

STATE OF MICHIGAN
 DEPARTMENT OF TECHNOLOGY, MANAGEMENT & BUDGET
 PROCUREMENT

525 W. ALLEGAN STREET
 LANSING, MI 48933

P.O. BOX 30026
 LANSING, MI 48909

CHANGE NOTICE NO. 6
 to
 CONTRACT NO. 071B1300320
 between
 THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF CONTRACTOR	PRIMARY CONTACT	EMAIL
Public Consulting Group Inc 148 State Street, 10th Floor Boston MA, 02109	Rick Dwyer	rdwyer@pcgus.com
	PHONE	CONTRACTOR'S TAX ID NO. (LAST FOUR DIGITS ONLY)
	617-426-2026	*****2913

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
PROGRAM MANAGER / CCI	DHHS	Kevin Dunn	(517) 241-4845	dunnk3@Michigan.gov
CONTRACT ADMINISTRATOR	DTMB	Dan Stevens	(517) 284-7049	StevensD6@michigan.gov

CONTRACT SUMMARY				
DESCRIPTION: Third Party Billing Services - DHHS				
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW	
August 1, 2011	July 31, 2014	4 - 1 Year	March 31, 2016	
PAYMENT TERMS		DELIVERY TIMEFRAME		
NET 45		N/A		
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING	
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
MINIMUM DELIVERY REQUIREMENTS				
N/A				

DESCRIPTION OF CHANGE NOTICE				
EXERCISE OPTION?	LENGTH OF OPTION	EXERCISE EXTENSION?	LENGTH OF EXTENSION	REVISED EXP. DATE
<input checked="" type="checkbox"/>	6 months	<input type="checkbox"/>		September 30, 2016
CURRENT VALUE		VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE	
align="center">\$6,741,332.00		\$ 0.00	align="center">\$6,741,332.00	
DESCRIPTION: Effective March 31, 2016, a six month option is hereby exercised. The revised Contract expiration date is September 30, 2016. Please note the Contract Administrator has been changed to Dan Stevens. All other terms, conditions, specifications and pricing remain the same. Per vendor and agency agreement, and DTMB procurement approval.				

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

CHANGE NOTICE NO. 5
 to
CONTRACT NO. 071B1300320
 between
THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF CONTRACTOR	PRIMARY CONTACT	EMAIL
Public Consulting Group 148 State Street 10th Floor Boston, MA 02109	Rick Dwyer	rdwyer@pcgus.com
	PHONE	CONTRACTOR'S TAX ID NO. (LAST FOUR DIGITS ONLY)
	617-426-2026	2913

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
PROGRAM MANAGER / CCI	DCH	Kevin Dunn	517-241-4845	Dunnk3@michigan.gov
CONTRACT ADMINISTRATOR	DTMB	Brandon Samuel	517-284-7025	samuelb@michigan.gov

CONTRACT SUMMARY				
DESCRIPTION: Third Party Billing Services				
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW	
August 1, 2011	July 31, 2014	4-one year	September 30, 2015	
PAYMENT TERMS		DELIVERY TIMEFRAME		
Net 45		N/A		
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING	
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
MINIMUM DELIVERY REQUIREMENTS				
N/A				

DESCRIPTION OF CHANGE NOTICE				
EXERCISE OPTION?	LENGTH OF OPTION	EXERCISE EXTENSION?	LENGTH OF EXTENSION	REVISED EXP. DATE
<input checked="" type="checkbox"/>	6 Months	<input type="checkbox"/>		March 31, 2016
CURRENT VALUE		VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE	
\$6,741,332.00		\$0.00	\$6,741,332.00	

DESCRIPTION: Effective August 1, 2015, a six month option is utilized on this contract is hereby exercised. The revised contract expiration date is March 31, 2016. The following items are ADDED to this Contract, per revised attachment.

Please note the Contract Compliance Inspector has been changed to Kevin Dunn.

All other terms, conditions, specifications and pricing remain the same. Per vendor and agency agreement, and DTMB Procurement approval.

Change Notice Number: 5

Contract Number: 071B1300320

Michigan Department of Community Health DTMB
Contract# 071B1300320
Revised Proposed Schedule of Titrating Billing By PCG

The following are estimated dates that identified hospital will no longer be billed by PCG. Note that these dates are approximate actual dates may change:

- July 14, 2015- PCG stops billing for Medicare Part D for WRPH with service date beginning 6/1/2015.
- August 11, 2015- PCG stops billing for Medicare Part D for CARO with service date beginning 7/1/2015.
- August 17, 2015- PCG stops billing for all remaining services for WRPH with services date beginning 6/1/2014.
- October 6, 2015- PCG stops billing for Medicare Part D for CFP with service date beginning 8/1/2015.
- September 15, 2015- PCG stops billing for all remaining services for CARO with services date beginning 7/1/2015.
- October 15, 2015- PCG stops billing for all remaining services for CFP with services date beginning 8/1/2015.
- March 31, 2016- Estimated time for final billing by PCG.

NOTE: The times are estimates based on the latest schedule of Avatar go-live dates provided by DTMB. The dates are subject to change based on changes to the go-live schedule. This schedule does not include hospitals that had go-live dates prior to 7/1/2015.

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

CHANGE NOTICE NO. 4
 to
CONTRACT NO. 071B1300320
 between
THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
Public Consulting Group, Inc. 148 State Street 10 th Floor Boston, MA 02109	Rick Dwyer	rdwyer@pcgus.com
	TELEPHONE	CONTRACTOR #, MAIL CODE
	(617) 426-2026	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR	DCH	Greg Rivet	(517) 335-5096	rivetg@michigan.gov
BUYER	DTMB	Brandon Samuel	(517) 241-1218	samuelb@michigan.gov

CONTRACT SUMMARY:			
DESCRIPTION: Third Party Billing Services – Michigan Department of Community Health			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
August 1, 2011	July 31, 2014	4, 1 yr. options	January 31, 2015
PAYMENT TERMS	F.O.B	SHIPPED	SHIPPED FROM
Net 45	N/A	N/A	N/A
ALTERNATE PAYMENT OPTIONS:			AVAILABLE TO MiDEAL PARTICIPANTS
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS:			
N/A			

DESCRIPTION OF CHANGE NOTICE:				
EXTEND CONTRACT EXPIRATION DATE	EXERCISE CONTRACT OPTION YEAR(S)	EXTENSION BEYOND CONTRACT OPTION YEARS	LENGTH OF OPTION/EXTENSION	EXPIRATION DATE AFTER CHANGE
<input type="checkbox"/> No <input checked="" type="checkbox"/> Yes	<input checked="" type="checkbox"/>	<input type="checkbox"/>	8 Months	September 30, 2015
VALUE/COST OF CHANGE NOTICE:		ESTIMATED REVISED AGGREGATE CONTRACT VALUE:		
\$0.00		\$6,741,322.00		

Effective February 1, 2015, the option year available on this Contract is hereby exercised. The REVISED Contract expiration date is September 30, 2015. The following items are ADDED to this Contract, per revised attachment.
 All other terms, conditions, specifications and pricing remain the same. Per vendor and agency agreement, and DTMB Procurement approval.

DTMB Contract # 071B1300320

Estimated Schedule of Titrating Billing

The following are the revised dates and estimated dates that the identified hospital will no longer be billed by PCG:

Estimated Date	Date Completed	New Estimated Date	Action
4/14/2014	5/14/2014	N/A	PCG stops billing for all services for Hawthorn with services date beginning 3/1/14.
5/14/2014	5/14/2014	N/A	PCG stops billing for all services for Hawthorn with services date beginning 3/1/14.
4/22/2014	5/20/2014	N/A	PCG stops billing for Medicare Part D for KPH with service date beginning 4/1/2014.
5/20/2014	5/20/2014	N/A	PCG stopped billing for Medicare Part D for KPH with service date beginning 4/14/2014.
5/20/2014	N/A	TBD	PCG stops billing for Medicare Part D for WRPH on a date to be determined.
6/9/2014	6/9/2014	N/A	PCG stopped billing for all services for KPH with services date beginning 4/1/14.
6/17/2014	N/A	TBD	PCG stops billing for Medicare Part D for CARO on a date to be determined.
7/14/2014	N/A	TBD	PCG stops billing for all remaining services for WRPH on a date to be determined.
7/15/2014	N/A	TBD	PCG stops billing for Medicare Part D for CFP on a date to be determined.
8/11/2014	N/A	TBD	PCG stops billing for all remaining services for CARO on a date to be determined.
9/8/2014	N/A	TBD	PCG stops billing for all remaining services for CFP on a date to be determined.
January, 2015	N/A	TBD	Estimated time for final billing by PCG.

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

CHANGE NOTICE NO. 3
 to
CONTRACT NO. 071B1300320
 between
THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
Public Consulting Group, Inc. 148 State Street 10 th Floor Boston, MA 02109	Rick Dwyer	rdwyer@pcgus.com
	TELEPHONE	CONTRACTOR #, MAIL CODE
	(617) 426-2026	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR	DCH	Greg Rivet	(517) 335-5096	rivetg@michigan.gov
BUYER	DTMB	Brandon Samuel	(517) 241-1218	samuelb@michigan.gov

CONTRACT SUMMARY:			
Third Party Billing Services – Michigan Department of Community Health			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
August 1, 2011	July 31, 2014	4, 1 yr. options	July 31, 2014
PAYMENT TERMS	F.O.B	SHIPPED	SHIPPED FROM
Net 45	N/A	N/A	N/A
ALTERNATE PAYMENT OPTIONS:			AVAILABLE TO MiDEAL PARTICIPANTS
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS:			
N/A			

DESCRIPTION OF CHANGE NOTICE:				
EXTEND CONTRACT EXPIRATION DATE	EXERCISE CONTRACT OPTION YEAR(S)	EXTENSION BEYOND CONTRACT OPTION YEARS	LENGTH OF OPTION/EXTENSION	EXPIRATION DATE AFTER CHANGE
<input type="checkbox"/> No <input checked="" type="checkbox"/> Yes	<input checked="" type="checkbox"/>	<input type="checkbox"/>	6 months	January 31, 2015
VALUE/COST OF CHANGE NOTICE:		ESTIMATED REVISED AGGREGATE CONTRACT VALUE:		
\$2,000,000.00		\$6,741,322.00		

Effective immediately, this contract is hereby extended to January 31, 2015 and increased by \$2,000,000.00. Also, the attached Titrating Schedule is hereby incorporated and replaces all previous versions. All other terms, conditions, pricing and specifications remain the same. Per contractor and agency agreement, DTMB Procurement approval and the approval of the State Administrative Board on March 11, 2014.

Estimated Schedule of Titrating Billing

The following are estimated dates that the identified hospital will no longer be billed by PCG. Note that these dates are approximate; actual dates may change:

Estimated Date	Action
April 14, 2014	PCG stops billing for all services for Hawthorn with services date beginning February 1, 2014.
April 22, 2014	PCG stops billing for Medicare Part D for KPH with service date beginning March 17, 2014.
May 20, 2014	PCG stops billing for Medicare Part D for WRPH with service date beginning April 14, 2014.
June 9, 2014	PCG stops billing for all remaining services for KPH with services date beginning April 1, 2014.
June 17, 2014	PCG stops billing for Medicare Part D for CARO with service date beginning May 12, 2014.
July 14, 2014	PCG stops billing for all remaining services for WRPH with services date beginning May 1, 2014.
July 15, 2014	PCG stops billing for Medicare Part D for CFP with service date beginning June 9, 2014.
August 11, 2014	PCG stops billing for all remaining services for CARO with services date beginning May 1, 2014.
September 8, 2014	PCG stops billing for all remaining services for CFP with services date beginning July 1, 2014.
January, 2015	Estimated time for final billing by PCG.

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

CHANGE NOTICE NO. 2
 to
CONTRACT NO. 071B1300320
 between
THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
Public Consulting Group, Inc. 148 State Street 10 th Floor Boston, MA 02109	Rick Dwyer	rdwyer@pcgus.com
	TELEPHONE	CONTRACTOR #, MAIL CODE
	(617) 426-2026	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR	DCH	Greg Rivet	(517) 335-5096	rivetg@michigan.gov
BUYER	DTMB	Brandon Samuel	(517) 241-1218	samuelb@michigan.gov

CONTRACT SUMMARY:			
Third Party Billing Services – Michigan Department of Community Health			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
August 1, 2011	July 31, 2014	4, 1 yr. options	July 31, 2014
PAYMENT TERMS	F.O.B	SHIPPED	SHIPPED FROM
Net 45	N/A	N/A	N/A
ALTERNATE PAYMENT OPTIONS:			AVAILABLE TO MiDEAL PARTICIPANTS
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS:			
N/A			

DESCRIPTION OF CHANGE NOTICE:				
EXTEND CONTRACT EXPIRATION DATE	EXERCISE CONTRACT OPTION YEAR(S)	EXTENSION BEYOND CONTRACT OPTION YEARS	LENGTH OF OPTION/EXTENSION	EXPIRATION DATE AFTER CHANGE
<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	<input type="checkbox"/>	<input type="checkbox"/>		July 31, 2014
VALUE/COST OF CHANGE NOTICE:			ESTIMATED REVISED AGGREGATE CONTRACT VALUE:	
\$0.00			\$4,741,322.00	

Effective immediately, the CCI is changed to the following:

Greg Rivet
rivetg@michigan.gov
 (517) 335-5096

Per DTMB Procurement approval.

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

CHANGE NOTICE NO. 1
 to
CONTRACT NO. 071B1300320
 between
THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
Public Consulting Group, Inc. 148 State Street 10 th Floor Boston, MA 02109	Rick Dwyer	rdwyer@pcgus.com
	TELEPHONE	CONTRACTOR #, MAIL CODE
	(617) 426-2026	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR	DCH	Laura Kwiecien	(517) 241-4878	kwiecienl@michigan.gov
BUYER	DTMB	Brandon Samuel	(517) 241-1218	samuelb@michigan.gov

CONTRACT SUMMARY:			
Third Party Billing Services – Michigan Department of Community Health			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
August 1, 2011	July 31, 2014	4, 1 yr. options	July 31, 2014
PAYMENT TERMS	F.O.B	SHIPPED	SHIPPED FROM
Net 45	N/A	N/A	N/A
ALTERNATE PAYMENT OPTIONS:			AVAILABLE TO MiDEAL PARTICIPANTS
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS:			
N/A			

DESCRIPTION OF CHANGE NOTICE:				
EXTEND CONTRACT EXPIRATION DATE	EXERCISE CONTRACT OPTION YEAR(S)	EXTENSION BEYOND CONTRACT OPTION YEARS	LENGTH OF OPTION/EXTENSION	EXPIRATION DATE AFTER CHANGE
<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	<input type="checkbox"/>	<input type="checkbox"/>		July 31, 2014
VALUE/COST OF CHANGE NOTICE:		ESTIMATED REVISED AGGREGATE CONTRACT VALUE:		
\$2,000,000.00		\$4,741,322.00		
Effective immediately, funds in the amount of \$2,000,000.00 is added to this Contract. All other terms, conditions, specifications and pricing remain unchanged. Per vendor and agency agreement, DTMB Procurement approval and the approval of the State Administrative Board on October 29, 2013.				

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

July 20, 2011

**NOTICE
OF
CONTRACT NO. 071B1300320
between
THE STATE OF MICHIGAN
and**

NAME & ADDRESS OF CONTRACTOR Public Consulting Group, Inc. 148 State Street 10th Floor Boston, Massachusetts 02109 Email: rdwyer@pcgus.com	TELEPHONE (617) 426-2026 Rick Dwyer
	CONTRACTOR NUMBER/MAIL CODE
	BUYER/CA (517) 241-1218 Brandon Samuel
Contract Compliance Inspector: Penny Saites 517-335-5096 Third Party Billing Services – Michigan Department of Community Health	
CONTRACT PERIOD: 3 yrs. + 4 one-year options From: August 1, 2011 To: July 31, 2014	
TERMS Net 45	SHIPMENT N/A
F.O.B. N/A	SHIPPED FROM N/A
ALTERNATE PAYMENT OPTIONS: <input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other	
MINIMUM DELIVERY REQUIREMENTS N/A	
MISCELLANEOUS INFORMATION:	

THIS CONTRACT IS EXTENDED TO LOCAL UNITS OF GOVERNMENT.

TOTAL ESTIMATED CONTRACT VALUE: \$2,741,332.00

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

CONTRACT NO. 071B1300320
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF CONTRACTOR Public Consulting Group, Inc. 148 State Street 10th Floor Boston, Massachusetts 02109 <p style="text-align: right;">Email: rdwyer@pcgus.com</p>	TELEPHONE (617) 426-2026 Rick Dwyer <hr/> CONTRACTOR NUMBER/MAIL CODE BUYER/CA (517) 241-1218 Brandon Samuel
Contract Compliance Inspector: Penny Saites 517-335-5096 Third Party Billing Services – Michigan Department of Community Health	
CONTRACT PERIOD: 3 yrs. + 4 one-year options From: August 1, 2011 To: July 31, 2014	
TERMS <p style="text-align: center;">Net 45</p>	SHIPMENT <p style="text-align: center;">N/A</p>
F.O.B. <p style="text-align: center;">N/A</p>	SHIPPED FROM <p style="text-align: center;">N/A</p>
ALTERNATE PAYMENT OPTIONS: <input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other	
MINIMUM DELIVERY REQUIREMENTS <p style="text-align: center;">N/A</p>	
MISCELLANEOUS INFORMATION: THIS CONTRACT IS EXTENDED TO LOCAL UNITS OF GOVERNMENT. The terms and conditions of this Contract are those of ITB #07111300122B, this Contract Agreement and the vendor's quote dated May 10, 2011 and final pricing dated June 13, 2011. 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. Estimated Contract Value: \$2,741,332.00	

THIS IS NOT AN ORDER: This Contract Agreement is awarded on the basis of our inquiry bearing the ITB #07111300122B. Orders for delivery will be issued directly by the Department of Community Health through the issuance of a Purchase Order Form.

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

FOR THE CONTRACTOR:

FOR THE STATE:

 Public Consulting Group, Inc.
 Firm Name

 Authorized Agent Signature

 Authorized Agent (Print or Type)

 Date

 Signature
 Natalie Spaniolo / Acting Director

 Name/Title
 DTMB-Purchasing Operations

 Division

 Date



STATE OF MICHIGAN
Department of Technology Management and Budget
Purchasing Operations

Contract No. [071B1300320](#)
Third Party Billing Services

Buyer Name: Brandon Samuel
Telephone Number: 517-241-1218
E-Mail Address: samuelb@michigan.gov



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DEFINITIONS

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

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

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

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

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

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

CCI means Contract Compliance Inspector.

Days means calendar days unless otherwise specified.

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

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

DTMB means the Michigan Department of Technology Management and Budget.

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

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

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

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

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

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

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



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

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

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

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

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

SLA means Service Level Agreement.

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

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

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

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

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

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

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

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



Article 1 – Statement of Work (SOW)

1.010 Project Identification

1.011 Project Request

This is a Contract for Michigan Department of Community Health (MDCH) for a third party web-based, billing service that will replace an obsolete billing system currently used to bill Medicare Part A and B, Medicaid and other commercial Insurances for institutional and professional services at five Centers for Medicare & Medicaid Service (CMS) certified, state-operated psychiatric facilities and a contracted billing service for Medicare Part D.

Any awarded Contract(s) between the State and any awarded Contractor(s) is a separate document, whose terms are limited by Article 2.

1.012 Background

The current itemized billing system has numerous limitations, including the inability to sequentially bill appropriate payers, determine status of claim, etc. and will not be compliant with HIPAA as of January 1, 2012. For such reasons, MDCH has determined that use of a third party billing service that also analyzes and corrects claims prior to submission to third party payers would be more cost effective than performing this service in-house.

The MDCH currently operates an existing billing system for five CMS certified, state-operated psychiatric facilities.

1. Center for Forensic Psychiatry, 8303 Platt Road, Saline 48176
2. Caro Center, 2000 Chambers Road, Caro 48723
3. Hawthorn Center, 18471 Haggerty Road, Northville 48168
4. Kalamazoo Psychiatric Hospital, 1312 Oakland Drive, Kalamazoo 49008
5. Walter Reuther Psychiatric Hospital, 30901 Palmer Road, Westland 48186

An estimated 900 patients are residing in the state-operated psychiatric facilities with an estimated 66,100 insurance claims processed annually. The monthly average of insurance claims is 5,500 per month.

	Service	Annual Estimated # of Claims	
A.	Medicare Part A	18,500	*
B.	Medicare Part B		
C.	Medicare Part D	31,200	
D.	Medicaid	11,400	
E.	Commercial Ins	5,000	
	TOTALS	66,100	

* Includes both Part A and Part B

The current system capacity requirement lists no more than 100 identified users to access the legacy system, Unisys Libra Mainframe. It is estimated that MDCH will need approximately 50 concurrent user's capacity with the new billing service.

To the best of the State's knowledge, the information provided above is accurate. However, the State does not warrant such accuracy, and any variations subsequently determined will not be construed as a basis for invalidating the Contract.



1.020 Scope of Work and Deliverables

1.021 In Scope

The third party billing service must be:

- Fully Health Insurance Portability and Accountability Act (HIPAA) compliant including any subsequent updates that are State and/or Federally mandatory which may periodically occur.
- Fully compliant with Center for Medicare & Medicaid Service (CMS) and American National Standards Institute (ANSI) X12 837 and 835 Version 5010 and National Council for Prescription Drug Program (NCPDP) Version D.Ø requirements.
- Fully compatible with the State of Michigan (SOM) technical environment.
- Fully Secured Web-based service.
- Accessible to the State to allow for verification & corrections of the claims flowing through the billing service, if necessary.
- Capable to allow both on-demand and scheduled data uploads.
- Capable of accepting paper submission of claims that cannot be submitted electronically.
- Able to provide training and support to the State on the billing service.
- Able to analyze and correct claims prior to submission to third party payers.
- Able to receive remittances.
- Able to send a file of all payments back to the State to be used for further billing of first parties. and county of residence consistent with the Michigan Mental Health Code.

Converting to this billing service may include planning, validation, mapping, and auditing of business requirements, interface design, testing, implementation, training and documentation, maintenance and support, and future enhancements.

MDCH requests a third party billing service to extract data from files provided by the State, and to use this data for the Contractor to process third party billing for the State, and for the Contractor to provide remittance and related information to the State in a State defined file format. The data files provided by the state will include facility and charge information; patient demographic and insurance data, along with billable services activity of the patients including pharmacy data for Medicare billing. This service will also have to be flexible enough to interface with future Electronic Medical & Business Records systems that will be built to state standards.

The Contractor must provide a third party web-based billing service that will support an estimated 66,100 claims per year. The State will provide the Contractor with a data file or data files that include the information necessary to bill Medicare Part A, B, and D, Medicaid and other commercial Insurances for institutional, professional and pharmacy services as addressed in Appendices A and B and Attachment 1, 2, and 3 for five (5) CMS certified, state-operated psychiatric facilities.

The Contractor must provide services and deliverables, and otherwise do all things necessary or incidental to provide the technicality and functionality required for business operations, in accordance with the requirements set forth in Article 1 and in Appendices A and B and Attachments 1, 2, and 3.

Contractor must intend for the billing service to be fully implemented and operational by November 30, 2011 to meet mandatory compliance requirements, 74 Federal Register 3303, as of January 1, 2012, for HIPAA 5010 compliance.

The following are deliverables to be met. Contractor may propose additional deliverables.

I. Services and Deliverables to Be Provided –

A. Project Planning Phase

Project Planning covers those activities that require ongoing administrative oversight throughout all the Billing Service implementation processes, from initiation to completion of the project.



The Contractor must provide a **Project Plan, Quality Management Plan, Test Plan, and Implementation Plan** with the proposal for evaluation purposes, including necessary time frames and deliverables for the various stages of the project and the responsibilities and obligations of both the Contractor and the State as set forth in this RFP.

Deliverable(s)

1. Project Plan

The Project Plan must include a description of the deliverables to be provided under this Contract proposal.

- a. Target dates and critical paths for the deliverables.
- b. Identification of roles and responsibilities, including the organization responsible. Contractor is to provide a roles and responsibility matrix.
- c. The labor, hardware, materials and supplies required to be provided by the State in meeting the target dates established in the Project Plan to meet implementation deadline.
- d. Internal milestones
- e. Task durations

2. Quality Management Plan - This deliverable describes the Contractor's approach for assuring the quality of work and deliverables completed during the Project. At a minimum, the plan will address the following:

- a. Quality Assurance Activities - Description of the quality assurance activities to be performed by the Contractor during the term of the Contract in order to ensure that the project employs all processes needed to meet the requirements.
- b. Quality Control Activities - Description of the quality control activities to be performed on all deliverables before submission to State by the Contractor during the term of the Contract.
- c. Problem Reporting and Resolution
- d. Problem Escalation - Description of the process the Contractor will use to address problems and resolve conflicts that cannot be resolved by a single team or business area, or that require a decision from upper-level management.
- e. Preliminary Schedule for Quality Assurance Activities - Including: Deliverable(s) to be Reviewed; Anticipated Date(s) for Review; Contractor Participant(s); and State Participant(s).

3. Test Plan – In collaboration with the Reimbursement and Revenue Enhancement Division at MDCH, the Contractor must provide a plan for Interface Testing, User Acceptance Testing, Quality Assurance, Performance, and Operations Testing. The Test Plan Deliverable must contain the following, at a minimum:

- a. Description of testing approach.
- b. Definition of test cases or processes that will be used by the Reimbursement and Revenue Enhancement Division during user Acceptance Testing.
- c. Validation of test results to ensure data was imported correctly to the Contractor's solution.
- d. Corrective action approach.

4. Implementation Plan- This deliverable describes the administrative and technical procedures to be used. The document will include:

- a. The process for recording and reporting the status of items and modification requests.
- b. The Contractor's plan to ensure completeness, consistency, and correctness of the billing services.
- c. A description of how the Contractor's will perform application support for the service.
- d. A description of how the Contractor's will transition the service to a new Contractor or the State when the Contractor's support ends or a new Contract is awarded to a different Contractor. This will need to be agreed upon by the state.

B. Validation and Mapping Requirements Phase

The initial phase of the project will require validation of the technical and functional (business) requirements. The functional requirements describe what is required in order to meet the users' business needs. This activity will require validation and mapping of the Contractor's capabilities with the State's technical and functional (business) requirements.

**Deliverable(s)****1. Validation and Mapping Documentation**

- a. Within 15 business days after the Contract Orientation meeting, define business environment, establish requirement functionality needed, and provide documentation that corroborates the initial requirements cited in Appendix A and B.

Contractor must provide a detailed description of the infrastructure requirements for the service proposed.

C. Interface Design and Testing Phase

This phase of the project consists of the Contractor configuring and testing of the billing services through the SOM interfaces. Once the service is readied, the Contractor may expect to develop and run technical and user acceptance testing, prepare and provide operational and technical documentation, and conduct SOM training for use of the service.

Contractor will provide service(s) such as:

1. Document technical specifications
2. Develop user acceptance test cases
3. Test application to validate that all requirements have been met
4. Test for quality assurance and performance
5. Support user acceptance testing
6. Prepare user and operations documentation

Contractor must provide appropriate system interfaces/integration to the following applications:

a. System Interface file 1: INFOSYS / State Facility and Patient Demographic and Insurance - The State's Information System (INFOSYS). The INFOSYS is a mainframe application developed by DTMB which maintains the facility, charge (rate) information and the demographic and insurance information for the patients who reside in the State of Michigan mental health facilities. Contractor will be responsible for extracting data from the file(s) provided by the SOM to upload the information to their system.

The Contractor must provide the capability to upload patient demographic and insurance information from the file provided by the SOM. The Contractor must provide the capability for both on-demand and scheduled uploads.

This file will be in a fixed length flat file format. If SOM has missed anything in the creation of this file that is needed for creating bills the format will be changed to accommodate. Any of these changes will be mutually agreed upon. **See Attachment 1.**

b. System Interface file 2: INFOSYS / activity - The State's Information System (INFOSYS). The INFOSYS is a mainframe application developed by DTMB which maintains the census (room charge); service (activity) and pharmacy information for the patients who reside in the State of Michigan mental health facilities. Contractor will be responsible for extracting data from the file(s) provided by the SOM and upload the activity information to their system.

The system must provide the capability to upload billable services information from the file. The upload process must provide the capability for both on-demand and scheduled uploads

This file will be in a fixed length flat file format. If SOM has missed anything in the creation of this file that is needed for creating bills the format will be changed to accommodate. Any of these changes will be mutually agreed upon. **See Attachment 2.**

c. System Interface file 3: Claims/payments – Contractor will be responsible for building an interface file to feed the billing and payment information into the new SOM system. This claims/payments information will be housed in a new platform designed by the State of Michigan. This will maintain the Claims/payments transactions for the patients who reside in the State of Michigan mental health facilities.



The solution must provide on-demand capability to feed the billing transactions that occurred for all patients for a specific date range into the State Standard Application Environment. This file will be in a state standard format, designed with assistance from the Contractor. **See Attachment 3.**

Deliverable(s)

d. System Design Deliverables:

1. Contractor must use the State's suggested/preferred list of data elements
2. Technical Design Document – The design shall:
 - a. Include web page mockups or modified pages
 - b. Include business process diagrams
 - c. Include descriptions of common user interface objects such as menus and other navigational items
 - d. Include system integration test plan
 - e. The test plans will include test data, expected inputs and outputs, and any automated testing to be utilized
 - f. Be reviewed and approved by SOM business staff and by technical staff

e. Testing Deliverables

1. Test Plan and Results
 - a. The Contractor will be required to provide comprehensive testing to validate functionality and performance.
 - b. Testing will commence on or about September 15, 2011, but no later than October 1, 2011.
 - i. Systems testing:
 1. Sequence for a complete system test
 2. Method for selecting cases
 3. Test cases
 4. Results and implications for overall system operation
 5. Corrective action and ongoing maintenance requirements
 - ii. User acceptance testing:
 1. User Acceptance Test (UAT) Cases
 - a. The Contractor will develop the test plans for User Acceptance Testing to include expected results.
 - b. The user acceptance test cases should include data edits and data validation criteria.
 2. User Acceptance:
 - a. The Contractor must schedule, coordinate, monitor, and manage all User Acceptance Testing (UAT) activities.
 - b. The State is responsible for providing end users (from State and local agencies) and subject matter experts to perform the user acceptance testing.
 - c. Users participating in UAT are expected to sign off on the test results at the completion of UAT, providing their recommendation to the State Project Managers for formal approval and readiness for production.
 - d. State testers will update the test cases with the test results during UAT testing. If results are successful, they will provide their signoff by marking the test case as 'Passed'.
 - e. The Contractor must provide support for the duration of UAT.
 - f. This support must include both business and technical assistance.
 - g. The Contractor must support the UAT by:
 - i. Monitoring system performance
 - ii. Investigating why data was not processed
 - iii. Monitoring computer resource usage
 - iv. Participating in problem review meetings
 - v. Investigating problems and identifying potential problems



- vi. Answering user questions about the system
 - vii. Investigating and ensuring user access to the system in the UAT environment
 - viii. Generally helping the users execute tests and review results
 - h. The Contractor must correct all defects discovered during UAT in a timely manner by following normal application development procedures
 - i. Promotions to UAT must occur on a regularly scheduled basis unless it is an emergency situation (e.g., UAT cannot continue until problem is resolved).
 - j. The Contractor must have procedures and tools for tracking, reporting, and correcting deficiencies.
- iii. Performance testing:
1. Testing must be done over a WAN speed link, 512K for State of Michigan WAN attached users.
 - a. The Contractor must resolve all defects and perform all other technical support required to successfully complete this testing.
 - b. The Contractor must conduct a walk-through of the testing process and the test results to enhance State understanding and to facilitate the State approval process, including a review of performance metrics and general “lessons learned” from all testing participants.

D. Implementation Phase

The Contractor must provide Deliverables/Services, Staff, and otherwise do all things necessary for or incidental to the implementation of the MDCH Billing Service, data migration, configuration, customization, and interfaces/integration. The following are deliverables to be met. Contractor may propose additional deliverables.

Deliverable(s)

1. MDCH Billing Service Implementation
 - a. Prior to implementation, the Contractor will have full responsibilities to:
 - i. Monitor progress against a detailed implementation plan ensuring each task is completed accurately and on schedule.
 - ii. Communicate with the State Project Managers to provide status and escalate issues.
 - iii. Participate with the implementation team to coordinate activities, discuss status, and resolve issues.
 - iv. Coordinate implementation with training.
 - v. Ensure data readiness.
 1. Coordinate with the data migration team to address manual and automated data correction activities pre- and post-migration.
 - vi. Implement new workflow:
 2. Work with State staff to plan the transition from the existing workflow to the new one.
 - vii. Provide onsite post-implementation help to resolve workflow and application issues.
2. Data Migration Plan – Contractor will be responsible for extracting the data from attachment 1 and 2 cleanse it, map it and load the same into the billing service.

E. Training and Documentation

Provide training for both technical staff and end users of the billing service and ongoing technical assistance. Training may be on-site at the following locations:

1. Cass Building, Lansing 48913
2. Caro Center, 2000 Chambers Road, Caro 48723
3. Center for Forensic Psychiatry, 8303 Platt Road, Saline 48176
4. Hawthorn Center, 18471 Haggerty Road, Northville 48168
5. Kalamazoo Psychiatric Hospital, 1312 Oakland Drive, Kalamazoo 49008
6. Walter Reuther Psychiatric Hospital, 30901 Palmer Road, Westland 48186



Training Deliverable(s)

1. Materials
 - a. The Contractor must provide an editable electronic version of all end user training materials in SOM standard software, as well as hardcopies of this material for a mutually determined number of users.
 - b. The Contractor must create any necessary training and ongoing technical assistance aids
 - c. All training materials must be delivered to, and become the property of the SOM, upon the completion of the service implementation.
 - d. The Contractor will develop a Help Desk Guide with help desk processes to support the new application, data, and workflow and/or provide access to a Help Desk and ongoing technical assistance.

Documentation Deliverable(s)

1. The following documentation, in an editable electronic format in SOM standard software, online and in hard copy, will be provided:
 - a. User – up to 7 Hard Copies
 - b. Technical Manuals - On-line
 - c. Data Element Dictionary on-line or electronic version
2. The following documentation is provided for all modules and program development:
 - a. Baseline End-User training or user manuals
3. Data Dictionary - The Contractor must provide the State with a data dictionary of the database schema for files transmitted to the SOM. The data dictionary must include:
 - a. Field definitions
 - b. Field edits
 - c. Domain values
 - d. Field constraints
 - e. Field attributes

F. Maintenance and Support Phase

Service Maintenance, enhancement and support will include, but not limited to:

1. Service Maintenance
2. Help Desk
3. Adaptive and Preventive Maintenance
4. Performance Maintenance
5. Service Enhancement
6. Documentation Update

Deliverable(s)

During the maintenance and support period, the Contractor will provide support to keep the MDCH Billing Service running.

- a. Respond to support calls within 30 minutes during regular business hours (Application Business hours are 7am – 6pm EST).
 - b. Provide an emergency toll-free number for immediate support.
2. The maintenance period **will commence after** the Statewide Service Implementation Date **and the 90 day warranty period has expired.**
 - a. All maintenance will be performed by qualified personnel who are familiar with the service.
 - b. The Contractor will provide for escalation of maintenance issues to ensure critical issues are resolved.
 - c. The Contractor will provide diagnostic capabilities.
 - d. The Contractor will provide one point of contact to report problems. The Contractor will then be responsible for providing the appropriate remedy.
 - e. Contractor will work with SOM to ensure data quality and billing accuracy.
 - f. Plan and assist SOM in testing of the MDCH Billing Service.



The services being provided must conform to the State's Project Management Methodology. The State's Project Management Methodology web site is <http://www.michigan.gov/suite>.

G. Future Enhancements

Service Enhancement Activities / Scope Modifications – Contractor will be responsible for the following:

- a. New State billing policy requirements,
- b. New Federal billing regulations,
- c. Accommodate new or updated interfaces requested by the State.

II. Requirements

A. **Functional Requirements** – Functional requirements for the application are listed in the table of **Appendix A**.

B. **Technical Requirements** – Technical requirements for the solution are found in **Appendix B**.

1.030 Roles and Responsibilities

1.031 Contractor Staff, Roles, and Responsibilities

A. Contractor Staff

The Contractor has identified the following key personnel:

Mr. Richard Dwyer, Project Manager

Matthew Sorrentino, Assistant Project Manager

The Contractor will identify a Single Point of Contact (SPOC). The duties of the SPOC must include, but not be limited to:

- supporting the management of the Contract,
- facilitating dispute resolution, and
- advising the State of performance under the terms and conditions of the Contract.

The State reserves the right to require a change in the current SPOC if the assigned SPOC is not, in the opinion of the State, adequately serving the needs of the State.

The Contractor must submit a letter of commitment for Key Personnel, signed by the identified resource, stating their commitment to work for the Contractor/subcontractor on this project contingent on award of the bid. If the identified personnel are currently assigned to a State project the Contractor must provide a letter signed by the State Project Manager releasing the individual from the project upon execution of the Contract.

The Contractor will provide, and update when changed, an organizational chart indicating lines of authority for personnel involved in performance of this Contract and relationships of this staff to other programs or functions of the firm. This chart must also show lines of authority to the next senior level of management and indicate who within the firm will have prime responsibility and final authority for the work.

All Key Personnel may be subject to the State's interview and approval process. Any key staff substitution must have the prior approval of the State. **The State has identified the following as key personnel for this project:**

- *Project Manager*

The Contractor will provide a *project manager* to interact with the designated personnel from the State to insure a smooth transition to the new service. The project manager/technical lead will coordinate all of the activities of the Contractor personnel assigned to the project and create all reports required by State. The Contractor's project manager/technical lead responsibilities include, at a minimum:

- Manage all defined Contractor responsibilities in this Scope of Services
- Manage Contractor's subcontractors, if any
- Develop the project plan and schedule, and update as needed
- Serve as the point person for all project issues
- Coordinate and oversee the day-to-day project activities of the project team
- Assess and report project feedback and status
- Escalate project issues, project risks, and other concerns



- Review all project deliverables and provide feedback
- Proactively propose/suggest options and alternatives for consideration
- Utilize change control procedures
- Prepare project documents and materials
- Manage and report on the project’s budget

The Contractor will provide sufficient qualified staffing to satisfy the deliverables of this Statement of Work.

The State project team will consist of Executive Subject Matter Experts (SME’s), project support, and a MDTMB and Agency project manager:

Executive Subject Matter Experts

The Executive Subject Matter Experts representing the business units involved will provide the vision for the business design and how the billing service will provide for that vision. They must be available on an as needed basis. The Executive SME’s will be empowered to:

- Resolve project issues in a timely manner
- Review project plan, status, and issues
- Resolve deviations from project plan
- Provide acceptance sign-off
- Utilize change control procedures
- Ensure timely availability of State resources
- Make key implementation decisions, as identified by the Contractor’s project manager, within 48-hours of their expected decision date.

Name	Agency/Division	Title	Phone/e-mail
Rosettus Weeks	MDCH, Reimbursement and Revenue Enhancement	Director	517-335-4338 / Weeks@michigan.gov
Robert Parsons	MDCH, Facility Reimbursement	Supervisor	517/241-3722 / Parsonr3@michigan.gov
Pauline Brussel	MDCH, Facility Reimbursement	Acting Supervisor	517-335-9851 / brusselp@michigan.gov

State Project Manager- (MDTMB and Agency)

The Project Manager who will be responsible for the State’s infrastructure will coordinate with the Contractor in determining the services and interface configuration.

The State’s Project Manager will provide the following:

- Coordinate the State resources necessary for the project
- Facilitate coordination between various external contractors
- Facilitate communication between different State departments/divisions
- Provide acceptance and sign-off of deliverable/milestone
- Review and sign-off of timesheets and invoices
- Resolve project issues
- Escalate outstanding/high priority issues
- Utilize change control procedures
- Conduct regular and ongoing review of the project to confirm that it meets original objectives and requirements
- Document and archive all important project decisions
- Arrange, schedule and facilitate State staff attendance at all project meetings.

Name	Agency/Division	Title
Rosettus Weeks	MDCH, Reimbursement and Revenue Enhancement	Director
Sheryl Conway	MDTMB/Agency Services - DCH	



The State staff roles comprise the proposed State project team that will work with the Contractor. If the Contractor identifies a need for additional State staff with specific technical qualifications, the Bidder should indicate these needs as a part of their proposal. At the State's discretion, State personnel may be substituted or added as needed. The awarded Contractor must make a formal written request to the SOM providing justification and potential impact supporting the request for additional State staff to participate in this project. However, due to the limited availability of State staff it is a low probability that additional state staff will be allocated to this project.

1.040 Project Plan

1.041 Project Plan Management

1. **Detailed Project Plan** - within 10 business days of the Contract Orientation meeting, the Contractor will update the draft Project Plan from their proposal. The detailed plan will:
 - a. Be provided in Microsoft Project.
 - b. Include a schedule and Gantt chart (for all project tasks, subtasks, and activities), milestones, and deliverables.
 - c. Include Contractor and State resources for all tasks, subtasks, and activities that exist as line items within the Project Plan.
 - d. Include gap analysis between the Contractor's service and the existing MDCH requirements cited in Appendix A and B.
 - e. Include the following date-related information:
 - i. Originally scheduled start and end dates for all tasks, subtasks, and activities (including milestones and deliverables).
 - ii. Anticipated start dates for future tasks, subtasks, and activities.
 - iii. Anticipated end dates for all current and future tasks, subtasks, and activities.

Orientation Meeting

Upon 10 calendar days from execution of the Contract, the Contractor will be required to attend an orientation meeting to discuss the content and procedures of the Contract. The meeting will be held in Lansing, Michigan, at a date and time mutually acceptable to the State and the Contractor. The State will bear no cost for the time and travel of the Contractor for attendance at the meeting.

Performance Review Meetings

The State will require the Contractor to attend monthly meetings, at a minimum, to review the Contractor's performance under the Contract. The meetings will be held in Lansing, Michigan, or by teleconference, as mutually agreed by the State and the Contractor. The State will bear no cost for the time and travel of the Contractor for attendance at the meeting.

Project Control

1. The Contractor will carry out this project under the direction and control of the MDCH.
2. Within 30 working days of the execution of the Contract, the Contractor will submit to the State project manager(s) for final approval of the project plan. This project plan must be in agreement with Article 1, Section 1.020 Work and Deliverables, and must include the following:
 - The Contractor's project organizational structure.
 - The Contractor's staffing table with names and title of personnel assigned to the project. This must be in agreement with staffing of accepted proposal. Necessary substitutions due to change of employment status and other unforeseen circumstances may only be made with prior approval of the State.
 - The project work breakdown structure (WBS) showing sub-projects, activities and tasks, and resources required and allocated to each.
 - The time-phased plan in the form of a graphic display, showing each event, task, and decision point in the WBS.
3. The Contractor will manage the project in accordance with the State Unified Information Technology Environment (SUITE) methodology, which includes standards for project management, systems engineering, and associated forms and templates which is available at <http://www.michigan.gov/suite>



- a. Contractor will use an automated tool for planning, monitoring, and tracking the Contract’s progress and the level of effort of any Contractor personnel spent performing Services under the Contract. The tool must have the capability to produce:
 - Staffing tables with names of personnel assigned to Contract tasks.
 - Project plans showing tasks, subtasks, deliverables, and the resources required and allocated to each (including detailed plans for all Services to be performed within the next 30 calendar days, updated semi-monthly).
 - Updates must include actual time spent on each task and a revised estimate to complete.
 - Graphs showing critical events, dependencies and decision points during the course of the Contract.
- b. Any tool(s) used by Contractor for such purposes must produce information of a type and in a manner and format that will support reporting in compliance with the State standards.

Issue Management

An issue is an identified event that if not addressed may affect schedule, scope, quality, or budget.

The Contractor must maintain an issue log for issues relating to the provision of services under this Contract. The issue management log must be communicated to the State’s Project Manager on an agreed upon schedule, with email notifications and updates. The issue log must be updated and must contain the following minimum elements:

- Description of issue
- Issue identification date
- Responsibility for resolving issue.
- Priority for issue resolution (to be mutually agreed upon by the State and the Contractor)
- Resources assigned responsibility for resolution
- Resolution date
- Resolution description

Issues will be escalated for resolution from level 1 through level 3, as defined below:

- Level 1 – Business leads
- Level 2 – Project Managers
- Level 3 – Executive Subject Matter Experts (SME’s)

Risk Management

A risk is an unknown circumstance or event that, if it occurs, may have a positive or negative impact on the project.

The Contractor is responsible for establishing a risk management plan and process, including the identification and recording of risk items, prioritization of risks, definition of mitigation strategies, monitoring of risk items, and periodic risk assessment reviews with the State.

A risk management plan format must be submitted to the State for approval within twenty 20 business days after the effective date of the Contract. The risk management plan will be developed during the initial planning phase of the project, and be in accordance with the State’s PMM methodology. Once both parties have agreed to the format of the plan, it will become the standard to follow for the duration of the Contract. The plan must be updated bi-weekly, or as agreed upon.

The Contractor must provide the tool to track risks. The Contractor will work with the State and allow input into the prioritization of risks.



The Contractor is responsible for identification of risks for each phase of the project. Mitigating and/or eliminating assigned risks will be the responsibility of the Contractor. The State will assume the same responsibility for risks assigned to them.

Change Management

Change management is defined as the process to communicate, assess, monitor, and control all changes to system resources and processes. The State also employs change management in its administration of the Contract.

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

The Contractor must employ change management procedures to handle such things as “out-of-scope” requests or changing business needs of the State while the migration is underway.

The Contractor will employ the change control methodologies to justify changes in the processing environment, and to ensure those changes will not adversely affect performance or availability.

1.042 Reports

Reporting formats must be submitted to the State’s Project Manager for approval within 30 business days after the execution of the Contract. Once both parties have agreed to the format of the report, it will become the standard to follow for the duration of the Contract.

- Bi-Weekly project status
- Monthly Updated project plan
- Summary of activity during the report period
- Accomplishments during the report period
- Deliverable status
- Schedule status
- Action Item status
- Issues
- Change Control
- Repair status
- Maintenance Activity

1.050 Acceptance

1.051 Criteria

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

The criteria also cover two aspects of compliance: performance of the Contractor in meeting the requirements in this Contract, and Contract compliance, both financial and non-financial.

- A. Document Deliverables - Documents include, but are not limited to plans, design documents, project schedules, user guides, and procedure manuals.



1. Documents are dated and in electronic format, compatible with State of Michigan software in accordance with Article 1.042.
 2. Requirements documents are reviewed and updated throughout the development process to assure requirements are delivered in the final product.
 3. Draft documents are not accepted as final deliverables.
 4. The documents will be reviewed and accepted in accordance with the requirements of the Contract.
 5. The State will review technical documents within 30 days of receipt.
 - a. Approvals will be written and signed by the State's Project Managers with assistance from other State resources and impacted Agencies.
 - b. Unacceptable issues will be documented and submitted to the Contractor.
 - c. After issues are resolved or waived, the Contractor will resubmit documents for approval within 30 days of receipt.
- B. Service Deliverables - Services include, but are not limited to training, billing services, help desk, and support and SOM interfaces.
1. The services will be accepted in accordance with the requirements of the Contract.
 2. The State will review a Request for Approval of Services within 30 days of completion or implementation.
 - a. Approvals will be written and signed by the State's Project Managers.
 - b. Unacceptable issues will be documented and submitted to the Contractor.
 - c. After issues are resolved or waived, the Contractor will resubmit a Request for Approval of Services for approval within 30 days of receipt.

Ongoing Operations - For ongoing activities, such as project status reports and work plan updates, acceptance of the initial report or plan will constitute acceptance of the deliverable, for purposes of services' payment.

1.052 Final Acceptance

Final acceptance for this Contract will be based on the following:

1. Statewide deployment of the billing services meeting all mandatory functional requirements contained in **Appendix A**. The services must be utilized statewide in the production environment for a minimum of 90 days.
2. Statewide deployment of the billing services meeting all mandatory technical requirements contained in **Appendix B**. The services must be utilized statewide in the production environment for a minimum of 90 days.
3. The Contractor must deliver an end-to-end testing plan for the services and interface.
4. All testing listed in Article 1; Statement of Work will be completed.
5. The Contractor and State will need to conduct an end-to-end testing of the services and interface, and the Contractor will need to adequately resolve all "bugs" identified during the scheduled testing event. The approved testing plan will need to identify and define what constitutes a "bug" vs. an "enhancement."
6. All errors found as a result of the testing must be corrected.
7. All deliverables listed in Article 1, Statement of Work, will be delivered.
8. Completion of user training for the Billing Services.
9. Completion of site support services for the Billing Services through the implementation and warranty periods.
10. For 30 days after installation and configuration in the pilot environment, the services and any related infrastructure must meet or exceed acceptance testing requirements in accordance with the requirements of the contract.
11. After installation and configuration in the production environment, all issues discovered during the warranty period will be documented and submitted to the Contractor. All issues must be resolved and accepted, or waived, by the SOM. Approvals will be written and signed by MDCH Business Owner and MDTMB Project Manager.
12. All bills related to this Contract have been submitted and approved for payment.

Each of the above will be formally approved by signature of the MDTMB and MDCH Project Sponsors.



1.060 Proposal Pricing

1.061 Proposal Pricing

For authorized Services and Price List, see Attachment A.

Method of Payment

The project will be paid on a firm, fixed price.

Travel

The State will not pay for any travel expenses, including hotel, mileage, meals, parking, etc. Travel time will not be reimbursed. If the Contractor reduces its prices for any of the software or services during the term of this Contract, the State must have the immediate benefit of such lower prices for new purchases. Contractor must send notice to the State's MDTMB Contract Administrator with the reduced prices within fifteen (15) Business Days [or other appropriate time period] of the reduction taking effect.

Statements of Work and Issuance of Purchase Orders

- Unless otherwise agreed by the parties, each Statement of Work will include:
 1. Background
 2. Project Objective
 3. Scope of Work
 4. Deliverables
 5. Acceptance Criteria
 6. Project Control and Reports
 7. Specific Department Standards
 8. Payment Schedule
 9. Travel and Expenses
 10. Project Contacts
 11. Agency Responsibilities and Assumptions
 12. Location of Where the Work is to be performed, as applicable
 13. Expected Contractor Work Hours and Conditions, as applicable
- The parties agree that the Services/Deliverables to be rendered by Contractor pursuant to this Contract (and any future amendments of it) will be defined and described in detail in Statements of Work or Purchase Orders (PO) executed under this Contract. Contractor will not be obliged or authorized to commence any work to implement a Statement of Work until authorized via a PO issued against this Contract. Contractor must perform in accordance with this Contract, including the Statements of Work/Purchase Orders executed under it.

Invoicing

Contractor will submit properly itemized invoices to "Bill To" Address on Purchase Order. Invoices must provide and itemize, as applicable:

- Contract number;
- Purchase Order number;
- Contractor name, address, phone number, and Federal Tax Identification Number;
- Total invoice price; and
- Payment terms, including any available prompt payment discount.

Incorrect or incomplete invoices will be returned to Contractor for correction and reissue.

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/dtmb 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

The State will have the right to hold back an amount equal to 10 percent 10 of all amounts invoiced by Contractor for Services/Deliverables. The amounts held back will be released to Contractor after the State has granted Final Acceptance.

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

- The scope of the billing service does not include Contractor's staff working claims or posting payments as it is the intent of the MDCH to continue to use State employees for working claims and posting payments.



Article 2, Terms and Conditions

2.000 Contract Structure and Term

2.001 Contract Term

The Contract is for a period of 3 years beginning 8/1/2011 through 7/31/2014. All outstanding Purchase Orders must also expire upon the termination (cancellation for any of the reasons listed in **Section 2.150**) 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 Options to Renew

The 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 4 additional 1 year periods.

2.003 Legal Effect

Contractor must show acceptance of the Contract by signing two (2) copies of the Contract and returning them to the Contract Administrator. The Contractor must 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 the Contract, until Contractor is notified in writing that the 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 the Contract, are incorporated in their entirety and form part of the 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 the Contract. All orders are subject to the terms and conditions of the Contract. No additional terms and conditions contained on either a Purchase Order or Blanket Purchase Order apply unless they are also specifically contained in that Purchase Order's or Blanket Purchase Order's accompanying Statement of Work. Exact quantities to be purchased are unknown, however, the Contractor must furnish all such materials and services as may be ordered during the CONTRACT period. Quantities specified, if any, are estimates based on prior purchases, and the State is not obligated to purchase in these or any other quantities.

2.006 Order of Precedence

(a) 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

The Contract is issued by the Department of Technology Management and Budget, Purchasing Operations and Michigan 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 the Contract.** The Contractor Administrator within Purchasing Operations for the Contract is:

Brandon Samuel, Buyer Specialist
Purchasing Operations
Department of Technology Management and Budget
Mason Bldg, 2nd Floor
PO Box 30026
Lansing, MI 48909
Samuelb@michigan.gov
517-241-1218

2.022 Contract Compliance Inspector

After DTMB-Purchasing Operations receives the properly executed Contract, it is anticipated that the Director of Purchasing Operations, in consultation with Michigan 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 the 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 DTMB Purchasing Operations.** The CCI for the Contract is:



Penny Saites
Michigan Department of Community Health
320 South Walnut
Lansing, MI 48933
E-mail: saitesp@michigan.gov
Phone: 517-335-5096
Fax: 517-241-4845

2.023 Project Manager

The following individual will be responsible for monitoring and managing the daily operations under the contract:

Rosettus Weeks
Michigan Department of Community Health
320 South Walnut
Lansing, MI 48933
E-mail: weeks@michigan.gov
Phone: 517-335-4338
Fax: 517-335-9067

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 the Contract, describing the Change and its effects on the Services and any affected components of the Contract (a "Contract Change Notice").
- (b) No proposed Change may be performed until the proposed Change has been specified in a duly executed Contract Change Notice issued by the DTMB-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 the 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 State contact as noted in Section 2.021 and the Contractor's contact as noted on the cover page of the contract, upon: (i) delivery, if hand delivered; (ii) receipt of a confirmed transmission by facsimile if a copy of the notice is sent by another means specified in this Section; (iii) the third Business Day after being sent by U.S. mail, postage pre-paid, return receipt requested; or (iv) the next Business Day after being sent by a nationally recognized overnight express courier with a reliable tracking system.



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

2.026 Binding Commitments

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

2.027 Relationship of the Parties

The relationship between the State and Contractor is that of client and independent contractor. No agent, employee, or servant of Contractor or any of its Subcontractors must be deemed to be an employee, agent or servant of the State for any reason. Contractor is solely and entirely responsible for its acts and the acts of its agents, employees, servants and Subcontractors during the performance of 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 must not unreasonably delay, condition, or withhold the giving of any consent, decision, or approval that is either requested or reasonably required of them in order for the other party to perform its responsibilities under 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 requirements of 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 must not be made without prior written State approval, and then only in accordance with the explicit written instructions from the State. No results of the activities associated with 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 the Contract involves the creation, research, investigation or generation of a future RFP, it may be precluded from bidding on the subsequent RFP. The State reserves the right to disqualify any bidder if the State determines that the bidder has used its position (whether as an incumbent Contractor, or as a Contractor hired to assist with the RFP development, or as a Contractor 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 the Contract is subject to the provisions of the Michigan Freedom of Information Act, 1976 PA 442, MCL 15.231, et seq (the "FOIA").

2.037 Disaster Recovery

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

2.040 Financial Provisions

2.041 Fixed Prices for Services/Deliverables

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

2.042 Adjustments for Reductions in Scope of Services/Deliverables

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

2.043 Services/Deliverables Covered

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

2.044 Invoicing and Payment – In General

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

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



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

(d) All invoices should reflect actual work done. Specific details of invoices and payments will be agreed upon between the CCI and the Contractor

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

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 Project Manager, 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 must be pro-rated for any partial month.

2.046 Antitrust Assignment

The Contractor assigns to the State any claim for overcharges resulting from antitrust violations to the extent that those violations concern materials or services supplied by third parties to the Contractor, toward fulfillment of the 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 the 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 the Contract must constitute a waiver of all claims by Contractor against the State for payment under the Contract, other than those claims previously filed in writing on a timely basis and still unsettled.

2.048 Electronic Payment Requirement

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

2.050 Taxes

2.051 Employment Taxes

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

2.052 Sales and Use Taxes

Contractors are required to be registered and to remit sales and use taxes on taxable sales of tangible personal property or services delivered into the State. Contractors that lack sufficient presence in Michigan to be required to register and pay tax must do so as a volunteer. This requirement extends to: (1) all members of any controlled group as defined in § 1563(a) of the Internal Revenue Code and applicable regulations of which the company is a member, and (2) all organizations under common control as defined in § 414(c) of the Internal Revenue Code and applicable regulations of which the company is a member that make sales at retail for delivery into the State are registered with the State for the collection and remittance of sales and use taxes. In applying treasury regulations defining "two (2) 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 the 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 the 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 the 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 reserves the right to recommend and approve in writing the initial assignment, as well as any proposed reassignment or replacement, of any Key Personnel. Before assigning an individual to any Key Personnel position, Contractor must notify the State of the proposed assignment, must introduce the individual to the appropriate State representatives, and must provide the State with a resume and any other information about the individual reasonably requested by the State. The State reserves the right to interview the individual before granting written approval. In the event the State finds a proposed individual unacceptable, the State must provide a written explanation including reasonable detail outlining the reasons for the rejection.
- (d) Contractor must not remove any Key Personnel from their assigned roles on 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 must 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 Contract Compliance Inspector 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 must perform their duties either primarily at Contractor's offices and facilities or at State facilities. Without limiting the generality of the foregoing, Key Personnel must, at a minimum, spend at least the amount of time on-site at State facilities as indicated in the applicable Statement of Work. Subject to availability, selected Contractor personnel may be assigned office space to be shared with State personnel.

2.065 Contractor Identification

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

2.066 Cooperation with Third Parties

Contractor must cause its personnel and the personnel of any Subcontractors to cooperate with the State and its agents and other contractors including the State's Quality Assurance personnel. As reasonably requested by the State in writing, the Contractor must provide to the State's agents and other contractors reasonable access to Contractor's Project personnel, systems and facilities to the extent the access relates to activities specifically associated with the 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 must not unnecessarily or unreasonably interfere with, delay, or otherwise impede Contractor's performance under the 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 must assume responsibility for all contractual activities, whether or not that Contractor performs them. Further, the State considers the Contractor to be the sole point of contact with regard to contractual matters, including payment of any and all charges resulting from 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 has full responsibility for the successful performance and completion of all of the Services and Deliverables. The State will consider Contractor to be the sole point of contact with regard to all contractual matters under the Contract, including payment of any and all charges for Services and Deliverables.

2.072 State Consent to Delegation

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



2.073 Subcontractor Bound to Contract

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

2.074 Flow Down

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

2.075 Competitive Selection

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

2.080 State Responsibilities

2.081 Equipment

The State must 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 must not, without the prior written consent of the State, use any State Facilities or access any State information systems provided for the Contractor's use, or to which the Contractor otherwise gains access in the course of performing the Services, for any purpose other than providing the Services to the State.

2.090 Security

2.091 Background Checks

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



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

2.092 Security Breach Notification

If the Contractor breaches this Section, the Contractor must (i) promptly cure any deficiencies and (ii) comply with any applicable federal and state laws and regulations pertaining to unauthorized disclosures. Contractor and the State will cooperate to mitigate, to the extent practicable, the effects of any breach, intrusion, or unauthorized use or disclosure. Contractor must report to the State, in writing, any use or disclosure of Confidential Information, whether suspected or actual, other than as provided for by 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 – Deleted/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 the Contract, is marked as confidential, proprietary, or with a similar designation by the State. "Confidential Information" excludes any information (including the Contract) that is publicly available under the Michigan FOIA.

2.102 Protection and Destruction of Confidential Information

The State and Contractor must each use at least the same degree of care to prevent disclosing to third parties the Confidential Information of the other as it employs to avoid unauthorized disclosure, publication, or dissemination of its own confidential information of like character, but in no event less than reasonable care. Neither Contractor nor the State will (i) make any use of the Confidential Information of the other except as contemplated by the Contract, (ii) acquire any right in or assert any lien against the Confidential Information of the other, or (iii) if requested to do so, refuse for any reason to promptly return the other party's Confidential Information to the other party. Each party must limit disclosure of the other party's Confidential Information to employees and Subcontractors who must have access to fulfill the purposes of the Contract. Disclosure to, and use by, a Subcontractor is permissible where (A) use of a Subcontractor is authorized under the 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 2.100** will not apply to any particular information which the State or Contractor can demonstrate (i) was, at the time of disclosure to it, in the public domain; (ii) after disclosure to it, is published or otherwise becomes part of the public domain through no fault of the receiving party; (iii) was in the possession of the receiving party at the time of disclosure to it without an obligation of confidentiality; (iv) was received after disclosure to it from a third party who had a lawful right to disclose the information to it without any obligation to restrict its further disclosure; or (v) was independently developed by the receiving party without reference to Confidential Information of the furnishing party. Further, the provisions of **Section 2.100** will not apply to any particular Confidential Information to the extent the receiving party is required by law to disclose the Confidential Information, provided that the receiving party (i) promptly provides the furnishing party with notice of the legal request, and (ii) assists the furnishing party in resisting or limiting the scope of the disclosure as reasonably requested by the furnishing party.

2.104 No Implied Rights

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

2.105 Respective Obligations

The parties' respective obligations under this Section must survive the termination or expiration of the 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 the 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, 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 must respond to each audit report in writing within 30 days from receipt of the report, unless a shorter response time is specified in the report. The Contractor and the State must develop, agree upon and monitor an action plan to promptly address and resolve any deficiencies, concerns, and/or recommendations in the audit report.

2.115 Errors

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

2.120 Warranties

2.121 Warranties and Representations

The Contractor represents and warrants:

(a) It is capable in all respects of fulfilling and must fulfill all of its obligations under the Contract. The performance of all obligations under the Contract must be provided in a timely, professional, and workman-like manner and must meet the performance and operational standards required under the 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 the 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 the Contract, nor their use by the State, will infringe the patent, copyright, trade secret, or other proprietary rights of any third party.

(d) If, under the Contract, Contractor procures any equipment, software or other Deliverable for the State (including equipment, software and other Deliverables manufactured, re-marketed or otherwise sold by Contractor under Contractor's name), then in addition to Contractor's other responsibilities with respect to the items in the Contract, Contractor must assign or otherwise transfer to the State or its designees, or afford the State the benefits of, any manufacturer's warranty for the Deliverable.

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

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

(g) Neither the Contractor nor any affiliates, nor any employee of either, has, must have, or must acquire, any contractual, financial, business, or other interest, direct or indirect, that would conflict in any manner or degree with Contractor's performance of its duties and responsibilities to the State under the 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.



(h) If any of the certifications, representations, or disclosures made in the Contractor’s original bid response change after the Contract start date, the Contractor must report those changes immediately to DTMB-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 the 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 the 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 the Contract.

All insurance coverage’s provided relative to the 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 the 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 the Contract must be issued by companies that have been approved to do business in the State. See www.michigan.gov/deleg.

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

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

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



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

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

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

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

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

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

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

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

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

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 the Contract to purchase and maintain the insurance coverage as described in this Section for the Contractor in connection with the performance of work by those Subcontractors. Alternatively, Contractor may include any Subcontractors under Contractor’s insurance on the coverage required in this Section. Subcontractor must fully comply with the insurance coverage required in this Section. Failure of Subcontractor to comply with insurance requirements does not limit Contractor’s liability or responsibility.

2.133 Certificates of Insurance and Other Requirements

Contractor must furnish to DTMB-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 **MUST NOT BE CANCELLED, MATERIALLY**



CHANGED, OR NOT RENEWED without 30 days prior written notice, except for 10 days for non-payment of premium, having been given to the Director of Purchasing Operations, DTMB. 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 the 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 the 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 the Contract, or if any insurer cancels or significantly reduces any required insurance as specified in the 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 the Contract and that are attributable to the negligence or tortious acts of the Contractor or any of its Subcontractors, or by anyone else for whose acts any of them may be liable.

2.142 Code Indemnification

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

2.143 Employee Indemnification

In any claims against the State of Michigan, its departments, divisions, agencies, sections, commissions, officers, employees and agents, by any employee of the Contractor or any of its Subcontractors, the indemnification obligation under 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 the 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 the 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 the 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 must provide the Contractor with written notice of the breach and a time period (not less than 30 days) to cure the Breach. The notice of breach and opportunity to cure is inapplicable for successive or repeated breaches or if the State determines in its sole discretion that the breach poses a serious and imminent threat to the health or safety of any person or the imminent loss, damage, or destruction of any real or tangible personal property.

2.152 Termination for Cause

(a) The State may terminate the Contract, for cause, by notifying the Contractor in writing, if the Contractor (i) breaches any of its material duties or obligations under the 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 the Contract is terminated for cause, the Contractor must pay all costs incurred by the State in terminating the 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 the 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 the Contract, provided the costs are not in excess of 50% more than the prices for the Service/Deliverables provided under the Contract.

(c) If the State chooses to partially terminate the Contract for cause, charges payable under the 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 the Contract that are terminated for cause must cease on the effective date of the termination.

(d) If the State terminates the 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 the Contract for a termination for convenience.

2.153 Termination for Convenience

The State may terminate the 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 the 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 the Contract in part, the charges payable under the Contract must be equitably adjusted to reflect those Services/Deliverables that are terminated. Services and related provisions of the 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 the Contract extends for several fiscal years, continuation of the Contract is subject to appropriation or availability of funds for the Contract. If funds to enable the State to effect continued payment under the Contract are not appropriated or otherwise made available, the State must terminate the 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 the Contract will be equitably adjusted to reflect any equipment, services or commodities not provided by reason of the reduction.

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

2.155 Termination for Criminal Conviction

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

2.156 Termination for Approvals Rescinded

The State may terminate the Contract if any final administrative or judicial decision or adjudication disapproves a previously approved request for purchase of personal services under Constitution 1963, Article 11, § 5, and Civil Service Rule 7-1. In that case, the State must pay the Contractor for only the work completed to that point under 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 the 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 the 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 the 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 the 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 the 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 the Contract, and may further pursue completion of the Services/Deliverables under the Contract by replacement contract or otherwise as the State may in its sole judgment deem expedient.

2.158 Reservation of Rights

Any termination of the 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 – Deleted/Not Applicable

2.170 Transition Responsibilities

2.171 Contractor Transition Responsibilities

If the State terminates the 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 the 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 90 days. These efforts must include, but are not limited to, those listed in **Sections 2.171, 2.172, 2.173, 2.174, and 2.175.**

2.172 Contractor Personnel Transition

The Contractor must work with the State, or a specified third party, to develop a transition plan setting forth the specific tasks and schedule to be accomplished by the parties to effect an orderly transition. The Contractor must allow as many personnel as practicable to remain on the job to help the State, or a specified third party, maintain the continuity and consistency of the services required by the Contract. In addition, during or following the transition period, in the event the State requires the Services of the Contractor's Subcontractors or Contractors, 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 Contractors. Contractor must 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 the Contract. The Contractor must provide the State with asset management data generated from the inception of the Contract through the date on which the Contractor is terminated in a comma-delineated format unless otherwise requested by the State. The Contractor must 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 the Contract. This must include any documentation being used by the Contractor to perform the Services under the Contract. If the State transfers any software licenses to the Contractor, those licenses 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 the Contract. If the transition results from expiration, the Contractor will be reimbursed for all reasonable transition costs (i.e. costs incurred within the agreed period after contract expiration that result from transition operations) at the rates agreed upon by the State. The Contractor must prepare an accurate accounting from which the State and Contractor may reconcile all outstanding accounts.

2.176 State Transition Responsibilities

In the event that the 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 2.180**. Upon receipt of the stop work order, Contractor must immediately comply with its terms and take all reasonable steps to minimize incurring costs allocable to the work covered by the stop work order during the period of work stoppage. Within the period of the stop work order, the State must either: (a) cancel the stop work order; or (b) terminate the work covered by the stop work order as provided in **Section 2.150**.

2.182 Cancellation or Expiration of Stop Work Order

The Contractor must resume work if the State cancels a Stop Work Order or if it expires. The parties will agree upon an equitable adjustment in the delivery schedule, 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 must conform to the requirements of **Section 2.024**.

2.183 Allowance of Contractor Costs

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

2.190 Dispute Resolution

2.191 In General

Any claim, counterclaim, or dispute between the State and Contractor arising out of or relating to 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 the 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, DTMB, 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 must be honored in order that each of the parties may be fully advised of the other's position.
 - (iii) The specific format for the discussions will be left to the discretion of the designated State and Contractor representatives, but may include the preparation of agreed upon statements of fact or written statements of position.
 - (iv) Following the completion of this process within 60 calendar days, the Director of Purchasing Operations, DTMB, or designee, must issue a written opinion regarding the issue(s) in dispute within 30 calendar days. The opinion regarding the dispute must be considered the State's final action and the exhaustion of administrative remedies.
- (b) This Section must not be construed to prevent either party from instituting, and a party is authorized to institute, formal proceedings earlier to avoid the expiration of any applicable limitations period, to preserve a superior position with respect to other creditors, or under **Section 2.193**.
- (c) The State will not mediate disputes between the Contractor and any other entity, except state agencies, concerning responsibility for performance of work under 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 2.192** 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, or physical or mental disability. Contractor further agrees that every subcontract entered into for the performance of the Contract or any purchase order resulting from the Contract must contain a provision requiring non-discrimination in employment, as specified here, binding upon each Subcontractor. This covenant is required under the Elliot Larsen Civil Rights Act, 1976 PA 453, MCL 37.2101, et seq., and the Persons with Disabilities Civil Rights Act, 1976 PA 220, MCL 37.1101, et seq., and any breach of this provision may be regarded as a material breach of 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>.

2.204 Prevailing Wage – Deleted/Not Applicable

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 must 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 the 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 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 the Contract would cause a reasonable party to be concerned about:

- (i) the ability of Contractor (or a Subcontractor) to continue to perform the 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 the Contract or a violation of Michigan law, regulations or public policy, then the Contractor must provide the State all reasonable assurances requested by the State to demonstrate that:
 - (a) Contractor and its Subcontractors must be able to continue to perform the 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 DTMB-Purchasing Operations.
- (2) Contractor must also notify DTMB 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 DTMB 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 the 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 the Contract.

2.233 Bankruptcy

The State may, without prejudice to any other right or remedy, terminate the 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 the Contract.

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



2.240 Performance

2.241 Time of Performance

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

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

(c) If the Contractor believes that a delay in performance by the State has caused or will cause the Contractor to be unable to perform its obligations according to specified Contract time periods, the Contractor must notify the State in a timely manner and must use commercially reasonable efforts to perform its obligations according to 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 – Deleted/Not Applicable

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

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

2.264 Ownership of Materials

The State and the Contractor will continue to own their respective proprietary technologies developed before entering into 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 must adhere to all existing standards as described within the comprehensive listing of the State's existing technology standards at <http://www.michigan.gov/dit>.



2.272 Acceptable Use Policy

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

2.273 Systems Changes

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

2.280 Extended Purchasing

2.281 MIDEAL

1984 PA 431 permits DTMB to provide purchasing services to any city, village, county, township, school district, intermediate school district, non-profit hospital, institution of higher education, community, or junior college. A current listing of approved program members is available at: www.michigan.gov/buymichiganfirst. Unless otherwise stated, the Contractor must ensure that the non-state agency is an authorized purchaser before extending the Contract pricing.

The Contractor must supply Contract Services and equipment to these local governmental agencies at the established State of Michigan contract prices and terms to the extent applicable and where available. The Contractor must send its invoices to, and pay the local unit of government, on a direct and individual basis.

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

Please Visit Mi DEAL at www.michigan.gov/buymichiganfirst under MiDeal.

Estimated requirements for authorized local units of government are not included in the quantities shown in the RFP.

2.282 State Employee Purchases – Deleted/Not Applicable

2.290 Environmental Provision

2.291 Environmental Provision

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 such 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 2.242** 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

Refrigeration and Air Conditioning:

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

Environmental Performance:

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

2.300 Other Provisions

2.311 Forced Labor, Convict Labor, Forced or Indentured Child Labor, or Indentured Servitude Made Materials

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

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



Attachment A, Price Proposal (Revised)

It is with great enthusiasm that Public Consulting Group, Inc. (PCG) submits our Revised Price Proposal to the State of Michigan, Department of Technology Management and Budget Purchasing Operations to deliver Third Party Billing Services, as detailed in Request for Proposal, 07111300122B. We have an in depth appreciation of the required software tools, staffing resources, and associated support costs necessary to complete this engagement successfully. Our approach to project implementation is designed to be efficient and effective, giving the State of Michigan the greatest value for its money.

PCG’s price proposal includes a **one-time fixed fee of \$100,000** during Project Year 1 to compensate PCG for the design and configuration activities required upon the onset of this engagement. This fixed fee includes the development of necessary system interfaces to facilitate the third party billing processes. This fixed fee will be invoiced upon the implementation and go live date of our billing solution.

PCG proposes a tiered contingency rate over the life of the project for all revenues generated and received that were billed from our third party billing solution, regardless of the date of service, and received on or after the end of the contract. The contingency rate tiers will reset each year from the contract award date. For example, if contract award is 8/1/2011, any revenue received on or after 8/1/2012 will be subject to the first tier contingency rate until collections surpass the next tier and then the rate will adjust accordingly. In addition, PCG requests a contract run out period of 90 days for revenues billed out of our billing application in the event the contract is terminated for any reason. For example, if our contractual agreement ends, PCG will be compensated for all revenues received up to 90 days after the contract period for claims billed from our billing application. The details of tiered contingency rate structure are as follows.

Tiers	Revenue Level Beginning Range	Revenue Level Ending Range	Contingency Rate
Tier 1	\$0	\$10,000,000	5.0%
Tier 2	\$10,000,001 and above	N/A	4.0%

****Please note, PCG’s proposed pricing structure was derived assuming revenue levels will remain consistent with the three year average of collections outlined by MDCH in the response to questions and answers. If revenue levels decrease to 85% of the current three year average during the contract arrangement, PCG reserves the right to renegotiate the proposed rates.***

The proposed pricing structure outlined above is inclusive of all direct and indirect costs associated with the services outlined within RFP. Any functionality not specified within the RFP but requested after award will be negotiated by PCG and the State as outlined in the change order parameters of the RFP. For example, PCG understands that MDCH may implement an electronic medical record system in the future and this may require changes to the PCG’s billing application. These changes would be negotiated through the change request processes outlined within the RFP and would result in additional compensation to PCG on a time and materials basis.

Invoicing Process

Under this proposal, PCG will be submitting facility and pharmacy claims for reimbursement on behalf of the State of Michigan. Actual payments for these claims will be made directly to the State of Michigan for deposit either by check or electronic funds transfer (EFT’s). PCG would require a monthly report detailing the daily deposits for the project from inception-to-date by Type (Facility or Pharmacy) and Payer (Medicare, Medicaid, Commercial). PCG would compare the total deposit amount reported on the current monthly detailed deposit report to the amount reported on the previous months report. A variance between the two reports will provide the basis of the current month’s invoicing amount. The appropriate contingency amount will be applied to that figure and will be displayed on the PCG invoice. An example is as follows:



Total Deposit Amount – Current Report	\$12,000,000
Total Deposit Amount – Prior Report	<u>\$10,500,000</u>
Invoice Basis	\$ 1,500,000
Amount Due to PCG	<u>4%</u> (Applies to Deposits > \$10 Million)
Total Fee – Current Month	\$ 60,000

The invoice will then be completed consistent with the State of Michigan requirements and submitted by PCG for payment.



Appendix A Functional Requirements for Services:

ID	Description	M=Mandatory O=Optional	Yes	Yes with Modifications	No	Req Response (A,B,C,D,E)	Comments
1	Functional Requirements/Features: Claims Processing						
1-1	Process health insurance claims for reimbursement of charges for professional and institutional medical, laboratory, behavioral health services and pharmacy services provided to patients that are covered by any and all contracted insurance plans for primary, secondary and tertiary payers using 5010/ICD-10, NCPDP Version D.0 or other successor formats.	M					
1-2	Provide and manage a computerized claims processing service which processes full 837 and NCPDP claim forms both in electronic and paper formats, and ANSI standard electronic claims.	M					
1-3	Process claims using hospital patient account number, and date of service.	M					
1-4	The claims processing service has feature that will allow for editing and transmitting to identified payers and transmit adjudicated claim results back to State of Michigan within 24 hours of receipt.	M					
1-5	Automatic calculation of Part A days psychiatric full days, co-days and life time reserved days.	O					
1-6	Ability to process Medicare Part A No Pay Claims in 60 days increments.	M					
1-7	Ability to bill multiple diagnosis codes on a HCFA 1500 (Contractor to specify number)	M					
1-8	Ability to process claims that require modifiers	M					
1-9	Ability to scrub for front end rejections.	M					
1-10	Ability for State of Michigan to access, correct, and resubmit front end rejected claims	M					
1-11	Connection to third party payers through claims clearinghouse.	M					
1-12	Ability to track changes and make notes on individual claims. (Notepad).	M					
1-13	Verification of insurance eligibility prior to submitting claims.	M					
1-14	Ability to interface with future electronic medical record (EMR) systems to automatically generate a billing record.	O					
1-15	Ability to perform direct data entry of activity to generate a billing record	M					
1-16	Ability to stratify rejected/denied claims into buckets/queues (Specify)	O					



1-17	Import/export routines to share data with State of Michigan.	M					
1-18	Real time claims processing service	O					
1-19	Claims processing for Medicare Part D on 28 day cycle using State of Michigan Data.	M					
1-20	Support both Cycle and batch billing.	M					
2	Functional Requirements/Features of the Service: Code Verification						
2-1	Validation of diagnosis, procedure codes and NDC codes	M					
2-2	Return rejected or denied claims to State of Michigan (Specify process)	M					
2-3	State of Michigan access to system to correct and resubmit claims with invalid codes (Specify)	O					
3	Functional Requirements/Features of the Service: Cash Posting						
3-1	Ability of system to post payments automatically matching payment to charge.	M					
3-2	Ability to manually post payments by patient name, date of service, RX number or hospital case number	M					
4	Functional Requirements/Features of the Service: REPORTING						
4-1	Ability to create user driven reports.	M					
4-2	Report of claims submitted	M					
4-3	Report of front end rejections	M					
4-4	Insurance collection reports.	M					
4-5	Standard patient by Insurance, Diagnosis, Procedure and NDC code reports.	M					
4-6	File maintenance progress reporting.	M					
4-7	Payment and denial trend reporting.	M					
4-8	Volume and claims submission trend reporting.	M					
4-9	Claim daily acceptance reporting.	M					
4-10	Payer mix reporting.	M					
4-11	Transaction payer reporting to include general report of payments, charges, and receivables.	M					
4-12	Days in receivable reporting	M					
4-13	Customized aging buckets.	O					
4-14	Task or date driven collection workflow and export to Excel.	M					
4-15	Claim denial and rejection management report.	M					
4-16	Option to display subtotals on reports	O					
5	Functional Requirements/Features of the Service: SECURITY/HIPAA						Items in this section may overlap items in Security section of Technical Requirements. HIPAA is both functional and technical.
5-1	Role based security	M					
5-2	Unique identifier fields.	M					
5-3	Report of roles and activities	M					
5-4	HIPAA security ready. Certifications and Accreditation assessment must be completed	M					



	to verify the Security and privacy controls meet State and Federal requirements.						
5-5	Role-based password management.	M					
5-6	User access history reporting.	M					
5-7	Redundant data storage and back-up (Specify)	M					
5-8	Integrated reporting security.	M					
5-9	Redundant access to service data	M					
5-10	Ability to access data from multiple locations (Specify)	M					
6	Functional Requirements/Features of the Service: USABILITY						
6-1	Set default data fields.	M					
6-2	Customizable tool bar.	O					
6-3	Customizable data screens.	M					
6-4	Warning on duplicate patient's being billed.	M					
6-5	Field data checking.	O					
6-6	Patient flagging.	M					
6-7	Option to select single or multiple claims to print or re-print.	M					
6-8	Default printer options for custom reports.	M					
6-9	Service to store claim data	M					
6-10	Exports reports and other data into Microsoft Excel.	O					
6-11	Ability to check eligibility and available benefit coverage	O					
6-12	Access to system Mon - Sat 5:30 a.m. to 7:00 p.m.	M					
6-13	Claims data archiving.	M					
7	Functional Requirements/Features of the Service: DATA SHARING INTERFACE						
7-1	<p>System Interface file 1: Facility (and charge (rate) and patient INFOSYS / Demographic and Insurance. Contractor will be responsible for building an interface to extract from the SOM file(s)</p> <p>The service must provide the capability for both on-demand and scheduled uploads</p> <p>This file will be in a fixed length flat file format. If SOM has missed anything in the creation of this file that is needed for creating bills the format will be changed to accommodate. Any of these changes will be mutually agreed upon</p> <p>See Attachment 1</p>	M					
7-2	<p>System Interface file 2: Contractor will be responsible for building an interface to extract data from the SOM file(s) for The service must provide the capability for both on-demand and scheduled uploads</p> <p>This file will be in a fixed length flat file format. If SOM has missed anything in the creation of this file that is needed for</p>	M					



	<p>creating bills the format will be changed to accommodate. Any of these changes will be mutually agreed upon</p> <p>See Attachment 2</p>						
7-3	<p><u>System Interface file 3</u>: Contractor will be responsible for building an interface file of claims and payment information at the claim level for transmittal to SOM . This Claims/payments information will be housed in a new platform designed by the State of Michigan and will maintain the Claims/payments transactions for the patients who reside in the state of Michigan mental health facilities.</p> <p>The new system must provide on-demand capability for a specific date range into the TBD State Standard Application Environment.</p> <p>This file will be in a state standard format, designed with assistance from the contractor.</p> <p>See Attachment 3</p>	M					
7-4	<p>Data is owned by State of Michigan. Contractor must keep State of Michigan data segregated from other clients data.</p>	M					
7-5	<p>Data is owned by State of Michigan. Contractor must not respond to any subpoenas of state data. Subpoena's should be forwarded to the State of Michigan.</p>	M					



Appendix B Technical/General Service Requirements

ID	TECHNICAL REQUIREMENTS	Optional	Yes	MODIFICATIONS	NO	E (A,B,C,D, E)	COMMENTS
1	SERVICE ARCHITECTURE						
1-01	The service employs web-based architecture with an intelligent workstation client accessing a central database through software on one or more servers.	M					
1-02	The Application's desktop client must function on the following standard SOM desktop environment. (e.g. Windows XP Prof SP3; IE 8.0) Link to SOM Desktop Standard: http://www.michigan.gov/dmb/0,1607,7-150-56355-108233--,00.html	M					
1-03	The service is expandable and portable, with specific reference to the system capacity requirements presented in this RFP.	M					
1-04	The service is an open system, with no dependency on the use of specific models or models of equipment operating systems.	M					
1-05	The service keeps a log of each transaction which alters the database. Logs must include user info and are date and time stamped to allow the system to reconstruct activity for any period.	M					
2	SECURITY						
2-01	Contractor's organization must be compliant with HIPAA Admin Simplification Statute and Rules.	M					
2-02	All application components must be compliant with HIPAA Admin Simplification Statute and Rules	M					
2-03	All computer information services and applications operate in a secure manner and comply with State Enterprise IT Security Policy and Procedures as found on the website: http://www.michigan.gov/dit/0,1607,7-139-34305-108216--,00.html	M					
2-04	Client services must adhere to SOM Policy 1340.00 regarding "Information Security": http://www.michigan.gov/documents/dmb/1340_193162_7.pdf	M					
2-05	Applications and services must adhere to SOM Policy 1350.10 regarding "Access to Networks, Systems, Computers, Databases, and Applications": www.michigan.gov/documents/dmb/13	M					



ID	TECHNICAL REQUIREMENTS	Mandatory/Optional	Yes	NO	MODIFICATIONS	(A,B,C,D,E)	COMMENTS
	50.10_184594_7.pdf						
2-06	The services must ensure that the integrity and confidentiality of data is protected by safeguards to prevent release of information without proper consent.	M					
2-07	Service shall ensure a secure sign-on through user ID and password.	M					
2-08	Service shall encrypt sensitive data both at-rest and in-motion, compliant with HIPAA HITECH.	M					
3	SECURITY / ACCESS CONTROL						
3-01	The service provides security at database, workstation, and individual operator levels	M					
3-02	The service provides secure access control based upon unique user login.	M					
3-03	The service checks each user's access privileges at login, and automatically disable or enables client functions (in real time) based upon the user's profile	M					
3-04	The service provides varying levels of access within the application, such as administrators, view only, or scheduling only.	M					
3-05	The service provides a means for adding new roles and removing or disabling existing roles.	M					
3-06	Multiple level administrators must be able to access an administrative page to view the Authorized Users of the service. This role will need to include the ability to edit/add users to the service.	M					
3-07	When users are removed, their accounts should be inactivated, not physically removed.	M					
4	SECURITY/ACTIVITY LOGGING						
4-01	The solution must have a completed MDIT Project Security Plan and Assessment (DIT-0170). <i>Note 1: The DIT-170 should be started during the requirements gathering phase and be authored by MDIT staff.</i> <i>Note 2: Security requirements listed in this section are guidelines only and may be superseded by the DIT-0170.</i>	M					
4-02	The service logs unauthorized access attempts by date, time, user ID, device and location.	M					
4-03	The service maintains an audit trail of all security maintenance performed by date, time, user ID, device and location.	M					



ID	TECHNICAL REQUIREMENTS	y/Optional	Yes	MODIFICATIONS	NO	E (A,B,C,D, E)	COMMENTS
	This information should be easily accessible to SOM administrators.						
4-04	Provides security reports of users and access levels.	M					
4-05	Provides detailed reports of backups completed and backups failed.	M					
5	APPLICATION SPECIFICATIONS						
5-01	The service allows the State, from PC workstations, to access and update all necessary information to complete a transaction.	M					
5-02	The service allows for the accurate and timely input and extraction of State data.	M					
5-03	The service allows for processing of all State business identified in this SOW.	O					
5-04	The service provides data reporting capabilities identified in this SOW.	O					
5-05	The service provides a Graphical User Interface (GUI) that is user-friendly and provides data, calculation, reporting, and communication capabilities to State users as identified in this SOW.	O					
5-06	The service is modular in design to accommodate phased implementation and future expansion.	M					
5-07	All modules of the service are integrated and designed to work together avoiding no redundant data entry and redundant data storage.	M					
5-08	The service has the ability to accept batch entry from external sources while ensuring the same edits and validations as the online service.	M					
5-09	The service provides the capability of transferring data to and from the host/server to the client for processing on other software packages.	O					
5-10	Contractor is responsible for the maintenance of all billing activity provided to patients.	M					
6	REPORTING						
6-01	The service delivers standard reports listed in Appendix A	M					
6-02	The service includes ad-hoc query and reporting tools.	M					
6-03	The online query capability enables non-technical end-users to extract information.	M					
6-04	The standard (e.g., regularly scheduled, recurring) reporting allows:	See Below					



ID	TECHNICAL REQUIREMENTS	Mandatory/Optional	Yes	NO	MODIFICATIONS	(A,B,C,D,E)	COMMENTS
6-04a	Standard reports to be scheduled, executed, viewed on-line, printed (centrally or remotely), emailed, saved as PDF, and dispersed.	M					
6-04b	Offices and work locations to control which standard reports they do and do not receive.	O					
6-04c	The State to control the information that appears on standard reports so that data security is maintained.	O					
6-05	The service provides methods for retaining and modifying previously built queries	O					
6-06	The service provides security and control mechanisms that prevent the abuse of ad hoc queries (e.g., attempted access to restricted data, attempted execution of a query that would run for several hours, etc.)	M					
6-07	The service provides the use of transaction databases, external files.	O					
7	AUDIT TRAIL						
7-01	The service enables the user to modify data entry transactions that have already been posted to the database while maintaining an audit trail of the change.	M					
7-02	The service's internal control functionality ensures that the data entry and processing associated with a business event has been completed before updating the database. To ensure transactional integrity, any action that will leave the database in an undefined state will either be canceled to leave it in the previous defined state or completed to leave it in the next defined state.	M					
8	EDIT AND VALIDATION CONTROL						
8-01	The service includes comprehensive field edits to prevent incomplete or incorrect data from entering the system.	M					
8-02	The service ensures data integrity and controls processing without hard-coded logic.	M					
9	INTERFACES						
9-01	The service has the ability to exchange data with other systems using the following mechanisms: XML, CSV, and native database interface	M					
9-02	The service must provide real-time data transfer of data identified within this SOW.	M					



ID	TECHNICAL REQUIREMENTS	Mandatory/Optional	Yes	MODIFICATIONS	NO	(A,B,C,D,E)	COMMENTS
10	USER INTERFACES:						
10-01	In general, the user interface should reduce redundancy and extra keystrokes (e.g., if physical address and mailing address are the same, the user should not be required to type it in twice. The service should not allow non-numeric characters when entering phone/fax numbers).	M					
10-02	DCH-approved users must be able to create user id and password by providing basic information like Last Name, First Name, E-mail address and select the type of user from a drop down menu.	M					
10-03	Service must send an email to the user with the user id and temporary password so that the user can be validated.	M					
10-04	When the user logs in for the first time, system must be able to recognize the type of user and the service should direct the user to the appropriate page based on the role of the user, where user will be asked to change the password and update the profile.	M					
10-05	Every time a user logs in, service should recognize the user's role and direct the user to the appropriate home page based on the role.	M					
10-06	DCH users, based on their role should be able to review and update billing info.	M					
10-07	Service must allow the user to access and edit information based on the role. No user should be allowed to Delete any information but can Add or update. Certain Changes made by certain users will have to be approved by SOM.	M					
11	CAPACITY						
11-01	Current requirement lists not more than 100 identified users. It is estimated that we will need between 50 concurrent users capacity.	M					
12	SYSTEM AUDITING						
12-01	The service has the ability to maintain a historical record of all changes made to any item within the system (e.g., data element, business rule, process control, software program), the ID of the person or process that made the change, the before images of the affected data records, and the date and time the	M					



ID	TECHNICAL REQUIREMENTS	Y/Optional	Yes	MODIFICATIONS	NO	E (A,B,C,D, E)	COMMENTS
	change was made.						
12-02	The service must ensure that all system events for software, hardware, interfaces, operating system, network, etc. are written to a system event log in a manner that facilitates debugging of all system problems.	M					
12-03	The service offers the ability to query, view, filter, and sort the system audit trail. The system is able to store the queries.	M					
12-04	The service has the ability to identify and track data back to its input source (e.g., imaged document, keyed from form, interface file, etc.).	M					
12-05	The service has the ability to audit all override of edits and audits and identify the login ID, date, and time.	M					
13	ERROR HANDLING						
13-01	The service must ensure that all errors are written to an error log.	M					
13-02	The service must allow for an administrator to view, filter, sort, and search the error log.	O					
13-03	The service must allow for an administrator to archive error log entries based upon user-defined criteria.	M					
13-04	The service must allow for a user to define an alert message to be executed upon the occurrence of an error.	O					
14	BACKUP AND RECOVERY						
14-01	The service has the ability to provide point-in-time recovery of data to the last completed transaction.	M					
14-02	The service has the ability to allow for continued use of the system during backup.	M					
14-03	The service has the ability to provide a complete backup and recovery process for all database tables and system files.	M					
14-04	The service has the ability to create on request backups.	M					
14-05	The back up and archival features of the service proposed can be initiated automatically or by manual request.	M					
14-06	The service software and data must be able to be restored to its previous operational status within four (4) hours after initiation of recovery process.	M					
15	ADDITIONAL						
15-01	State of Michigan owns the data. When asked by State, Contractor will dispose data per HIPAA procedures	M					



ID	TECHNICAL REQUIREMENTS	y/Optional	Yes	MODIFICATIONS	NO	E (A,B,C,D, E)	COMMENTS
15-01	Interface source code shall be owned by the State.	M					
15-02	For the first year and all subsequent Contract years, the following services are provided for the current version and one previous version of any Software provided with the deliverables, commencing upon installation of the deliverables or delivery of the Software:	See Below					Responses to be provided below (15-02a thru 15-02c)
15-02a	Error Correction. Upon notice by the State of a problem, reasonable efforts must be made to correct or provide a working solution for the problem.	M					
15-02b	Material Defects. The State will be notified of any material errors or defects in the deliverables known, or made known to the Contractor from any source during the Contract term that could cause the production of inaccurate, or otherwise materially incorrect, results and shall initiate actions as may be commercially necessary or proper to effect corrections of any such errors or defects.	M					
15-02c	Updates. All new releases and bug fixes for any service deliverable developed or published by the contractor and made available to its other customers at no additional charge will be provided to the State at no additional charge.	M					
16	DOCUMENTATION AND STANDARDS						
16-01	Contractor will provide a full set of documentation both in electronic and print format.	See Below					
16-01a	Contractor will provide User Manuals covering all user roles including administrators	M					
16-01b	Contractor will provide Help-Desk for supporting users	M					
16-01c	System will provide context-sensitive online help and tool-tips	M					



APPENDIX C

Environment

The links below provide information on the State’s security policy and procedures.

Contractor is advised that the State has methods, policies, standards and procedures that have been developed over the years. Contractor is expected to provide proposals that conform to State IT policies and standards. All services and products provided as a result of this Contract must comply with all applicable State IT policies and standards. Contractor is required to review all applicable links provided in this Appendix and state compliance in their response.

Agency Specific Technical Environment

- Hardware Listing**
 - Current system: Unisys Libra Mainframe
- Operating Systems**
 - Unisys MCP, Windows 2003, Microsoft IIS 2003/2008
- Desktop Workstations**
 - Dell Pentium with Windows XP
- Software Listing**
 - COBOL, XGEN
 - VB.Net 2.x and 3.0 framework
 - C#.Net 2.x and 3.0 framework
 - ASP.Net 2.x and 3.0 framework
 - HTML
 - JavaScript
 - XML
 - MS Office 2003
 - Microsoft Project
 - Visio
- Database**
 - DMS-II, MS SQL Server 2005, Oracle 10g
- Network**
 - MS Active Directory
- Browser**
 - Internet Explorer 6.x, 7.x, Firefox
- Reporting tools**
 - SQL Reporting Services 2005
- Interfaces**
 - State of Michigan’s eMichigan Standards
- Other systems/applications requiring interface**
 - INFOSYS / Demographic - the State’s Information System (input to Contractor system)
 - INFOSYS / Patient Activity – the States Information System (input to Contractor system)
 - Claims-Payment / Billing - the State’s Claims & Payment Information System (output from Contractor system) This will be a new system that will work in the to-be-determined State Standard environment.