</b>		
	Provider Technical Support	Yes	Yes
	Online payment processing	Yes	Yes
	Web based training	Yes	Yes
	Application submission	Yes	Yes
	Document Submission	Yes	Yes
<b>Class B (\$15) (Credential Verification)</b>	<b>Service Scope</b>		
	License in other States	Yes	Yes
	DEAor CDS Registration in previous State of Practice if applicable	Yes	Yes
	EPLS (Medicare/Medicaid/OPM/OIG)	Yes	Yes
	ABMS Board Certification If Applicable	Yes	Yes
<b>Class C (\$20 - \$ 80)</b>	<b>Service Scope</b>		
	Application Completion Review & Follow Up	Yes	Yes
	Primary Source Documentation Review	Yes	Yes
	License Application Classification	Yes	Yes

DEA – Drug Enforcement Administration  
 CDS – Controlled Dangerous Substance  
 EPLS – Excluded Parties List System  
 OPM – Office of Personnel Management  
 OIG – Office of Inspector General  
 ABMS – American Board of Medical Specialties

PROFESSION	Applicable Service	Service Charge for New/Renewal License	Service Charge for Re-licensure
Audiologist	Class A + B + C	\$105.00	\$110.00
Audiologist Limited	Class A + C	\$70.00	\$75.00
Chiropractor	Class A + B + C	\$90.00	\$95.00
Dentist	Class A + B + C	\$105.00	\$110.00
Dentist Clinical Academic	Class A	\$10.00	\$10.00
Dentist Specialty	Class A + B + C	\$30.00	\$35.00
Dental Hygienist	Class A + B + C	\$45.00	\$50.00
Dental Assistant	Class A + C	\$30.00	\$35.00
Marriage & Family Therapist	Class A + C	\$55.00	\$60.00

<b>PROFESSION</b>	<b>Applicable Service</b>	<b>Service Charge for New/Renewal License</b>	<b>Service Charge for Re-licensure</b>
Marriage & Family Therapist Educational Limited	Class A + C	\$30.00	\$35.00
Medical Doctor	Class A + B + C	\$105.00	\$110.00
Medical Doctor Clinical Academic	Class B	\$15.00	\$20.00
Medical Doctor Educational Limited	Class B	\$15.00	\$20.00
Nurse Licensed Practical Nurse	Class A + B	\$25.00	\$30.00
Nurse Registered Nurse	Class A + B	\$25.00	\$30.00
Nurse Registered Nurse Specialty	Class A	\$10.00	\$10.00
Nursing Home Administrator	Class A + C	\$65.00	\$70.00
Optometrist	Class A + B + C	\$90.00	\$85.00
Osteopathic Physician	Class A + B + C	\$105.00	\$110.00
Doctor Osteopathic Clinical Academic	Class A	\$10.00	\$10.00
Doctor Osteopathic Educational Limited	Class A	\$10.00	\$10.00
Occupational Therapist	Class A + C	\$60.00	\$65.00
Occupational Therapy Assistant	Class A + C	\$60.00	\$65.00
Pharmacy	Class A + C	\$55.00	\$50.00
Pharmacist	Class A + B + C	\$45.00	\$50.00
Pharmacist Educational Limited	Class A	\$10.00	\$10.00
Pharm-Special Controlled Substance	Class A + C	\$80.00	\$85.00
Pharm-Clinical Thermometer	Class A + C	\$30.00	\$35.00
Pharm-Manufacturer/Wholesaler	Class A + C	\$30.00	\$35.00
Pharm-Controlled Substance	Class A + B + C	\$45.00	\$50.00
Pharm-Drug Control	Class A	\$10.00	\$10.00
Physical Therapist	Class A + C	\$60.00	\$65.00
Physician's Assistant	Class A + C	\$60.00	\$65.00
Podiatrist	Class A + B + C	\$105.00	\$110.00
Podiatrist Educational Limited	Class A	\$10.00	\$10.00
Psychologist-Regular	Class A + B + C	\$105.00	\$110.00
Psychologist-Doctoral Limited	Class A	\$10.00	\$10.00
Psychologist-Masters Limited	Class A + B + C	\$70.00	\$75.00
Psychologist-Temporary Limited—Nonrenewable	Class A	\$10.00	\$10.00
Professional Counselor	Class A + B + C	\$85.00	\$90.00
Professional Counselor Limited	Class A	\$10.00	\$10.00
Respiratory Therapist	Class A + B + C	\$70.00	\$75.00

<b>PROFESSION</b>	<b>Applicable Service</b>	<b>Service Charge for New/Renewal License</b>	<b>Service Charge for Re-licensure</b>
Respiratory Therapist-Temporary	Class A + C	\$40.00	\$45.00
Sanitarian	Class A + C	\$60.00	\$65.00
Social Worker (LMSW)	Class A + C	\$40.00	\$45.00
Social Worker Masters Limited	Class A	\$10.00	\$10.00
Social Worker Bachelors (LBSW)	Class A + C	\$35.00	\$40.00
Social Worker Bachelors Limited	Class A	\$10.00	\$10.00
Social Service Technician (SST)	Class A + C	\$35.00	\$40.00
Veterinarian	Class A + C	\$60.00	\$65.00
Veterinarian Clinical Academic	Class A	\$10.00	\$10.00
Veterinary Technician	Class A + C	\$30.00	\$35.00

LMSW – Licensed Masters Social Worker

LBSW – Licensed Bachelors Social Worker

Ongoing Maintenance and Support Services as referenced in the supporting documentation for the Contract Amendment approved in June 2010, at approximately \$325,000.00 annually, was estimated based on 2009 new licensure volume. This fee will be billed at \$12.08 per new application across all applications. At the end of each fiscal year, both parties will review the total collected fee and adjust accordingly.

## Attachment B

The MDCH regulates health professionals in Michigan who are licensed, registered, or certified to practice following Articles 7, 15 and 17 of the Michigan Public Health Code and 42 Code of Federal Regulation (CFR) Part 483.

The table below identifies the total number of professionals licensed by the State as of September 2010 to be serviced within the scope of the Contract.

Table 1. Licensed Health Professionals  
Overall Total Licensed Health Professionals as of September 2010: 396,237

BOARD	PROFESSION	Renewals	New Licenses	TOTALS
<b>Audiology</b>		<b>263</b>	<b>21</b>	<b>514</b>
	Audiologist	262		513
	Audiologist Limited	1		1
<b>Chiropractic</b>	Chiropractor	<b>1352</b>	<b>148</b>	<b>2901</b>
<b>Dentistry</b>		<b>6467</b>	<b>679</b>	<b>20759</b>
	Dentist	2370	176	7693
	Dentist Clinical Academic	39	9	51
	Dentist - Nonclinical Limited	1		1
	Dentist - Educational Limited	20	19	48
	Dentist - Limited 1	2		2
	Dental Hygienist	3237	349	10297
	Dental Assistant	469	123	1525
	Dental Assistant - Nonclinical Limited	1		1
	Dentist - Special Volunteer	4	3	18
	Endodontist	47		174
	Oral Pathologist	2		8
	Oral Surgeon	69		239
	Orthodontist	105		371
	Pediatric Dentist	35		121
	Periodontist	49		152
	Prosthodontist	17		58
<b>Marriage &amp; Family Therapy</b>		<b>395</b>	<b>34</b>	<b>799</b>
	Marriage & Family Therapist	324	13	705
	MFT Educational Limited	71	21	94
<b>Medicine</b>		<b>12588</b>	<b>2853</b>	<b>35992</b>
	Medical Doctor	9923	1531	31993
	MD Clinical Academic	47	23	72
	MD Educational Limited	2604	1287	3892
	Special Volunteer	14	12	35

BOARD	PROFESSION	Renewals	New Licenses	TOTALS
<b>Nursing</b>		<b>78987</b>	<b>9079</b>	<b>166690</b>
	Nurse LPN	12695	1852	27509
	Nurse Anesthetist	1109	124	2399
	Nurse Midwife	148	16	316
	Nurse Practitioner	1824	287	3899
	Nurse RN	63211	6354	132462
	Nurse RN Specialty			
	RN - Provisional		403	71
	RN - Temporary		43	34
<b>Nursing Home Administrator</b>		<b>662</b>	<b>71</b>	<b>1211</b>
Nursing Home	Nursing Home Administrator			
<b>Optometry</b>		<b>772</b>	<b>94</b>	<b>1644</b>
Optometry	Optometrist	772	62	1612
Optometry	DPA & TPA Certification		32	32
<b>Osteopathic Medicine and Surgery</b>		<b>2845</b>	<b>784</b>	<b>7945</b>
	Osteopathic Physician	2140	348	6806
	DO Clinical Academic			
	DO Educational Limited	705	436	1138
	Special Volunteer			1
<b>Occupational Therapists</b>		<b>3014</b>	<b>336</b>	<b>5999</b>
	Occupational Therapist	2375	200	4655
	Occupational Therapy Assistant	639	136	1344
<b>Pharmacy</b>		<b>34259</b>	<b>6878</b>	<b>83667</b>
	Pharmacist	6354	445	13041
	Pharmacist Educational Limited			
	Pharmacist Educational Limited (2)	97	105	163
	Pharmacist Educational Limited (5)	1065	395	1310
	Pharm-Special C/S			
	Pharm-Special C/S 1	3404	1831	5225
	Pharm-Special C/S 2	1155	144	2537
	Pharm-Special C/S 3	12081	2088	38965
	CS - 2 Optometry	388	25	794
	Pharm-Clinical Thermometer			
	Pharm-Manufacturer/Wholesaler	445	144	1056
	Pharm-Controlled Substance			
	CS - Analytical Labs	21	7	41
	CS - Facility	1690	266	3492
	CS - Pharmacist	5141	422	10748
	CS - Research Lab	109	133	236

BOARD	PROFESSION	Renewals	New Licenses	TOTALS
	CS - Schedule I Lab	9	5	12
	CS - Sodium Pentobarbital Facility	39	1	82
	Pharm-Drug Control			
	Drug Control - Location	703	239	2399
	Drug Treatment Program			
	Prescriber	21	413	454
	Pharmacist - Preceptor		2	2
	Pharmacist - Temporary		2	2
	Pharmacy	1537	211	3108
<b>Physical Therapy</b>		<b>4558</b>	<b>3552</b>	<b>12212</b>
	Physical Therapist	4558	533	9194
	Physical Therapist - Assistant Limited		3019	3018
<b>Physician's Assistants</b>		<b>1706</b>	<b>307</b>	<b>3580</b>
	Physician's Assistant	1706	214	3552
	Physician's Assistant - Temporary		93	28
<b>Podiatric Medicine &amp; Surgery</b>		<b>281</b>	<b>52</b>	<b>823</b>
	Podiatrist	251	24	765
	Podiatrist Educational Limited	30	28	58
<b>Psychology</b>		<b>3260</b>	<b>529</b>	<b>7121</b>
	Psychologist-Regular	1399	88	2858
	Psychologist-Doctoral Limited	155	83	232
	Psychologist-Masters Limited Ed		204	383
	Psychologist-Masters Limited	1706	154	3648
	Psychologist-Temporary Limited-- Nonrenewable			
<b>Counselor</b>		<b>3921</b>	<b>828</b>	<b>8288</b>
	Professional Counselor	1747	260	5683
	Professional Counselor Limited	2174	568	2605
<b>Respiratory Care</b>		<b>2346</b>	<b>305</b>	<b>4892</b>
	Respiratory Therapist	2311	303	4857
	Respiratory Therapist-Temporary	35	2	35
<b>Sanitarians</b>		<b>267</b>	<b>2</b>	<b>508</b>
	Sanitarian	267	2	
<b>Social Work</b>		<b>13075</b>	<b>1768</b>	<b>24453</b>

BOARD	PROFESSION	Renewals	New Licenses	TOTALS
	Social Worker Masters (LMSW)	6731	533	13711
	Social Worker Masters Limited	2892	863	3719
	Social Worker Bachelors (LBSW)	2252	42	4647
	Social Worker Bachelors Limited	544	219	735
	Social Service Technician (SST)	656	111	1641
<b>Veterinary Medicine</b>		<b>2985</b>	<b>341</b>	<b>6239</b>
	Veterinarian	1713	139	3752
	Veterinarian Clinical Academic	62	13	77
	Veterinarian Educational Limited		2	2
	Veterinary Technician	1210	187	2408

**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

October 6, 2010

**CHANGE NOTICE NO. 2**  
**TO**  
**CONTRACT NO. 071B9200049**  
**between**  
**THE STATE OF MICHIGAN**  
**and**

NAME & ADDRESS OF CONTRACTOR  <b>Medversant Technologies, LLC</b> <b>355 S. Grand Avenue - Suite #1700</b> <b>Los Angeles, CA 90071</b>  <b>matt.haddad@medversant.com</b>	TELEPHONE (213) 291-6139 <b>Matt Haddad</b>
	BUYER/CA (517) 241-3768 <b>Lance Kingsbury</b>
Contract Compliance Inspector: Penny Saites 517-335-5096 <b>One Source Credentialing – Department of Community Health</b>	
CONTRACT PERIOD: From: <b>November 1, 2008</b> To: <b>October 31, 2011</b>	
TERMS <b>2% 30 Days</b>	SHIPMENT <b>N/A</b>
F.O.B. <b>N/A</b>	SHIPPED FROM <b>N/A</b>
MINIMUM DELIVERY REQUIREMENTS <b>N/A</b>	

**NATURE OF CHANGE(S):**

Effective immediately, contractor's address is changed as follows:  
**355 S. Grand Avenue – Suite #1700**  
**Los Angeles, CA 90071**

**AUTHORITY/REASON(S):**

Per vendor request and DTMB/Purchasing Operations approval dated.

**CURRENT AUTHORIZED SPEND LIMIT REMAINS: \$2,150,000.00**

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

June 14, 2010

**CHANGE NOTICE NO. 1**  
**TO**  
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**and**

NAME & ADDRESS OF CONTRACTOR  <b>Medversant Technologies, LLC</b> <b>350 S. Grand Avenue, Suite 3070</b> <b>Los Angeles, CA 90071</b>  <b>matt.haddad@medversant.com</b>	TELEPHONE (213) 291-6139 <b>Matt Haddad</b>
	BUYER/CA (517) 241-3768 <b>Lance Kingsbury</b>
Contract Compliance Inspector: Penny Saites 517-335-5096 <b>One Source Credentialing – Department of Community Health</b>	
CONTRACT PERIOD: From: <b>November 1, 2008</b> To: <b>October 31, 2011</b>	
TERMS <b>2% 30 Days</b>	SHIPMENT <b>N/A</b>
F.O.B. <b>N/A</b>	SHIPPED FROM <b>N/A</b>
MINIMUM DELIVERY REQUIREMENTS <b>N/A</b>	

**NATURE OF CHANGE(S):**

Effective immediately, this contract is hereby **INCREASED** by \$1,186,000.00. In addition, the Contract Compliance Inspector is changed to Penny Saites and the buyer is changed to Lance Kingsbury.

**AUTHORITY/REASON(S):**

Per Ad Board approval dated 6/1/2010.

**INCREASE: \$1,186,000.00**

**TOTAL REVISED ESTIMATED CONTRACT VALUE: \$2,150,000.00**

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

October 29, 2008

**NOTICE**  
**TO**  
**CONTRACT NO. 071B9200049**  
**between**  
**THE STATE OF MICHIGAN**  
**and**

NAME & ADDRESS OF CONTRACTOR  <b>Medversant Technologies, LLC</b> <b>350 S. Grand Avenue, Suite 3070</b> <b>Los Angeles, CA 90071</b>  <b>matt.haddad@medversant.com</b>	TELEPHONE (213) 291-6139 <b>Matt Haddad</b>
	BUYER/CA (517) 241-4225 <b>Kevin Dunn</b>
Contract Compliance Inspector: Laura Dotson (517) 241-4686 <b>One Source Credentialing – Department of Community Health</b>	
CONTRACT PERIOD: From: <b>November 1, 2008</b> To: <b>October 31, 2011</b>	
TERMS <b>2% 30 Days</b>	SHIPMENT <b>N/A</b>
F.O.B. <b>N/A</b>	SHIPPED FROM <b>N/A</b>
MINIMUM DELIVERY REQUIREMENTS <b>N/A</b>	

The terms and conditions of this Contract are those of RFP #07118200232, this Contract Agreement and the vendor's quote. In the event of any conflicts between the specifications, and terms and conditions, indicated by the State and those indicated by the vendor, those of the State take precedence.

Current Authorized Spend Limit: \$964,000.00

**STATE OF MICHIGAN**  
**DEPARTMENT OF MANAGEMENT AND BUDGET**  
**PURCHASING OPERATIONS**  
**P.O. BOX 30026, LANSING, MI 48909**  
 OR  
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MINIMUM DELIVERY REQUIREMENTS <div style="text-align: center;"><b>N/A</b></div>	
MISCELLANEOUS INFORMATION:  <p>The terms and conditions of this Contract are those of RFP #07118200232, this Contract Agreement and the vendor's quote. In the event of any conflicts between the specifications, and terms and conditions, indicated by the State and those indicated by the vendor, those of the State take precedence.</p> <p>Current Authorized Spend Limit: <b>\$964,000.00</b></p>	

**THIS IS NOT AN ORDER:** This Contract Agreement is awarded on the basis of our inquiry bearing the RFP #07118200232. Orders for delivery may be issued directly by the Department of Community Health through the issuance of a Purchase Order Form.

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<p><b>FOR THE CONTRACTOR:</b></p> <p style="text-align: center;"><b>Medversant Technologies, LLC</b></p> <hr/> <p style="text-align: center;">Firm Name</p> <hr/> <p style="text-align: center;">Authorized Agent Signature</p> <hr/> <p style="text-align: center;">Authorized Agent (Print or Type)</p> <hr/> <p style="text-align: center;">Date</p>	<p><b>FOR THE STATE:</b></p> <hr/> <p style="text-align: center;">Signature</p> <p style="text-align: center;"><b>Melissa Castro, CPPB, Buyer Manager</b></p> <hr/> <p style="text-align: center;">Name/Title</p> <p style="text-align: center;"><b>Services Division, Purchasing Operations</b></p> <hr/> <p style="text-align: center;">Division</p> <hr/> <p style="text-align: center;">Date</p>
---	--



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

Contract No. 071B9200049  
One Source Credentialing for the Michigan Department of Community Health

Buyer Name: Kevin Dunn  
Telephone Number: (517) 241-4225  
E-Mail Address: [dunnk3@michigan.gov](mailto:dunnk3@michigan.gov)



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**ATTACHMENTS:**

- Attachment A, Pricing
- Attachment B, Table 1, Licensing Health Professionals



### DEFINITIONS

“Days” means calendar days unless otherwise specified.

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

“Additional Service” means any Services/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.

“Audit Period” has the meaning given in **Section 2.093**.

“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.

“Blanket Purchase Order” is an alternate term for Contract and is used in the States computer system.

“Business Critical” means any function identified in any Statement of Work as Business Critical.

“Chronic Failure” is defined in any applicable Service Level Agreements.

“Deleted – Not Applicable” means that section is not applicable or included in this Contract. This is used as a placeholder to maintain consistent numbering.

“Deliverable” means physical goods and/or commodities as required or identified by a Statement of Work

“DMB” means the Michigan Department of Management and Budget

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

“Excusable Failure” has the meaning given in **Section 2.214**.

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

“Incident” means any interruption in Services.

“ITB” is a generic term used to describe an Invitation to Bid. The ITB serves as the document for transmitting the RFP to potential bidders

“Key Personnel” means any Personnel designated in **Section 1.031** as Key Personnel.

“New Work” means any Services/Deliverables outside the scope of the Contract and not specifically provided under any Statement of Work, that once added will result in the need to provide the Contractor with additional consideration.

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

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

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



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

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

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

“Services” means any function performed for the benefit of the State.

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

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

“Subcontractor” means a company 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.

“Unauthorized Removal” means the Contractor’s removal of Key Personnel without the prior written consent of the State.

“Waste prevention” means source reduction and reuse, but not recycling.

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

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

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



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

### **1.010 Project Identification**

#### **1.011 Project Request**

This is a Contract for Credentialing Services for Health Professions regulated by the Michigan Department of Community Health (MDCH). The Contractor will be responsible for providing a web-based credentialing service and related support to manage credentialing and re-credentialing of healthcare providers for the State Medicaid Agency, State Mental Health Hospitals, Military Affairs, Medicaid Health Plans, Department of Corrections and other State organizations.

#### **1.012 Background**

Because the cost of healthcare is rising at a rate that far exceeds the inflation rate, and is negatively affecting the national economy in a variety of ways, there is a body of research relating to ways to make healthcare more cost efficient. One area that has been largely overlooked, to date, is the provider credentialing process. As with a number of other healthcare processes, provider credentialing involves doing the exact same thing over and over, by various organizations that require credentialing of their providers. This is largely a tedious, manual process that can be streamlined and the cost significantly reduced with a simple, readily-available technology-based process.

An average Michigan healthcare provider may be separately credentialed by any, all, or a combination of State departments, hospitals, Medicaid, Medicare, insurance payers, and private organizations. Each time a provider is credentialed, the same or very similar processes are followed, with limited to no sharing or exchange of information, resulting in, as described above, an administratively burdensome and duplicative, costly process.

To State government alone there are millions of dollars in labor that could be saved over time by reducing the processing of duplicated information. If the service is extended to other organizations performing the same function, significant costs could be eliminated from the healthcare system in Michigan.

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

#### **1.021 In Scope**

The Contractor must provide a credentialing service that will:

- Improve business processes;
- Implement work flow standardization for enrollments, credentialing and re-credentialing;
- Automate continuous monitoring of provider credentials;
- Provide automated, integrated solutions to replace duplicative manual processes and data;
- Reduce credentialing costs;
- Reduce Medicaid payment errors;
- Improve the quality and reliability of credentials information available for healthcare providers;
- Enable access to provider credentials from anywhere, any time;
- Improve enforcement and enterprise level management of Medicaid provider eligibility, credentials and re-credentialing across Michigan and other states, as needed;
- Create and maintain a single, high quality data repository supporting initial credentialing and re-credentialing; as well as nationwide monitoring of Medicaid provider eligibility and disciplinary action data for providers (practitioners and organizations);
- Allow users access to the credentialing service using web browser technology;
- Control access to the credentialing information based upon the user's role and security level in the credentialing process;
- Allow multiple users to access information, imaged documents and reports concurrently;
- Provide workflow efficiencies and real-time automated interfaces facilitating timely and accurate verification of provider credentials and competence, including disciplinary action updates relevant for Medicaid provider eligibility;
- Provide for security in accordance with Michigan and other Medicaid, state and federal agency requirements; and
- Provide an architecture that protects data integrity in the event of a disaster or system failure.

**1.022 Work and Deliverable**

The Contractor shall provide Services/Deliverables and staff, and otherwise do all things necessary for or incidental to the performance of work.

**Business Requirements of the Contractors Credentialing Service Software Application:**

1. The Contractor's service must be capable of processing multiple provider records simultaneously to organizations requiring credentialing information.
2. The Contractor's service must provide online access to providers to enter information for completion of credentialing and re-credentialing applications for multiple organizations and include the ability for providers to utilize an electronic signature, and upload documents as necessary.
3. The Contractor's service must provide for secure electronic communications.
4. The Contractor's service must be able to maintain a single provider (practitioner or organization) record for use by multiple entities.
5. The Contractor's service must ensure that all mandatory provider information, as determined by MDCH, is obtained from the provider prior to processing the credentials application.
6. The Contractor's service must reduce or eliminate duplicate primary source records, such as school transcripts, verification of residency training, specialty certifications, documentation of clinical privileges, etc.
7. The Contractor must have a process in place to verify all credentialing elements and the Contractor must have the ability to utilize fax, email, and/or other means of electronic verification of documents.
8. The Contractor's service must be able to access the National Practitioner Data Bank-Healthcare Integrity and Protection Data Bank (NPDB-HIPDB) verification process and include the ability to automatically store and print images of the verification information.
9. The Contractor's service must be capable of electronically capturing real-time disciplinary information, both initially and on an on-going basis.
10. The Contractor's service must update disciplinary information on an ongoing basis and provide a mechanism for reporting that information to the provider and to organizations who have credentialed the provider.
11. The Contractor's service must be able to capture real-time verification information electronically initially and on an on-going basis.
12. The Contractor's service must have a mechanism to track and follow up on missing documentation/verifications, discrepancies, and other general workflow issues.
13. The Contractor's service must be able to monitor information with expiration dates and be able to notify the provider and organizations who have credentialed the provider of approaching expiration dates.
14. The Contractor's service must have a mechanism for providers to update, on a scheduled or random basis, information in their profile.
15. The Contractor's service must allow various users of the system to view historical information both obtained and maintained electronically or physically.
16. The Contractor's service must include the ability to manually accept or capture, convert, store, primary-source verify, and surface information not available electronically.
17. The Contractor's service must have a process to reduce reliance on hardcopy files and applications.
18. The Contractor's service must have audit capability for field level changes and include a reporting mechanism that provides a transaction audit trail that automatically assigns and records: a) date the record was entered into the system b) date the record was changed c) identification of person entering or changing the record and d) information changed.
19. The Contractor's service must have a quality audit capability for validity of user recorded verification information.
20. The Contractor's service must be able to generate real-time documentation which summarizes the verification of credentials for submission to the provider and to organizations who have credentialed the provider.
21. The Contractor's service must provide automated re-credentialing, without the provider having to initiate the process.
22. The Contractor's service must have the ability to manage changes in provider status.
23. The Contractor's service must be able to archive provider information.
24. The Contractor's service must be able to provide standard and ad-hoc reporting capabilities.
25. The Contractor's service must provide a web-display of provider profile information (practitioner or organization).
26. The Contractor's service must provide various levels of access permission to different internal and external users.
27. The Contractor's service must be able to import/export data from legacy and other primary systems (such as the National Provider Identifier- NPI) as well as develop interfaces necessary for the ongoing support of business operations.
28. The Contractor's service must have optical character recognition (OCR) capabilities.
29. The Contractor's service must have the capability to add additional management services of value to healthcare providers, such as privileging, continuing education tracking, facility credentialing and office site/medical record review.

**Credentialing Service Requirements**

1. The Contractor's service must be available 24 x 7 x 365 for the Contract period.
2. The Contractor will partner with CAQH to fulfill the needs and requirements of this Contract at no additional cost to the State.
3. The Contractor must provide detailed problem reporting and resolution procedures and names of contact personnel responsible for problem resolution within 10 days of the effective date of this Contract.
4. The Contractor must notify users of service upgrades and enhancements.
5. The Contractor must provide web-based user training and support (Manuals, Frequently Asked Questions, Quick Reference Guides) for the service.
6. The Contractor's service must be able to handle approximately 400,000 - 500,000 healthcare providers and organizations.

**Implementation Requirements**

## Contract Year 1

- I. Phase 1 Deliverables: (6 months from initiation of approved workplan)
  - a. Credentialing Service enhancements implemented
  - b. Requirements analyzed
  - c. Enhancements identified, prioritized, developed, tested and implemented
  - d. Fee Schedules Negotiated with at least two tiers:
    - 1) Medicaid Agency, MDCH, State Mental Health Hospitals, Military Affairs, State Medicaid Health Plans, Department of Corrections and other State Organizations
    - 2) Third Party Health Insurers
  - e. Web-based user support tools (Quick Reference, FAQ's, Help Guide) and training material developed
  - f. Training completed for Pilot Users
  - g. Service Rolled out to Pilot Users – State Medicaid Agency
- II. Phase 2 Deliverables: (delivery expected 6 months following completion of Phase 1)  
Pilot Implemented (State Medicaid Agency Users)
  - a. Usage monitored and feedback captured
  - b. Enhancements identified, prioritized, developed, tested and implemented
  - c. Web-based user support tools (Quick Reference, FAQ's, Help Guide) and training material updated based on feedback
  - d. Service Rolled out to other State agencies and organization users

## Contract Year 2

- III. Phase 3 Deliverables: (delivery expected 12 months following completion of Phase 2)
  - a. Monitor usage, elicit feedback
  - b. Continue to provide enhancements based on user feedback as well as standards impacted by legislation currently pending

## Contract Year 3

- a. Contractor expected to continue to provide credentialing services as implemented during the first two years

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

The following individuals have been identified as Medversant's Key Personnel for this Contract.

**Project Manager:****Jerry Vo, Project Manager**

- Serve as the project liaison between the MDCH and Medversant throughout the life of the Contract.
- Responsible for initiation and planning, monitoring and control, and project closure.
- Responsible for organizing all Medversant activities from the initial project kick-off meeting to formal hand-off to Medversant's Client Support Center – when the product is available for use in the production environment.
- Responsible for scheduling Medversant resources, hold regular project teleconferences, and provide written meeting minutes and issues lists.
- Responsible for recognizing and mitigating any issues or obstacles early in the project and maintaining an internal resolution path for all project staff to utilize. Responsibilities include:
  - a. Clear identification of objectives and responsibilities.
  - b. Setting the common expectations for levels of effort, outcomes and timeframes.
  - c. Liaise with project stakeholders on an ongoing basis.
  - d. Effective management of change requests and project scope.
  - e. Definition of tasks, timelines and persons responsible.
  - f. Efficient utilization of resources, including coordination of diverse groups (such as Client IT, interface specialists and core system analysts, core system vendors, and other vendors as appropriate).
  - g. Definition of points of contact for tasks and dissemination of information.
  - h. Timely communication of project status and problem areas.
  - i. Managing effective team communications for resolution of problems.
  - j. Control of project expenses (accountability for the budget).

**Contracts Administrator:****Jennifer N. Schaab, Vice President, Operations**

- Responsible for all Contract and fee schedule negotiations with the State.
- Responsible for oversight of all client billing, invoices and reconciliation of fee schedules.
- Responsible for the credentials operation staff and have overall responsibility for file processing.

**Product Specialist:****Marilyn G. Geller, Vice President, Product Management**

- Responsible for Medversant's product management operation. Each project may have one or more product specialists, depending on the mix of products being implemented and the project complexity. Product specialists perform the following functions:
  - a. Detailed demonstrations of product functionality.
  - b. Operational assessment of MDCH's environment and processes.
  - c. Analysis of file and interface development.
  - d. Recommend product enhancements.
  - e. Development of functional specifications.
  - f. System design and table building.
  - g. Development of user documentation.
  - h. Training of MDCH application administrators.
  - i. Initial testing and provision of test scenarios.
  - j. Setup of test and production application environments.
  - k. Training of end-users.

**Technical Services Engineer:****Reuel John Dilig, Network Engineer**

- Responsible for providing services related to the operating systems and networks.
- Responsible for working with the State to configure any data conversions.
- Assist the State in any necessary backup and maintenance routines, and any workstation configuration or rollout processes.
  - Activities will include:
    - a. Definition and verification of system requirements for servers, workstations and network infrastructure.
    - b. Recommendations for hardware locations, network traffic, back up procedures, virus protection.
    - c. Installation and configuration of Medversant's hardware, SQL Server and peripherals.
    - d. Provide assistance to the State on configurations, Encompass testing and rollout, directory layouts for backups, etc.

**Interface Analyst/Interface Coordinator:****Zhiyong (Jason) Huang, Senior Systems Analyst**

- Responsible for the development of data exchange with the State's legacy systems.
- Responsible for ensuring that interface specifications are clear and well documented.
- Responsible for working cooperatively with the Medversant Project Manager to assure that interface projects adhere to established timelines and budgets.
- Responsible for providing front-line business requirement analysis and specification as well as communicating with the development team about the development scope and timelines.

**Trainer:****Judith Stone, Executive Account Manager**

- Responsible for coordinating and performing web-based training for the duration of the Contract.
- Responsible for working cooperatively with the Product Specialist(s) in the roll-out of enhancements to assure that the State staff are appropriately trained.

**1.040 Project Plan****1.041 Project Plan Management****A. Orientation Meeting**

1. Within 20 calendar days from execution of the Contract, the Contractor will be required to attend a kick-off and orientation meeting to discuss the content and procedures of the Contract.
2. The meeting will be held in Lansing, Michigan, at a date and time mutually acceptable to the State and the Contractor.
3. The State shall bear no cost for the time and travel of the Contractor for attendance at the meeting.

**B. Project Control**

1. The Contractor will carry out this project under the direction and control of the Program Manager.
2. At the project kick-off meeting, the Contractor will submit a preliminary detailed work plan for approval. The work plan is to be finalized within the following 15 business days of the kick-off and orientation meeting.
  - a. This work plan must be in agreement with section 1.022 Work and Deliverables, and must include the following:
    - i. Detailed work plan encompassing all tasks, milestones and deliverables.
    - ii. The Contractor's project organizational structure.
    - iii. The Contractor's staffing table with names and title of personnel assigned to the project. This must be in agreement with staffing described in the accepted proposal. Substitutions of key personnel due to change of employment status and other unforeseen circumstances may only be made with prior approval of the State.
    - iv. The project breakdown (work plan) showing sub-projects, activities and tasks, and resources required and allocated to each.
    - v. The time-phased plan in the form of a graphic display, showing each event, task, and decision point in the work plan.
3. The Contractor must complete Phase 1 on or before May 31, 2009.

**1.042 Reports**

Reporting formats must be submitted to the MDCH Project Manager for approval within 15 business days of the kick-off and orientation meeting. Once both parties have agreed to the format of the report it shall become the standard to follow for the duration of the Contract. All activities will be reported and monitored by the State and require formal status report updates at least bi-weekly or as mutually agreed to between the MDCH, Program Manager and the Contractor. The status reports should include, but not limited to the following:

1. Overall Status and Deliverables
2. Planned Activities for the current period
3. Significant Accomplishments for the current period
4. Planned Activities for Next Period
5. Financial Status
6. Technical Status/Issues Log
7. Actions Status from Previous Report



### **1.050 Acceptance**

#### **1.051 Criteria**

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

##### Document Deliverables

Documents include, but not limited to: plans, schedules, progress reports, and user guides. The following criteria apply to document deliverables:

1. Documents are dated and in electronic format, compatible with State of Michigan requirements.
2. Requirements documents are reviewed and updated throughout the development process to assure requirements are delivered in final product.
3. Draft documents are not accepted as a final deliverable.
4. The documents will be reviewed and accepted in accordance with the requirements of this Contract.
5. MDCH will review business documents for approval. Approvals will be written and signed by the MDCH Program Manager. Unacceptable issues will be documented and submitted to the Contractor. After issues are resolved or waived, the Contractor will resubmit documents for approval.
6. MDCH will review documents for approval. Approvals will be written and signed by the MDCH Program Manager. Unacceptable issues will be documented and submitted to the Contractor. After issues are resolved or waived, the Contractor will resubmit documents for approval.

##### Service Deliverables

Service deliverables include, but are not limited to: a credentialing service that collects and verifies provider data, user training and customer support. The following criteria apply to service deliverables:

1. The services will be accepted in accordance with the business and service requirements of this Contract.
2. State users are trained and supplied documentation to support and use the final product in accordance with the requirements of this Contract.

#### **1.052 Final Acceptance**

Final acceptance is expressly conditioned upon completion and acceptance of all deliverables, completion of all tasks in the project plan as approved, completion of all applicable inspection and/or testing procedures, and the certification by the State that the Contractor has met the defined requirements.

1. All documents and services of an enhancement request are delivered and accepted by MDCH in accordance with the requirements of this Contract.
2. Once the enhancements are in place, all issues discovered during the following 30-day period are resolved and accepted or waived by MDCH. Approvals will be written and signed by the MDCH Program Manager.
3. All invoices related to this Contract have been submitted and approved for payment.

### **1.060 Proposal Pricing**

#### **1.061 Proposal Pricing**

For authorized Services and Price List, see Attachment A.

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

#### **1.062 Price Term**

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

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

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



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

**1.064 Holdback – Reserved/Not Applicable**

**1.070 Additional Requirements**

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

The Contractor must be a National Committee for Quality Assurance (NCQA) certified Credentials Verification Organization (CVO) and follow standards and accreditation guidelines established by organizations such as The Joint Commission and the Utilization Review Accreditation Committee (URAC) and comply with State and Federal laws and regulations. The Contractor must maintain NCQA CVO accreditation throughout the term of the Contract. The Contractor must provide a copy of their NCQA CVO accreditation renewal notice to the MDCH Program Manager for their records.

The Contractor must partner with an organization that has established technology driven services such as the Council for Affordable Quality Healthcare (CAQH).



## Article 2, Terms and Conditions

### 2.000 Contract Structure and Term

#### **2.001 Contract Term**

This Contract is for a period of three years beginning November 1, 2008 through October 31, 2011. All outstanding Purchase Orders must also expire upon the termination (cancellation for any of the reasons listed in **Section 2.130**) of the Contract, unless otherwise extended under 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.

#### **2.002 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 additional one year periods.

#### **2.003 Legal Effect**

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

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

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

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

#### **2.005 Ordering**

The State will issue a written Purchase Order, Blanket Purchase Order, Direct Voucher or Procurement Card Order, which must be approved by the Contract Administrator or the Contract Administrator's designee, to order any Services/Deliverables under this Contract. All orders are subject to the terms and conditions of this Contract. No additional terms and conditions contained on either a Purchase Order or Blanket Purchase Order apply unless they are also specifically contained in that Purchase Order's or Blanket Purchase Order's accompanying Statement of Work.

#### **2.006 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 the subject matter and as additional terms and conditions on the purchase order must apply as limited by **Section 2.005**.

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

#### **2.007 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.

#### **2.008 Form, Function & Utility**

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

**2.009 Reformation and Severability**

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

**2.010 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, the consent or approval must be in writing and must not be unreasonably withheld or delayed.

**2.011 No Waiver of Default**

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

**2.012 Survival**

Any provisions of the Contract that impose continuing obligations on the parties, including without limitation the parties' respective warranty, indemnity and confidentiality obligations, survive the expiration or termination of 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.

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

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

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

**2.022 Contract Compliance Inspector (CCI)**

After DMB-Purchasing Operations receives the properly executed Contract, it is anticipated that the Director of Purchasing Operations, in consultation with Department of Community Health, will direct the person named below, or any other person so designated, 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 the Contract as that authority is retained by DMB Purchasing Operations.** The CCI for this Contract is:

Laura Dotson  
Department of Community Health  
Mason Bldg, 2nd Floor  
PO Box 30026  
Lansing, MI 48909  
DotsonL1@michigan.gov  
(517) 241-4686

**2.023 Project Manager**

The following individuals will oversee the project:

Melanie Brim – Program Manager  
Director, Bureau of Health Professions  
Department of Community Health  
611 West Ottawa Street  
PO Box 30607  
Lansing, MI 48909  
[mbbrim@michigan.gov](mailto:mbbrim@michigan.gov)  
517-373-8068

Kathy Cornish – Project Manager  
Department of Community Health  
611 West Ottawa Street  
PO Box 30607  
Lansing, MI 48909  
[cornishk@michigan.gov](mailto:cornishk@michigan.gov)  
517-204-7408

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

Change Requests:

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

**2.025 Notices**

Any notice given to a party under the Contract must be deemed effective, if addressed to the 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 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

Medversant Technologies, LLC  
Attention: Matt Haddad  
350 S. Grand Ave., Suite 3070  
Los Angeles, CA 90071

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

### **2.026 Binding Commitments**

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

### **2.027 Relationship of the Parties**

The relationship between the State and Contractor is that of client and independent Contractor. No agent, employee, or servant of Contractor or any of its Subcontractors must be or must 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.

### **2.028 Covenant of Good Faith**

Each party must 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.

### **2.029 Assignments**

(a) Neither party may assign the Contract, or 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 the affiliate is adequately capitalized and can provide adequate assurances that the affiliate can perform the Contract. The State may withhold consent from proposed assignments, subcontracts, or novations when the transfer of responsibility would operate to decrease the State's likelihood of receiving performance on 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. If the State permits an assignment, the Contractor is not relieved of its responsibility to perform any of its contractual duties, and the requirement under the Contract that all payments must be made to one entity continues.

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

## **2.030 General Provisions**

### **2.031 Media Releases**

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

**2.032 Contract Distribution**

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

**2.033 Permits**

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

**2.034 Website Incorporation**

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

**2.035 Future Bidding Preclusion**

Contractor acknowledges that, to the extent 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 competitive advantage on the RFP.

**2.036 Freedom of Information**

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

**2.037 Disaster Recovery**

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

**2.040 Financial Provisions****2.041 Fixed Prices for Services/Deliverables**

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

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

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

**2.043 Services/Deliverables Covered**

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

**2.044 Invoicing and Payment – In General**

(a) Each Statement of Work issued under this Contract 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.



(b) 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. 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 1.064**.

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

(d) All invoices should reflect actual work done. Specific details of invoices and payments will be agreed upon between the Contract Administrator and the Contractor after the proposed Contract Agreement has been signed and accepted by both the Contractor and the Director of Purchasing Operations, Department of Management & Budget. This activity will occur only upon the specific written direction from Purchasing Operations.

The Contractor will be paid for actual work completed and following the approved detailed workplan as required in Section 1.040. The specific payment schedule for any Contract(s) entered into, as the State and the Contractor(s) will mutually agree upon. The schedule should show payment amount and should reflect actual work done by the payment dates, less any penalty cost charges accrued by those dates. As a general policy statements shall be forwarded to the designated representative by the 15th day of the following month.

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

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

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

#### **2.046 Antitrust Assignment**

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

#### **2.047 Final Payment**

The making of final payment by the State to Contractor does not constitute a waiver by either party of any rights or other claims as to the other party's continuing obligations under 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.

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

Electronic transfer of funds is required for payments on State Contracts. Contractors are required to register with the State electronically at <http://www.cpexpress.state.mi.us>. As stated in Public Act 431 of 1984, all contracts that the State enters into for the purchase of goods and services shall provide that payment will be made by electronic fund transfer (EFT).

#### **2.050 Taxes**

##### **2.051 Employment Taxes**

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

**2.052 Sales and Use Taxes**

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

**2.060 Contract Management****2.061 Contractor Personnel Qualifications**

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

**2.062 Contractor Key Personnel**

(a) The Contractor must provide the CCI with the names of the Key Personnel.

(b) Key Personnel must be dedicated as defined in the Statement of Work to the Project for its duration in the applicable Statement of Work with respect to other individuals designated as Key Personnel for that Statement of Work.

(c) The State 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.

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

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

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

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

**2.064 Contractor Personnel Location**

All staff assigned by Contractor to work on 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.

**2.065 Contractor Identification**

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

**2.066 Cooperation with Third Parties**

Contractor 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. As reasonably requested by the State in writing, the Contractor will provide to the State's agents and other contractors reasonable access to Contractor's Project personnel, systems and facilities to the extent the access relates to activities specifically associated with this Contract and will not interfere or jeopardize the safety or operation of the systems or facilities. The State acknowledges that Contractor's time schedule for 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 the requests for access.

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

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

**2.068 Contract Management Responsibilities**

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

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

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.

**2.072 State Consent to Delegation**

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 SLA for the affected Work will not be counted for a time agreed upon by the parties.

**2.073 Subcontractor Bound to Contract**

In any subcontracts entered into by Contractor for the performance of the Services, Contractor 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.

**2.074 Flow Down**

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

**2.075 Competitive Selection**

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

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

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

**2.082 Facilities**

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



## **2.090 Security**

### **2.091 Background Checks**

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

All Contractor personnel 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/dit>. 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.

### **2.092 Security Breach Notification**

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

### **2.093 PCI Data Security Requirements – Reserved/Not Applicable**

## **2.100 Confidentiality**

### **2.101 Confidentiality**

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

### **2.102 Protection and Destruction of Confidential Information**

The State and Contractor 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 to fulfill the purposes of this Contract. Disclosure to, and use by, a Subcontractor is permissible where (A) use of a Subcontractor is authorized under this Contract, (B) the disclosure is necessary or otherwise naturally occurs in connection with work that is within the Subcontractor's scope of responsibility, and (C) Contractor obligates the Subcontractor in a written Contract to maintain the State's Confidential Information in confidence. At the State's request, any employee of Contractor and of any Subcontractor having access or continued access to the State's Confidential Information may be required to execute an acknowledgment that the employee has been advised of Contractor's and the Subcontractor's obligations under this Section and of the employee's obligation to Contractor or Subcontractor, as the case may be, to protect the Confidential Information from unauthorized use or disclosure.



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

### **2.103 Exclusions**

Notwithstanding the foregoing, the provisions of **Section 2.080** will not apply to any particular information which the State or Contractor can demonstrate (i) was, at the time of disclosure to it, in the public domain; (ii) after disclosure to it, is published or otherwise becomes part of the public domain through no fault of the receiving party; (iii) was in the possession of the receiving party at the time of disclosure to it without an obligation of confidentiality; (iv) was received after disclosure to it from a third party who had a lawful right to disclose the information to it without any obligation to restrict its further disclosure; or (v) was independently developed by the receiving party without reference to Confidential Information of the furnishing party. Further, the provisions of **Section 2.080** will not apply to any particular Confidential Information to the extent the receiving party is required by law to disclose the Confidential Information, provided that the receiving party (i) promptly provides the furnishing party with notice of the legal request, and (ii) assists the furnishing party in resisting or limiting the scope of the disclosure as reasonably requested by the furnishing party.

### **2.104 No Implied Rights**

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

### **2.105 Respective Obligations**

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

## **2.110 Records and Inspections**

### **2.111 Inspection of Work Performed**

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

### **2.112 Examination of Records**

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

### **2.113 Retention of Records**

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

### **2.114 Audit Resolution**

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

**2.115 Errors**

(a) If the audit demonstrates any errors in the documents provided to the State, then the amount in error must be reflected as a credit or debit on the next invoice and in subsequent invoices until the amount is paid or refunded in full. However, a credit or debit may not be carried for more than four invoices. If a balance remains after four invoices, then the remaining amount will be due as a payment or refund within 45 days of the last quarterly invoice that the balance appeared on or termination of 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 10%, then the Contractor must pay all of the reasonable costs of the audit.

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

The Contractor represents and warrants:

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

(b) 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) The Contract signatory has the power and authority, including any necessary corporate authorizations, necessary to enter into this Contract, on behalf of Contractor.

(e) It is qualified and registered to transact business in all locations where required.

(f) Neither the Contractor nor any Affiliates, nor any employee of either, has, must have, or must acquire, any contractual, financial, business, or other interest, direct or indirect, that would conflict in any manner or degree with Contractor's performance of its duties and responsibilities to the State under this Contract or otherwise create an appearance of impropriety with respect to the award or performance of this Agreement. Contractor must notify the State about the nature of the conflict or appearance of impropriety within two days of learning about it.

(g) Neither Contractor nor any Affiliates, nor any employee of either has accepted or must accept anything of value based on an understanding that the actions of the Contractor or Affiliates or employee on behalf of the State would be influenced. Contractor must not attempt to influence any State employee by the direct or indirect offer of anything of value.

(h) Neither Contractor nor any Affiliates, nor any employee of either has paid or agreed to pay any person, other than bona fide employees and consultants working solely for Contractor or the Affiliate, any fee, commission, percentage, brokerage fee, gift, or any other consideration, contingent upon or resulting from the award or making of this Contract.

(i) 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.



(j) All financial statements, reports, and other information furnished by Contractor to the State as part of its response to the RFP or otherwise in connection with the award of this Contract fairly and accurately represent the business, properties, financial condition, and results of operations of Contractor as of the respective dates, or for the respective periods, covered by the financial statements, reports, other information. Since the respective dates or periods covered by the financial statements, reports, or other information, there have been no material adverse change in the business, properties, financial condition, or results of operations of Contractor.

(k) All written information furnished to the State by or for the Contractor in connection with this Contract, including its bid, is true, accurate, and complete, and contains no untrue statement of material fact or omits any material fact necessary to make the information not misleading.

(l) It is not in material default or breach of any other Contract or agreement that it may have with the State or any of its departments, commissions, boards, or agencies. Contractor further represents and warrants that it has not been a party to any Contract with the State or any of its departments that was terminated by the State or the department within the previous five years for the reason that Contractor failed to perform or otherwise breached an obligation of the Contract.

(m) If any of the certifications, representations, or disclosures made in the Contractor's original bid response change after Contract award, the Contractor is required to report those changes immediately to the Department of Management and Budget, Purchasing Operations.

**2.122 Warranty of Merchantability – Deleted/Not Applicable**

**2.123 Warranty of Fitness for a Particular Purpose– Deleted/Not Applicable**

**2.124 Warranty of Title– Deleted/Not Applicable**

**2.125 Equipment Warranty– Deleted/Not Applicable**

**2.126 Equipment to be New– Deleted/Not Applicable**

**2.127 Prohibited Products– Deleted/Not Applicable**

**2.128 Consequences For Breach**

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

**2.130 Insurance**

**2.131 Liability Insurance**

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

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

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

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

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



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

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

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

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

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

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

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

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

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

4. Employers liability insurance with the following minimum limits:
- \$100,000 each accident
  - \$100,000 each employee by disease
  - \$500,000 aggregate disease

5. Employee Fidelity, including Computer Crimes, insurance naming the State as a loss payee, providing coverage for direct loss to the State and any legal liability of the State arising out of or related to fraudulent or dishonest acts committed by the employees of Contractor or its Subcontractors, acting alone or in collusion with others, in a minimum amount of 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 must 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 the office space, including without limitation, those contents used by Contractor to provide the Services to the State, up to its replacement value, where the office space and its contents are under the care, custody and control of Contractor. The policy must 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 must be endorsed on the policy as a loss payee as its interests appear.

**2.132 Subcontractor Insurance Coverage**

Except where the State has approved in writing a Contractor subcontract with other insurance provisions, Contractor must require all of its Subcontractors under this Contract to purchase and maintain the insurance coverage as described in this Section for the Contractor in connection with the performance of work by those Subcontractors. Alternatively, Contractor may include any Subcontractors under Contractor's insurance on the coverage required in this Section. Subcontractor(s) must 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.

**2.133 Certificates of Insurance and Other Requirements**

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

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

**2.140 Indemnification****2.141 General Indemnification**

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

**2.142 Code Indemnification**

To the extent permitted by law, the Contractor 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.

**2.143 Employee Indemnification**

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

**2.144 Patent/Copyright Infringement Indemnification**

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

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

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

**2.145 Continuation of Indemnification Obligations**

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

**2.146 Indemnification Procedures**

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

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

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



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

### **2.150 Termination/Cancellation**

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

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

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

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

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

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

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

#### **2.153 Termination for Convenience**

The State may terminate this Contract for its convenience, in whole or part, if the State determines that a termination is in the State's best interest. Reasons for the termination must be left to the sole discretion of the State and may include, but not necessarily be limited to (a) the State no longer needs the Services or products specified in 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 before the date of termination. If the State chooses to terminate this Contract in part, the charges payable under this Contract must be equitably adjusted to reflect those Services/Deliverables that are terminated. Services and related provisions of this Contract that are terminated for cause must cease on the effective date of the termination.

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

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



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

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

### **2.135 Termination for Criminal Conviction**

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

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

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

### **2.157 Rights and Obligations upon Termination**

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

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

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

### **2.158 Reservation of Rights**

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



## **2.160 Termination by Contractor**

### **2.161 Termination by Contractor**

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

The Contractor may terminate this Contract if the State (i) materially breaches its obligation to pay the Contractor undisputed amounts due and owing under this Contract, (ii) breaches its other obligations under this Contract to an extent that makes it impossible or commercially impractical for the Contractor to perform the Services, or (iii) does not cure the breach within the time period specified in a written notice of breach. But the Contractor must discharge its obligations under **Section 2.160** before it terminates the Contract.

## **2.170 Transition Responsibilities**

### **2.171 Contractor Transition Responsibilities**

If the State terminates this Contract, for convenience or cause, or if the Contract is otherwise dissolved, voided, rescinded, nullified, expires or rendered unenforceable, the Contractor agrees to comply with direction provided by the State to assist in the orderly transition of equipment, services, software, leases, etc. to the State or a third party designated by the State. If this Contract expires or terminates, the Contractor agrees to make all reasonable efforts to effect an orderly transition of services within a reasonable period of time that in no event will exceed 6 months or 180 days. These efforts must include, but are not limited to, those listed in **Sections 2.141, 2.142, 2.143, 2.144, and 2.145**.

### **2.172 Contractor Personnel Transition**

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

### **2.173 Contractor Information Transition**

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.

### **2.174 Contractor Software Transition**

The Contractor must reasonably assist the State in the acquisition of any Contractor software required to perform the Services/use the Deliverables under this Contract. This must include any documentation being used by the Contractor to perform the Services under this Contract. If the State transfers any software licenses to the Contractor, those licenses must, upon expiration of 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.

### **2.175 Transition Payments**

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

**2.176 State Transition Responsibilities**

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

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

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

The State may, at any time, by written stop work order to Contractor, require that Contractor stop all, or any part, of the work called for by 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 must be identified as a stop work order and must indicate that it is issued under this **Section 2.150**. Upon receipt of the stop work order, Contractor must immediately comply with its terms and take all reasonable steps to minimize incurring costs allocable to the work covered by the stop work order during the period of work stoppage. Within the period of the stop work order, the State must either: (a) cancel the stop work order; or (b) terminate the work covered by the stop work order as provided in **Section 2.130**.

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

The Contractor must resume work if the State cancels a Stop Work Order or if it expires. The parties will agree upon an equitable adjustment in the delivery schedule, the Contract price, or both, and the Contract must be modified, in writing, accordingly, if: (a) the stop work order results in an increase in the time required for, or in Contractor's costs properly allocable to, the performance of any part of 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 2.024**.

**2.183 Allowance of Contractor Costs**

If the stop work order is not canceled and the work covered by the stop work order is terminated for reasons other than material breach, the termination must be deemed to be a termination for convenience under **Section 2.130**, and the State will pay reasonable costs resulting from the stop work order in arriving at the termination settlement. For the avoidance of doubt, the State is not be liable to Contractor for loss of profits because of a stop work order issued under this **Section 2.150**.

**2.190 Dispute Resolution****2.191 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 must 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 must submit a letter, together with all data supporting the claims, executed by Contractor's Contract Administrator or the Contract Administrator's designee certifying that (a) the claim is made in good faith, (b) the amount claimed accurately reflects the adjustments in the amounts payable to Contractor or the time for Contractor's performance for which Contractor believes the State is liable and covers all costs of every type to which Contractor is entitled from the occurrence of the claimed event, and (c) the claim and the supporting data are current and complete to Contractor's best knowledge and belief.

**2.192 Informal Dispute Resolution**

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

- (i) The representatives of Contractor and the State must meet as often as the parties reasonably deem necessary to gather and furnish to each other all information with respect to the matter in issue which the parties believe to be appropriate and germane in connection with its resolution. The representatives must discuss the problem and negotiate in good faith in an effort to resolve the dispute without the necessity of any formal proceeding.



- (ii) During the course of negotiations, all reasonable requests made by one party to another for non-privileged information reasonably related to 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, must issue a written opinion regarding the issue(s) in dispute within 30 calendar days. The opinion regarding the dispute must be considered the State's final action and the exhaustion of administrative remedies.

(b) This Section 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 under **Section 2.163**.

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

### **2.193 Injunctive Relief**

The only circumstance in which disputes between the State and Contractor will not be subject to the provisions of **Section 2.162** is where a party makes a good faith determination that a breach of the terms of the Contract by the other party is the that the damages to the party resulting from the breach will be so immediate, so large or severe and so incapable of adequate redress after the fact that a temporary restraining order or other immediate injunctive relief is the only adequate remedy.

### **2.194 Continued Performance**

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

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

### **2.201 Nondiscrimination**

In the performance of 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 under the Elliot Larsen Civil Rights Act, 1976 PA 453, MCL 37.2101, et seq., and the Persons with Disabilities Civil Rights Act, 1976 PA 220, MCL 37.1101, et seq., and any breach of this provision may be regarded as a material breach of the Contract.

### **2.202 Unfair Labor Practices**

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

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

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



### **2.210 Governing Law**

#### **2.211 Governing Law**

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

#### **2.212 Compliance with Laws**

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

#### **2.213 Jurisdiction**

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

### **2.220 Limitation of Liability**

#### **2.221 Limitation of Liability**

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

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

### **2.230 Disclosure Responsibilities**

#### **2.231 Disclosure of Litigation**

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

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

- (i) the ability of Contractor (or a Subcontractor) to continue to perform this Contract according to its terms and conditions, or
- (ii) whether Contractor (or a Subcontractor) in performing Services for the State is engaged in conduct which is similar in nature to conduct alleged in the Proceeding, which conduct would constitute a breach of this Contract or a violation of Michigan law, regulations or public policy, then the Contractor must provide the State all reasonable assurances requested by the State to demonstrate that:



(a) Contractor and its Subcontractors will be able to continue to perform this Contract and any Statements of Work according to its terms and conditions, and

(b) Contractor and its Subcontractors have not and will not engage in conduct in performing the Services which is similar in nature to the conduct alleged in the Proceeding.

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

(1) Within 30 days of Contractor becoming aware that a change in its ownership or officers has occurred, or is certain to occur, or a change that could result in changes in the valuation of its capitalized assets in the accounting records, Contractor must notify DMB Purchasing Operations.

(2) Contractor must also notify DMB Purchasing Operations within 30 days whenever changes to asset valuations or any other cost changes have occurred or are certain to occur as a result of a change in ownership or officers.

(3) Contractor must also notify DMB Purchasing Operations within 30 days whenever changes to company affiliations occur.

### **2.232 Call Center Disclosure**

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

### **2.233 Bankruptcy**

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

(a) the Contractor files for protection under the bankruptcy laws;

(b) an involuntary petition is filed against the Contractor and not removed within 30 days;

(c) the Contractor becomes insolvent or if a receiver is appointed due to the Contractor's insolvency;

(d) the Contractor makes a general assignment for the benefit of creditors; or

(e) the Contractor or its affiliates are unable to provide reasonable assurances that the Contractor or its affiliates can deliver the services under this Contract.

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

### **2.240 Performance**

#### **2.241 Time of Performance**

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

(b) Without limiting the generality of **Section 2.211(a)**, Contractor must notify the State in a timely manner upon becoming aware of any circumstances that may reasonably be expected to jeopardize the timely and successful completion of any Deliverables/Services on the scheduled due dates in the latest State-approved delivery schedule and must inform the State of the projected actual delivery date.

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

#### **2.242 Service Level Agreements (SLAs) – Deleted/Not Applicable**



### 2.243 Liquidated Damages

The parties acknowledge that late or improper completion of the Work will cause loss and damage to the State, and that it would be impracticable and extremely difficult to fix the actual damage sustained by the State as a result. Therefore, Contractor and the State agree that if there is late or improper completion of the Work and the State does not elect to exercise its rights under **Section 2.120**, the State is entitled to collect liquidated damages in the amount of \$5,000.00 and an additional \$100.00 per day for each day Contractor fails to remedy the late or improper completion of the Work.

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 2.120**, 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 is \$25,000.00 per individual if the Contractor identifies a replacement approved by the State under **Section 2.060** and assigns the replacement to the Project to shadow the Key Personnel who is leaving for a period of at least 30 days before the Key Personnel's removal.

If Contractor fails to assign a replacement to shadow the removed Key Personnel for at least 30 days, in addition to the \$25,000.00 liquidated damages for an Unauthorized Removal, Contractor must pay the amount of \$833.33 per day for each day of the 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 30 days of shadowing must not exceed \$50,000.00 per individual.

### 2.244 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 the 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 a party; provided the non-performing party and its Subcontractors are without fault in causing the default or delay, and the default or delay could not have been prevented by reasonable precautions and cannot reasonably be circumvented by the non-performing party through the use of alternate sources, workaround plans or other means, including disaster recovery plans.

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

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

The Contractor will not have the right to any additional payments from the State as a result of any Excusable Failure occurrence or to payments for Services not rendered/Deliverables not provided as a result of the Excusable Failure condition. Defaults or delays in performance by Contractor which are caused by acts or omissions of its Subcontractors will not relieve Contractor of its obligations under 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.



### **2.250 Approval of Deliverables – Deleted/Not Applicable**

### **2.260 Ownership**

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

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

#### **2.262 Vesting of Rights**

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

#### **2.263 Rights in Data**

(a) The State is the owner of all data made available by the State to the Contractor or its agents, Subcontractors or representatives under the Contract. The 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 the Contractor. No employees of the Contractor, other than those on a strictly need-to-know basis, have access to the State's data. Contractor will not possess or assert any lien or other right against the State's data. Without limiting the generality of this Section, the Contractor must only use personally identifiable information as strictly necessary to provide the Services and must disclose the information only to its employees who have a strict need-to-know the information. The Contractor must comply at all times with all laws and regulations applicable to the personally identifiable information.

(b) The State is the owner of all State-specific data under 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 may use personally identifiable information only as strictly necessary to utilize the Services and must disclose the information only to its employees who have a strict need to know the information, except as provided by law. The State must comply at all times with all laws and regulations applicable to the personally identifiable information. Other material developed and provided to the State remains the State's sole and exclusive property.

#### **2.264 Ownership of Materials**

The State and the Contractor will continue to own their respective proprietary technologies developed before entering into 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.

### **2.270 State Standards**

#### **2.271 Existing Technology Standards**

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

#### **2.272 Acceptable Use Policy**

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

**2.273 Systems Changes**

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

**2.280 Extended Purchasing****2.281 MIDEAL – Deleted/Not Applicable****2.282 State Employee Purchases – Deleted/Not Applicable****2.290 Environmental Provision****2.291 Environmental Provision**

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

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

**Hazardous Materials:**

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

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

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



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

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

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

**Refrigeration and Air Conditioning:**

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

**Environmental Performance:**

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

**ATTACHMENT A - PRICE PROPOSAL**

Medversant Technologies, LLC  
Detailed Budget for Pricing Proposal

			# months: 6		# months: 6		# months: 12	
Name	Title	Annual Salary	Phase 1		Phase 2		Phase 3	
			% Effort	Total Costs	% Effort	Total Costs	% Effort	Total Costs
Jennifer Schaab	Contracts Administrator	\$ 120,000	20%	\$ 12,000	10%	\$ 6,000	10%	\$ 12,000
Jerry Vo	Project Manager*	\$ 70,006	75%	\$ 26,252	30%	\$ 10,501	30%	\$ 21,002
Marilyn Geller	Project Specialist	\$ 95,000	50%	\$ 23,750	10%	\$ 4,750	10%	\$ 9,500
Jason Huang	Interface Analyst*	\$ 78,050	75%	\$ 29,269	5%	\$ 1,951	5%	\$ 3,903
John Dilig	Tech. Serv. Engineer*	\$ 44,996	50%	\$ 11,249	5%	\$ 1,125	5%	\$ 2,250
Judith Stone	Trainer	\$ 70,000	50%	\$ 17,500	20%	\$ 7,000	20%	\$ 14,000
<b>TOTAL COSTS PER PHASE</b>				\$ 120,020		\$ 31,327		\$ 62,854
<b>TOTAL SALARIES ALL PHASES</b>								\$ 214,000
*Individuals that will work on any/all technology related enhancements								
<b>Credentialing Costs:</b>			<b># Practitioners</b>		<b>Credentialing Costs</b>		<b># Practitioners</b>	
NCOA per file fee	\$ 15.00		0	\$ -	33%	\$ 247,500	87%	\$ 502,500
# of Medicaid Providers	50,000				16,500		33,500	
<b>Equipment, Supplies and Travel</b>			\$ -		\$ -		\$ -	
All costs to be incurred by Medversant								
<b>TOTAL COSTS PER PHASE</b>				\$120,020		\$278,827		\$565,154
<b>TOTAL PROJECT COSTS</b>								\$964,000

Detailed Provider Package Elements:

Medversant			per item costs based upon # of minutes to complete task for each staff member			
Credentialing Staff:	Hourly rate	Task/Element	Minutes to Complete**	Element Cost (incl. 3rd party fees)	3rd party fees	Comments
Nila Andras	\$ 15.50	App Send/collect/data entry	10	\$ 2.88		
Falicia Chen	\$ 16.11	DEA/EPLS/NPDB/Lic	60	\$ 0.77		New app
Hannah Chung	\$ 17.07	Facilities/Affiliations/Employment	3	\$ 0.81		
Dexter Erise	\$ 17.31	Educ, Train'g, Boards	3	\$ 0.81		
Alex Mayorga	\$ 16.11	Liabilities expiring	5.8	\$ 1.56	\$ 4.75	
Terry Pang	\$ 17.31	App Intake, Client Rules	4	\$ 1.07		
Ryan Quan	\$ 17.31	Liabilities	6	\$ 1.73		
Chris Syravong	\$ 18.27	Auditor				
Kevin Tham	\$ 18.27	Auditor, Reports	7	\$ 0.40		
Nickolas Wrobel	\$ 16.11	Peers, floater	7	\$ 0.40		
	\$ 169.35					
		Verify via attestation:				
		Liability coverage	4	\$ 1.15	\$ 0.54	
		Affiliations	4	\$ 1.14		
		Employment	4	\$ 1.14		
		Facilities	4	\$ 1.14		
			121.3	\$ 15.00		

\*\*Minutes to Complete: includes audit of data entry to the application, search of the primary source documentation according to client specifications for each element, uploading of documentation and verifying. One additional minute for the Auditor's time to audit each element.

The Contractor offers a 2% quick payment discount to the State if the monthly invoice is paid within 30 days of its mailing.

## ATTACHMENT B

Table 1

The MDCH regulates health professionals in Michigan who are licensed, registered, or certified to practice following Articles 7, 15 and 17 of the Michigan Public Health Code and 42 Code of Federal Regulation (CFR) Part 483.

The table below identifies the total number of professionals licensed by the State as of June 2007 as well as the total number that may participate in the Michigan Medicaid Program as a Medicaid Provider.

### Table 1 Licensed Health Professionals

Overall Total Licensed Health Professionals as of April 2008: **334,956**

Total Licensed Health Professionals eligible to qualify as a Medicaid Provider as of April 2008: **247,081\***

<b>Board of</b>	<b>Profession</b>	<b>Renew Date</b>	<b>Renew Term yrs</b>	<b>Eligible as Medicaid Provider*</b>	<b>Total Licensed</b>
<u>Audiology</u>	Audiologists*	31-Dec	2	478	<b>478</b>
<u>Chiropractic</u>	Chiropractors*	30-Nov	2	2,863	<b>2,863</b>
<u>Counseling</u>	Counselors	31-May	3		<b>7,744</b>
<u>Dentistry</u>	Dentists*	31-Aug	3	17,445	<b>18,807</b>
<u>Marriage &amp; Family Therapy</u>	Marriage and Family Therapists	31-Jan	2		<b>843</b>
<u>Medicine</u>	Medical Doctor*	31-Jan	3	30,489	<b>33,921</b>
<u>Nursing</u>	Nurse Registered and LPN*	31-Mar	2	154,964	<b>154,964</b>
<u>Nursing Home Administrators</u>	Nursing Home Administrators	31-Oct	2		<b>1,137</b>
<u>Occupational Therapists</u>	Occupational Therapists*	31-May	2	4,484	<b>5,655</b>
<u>Optometry</u>	Optometrists*	30-Jun	2	1,602	<b>1,602</b>
<u>Osteopathic Medicine and Surgery</u>	Osteopathic Doctors*	31-Dec	3	6,380	<b>7,148</b>
<u>Pharmacy</u>	Pharmacists*	30-Jun	2	12,731	<b>14,452</b>
<u>Physical Therapy</u>	Physical Therapists*	31-Jul	2	8,216	<b>8,216</b>
<u>Physician's Assistants Task Force</u>	Physician's Assistants*	31-Aug	2	3,034	<b>3,045</b>
<u>Podiatric Medicine &amp; Surgery</u>	Podiatrists*	01-Mar	3	774	<b>808</b>
<u>Psychology</u>	Psychologists*	31-Aug	2	6,504	<b>6,913</b>
<u>Respiratory Care</u>	Respiratory Therapists and Temp	31-Dec	2		<b>4,359</b>
<u>Social Work</u>	Social Work – MA, BA, SS Tech	30-Apr	3		<b>26,856</b>
<u>Sanitarians</u>	Sanitarians	30-Nov	2		<b>547</b>
<u>Veterinary Medicine</u>	Veterinarians	31-Dec	2		<b>5,677</b>
<u>EMS/Trauma</u>	EMT; Paramedic				<b>28,921</b>

\* These licensed health professionals may participate in the Michigan Medicaid Program.