August 21, 2014

STATE OF MICHIGAN
DEPARTMENT OF COMMUNITY HEALTH
Grants and Purchasing Division
320 South Walnut Street
Lansing, Michigan 48913

CHANGE NOTICE NO. 1
to
CONTRACT NO. 391B3200003
between
THE STATE OF MICHIGAN
And

NAME & ADDRESS OF VENDOR **Detroit Bio-Medical Laboratories, Inc.** **23955 Freeway Park Drive** **Farmington Hills, MI 48335** Email: Richard@detroitbio.com	**TELEPHONE (248) 471-4111**
Contract Compliance Inspector: Kevin Dunn (517) 335-5096 **Medical Laboratory Services**	
CONTRACT PERIOD: **From**: **3/1/13** **To**: **2/28/18**	
TERMS **Net 30 Days**	

Current Contract Value: **$ 3,494,564.00**	**Amount of Change:** **$ 0.00**	**New Contract Value:** **$ 3,494,564.00**

NATURE OF CHANGE:

Effective immediately, the Contract Compliance Inspector listed in Section 2.022 is changed to:

Kevin Dunn, Manager
Purchasing Section
MDCH Grants and Purchasing Division
320 S. Walnut Street
Lansing, MI 48913
Email: DunnK3@michigan.gov
Phone: (517) 335-5096
Fax: (517) 241-4845

The attached Business Associate Agreement is being incorporated as an addendum to the contract.

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

TOTAL REVISED ESTIMATED CONTRACT VALUE: $ 3,494,564.00

FOR THE VENDOR:	FOR THE STATE:
Firm Name	Signature **Kristi Broessel**
Authorized Agent Signature	Name **Director, Grants and Purchasing Division** **Michigan Department of Community Health**
Authorized Agent (Print or Type)	Title
Date	Date

HIPAA BUSINESS ASSOCIATE AGREEMENT ADDENDUM

This Business Associate Agreement Addendum ("Addendum") is made a part of the contract ("Contract") between the Michigan Department of Community Health ("Covered Entity"), and **Detroit Bio-Medical Laboratories, Inc., ("**Business Associate").

The Business Associate performs certain services for the Covered Entity under the Contract that requires the exchange of information including protected health information under the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), as amended by the American Recovery and Reinvestment Act of 2009 (Pub.L. No. 111-5). The Michigan Department of Community Health is a hybrid covered entity under HIPAA and the parties to the Contract are entering into this Addendum to establish the responsibilities of both parties regarding HIPAA-covered information and have the underlying Contract comply with HIPAA.

RECITALS

A. Under the terms of the Contract, the Covered Entity wishes to disclose certain information to the Business Associate, some of which may constitute Protected Health Information ("PHI"). In consideration of the receipt of PHI, the Business Associate agrees to protect the privacy and security of the information as set forth in this Addendum.

B. The Covered Entity and the Business Associate intend to protect the privacy and provide for the security of PHI disclosed to the Business Associate under the Contract in compliance with HIPAA and the HIPAA Rules.

C. The HIPAA Rules require the Covered Entity to enter into a contract containing specific requirements with the Business Associate before the Covered Entity may disclose PHI to the Business Associate.

1. Definitions.

a. The following terms used in this Agreement have the same meaning as those terms in the HIPAA Rules: Breach; Data Aggregation; Designated Record Set; Disclosure; Health Care Obligations; Individual; Minimum Necessary; Notice of Privacy Practices; Protected Health Information; Required by Law; Secretary; Security Incident; Security Measures, Subcontractor; Unsecured Protected Health Information, and Use.

b. "Business Associate" has the same meaning as the term "business associate" at 45 CFR 160.103 and regarding this Addendum means [Insert Name of Business Associate]

c. "Covered Entity" has the same meaning as the term "covered entity" at 45 CFR 160.103 and regarding this Addendum means the Michigan Department of Community Health.

d. “HIPAA Rules” means the Privacy, Security, Breach Notification, and Enforcement Rules at 45 CFR Part 160 and Part 164.

e. “Agreement” means both the Contract and this Addendum.

f. “Contract” means the underlying written agreement or purchase order between the parties for the goods or services to which this Addendum is added.

2. Obligations of Business Associate.

The Business Associate agrees to

a. use and disclose PHI only as permitted or required by this Addendum or as required by law.

b. implement and use appropriate safeguards, and comply with Subpart C of 45 CFR 164 regarding electronic protected health information, to prevent use or disclosure of PHI other than as provided in this Addendum. Business Associate must maintain, and provide a copy to the Covered Entity within 10 days of a request from the Covered Entity, a comprehensive written information privacy and security program that includes security measures that reasonably and appropriately protect the confidentiality, integrity, and availability of PHI relative to the size and complexity of the Business Associate’s operations and the nature and the scope of its activities.

c. report to the Covered Entity within 24 hours of any use or disclosure of PHI not provided for by this Addendum of which it becomes aware, including breaches of Unsecured Protected Health Information as required by 45 CFR 164.410, and any Security Incident of which it becomes aware. If the Business Associate is responsible for any unauthorized use or disclosure of PHI, it must promptly act as required by applicable federal and State laws and regulations. Covered Entity and the Business Associate will cooperate in investigating whether a breach has occurred, to decide how to provide breach notifications to individuals, the federal Health and Human Services’ Office for Civil Rights, and potentially the media.

d. ensure, according to 45 CFR 164.502(e)(1)(ii) and 164.308(b)(2), if applicable, that any subcontractors that create, receive, maintain, or transmit PHI on behalf of the Business Associate agree to the same restrictions, conditions, and requirements that apply to the Business Associate regarding such information. Each subcontractor must sign an agreement with the Business Associate containing substantially the same provisions as this Addendum and further identifying the Covered Entity as a third party beneficiary of the agreement with the subcontractor. Business Associate must implement and maintain sanctions against subcontractors that violate such restrictions and conditions and must mitigate the effects of any such violation.

e. make available PHI in a Designated Record Set to the Covered Entity within 10 days of a request from the Covered Entity to satisfy the Covered Entity’s obligations under 45 CFR 164.524.

f. within ten days of a request from the Covered Entity, amend PHI in a Designated Record Set under 45 CFR § 164.526. If any individual requests an amendment of PHI directly from the Business Associate or its agents or subcontractors, the Business Associate must notify the Covered Entity in writing within ten days of the request, and then, in that case, only the Covered Entity may either grant or deny the request.

g. maintain, and within ten days of a request from the Covered Entity make available the information required to enable the Covered Entity to fulfill its obligations under 45 CFR § 164.528. Business Associate is not required to provide an accounting to the Covered Entity of disclosures : (i) to carry out treatment, payment or health care operations, as set forth in 45 CFR § 164.506; (ii) to individuals of PHI about them as set forth in 45 CFR § 164.502; (iii) under an authorization as provided in 45 CFR § 164.508; (iv) to persons involved in the individual's care or other notification purposes as set forth in 45 CFR § 164.510; (v) for national security or intelligence purposes as set forth in 45 CFR § 164.512(k)(2); or (vi) to correctional institutions or law enforcement officials as set forth in 45 CFR § 164.512(k)(5); (vii) as part of a limited data set according to 45 CFR 164.514(e); or (viii) that occurred before the compliance date for the Covered Entity. Business Associate agrees to implement a process that allows for an accounting to be collected and maintained by the Business Associate and its agents or subcontractors for at least six years before the request, but not before the compliance date of the Privacy Rule. At a minimum, such information must include: (i) the date of disclosure; (ii) the name of the entity or person who received PHI and, if known, the address of the entity or person; (iii) a brief description of PHI disclosed; and (iv) a brief statement of purpose of the disclosure that reasonably informs the individual of the basis for the disclosure, or a copy of the individual's authorization, or a copy of the written request for disclosure. If the request for an accounting is delivered directly to the Business Associate or its agents or subcontractors, the Business Associate must forward it within ten days of the receipt of the request to the Covered Entity in writing.

h. to the extent the Business Associate is to carry out one or more of the Covered Entity's obligations under Subpart E of 45 CFR Part 164, comply with the requirements of Subpart E that apply to the Covered Entity when performing those obligations.

i. make its internal practices, books, and records relating to the Business Associate's use and disclosure of PHI available to the Secretary for purposes of determining compliance with the HIPAA Rules. Business Associate must concurrently provide to the Covered Entity a copy of any PHI that the Business Associate provides to the Secretary.

j. retain all PHI throughout the term of the Agreement and for a period of six years from the date of creation or the date when it last was in effect, whichever is later, or as required by law. This obligation survives the termination of the Agreement.

k. implement policies and procedures for the final disposition of electronic PHI and the hardware and equipment on which it is stored, including but not limited to, the removal of PHI before re-use.

l. within ten days after a written request by the Covered Entity, the Business Associate and its agents or subcontractors must allow the Covered Entity to conduct a

reasonable inspection of the facilities, systems, books, records, agreements, policies and procedures relating to the use or disclosure of PHI under this Addendum for the purpose of determining whether the Business Associate has complied with this Addendum; provided, however, that: (i) the Business Associate and the Covered Entity must mutually agree in advance upon the scope, timing and location of such an inspection; (ii) the Covered Entity must protect the confidentiality of all confidential and proprietary information of the Business Associate to which the Covered Entity has access during the course of such inspection; and (iii) the Covered Entity or the Business Associate must execute a nondisclosure agreement, if requested by the other party. The fact that the Covered Entity inspects, or fails to inspect, or has the right to inspect, the Business Associate's facilities, systems, books, records, agreements, policies and procedures does not relieve the Business Associate of its responsibility to comply with this Addendum. The Covered Entity's (i) failure to detect or (ii) detection, but failure to notify the Business Associate or require the Business Associate's remediation of any unsatisfactory practices, does not constitute acceptance of such practice or a waiver of the Covered Entity's enforcement rights under this Addendum.

3. Permitted Uses and Disclosures by the Business Associate.

a. Business Associate may use or disclose PHI:

(i) for the proper management and administration of the Business Associate or to carry out the legal responsibilities of the Business Associate; provided, however, either (A) the disclosures are required by law, or (B) the Business Associate obtains reasonable assurances from the person to whom the information is disclosed that the information will remain confidential and used or further disclosed only as required by law or for the purposes for which it was disclosed to the person, and the person notifies the Business Associate of any instances of which it is aware in which the confidentiality of the information has been breached;

(ii) as required by law;

(iii) for Data Aggregation services relating to the health care operations of the Covered Entity;

(iv) to de-identify, consistent with 45 CFR 164.514(a) – (c), PHI it receives from the Covered Entity. If the Business Associates de-identifies the PHI it receives from the Covered Entity, the Business Associate may use the de-identified information for any purpose not prohibited by the HIPAA Rules; and

(v) for any other purpose listed here: carrying out the Business Associate's duties under the Contract.

b. Business Associate agrees to make uses and disclosures and requests for PHI consistent with the Covered Entity's minimum necessary policies and procedures.

c. Business Associate may not use or disclose PHI in a manner that would violate Subpart E of 45 CFR Part 164 if done by the Covered Entity except for the specific uses and disclosures described above in 3(a)(i) and (iii).

4. Covered Entity's Obligations

Covered entity agrees to

a. use its Security Measures to reasonably and appropriately maintain and ensure the confidentiality, integrity, and availability of PHI transmitted to the Business Associate under the Agreement until the PHI is received by the Business Associate.

b. provide the Business Associate with a copy of its Notice of Privacy Practices and must notify the Business Associate of any limitations in the Notice of Privacy Practices of the Covered Entity under 45 CFR 164.520 to the extent that such limitation may affect the Business Associate's use or disclosure of PHI.

c. notify the Business Associate of any changes in, or revocation of, the permission by an individual to use or disclose the individual's PHI to the extent that such changes may affect the Business Associate's use or disclosure of PHI.

d. notify the Business Associate of any restriction on the use or disclosure of PHI that the Covered Entity has agreed to or is required to abide by under 45 CFR 164.522 to the extent that such restriction may affect the Business Associate's use or disclosure of PHI.

5. Term. This Addendum must continue in effect as to each Contract to which it applies until such Contract is terminated or is replaced with a new contract between the parties containing provisions meeting the requirements of the HIPAA Rules, whichever first occurs.

6. Termination.

a. Material Breach. In addition to any other provisions in the Contract regarding breach, a breach by the Business Associate of any provision of this Addendum, as determined by the Covered Entity, constitutes a material breach of the Addendum and is grounds for termination of the Contract by the Covered Entity under the provisions of the Contract covering termination for cause. If the Contract contains no express provisions regarding termination for cause, the following apply to termination for breach of this Addendum, subject to 6.b.:

(i) Default. If the Business Associate refuses or fails to timely perform any of the provisions of this Addendum, the Covered Entity may notify the Business Associate in writing of the non-performance, and if not corrected within thirty days, the Covered Entity may immediately terminate the Contract. Business Associate must continue performance of the Contract to the extent it is not terminated.

(ii) Associate's Duties. Notwithstanding termination of the Contract, and subject to any directions from the Covered Entity, the Business Associate must timely, reasonably and necessarily act to protect and preserve property in the possession of the Business Associate in which the Covered Entity has an interest.

(iii) Compensation. Payment for completed performance delivered and accepted by the Covered Entity must be at the Contract price.

(iv) Erroneous Termination for Default. If the Covered Entity terminates the Contract under Section 6(a) and after such termination it is determined, for any reason, that the Business Associate was not in default, or that the Business Associate's action/inaction was excusable, such termination will be treated as a termination for convenience, and the rights and obligations of the parties will be the same as if the Contract had been terminated for convenience.

b. Reasonable Steps to Cure Breach. If the Covered Entity knows of a pattern of activity or practice of the Business Associate that constitutes a material breach or violation of the Business Associate's obligations under the provisions of this Addendum or another arrangement and does not terminate this Contract under Section 6(a), then the Covered Entity must notify the Business Associate of the pattern of activity or practice. The Business Associate must then take reasonable steps to cure such breach or end such violation, as applicable. If the Business Associate's efforts to cure such breach or end such violation are unsuccessful, the Covered Entity must either (i) terminate this Agreement, if feasible or (ii) if termination of this Agreement is not feasible, the Covered Entity must report the Business Associate's breach or violation to the Secretary of the Department of Health and Human Services.

c. Effect of Termination. After termination of this Agreement for any reason, the Business Associate, with respect to PHI it received from the Covered Entity, or created, maintained, or received by the Business Associate on behalf of the Covered Entity, must:

(i) retain only that PHI which is necessary for the Business Associate to continue its proper management and administration or to carry out its legal responsibilities;

(ii) return to the Covered Entity (or, if agreed to by the Covered Entity in writing, destroy) the remaining PHI that the Business Associate still maintains in any form;

(iii) continue to use appropriate safeguards and comply with Subpart C of 45 CFR Part 164 with respect to electronic protected health information to prevent use or disclosure of the PHI, other than as provided for in this Section, for as long as the Business Associate retains the PHI;

(iv) not use or disclose the PHI retained by the Business Associate other than for the purposes for which such PHI was retained and subject to the same conditions set out at Section 3(a)(1) which applied before termination; and

(v) return to the Covered Entity (or, if agreed to by the Covered Entity in writing, destroy) the PHI retained by the Business Associate when it is no longer needed by the Business Associate for its proper management and administration or to carry out its legal responsibilities.

7. No Waiver of Immunity. The parties do not intend to waive any of the immunities, rights, benefits, protection, or other provisions of the Michigan Governmental Immunity Act, MCL 691.1401, *et seq*., the Federal Tort Claims Act, 28 U.S.C. 2671 *et seq.*, or the common law.

8. Data Ownership. The Business Associate has no ownership rights in the PHI. The covered entity retains all ownership rights of the PHI.

9. Disclaimer. The Covered Entity makes no warranty or representation that compliance by the Business Associate with this Addendum, HIPAA or the HIPAA Rules will be adequate or satisfactory for the Business Associate's own purposes. Business Associate is solely responsible for all decisions made by the Business Associate regarding the safeguarding of PHI.

10. Certification. If the Covered Entity determines an examination is necessary to comply with the Covered Entity's legal obligations under HIPAA relating to certification of its security practices, the Covered Entity or its authorized agents or contractors, may, at the Covered Entity's expense, examine the Business Associate's facilities, systems, procedures and records

as may be necessary for such agents or contractors to certify to the Covered Entity the extent to which the Business Associate's security safeguards comply with HIPAA, the HIPAA Rules or this Addendum.

11. Amendment.

a. The parties acknowledge that state and federal laws relating to data security and privacy are rapidly evolving and that amendment of this Addendum may be required to provide for procedures to ensure compliance with such developments. The parties specifically agree to take such action as is necessary to implement the standards and requirements of HIPAA and the HIPAA Rules. Upon the request of either party, the other party agrees to promptly enter into negotiations concerning the terms of an amendment to this Addendum embodying written assurances consistent with the standards and requirements of HIPAA and the HIPAA Rules. Either party may terminate the Agreement upon thirty days written notice if (i) the Business Associate does not promptly enter into negotiations to amend this Agreement when requested by the Covered Entity under this Section or (ii) the Business Associate does not enter into an amendment to this Agreement providing assurances regarding the safeguarding of PHI that the Covered Entity, in its sole discretion, deems sufficient to satisfy the standards and requirements of HIPAA and the HIPAA Rules.

12. Assistance in Litigation or Administrative Proceedings. Business Associate must make itself, and any subcontractors, employees or agents assisting Business Associate in the performance of its obligations under this Agreement, available to Covered Entity, at no cost to Covered Entity, to testify as witnesses, or otherwise, if someone commences litigation or administrative proceedings against the Covered Entity, its directors, officers or employees, departments, agencies, or divisions based upon a claimed violation of HIPAA or the HIPAA Rules relating to the Business Associate's or its subcontractors use or disclosure of PHI under this Agreement, except where the Business Associate or its subcontractor, employee or agent is a named adverse party.

13. No Third Party Beneficiaries. Nothing express or implied in this Addendum is intended to confer any rights, remedies, obligations or liabilities upon any person other than the Covered Entity, the Business Associate and their respective successors or assigns.

14. Effect on Contract. Except as specifically required to implement the purposes of this Addendum, or to the extent inconsistent with this Addendum, all other terms of the Contract must remain in force and effect. The parties expressly acknowledge and agree that sufficient mutual consideration exists to make this Addendum legally binding in accordance with its terms. Business Associate and the Covered Entity expressly waive any claim or defense that this Addendum is not part of the Contract.

15. Interpretation and Order of Precedence. This Addendum is incorporated into and becomes part of the Contract. Together, this Addendum and each separate Contract constitute the "Agreement" of the parties with respect to their Business Associate relationship under HIPAA and the HIPAA Rules. The provisions of this Addendum must prevail over any provisions in the Contract that may conflict or appear inconsistent with any provision in this Addendum. This Addendum and the Contract must be interpreted as broadly as necessary to

implement and comply with HIPAA and the HIPAA Rules. The parties agree that any ambiguity in this Addendum must be resolved in favor of a meaning that complies and is consistent with HIPAA and the HIPAA Rules. This Addendum supersedes and replaces any previous separately executed HIPAA addendum between the parties. If this Addendum conflicts with the mandatory provisions of the HIPAA Rules, then the HIPAA Rules control. Where the provisions of this Addendum differ from those mandated by the HIPAA Rules, but are nonetheless permitted by the HIPAA Rules, the provisions of this Addendum control.

16. Effective Date. This Addendum is effective upon receipt of the last approval necessary and the affixing of the last signature required.

17. Survival of Certain Contract Terms. Notwithstanding anything in this Addendum to the contrary, the Business Associate's obligations under Section 6(d) and record retention laws ("Effect of Termination") and Section 13 ("No Third Party Beneficiaries") survive termination of this Addendum and are enforceable by the Covered Entity if the Business Associate fails to perform or comply with this Addendum.

18. Representatives and Notice.

a. Representatives. For the purpose of this Addendum, the individuals identified in the Contract must be the representatives of the respective parties. If no representatives are identified in the Contract, the individuals listed below are designated as the parties' respective representatives for purposes of this Addendum. Either party may from time to time designate in writing new or substitute representatives.

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

Covered Entity Representative:

Name: Kristi Broessel
Title: Director, Grants and Purchasing Division
Department and Division: Michigan Department of Community Health
Address: 320 South Walnut Street
Lansing, Michigan 48913

Business Associate Representative:

Name: _____
Title: _____
Department and Division: _____
Address: _____
_____
_____

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

Business Associate	**Covered Entity**
[INSERT NAME]	
By:_____	By:_____
Date:_____	Date: _____
Print Name: _____	Print Name: Kristi Broessel
Title:_____	Title: Director, Grants and Purchasing Division

STATE OF MICHIGAN
DEPARTMENT OF COMMUNITY HEALTH
Grants and Purchasing Division
320 South Walnut Street
Lansing, Michigan 48913

CONTRACT NO. 391B3200003
between
THE DEPARTMENT OF COMMUNITY HEALTH
and

NAME & ADDRESS OF VENDOR **Detroit Bio-Medical Laboratories, Inc.** **23955 Freeway Park Drive** **Farmington Hills, MI. 48335**	TELEPHONE **248-471-4111** VENDOR NUMBER/MAIL CODE **2382020419 / 001** AGENCY CONTACT: Richard Zakaria Email: Richard@detroitbio.com
Contract Administrator: Gregory Rivet	
Description: **Medical Laboratory Services**	
CONTRACT PERIOD: From: **03/01/2013**	To: **02/28/2018**
TERMS **Net 30 days**	

MISCELLANEOUS INFORMATION:

The terms and conditions of this Contract are those of the RFP #391I3200003, including any applicable information from the vendor's proposal dated 12/21/2012. In the event of any conflicts between the specifications, terms and conditions indicated by the State and those indicated by the vendor, those of the State take precedence.

Est. Contract Value: $3,494,564.00

FOR THE VENDOR:	**FOR THE STATE:**
Firm Name	Signature **Kim Stephen**
Authorized Agent Signature	Name **Director, Bureau of Budget and Purchasing** **Michigan Department of Community Health**
Authorized Agent (Print or Type)	Title
Date	Date

Table of Contents

Contract Cover Page 1

DEFINITIONS ***17***

Article 1 – Statement of Work (SOW) ***19***

1.010 Project Identification 19
1.011 Project Request 19
1.012 Background 19
1.020 Scope of Work and Deliverables 19
1.021 In Scope 19
1.022 Work and Deliverable 19
1.030 Roles and Responsibilities 25
1.031 Contractor Staff, Roles, and Responsibilities 25
1.040 Project Plan 26
1.041 Project Plan Management 26
1.042 Reports 27
1.050 Acceptance 27
1.051 Criteria 27
1.052 Final Acceptance—Deleted/Not Applicable 27
1.060 Proposal Pricing 27
1.061 Proposal Pricing 27
For authorized Services and Price List, see Attachment A. 27
1.062 Price Term 28
1.063 Tax Excluded from Price 28
1.064 Holdback—Deleted/Not Applicable 28
1.070 Additional Requirements 28
1.071 Additional Terms and Conditions specific to this RFP 28

Article 2, Terms and Conditions ***29***

2.000 Contract Structure and Term 29
2.001 Contract Term 29
2.002 Options to Renew 29
2.003 Legal Effect 29
2.004 Attachments & Exhibits 29
2.005 Ordering 29
2.006 Order of Precedence 29
2.007 Headings 29
2.008 Form, Function & Utility 30
2.009 Reformation and Severability 30
2.010 Consents and Approvals 30
2.011 No Waiver of Default 30
2.012 Survival 30
2.020 Contract Administration 30
2.021 Issuing Office 30
2.022 Contract Compliance Inspector 30
2.023 Project Manager 31
2.024 Change Requests 31
2.025 Notices 32
2.026 Binding Commitments 32
2.027 Relationship of the Parties 32
2.028 Covenant of Good Faith 32
2.029 Assignments 32
2.030 General Provisions 33
2.031 Media Releases 33
2.032 Contract Distribution 33
2.033 Permits 33
2.034 Website Incorporation 33
2.035 Future Bidding Preclusion 33
2.036 Freedom of Information 33
2.037 Disaster Recovery 33
2.040 Financial Provisions 33
2.041 Fixed Prices for Services/Deliverables 33
2.042 Adjustments for Reductions in Scope of Services/Deliverables 34
2.043 Services/Deliverables Covered 34
2.044 Invoicing and Payment – In General 34

2.045 Pro-ration 35
2.046 Antitrust Assignment 35
2.047 Final Payment 35
2.048 Electronic Payment Requirement 35
2.050 Taxes 35
2.051 Employment Taxes 35
2.052 Sales and Use Taxes 35
2.060 Contract Management 35
2.061 Contractor Personnel Qualifications 35
2.062 Contractor Key Personnel 35
2.063 Re-assignment of Personnel at the State's Request 36
2.064 Contractor Personnel Location 36
2.065 Contractor Identification 36
2.066 Cooperation with Third Parties 36
2.067 Contractor Return of State Equipment/Resources 37
2.068 Contract Management Responsibilities 37
2.070 Subcontracting by Contractor 37
2.071 Contractor Full Responsibility 37
2.072 State Consent to Delegation 37
2.073 Subcontractor Bound to Contract 38
2.074 Flow Down 38
2.075 Competitive Selection 38
2.080 State Responsibilities 38
2.081 Equipment 38
2.082 Facilities 38
2.090 Security 38
2.091 Background Checks 38
2.092 Security Breach Notification 39
2.093 PCI Data Security Standard 39
2.100 Confidentiality 39
2.101 Confidentiality 39
2.102 Protection and Destruction of Confidential Information 39
2.103 Exclusions 40
2.104 No Implied Rights 40
2.105 Respective Obligations 40
2.110 Records and Inspections 40
2.111 Inspection of Work Performed 40
2.112 Examination of Records 40
2.113 Retention of Records 40
2.114 Audit Resolution 41
2.115 Errors 41
2.120 Warranties 41
2.121 Warranties and Representations 41
2.122 Warranty of Merchantability 42
2.123 Warranty of Fitness for a Particular Purpose 42
2.124 Warranty of Title 42
2.125 Equipment Warranty 42
2.126 Equipment to be New 42
2.127 Prohibited Products 43
2.128 Consequences For Breach 43
2.130 Insurance 43
2.131 Liability Insurance 43
2.132 Subcontractor Insurance Coverage 44
2.133 Certificates of Insurance and Other Requirements 44
2.140 Indemnification 45
2.141 General Indemnification 45
2.142 Code Indemnification 45
2.143 Employee Indemnification 45
2.144 Patent/Copyright Infringement Indemnification 45
2.145 Continuation of Indemnification Obligations 46
2.146 Indemnification Procedures 46
2.150 Termination/Cancellation 47
2.151 Notice and Right to Cure 47
2.152 Termination for Cause 47
2.153 Termination for Convenience 47
2.154 Termination for Non-Appropriation 48

2.155 Termination for Criminal Conviction 48
2.156 Termination for Approvals Rescinded 48
2.157 Rights and Obligations upon Termination 48
2.158 Reservation of Rights 49
2.160 Termination by Contractor 49
2.161 Termination by Contractor 49
2.170 Transition Responsibilities 49
2.171 Contractor Transition Responsibilities 49
2.172 Contractor Personnel Transition 49
2.173 Contractor Information Transition 49
2.174 Contractor Software Transition 50
2.175 Transition Payments 50
2.176 State Transition Responsibilities 50
2.180 Stop Work 50
2.181 Stop Work Orders 50
2.182 Cancellation or Expiration of Stop Work Order 50
2.183 Allowance of Contractor Costs 50
2.190 Dispute Resolution 50
2.191 In General 50
2.192 Informal Dispute Resolution 51
2.193 Injunctive Relief 51
2.194 Continued Performance 51
2.200 Federal and State Contract Requirements 51
2.201 Nondiscrimination 51
2.202 Unfair Labor Practices 52
2.203 Workplace Safety and Discriminatory Harassment 52
2.204 Prevailing Wage 52
2.210 Governing Law 52
2.211 Governing Law 52
2.212 Compliance with Laws 52
2.213 Jurisdiction 52
2.220 Limitation of Liability 53
2.221 Limitation of Liability 53
2.230 Disclosure Responsibilities 53
2.231 Disclosure of Litigation 53
2.232 Call Center Disclosure 54
2.233 Bankruptcy 54
2.240 Performance 54
2.241 Time of Performance 54
2.242 Service Level Agreements (SLAs) – Deleted, Not Applicable 54
2.243 Liquidated Damages 55
2.244 Excusable Failure 55
2.250 Approval of Deliverables 56
2.251 Delivery Responsibilities 56
2.252 Delivery of Deliverables 57
2.253 Testing 57
2.254 Approval of Deliverables, In General 57
2.255 Process For Approval of Written Deliverables 58
2.256 Process for Approval of Services 58
2.257 Process for Approval of Physical Deliverables 58
2.258 Final Acceptance 59
2.260 Ownership 59
2.261 Ownership of Work Product by State 59
2.262 Vesting of Rights 59
2.263 Rights in Data 59
2.264 Ownership of Materials 59
2.270 State Standards 59
2.271 Existing Technology Standards 59
2.272 Acceptable Use Policy 60
2.273 Systems Changes 60
2.280 Extended Purchasing 60
2.281 MIDEAL 60
2.282 State Employee Purchases – Deleted, Not Applicable 60
2.290 Environmental Provision 60
2.291 Environmental Provision 60
2.300 Other Provisions 61

2.311 Forced Labor, Convict Labor, Forced or Indentured Child Labor, or Indentured Servitude Made Materials....61

Attachment A, Price Proposal ***62***

ATTACHMENT B, HIPAA BUSINESS ASSOCIATE ADDENDUM ***76***

Attachment C, Quality Assurance Program ***84***

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.

MDCH means the Michigan Department of Community Health

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 medical laboratory services for the Michigan Department of Community Health (MDCH).

1.012 Background
Medical laboratory services for MDCH includes direct laboratory services, determining treatment programs, diagnosis, monitoring drug levels, and are necessary to protect the health and/or safety of patients residing at MDCH hospitals and centers.

This purchase includes five facilities for MDCH – Caro Center, Center for Forensic Psychiatry (CFP), Hawthorn Center, Kalamazoo Psychiatric Hospital, and Walter P. Reuther Psychiatric Hospital (WRPH).

1.020 Scope of Work and Deliverables

1.021 In Scope
The purpose of this Contract is to acquire the necessary health care services of a qualified laboratory entity to supplement those services not provided by the MDCH facility. Laboratory services will vary in type, and number based on the needs of the MDCH facility.

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

The following duties and responsibilities are required at all facilities:

The Contractor will be responsible for all blood draws, testing, and reporting as identified in the contract specifications. The number and type of procedures to be performed under this contract will depend on the medical needs of the client population of the Agency. Quantities cited in Attachment A are based on projections from previous year's total. There are also various tests run for employees at the facilities' request as part of general operations. In addition, the Contractor shall apply at least a 10% discount from the regular catalog price for any laboratory test that is not in the agreed pricing found in Attachment A. The Contractor shall supply a copy of "regular catalog pricing" at the time the contract is awarded

Contractor will provide a licensed Phlebotomist to perform contract services at each facility. The Phlebotomist will draw blood/collect specimens from each unit during the hours listed below for each facility. If additional hours of phlebotomy are needed and approved by facility management, these hours will be supplied using the hourly rate indicated in the Attachment A-Pricing Sheet.

a. Caro Center Hours: 7:00 AM until 10:00 AM daily, Monday through Friday
b. Center for Forensic Psychiatry: 6:00 AM until 10:00 AM, Monday through Friday.
c. Kalamazoo Psychiatric Hospital: 5:30 AM to 9:30 AM, Monday through Friday, and 7:00 AM to 9:00 AM on Saturday.
d. Hawthorn Center: 7:00 AM until 10:00 AM daily, Monday through Friday
e. Walter P. Reuther Psychiatric Hospital: 6:00 AM to 10:00 AM daily, Monday through Friday.

Hours are based on Hospital operations and subject to change to facilitate hospital needs. Service must accommodate scheduled breakfast and medication distribution hours. Additional on-call phlebotomy service shall be available at no cost, via pager or phone, Monday through Friday between the hours of 10:00 AM and 4:00 PM for blood draws, processing of samples, and completion of all necessary paperwork associated with the blood draws. The Contract phlebotomist shall arrive at the agency within 30 minutes of paging for service. The Contractor shall not charge the Agency for this on-call service required during these regular business hours. A back up Phlebotomist must be available in the event that the primary Phlebotomist is absent.

On-call phlebotomy service shall also be available for all facilities after 4:00 PM during weekdays and after 9:00 AM on Saturdays. Contractor bills for this "non-regular business hours" services, at an inclusive hourly rate indicated in Attachment A.

Contractor will provide supervisory personnel that will be available by telephone, 6:00 AM to 4:30 PM, Monday through Friday for the purpose of discussing scheduling problems or other lab-related questions

The Contractor shall provide all supplies, materials and equipment required to obtain and transport specimens to and from the Contractor's laboratory, i.e., needles, centrifuge, tubes, telephones, etc. It shall be the responsibility of the Contractor to remove and dispose of all infectious waste generated as a result of this contract, i.e., needles, syringes, etc. The Contractor is responsible for ensuring that all supplies, materials, and equipment are non-expired.

The Contractor must maintain licensure as a clinical laboratory through the MDCH and within compliance under the Clinical Laboratory Improvement Act of 1967, as amended. Also, the Contractor must supply the MDCH project managers with proof of license upon renewal and upon request. Failure to maintain such a license will result in immediate cancellation of this Contract.

The Contractor must maintain inspection and accreditation with the College of American Pathologists (CAP) and provide evidence of accreditation upon renewal and upon MDCH request. Contractor realizes that failure to maintain this license and certificate will result in immediate cancellation of this contract.

The Contractor must comply with the standards of The Joint Commission (TJC) and conditions of participation of Centers for Medicare and Medicaid Services (CMS).

http://www.jointcommission.org/
http://www.cms.gov/

The Contractor must comply with Michigan Occupational Safety and Health Administration (MIOSHA) Act 154 of 1974 as amended. All Federal Occupational Safety and Health Administration (OSHA), State MIOSHA standards and National Fire Protection Association (NFPA) Life Safety Codes must be followed during the course of any work or service being performed

The Contractor must provide a computer terminal and printer as a part of this proposal, the Contractor shall provide the terminal, printer and telephone equipment at the Agency for the receiving of laboratory reports at no additional cost to the Agency.

Contractor shall provide, if required, Web based reporting to allow for receipt of lab results via the web. Accessibility to the Web base reporting site to be password protected

Laboratory Test Reports must provide necessary information required to file the report in the consumer's medical record.

Printed Laboratory Test Reports shall be distributed by the Contract phlebotomist during his/her work hours.

Printed results of routine laboratory test, including blood levels of anticonvulsants and psychotropic drugs will be provided by 9:00am the next day but no later than within 24 hours of the specimen draw/collection.

Repeat tests shall be performed without charge to the facilities. A procedure shall be considered a repeat test if in the opinion of the Contractor or the attending physician, the results of the initial procedure are not or may not be consistent with the normally expected test results for clients with similar diagnoses, resulting in the need to repeat the same procedure. Repeat tests desired by the attending physician shall be requested within two working days

Any test result that has a value equal to, greater than, or less than the established Contractor's alert range will be telephoned to the patient's unit and faxed to the Agency as soon as the results are available in the lab, between the hours of 7:00 AM and 7:00 PM. A printed report shall be made available by 9:00 AM the next day.

If Absolute Neutrophil count is under 2000, a manual check shall be completed to avoid delays in treatment.

All critical value abnormal results, as identified by Facility medical staff, will be called directly to the living area RN and faxed to the Facility immediately upon their completion and re-check as by Clinical Laboratory Improvement Amendments (CLIA) and College of American Pathologists (CAP) policy.

Any STAT test result, regardless of the value, will be telephoned to the patient's unit and faxed to the Agency as soon as the results are available in the lab with the exception of those that are not available by reasonable industry standards on a STAT basis. This service is required seven days per week, 24 hours per day. The written report must be included in the next scheduled delivery. It is required that the Contractor pick-up (or arrange for pick-up by a Phlebotomist) specimens for Stat/Emergency requests within one (1) hour of being notified. The lab Contractor must be located within a distance that will meet the stated time requirements for STAT services. The Agency staff will draw blood for STAT tests during non-regular business hours. This service is to be provided at no additional cost to the Agency.

Contractor will make available any lab test ordered as STAT by a physician and will report the results within four (4) hours from the time the request is made. The exception would be those tests that are not available as STATs according to industry standards.

The following drug level results must be provided within 24 hours:

- Lithium
- Desipramine
- Pamelor
- Nortriptyline
- Procainamide
- Depakote
- Mysoline
- Theophyllin
- Dilantin
- Tegretol
- Amitriptyline
- Imipramine
- Barbiturate
- Digitalis

Haldol, Prolixin, Risperidone and Zyprexa may take up to 72 hours for expected results.

The Contractor must provide Rapid HIV Testing when requested and under the STAT guidelines in this Contract

Any test result that falls within the Contractor's critical values criteria, OR any test result for which the Agency has requested a critical value adjustment, will be telephoned to the patient's unit as soon as the results are available. The contact shall be made 24/7. A printed report shall be provided by 9:00 AM the next day but no later than within 24 hours of the specimen draw/collection.

The Contractor will accept any future critical value adjustment requests, made by the Agency, and will implement upon receipt of such written request.

Serum Drug Levels of the following drugs, which are greater than the established therapeutic level, will be telephoned to the patient's unit as soon as the results are available. The contact shall be made 24/7. A printed report shall be provided by 9:00 AM the next day but no later than within 24 hours of the specimen draw/collection.

Lithium
Clozapine
Valproic Acid
Gabapentine
Carbamazepine, Total
Carbamazepine, Free
Digoxin
Lamotrigine
Phenytoin, Free
Phenytoin, Total
Phenobarbital
Gabitril (Tiagabine)

When requested, in writing by the Agency, the Contractor will accept additional drugs for reporting of therapeutic drug levels.

Results of cultures and other tests which require more than 18 hours for completion shall be delivered to the Agency within one (1) working day after the report is available.

Repeat tests shall be performed without charge to the Agency, if in the opinion of the Contractor or physician, the results of the initial testing are not or may not be consistent with the normally expected test results for consumers within similar diagnoses, resulting in the need to repeat the same procedure. Repeat tests, if desired by the physician, shall be requested within two (2) working days.

Electrocardiogram tracings will be interpreted by a certified cardiologist. Results will be telephoned or transmitted to the both facilities upon completion. Contractor to indicate time required to report. The original tracings including the cardiologist's report plus one additional copy will be returned to the facilities the next regular business day.

The Contractor shall be responsible for drawing blood, preparing specimens for pickup and for instructing staff in the preparation of the request forms.

Contractor will provide serially numbered requisition forms for the staff to use when ordering laboratory testing. An in-service will be provided for the staff at which time they will be instructed on where to place the name, case number, and current location of the client and the requesting physician. It is also the responsibility of the phlebotomist to use two patient identifiers before performing lab orders. One patient identifier will be provided by staff escorting the patient and the other by Medication Administration Record (MAR) patient picture. The laboratory specimen will be labeled in the presence of the patient

All Specimens for testing will be accompanied by a written request serially numbered, specifying the particular procedures desired. The request will be submitted by the staff on the forms provided by the Contractor and, include as identifying information, the name, case number, current location of the client and the name of the requesting Physician.

The physical nature of some of the patients served by the facilities limit the amount of blood that is available for testing. The Contractor will provide a listing of the actual minimum amounts of blood and/or serum required for each test

Contractor will provide a listing of basic chemistry and hematology micro procedures available, the minimum specimen required, and specialized supplies to collect and transport these specimens.

The Contractor's employees must wear gloves when performing venipuncture and other vascular access procedures, per MDCH's Universal Precautions Policy/Standards for Blood Borne Pathogens. The Contractor agrees to comply with 29 CFR Part 1910.1030 (for more information please reference http://www.osh.net/directory/occ_health/occ_health_08.htm) and other applicable State and federal laws and regulations concerning Bloodborne pathogens, as may be necessary for the protection of the Contractor. The Contractor is responsible for determining the risk of exposure to blood borne pathogens in performing the work of this Contract. The Contractor is responsible for obtaining vaccination against Hepatitis B for him/herself or any of his/her employees whom the Contractor determines may be at risk through the work of this Contract. The Contractor must maintain copies of all vaccination records and all other records required for compliance with 29 CFR Part 1910.1030 for the Contract and any employees determined to be at risk. The Contractor is responsible for obtaining annual training on Bloodborne pathogens, confidential medical evaluations and follow-up after an exposure incident. Personal protective equipment (gowns, gloves, masks, etc.), used in the provision of the work of this Contract, is the responsibility of the Contractor but may, at the State's discretion, be provided by the facility.

The Contractor's Phlebotomist must draw all blood, prepare specimens for pick-up and process all paperwork associated with the laboratory service. The Phlebotomist must use at least two patient identifiers when collecting blood samples and other specimens for clinical testing. The Nursing staff that escorts the patient will provide one source of patient identification and the patient will provide the second verification (date of birth is suggested since it is included on the lab requisition). Specimens collected must be labeled while the patient is present to assure correct labeling.

The Contractor is responsible for disposal of all infectious waste at no cost to the State.

Blood samples and specimens will be saved based upon "Standard of Care" criteria which includes ability to recover clinically reliable results. Most blood samples and specimens are currently stored for a minimum of seven (7) days. This process does exclude CBC and PT/PTT specimens.

Contractor will retain for seven (7) years, all slides of Class 3A-5 pap smears at designated facility according to CLIA and CAP specifications.

This service will be provided at no additional cost to the agency.

Contractor will supply monthly microbiology summaries to the Agency for epidemiological studies. These summaries will minimally include:

i. Chronological summary of all cultures submitted during the month with patient identification, source/site of culture material and organism(s) isolated;
ii. A summary of positive cultures grouped by organism(s) identified, to include so of culture material and patient identification;
iii. A summary of all cultures grouped by source/site, to include patient identification and organism(s) identified.
iv. Weekly report of all abnormal critical lab results to each facility.

The Contractor must perform weekly laboratory testing of CFP's Dental Clinic's one autoclave. The Contractor must provide four test specimens per month per autoclave (a total of four tests per month). The CFP Dental Clinic will perform the sterilization aspects of the tests. Four test specimens per autoclave will be processed through the autoclave sterilization cycle and four test specimens per autoclave will be sent back as received, as a "control". The CFP Dental Clinic will take test specimens to a designated site for pick-up by the Contractor's Phlebotomist who will transport and deliver the tests to the lab. Normal autoclave test results are to be transmitted to CFP via fax when completed. Abnormal autoclave test results are to be telephoned to the CFP Dental Clinic, at (734) 429-2531 ext. 564, as soon as possible and also transmitted to CFP via fax. Two copies of each test result to accompany the original test result.

The Contractor must perform the following automatic lab reflex tests:

- Hepatitis C: Hepatitis C screen would initially perform Enzyme Immunoassay (EIA). If positive EIA, then automatically perform Recombinant Immunoblot Assay (RIBA). If considered positive, then automatically perform qualitative Polymerase Chain Reaction (PCR).
- Hepatitis B: Hepatitis B screen if Hepatitis B surface antigen (HBsAg) is positive, then perform an anti-HBc and anti HBs.
- Hepatitis A: If initial screening is positive, then perform Hepatitis A Igm.
- HIV & Rapid HIV
- PAP: When a Thin Prep is ordered with the HPV reflex and the Thin Prep results indicate criteria for reflex because of high or low risk for HPV, the reflex for HPV would be performed on that specimen at an additional cost per occurrence.
- Positive Drug Screen
- Urinalysis: If initial urinalysis has positive leukocytes, and positive bacteria, then proceed with culture and sensitivity testing.

The Contract shall provide two (2) daily pickups of specimens Monday through Friday, and if requested, one (1) pickup of specimens on Saturday, at no additional cost to the Agency. Specimens picked up in the morning shall be processed and test results, which are within normal range, shall be provided in writing (hard copy) to the Agency by 9:00 AM the following morning.

Specimens picked up at 10:00 A.M. shall be processed and the test results (hard copy) of therapeutic blood levels of anti-consultants, i.e. Depakote, Tegretol, Lithium levels and hematology are to be transmitted to the Agency by 1:00 P.M. the same day.

It is the responsibility of the specimen pickup driver to ensure specimens are obtained from the facility refrigerator without a potential biohazard and without compromise to the specimens. The Phlebotomist must ensure that all routine test specimens and Stat/Emergency blood draws are transported and delivered to laboratory. The service shall be provided at no additional charge

Contractor shall act as courier in the transportation of specimens to the Michigan Department of Community Health Bureau of Laboratories. Delivery Monday through Thursday will be within 24 hours of pick up. The Contractor shall deliver RPR (VDRL) positive specimens to Lansing Central State Lab on a daily basis (Monday through Friday), at no additional cost to the Agency.

The Contractor shall provide at no additional charge the consultation services of a duly qualified pathologist. The Agency requires that a pathologist must read both gross and microscopic specimens. The consultative services of the pathologist shall be available to Agency medical personnel, Monday through Friday, between 8:00 AM and 5:00 PM.

The Contractor must provide in-service training sessions to personnel in the proper collection and handling of specimens and in the preparation of the Contractor request forms.

The Contractor must provide training, as often as needed, for medical personnel in selecting the most cost effective method in ordering tests and other aspects of providing lab services as identified by the Contractor. This service shall be at least once every quarter (four (4) times per year), at the discretion of the agency, of which one (1) of the sessions may be conducted as a teleconference. Topics will center on the cost-effective selection of tests and other aspects of laboratory services and may include lectures, case studies, CPC, etc.

The Contractor must provide availability of scheduled Phlebotomist(s) to attend each Hospital and Center orientation at no additional cost. The Phlebotomist(s) will complete the orientation in a satisfactory manner. The Hospital and Center will be responsible for providing the instructor and material for the orienteers'. The training will include instruction on Hospital procedures and procedures.

All training services are to be provided at no additional charge to the Agency.

1.030 Roles and Responsibilities

1.031 Contractor Staff, Roles, and Responsibilities

A Phlebotomist will be assigned to meet the daily needs of the consumer's agreement. The Phlebotomist will be the central contact person responsible of all duties outlined in this Section 1.022 of this contract. The Contractor must also identify in writing Directors, Consultants, Supervisors, Pathologists, Technologists, MLT, Cytology and identify them as fulltime or part time

The Contractor must also require an annual Purified Protein Derivative (PPD), Tuberculosis (TB) skin test for their employees and submit proof of such to the appropriate facility.

All Contractor personnel are subject to individual Law Enforcement Information Network (LEIN) background checks, which must be passed before an individual is permitted to work at any of the facilities. Contractor to the provide name, social security number and date of birth for all staff on the form provided by facility. The form must be submitted to the facility at least three days prior to the employees beginning work and any facility.

Working Conditions

1. All work is to be conducted as specified in section 1.022 Work and Deliverables, or as otherwise agreed upon between the Contractor and the facility.
2. Unattended vehicles should be locked at all times.
3. All equipment must be accounted for at all times.
4. The contractor must provide a Material Safety Data Sheet to the Purchasing Department, whenever a product that requires a Material Safety Data Sheet is used within the Caro Center facility. This must be provided prior to the work being performed
5. While working at the facility, the Contractor may encounter information relative to our patients, including their identity. The Contractor shall maintain confidentiality of patients at all times, under the Health Insurance Portability and Accountability Act (HIPAA) requirements in Attachment B, Business Associates Addendum.
6. All Personal Protection Equipment (PPE) must be used when appropriate.
7. All Federal (OSHA) and State (MIOSHA) standards and NFPA (National Fire Protection Association) Life Safety Codes must be followed during the course of any work or service being performed at this Agency.
8. Any product used within the facilities must be free of carcinogens, such as asbestos.*
9. It is the contractor's responsibility to identify and if necessary, remove any environmentally hazardous materials from the job site.
10. The use of tobacco products is prohibited in and on the grounds of the facilities.

Contractor to provide all necessary permits, supervision, labor, and materials to complete this work on a timely basis. If this work includes asbestos abatement, it should also cover costs for full time independent third party air monitoring and all necessary insurance and handling fees to remove and dispose of asbestos containing material (ACM). All ACM to be removed and disposed of under the laws of OSHA, MIOSHA, Environmental Protection Agency (EPA), Department of Natural Resources (DNR), and the Michigan Department of Community Health (MDCH). Contractor must provide the facility with report of work completed and a "Certificate of Destruction" or final manifest for all ACM collected from the facility which is disposed of as a result of this work.

Issue Management

Because of the fact that Laboratory Services are so time dependent for the safety and well-being of the consumers, issue management will be handled on an hour to hour basis, 24/7. If a question or issue should present itself on either the side of the facility or Contractor, the party with the concern should contact the other immediately.

Risk Management
Risk management is associated with each specimen that is collected, transported, tested and reported. Contractors must have all activities within a laboratory controlled by written procedures.

1.040 Project Plan

1.041 Project Plan Management

The Contractor will carry out this project under the direction and control of MDCH Grants and Purchasing Division.

Within ten (10) working days of the award of the Contract, the Contractor will submit to the Department of Community Health project managers for final approval an action plan, which must include the following:

The Contractor's project organizational structure:

1. The Contractor's staffing table with names and title of personnel assigned to the project. This must be in agreement with staffing of accepted proposal. Necessary substitutions due to change of employment status and other unforeseen circumstances may only be made with prior approval of the State.

2. The project breakdown showing sub projects, activities and tasks, and resources required and allocated to each.

3. The time phased plan in the form of a graphic display, showing each event, task, and decision point in your work plan.

Although there will be continuous liaison with the Contractor team, the client agency's project manager will meet monthly for the first six months of the Contract starting and then quarterly, with the Contractor's project manager for the purpose of reviewing progress and providing necessary guidance to the Contractor in solving problems that arise.

The Contractor will submit brief written quarterly summaries of progress which outline the work accomplished during the reporting period; work to be accomplished during the subsequent reporting period; problems, real or anticipated, which should be brought to the attention of the client agency's project manager; and notification of any significant deviation from previously agreed upon work plans. A copy of this report will be forwarded to the named buyer.

In the event the contractor fails to carry out any conditions/agreements to be performed under the specifications, the facilities will notify the Contractor initially by phone to resolve. In the event performance issues are not resolved, the facilities will notify Contractor in writing of such failure. If the necessary corrective action is not completed within a 14-day period, the Contractor must submit in writing why the corrective action has not been completed. The State reserves the right to determine whether or not such noncompliance may be construed as failure of performance. In the event attorney’s fees or other expenses are incurred by the State to protect or enforce its rights under the Contract, the Contractor agrees to pay said expenses.

The Contractor's Quality Assurance Program:

The Contractor shall provide detail regarding any Quality Assurance Program(s) that are currently in place within their organization within 30 days of a contract being awarded.

The Contractor and facilities will agree to the following quality assurance effort, as a means of assessing the quality of the service performed by the Contractor:

a. Quarterly, the Agency Clinical Affairs Director will identify one (1) or two (2) consumer test(s) for quality assurance testing.

b. The Contractor’s technician shall collect two (2) blood samples. One (1) sample shall be utilized by the Contractor to perform contracted laboratory tests, while the second sample

will be provided to the program manager for the performance of laboratory testing by another laboratory.

c. The Contractor agrees to work diligently assist in the identification of the source of any discrepant result that may arise.

The Phlebotomist, as an employee of the Contractor, should assist the staff in their Performance Improvement Program as needed. Duties include, but are not limited to, maintenance of lab testing records and providing statistical data of lab services per unit on a monthly basis.

The Contractor must have an active, formal quality control program and certifications that conform to generally accepted industry standards. Evidence of such a formal quality control program, certifications and its utilization in laboratory operations shall be submitted on an annual basis to the Clinical Affairs Office.

There shall be no extra charge by the Contractor for the collection of additional blood sample(s). The Agency shall be responsible for the processing of the separate sample, as well as, responsible for the cost of the laboratory test.

1.042 Reports

Reporting requirements:

1. The Contractor must submit, by the tenth of each month, an itemized statement of costs by procedure incurred in the preceding month. The statement must include case number, name, date of service, procedure name, procedure Healthcare Common Procedure Coding System (HCPCS) number (as listed in Michigan Uniform Procedure Code), provider's test number and cost for each patient.

2. The Contractor must provide quarterly printed summaries of all identified patient lab draws with positive Hepatitis A, B, C or HIV screens, any positive C+S cultures which will be forwarded to the CFP Infection Control Nurse by the fifth day of each quarter (Jan, April, July, Oct).

3. Quarterly Quality Assurance Reports per section 1.041 Quality Assurance Program.

4. Upon initiation of the contract, the Facility Program manager shall provide a detailed list of all required reports as needed in a format agreeable to the facility and the Contractor.

5. The Contractor must return all patient identifying information upon termination of the Contract.

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:

- Work performed in the time period referenced.
- Work meets the deliverable criteria.
- Work was performed according to Contract specifications.

The facility must receive written test results within 24 hours. The Contractor must distribute laboratory results to the respective clinical areas. Invoices will be reviewed by the clinic nurse / designee and then forwarded to accounting for payment processing. Any discrepancies will be investigated and once resolved the invoice will be processed.

1.052 Final Acceptance—Deleted/Not Applicable

1.060 Proposal Pricing

1.061 Proposal Pricing

For authorized Services and Price List, see Attachment A.

Bidders are encouraged to offer quick payment terms (i.e. _____% discount off invoice if paid within _____ days). This information can be noted on the Bidders price proposal (see Attachment A). This may be a factor considered in our award decision.

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—Deleted/Not Applicable

1.070 Additional Requirements

1.071 Additional Terms and Conditions specific to this RFP

Contract Payment

A copy of all lab requests must remain at the facility upon completion of the Phlebotomist visit. A copy will be forwarded to the accounting department for billing verification

Contractor shall submit, by the 8th of each month, an itemized invoice/report of costs incurred the preceding month. The invoice shall include patient case number, name, date of service, C.P.T. number, procedure name, and cost of each test by C.P.T. number

The Contractor shall bill the Agency directly for services provided by the Contractor. Under no circumstances is the Contractor to bill agency consumers or employees or third party payers for services provided.

Under no circumstances will the Contractor bill, or agency pay, for more than the contracted price.

In the event a billing adjustment is required, the adjustment shall follow the same billing format as the original invoice. This adjustment will not be billed any later than two (2) months after the date of the service month.

The invoice will include case number, name, date of service, procedure HCPCS number (as listed in current Michigan Uniform Procedure Code), procedure name and cost for each service by consumer.

The Agency shall fax request for special profile breakdown (those not listed as part of the contract) as needed. Breakdown to include individual procedure within the profile, complete with HCPCS numbers and prices for each procedure. Contractor shall respond with all requested information within three (3) working days maximum. (NOTE: Whenever there is an approved price increase, Agency shall request updated pricing for any profile breakdowns received previously. Contractor shall respond to these requests with all requested information within five (5) working days maximum.)

Article 2, Terms and Conditions

2.000 Contract Structure and Term

2.001 Contract Term
The Contract is for a period of 5 years beginning 03/01/2013 through 02/28/2018. 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 2 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 (1) State agency and if the Deliverable/Service does not the 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 (1) 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 MDCH, Grants & Purchasing Division. MDCH, Grants & Purchasing is the sole point of contact in the State with regard to all procurement and contractual matters relating to the Contract. MDCH, Grants & Purchasing **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 MDCH, Grants & Purchasing for the Contract is:

Laura Kwiecien
MDCH Grants and Purchasing Division
320 South Walnut Street
Lansing, MI 48813
Email: kwiecienl@michigan.gov
Phone: 517-241-4878
Fax: (517) 241-2252

2.022 Contract Compliance Inspector
After MDCH, Grants & Purchasing receives the properly executed Contract, it is anticipated that the Director MDCH, Grants & Purchasing, will direct the person named below, or any other person so designated, to monitor and coordinate the activities for the Contract 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 MDCH, Grants & Purchasing**. The CCI for the Contract is:

Gregory Rivet, Manager
MDCH Grants and Purchasing Division
320 South Walnut Street
Lansing, MI 48813
Email: rivetg@michigan.gov

Phone: 517-335-5096
Fax: (517) 241-2252

2.023 Project Manager

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

For Kalamazoo Psychiatric Hospital:
Valerie Baldon, RN CIC, Clinic Supervisor
Kalamazoo Psychiatric Hospital
1312 Oakland Drive
Kalamazoo, MI 49008
Phone: (269) 337-3209
Fax: (269) 337-3079

For Caro Center:
MaryJo Drzewiecki-Burger
Administrative Manager
2000 Chambers Road
Caro, MI 48723
Email: Drzewiecki-BurgerM@michigan.gov
Phone: (989) 672-9338
Fax: (989) 673-0764

For the Center for Forensic Psychiatry:
Carol Holden, Director
Center for Forensic Psychiatry
8303 Platt
Saline, MI 48176
Email: holdenc@michigan.gov
Phone (734) 295-4512
Fax (734) 429-2099

For Hawthorn Center:
George Mellos, M.D., Chief Psychiatrist
Hawthorn Center
18471 Haggerty
Northville, MI 48168
Email: mellosg@michigan.gov
Phone: (248) 735-6705
Fax: (248) 349-9552

For Walter P. Reuther Psychiatric Hospital:
Ruby Roc, Director, Medical Services
Walter P. Reuther Psychiatric Hospital
30901 Palmer Road
Westland, MI. 48186
Email: rocr@michigan.gov
Phone: 734-367-8512
Fax: (734) 722-9524

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 MDCH Grants & Purchasing.

(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 (1) 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

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

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 Vendor offering free assistance) to gain a competitive advantage on the RFP

2.036 Freedom of Information

All information in any proposal submitted to the State by Contractor and 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 CCI, after negotiation. Contractor must show verification of measurable progress at the time of requesting progress payments.

Approval and payment of requests.
a) The Contractor is not entitled to payment of a request for performance-based payment prior to successful accomplishment of the event or performance criterion for which payment is requested. The CCI must determine whether the event or performance criterion for which payment is requested has been successfully accomplished in accordance with the terms of the Contract. The CCI may, at any time, require the Contractor to substantiate the successful performance of any event or performance criterion, which has been or is represented as being payable.

b) A payment under this performance-based payment clause is a contract financing payment under the Quick Payment Terms in **Section 1.061** of the Contract.

c) The approval by the CCI of a request for performance-based payment does not constitute an acceptance by the State and does not excuse the Contractor from performance of obligations under the Contract.

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 (1) 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 MDCH Grants & Purchasing 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.

Subcontractor #1:

Bronson Methodist Hospital
601 John Street
Kalamazoo, Mi 49007-5341
Barb Diefenbach, MT(ASCP), MSA, Director of Laboratories (269) 341-7926

Bronson Hospital is one of the premier Hospitals in the South West Michigan area. It performs a very broad array of services and runs an excellent STAT Laboratory. Bronson will perform STAT tests for Kalamazoo Psychiatric Hospital per contract set with Bronson.

Subcontractor #2:

CAP Lab

2508 S. Cedar Street
Lansing, MI 48910
Kevin Havens, Director of Operations (517) 372-5520

CAP Lab is one of the foremost CAP Certified Pathology/Cytology Laboratories in the Midwest. DBML uses CAP Lab for all Cytology Studies. Cytology turnaround time will be 24-48 hours.

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.

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 Standard
(a) Contractors that process, transmit or store credit/debit cardholder data, must adhere to the Payment Card Industry (PCI) Data Security Standards. The Contractor is responsible for the security of cardholder data in its possession. The data may only be used to assist the State or for other uses specifically authorized by law.

(b) The Contractor must notify the CCI (within 72 hours of discovery) of any breaches in security where cardholder data has been compromised. In that event, the Contractor must provide full cooperation to the Visa, MasterCard, Discover and state Acquirer representative(s), and/or a PCI approved third party to conduct a thorough security review. The Contractor must make the forensic report available within two weeks of completion. The review must validate compliance with the current PCI Data Security Standards for protecting cardholder data.

(c) The Contractor must properly dispose of cardholder data, in compliance with MDCH Grants & Purchasing policy, when it is no longer needed. The Contractor must continue to treat cardholder data as confidential upon contract termination.

(d) The Contractor must provide the CCI with an annual Attestation of Compliance (AOC) or a Report on Compliance (ROC) showing the contractor is in compliance with the PCI Data Security Standards. The Contractor must notify the CCI of all failures to comply with the PCI Data Security Standard.

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 (7) 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 (4) invoices. If a balance remains after four (4) invoices, then the remaining amount will be due as a payment or refund within 45 days of the last quarterly invoice that the balance appeared on or termination of the Contract, whichever is earlier.

(b) In addition to other available remedies, the difference between the payment received and the correct payment amount is greater than 10%, then the Contractor must pay all of the reasonable costs of the audit.

2.120 Warranties

2.121 Warranties and Representations

The Contractor represents and warrants:

(a) It is capable in all respects of fulfilling and must fulfill all of its obligations under 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 (2) 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 MDCH Grants & Purchasing.

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

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

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

2.125 Equipment Warranty

To the extent Contractor is responsible under the Contract for maintaining equipment/system(s), Contractor must maintain the equipment/system(s) in good operating condition and must undertake all repairs and preventive maintenance according to the applicable manufacturer's recommendations for the period specified in the Contract.

The Contractor represents and warrants that the equipment/system(s) are in good operating condition and operate and perform to the requirements and other standards of performance contained in the Contract, when installed, at the time of Final Acceptance by the State, and for a period of one (1) year commencing upon the first day following Final Acceptance.

Within 2 business days of notification from the State, the Contractor must adjust, repair or replace all equipment that is defective or not performing in compliance with the Contract. The Contractor must assume all costs for replacing parts or units and their installation including transportation and delivery fees, if any.

The Contractor must provide a toll-free telephone number to allow the State to report equipment failures and problems to be remedied by the Contractor.

The Contractor agrees that all warranty service it provides under the Contract must be performed by Original Equipment Manufacturer (OEM) trained, certified and authorized technicians.

The Contractor is the sole point of contact for warranty service. The Contractor warrants that it will pass through to the State any warranties obtained or available from the original equipment manufacturer, including any replacement, upgraded, or additional equipment warranties.

2.126 Equipment to be New
If applicable, all equipment provided under the Contract by Contractor must be new where Contractor has knowledge regarding whether the equipment is new or assembled from new or serviceable used parts that are like new in performance or has the option of selecting one or the other. Equipment that is

assembled from new or serviceable used parts that are like new in performance is acceptable where Contractor does not have knowledge or the ability to select one or other, unless specifically agreed otherwise in writing by the State.

2.127 Prohibited Products
The State will not accept salvage, distressed, outdated or discontinued merchandise. Shipping of such merchandise to any State agency, as a result of an order placed against the Contract, is considered default by the Contractor of the terms and conditions of the Contract and may result in cancellation of the Contract by the State. The brand and product number offered for all items must remain consistent for the term of the Contract, unless MDCH Grants & Purchasing has approved a change order pursuant to **Section 2.024**.

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

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

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

2.132 Subcontractor Insurance Coverage

Except where the State has approved in writing a Contractor subcontract with other insurance provisions, Contractor must require all of its Subcontractors under 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 MDCH Grants & Purchasing, 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 MDCH Grants & Purchasing. 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 (3) 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% 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
If the State breaches the Contract, and the Contractor in its sole discretion determines that the breach is curable, then the Contractor will provide the State with written notice of the breach and a time period (not less than 30 days) to cure the breach. The Notice of Breach and opportunity to cure is inapplicable for successive and repeated breaches.

The Contractor may terminate the Contract if the State (i) materially breaches its obligation to pay the Contractor undisputed amounts due and owing under the Contract, (ii) breaches its other obligations under the Contract to an extent that makes it impossible or commercially impractical for the Contractor to perform the Services, or (iii) does not cure the breach within the time period specified in a written notice of breach. But the Contractor must discharge its obligations under **Section 2.190** before it terminates the Contract.

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 180 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 vendors, as necessary to meet its needs, Contractor agrees to reasonably, and with good-faith, work with the State to use the Services of Contractor's Subcontractors or vendors. Contractor 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 MDCH Grants & Purchasing, 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 (1) 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 MDCH Grants & Purchasing, 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
The rates of wages and fringe benefits to be paid each class of individuals employed by the Contractor, its subcontractors, their subcontractors, and all persons involved with the performance of the Contract in privity of contract with the Contractor must not be less than the wage rates and fringe benefits established by the Michigan Department of Licensing and Regulatory Affairs, Wage and Hour Division, schedule of occupational classification and wage rates and fringe benefits for the local where the work is to be performed. The term Contractor must include all general contractors, prime contractors, project managers, trade contractors, and all of their contractors or subcontractors and persons in privity of contract with them.

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

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

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.

The Contractor's liability for damages to the State is limited to two times the value of the Contract or $500,000 whichever is higher. The foregoing limitation of liability does not apply to claims for infringement of United States patent, copyright, trademarks or trade secrets; to claims for personal injury or damage to property caused by the gross negligence or willful misconduct of the Contractor; to claims covered by other specific provisions of 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.

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

2.230 Disclosure Responsibilities

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

(b) Assurances. If any Proceeding disclosed to the State under this Section, or of which the State otherwise becomes aware, during the term of 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 MDCH Grants & Purchasing.
(2) Contractor must also notify MDCH Grants & Purchasing 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 MDCH Grants & Purchasing 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

(a) SLAs will be completed with the following operational considerations:
(i) SLAs will not be calculated for individual Incidents where any event of Excusable Failure has been determined; Incident means any interruption in Services.
(ii) SLAs will not be calculated for individual Incidents where loss of service is planned and where the State has received prior notification or coordination.
(iii) SLAs will not apply if the applicable Incident could have been prevented through planning proposed by Contractor and not implemented at the request of the State. To invoke this

consideration, complete documentation relevant to the denied planning proposal must be presented to substantiate the proposal.

(iv) Time period measurements will be based on the time Incidents are received by the Contractor and the time that the State receives notification of resolution based on 24x7x365 time period, except that the time period measurement will be suspended based on the following:

1. Time period(s) will not apply where Contractor does not have access to a physical State Location and where access to the State Location is necessary for problem identification and resolution.
2. Time period(s) will not apply where Contractor needs to obtain timely and accurate information or appropriate feedback and is unable to obtain timely and accurate information or appropriate feedback from the State.

(b) Chronic Failure for any Service(s) is defined as three unscheduled outage(s) or interruption(s) on any individual Service for the same reason or cause or if the same reason or cause was reasonably discoverable in the first instance over a rolling 30 day period. Chronic Failure will result in the State's option to terminate the effected individual Service(s) and procure them from a different vendor for the chronic location(s) with Contractor to pay the difference in charges for up to three additional months. The termination of the Service must not affect any tiered pricing levels.

(c) Root Cause Analysis must be performed on any business critical outage(s) or outage(s) on Services when requested by the Contract Administrator. Contractor must provide its analysis within two weeks of outage(s) and provide a recommendation for resolution.

(d) All decimals must be rounded to two decimal places, with five and greater rounding up and four and less rounding down, unless otherwise specified.

2.243 Liquidated Damages

The parties acknowledge that late or improper completion of the Work will cause loss and damage to the State, and that it would be impracticable and extremely difficult to fix the actual damage sustained by the State as a result. Therefore, Contractor and the State agree that if there is late or improper completion of the Work and the State does not elect to exercise its rights under **Section 2.152**, the State is entitled to collect liquidated damages in the amount of $5,000.00 and an additional $100.00 per day for each day Contractor fails to remedy the late or improper completion of the Work.

It is acknowledged that an Unauthorized Removal will interfere with the timely and proper completion of the Contract, to the loss and damage of the State, and that it would be impracticable and extremely difficult to fix the actual damage sustained by the State as a result of any Unauthorized Removal. Therefore, Contractor and the State agree that in the case of any Unauthorized Removal in respect of which the State does not elect to exercise its rights under **Section 2.152**, the State may assess liquidated damages against Contractor as specified below.

For the Unauthorized Removal of any Key Personnel designated in the applicable Statement of Work, the liquidated damages amount is $25,000.00 per individual if the Contractor identifies a replacement approved by the State under **Section 2.060** and assigns the replacement to the Project to shadow the Key Personnel who is leaving for a period of at least 30 days before the Key Personnel's removal.

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

2.244 Excusable Failure

Neither party will be liable for any default, damage, or delay in the performance of its obligations under the Contract to the extent the default, damage or delay is caused by government regulations or requirements (executive, legislative, judicial, military, or otherwise), power failure, 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

2.251 Delivery Responsibilities

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

(a) Shipment responsibilities - Services performed/Deliverables provided under the Contract must be delivered "F.O.B. Destination, within Government Premises." The Contractor must have complete responsibility for providing all Services/Deliverables to all site(s) unless otherwise stated. Actual delivery dates must be specified on the individual purchase order.

(b) Delivery locations - Services must be performed/Deliverables must be provided at every State of Michigan location within Michigan unless otherwise stated in the SOW. Specific locations will be provided by the State or upon issuance of individual purchase orders.

(c) Damage Disputes - At the time of delivery to State Locations, the State must examine all packages. The quantity of packages delivered must be recorded and any obvious visible or suspected damage must be noted at time of delivery using the shipper's delivery document(s) and appropriate procedures to record the damage.
Where there is no obvious or suspected damage, all deliveries to a State Location must be opened by the State and the contents inspected for possible internal damage not visible externally within 14 days of receipt. Any damage must be reported to the Contractor within five days of inspection

2.252 Delivery of Deliverables
Where applicable, the Statements of Work/POs contain lists of the Deliverables to be prepared and delivered by Contractor including, for each Deliverable, the scheduled delivery date and a designation of whether the Deliverable is a document ("Written Deliverable"), a good ("Physical Deliverable") or a Service. All Deliverables must be completed and delivered for State review and written approval and, where applicable, installed according to the State-approved delivery schedule and any other applicable terms and conditions of the Contract.

2.253 Testing
(a) Before delivering any of the above-mentioned Statement of Work Physical Deliverables or Services to the State, Contractor must first perform all required quality assurance activities to verify that the Physical Deliverable or Service is complete and conforms with its specifications listed in the applicable Statement of Work or Purchase Order. Before delivering a Physical Deliverable or Service to the State, Contractor must certify to the State that (1) it has performed the quality assurance activities, (2) it has performed any applicable testing, (3) it has corrected all material deficiencies discovered during the quality assurance activities and testing, (4) the Deliverable or Service is in a suitable state of readiness for the State's review and approval, and (5) the Deliverable/Service has all Critical Security patches/updates applied.

(b) If a Deliverable includes installation at a State Location, then Contractor must (1) perform any applicable testing, (2) correct all material deficiencies discovered during the quality assurance activities and testing, and (3) inform the State that the Deliverable is in a suitable state of readiness for the State's review and approval. To the extent that testing occurs at State Locations, the State is entitled to observe or otherwise participate in testing.

2.254 Approval of Deliverables, In General
(a) All Deliverables (Physical Deliverables and Written Deliverables) and Services require formal written approval by the State, according to the following procedures. Formal approval by the State requires the State to confirm in writing that the Deliverable meets its specifications. Formal approval may include the successful completion of Testing as applicable in **Section 2.253**, to be led by the State with the support and assistance of Contractor. The approval process will be facilitated by ongoing consultation between the parties, inspection of interim and intermediate Deliverables and collaboration on key decisions.

(b) The State's obligation to comply with any State Review Period is conditioned on the timely delivery of Deliverables/Services being reviewed.

(c) Before commencement of its review or testing of a Deliverable/Service, the State may inspect the Deliverable/Service to confirm that all components of the Deliverable/Service have been delivered without material deficiencies. If the State determines that the Deliverable/Service has material deficiencies, the State may refuse delivery of the Deliverable/Service without performing any further inspection or testing of the Deliverable/Service. Otherwise, the review period will be deemed to have started on the day the State receives the Deliverable or the Service begins, and the State and Contractor agree that the Deliverable/Service is ready for use and, where applicable, certification by Contractor according to **Section 2.253**.

(d) The State must approve in writing a Deliverable/Service after confirming that it conforms to and performs according to its specifications without material deficiency. The State may, but is not be required to, conditionally approve in writing a Deliverable/Service that contains material deficiencies if the State elects to permit Contractor to rectify them post-approval. In any case, Contractor will be responsible for working diligently to correct within a reasonable time at Contractor's expense all deficiencies in the Deliverable/Service that remain outstanding at the time of State approval.

(e) If, after three (3) opportunities (the original and two (2) repeat efforts), the Contractor is unable to correct all deficiencies preventing Final Acceptance of a Deliverable/Service, the State may: (i) demand that the Contractor cure the failure and give the Contractor additional time to cure the failure at the sole expense of the Contractor; or (ii) keep the Contract in force and do, either itself or through other parties, whatever the Contractor has failed to do, and recover the difference between the cost to cure the deficiency and the contract price plus an additional sum equal to 10% of the cost to cure the deficiency to

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

(f) The State, at any time and in its reasonable discretion, may halt the testing or approval process if the process reveals deficiencies in or problems with a Deliverable/Service in a sufficient quantity or of a sufficient severity that renders continuing the process unproductive or unworkable. If that happens, the State may stop using the Service or return the applicable Deliverable to Contractor for correction and re-delivery before resuming the testing or approval process.

2.255 Process For Approval of Written Deliverables

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

2.256 Process for Approval of Services

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

2.257 Process for Approval of Physical Deliverables

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

2.258 Final Acceptance
Unless otherwise stated in the Article 1, Statement of Work or Purchase Order, "Final Acceptance" of each Deliverable must occur when each Deliverable/Service has been approved by the State following the State Review Periods identified in **Sections 2.251-2.257**. Payment will be made for Deliverables installed and accepted. Upon acceptance of a Service, the State will pay for all Services provided during the State Review Period that conformed to the acceptance criteria.

2.260 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/dmb/0,4568,7-150-56355-108233--,00.html.

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/cybersecurity/0,1607,7-217-34395_34476---,00.html. All Contractor employees must be required, in writing, to agree to the State's Acceptable Use Policy before accessing the State system. The State reserves the right to terminate Contractor's access to the State system if a violation occurs.

2.273 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.

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

Medical Lab Services Pricing Sheet 391I3200003									
		Kalamazoo	**Hawthorn**	**Caro**	**Forensic**	**W. Reuther**			
CPT CODE	**DESCRIPTION**	**APPROX. USAGE PER YEAR**	**APPROX. USAGE PER YEAR**	**APPROX. USAGE PER YEAR**	**APPROX. USAGE PER YEAR**	**APPROX. USAGE PER YEAR**	**TOTAL USAGE PER YEAR**	**COST PER TEST**	**TOTAL COST PER YEAR**
80053	**Comprehensive Metabolic Panel**	150	100	640	150	250	1290	$ 12.38	$ 15,970.20
	Glucose								
	BUN								
	Creatinine								
	Sodium								
	Potassium								
	Chloride								
	CO2								
	Calcium								
	Total Bilirubin								
	Total Protein								
	AST								
	ALT								
	Alkaline Phosphates								
	A/G Ratio								
	Globulin, Calculated								
	Albumin								
80048	**Basic Metabolic Panel**	300	20	32	20	60	432	$ 9.09	$ 3,926.88
	Glucose								
	BUN								
	Creatinine								
	Sodium								
	Potassium								
	Chloride								
	CO2								
	Calcium								
80051	**Electrolytes Panel**	200	12	84	12	800	1108	$ 5.72	$6,337.76

	Sodium								
	Potassium								
	Chloride								
	CO2								
80076	**Hepatic Panel**	150	2	48	2	128	330	$ 11.59	$3,824.70
	Total/Direct Bilirubin								
	Total Protein								
	AST								
	ALT								
	Alkaline Phosphates								
	A/G Ratio								
	Albumin								
80061	**Lipid Panel**	300	36	528	120	680	1664	$ 12.12	$ 20,167.68
	Cholesterol								
	Triglycerides								
	HDL/HDL Ratio								
	LDL								
	VLDL								
80101	**Urine Drug Screen**	500	450	120	100	112	1282	$ 22.48	$28,819.36
	PCP/Phenoyclidine 83992								
	Methadone 80101								
	Propozyphene 80101								
	Opiates 83925								
	Benzodiazepines 80154								
	Methaqualone 80101								
	Amphethamines 82145								
	Cannabinoid/THC100 80101								
	Cocaine 82520								
	Barbiturates 82205								
	Viral Hepatitis Panel*	150	10	20	10	10	200	$ 69.88	$ 13,976.00
87340	Hepatitis A Antibody, Total								
	Hepatitis B Surface Antigen								
	Hepatitis B Surface Antibody Titer								
	Hepatitis B Core Antibody								
	Hepatitis C Core Antibody								

	*If total Hepatitis A Antibody is positive, Hepatitis A Antibody IgM will be performed at an additional charge (CPT: 86709). If Hepatitis B Surface Antigen is positive, confirmation by neutralization will be performed at an additional charge (CPT: 87341). If Hepatitis B Core Antibody is positive and all other Hepatitis B tests are negative, then Hepatitis B Core Antibody IgM will be performed at an additional charge (CPT: 86705).								
	Vitamin B12/ Folate	50	0	132	0	0	182	$25.92	$4,717.44
82607	Vitamin B12 plus Folic Acid								
82746	Folate								
	Iron Profile	50	40	4	0	0	94	$ 27.90	$ 2,622.60
83550	Iron, TIBC, % Saturation & Ferritin								
83540	Iron								
82728	Ferritin								
	Wound/Eye Panel	50	10	15	12	20	107	$ 20.00	$ 2,140.00
	Deep wound culture								
	Wound Superficial								
	Eye Discharge Culture								
	Eye Sensitivity								
	Comprehensive Medical Profile -1 (Admission Panel) ****	400	520	300	280	500	2000	$ 101.60	$ 203,200.00
	CBC with DIFF (CBC with Differential must be reported as absolute numbers and not percentage values)								
	Platelet Count								
	SGOT / AST								
	Uric Acid								
	Total Bilirubin								

	HbsAG								
	RPR								
	CPK								
	Globulin calculation								
	GGTP								
	Urinalysis								
	AG ratio calculation								
	Hepatitis C screen								
	Chloride								
	Calcium								
	Phosphorous								
	SGPT / ALT								
	LDH								
	Total Protein								
	Glucose								
	Alkaline Phosphatase								
	Albumin								
	Free T4, TSH								
	Serum HCG (females)								
	Vitamin B12								
	LDL								
	Iron								
	Triglycerides								
	Sodium								
	Potassium								
	BUN								
	Creatinine								
	TSH								
	CO2								
	HDL								
	Cholesterol/HDL/Ration calculation								
	Hepatitis B screen								
	Hepatitis A screen								
	Cholesterol								
	Comprehensive Medical Profile - 2	50	56	40	140	100	386	$ 59.09	$22,808.74
	Triglycerides								
	SGPT								
	Total Bilirubin								
	Glucose								
	Sodium								

	Alkaline Phosphatase								
	Albumin								
	Phosphorus								
	LDH								
	Total Protein								
	Calcium								
	Globulin								
	A/G Ratio								
	Iron								
	Potassium								
	CO2								
	HDL								
	SGOT								
	BUN								
	Creatinine								
	Chloride								
	Uric Acid								
	CPK								
	Vitamin B12								
	VLDL								
	RPR (VDRL)								
	AST/SGOT								
	ALT/SGPT								
	T-7								
	TSH, 3rd Generation								
	CBC								
	CK								
	Cholesteral LDL & HDL								
	Chol/HDL/Ration Calc								
	The Following are Individual Tests:								
80156	Tegretol/Carbamazepine	200	8	12		36	256	$ 13.12	$ 3,358.72
80162	Digoxin	20		4		8	32	$ 13.12	$ 419.84
80164	Valporic Acid/Depakote	700	180	216	180	700	1976	$ 11.27	$ 22,269.52
80173	SERUM – HALDOL	20	0				20	$ 69.40	$ 1,388.00
80178	Lithium	500	300	160	100	260	1320	$ 7.37	$ 9,728.40
80184	Phenobarbital	20	2	4			26	$ 16.42	$ 426.92
80185	Phenytoin/Dilantin	250		4		70	324	$ 13.12	$ 4,250.88

80188 & 80184	SERUM – PRIMIDONE (includes Phenobarb)	30					30	$ 40.43	$ 1,212.90
80196	Salicylates		1	4			5	$ 27.21	$136.05
80198	SERUM – THEOPHYLLINE	20	4				24	$ 13.12	$314.88
80299	SERUM – NEURONTIN	60					60	$ 48.00	$2,880.00
81001	Urinalysis, Reflex to Culture	800	400	612	520	300	2632	$ 3.00	$7,896.00
82003	Acetaminophen		1	4			5	$ 30.80	$154.00
82055	Alcohol, any specimen except breath			4			4	$ 20.87	$83.48
82139	Amino Acids		12				12	$ 262.50	$ 3,150.00
82140	Ammonia		25	12	12		49	$ 23.40	$1,146.60
82270	Occult Blood	20		44	80	12	156	$ 5.96	$ 929.76
82310 & 84100	CALCIUM & PHOSPHORUS	50	1				51	$ 2.88	$146.88
82378	Carcinogenic Antigen (CEA)			4			4	$ 30.42	$ 121.68
82390	Ceruloplasmin		16				16	$ 37.59	$601.44
82486	Clonazepam		2	4			6	$ 92.21	$553.26
82491	Clozapine-Clozaril	100	56	20			176	$ 59.68	$10,503.68
82550	CPK	100		16	72		188	$ 5.00	$940.00
82533	Cortisol-Serum	50	6				56	$ 25.60	$1,433.60
82550 , 82553 , 83615 & 83625	Cardiac Enzymes	50					50	$ 48.88	$2,444.00
82525	Copper		16				16	$ 84.84	$1,357.44
82565	Creatinine, Blood	50	20	16	20	324	430	$ 1.44	$ 619.20
82575	Creatinine Clearance	40		4			44	$ 19.01	$836.44
82670	Estradiol-Serum	10					10	$ 48.00	$ 480.00
82728	Ferritin	80	8			28	116	$ 17.15	$1,989.40
82947	Glucose, fasting , 1 hour	200	30	144	104	800	1278	$ 1.44	$1,840.32
83001	FSH		4	20			24	$ 48.00	$1,152.00
83020	Hemoglobin Electrophoresis		20	4			24	$ 22.50	$540.00
83036	Glycohemoglobin	60	24	88	160	316	648	$ 8.10	$5,248.80
83550	Iron and Iron Binding		8	16		28	52	$ 5.04	$ 262.08
83605	Latic Acid		10				10	$ 41.18	$ 411.80

83735	Magnesium	20	16	4		124	164	$ 5.00	$820.00
83921	Methylmalonic Acid Serum			4			4	$ 75.12	$300.48
84100	Phosphorous		12	4		84	100	$ 1.44	$ 144.00
84146	Prolactin	50	44	40		24	158	$ 21.36	$3,374.88
84153	PSA – Total – Abbott	100		80	30	100	310	$ 22.92	$7,105.20
84155 & 84165	Protein Electrophoresis-Urine	20					20	$ 62.52	$ 1,250.40
84155 & 84165	Protein Electrophoresis-Serum	20	2				22	$ 34.08	$ 749.76
84311	Arylsulfatase A, Blood		16				16	$ 199.20	$3,187.20
84402	Free Testosterone			8			8	$ 32.48	$259.84
84403	Testosterone	20		8			28	$ 32.48	$ 909.44
84436	T4			20	30	16	66	$ 10.37	$684.42
84439	T4 Free	200	4	40	125	165	534	$ 10.37	$ 5,537.58
84443	TSH	150	4	668	4	365	1191	$ 13.19	$15,709.29
84450	SGOT/AST		44	8	80	344	476	$ 1.44	$685.44
84460	SGPT/ALT		44	12	80	364	500	$ 1.44	$ 720.00
84466	Transferrin			8			8	$ 20.16	$ 161.28
84520 & 82565	BUN & CREATININE	100					100	$ 2.88	$288.00
84545	Urea Nitrogen (BUN)		16	16	20	270	322	$ 1.44	$463.68
84550	Uric Acid-Serum	30					30	$ 1.44	$ 43.20
84703	Preg Test Urine	50	4	40		64	158	$ 8.11	$1,281.38
84999	Fragile X DNA, Procedure 462W		6				6	$ 384.00	$ 2,304.00
84999	Chromosone Analysis, Procedure 461W		6				6	$ 406.00	$2,436.00
85025	CBC Including Differential Platelet	1200	680	1244	850	1040	5014	$ 6.00	$30,084.00
85044	Reticulocyte Count		5	8			13	$ 8.10	$105.30
85610	PT w/INR	150			160	170	480	$ 7.71	$3,700.80
85651	ESR		20	16	20	8	64	$ 5.34	$341.76
85660	Sickle Cell Prep	100	120				220	$ 11.34	$2,494.80
86038	Anti-Nuclear Antibody		8	8	8		24	$ 19.40	$465.60
86141	CRP – Quantitative			4			4	$ 33.60	$134.40
86160	Complement,C-3			4			4	$ 25.49	$101.96

86255	Fluorescent Noninfectious Agent Antibody			12			12	$ 36.17	$434.04
86431	RA Factor			4			4	$ 18.61	$74.44
86592	RPR			16		120	136	$ 7.01	$953.36
86663	EBV Early Antigen			4			4	$ 53.42	$213.68
86664	EBV Nuclear Antigen			4			4	$ 53.42	$213.68
86665	EBV Capsid Antibody-IgG			8			8	$ 30.14	$ 241.12
86701	HIV-1 Rapid Antibody	100	20	8			128	$ 52.70	$ 6,745.60
86701	HIV-1/HIV-2 Antibody	100	16	12	100	16	244	$ 20.00	$4,880.00
86706	Hepatitis B Surface Antibody		2	36		12	50	$ 20.09	$1,004.50
86803	Hepatitis C Antibody (HCV)		4	28		36	68	$ 34.40	$2,339.20
87070	Culture any source except urine,blood,stool	75	40	16	80	30	241	$ 15.00	$3,615.00
87081	Direct Strep Antigen Performed STAT Results within 1 hr		50				50	$ 16.26	$813.00
87086	Urine Culture & Colony Count	100	100	44	20	64	328	$ 15.05	$ 4,936.40
87177	Ova & Parasites		1	4			5	$ 15.26	$ 76.30
87210	Trichomonas			16			16	$ 14.95	$239.20
87324	Clostridium difficile Toxin A			4			4	$ 72.24	$288.96
87340	Hepatitis B Surface Antigen			20		12	32	$ 14.68	$ 469.76
87490	Chlamydia/DNA/GC Probe			20			20	$ 28.56	$ 571.20
87491	Chlamydia trachomatis rRNA		500		32		532	$ 57.58	$30,632.56
87591	Neisseria gonorrhoeae rRNA		500		32		532	$ 57.58	$30,632.56
88164	Pap Smear (single slide)			20			20	$ 15.74	$ 314.80
93010	EKG interpretation and report only			112			112	$ 27.50	$ 3,080.00
	STAT Testing				200	552	752	$ 30.00	$22,560.00
	Daily Fee for Phlebotomist Based on 4 hours, Monday - Friday	1040	1040	1040	1040	1040	5200	$ 15.00	$78,000.00
	On-Call/ After Hours Phlebotomist Fee							$ 40.00	
	Total Estimated Annual Contract Cost								$698,912.78
									x5

	Total Estimated Five Year Contract Cost								$3,494,563.90
	For the tests not specifically listed in Attachment A, Bidder must attach a complete copy of its Fee Schedule. When a test is ordered by the Facility that is not specifically listed in Attachment A, it will be subject to a discount and this discount pricing will be reflected on the monthly billing to the various Facilities.								
	The contractor must propose at least a 10% discount percentage for these tests.			_40___% discount					
	****** Please note that the cost per test for Comprehensive Medical Profile -1 (Admission Panel) blood work will be billed at the stated bid cost. Since the urinalysis is often received at a separate time and/or day and as a separate accession encounter than the blood work and the hcg is performed on females only, the urinalysis and the serum hcg will be billed at the prices listed above for individual tests.**								
	The State of Michigan is interested in payment terms that reflect cost savings to the State based on an accelerated payment process. Bidders must discuss quick payment terms that they are offering to the State (i.e. ___0__% discount off invoice if paid within _____ days). This may be a factor considered in our award decision.								

40% DISCOUNT OFF DETROIT BIO-MEDICAL LAB PRICE LIST

CODE	DESCRIPTION	FEE
305	ACETONE, SERUM, QUALITATIVE	$25.00
306	ACETONE, URINE, QUALITATIVE	$25.00
315	ALBUMIN, SERUM	$10.00
317	ALCOHOL ETHYL, URINE	$30.00
316	ALCOHOL ETHYL, PLASMA	$30.00
324	ALKALINE PHOSPHATASE, SERUM	$10.00
328	ALPHA FEROPROTEIN, SERUM (TUMOR MARKER)	$69.50
1568	AMPHETAMINES, QUALITATIVE, URINE	$35.00
348	AMYLASE, SERUM	$14.00
362	ANTI-DNA ANTIBODY (DOUBLE STRANDED)	$40.00
373	ANTI-NUCLEAR ANTIBODY	$30.00
380	ANTI-STREPTOLYSIN 0 (ASOT)	$20.00
383	ANTI-THYROGLOBULIN AB	$35.00
384	ANTI-THYROID MICROSOMAL AB	$40.00
358	ANTIBODY SCREEN	$15.00
386	APOLIPOPROTEIN A AND B, SERUM	$35.00
65	AUTOCLAVE SPORE CHECK	$18.00
2568	BARBITURATES, QUALITATIVE, URINE	$35.00
1446	BASIC METABOLIC	$30.00
7568	BENZODIAZEPINE, QUALITATIVE, URINE	$35.00
92	BETA STREP	$25.00
406	BILIRUBIN, DIRECT, SERUM	$10.00
408	BILIRUBIN, TOTAL, SERUM	$10.00
407	BILIRUBIN, INDIRECT, SERUM	$13.00
777	BIOPSY (each specimen)	$150.00
412	BLOOD GROUP AND Rh	$20.00
956	BUN (UREA NITROGEN), SERUM	$10.00
418	CA-125	$60.00
425	CALCIUM, SERUM	$10.00
426	CALCIUM, URINE	$15.00
6568	CANNABINOIDS, QUALITATIVE, URINE	$35.00
917	CARBAMEZAPINE, SERUM	$50.00
428	CARBON DIOXIDE, SERUM	$10.00
430	CARCINOEMBRYONIC ANTIGEN (CEA)	$50.00
436	CBC W/DIFF (INCLUDES: WBC,RBC,HGB,HCT,MCH,MCHC,PLAT AND DIFF& ESR	$35.00
437	CBC W/DIFF (INCLUDES: WBC,RBC,HGB,HCT,MCH,MCHC,PLAT AND DIFF	$25.00
523CHL	CHLAMYDIA -PCR	$80.00
523	CHLAMYDIA/GC -PCR	$160.00
449	CHLORIDE, SERUM	$10.00
450	CHLORIDE, URINE	$10.00
455	CHOLESTEROL	$10.00
9912	CK-MB	$25.00
3568	COCAINE, URINE, QUALITATIVE	$35.00
472	COLD AGGULTINS	$20.00

480	COMPLEMENT C-3, SERUM	$30.00
481	COMPLEMENT C-4, SERUM	$30.00
1627	COMPRESHENSIVE METABOLIC	$40.00
482	COOMBS, DIRECT	$20.00
489	COOMBS, INDIRECT	$14.00
496	CORTISOL, SERUM	$40.00
1496	CORTISOL, AM, SERUM	$40.00
2496	CORTISOL, PM, SERUM	$40.00
500	CPK (CREATINE KINASE), SERUM CK ISO PERFORMED ON ALL ELEVATED	$15.00
499	CPK ISOENZYMES, SERUM	$35.00
505	CREATININE, SERUM	$10.00
506	CREATININE, URINE	$20.00
1504	CREATININE CLEARANCE	$20.00
404	CRP - HIGH SENSITIVE	$40.00
501	CRP - QUALITATIVE, SERUM	$15.00
56	CULTURE, BLOOD	$27.00
64	CULTURE, FUNGAL	$25.00
67	CULTURE, URINE	$25.00
549	CYTOLOGY, BREAST ASPIRATION	$150.00
550	CYTOLOGY, FLUID, MISC	$150.00
553	CYTOLOGY, GENITAL, MALE	$150.00
554	CYTOLOGY, MISC	$150.00
552	CYTOLOGY, SPUTUM	$150.00
551	CYTOLOGY, URINE	$150.00
556	CMV, IgG	$40.00
1556	CMV, IgM	$75.00
557	DHEA-SULFATE, SERUM	$50.00
966	DEPAKENE (VALPORIC ACID)	$40.00
561	DIFFERENTIAL	$10.00
563	DIGOXIN	$35.00
565	DILANTIN (PHENYTOIN), SERUM	$35.00
695	DILANTIN, FREE, SERUM	$55.00
568	DRUGS OF ABUSE SCREEN, URINE 6-PANEL	$35.00
567	DRUGS OF ABUSE SCREEN, URINE 9-PANEL	$50.00
285	ELECTROLYTE PANEL	$25.00
573	EOSINOPHIL COUNT ABSOLUTE	$10.00
593	EPSTEIN-BARR VIRUS CAPSID ANTIGEN, ANTIBODY, IgM	$55.00
594	EPSTEIN-BARR VIRUS CAPSID ANTIGEN, ANTIBODY, IgG	$55.00
592	EPSTEIN-BARR VIRUS EARLY ANTIGEN	$55.00
591	EPSTEIN-BARR VIRUS NUCLEAR ANTIGEN, ANTIBODY	$55.00
575	ESTRADIOL, SERUM	$60.00
596	FERRITIN	$40.00
609	FOLATE, SERUM	$35.00
611	FSH, SERUM	$45.00
91	GC CULTURE	$35.00
522GC	GC -PCR	$80.00
616	GENTAMYCIN (PEAK OR TROUGH)	$75.00
7620	GESTATIONAL GLUCOSE CHALLENGE	$15.00

615	GGTP	$12.00
620	GLUCOSE	$10.00
622	GLUCOSE, FASTING	$10.00
993	GLUCOSE TOLERANCE (3 HOUR)	$25.00
994	GLUCOSE TOLERANCE (4 HOUR)	$30.00
995	GLUCOSE TOLERANCE (5 HOUR)	$35.00
996	GLUCOSE TOLERANCE (6 HOUR)	$40.00
4622	GLUCOSE, 4PM	$10.00
631	GLYCOHEMOGLOBIN	$25.00
85	GRAM STAIN	$15.00
639	HAPTOGLOBULIN	$20.00
635	HCG, QUALITATIVE	$20.00
633	HCG, QUANTITATIVE	$35.00
632	HCG, TUMOR MARKER, SERUM	$60.00
659	HDL	$22.00
640	HELICOBACTER PYLORI AB, IgG	$80.00
4436	HEMATOCRIT	$10.00
3436	HEMOGLOBIN	$10.00
569	HEMOGLOBIN ELECTROPHORESIS	$40.00
8032	HEPATIC FUNCTION	$20.00
648	HEPATITIS A ANTIBODY (TOTAL)	$50.00
649	HEPATITIS B CORE AB	$35.00
650	HEPATITIS B ANTIBODY	$30.00
651	HEPATITIS B SURFACE ANTIGEN (HAA)	$25.00
652	HEPATITIS B e AB/AG	$45.00
647	HEPATITIS C	$65.00
653	HERPES 1/2 IgM, SERUM	$75.00
654	HERPES 1 AND 2 IgG, SERUM	$50.00
656	VARICELLA ZOSTER AB, SERUM (IMMUNE STATUS)	$55.00
667	HIV-1/HIV-2	$45.00
545	HOMOCYSTEINE, SERUM	$85.00
686	IMMUNOELECTROPHORESIS	$60.00
678	IMMUNOGLOBULINS (G,A,M)	$60.00
696	INSULIN	$30.00
701	IRON BINDING	$35.00
700	IRON, TOTAL	$15.00
675	IgA, SERUM	$20.00
677	IgE, SERUM	$40.00
680	IgG, SERUM	$20.00
682	IgM, SERUM	$20.00
708	LDH ISOENZYMES	$35.00
709	LDH, SERUM (ISOENZYMES PERFORMED ON ELEVATED LDH'S)	$10.00
4728	LDL DIRECT	$30.00
711	LE LATEX	$20.00
714	LEUKOCYTES, STOOL	$20.00
719	LIPASE	$30.00
724	LIPOPROTEIN	$30.00
806	LIPOPROTEIN, PHENOTYPE	$40.00

726	LITHIUM	$20.00
728	LOW DENSITY LIPROTEIN (CHOL, TRIG, HDL, C/H)	$30.00
729	LH, SERUM	$40.00
733	LYME DISEASE ANTIBODY, SERUM	$60.00
736	MAGNESIUM, SERUM	$18.00
737	MAGNESIUM, URINE	$18.00
738	MALARIAL SMEAR	$20.00
1567	METHADONE, QUALITATIVE, URINE	$25.00
725	MICROABLUMIN	$60.00
657	MONO TEST	$17.00
778	NASAL EOSINOPHILS	$10.00
784	OCCULT BLOOD	$10.00
4568	OPIATES, QUALITATIVE, URINE	$35.00
789	OSMOLALITY, SERUM	$30.00
555	PAP SMEAR (SINGLE SLIDE)	$25.00
776	THINPREP PAP SMEAR	$45.00
5568	PHENCYCLIDINE, QUALITATIVE, URINE	$35.00
803	PHENOBARBITAL	$35.00
815	PHOSPHORUS, URINE	$10.00
818	PHOSPHORUS, SERUM	$10.00
817	PINWORM TAPE TEST	$15.00
820	PLATELET COUNT	$10.00
830	POTASSIUM, SERUM	$10.00
831	POTASSIUM, URINE	$10.00
847	PREALBUMIN, SERUM	$60.00
833	PREGNANCY, SERUM	$20.00
832	PREGNANCY, URINE	$20.00
854	PRO-TIME	$15.00
838	PROCAINAMIDE/N-ACETYLPROCAIN.	$50.00
855	PROGESTERONE, SERUM	$48.00
841	PROLACTIN, SERUM	$45.00
2567	PROPOXYPHENE, QUALITATIVE, URINE	$50.00
844	PROSTATIC SPECIFIC ANTIGEN (PSA)	$45.00
571	PROTEIN ELECTROPHESIS, SERUM	$35.00
850	PROTEIN, TOTAL, SERUM	$10.00
853	PTT	$15.00
858	QUINIDINE	$40.00
867	RA FACTOR	$20.00
206	RENAL FUNCTION	$25.00
866	RETIC COUNT	$15.00
859	RPR	$15.00
871	RUBELLA ANTIBODY IgG (IMMUNE STATUS)	$30.00
1871	RUBELLA ANTIBODY, IgM	$80.00
881	SED RATE, BLOOD	$10.00
888	SGOT (AST)	$10.00
889	SGPT (ALT)	$10.00
891	SICKLE CELL SCREEN	$15.00
894	SODIUM, SERUM	$10.00

895	SODIUM, URINE	$10.00
61	STOOL CULTURE	$25.00
918	T3, TOTAL	$35.00
919	T3 UPTAKE	$20.00
920	T4, TOTAL	$20.00
921	T7 (T3UPTAKE & T4)	$40.00
936	T4, FREE, SERUM	$30.00
917	TEGRETOL	$50.00
915	TEGRETOL, FREE	$55.00
924	TESTOSTERONE, TOTAL, SERUM	$60.00
927	THEOPHYLLINE	$35.00
776	THINPREP PAP SMEAR	$45.00
58	THROAT CULTURE	$25.00
942	TOBRAMYCIN, (PEAK OR TROUGH), SERUM	$75.00
941	TOXOPLASMOSIS, IgG	$40.00
944	TOXOPLASMOSIS, IgM	$55.00
943	TRANSFERRIN	$20.00
948	TRIGLYCERIDES	$15.00
8799	TROPONIN I	$85.00
934	TSH	$45.00
957	UREA NITROGEN, URINE	$25.00
960	URIC ACID, SERUM	$10.00
961	URIC ACID, URINE	$10.00
962	URINALYSIS, COMPLETE	$12.00
963	URINALYSIS-MICROSCOPIC	$10.00
67	URINE CULTURE	$25.00
969	VANCOMYCIN (PEAK OR TROUGH), SERUM	$75.00
976	VITAMIN B-12	$40.00
63	YEAST CULTURE	$25.00
90	ANAEROBIC CULTURE	$30.00
	AMA PANELS	
1446	BASIC METABOLIC	$30.00
1627	COMPREHENSIVE PROFILE	$40.00
285	ELECTROLYTES	$25.00
8032	HEPATIC FUNCTION	$20.00
728	LIPID PANEL	$30.00
8042	OBSTERTRIC PANEL	$85.00
206	RENAL FUNCTION	$25.00

ATTACHMENT B, HIPAA BUSINESS ASSOCIATE ADDENDUM

The parties to this Business Associate Addendum ("Addendum") are the State of Michigan, acting by and through the Department of Management and Budget, on behalf of the Department of Community health ("State") and Detroit Bio-Medical Laboratories, Inc., ("Contractor"). This Addendum supplements and is made a part of the existing Contract(s) or agreement(s) between the parties including the following Contract(s):391B3200003 Medical Laboratory Services ("Contract").

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

(X) Covered Entity ("CE")

( ) Business Associate ("Associate")

and Contractor is (check one):

( ) Covered Entity ("CE")

(X) Business Associate ("Associate")

RECITALS

A. Pursuant to the terms of the Contract, CE wishes to disclose certain information to Associate, some of which may constitute Protected Health Information ("PHI") (defined below). In consideration of the receipt of PHI, Associate agrees to protect the privacy and security of the information as set forth in this Addendum.

B. CE and Associate intend to protect the privacy and provide for the security of PHI disclosed to Associate pursuant to the Contract in compliance with the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191 ("HIPAA") and regulations promulgated thereunder by the U.S. Department of Health and Human Services (the "HIPAA Regulations") and other applicable laws, as amended.

C. As part of the HIPAA Regulations, the Privacy Rule and the Security Rule (defined below) requires CE to enter into a Contract containing specific requirements with Associate prior to the disclosure of PHI, as set forth in, but not limited to, 45 CFR §§ 160.103, 164.502(e), 164.504(e), and 164.314 and contained in this Addendum.

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

1. Definitions.

a. Except as otherwise defined herein, capitalized terms in this Addendum shall have the definitions set forth in the HIPAA Regulations at 45 CFR Parts 160, 162 and 164, as amended, including, but not limited to, subpart A, subpart C ("Security Rule") and subpart E ("Privacy Rule").

b. "Agreement" means both the Contract and this Addendum.

c. "Contract" means the underlying written agreement or purchase order between the parties for the goods or services to which this Addendum is added.

d. "Protected Health Information" or "PHI" means any information, whether oral or recorded in any form or medium: (i) that relates to the past, present or future physical or mental condition of an individual; the provision of health care to an individual; or the past, present or future payment for the provision of health care to an individual; and (ii) that identifies the individual or with respect to which there is a reasonable basis to believe the information can be used to identify the individual, and shall have the meaning given to such term under the Privacy Rule, including, but not limited to, 45 CFR § 164.501.

e. "Protected Information" shall mean PHI provided by CE to Associate or created or received by Associate on CE's behalf.

2. Obligations of Associate.

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

b. Permitted Disclosures. Associate shall not disclose Protected Information in any manner that would constitute a violation of the HIPAA Regulations if disclosed by CE, except that Associate may disclose Protected Information: (i) in a manner permitted pursuant to the Contract and this Addendum; (ii) for the proper management and administration of Associate; (iii) as required by law; (iv) for Data Aggregation purposes for the Health Care Operations of CE; or (v) to report violations of law to appropriate federal or State authorities, consistent with 45 CFR § 164.502(j)(1). To the extent that Associate discloses Protected Information to a third party, Associate must obtain, prior to making any such disclosure: (i) reasonable assurances from such third party that such Protected Information will be held confidential as provided pursuant to this Addendum and only disclosed as required by law or for the purposes for which it was disclosed to such third party; and (ii) an agreement to implement reasonable and appropriate safeguards to protect the Protected Information; and (iii) an agreement from such third party to immediately notify Associate of any breaches of confidentiality of the Protected Information or any Security Incident, to the extent it has obtained knowledge of such breach. Additional provisions, if any, governing permitted disclosures of Protected Information are set forth in Attachment E.

c. Appropriate Safeguards. Associate shall implement appropriate Security Measures as are necessary to protect against the use or disclosure of Protected Information other than as permitted by the Contract or this Addendum. Associate shall maintain a comprehensive written information privacy and security program that includes Security Measures that reasonably and appropriately protect the Confidentiality, Integrity, and Availability of Protected Information relative to the size and complexity of the Associate's operations and the nature and scope of its activities.

d. Reporting of Improper Use or Disclosure. Associate shall report to CE in writing any use or disclosure of Protected Information, whether suspected or actual, other than as provided for by the Contract and this Addendum within ten (10) days of becoming aware of such use or disclosure. If the disclosure is a Major Disclosure, then the improper use or disclosure shall be reported within three (3) days. A Major Disclosure means any improper use or disclosure of over twenty-five percent (25%) of the Protected Information held by the Associate. CE and Associate will cooperate to mitigate the effects of any unauthorized use or disclosure and document the outcome.

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

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

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

h. Accounting Rights. Within ten (10) days of notice by CE of a request for an accounting of disclosures of Protected Information, Associate and its agents or subcontractors shall make available to CE the information required to provide an accounting of disclosures to enable CE to fulfill its obligations under the Privacy Rule, including, but not limited to, 45 CFR § 164.528. As set forth in, and as limited by, 45 CFR § 164.528, Associate shall not provide an accounting to CE of disclosures made: (i) to carry out treatment, payment or health care operations, as set forth in 45 CFR § 164.506; (ii) to individuals of Protected Information about them as set forth in 45 CFR § 164.502; (iii) pursuant to an authorization as provided in 45 CFR § 164.508; (iv) to persons involved in the individual's care or other notification purposes as set forth in 45 CFR § 164.510; (v) for national security or intelligence purposes as set forth in 45 CFR § 164.512(k)(2); or (vi) to correctional institutions or law enforcement officials as set forth in 45 CFR § 164.512(k)(5). Associate agrees to implement a process that allows for an accounting to be collected and maintained by Associate and its agents or subcontractors for at least six (6) years prior to the request, but not before the compliance date of the Privacy Rule. At a minimum, such information shall include: (i) the date of disclosure; (ii) the name of the entity or person who received Protected Information and, if known, the address of the entity or person; (iii) a brief description of Protected Information disclosed; and (iv) a brief statement of purpose of the disclosure that reasonably informs the individual of the basis for the disclosure, or a copy of the individual's authorization, or a copy of the written request for disclosure. In the event that the request for an accounting is delivered directly to Associate or its agents or subcontractors, Associate shall within ten (10) days of the receipt of the request forward it to CE in writing. It shall be CE's responsibility to prepare and deliver any such accounting requested. Associate shall not disclose any Protected Information except as set forth in Section 2(b) of this Addendum.

i. Governmental Access to Records. Associate shall make its internal practices, books and records relating to the use and disclosure of Protected Information available to the Secretary of the U.S. Department of Health and Human Services (the "Secretary"), in a time and manner designated by the Secretary, for purposes of determining CE's compliance with the HIPAA Regulations. Associate shall provide to CE a copy of any Protected Information that Associate provides to the Secretary concurrently with providing such Protected Information to the Secretary.

j. Minimum Necessary. Associate (and its agents or subcontractors) shall only request, use and disclose the minimum amount of Protected Information necessary to accomplish the purpose of the request, use or disclosure, in accordance with the Minimum Necessary requirements of the Privacy Rule, including, but not limited to 45 CFR §§ 164.502(b) and 164.514(d).

k. Data Ownership. Unless otherwise specified in the Contract, Associate acknowledges that Associate has no ownership rights with respect to the Protected Information. The CE retains all rights with respect to ownership of the Protected Information.

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

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

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

o. Audits, Inspection and Enforcement. Within ten (10) days of a written request by CE, Associate and its agents or subcontractors shall allow CE to conduct a reasonable inspection of the facilities, systems, books, records, agreements, policies and procedures relating to the use or disclosure of Protected Information pursuant to this Addendum for the purpose of determining whether Associate has complied with this Addendum; provided, however, that: (i) Associate and CE shall mutually agree in advance upon the scope, timing and location of such an inspection; (ii) CE shall protect the confidentiality of all confidential and proprietary information of Associate to which CE has access during the course of such inspection; and (iii) CE or Associate shall execute a nondisclosure agreement, if requested by Associate or CE. The fact that CE inspects, or fails to inspect, or has the right to inspect, Associate's facilities, systems, books, records, agreements, policies and procedures does not relieve Associate of its responsibility to comply with this Addendum, nor does CE's (i) failure to detect or (ii) detection, but failure to notify Associate or require Associate's remediation of any unsatisfactory practices, constitute acceptance of such practice or a waiver of CE's enforcement rights under this Agreement.

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

3. Obligations of CE.

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

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

Information, CE shall notify Associate of any restriction on the use or disclosure of Protected Information that CE has agreed to in accordance with 45 CFR § 164.522.

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

5. Termination.

a. Material Breach. In addition to any other provisions in the Contract regarding breach, a breach by Associate of any provision of this Addendum, as determined by CE, shall constitute a material breach of the Agreement and shall provide grounds for termination of the Contract by CE pursuant to the provisions of the Contract covering termination for cause. If the Contract contains no express provisions regarding termination for cause, the following shall apply to termination for breach of this Addendum, subject to 5.b.:

(1) Default. If Associate refuses or fails to timely perform any of the provisions of this Addendum, CE may notify Associate in writing of the non-performance, and if not corrected within thirty (30) days, CE may immediately terminate the Agreement. Associate shall continue performance of the Agreement to the extent it is not terminated.

(2) Associate's Duties. Notwithstanding termination of the Agreement, and subject to any directions from CE, Associate shall take timely, reasonable and necessary action to protect and preserve property in the possession of Associate in which CE has an interest.

(3) Compensation. Payment for completed performance delivered and accepted by CE shall be at the Contract price.

(4) Erroneous Termination for Default. If after such termination it is determined, for any reason, that Associate was not in default, or that Associate's action/inaction was excusable, such termination shall be treated as a termination for convenience, and the rights and obligations of the parties shall be the same as if the Contract had been terminated for convenience, as described in this Addendum or in the Contract.

b. Reasonable Steps to Cure Breach. If CE knows of a pattern of activity or practice of Associate that constitutes a material breach or violation of the Associate's obligations under the provisions of this Addendum or another arrangement and does not terminate this Agreement pursuant to Section 5(a), then CE shall take reasonable steps to cure such breach or end such violation, as applicable. If CE's efforts to cure such breach or end such violation are unsuccessful, CE shall either (i) terminate this Agreement, if feasible or (ii) if termination of this Agreement is not feasible, CE shall report Associate's breach or violation to the Secretary of the Department of Health and Human Services.

c. Reserved.

d. Effect of Termination.

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

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

6. Reserved.

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

8. Reserved.

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

10.Certification. To the extent that CE determines an examination is necessary in order to comply with CE's legal obligations pursuant to HIPAA relating to certification of its security practices, CE or its authorized agents or contractors, may, at CE's expense, examine Associate's facilities, systems, procedures and records as may be necessary for such agents or contractors to certify to CE the extent to which Associate's security safeguards comply with HIPAA, the HIPAA Regulations or this Addendum.

11. Amendment.

a. Amendment to Comply with Law. The parties acknowledge that State and federal laws relating to data security and privacy are rapidly evolving and that amendment of this Addendum may be required to provide for procedures to ensure compliance with such developments. The parties specifically agree to take such action as is necessary to implement the standards and requirements of HIPAA, the Privacy Rule, the Security Rule and other applicable laws relating to the security or privacy of Protected Information. The parties understand and agree that CE must receive satisfactory written assurance from Associate that Associate will adequately safeguard all Protected Information. Upon the request of either party, the other party agrees to promptly enter into negotiations concerning the terms of an amendment to this Addendum embodying written assurances consistent with the standards and requirements of HIPAA, the Privacy Rule, the Security Rule or other applicable laws. CE may terminate the Agreement upon thirty (30) days written notice in the event (i) Associate does not promptly enter into negotiations to amend this Agreement when requested by CE pursuant to this Section or (ii) Associate does not enter into an amendment to this Agreement providing assurances regarding the safeguarding of PHI that CE, in its sole discretion, deems sufficient to satisfy the standards and requirements of HIPAA, the HIPAA Regulations and other applicable laws.

b. Amendment of Attachment E. Attachment E may be modified or amended by mutual agreement of the parties in writing from time to time without formal amendment of this Addendum.

12. Assistance in Litigation or Administrative Proceedings. Associate shall make itself, and any subcontractors, employees or agents assisting Associate in the performance of its obligations under this Agreement, available to CE, at no cost to CE, to testify as witnesses, or otherwise, in the event of litigation or administrative proceedings being commenced against CE, its directors, officers or employees, departments, agencies, or divisions based upon a claimed violation of HIPAA, the HIPAA Regulations or other laws relating to security and privacy of Protected Information, except where Associate or its subcontractor, employee or agent is a named adverse party.

13. No Third Party Beneficiaries. Nothing express or implied in this Agreement is intended to confer, nor shall anything herein confer, upon any person other than CE, Associate and their respective successors or assigns, any rights, remedies, obligations or liabilities whatsoever.

14. Effect on Contract. Except as specifically required to implement the purposes of this Addendum, or to the extent inconsistent with this Addendum, all other terms of the Contract shall remain in force and effect. This Addendum is incorporated into the Contract as if set forth in full therein. The parties expressly acknowledge and agree that sufficient mutual consideration exists to make this Addendum legally binding in accordance with its terms. Associate and CE expressly waives any claim or defense that this Addendum is not part of the Agreement between the parties under the Contract.

15. Interpretation and Order of Precedence. This Addendum is incorporated into and becomes part of each Contract identified herein. Together, this Addendum and each separate Contract constitute the "Agreement" of the parties with respect to their Business Associate relationship under HIPAA and the HIPAA Regulations. The provisions of this Addendum shall prevail over any provisions in the Contract that may conflict or appear inconsistent with any provision in this Addendum. This Addendum and the Contract shall be interpreted as broadly as necessary to implement and comply with HIPAA and the HIPAA Regulations. The parties agree that any ambiguity in this Addendum shall be resolved in favor of a meaning that complies and is consistent with HIPAA and the HIPAA Regulations. This Addendum supercedes and replaces any previous separately executed HIPAA addendum between the parties. In the event of any conflict between the mandatory provisions of the HIPAA Regulations and the provisions of this Addendum, the HIPAA Regulations shall control. Where the provisions of this Addendum differ from those mandated by the HIPAA Regulations, but are nonetheless permitted by the HIPAA Regulations, the provisions of this Addendum shall control.

16. Effective Date. This Addendum is effective upon receipt of the last approval necessary and the affixing of the last signature required.

17. Survival of Certain Contract Terms. Notwithstanding anything herein to the contrary, Associate's obligations under Section 5(d) and record retention laws ("Effect of Termination") and Section 13 ("No Third Party Beneficiaries") shall survive termination of this Agreement and shall be enforceable by CE as provided herein in the event of such failure to perform or comply by the Associate.

18. Representatives and Notice.

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

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

Covered Entity Representative:

Name: Kim Stephen
Title: Director, Bureau of Budget and Purchasing
Department and Division: Michigan Department of Community Health
Address: 320 S. Walnut
Lewis Cass Building, 4th Floor
Lansing, MI. 48913

Business Associate Representative:

Name: Richard Zakaria
Title: General Manager
Department and Division: Detroit Bio-Medical Laboratories, Inc.
Address: 23955 Freeway Park Drive
Farmington Hills, MI. 48335

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

IN WITNESS WHEREOF, the parties hereto have duly executed this Addendum as of the Addendum Effective Date.

Associate	Covered Entity
By:_____	By:_____
Print Name: _____	Print Name:_____
Title:_____	Title:_____

Attachment C, Quality Assurance Program

Quality Assurance is a system for assuring the quality of the total laboratory performance. The system identifies a problem as it arises and outline procedures for the resolution of the problem.

The system consists of two programs:

1. QUALITY ASSURANCE PROGRAM

   Quality Assurance is designed to provide for defining, monitoring, interpreting and correlating test results with appropriate patient care and to correlate the amount and type of testing with what is considered to be successful treatment and outcome.

2. QUALITY CONTROL PROGRAM

   Quality Control is the primary means of ensuring medically reliable, high-quality laboratory testing through internal and external quality control programs. It is basically a scientific and technical process that is implemented on a daily basis by the technical staff of the laboratory and is supervised by the Director.

The Quality Assurance program adds to the Director's responsibilities the application of medical judgment in recommending appropriate laboratory tests, interpreting test results, choosing alternate methods of testing, or choosing to send tests to another accredited laboratory.

The Quality Control program consists of a documented QC program for each section of the laboratory. The general quality control program includes, but is not limited to, the following:

1. EXTERNAL QC

   Use of proficiency surveys for tests in each section of the laboratory.

   When the proficiency samples are received in the laboratory, they are treated and analyzed in the same manner as a patient sample, recognizing the need for any reconstituting required for the proficiency samples. The survey results are mailed to the Computer Center for evaluation.

   Records are maintained of all proficiency tests performed for a minimum of two years and makes such records available to the inspecting agencies.

   The Director reviews the evaluation from the Computer Center and if any unsatisfactory results occur, the reasons for this occurrence are pinpointed, and remedial action initiated immediately. This action is documented on the proficiency survey reports.

2. INTERNAL QC

The laboratory has a multi-phase system for internal quality control:

1. DESIGN CONTROL

The laboratory-facility design and staffing pattern handle efficiently the workload of the selected assay procedures for the mix of health-care physicians and clients served by the laboratory. Personnel must meet set criteria of education, experience, certification and training.

2. MATERIALS CONTROL

Incoming material involves receiving or stocking, at the most economical levels of quality, only those materials and equipment meeting the laboratory's specifications.

The validity of the clinical data is dependent upon the use of specific reagent and materials. Specimen collection and handling are carefully controlled. Specific instructions are provided to collecting personnel to assure optimum specimen procurement and adequate requisitions. Unacceptable specimens are rejected or discussed with the ordering physician.

3. PROCESS CONTROL

Process control involve internal control to calibrate and control the process and external control to monitor and refine proficiency.

Large lots of control materials are used so that the limits for day-to day variation of the process can be determined and compared to the variation between days and month of the year, to document temporal precision and stability of the assay procedure.

"Blind sampling is interspersed randomly among the clinical specimens and the fact that these specimens are control specimens is unknown to the analysts. This allows the Director to obtain an independent assessment of all procedures performed in the laboratory.

The data from both types of QC specimens is assessed and a monthly statistical summary and review of apparent problems are prepared.

The proficiency testing program is the external QC program as described above.

4. OUTPUT CONTROL

Output control involves the patients test results. The laboratory report is sent promptly to the licensed physician or other authorized person who requested the test and a suitable record of each test result is preserved by the laboratory for a period of at least two years after the date of submittal of the report. The reports are filled for ready identification and accessibility. No results are sent to the patient concerned, except with the written consent of the physician or authorized person who requested the test.

Referred specimens are sent to an accredited reference laboratory whose name is included on the report.

Preventive maintenance ensures the proper operation of the equipment and instruments with a planned, written schedule of servicing. Remedial action is taken for any defects.

5. RELIABILITY CONTROL

The laboratory provides results of qualitative and quantitative tests with meaningful normal values.

6. VERIFICATION CONTROL

Verification control includes the CLIA inspection and accreditation.

SUMMARY

The Director actively monitors and facilitates the entire QA and QC programs and reviews all records for each section in the laboratory.

The QA and QC reports are filed and retained for a period of two years.

QUALITY CONTROL

The purpose of quality control is to ensure the reliability of each patient value. There are two requirements for all quality control systems: (1) should lead to decisions regarding the reliability of the analytical data and (2) should be related to the medical purposes for which the analyses are being done. Quality control actions should end with decision regarding not only analytical significance, but also the medical significance of the quality data.

Quality control consists of many steps in a chain of events from the preparation of the patient and collection of the sample to the delivery of the results to the physician. Many interlined items detail the points where quality control is important, such as training and experience of laboratory personnel, patient preparation, transportation and specimen

handling, storage of specimen, instrument maintenance, quality of reagents used and a variety of other factors.

Working in a laboratory requires personnel to have good technical skills. It is impossible to have consistently good laboratory performance without an adequately trained technical staff. Recognizing that specimens are from patients and erroneous data can have serious consequences, identifying and correcting lapses in lab performance, altering physicians at once with extremely abnormal results and have a willingness to provide extra effort and time when the situation demands it and recognizing the need to keep informed on new developments in the field are just a few items that make up a technologist with good judgment. Good judgment is acquired over time and cannot be taught. The precision of the method over the entire analytical range, normal and abnormal must be known and monitored with various levels of controls. Control charts must be kept up to date, organized and monitored on a regular basis.

The use of a “blind control” is used to randomly monitor the performance of the analytical testing. Corrective action in cases of “out of control” situations are documented. Participation in a multi sample survey, such as CAP, is very important in the evaluation of the laboratory performance.

All the above mentioned items are an important part of the quality control system. They are all needed to provide the physician with results that will aid him/her in diagnosing and treating the patient.

CONTROL MATERIAL

Control material need to be stable material available in sufficient quantity to be analyzed over a reasonable time frame. They should have the same matrix as the patient samples and should produce values in a minimum of two ranges; one normal and one abnormal. The goal of the control is to target the corresponding concentration which is used to monitor performance of an assay at different medical decision levels. It is important that care be taken to reconstitute lyophilized materials. Mixing too quickly or vigorously may interfere with the solubility. Follow the instructions provided by the manufacturer of the control material.

CRITICAL VALUES

All highly unusual results are repeated using a diluted sample, if needed, or a fresh non-diluted sample. If the same result as the original is obtained the result is considered valid and can be released to the ordering physician. If a different result from the original is obtained, the test is to be rerun with sample obtained from the primary sample tube. When two consecutive duplicate results are obtained, the result is considered valid and can then be released to the physician. If two (2) consecutive duplicate answers cannot be obtained, the instrument and/or reagent become suspect and results should be held until the problem can be resolved.

CRITICAL VALUE REPORTING

The laboratory has set critical values for several laboratory tests. These values are programmed into the computer and are used to generate the abnormal call list that is printed every morning. Results that exceed the critical values are reported to the ordering physician or their representative in a timely manner. The time, name of person giving the results and the name of the person receiving the results will be recorded on the abnormal log.

UNSATISFACTORY SPECIMENS

The laboratory recognizes the importance of a properly collected specimen to provide accurate test results to the physician. When receiving sample the laboratory will make note of any name discrepancy between the request form and the samples. Any discrepancies must be corrected prior to reporting of any results. Contact the person submitting the sample to verify the information. Samples submitted using the incorrect anticoagulant will be rejected by the laboratory. Specimens that may yield inaccurate results based upon the specimen condition, such as gross lipemic or gross hemolysis, will be rejected by the laboratory.

PREVENTIVE MAINTENANCE

The laboratory will maintain all instruments and equipment that is used in the laboratory according to the manufacturer recommendations. The maintenance functions follow the guidelines set by the manufacturer. Maintenance will be performed on a daily, weekly and monthly basis as required. Yearly maintenance will be performed by an independent engineering company or a service representative of the manufacturer. If a problem is found at any time during the performance of this function, it will be brought to the attention of the director at once. If this problem can not be corrected in a timely manner by the technologist performing the assays, a service representative will be called in to repair the observed malfunction. No results will be reported out until this deficiency is corrected.

CLERICAL ERRORS

The system for the detection of clerical errors is as follows:

1. Technologist will perform the ordered assays.
2. Results will then be transferred to a worksheet.
3. The results from the worksheet will be transferred to the patient result form.
4. After this transcription and before the release of the results, a technologist will review the results to check for an possible clerical errors.
5. After the review by the technologist the results forms are ready to be released to the ordering physician.

TEST TURN AROUND TIME

The laboratory is in operation 7 days a week. The laboratory will monitor turn around times to continue to provide timely patient results to the physician to aid them in the treatment of their patients. All routine Chemistry, Hematology, TDM and Thyroid function have a turnaround time to the ordering physician of 24-48 hours.

All routine Microbiology samples have a preliminary report available in 1-2 days and a final report within 2-3 days.

Pathology has a preliminary report available within 24-48 hours and a completed report within 4 working days. Some complex cases may take one to two weeks for a final report to be generated.

The laboratory monitors turnaround times to continue to provide timely patient results to the physician to aid them in the treatment of their patients.

PROFICIENCY TESTING

The laboratory participates in a nationally recognized proficiency survey program supplied through the College of American Pathologists and the WSHL. The laboratory subscribes to all surveys a that are available for assays that are performed in the laboratory. The survey order is reviewed on an annual basis to assure that the laboratory participates in all survey available for the current assays performed. Proficiency testing will be treated in the same manner as the patient samples, recognizing the need for special handling due to the need for reconstitution and special time restraints. The results of the proficiency surveys are reviewed by the Pathologist or designee when they are received by the laboratory. The appropriate supervisor will then review the results and any unacceptable results will be investigated to determine the problem. After the investigation the results will be recorded on the PT Corrective Action Log sheet. The corrective action log will then be reviewed by the Pathologist to assure that the correct conclusion has been reached . All past survey, the corrective action and the summary report will be kept in the CAP Survey Books, available for review by all employees.

TRANSPORTATION AND HANDLING OF BLOOD SPECIMENS

Several potential problem areas exist in the transportation and handling of blood specimens. Specific concerns relate to prolonged contact of serum or plasma with cells or with tube stoppers, laboratory induced hemolysis, analyte concentration change due to evaporation, incorrect storage temperature and the use of anticoagulants, serum/plasma separator devises and incorrect transportation. Recognition and control of these variables should reduce error and contribute to the medical usefulness of patient test results. All blood samples are to be treated with “universal precautions” because it is often impossible to know which specimen might be infectious.

Tubes of blood are to be kept in a vertical, stopper up position. This positioning promotes complete clot formation and reduces agitation of the tube contents which in turn reduces the potential for hemolysis. Gentle handling of collected specimen helps to minimize erythrocyte damage. Blood collected using a tube containing a clotting activator can be processed as early as 10 to 15 minutes after the blood is drawn. It is recommended that serum or plasma be physically separated from contact with cells as soon as possible with a maximum time of 2 hours from the time of collection. Tubes of blood are to be kept closed at all times, they should be centrifuged with stoppers in place. Tubes of blood intended for whole blood analysis are not to be centrifuged and separated.

Separated serum should remain at 22'C (room temperature) for no longer than 8 hours. If assays will not be completed in 8 hours, serum should be refrigerated. Whole blood samples should remain at 22'C for no longer than 4 hours. For longer storage, specimen should be refrigerated.

Specimens must be transported to the laboratory in as short item as possible. Prepare the sample to be transported to the laboratory by placing them in a secondary container. This secondary container should allow the request form to be physically separated from the specimen. The secondary container must be capable of containing any possible spillage derived from the primary container. A constant transportation temperature should be maintained. This can be accomplished with the use of varying cooling devices, such as, ice packs or refrigerated coolers.

SPECIMEN REQUIREMENTS

The laboratory has determined the volume of samples required to perform the assays in this laboratory. This volume has been based upon the different method utilized by this laboratory. The ideal specimen requirements have been place on the laboratory requisition form to allow easy access to this information at the time of the phlebotomy. The laboratory staff is available to answer any and all question concerning the specimen volume and the specimen type that is needed for all assays not listed on the requisition form.

The laboratory will attempt to perform the requested assays on the specimen submitted as long as it does not jeopardize the integrity of the results.

If it is noted that a physician, his/her employee or a phlebotomist employed by the laboratory is obtaining excessive amount of blood, the proper person will be contacted. The laboratory will inform them of the adverse consequences of excess venipuncture's to both the patient and the health care workers involved.