STATE OF MICHIGAN PROCUREMENT

Department of Technology, Management, and Budget
320 S. WALNUT ST., LANSING, MICHIGAN 48933
P.O. BOX 30026 LANSING, MICHIGAN 48909

CONTRACT CHANGE NOTICE

Change Notice Number **7**
to
Contract Number **210000000685**

CONTRACTOR	
	Grand Prairie Healthcare Services, P.C.
	3340 Perimeter Hill Road
	Nashville, TN 37211
	Richard Maenza
	615-466-3490
	rmaenza@wellpath.us
	VS0176580

STATE			
	Program Manager	Marti Kay Sherry	MDOC
		517-335-2252	
		sherrym@michigan.gov	
	Contract Administrator	Marissa Gove	DTMB
		517-449-8952	
		GoveM1@michigan.gov	

CONTRACT SUMMARY			
DESCRIPTION: PRISONER HEALTH CARE AND PHARMACY SERVICES FOR MICHIGAN DEPARTMENT OF CORRECTIONS			
INITIAL EFFECTIVE DATE	**INITIAL EXPIRATION DATE**	**INITIAL AVAILABLE OPTIONS**	**EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW**
April 14, 2021	September 30, 2026	3 - 1 Year	September 30, 2026
PAYMENT TERMS		**DELIVERY TIMEFRAME**	
.45% NET 15/NET45		N/A	
ALTERNATE PAYMENT OPTIONS			**EXTENDED PURCHASING**
☐ P-card ☐ Payment Request (PRC) ☐ Other			☐ Yes ☒ No
MINIMUM DELIVERY REQUIREMENTS			
N/A			

DESCRIPTION OF CHANGE NOTICE				
OPTION	**LENGTH OF OPTION**	**EXTENSION**	**LENGTH OF EXTENSION**	**REVISED EXP. DATE**
☐	N/A	☐	N/A	
CURRENT VALUE	**VALUE OF CHANGE NOTICE**		**ESTIMATED AGGREGATE CONTRACT VALUE**	
$589,988,100.00	$0.00		$589,988,100.00	

DESCRIPTION: Effective February 10, 2024, this Contract is amended as follows:

1. Under Section 6 of the Standard Contract Terms and Section 3.2 of Schedule A, the State's Contract Administrator is changed to:
Marissa Gove, 517-449-8952, GoveM1@michigan.gov
320 S. Walnut St., 2nd Floor
Lansing, MI 48933
PO Box 30026
Lansing, MI 48909

2. Under the attached Assignment Agreement and Section 17 of the Standard Contract Terms, this Contract is

assigned to VitalCore Physicians Group, PLLC.

All other terms, conditions, specifications, and pricing remain the same. Per Contractor and Agency agreement, and DTMB Central Procurement approval.

FOR THE CONTRACTOR:

Grand Prairie Healthcare Services, P.C.

Company Name

Authorized Agent Signature

Authorized Agent (Print or Type)

Date

FOR THE STATE:

Signature

Pamela Platte, Enterprise Sourcing Director

Name & Title

DTMB Central Procurement Services

Agency

Date

Contract No. 240000000326
Formerly Contract No. 210000000685
Prisoner Healthcare and Pharmacy Services

Assignment Agreement

VitalCore Physicians Group, PLLC
for Grand Prairie Healthcare Services, P.C.

This agreement ("**Assignment Agreement**") is effective February 10, 2024, by and between the State of Michigan (the "**State**"), VitalCore Physicians Group, PLLC ("**VitalCore**"), a Kansas professional limited liability company, and Grand Prairie Healthcare Services, P.C. ("**Grand Prairie**"), an Indiana professional corporation (collectively, the "**Parties**").

The purpose of this Assignment Agreement is to set forth the terms and conditions for VitalCore to take the place of Grand Prairie in the Contract. To effectuate this goal, the parties agree as follows:

1. The State and Grand Prairie entered Contract #210000000685 with an effective date of April 14, 2021 (the "**Contract**"). The Contract's initial expiration date is September 30, 2026 and at the State's option, includes the potential for three one-year extensions, i.e., through September 30, 2029.

2. Under the Contract at Section 58 of the Standard Contract Terms, the following schedules and exhibits were incorporated into the Contract by reference:

Schedule A	Statement of Work
Schedule A-1	Definitions
Schedule A-2 through A-8	Not applicable or reserved
Schedule A-9	Service Level Agreements
Schedule A-10 through A-35	Not applicable or reserved
Schedule B	Pricing and Fees
Schedule C-D	Not applicable or reserved
Schedule E (as applicable)	Contractor Hosted Software and Services
Exhibit 1 to Schedule E (as applicable)	Support Services and Service Level Agreement for Hosted Services
Schedule F (as applicable)	Data Security Requirements
Exhibit 1 to Schedule F (as applicable)	Contractor's Disaster Recovery Plan
Schedule G-I (as applicable)	Not applicable or reserved

3. Under Section 5 of the Standard Contract Terms, the Contract has been amended six times by the State and Grand Prairie as listed below.

    a. Change Notice 1, effective December 1, 2022
    b. Change Notice 2, effective October 1, 2022
    c. Change Notice 3, effective August 25, 2023
    d. Change Notice 4, effective October 18, 2023
    e. Change Notice 5, effective October 1, 2023
    f. Change Notice 6, effective January 19, 2024

4. The services to be provided the State are defined broadly as "**Contract Activities**" under Section 1 of the Standard Contract Terms and elaborated upon within the

schedules and exhibits incorporated into the Contract, especially **Schedule A**. Under the Contract, Grand Prairie as the current Contractor provides those Contract Activities, which includes but is not limited to providing healthcare and pharmacy services to prisoners at the 27 facilities listed below:

1. Alger Correctional Facility
2. Baraga Correctional Facility
3. Bellamy Creek Correctional Facility
4. Carson City Correctional Facility
5. Central Michigan Correctional Facility
6. Charles E. Egeler Reception & Guidance Center (includes Duane L. Waters Health Center)
7. Chippewa Correctional Facility
8. Cooper Street Correctional Facility
9. Detroit Detention Center
10. Earnest C. Brooks Correctional Facility
11. G. Robert Cotton Correctional Facility
12. Gus Harrison Correctional Facility
13. Ionia Correctional Facility
14. Kinross Correctional Facility
15. Lakeland Correctional Facility
16. Macomb Correctional Facility
17. Marquette Branch Prison
18. Muskegon Correctional Facility
19. Newberry Correctional Facility
20. Oaks Correctional Facility
21. Parnall Correctional Facility
22. Richard A. Handlon Correctional Facility
23. Saginaw Correctional Facility
24. St. Louis Correctional Facility
25. Thumb Correctional Facility
26. Women's Huron Valley Correctional Facility
27. Woodland Center Correctional Facility

5. Grand Prairie no longer desires to serve the State as Contractor and provide the Contract Activities required under the Contract. Grand Prairie consents to VitalCore taking its place as Contractor.

6. VitalCore has the desire and ability to take Grand Prairie's place as Contractor and provide the State with all Contract Activities for the remainder of the Contract's term.

7. The State will consent to the substitution of VitalCore for Grand Prairie in the Contract, such that the Contract, including its schedules, exhibits, and Change Notices 1 through 5, will apply to VitalCore as Contractor, without further amendment to any of the obligations or duties of the parties as stated in the Contract and Change Notices 1 through 5 and this Change Notice 7. For clarity, Change Notice 6 does not apply to VitalCore.

8. The Parties will begin transition work immediately, with the goal for VitalCore to provide all Contract Activities to the State by May 1, 2024 (the "**Cutover**") and to replace Grand Prairie as Contractor at that time.

9. Until Cutover, Grand Prairie must continue meeting all obligations of the Contract, including SLAs. Until the Termination Date as referenced in Change Notice 6, Grand Prairie must provide all Transition Responsibilities set forth under Section 31 of the Standard Contract Terms. In anticipation of Cutover, the State hereby directs Grand Prairie under Section 31(c) of the Standard Contract Terms to produce: (1) updated claims data to include paid claims, aging of unpaid claims, denied claims, and IBNR, with ICD and CPT codes for 1 year post Cutover and (2) updated pharmacy data within 60 days of Cutover. See Schedule A, Section 4.3.D and 4.3.Q, respectively. This is not to be construed as the only Transition Responsibility required but to highlight it as express directive under Section 31.

10. After the Termination Date, the survival provision at Section 62 of the Standard Contract Terms remains in effect as to Grand Prairie.

11. After Cutover, Grand Prairie will remain responsible for any act, omission, grievance, litigation, liability, debt, claim, and any other type of inmate health care processes, which occurred prior to Cutover, or results from any act or omission that occurred prior to Cutover. All Parties shall cooperate with each other to ensure their respective obligations may be met after the Cutover. Grand Prairie shall not be responsible for any act, omission, grievance, litigation, liability, debt, claim, or any other type of inmate health care process which results from any act or omission that occurs after the Cutover.

12. VitalCore will not be responsible for any act, omission, grievance, litigation, liability, debt, claim, or any other type of inmate health care processes which occurred prior to Cutover or results from any act or omission that occurred prior to Cutover.

13. To help VitalCore stabilize as it ramps up, starting on the date of Cutover and for 6 months thereafter, or by November 1, 2024, whichever occurs sooner, the State will waive service level agreement credits it may be entitled to under Schedule A-9.

14. VitalCore may submit requests to the State for additional payments in the event of unexpected or emergent price increases or other costs that could not have been contemplated. The parties agree to negotiate in good faith relative to these requests. However, in all cases, the State's decision is final.

15. Certain informational aspects of the Contract must be updated to reflect VitalCore's substitution of Grand Prairie as Contractor. Within 10 calendar days of the execution of this Assignment Agreement or as otherwise agreed by the State and VitalCore, VitalCore must supply the State with all Contractor information and certificates required to be provided to the State under the Contract.

16. VitalCore represents and warrants that:

    a. It is registered to do business in the State of Michigan and has all of the licenses required in order to provide the Contract Activities pursuant to the Contract.
    b. All certifications, representations, and warranties in the Contract are true and accurate as to VitalCore.
    c. It is in a position to fully perform all obligations that may exist under the Contract.
    d. Neither it nor any of its affiliates are in litigation or other dispute with the State of Michigan or any agency thereof of other affiliated body or political subdivision of the State of Michigan.
    e. Neither it nor any of its affiliates have been debarred, suspended, or disqualified from bidding or contracting with any entity, including the State of Michigan.

STATE OF MICHIGAN
CENTRAL PROCUREMENT SERVICES
Department of Technology, Management, and Budget

320 S. WALNUT ST., LANSING, MICHIGAN 48933
P.O. BOX 30026 LANSING, MICHIGAN 48909

CONTRACT CHANGE NOTICE

Change Notice Number **6**

to

Contract Number **210000000685**

CONTRACTOR	
	Grand Prairie Healthcare Services, P.C.
	3340 Perimeter Hill Road
	Nashville, TN 37211
	Richard Maenza
	615-466-3490
	rmaenza@wellpath.us
	VS0176580

STATE			
	Program Manager	Marti Kay Sherry	MDOC
		517-335-2252	
		sherrym@michigan.gov	
	Contract Administrator	Brandon Samuel	DTMB
		(517) 249-0439	
		samuelb@michigan.gov	

CONTRACT SUMMARY

PRISONER HEALTH CARE AND PHARMACY SERVICES FOR MICHIGAN DEPARTMENT OF CORRECTIONS

INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE
April 14, 2021	September 30, 2026	3 - 1 Year	September 30, 2026

PAYMENT TERMS	DELIVERY TIMEFRAME
.45% NET 15 NET 45	N/A

ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING	
☐ P-Card	☐ PRC	☐ Other	☐ Yes	☒ No

MINIMUM DELIVERY REQUIREMENTS

N/A

DESCRIPTION OF CHANGE NOTICE

OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
☐	N/A	☐	N/A	N/A

CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE
$589,988,100.00	$0.00	$589,988,100.00

DESCRIPTION

Effective January 19, 2024, the Contract is amended as follows:

1) The State intends to terminate the Contract under section 29, with no transition costs to either party except those outlined in this Change Notice. For the sake of clarity, except for those costs outlined in the Contract and this Change Notice, each party is responsible for their respective transition costs, including but not limited to any technology costs. The termination is expected to become effective on or before May 31, 2024 (the "Termination Date"), which includes time to transition to a new vendor. The State will issue a formal change notice under the Contract documenting the termination once a new vendor has been engaged.

2) For the period of January 1, 2024 through the Termination Date, Schedule B is amended such that the State will pay Contractor an additional $5.00 on the Base PPPM for prisoner health care services. This addition increases the risk-share floor and cap to maintain the same risk-share window. The revised PPPM is $244.17, and the revised Risk Share Base PPPM and Risk Share Cap PPPM are $124.29 and $143.51, respectively.

3) While the State works toward finding a replacement vendor and until cutover to the new vendor or the Termination Date,

whichever is sooner, Contractor must continue meeting all obligations of the Contract, including SLAs.

4) If the State determines that assignment of this Contract is more advantageous, then Contractor must assign the Contract to the State's new vendor. Contractor shall not assign any debts arising from its performance of the Contract to any third party without the prior permission of the State.

5) When the State has secured a new vendor, the State will notify Contractor within 10 days of the State's selection of the new vendor, issue the change notice referenced in section 1 above, and the parties may begin transition work, which shall conclude on the Termination Date. The transition work will include but is not limited to:

A. Contractor must designate and assign a Project Manager at Contractor's sole expense to serve as the point of contact and assist with transition to the State's new vendor.
B. Contractor and the State will issue a joint neutral statement regarding the transition to the new vendor, with timing to be determined by the State.
C. Contractor must provide all data requested by the State in Contractor's possession and control, including monthly claims data, and this obligation survives the Termination Date for a period of 24 months.
D. Contractor must provide all pharmacy claim details in Contractor's possession and control in the mutually agreed upon MS Excel worksheet format.
E. Contractor must provide all pharmacy invoices from Amerisource Bergen, backup pharmacies, and any other sources of pharmacy invoices in Contractor's possession and control.

6) Per section 42 of the Contract, Contractor must retain all records relating to the Contract for 4 years after the latter of termination, expiration, final payment, or any extension. If an audit, litigation, or other action involving the records is initiated before the end of the audit period, Contractor must retain the records until all issues are resolved.

7) Although the State maintains that the Contract clearly defines the risk share as two separate reconcilable risk shares, the State will amend the Contract to combine the health and pharmacy risk share into a singular aggregated risk share. This change is retroactive to the date Contractor began providing integrated healthcare management services (September 29, 2021).

8) CY1 and CY2 risk shares will be reconciled according to the agreed upon aggregated risk share. The State is willing to reconcile $2,000,000 of the CY2 risk share early, within 30 days of the execution of this Change Notice, with a holdback for potential SLA credits from Q4.

9) Contractor must continue to provide the State full transparency on its pharmacy subcontract, including cooperation and contractual efforts in the provision of managing pharmacy services, including enforcement of pharmacy subcontract and pursing legal action if necessary.

10) Contractor shall withdraw its Notice of Intent to File Claim vs Michigan Department of Technology, Management and Budget, and the Michigan Department of Corrections, which was filed with the Michigan Court of Claims on September 29, 2023. Upon execution of this Contract Change Notice, Contractor shall file a letter with the Clerk of Court of Claims withdrawing the Notice of Intent with an email copy to counsel for DTMB.

11) The State reserves all rights under the Contract.

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

STATE OF MICHIGAN
CENTRAL PROCUREMENT SERVICES
Department of Technology, Management, and Budget

320 S. WALNUT ST., LANSING, MICHIGAN 48933
P.O. BOX 30026 LANSING, MICHIGAN 48909

CONTRACT CHANGE NOTICE

Change Notice Number **5**

to

Contract Number **210000000685**

CONTRACTOR	
	Grand Prairie Services, P.C.
	3340 Perimeter Hill Road
	Nashville, TN 37211
	Richard Maenza
	615-466-3490
	RMaenza@Wellpath.us
	VS0176580

STATE			
	Program Manager	Marti Kay Sherry	MDOC
		517-335-2252	
		sherrym@michigan.gov	
	Contract Administrator	Brandon Samuel	DTMB
		(517) 249-0439	
		samuelb@michigan.gov	

CONTRACT SUMMARY

PRISONER HEALTH CARE AND PHARMACY SERVICES FOR MICHIGAN DEPARTMENT OF CORRECTIONS

INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE
April 14, 2021	September 30, 2026	3 - 1 Year	September 30, 2026

PAYMENT TERMS	DELIVERY TIMEFRAME
.45% Net 15 Net 45	N/A

ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING	
☐ P-Card	☐ PRC	☐ Other	☐ Yes	☒ No

MINIMUM DELIVERY REQUIREMENTS

N/A

DESCRIPTION OF CHANGE NOTICE

OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
☐		☐		N/A

CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE
$589,988,100.00	$0.00	$589,988,100.00

DESCRIPTION

Effective October 1, 2023, the contract is amended to incorporate a revised Schedule B - Pricing (see below). Specifically, the Prisoner Health Care Services table, the Prisoner Pharmacy Services table, and the Combined Annual Base Contract Cost row. The updates are based on the actual Midwest Medical Consumer Price Index from September 2023 being applied for a 1.1% increase (4.1% - standard 3.0%).

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

STATE OF MICHIGAN

Contract No. 210000000685
Prisoner Health Care and Pharmacy Services

SCHEDULE B
PRICING

1. Contract pricing must include all costs, including but not limited to, any one-time or set-up charges, fees, and potential costs that Contractor may charge the State (e.g., shipping and handling, per piece pricing, and palletizing).

2. The Contractor has offered the following quick payment terms. The number of days must not include processing time for payment to be received by the Contractor's financial institution.

   Quick payment terms: 0.45% discount off invoice if paid within 15 days after receipt of invoice. The invoice will not be submitted before the 16th of the preceding month.

The risk share pricing proposal consists of two components; base PPPM and a risk share base PPPM. The base PPPM will be the amount that is paid on a monthly basis by the 15th of the following month based on the census report that is received on the first day of the following month (i.e. July census report will be provided on August 1). The Contractor must detail the components that make up the base PPPM rate. The base PPPM does not include the dental rates. The risk share base PPPM will be the sum of the specialty care and pharmacy components that will be used in the risk share reconciliation as noted on each pricing table below. Between the risk share target and the risk share cap the MDOC will share the costs. The Contractor must propose a risk share cap.

The risk share pricing has been updated to reflect the change in payment terms. The base PPPM will be the amount that is paid on a monthly basis on the 1st of the month of service (with the exception of October when it will be paid on the first business day of the month). The PPPM will be based on the previous months census and will be trued up the following month based on the next month's census.

The risk share component relates to specialty services (including on-site and off-site), pharmacy costs (net rebates and discount) and does not include on-site staffing for all contracted services, and the administrative/management fee. It must also include the range that the Contractor proposes for the risk share window. The risk share window will start with the base risk share PPPM (target) for specialty services and pharmacy, and must contain a cap of costs for the MDOC. The MDOC cap is reached when the total specialty costs and/or pharmacy reach the cap amount, and not when the MDOC costs reach the cap amount. Any claims that are Medicaid or Medicaid eligible will not be included in the risk share calculation.

The MDOC will share costs equally 50/50 with the Contractor in excess of the risk share base PPPM up to the point where the costs equal the cap. All costs in excess of the cap will be the responsibility of the Contractor. The MDOC will share savings 85/15 (85% to MDOC and 15% to the Contractor) with the Contractor when actual costs are below the target. No savings related to the Affordable Care Act will be included in the risk share reconciliation, i.e. Medicaid.

The risk share will be reconciled on a quarterly basis based on actual paid claims and expenditures paid during the reporting period, this does not include accruals. The risk share reconciliation process has been updated to add the SLA assessments, staffing paybacks, and any chargebacks into the reconciliation. The reconciliation will be completed within 60 days of the end of the quarter. Any amount due or payable will be made with the next monthly payment.

PRISONER HEALTH CARE SERVICES

Per Prisoner Per Month Breakdown (PPPM) for Health Care Services	Contract Year 1	Contract Year 2	Contract Year 2 (Revised)	Contract Year 3 *(Updated)	Contract Year 4 *(Updated)	Contract Year 5 *(Updated	Total Base Contract
Onsite Medical Total (Schedule A, 1.0, Section C)	$59.49	$61.27	$63.17	$65.76	$67.73	$69.76	$325.91
On-site Behavioral Health Total (Schedule A, 1.0, Section C)	$31.09	$32.02	$33.01	$34.36	$35.39	$36.45	$170.30
Specialty Care (onsite and offsite)	$85.94	$88.52	$106.72	$111.10	$114.43	$117.86	$536.05
Specialty Care Access Fee	$7.41	$7.63	$7.87	$8.19	$8.44	$8.69	$40.60
Specialty Care Total (Schedule A, 1.0, Section E) *Total should include specialty care costs, specialty care access fee.*	$93.35	$96.15	$114.59	$119.29	$122.87	$126.56	$576.66
*Cost Allocations and Indirect Costs	$0	$0	$0	$0	$0	$0	$0
**Management Fee	$17.87	$18.41	$18.98	$19.76	$20.35	$20.96	$97.92
Base PPPM (for prisoner health care services) *(Sum of all the "total" rows highlighted in gray)*	$201.80	$207.85	$229.75	$239.17	$246.35	$253.73	$1,170.79
Risk Share Base PPPM (for prisoner health care services) *(Sum of all the Specialty Care Total)*	$93.35	$96.15	$114.59	$119.29	$122.87	$126.55	$575.65
Risk Share Cap PPPM (for prisoner health care services) *(Maximum potential costs to the MDOC for Specialty Care)*	$120.15	$123.75	$133.05	$138.51	$142.67	$146.95	$681.33
Total Base Contract Cost for Prisoner Health Care Services *(Base PPPM x 32,500)*	$6,558,500	$6,755,125	$7,466,875	$7,773,025	$8,006,375	$8,246,225	$38,050,675
Total Annual Base Contract Cost	$78,702,000	$81,061,500	$89,602,500	$93,276,300	$96,076,500	$98,954,700	$456,608,100

NOTE: The Base PPPM is calculated using 32,500 prisoners per month. This number may change and is not a guarantee of number of prisoners needing service.
*This is an estimate only and not a guarantee using a 3% CPI, and may be adjusted based on actual Midwest Medical Consumer Price Index for September of each year.

PRISONER PHARMACY SERVICES

Per Prisoner Per Month Breakdown (PPPM) for Pharmacy Services	Contract Year 1	Contract Year 2	Contract Year 2 (Revised)	Contract Year 3 *(Updated)	Contract Year 4 *(Updated)	Contract Year 5 *(Updated)	Total Base Contract
Pharmacy Staffing at On-site Pharmacy at DWHC Total	$1.94	$2.00	$2.06	$2.14	$2.20	$2.27	$10.61
Pharmacy Dispensing Fee per prisoner not per script Total	$7.26	$7.48	$7.71	$8.03	$8.27	$8.52	$39.79
Pharmaceutical Costs Total (Schedule A, 1.0, Section F)	$64.63	$66.57	$68.63	$71.44	$73.58	$75.79	$354.07
*Cost Allocations and Indirect Costs	$0	$0	$0	$0	$0	$0	$0
**Management Fee	$9.30	$9.58	$9.88	$10.29	$10.60	$10.92	$50.99
Base PPPM (for pharmacy services) *(Sum of all the "total" rows highlighted in gray)*	$83.13	$85.63	$88.28	$91.90	$94.65	$97.50	$455.46
Risk Share Base PPPM (for pharmacy services) *(Sum of all the Pharmaceutical Costs Total)*	$64.63	$66.57	$68.63	$71.44	$73.58	$75.79	$354.07
Risk Share Cap PPPM (for pharmacy services) *(Maximum potential costs to the MDOC for Pharmaceutical Services)*	$77.83	$80.16	$82.64	$86.03	$88.61	$91.27	$426.38
Total Base Contract Cost for pharmacy services *(Base PPPM x 32,500)*	$2,701,725	$2,782,975	$2,869,100	$2,986,750	$3,076,125	$3,168,750	$14,802,450
Total Annual Base Contract Cost	$32,420,700	$33,395,700	$34,429,200	$35,841,000	$36,913,500	$38,025,000	$177,629,400

NOTE: The Base PPPM is calculated using 32,500 prisoners per month. This number may change and is not a guarantee of number of prisoners needing service.
*This is an estimate only and not a guarantee using a 3% CPI, and may be adjusted based on actual Midwest Medical Consumer Price Index for September of each year.

Combined Annual Base Contract Cost	**$111,122,700**	**$114,457,200**	**$124,031,700**	**$129,117,300**	**$132,990,000**	**$136,979,700**	**$634,237,500**

The proposed health care and pharmacy services costs are based on the following assumptions:

- Inpatient stays for the secure units will be billed to Medicaid for eligible patients.
- Risk share window of $40.00 PPPM ($26.80 for healthcare services and $13.20 for pharmacy services) of which MDOC and Contractor would split evenly. The Risk share window has been updated to reflect the contract change notice. The new risk share window is $32.47 (18.46 for healthcare services and $14.01 for pharmacy services)

Cost Explanation

The costs as provided in the above pricing tables include all costs to provide the services as requested in Schedule A (Statement of Work). These costs include the following:

- Comprehensive health care provider services and pharmacy staffing services, inclusive of key and essential personnel for the MDOC prisoner population (onsite medical staffing, onsite behavioral health staffing, and pharmacy staffing) and insurance costs.
- Specialty on-site and off-site care inclusive of all out-of-facility medical services ineligible for Medicaid, laboratory, radiology interpretation and offsite radiology, onsite specialty clinics not included in staffing plan, dialysis, and ambulance services, as well as BCBS network premiums and access fees.
- Pharmaceutical costs include our estimated drug costs based on the RFP requirements and developed independently of Schedule B-1 (in accordance with responses to Q&A).
- Pharmacy dispensing fees include the costs of labor, packaging, shipping, local deliveries, interface, information technology monthly support fees, discarded medication charges, and the back-up pharmacy cost overruns for all fills except the staffing costs at DWHC.
- Risk share base and risk share cap for health care services includes specialty on-site and off-site care as detailed above. The risk share base and cap for pharmacy services includes our pharmaceutical costs as detailed above.

Management Fee Breakdown

Our management fee costs include the following:

- ***Employee goodwill,*** education and scholarships include employee-related expenses that promote professional development and staff retention.
- ***Licensing fees*** include the costs of licensure obtained on behalf of employees.
- ***Background checks*** include pre-employment, criminal background checks, etc.
- ***Recruiting and relocation*** include expenses associated with identifying and acquiring new talent.
- ***Travel*** includes airfare, lodging, meals, mileage reimbursement, parking fees, etc.
- ***Office rental*** includes the rental expense of maintaining a local administrative office.
- ***Information technology*** includes the cost of IT maintenance and network communications.
- ***Telephone*** includes the cost of land lines and mobile telephones (for management staff).

- ***Legal fees*** include various site-specific legal costs.
- ***Consulting*** includes various clinical and operational consultants that may be engaged to provide training, seminars, etc.
- ***Payroll*** includes the cost of third-party payroll services.
- ***Overhead and margin*** include general and administrative (G&A) expenses and reasonable profit.

STATE OF MICHIGAN
CENTRAL PROCUREMENT SERVICES
Department of Technology, Management, and Budget

320 S. WALNUT ST., LANSING, MICHIGAN 48933
P.O. BOX 30026 LANSING, MICHIGAN 48909

CONTRACT CHANGE NOTICE

Change Notice Number **4**

to

Contract Number **210000000685**

CONTRACTOR	
	Grand Prairie Services, P.C.
	3340 Perimeter Hill Road
	Nashville, TN 37211
	Richard Maenza
	615-466-3490
	RMaenza@Wellpath.us
	VS0176580

STATE			
	Program Manager	Marti Kay Sherry	MDOC
		517-335-2252	
		sherrym@michigan.gov	
	Contract Administrator	Brandon Samuel	DTMB
		(517) 249-0439	
		samuelb@michigan.gov	

CONTRACT SUMMARY

PRISONER HEALTH CARE AND PHARMACY SERVICES FOR MICHIGAN DEPARTMENT OF CORRECTIONS

INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE
April 14, 2021	September 30, 2026	3 - 1 Year	September 30, 2026

PAYMENT TERMS	DELIVERY TIMEFRAME
.45% Net 15 Net 45	N/A

ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING	
☐ P-Card	☐ PRC	☐ Other	☐ Yes	☒ No

MINIMUM DELIVERY REQUIREMENTS

N/A

DESCRIPTION OF CHANGE NOTICE

OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
☐		☐		N/A

CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE
$589,988,100.00	$0.00	$589,988,100.00

DESCRIPTION

Effective October 18, 2023, the contract is amended to correct the pricing tables incorporated in CN 2. See revised pricing tables in Schedule B - Pricing below. Note: The two corrections will be in red font.

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

STATE OF MICHIGAN

Contract No. 210000000685
Prisoner Health Care and Pharmacy Services

SCHEDULE B
PRICING

1. Contract pricing must include all costs, including but not limited to, any one-time or set-up charges, fees, and potential costs that Contractor may charge the State (e.g., shipping and handling, per piece pricing, and palletizing).

2. The Contractor has offered the following quick payment terms. The number of days must not include processing time for payment to be received by the Contractor's financial institution.

   Quick payment terms: 0.45% discount off invoice if paid within 15 days after receipt of invoice. The invoice will not be submitted before the 16th of the preceding month.

The risk share pricing proposal consists of two components; base PPPM and a risk share base PPPM. The base PPPM will be the amount that is paid on a monthly basis by the 15th of the following month based on the census report that is received on the first day of the following month (i.e. July census report will be provided on August 1). The Contractor must detail the components that make up the base PPPM rate. The base PPPM does not include the dental rates. The risk share base PPPM will be the sum of the specialty care and pharmacy components that will be used in the risk share reconciliation as noted on each pricing table below. Between the risk share target and the risk share cap the MDOC will share the costs. The Contractor must propose a risk share cap.

The risk share pricing has been updated to reflect the change in payment terms. The base PPPM will be the amount that is paid on a monthly basis on the 1st of the month of service (with the exception of October when it will be paid on the first business day of the month). The PPPM will be based on the previous months census and will be trued up the following month based on the next month's census.

The risk share component relates to specialty services (including on-site and off-site), pharmacy costs (net rebates and discount) and does not include on-site staffing for all contracted services, and the administrative/management fee. It must also include the range that the Contractor proposes for the risk share window. The risk share window will start with the base risk share PPPM (target) for specialty services and pharmacy, and must contain a cap of costs for the MDOC. The MDOC cap is reached when the total specialty costs and/or pharmacy reach the cap amount, and not when the MDOC costs reach the cap amount. Any claims that are Medicaid or Medicaid eligible will not be included in the risk share calculation.

The MDOC will share costs equally 50/50 with the Contractor in excess of the risk share base PPPM up to the point where the costs equal the cap. All costs in excess of the cap will be the responsibility of the Contractor. The MDOC will share savings 85/15 (85% to MDOC and 15% to the Contractor) with the Contractor when actual costs are below the target. No savings related to the Affordable Care Act will be included in the risk share reconciliation, i.e. Medicaid.

The risk share will be reconciled on a quarterly basis based on actual paid claims and expenditures paid during the reporting period, this does not include accruals. The risk share reconciliation process has been updated to add the SLA assessments, staffing paybacks, and any chargebacks into the reconciliation. The reconciliation will be completed within 60 days of the end of the quarter. Any amount due or payable will be made with the next monthly payment.

PRISONER HEALTH CARE SERVICES

Per Prisoner Per Month Breakdown (PPPM) for Health Care Services	Contract Year 1	Contract Year 2	Contract Year 2 (Revised)	Contract Year 3 *(Updated)	Contract Year 4 *(Updated)	Contract Year 5 *(Updated	Total Base Contract
Onsite Medical Total (Schedule A, 1.0, Section C)	$59.49	$61.27	$63.17	$65.06	$67.02	$69.03	$323.77
On-site Behavioral Health Total (Schedule A, 1.0, Section C)	$31.09	$32.02	$33.01	$34.00	$35.02	$36.07	$169.19
Specialty Care (onsite and offsite)	$85.94	$88.52	$106.72	$109.93	$113.22	$116.62	$532.43
Specialty Care Access Fee	$7.41	$7.63	$7.87	$8.10	$8.35	$8.60	$40.33
Specialty Care Total (Schedule A, 1.0, Section E) *Total should include specialty care costs, specialty care access fee.*	$93.35	$96.15	$114.59	$118.03	$121.57	$125.22	$572.76
*Cost Allocations and Indirect Costs	$0	$0	$0	$0	$0	$0	$0
**Management Fee	$17.87	$18.41	$18.98	$19.55	$20.14	$20.74	$97.20
Base PPPM (for prisoner health care services) *(Sum of all the "total" rows highlighted in gray)*	$201.80	$207.85	$229.75	$236.64	$243.75	$251.06	$1,163.01
Risk Share Base PPPM (for prisoner health care services) *(Sum of all the Specialty Care Total)*	$93.35	$96.15	$114.59	$118.03	$121.57	$125.22	$572.76
Risk Share Cap PPPM (for prisoner health care services) *(Maximum potential costs to the MDOC for Specialty Care)*	$120.15	$123.75	$133.05	$137.04	$141.15	$145.38	$676.77
Total Base Contract Cost for Prisoner Health Care Services *(Base PPPM x 32,500)*	$6,558,500	$6,755,125	$7,466,875	$7,691,125	$7,921,875	$8,159,450	$37,797,825
Total Annual Base Contract Cost	$78,702,000	$81,061,500	$89,602,500	$92,293,500	$95,062,500	$97,913,400	$453,573,900

NOTE: The Base PPPM is calculated using 32,500 prisoners per month. This number may change and is not a guarantee of number of prisoners needing service.
*This is an estimate only and not a guarantee using a 3% CPI, and may be adjusted based on actual Midwest Medical Consumer Price Index for September of each year.

PRISONER PHARMACY SERVICES

Per Prisoner Per Month Breakdown (PPPM) for Pharmacy Services	Contract Year 1	Contract Year 2	Contract Year 2 (Revised)	Contract Year 3 *(Updated)	Contract Year 4 *(Updated)	Contract Year 5 *(Updated)	Total Base Contract
Pharmacy Staffing at On-site Pharmacy at DWHC Total	$1.94	$2.00	$2.06	$2.12	$2.19	$2.25	$10.56
Pharmacy Dispensing Fee per prisoner not per script Total	$7.26	$7.48	$7.71	$7.94	$8.18	$8.43	$39.52
Pharmaceutical Costs Total (Schedule A, 1.0, Section F)	$64.63	$66.57	$68.63	$70.69	$72.81	$75.00	$351.76
*Cost Allocations and Indirect Costs	$0	$0	$0	$0	$0	$0	$0
**Management Fee	$9.30	$9.58	$9.88	$10.17	$10.48	$10.79	$50.62
Base PPPM (for pharmacy services) *(Sum of all the "total" rows highlighted in gray)*	$83.13	$85.63	$88.28	$90.92	$93.66	$96.47	$452.47
Risk Share Base PPPM (for pharmacy services) *(Sum of all the Pharmaceutical CostsTotal)*	$64.63	$66.57	$68.63	$70.69	$72.81	$75.00	$351.76
Risk Share Cap PPPM (for pharmacy services) *(Maximum potential costs to the MDOC for Pharmaceutical Services)*	$77.83	$80.16	$82.64	$85.12	$87.68	$90.31	$423.58
Total Base Contract Cost for pharmacy services *(Base PPPM x 32,500)*	$2,701,725	$2,782,975	$2,869,100	$2,955,225	$3,043,950	$3,135,275	$14,705,275
Total Annual Base Contract Cost	$32,420,700	$33,395,700	$34,429,200	$35,462,700	$36,527,400	$37,623,300	$176,463,300

NOTE: The Base PPPM is calculated using 32,500 prisoners per month. This number may change and is not a guarantee of number of prisoners needing service.
*This is an estimate only and not a guarantee using a 3% CPI, and may be adjusted based on actual Midwest Medical Consumer Price Index for September of each year.

Combined Annual Base Contract Cost	**$111,122,700**	**$114,457,200**	**$124,031,700**	**$127,756,200**	**$131,589,900**	**$135,536,700**	**$630,037,200**

The proposed health care and pharmacy services costs are based on the following assumptions:

- Inpatient stays for the secure units will be billed to Medicaid for eligible patients.
- Risk share window of $40.00 PPPM ($26.80 for healthcare services and $13.20 for pharmacy services) of which MDOC and Contractor would split evenly. The Risk share window has been updated to reflect the contract change notice. The new risk share window is $32.47 (18.46 for healthcare services and $14.01 for pharmacy services)

Cost Explanation

The costs as provided in the above pricing tables include all costs to provide the services as requested in Schedule A (Statement of Work). These costs include the following:

- Comprehensive health care provider services and pharmacy staffing services, inclusive of key and essential personnel for the MDOC prisoner population (onsite medical staffing, onsite behavioral health staffing, and pharmacy staffing) and insurance costs.
- Specialty on-site and off-site care inclusive of all out-of-facility medical services ineligible for Medicaid, laboratory, radiology interpretation and offsite radiology, onsite specialty clinics not included in staffing plan, dialysis, and ambulance services, as well as BCBS network premiums and access fees.
- Pharmaceutical costs include our estimated drug costs based on the RFP requirements and developed independently of Schedule B-1 (in accordance with responses to Q&A).
- Pharmacy dispensing fees include the costs of labor, packaging, shipping, local deliveries, interface, information technology monthly support fees, discarded medication charges, and the back-up pharmacy cost overruns for all fills except the staffing costs at DWHC.
- Risk share base and risk share cap for health care services includes specialty on-site and off-site care as detailed above. The risk share base and cap for pharmacy services includes our pharmaceutical costs as detailed above.

Management Fee Breakdown

Our management fee costs include the following:

- ***Employee goodwill,*** education and scholarships include employee-related expenses that promote professional development and staff retention.
- ***Licensing fees*** include the costs of licensure obtained on behalf of employees.
- ***Background checks*** include pre-employment, criminal background checks, etc.
- ***Recruiting and relocation*** include expenses associated with identifying and acquiring new talent.
- ***Travel*** includes airfare, lodging, meals, mileage reimbursement, parking fees, etc.
- ***Office rental*** includes the rental expense of maintaining a local administrative office.
- ***Information technology*** includes the cost of IT maintenance and network communications.
- ***Telephone*** includes the cost of land lines and mobile telephones (for management staff).

- ***Legal fees*** include various site-specific legal costs.
- ***Consulting*** includes various clinical and operational consultants that may be engaged to provide training, seminars, etc.
- ***Payroll*** includes the cost of third-party payroll services.
- ***Overhead and margin*** include general and administrative (G&A) expenses and reasonable profit.

STATE OF MICHIGAN
CENTRAL PROCUREMENT SERVICES
Department of Technology, Management, and Budget
320 S. WALNUT ST., LANSING, MICHIGAN 48933
P.O. BOX 30026 LANSING, MICHIGAN 48909

CONTRACT CHANGE NOTICE

Change Notice Number **3**

to

Contract Number **210000000685**

CONTRACTOR	
	Grand Prairie Healthcare Services, P.C.
	3340 Perimeter Hill Road
	Nashville, TN 37211
	Richard Maenza
	615-466-3490
	rmaenza@wellpath.us
	VS0176580

STATE			
	Program Manager	Marti Kay Sherry	MDOC
		517-335-2252	
		sherrym@michigan.gov	
	Contract Administrator	Brandon Samuel	DTMB
		(517) 249-0439	
		samuelb@michigan.gov	

CONTRACT SUMMARY

PRISONER HEALTH CARE AND PHARMACY SERVICES FOR MICHIGAN DEPARTMENT OF CORRECTIONS

INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE
April 14, 2021	September 30, 2026	3 - 1 Year	September 30, 2026

PAYMENT TERMS	DELIVERY TIMEFRAME
.45% NET 15 NET 45	N/A

ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING	
☐ P-Card	☐ PRC	☐ Other	☐ Yes	☒ No

MINIMUM DELIVERY REQUIREMENTS

N/A

DESCRIPTION OF CHANGE NOTICE

OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
☐		☐		N/A

CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE
$589,988,100.00	$0.00	$589,988,100.00

DESCRIPTION

Effective August 25, 2023 the contract is hereby amended.

The Pharmacy Services subcontractor has changed from Correct Rx Pharmacy Services to PharmaCorr, LLC. Section 3.8 Disclosure of Subcontractors is revised to include the attached. Also see Exhibit 1 for additional information.

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

Disclosure of Subcontractors

PharmaCorr, LLC

1. **The legal business name:**
   Pharmacorr, LLC

2. **Full Address; telephone number:**

   7400 Plaza Mayor Blvd., Suite 100
   Oklahoma City, Oklahoma 73149
   (888) 321-7774

3. **A description of subcontractor's organization and the services it will provide:**

   Pharmacorr, LLC is an independent institutional mail-order pharmacy program located in Oklahoma City, Oklahoma. The program was begun in 1996 and has been in continuous operation since then, licensed in forty-six states and currently providing services in thirteen. Pharmacorr along with its Wholesale Distribution subsidiary, Endeavor Distribution, is licensed to distribute patient-specific, non-patient-specific and controlled substance pharmaceuticals to its client programs. In addition to the centralized mail-order dispensing program, Pharmacorr will provide total pharmacy services to the patients of the Duane Waters Hospital through an in-state clinical and operational staff.

   Primary oversight of the Pharmacorr program is the responsibility of Adam Curling, Vice President of Operations. Mr. Curling has 25 years' experience in the correctional pharmacy sector, all with Pharmacorr. The Chief Executive Officer, N. Reed Heflin, has been affiliated with Pharmacorr since its beginning in 1996 and was the initial developer of the pharmacy programs. The nine senior managers of Pharmacorr have a combined average tenure of 18.5 years, and five have been with the company since inception.

4. **Information concerning subcontractor's ability to provide the Contract Activities:**

   Pharmacorr, LLC is a national leader in correctional pharmacy services with highly automated dispensing systems and enhanced clinical pharmacy programs focused on clinically appropriate cost avoidance. Our automation platform has resulted in a same-day fill rate of 98% with an accuracy rate of over 99.98%.

The pharmacy program is currently providing services to 56,000 offenders in 13 states, the majority of which are incarcerated in state prison systems. Pharmacorr possesses unrestricted licensure in 47 states. The company is a full-service pharmacy available 24 hours a day, providing next-day delivery of medication six days per week, where available (excluding Sundays and state holidays).

Pharmacorr has cumulatively dispensed over 75 million prescriptions in its history. Currently the pharmacy dispenses approximately 10,000 prescriptions per day and has the capacity to quadruple that dispensing volume with its 35,000 sq. ft., highly automated facility. The pharmacy, with its Endeavor wholesaler affiliate, has the ability to dispense both patient-specific, non-patient-specific legend, OTC and controlled substances. In addition, Pharmacorr has historically provided comprehensive pharmacy services to the Duane Waters Hospital patients for over a decade.

Pharmacorr's clinical pharmacy programs (SelectRx, PrecisionRx, MTM and CPIP) provide prospective clinical pharmacy consultation to prescribers daily. Our program recommendations have an overall acceptance rate of 85% by our client prescribers. The goal of all our clinical services is to provide therapeutically appropriate recommendations to ensure excellence in pharmaceutical care with an eye on avoidance of unnecessary costs. From 2017 through June 2023, Pharmacorr's Clinical Pharmacists have documented 37,267 interventions totaling $48,154,604 in savings to our clients cumulatively.

The licensure material to the provision of correctional pharmacy services in the State of Michigan is listed below:

Pharmacorr, LLC:

Oklahoma License Number 1-8304
OBNDD 60985
Michigan Non-Resident License P920281
Michigan CDS License P920061
DEA FP8098015

Endeavor Distribution, LLC:

Oklahoma License 1-W-5896
OBNDD 67178
Michigan Wholesale Distributor Q227403
Michigan Wholesale CDS Q227274

DEA RE0563418

5. **The relationship of the subcontractor to the Contractor:**

   The relationship between Pharmacorr, LLC and Grand Prairie Healthcare Services, P.C. is that of an independent contractor.

6. **Whether the Contractor has a previous working experience with the subcontractor. If yes, provide the details of that previous relationship**.

   Pharmacorr, LLC has no working experience with the contractor.

7. **A complete description of the Contract Activities that will be performed or provided by the subcontractor.**

   As the pharmacy contractor, Pharmacorr will provide the following services to the Michigan DOC, utilizing our Oklahoma-based centralized pharmacy system, the onsite pharmacy located in the at Duane Waters Hospital facility, and Michigan-based Clinical Pharmacists and Pharmacy Manager:

   - Formulary Management
   - Prescription Fulfillment (mail-order)
   - Prescription Fulfillment (DWH)
   - Medication Delivery
   - Pharmacy Continuous Quality Improvement
   - Return / Destruction of Medication
   - Customer Service
   - Patient Education
   - Cost Avoidance Strategies
   - Data Management, Mining and Reporting
   - Clinical Pharmacy Services (local)
   - Clinical Pharmacy Services (corporate)
     - Pharmacorr's Clinical Pharmacy Intervention Program (CPIP)
     - SelectRx
     - PrecisionRx
     - Medication Therapy Management (MTM)
   - Third Party Audit Reconciliation
   - Accreditation Preparation

STATE OF MICHIGAN

GRETCHEN WHITMER
GOVERNOR

DEPARTMENT OF TECHNOLOGY, MANAGEMENT & BUDGET
LANSING

MICHELLE LANGE
DIRECTOR

August 9, 2023

Exhibit 1 to CN 3 - 210000000685

Richard Maenza, President
Grand Prairie Healthcare Services, P.C.
3340 Perimeter Hill Road
Nashville, TN 37211

Via email only at rmaenza@wellpath.us

Re: Contract# 210000000685, MDOC Prisoner Health Care and Pharmacy Services

Dear Mr. Maenza,

GPHS has requested the State's approval to replace subcontractor Correct Rx Pharmacy Services with PharmaCorr, LLC to provide pharmaceutical services under the above-referenced contract, effective August 25, 2023.

Section 13 of the contract states in full:

> 13. Subcontracting. Contractor will not, without the prior written approval of the State, which consent may be given or withheld in the State's sole discretion, engage any Third Party to perform Services. The State's approval of any such Third Party (each approved Third Party, a "Permitted Subcontractor") does not relieve Contractor of its representations, warranties or obligations under this Contract. Without limiting the foregoing, Contractor will: (a) be responsible and liable for the acts and omissions of each such Permitted Subcontractor (including such Permitted Subcontractor's employees who, to the extent providing Services or Deliverables, shall be deemed Contractor Personnel) to the same extent as if such acts or omissions were by Contractor or its employees; (b) name the State a third party beneficiary under Contractor's Contract with each Permitted Subcontractor with respect to the Services; (c) be responsible for all fees and expenses payable to, by or on behalf of each Permitted Subcontractor in connection with this Contract, including, if

applicable, withholding of income taxes, and the payment and withholding of social security and other payroll taxes, unemployment insurance, workers' compensation insurance payments and disability benefits; and (d) notify the State of the location of the Permitted Subcontractor and indicate if it is located within the continental United States.

The State will consent to GPHS utilizing PharmaCorr, LLC as a subcontractor to perform services under the contract, conditioned upon GPHS's representation and warranty that neither Isaac Lefkowitz nor any of the Perigrove staff will have a direct role in the provision of pharmacy services or the negotiation of any services in support of GPHS's contract with the State.

Please sign below with GPHS's acceptance of this condition in order for PharmaCorr, LLC to be deemed a Permitted Subcontractor under section 13. Upon receipt, we will attach it as an exhibit to a Contract Change Notice #3 to be executed by the parties, at which point PharmaCorr will be deemed a Permitted Subcontractor.

Respectfully,

Brandon Samuel
SAA Category Specialist
DTMB-Central Procurement Services
State of Michigan

For Grand Prairie Healthcare Services, P.C.:

I, Richard Maenza, President of Grand Prairie Healthcare Services, P.C. (GPHS), represent and warrant on behalf of GPHS that neither Isaac Lefkowitz nor any of the Perigrove Staff will have a direct role with PharmaCorr, LLC as related to the provision of any services under GPHS's contract with the State of Michigan, and that I have authority to execute this document on behalf of GPHS.

E-SIGNED by Richard Maenza
on 2023-08-14 15:06:11 EDT

Dated: 2023-08-14 15:06:11 UTC

Richard Maenza, President
Grand Prairie Healthcare Services, P.C.

c: David Thompson, Wellpath Senior Vice President; Jared Ambrosier, DTMB Chief Procurement Officer; Marti Kay Sherry, MDOC Health Service Administration

STATE OF MICHIGAN
CENTRAL PROCUREMENT SERVICES
Department of Technology, Management, and Budget

320 S. WALNUT ST., LANSING, MICHIGAN 48933
P.O. BOX 30026 LANSING, MICHIGAN 48909

CONTRACT CHANGE NOTICE

Change Notice Number **2**

to

Contract Number **210000000685**

CONTRACTOR	
	Grand Prairie Services, P.C.
	3340 Perimeter Hill Road
	Nashville, TN 37211
	Richard Maenza
	615-466-3490
	RMaenza@Wellpath.us
	VS0176580

STATE			
	Program Manager	Marti Kay Sherry	MDOC
		517-335-2252	
		sherrym@michigan.gov	
	Contract Administrator	Brandon Samuel	DTMB
		(517) 249-0439	
		samuelb@michigan.gov	

CONTRACT SUMMARY

PRISONER HEALTH CARE AND PHARMACY SERVICES FOR MICHIGAN DEPARTMENT OF CORRECTIONS

INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE
April 14, 2021	September 30, 2026	3 - 1 Year	September 30, 2026

PAYMENT TERMS	DELIVERY TIMEFRAME
.45% Net 15 Net 45	N/A

ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING	
☐ P-Card	☐ PRC	☐ Other	☐ Yes	☒ No

MINIMUM DELIVERY REQUIREMENTS

N/A

DESCRIPTION OF CHANGE NOTICE

OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
☐		☐		N/A

CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE
$589,988,100.00	$0.00	$589,988,100.00

DESCRIPTION

Effective October 1, 2022, the contract is amended to incorporate the following below (see revised Schedule B - Pricing below):

Additionally, Contractor's Notices (Standard Contract Terms – Section 6 Notices) and Contract Administrator (Schedule A Statement of Work – Section 3.2 Contract Administrator) has changed to Richard Maenza.

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

• The utilization of the Midwest Medical Consumer Price Index (CPI). The contract currently includes a built-in annual 3% CPI adjustment. Each September the aforementioned CPI will be reviewed and adjusted based on the inflation rate at that time. Therefore, if the CPI shows a 2% increase, a change notice will be issued to reflect a 1% CPI decrease (3% built-in CPI - 2% actual CPI = 1% reduction) Similarly, if the CPI shows a 4% increase, the change notice will reflect a 1% CPI increase (3% built-in CPI - 4% actual CPI = 1% increase). Contract year two will have a CPI adjustment of 3.1% to the month of September CPI for all areas (as the CPI index was 6.1%).

• The risk share base on the specialty care line will be increased by $15.46. Additionally, the risk share cap will be increased by $5.46 on specialty care. This increase will occur after the year 2 CPI increase is made.

• The MDOC will receive an increase in the prompt payment discount from .3% to .45%.

1) **Staff Reconciliation Process**

Contractor shall issue to the MDOC monthly, in arrears, a staff vacancy report for each Group and amount as defined below by the 20th of each month. Staffing paybacks will be calculated on a monthly basis and reported to MDOC; however, reconciliation and payment will occur as part of the quarterly reconciliation process. Contractor agrees to provide a cross reference of the positions to the financial statement categories for purposes of reconciliation.

a) Group 1
   i) A vacancy credit equal to
      (1) the aggregate number of hours required for each position per the agreed Staffing Matrix, less the number of hours actually paid for each position multiplied by
      (2) the average hourly wage of the positions.
      (3) Contractor is committed to ensuring all Group 1 hours are provided using regular, overtime and Locum Tenens hours but will not slight one facility to provide coverage at another facility.

b) Group 2
   i) A vacancy credit equal to
      (1) Any staff vacancy related to Group 2 that exceeds thirty (30) days will require a staff vacancy credit equal to
         (a) days over thirty (30) days vacant for the reporting period per the agreed Staffing Matrix for each position multiplied by
         (b) the average hourly wage per position.
      (2) If a Group 2 position is not filled within 30 days, Contractor will credit MDOC the hourly wage of the position starting at day 31 and lasting through day 60.
      (3) If a Group 2 position remains unfilled at 60 days, Contractor will credit MDOC double the hourly rate beginning on day 61 and until the position is filled.
         (a) A position is considered vacant if there is not an offer made and accepted in the 30-day period following the vacancy date.
         (b) If the actual start date exceeds 30 days from the accepted offer Contractor will credit MDOC the actual hourly wage.
         (c) If the start date exceeds 60 days from the accepted offer Contractor will credit MDOC double the hourly wage.

c) Group 3
   i) If a Group 3 position is not filled within 30 days Contractor will credit MDOC the hourly wage of the position starting on day 31 and until the position is filled.
      (1) There are Group 3 positions that are value add on the staffing matrix that will not be part of the vacancy credit.

2) Definitions

a) Group 1 represents the healthcare professionals delivering primary care to the prison population.
b) Group 2 represents the key personnel and other regional staff.
c) Group 3 represents support staff not designated as Key Personnel employees.
d) Parties agree that the matrix used for the staffing hours calculation is the March 2022 staffing matrix.
e) Contractor will not include excessive hours (more than 64 hours per week) for identified providers in the calculation of provided hours.
f) Value add positions are positions that were not part of the RFP response, but Contractor has added to support the contract.
g) A higher credentialed provider may fill the hours of a lower credentialed position (e.g., a psychiatrist may fill the hours of a psych mid-level and Physician to fill midlevel and Physician to fill a Mid-Level).

3) Group Definitions

a) Group 1
   i) Physician
   ii) Psychiatrist
   iii) Mental Health Mid-Level
   iv) Medical Mid-Level
   v) Telehealth Facilitator

b) Group 2
   i) Project Manager – Regional Director of Operations
   ii) Operations Manager – Regional Vice President
   iii) Medical Director – Statewide Medical Director
   iv) Psychiatric Director – Statewide Psychiatric Director
   v) Substance use Disorders Director
   vi) Quality Assurance Director
   vii) Provider Services Director
   viii) Utilization Management Director – Utilization Management Physician
   ix) Infectious Disease Director
   x) Clinical Pharmacist
   xi) Duane Waters Health Center Lead Physician – DWHC Medical Director
   xii) Gender Dysphoria Consultant
   xiii) End of Life Coordinator – CHOICES Director
   xiv) Pharmacist
   xv) Human Resources Business Partner
   xvi) Director of High-Risk patients
   xvii) OB/GYN
   xviii) Recruiter

c) Group 3
   i) Finance Manager
   ii) Gender Dysphoria Mid-Level
   iii) Infectious Disease RN
   iv) Oncology RN
   v) Physical Therapist
   vi) Physical Therapy Assistant
   vii) Quality Assurance Assistant
   viii) Regional Manager
   ix) Scheduling Clerk
   x) UM Coordinator

STATE OF MICHIGAN

Contract No. 210000000685
Prisoner Health Care and Pharmacy Services

SCHEDULE B
PRICING

1. Contract pricing must include all costs, including but not limited to, any one-time or set-up charges, fees, and potential costs that Contractor may charge the State (e.g., shipping and handling, per piece pricing, and palletizing).

2. The Contractor has offered the following quick payment terms. The number of days must not include processing time for payment to be received by the Contractor's financial institution.

   Quick payment terms: 0.45% discount off invoice if paid within 15 days after receipt of invoice. The invoice will not be submitted before the 16th of the preceding month.

The risk share pricing proposal consists of two components; base PPPM and a risk share base PPPM. The base PPPM will be the amount that is paid on a monthly basis by the 15th of the following month based on the census report that is received on the first day of the following month (i.e. July census report will be provided on August 1). The Contractor must detail the components that make up the base PPPM rate. The base PPPM does not include the dental rates. The risk share base PPPM will be the sum of the specialty care and pharmacy components that will be used in the risk share reconciliation as noted on each pricing table below. Between the risk share target and the risk share cap the MDOC will share the costs. The Contractor must propose a risk share cap.

The risk share pricing has been updated to reflect the change in payment terms. The base PPPM will be the amount that is paid on a monthly basis on the 1st of the month of service (with the exception of October when it will be paid on the first business day of the month). The PPPM will be based on the previous months census and will be trued up the following month based on the next month's census.

The risk share component relates to specialty services (including on-site and off-site), pharmacy costs (net rebates and discount) and does not include on-site staffing for all contracted services, and the administrative/management fee. It must also include the range that the Contractor proposes for the risk share window. The risk share window will start with the base risk share PPPM (target) for specialty services and pharmacy, and must contain a cap of costs for the MDOC. The MDOC cap is reached when the total specialty costs and/or pharmacy reach the cap amount, and not when the MDOC costs reach the cap amount. Any claims that are Medicaid or Medicaid eligible will not be included in the risk share calculation.

The MDOC will share costs equally 50/50 with the Contractor in excess of the risk share base PPPM up to the point where the costs equal the cap. All costs in excess of the cap will be the responsibility of the Contractor. The MDOC will share savings 85/15 (85% to MDOC and 15% to the Contractor) with the Contractor when actual costs are below the target. No savings related to the Affordable Care Act will be included in the risk share reconciliation, i.e. Medicaid.

The risk share will be reconciled on a quarterly basis based on actual paid claims and expenditures paid during the reporting period, this does not include accruals. The risk share reconciliation process has been updated to add the SLA assessments, staffing paybacks, and any chargebacks into the reconciliation. The reconciliation will be completed within 60 days of the end of the quarter. Any amount due or payable will be made with the next monthly payment.

PRISONER HEALTH CARE SERVICES

Per Prisoner Per Month Breakdown (PPPM) for Health Care Services	Contract Year 1	Contract Year 2	Contract Year 2 (Revised)	Contract Year 3 *(Updated)	Contract Year 4 *(Updated)	Contract Year 5 *(Updated	Total Base Contract
Onsite Medical Total (Schedule A, 1.0, Section C)	$59.49	$61.27	$63.17	$65.06	$67.02	$69.03	$323.77
On-site Behavioral Health Total (Schedule A, 1.0, Section C)	$31.09	$32.02	$33.01	$34.00	$35.02	$36.07	$169.19
Specialty Care (onsite and offsite)	$85.94	$88.52	$106.72	$109.93	$113.22	$116.62	$532.43
Specialty Care Access Fee	$7.41	$7.63	$7.87	$8.10	$8.35	$8.60	$40.33
Specialty Care Total (Schedule A, 1.0, Section E) *Total should include specialty care costs, specialty care access fee.*	$93.35	$96.15	$114.59	$118.03	$121.57	$125.22	$572.76
*Cost Allocations and Indirect Costs	$0	$0	$0	$0	$0	$0	$0
**Management Fee	$17.87	$18.41	$18.98	$19.55	$20.14	$20.74	$97.20
Base PPPM (for prisoner health care services) *(Sum of all the "total" rows highlighted in gray)*	$201.80	$207.85	$229.75	$236.65	$243.75	$251.06	$1,163.01
Risk Share Base PPPM (for prisoner health care services) *(Sum of all the Specialty Care Total)*	$93.35	$96.15	$114.59	$118.03	$121.57	$125.22	$572.76
Risk Share Cap PPPM (for prisoner health care services) *(Maximum potential costs to the MDOC for Specialty Care)*	$120.15	$123.75	$133.05	$137.04	$141.15	$145.38	$676.77
Total Base Contract Cost for Prisoner Health Care Services *(Base PPPM x 32,500)*	$6,558,500	$6,755,125	$7,466,875	$7,691,125	$7,921,875	$8,159,450	$37,797,825
Total Annual Base Contract Cost	$78,702,000	$81,061,500	$89,602,500	$92,293,500	$95,062,500	$97,913,400	$453,573,900

NOTE: The Base PPPM is calculated using 32,500 prisoners per month. This number may change and is not a guarantee of number of prisoners needing service.
*This is an estimate only and not a guarantee using a 3% CPI, and may be adjusted based on actual Midwest Medical Consumer Price Index for September of each year.

PRISONER PHARMACY SERVICES

Per Prisoner Per Month Breakdown (PPPM) for Pharmacy Services	Contract Year 1	Contract Year 2	Contract Year 2 (Revised)	Contract Year 3 *(Updated)	Contract Year 4 *(Updated)	Contract Year 5 *(Updated)	Total Base Contract
Pharmacy Staffing at On-site Pharmacy at DWHC Total	$1.94	$2.00	$2.06	$2.12	$2.19	$2.25	$10.56
Pharmacy Dispensing Fee per prisoner not per script Total	$7.26	$7.48	$7.71	$7.94	$8.18	$8.43	$39.52
Pharmaceutical Costs Total (Schedule A, 1.0, Section F)	$64.63	$66.57	$68.63	$70.69	$72.81	$75.00	$351.76
*Cost Allocations and Indirect Costs	$0	$0	$0	$0	$0	$0	$0
**Management Fee	$9.30	$9.58	$9.88	$10.17	$10.48	$10.79	$50.62
Base PPPM (for pharmacy services) *(Sum of all the "total" rows highlighted in gray)*	$83.13	$85.63	$88.28	$90.93	$93.66	$96.47	$452.47
Risk Share Base PPPM (for pharmacy services) *(Sum of all the Pharmaceutical CostsTotal)*	$64.63	$66.57	$68.63	$70.69	$72.81	$75.00	$351.76
Risk Share Cap PPPM (for pharmacy services) *(Maximum potential costs to the MDOC for Pharmaceutical Services)*	$77.83	$80.16	$82.64	$85.12	$87.68	$90.31	$423.58
Total Base Contract Cost for pharmacy services *(Base PPPM x 32,500)*	$2,701,725	$2,782,975	$2,869,100	$2,955,225	$3,043,950	$3,135,275	$14,705,275
Total Annual Base Contract Cost	$32,420,700	$33,395,700	$34,429,200	$35,462,700	$36,527,400	$37,623,300	$176,463,300

NOTE: The Base PPPM is calculated using 32,500 prisoners per month. This number may change and is not a guarantee of number of prisoners needing service.
*This is an estimate only and not a guarantee using a 3% CPI, and may be adjusted based on actual Midwest Medical Consumer Price Index for September of each year.

Combined Annual Base Contract Cost	**$111,122,700**	**$114,457,200**	**$124,031,700**	**$127,756,200**	**$131,589,900**	**$135,536,700**	**$630,037,200**

The proposed health care and pharmacy services costs are based on the following assumptions:

- Inpatient stays for the secure units will be billed to Medicaid for eligible patients.
- Risk share window of $40.00 PPPM ($26.80 for healthcare services and $13.20 for pharmacy services) of which MDOC and Contractor would split evenly. The Risk share window has been updated to reflect the contract change notice. The new risk share window is $32.47 (18.46 for healthcare services and $14.01 for pharmacy services)

Cost Explanation

The costs as provided in the above pricing tables include all costs to provide the services as requested in Schedule A (Statement of Work). These costs include the following:

- Comprehensive health care provider services and pharmacy staffing services, inclusive of key and essential personnel for the MDOC prisoner population (onsite medical staffing, onsite behavioral health staffing, and pharmacy staffing) and insurance costs.
- Specialty on-site and off-site care inclusive of all out-of-facility medical services ineligible for Medicaid, laboratory, radiology interpretation and offsite radiology, onsite specialty clinics not included in staffing plan, dialysis, and ambulance services, as well as BCBS network premiums and access fees.
- Pharmaceutical costs include our estimated drug costs based on the RFP requirements and developed independently of Schedule B-1 (in accordance with responses to Q&A).
- Pharmacy dispensing fees include the costs of labor, packaging, shipping, local deliveries, interface, information technology monthly support fees, discarded medication charges, and the back-up pharmacy cost overruns for all fills except the staffing costs at DWHC.
- Risk share base and risk share cap for health care services includes specialty on-site and off-site care as detailed above. The risk share base and cap for pharmacy services includes our pharmaceutical costs as detailed above.

Management Fee Breakdown

Our management fee costs include the following:

- ***Employee goodwill,*** education and scholarships include employee-related expenses that promote professional development and staff retention.
- ***Licensing fees*** include the costs of licensure obtained on behalf of employees.
- ***Background checks*** include pre-employment, criminal background checks, etc.
- ***Recruiting and relocation*** include expenses associated with identifying and acquiring new talent.
- ***Travel*** includes airfare, lodging, meals, mileage reimbursement, parking fees, etc.
- ***Office rental*** includes the rental expense of maintaining a local administrative office.
- ***Information technology*** includes the cost of IT maintenance and network communications.
- ***Telephone*** includes the cost of land lines and mobile telephones (for management staff).

- ***Legal fees*** include various site-specific legal costs.
- ***Consulting*** includes various clinical and operational consultants that may be engaged to provide training, seminars, etc.
- ***Payroll*** includes the cost of third-party payroll services.
- ***Overhead and margin*** include general and administrative (G&A) expenses and reasonable profit.

STATE OF MICHIGAN
CENTRAL PROCUREMENT SERVICES
Department of Technology, Management, and Budget
320 S. WALNUT ST., LANSING, MICHIGAN 48933
P.O. BOX 30026 LANSING, MICHIGAN 48909

CONTRACT CHANGE NOTICE

Change Notice Number **1**

to

Contract Number **210000000685**

CONTRACTOR	
	Grand Prairie Services, P.C.
	1283 Murfreesboro Road , Suite 500
	Nashville, TN 37217
	Dean Rieger
	615-715-1034
	deanrieger@gmail.com
	VS0176580

STATE			
	Program Manager	Marti Kay Sherry	MDOC
		517-335-2252	
		sherrym@michigan.gov	
	Contract Administrator	Brandon Samuel	DTMB
		(517) 249-0439	
		samuelb@michigan.gov	

CONTRACT SUMMARY

PRISONER HEALTH CARE AND PHARMACY SERVICES FOR MICHIGAN DEPARTMENT OF CORRECTIONS

INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE
April 14, 2021	September 30, 2026	3 - 1 Year	September 30, 2026

PAYMENT TERMS	DELIVERY TIMEFRAME
	N/A

ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING	
☐ P-Card	☐ PRC	☐ Other	☐ Yes	☒ No

MINIMUM DELIVERY REQUIREMENTS

N/A

DESCRIPTION OF CHANGE NOTICE

OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
☐		☐		N/A

CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE
$589,988,100.00	$0.00	$589,988,100.00

DESCRIPTION

Effective December 1, 2022 this change notice is to allow MDOC at their discretion to make a monthly prepayment of the PPPM on the 1st business day of the month based on an inmate census of the preceding month. The adjustment for the actual census will be made in the succeeding month by adding or deducting the payment as "True up population". For example, the payment for December will be processed on the first business day, and will be based on November 1st inmate census report. The payment for January will be processed on the first business day, and will be based on December 1st inmate census report noted as "True up population" for December's payment. The parties also agree to a quarterly risk-share reconciliation completed within 60 days after the completion of the quarter. All other terms of contract year end risk share reconciliation will occur within the existing terms of the contract.

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

STATE OF MICHIGAN PROCUREMENT

Department of Technology, Management & Budget
525 W. Allegan St., 1st Floor. NE, Lansing, MI 48913
P.O. Box 30026, Lansing, MI 48909

NOTICE OF CONTRACT

NOTICE OF CONTRACT NO. **210000000685**
between
THE STATE OF MICHIGAN
and

CONTRACTOR	
	Grand Prairie Healthcare Services, P.C.
	1283 Murfreesboro Road, Suite 500
	Nashville, TN 37217
	Dean Rieger
	615-715-1034
	Deanrieger@gmail.com
	VS0176580

STATE			
	Program Manager	Marti Kay Sherry	MDOC
		517-335-2252	
		sherrym@michigan.gov	
	Contract Administrator	Brandon Samuel	DTMB
		517-249-0439	
		samuelb@michigan.gov	

CONTRACT SUMMARY			
DESCRIPTION: Prisoner Health Care and Pharmacy Services for Michigan Department of Corrections			
INITIAL EFFECTIVE DATE	**INITIAL EXPIRATION DATE**	**INITIAL AVAILABLE OPTIONS**	**EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW**
4/14/2021	9/30/26	3 – 1 year options	
PAYMENT TERMS		**DELIVERY TIMEFRAME**	
0.3% Net 15; Net 45		N/A	
ALTERNATE PAYMENT OPTIONS			**EXTENDED PURCHASING**
☐ P-card ☐ Payment Request (PRC) ☐ Other			☐ Yes ☒ No
MINIMUM DELIVERY REQUIREMENTS			
N/A			
MISCELLANEOUS INFORMATION			
This Contract Agreement is awarded on the basis of RFP 200000002287. Orders for delivery will be issued directly by MDOC (see Schedule A, 6.1 Authorizing Document)			
ESTIMATED CONTRACT VALUE AT TIME OF EXECUTION			**$589,988,100.00**

FOR THE CONTRACTOR:

Grand Prairie Healthcare Services, P.C.
Company Name

Authorized Agent Signature

Authorized Agent (Print or Type)

Date

FOR THE STATE:

Signature

Jared Ambrosier, Interim Chief Procurement Officer
Name & Title

DTMB – Central Procurement Services
Agency

Date

STATE OF MICHIGAN

STANDARD CONTRACT TERMS

This STANDARD CONTRACT ("**Contract**") is agreed to between the State of Michigan (the "**State**") and Grand Prairie Healthcare Services, P.C. ("**Contractor**"), an Indiana Professional Corporation. This Contract is effective on April 14, 2021 ("**Effective Date**"), and unless terminated, expires on September 30, 2026. Although the contract effective date is April 14, 2021, the Contractor must begin providing all services, without interruption on September 29, 2021. The period between April 14, 2021 through September 28, 2021 will be for transition and implementation. The State reserves the right to change, as necessary.

This Contract may be renewed for up to three additional one-year period(s). Renewal is at the sole discretion of the State and will automatically extend the Term of this Contract. The State will document its exercise of renewal options via Contract Change Notice.

1. **Definitions.** For the purposes of this Contract, the following terms have the following meanings:

"**Accept**" has the meaning set forth in **Section 20**.

"**Acceptance**" has the meaning set forth in **Section 20**.

"**Affiliate**" of a Person means any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. For purposes of this definition, the term "control" (including the terms "controlled by" and "under common control with") means the direct or indirect ownership of more than fifty percent (50%) of the voting securities of a Person.

"**Allegedly Infringing Materials**" has the meaning set forth in **Section 33**.

"**Business Day**" means a day other than a Saturday, Sunday or other day on which the State is authorized or required by Law to be closed for business.

"Business Owner" is the individual appointed by the agency buyer to (a) act as the agency's representative in all matters relating to the Contract, and (b) co-sign off on notice of Acceptance. The Business Owner will be identified in the Statement of Work.

"Change" has the meaning set forth in **Section 5.**

"Change Notice" has the meaning set forth in **Section 5.**

"Change Proposal" has the meaning set forth in **Section 5.**

"Change Request" has the meaning set forth in **Section 5.**

"Confidential Information" has the meaning set forth in **Section 38.a.**

"**Configuration**" means State-specific changes made to the Software without Source Code or structural data model changes occurring.

"**Contract**" has the meaning set forth in the preamble.

"**Contract Activities"** refers to the includes the Services, Deliverables, delivery of commodities, or other contractual requirements set forth in **Schedule A – Statement of Work**, including any subsequent Statement(s) of Work, that the Contractor agrees to provide and the State agrees to purchase pursuant to the terms of this Contract.

"**Contract Administrator**" is the individual appointed by each party to (a) administer the terms of this Contract, and (b) approve any Change Notices under this Contract. Each party's Contract Administrator will be identified in the Statement of Work.

"**Contractor**" has the meaning set forth in the preamble.

"**Contractor's Bid Response**" means the Contractor's proposal submitted in response to the State's requests to obtain Contract Activities.

"**Contractor Personnel**" means all employees of Contractor or any Permitted Subcontractors involved in the performance of Services hereunder.

"**Deliverables**" means all materials, including, but not limited to Software, Documentation, written materials and commodities, that Contractor is required to or otherwise does provide to the State under this Contract and otherwise in connection with any Services, including all items specifically identified as Deliverables in **Schedule A** - **Statement of Work**.

"**Dispute Resolution Procedure**" has the meaning set forth in **Section 55**.

"**Documentatio**n" means all generally available documentation relating to the Software, including all user manuals, operating manuals and other instructions, specifications, documents and materials, in any form or media, that describe any component, feature, requirement or other aspect of the Software or Hosted Services (as defined in **Schedule D**), including any functionality, testing, operation or use thereof.

"**DTMB**" means the Michigan Department of Technology, Management and Budget.

"**Effective Date**" has the meaning set forth in the preamble.

"**Fees**" means collectively all fees collected by the Contractor pursuant to the terms of this Contract.

"**Financial Audit Period**" has the meaning set forth in **Section 42**.

"**Force Majeure**" has the meaning set forth in **Section 54.**

"**HIPAA**" has the meaning set forth in **Section 47**.

"**Intellectual Property Rights**" means all or any of the following: (a) patents, patent disclosures, and inventions (whether patentable or not); (b) trademarks, service marks, trade dress, trade names, logos, corporate names, and domain names, together with all of the associated goodwill; (c) copyrights and copyrightable works (including computer programs), mask works and rights in data and databases; (d) trade secrets, know-how and other confidential information; and (e) all other intellectual property rights, in each case whether registered or unregistered and including all applications for, and renewals or extensions of, such rights, and all similar or equivalent rights or forms of protection provided by applicable Law in any jurisdiction throughout the world.

"**Key Personnel**" means any Contractor Personnel identified as key personnel in **Schedule A** – **Statement of Work**.

"**Law**" means any statute, law, ordinance, regulation, rule, code, order, constitution, treaty, common law, judgment, decree or other requirement or rule of any federal, state, local or foreign government or political subdivision thereof, or any arbitrator, court or tribunal of competent jurisdiction.

"**Loss or Losses**" means all losses, damages, liabilities, deficiencies, claims, actions, judgments, settlements, interest, awards, penalties, fines, costs or expenses of whatever kind, including reasonable attorneys' fees and the costs of enforcing any right to indemnification hereunder and the cost of pursuing any insurance providers.

"**Maintenance Release**" means any update, upgrade, release or other adaptation or modification of the Software, including any updated Documentation, that Contractor may generally provide to its licensees from time to time during the Term, which may contain, among other things, error corrections, enhancements, improvements or other changes to the user interface, functionality, compatibility, capabilities, performance, efficiency or quality of the Software.

"**New Version**" means any new version of the Software that the Contractor may from time to time introduce and market generally as a distinct licensed product, as may be indicated by Contractor's designation of a new version number.

"**Permitted Subcontractor**" has the meaning set forth in **Section 13**.

"**Person**" means an individual, corporation, partnership, joint venture, limited liability company, governmental authority, unincorporated organization, trust, association or other entity.

"**Pricing**" means any and all fees, rates and prices payable under this Contract, including pursuant to any Schedule or Exhibit hereto.

"**Pricing Schedule**" means the schedule attached as **Schedule B**, setting forth the Fees, rates and Pricing payable under this Contract.

"**Program Manager**" is the individual appointed by each party to (a) monitor and coordinate the day-to-day activities of this Contract, and (b) for the State, to co-sign off on its notice of Acceptance of the Deliverables. Each party's Program Manager will be identified in the Statement of Work.

"**Representatives**" means a party's employees, officers, directors, partners, shareholders, agents, attorneys, successors and permitted assigns.

"**RFP**" means the State's request designed to solicit responses for Contract Activities under this Contract.

"**Software**" means Contractor's software set forth in the Statement of Work, and any Maintenance Releases or New Versions provided to the State and any Configurations made by or for the State pursuant to this Contract, and all copies of the foregoing permitted under this Contract and the License Agreement.

"**Services**" means any of the services Contractor is required to or otherwise does provide under this Contract, **Schedule A** - Statement of Work, **Schedule C** - Software Terms for On-site Hosting (if applicable), and **Schedule E** – Contractor Hosted Software and Services (if applicable).

"**Source Code**" means the human readable source code of the Software to which it relates, in the programming language in which the Software was written, together with all related flow charts and technical documentation, including a description of the procedure for generating object code, all of a level sufficient to enable a programmer reasonably fluent in such programming language to understand, build, operate, support, maintain and develop modifications, upgrades, updates, adaptations, enhancements, new versions and other derivative works and improvements of, and to develop computer programs compatible with, the Software.

"**Site**" means the physical location designated by the State in, or in accordance with, this Contract or the Statement of Work for delivery or installation of the Contract Activities.

"**State**" means the State of Michigan.

"**State Data**" has the meaning set forth in **Section 37.a**.

"**State Materials**" means all materials and information, including equipment, documents, data, know-how, ideas, methodologies, specifications, software, content and technology, in any form or media, directly or indirectly provided or made available to Contractor by or on behalf of the State in connection with this Contract.

"**Statement of Work**" means any statement of work entered into by the parties and attached as a schedule to this Contract. The initial Statement of Work is attached as **Schedule A**, and subsequent Statements of Work shall be sequentially identified and attached as Schedules A-1, A-2, A-3, etc.

"**Stop Work Order**" has the meaning set forth in **Section 27**.

"**Term**" has the meaning set forth in the preamble.

"**Third Party**" means any Person other than the State or Contractor.

"**Transition Period**" has the meaning set forth in **Section 31**.

"**Transition Responsibilities**" has the meaning set forth in **Section 31**.

"**Unauthorized Removal**" has the meaning set forth in **Section 15**.

"**Unauthorized Removal Credit**" has the meaning set forth in **Section 15**.

"**Warranty Period**" means the period set forth in Schedule A, the Statement of Work, commencing on the date of acceptance of all Deliverables purchased pursuant to the terms of this Contract.

"**Work Product**" means all State-specific deliverables that Contractor is required to, or otherwise does, provide to the State under this Contract including but not limited to written materials, computer scripts, software configuration, software customization, APIs, macros, user interfaces, reports, project management documents, forms, templates, and other State-specific documents and related materials together with all ideas, concepts, processes, and methodologies developed in connection with this Contract whether or not embodied in this Contract. Work Product does not include software.

2. **Duties of Contractor.** Contractor must perform the Services and provide the Deliverables described in **Schedule A – Statement of Work**. An obligation to provide delivery of any commodity is considered a service and is a Contract Activity.

   Contractor must furnish all labor, equipment, materials, and supplies necessary for the performance of the Contract Activities, and meet operational standards, unless otherwise specified in **Schedule A**.

   Contractor must also be clearly identifiable while on State property by wearing identification issued by the State, and clearly identify themselves whenever making contact with the State.

3. **Statement(s) of Work**. Contractor shall provide the Contract Activities pursuant to Statements of Work entered into under this Contract. No Statement of Work shall be effective unless signed by each party's Contract Administrator. The term of each Statement of Work shall commence on the parties' full execution of the Statement of Work and terminate when the parties have fully performed their obligations. The terms and conditions of this Contract will apply at all times to any Statements of Work entered into by the parties and attached as a schedule to this Contract. The State shall have the right to terminate such Statement of Work as set forth in **Sections 25** and **26**. Contractor acknowledges that time is of the essence with respect to Contractor's obligations under each

Statement of Work and agrees that prompt and timely performance of all such obligations in accordance with this Contract and the Statements of Work is strictly required.

4. **Statement of Work Requirements.** Each Statement of Work may include the following: (a) names and contact information for Contractor's Contract Administrator, Program Manager and Key Personnel; (b) names and contact information for the State's Contract Administrator, Program Manager and Business Owner; (c) a detailed description of the Services to be provided under this Contract, including any training obligations of Contractor; (d) a detailed description of the Deliverables to be provided under this Contract; (e) a description of all liquidated damages associated with this Contract, if any; and (f) a detailed description of all State Resources, if any, required to complete the Implementation Plan, if such a Plan is necessary.

5. **Change Control Process.** The State may at any time request in writing (each, a "Change Request") changes to the Statement of Work, including changes to the Contract Activities (each, a "Change"). Upon the State's submission of a Change Request, the parties will evaluate and implement all Changes in accordance with this **Section 5**. No Change will be effective until the parties have executed a Change Notice. Except as the State may request in its Change Request or otherwise in writing, Contractor must continue to perform its obligations in accordance with the Statement of Work pending negotiation and execution of a Change Notice. Contractor will use its best efforts to limit any delays or Fee increases from any Change to those necessary to perform the Change in accordance with the applicable Change Notice. Contractor may, on its own initiative and at its own expense, prepare and submit its own Change Request to the State. However, the State will be under no obligation to approve or otherwise respond to a Change Request initiated by Contractor.

6. **Notices.** All notices and other communications required or permitted under this Contract must be in writing and will be considered given and received: (a) when verified by written receipt if sent by courier; (b) when actually received if sent by mail without verification of receipt; or (c) when verified by automated receipt or electronic logs if sent by facsimile or email.

If to State:	If to Contractor:
Brandon Samuel 525 W. Allegan St. 1st Floor P.O. Box 30026 Lansing, MI 48909-7526 samuelb@michigan.gov 517-249-0439	Dean Rieger, MD 1283 Murfreesboro Road, S. 500 Nashville, TN 37217 Deanrieger@gmail.com 615-715-1034

7. **Performance Guarantee.** Contractor must at all times have financial resources sufficient, in the opinion of the State, to ensure performance of the Contract and must provide proof upon request. The State may require a performance bond (as specified in Schedule A) if, in the opinion of the State, it will ensure performance of the Contract. In the event any performance bond is required, the parties shall negotiate modification to this Contract to the extent required.

8. **Insurance Requirements.** Contractor, at its sole expense, must maintain the insurance identified below. All required insurance must: (a) protect the State from claims that arise out of, are alleged to arise out of, or otherwise result from Contractor's or a subcontractor's performance; (b) be primary and non-contributing to any comparable liability insurance (including self-insurance) carried by the State; and (c) be provided by a company with an A.M. Best rating of "A-" or better, and a financial size of VII or better.

Required Limits	Additional Requirements
Commercial General Liability Insurance	
Minimum Limits: $1,000,000 Each Occurrence Limit $1,000,000 Personal & Advertising Injury Limit $2,000,000 General Aggregate Limit $2,000,000 Products/Completed Operations	Contractor must have their policy endorsed to add "the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents" as additional insureds using endorsement CG 20 10 11 85, or both CG 2010 07 04 and CG 2037 07 04 or provide for such coverage on a "blanket" basis.

Umbrella or Excess Liability Insurance	
Minimum Limits: $10,000,000 General Aggregate	Contractor must have their policy follow form.
Automobile Liability Insurance	
Minimum Limits: $5,000,000 Per Accident	Contractor must have their policy: (1) endorsed to add "the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents" as additional insureds or provide for such coverage on a "blanket" basis; and (2) include Hired and Non-Owned Automobile coverage.
Workers' Compensation Insurance	
Minimum Limits: Coverage according to applicable laws governing work activities.	Waiver of subrogation, except where waiver is prohibited by law.
Employers Liability Insurance	
Minimum Limits: $500,000 Each Accident $500,000 Each Employee by Disease $500,000 Aggregate Disease.	
Privacy and Security Liability (Cyber Liability) Insurance	
Minimum Limits: $5,000,000 Each Occurrence $5,000,000 Annual Aggregate	Contractor must have their policy cover information security and privacy liability, privacy notification costs, regulatory defense and penalties, and website media content liability.

Medical Malpractice Insurance	
Minimum Limits: $1,000,000 Each Occurrence $10,000,000 Annual Aggregate Deductible Maximum: $1,000,000 Each Occurrence	

If any of the required policies provide **claims-made** coverage, the Contractor must: (a) provide coverage with a retroactive date before the effective date of the contract or the beginning of Contract Activities; (b) maintain coverage and provide evidence of coverage for at least three (3) years after completion of the Contract Activities; and (c) if coverage is cancelled or not renewed, and not replaced with another claims-made policy form with a retroactive date prior to the contract effective date, Contractor must purchase extended reporting coverage for a minimum of three (3) years after completion of work.

Contractor must: (a) provide insurance certificates to the Contract Administrator, containing the agreement or delivery order number, at Contract formation and within 20 calendar days of the expiration date of the applicable policies; (b) require that subcontractors maintain the required insurances contained in this Section; (c) notify the Contract Administrator within 5 business days if any insurance is cancelled; and (d) waive all rights against the State for damages covered by insurance. Failure to maintain the required insurance does not limit this waiver.

This Section is not intended to and is not to be construed in any manner as waiving, restricting or limiting the liability of either party for any obligations under this Contract (including any provisions hereof requiring Contractor to indemnify, defend and hold harmless the State).

9. **Reserved.**

10. **Reserved.**

11. **Independent Contractor.** Contractor is an independent contractor and assumes all rights, obligations and liabilities set forth in this Contract. Contractor, its employees, and agents will not be considered employees of the State. No partnership or joint venture relationship is created by virtue of this Contract. Contractor, and not the State, is responsible for the payment of wages, benefits and taxes of Contractor's employees and any subcontractors. Prior performance does not modify Contractor's status as an independent contractor.

12. **Intellectual Property Rights.** Contractor hereby acknowledges that the State is and will be the sole and exclusive owner of all right, title, and interest in the Work Product produced as part of the Contract Activities, and all associated intellectual property rights, if any. In general, Work Product constitutes works made for hire as defined in Section 101 of the Copyright Act of 1976. To the extent any Work Product, and related intellectual property do not qualify as works made for hire under the Copyright Act, Contractor will, and hereby does, immediately on its creation, assign, transfer and otherwise convey to the State, irrevocably and in perpetuity, throughout the universe, all right, title and interest in and to the Work Product, including all intellectual property rights therein. Contractor also irrevocably waives any and all claims Contractor may have now or hereafter have in any jurisdiction to so called "moral rights" or rights of *droit moral* with respect to the Work Product. If Contract Activities includes the purchase or use of software, such purchase, use, or access to Software shall be subject to **Schedules B** and **C** or **D** of this Contract.

13. **Subcontracting.** Contractor will not, without the prior written approval of the State, which consent may be given or withheld in the State's sole discretion, engage any Third Party to perform Services. The State's approval of any such Third Party (each approved Third Party, a "**Permitted Subcontractor**") does not relieve Contractor of its representations, warranties or obligations under this Contract. Without limiting the foregoing, Contractor will: (a) be responsible and liable for the acts and omissions of each such Permitted Subcontractor (including such Permitted Subcontractor's employees who, to the extent providing Services or Deliverables, shall be deemed Contractor Personnel) to the same extent as if such acts or omissions were by Contractor or its employees; (b) name the State a third party beneficiary under Contractor's Contract with each Permitted Subcontractor with respect to the Services; (c) be responsible for all fees and expenses payable to, by or on behalf of each Permitted Subcontractor in connection with this Contract, including, if applicable, withholding of income taxes, and the payment and withholding of social security and other payroll taxes, unemployment insurance, workers' compensation insurance payments and disability benefits; and (d) notify the State of the location of the Permitted Subcontractor and indicate if it is located within the continental United States.

14. **Staffing.** Contractor is solely responsible for all Contractor Personnel and for the payment of their compensation, including, if applicable, withholding of income taxes, and the payment and withholding of social security and other payroll taxes, unemployment insurance, workers' compensation insurance payments and disability benefits. The State's Contract Administrator may require Contractor to remove or reassign personnel by providing a notice to Contractor.

15. **Key Personnel**. If, in the sole discretion of the State, Key Personnel are required to complete the Contract Activities, such Key Personnel shall be identified in **Schedule A - Statement of Work**. The State has the right to recommend and approve in writing the initial assignment, as well as any proposed reassignment or replacement, of any Key Personnel. Before assigning an individual to any Key Personnel position, Contractor will notify the State of the proposed assignment, introduce the individual to the State's Program Manager, and provide the State with a resume and any other information about the individual reasonably requested by the State. The State reserves the right to interview the individual before granting written approval. In the event the State finds a proposed individual unacceptable, the State will provide a written explanation including reasonable detail outlining the reasons for the rejection.

    Contractor will not remove any Key Personnel from their assigned roles on this 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**"). An Unauthorized Removal 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. Any Unauthorized Removal may be considered by the State to be a material breach of this Contract, in respect of which the State may elect to terminate this Contract for cause under Section 28.

    It is further acknowledged that an Unauthorized Removal will interfere with the timely and proper completion of this 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 28**, Contractor will issue to the State an amount set forth in **Schedule A – Statement of Work** (each, an "**Unauthorized Removal Credit**").

16. **Background Checks.** Pursuant to Michigan law, all agencies subject to IRS Pub. 1075 are required to ask the Michigan State Police to perform fingerprint background checks on all employees, including Contractor and Subcontractor employees, who may have access to any database of information maintained by the federal government that contains confidential or personal information, including, but not limited to, federal tax information. Further, pursuant to Michigan law, any agency described above is prohibited from providing Contractors or Subcontractors with the result of such background check. For more information, please see Michigan Public Act 427 of 2018. Upon request, Contractor must perform background checks on all employees and subcontractors and its employees prior to their assignment. The scope is at the discretion of the State and documentation must be provided as requested. Contractor is responsible for all costs associated with the requested background checks. The State, in its sole discretion, may also perform background checks.

17. **Assignment.** Contractor may not assign this Contract to any other party without the prior approval of the State. Upon notice to Contractor, the State, in its sole discretion, may assign in whole or in part, its rights or responsibilities under this Contract to any other party. If the State determines that a novation of the Contract to a third party is necessary, Contractor will agree to the novation and provide all necessary documentation and signatures.

18. **Change of Control.** Contractor will notify within 30 days of any public announcement, or otherwise once legally permitted to do so, the State of a change in Contractor's organizational structure or ownership. For purposes of this Contract, a change in control means any of the following: (a) a sale of more than 50% of Contractor's stock; (b) a sale of substantially all of Contractor's assets; (c) a change in a majority of Contractor's board members; (d) consummation of a merger or consolidation of Contractor with any other entity; (e) a change in ownership through a transaction or series of transactions; (f) or the board (or the stockholders) approves a plan of complete liquidation. A change of control does not include any consolidation or merger effected exclusively to change the domicile of Contractor, or any transaction or series of transactions principally for bona fide equity financing purposes.

    In the event of a change of control, Contractor must require the successor to assume this Contract and all of its obligations under this Contract.

19. **Ordering.** Contractor is not authorized to begin performance until receipt of authorization as identified in Schedule A.

20. **Acceptance.** Contract Activities are subject to inspection and testing by the State within 30 calendar days of the State's receipt of them ("**State Review Period**"), unless otherwise provided in Schedule A. If the Contract Activities are not fully accepted by the State, the State will notify Contractor by the end of the State Review Period that either: (a) the Contract Activities are accepted, but noted deficiencies must be corrected; or (b) the Contract Activities are rejected. If the State finds material deficiencies, it may: (i) reject the Contract Activities without performing any further inspections; (ii) demand performance at no additional cost; or (iii) terminate this Contract in accordance with **Section 28**, Termination for Cause.

    Within 10 business days from the date of Contractor's receipt of notification of acceptance with deficiencies or rejection of any Contract Activities, Contractor must cure, at no additional cost, the deficiency and deliver unequivocally acceptable Contract Activities to the State. If acceptance with deficiencies or rejection of the Contract Activities impacts the content or delivery of other non-completed Contract Activities, the parties' respective Program Managers must determine an agreed to number of days for re-submission that minimizes the overall impact to the Contract. However, nothing herein affects, alters, or relieves Contractor of its obligations to correct deficiencies in accordance with the time response standards set forth in this Contract.

    If Contractor is unable or refuses to correct the deficiency within the time response standards set forth in this Contract, the State may cancel the order in whole or in part. The State, or a third party identified by the State, may perform the Contract Activities and recover the difference between the cost to cure and the Contract price plus an additional 10% administrative fee.

21. **Delivery.** Contractor must deliver all Contract Activities F.O.B. destination, within the State premises with transportation and handling charges paid by Contractor, unless otherwise specified in Schedule A. All containers and packaging become the State's exclusive property upon acceptance.

22. **Risk of Loss and Title.** Until final acceptance, title and risk of loss or damage to Contract Activities remains with Contractor. Contractor is responsible for filing, processing, and collecting all damage claims. The State will record and report to Contractor any evidence of visible damage. If the State rejects the Contract Activities, Contractor must remove them from the premises within 10 calendar days after notification of rejection. The risk of loss of rejected or non-conforming Contract Activities remains with Contractor. Rejected Contract Activities not removed by Contractor within 10 calendar days will be deemed abandoned by Contractor, and the State will have the right to dispose of it as its own property. Contractor must reimburse the State for costs and expenses incurred in storing or effecting removal or disposition of rejected Contract Activities.

23. **Warranty Period.** The warranty period, if applicable, for Contract Activities is a fixed period commencing on the date specified in **Schedule A**, and, for Software Hosted On-Site, **Schedule C**. If the Contract Activities do not function as warranted during the warranty period, the State may return such non-conforming Contract Activities to the Contractor for a full refund.

24. **Terms of Payment.** Invoices must conform to the requirements communicated from time-to-time by the State. All undisputed amounts are payable within 45 days of the State's receipt. Contractor may only charge for Contract Activities performed as specified in **Schedule A**. Invoices must include an itemized statement of all charges. The State is exempt from State sales tax for direct purchases and may be exempt from federal excise tax, if Services purchased under this Agreement are for the State's exclusive use. All prices are exclusive of taxes, and Contractor is responsible for all sales, use and excise taxes, and any other similar taxes, duties and charges of any kind imposed by any federal, state, or local governmental entity on any amounts payable by the State under this Contract.

    The State has the right to withhold payment of any amounts disputed in good faith until the parties agree as to the validity of the disputed amount. The State will notify Contractor of any dispute within a reasonable time. Payment by the State will not constitute a waiver of any rights as to Contractor's continuing obligations, including claims for deficiencies or substandard Contract Activities. Contractor's acceptance of final payment by the State constitutes a waiver of all claims by Contractor against the State for payment under this Contract, other than those claims previously filed in writing on a timely basis and still disputed.

    The State will only disburse payments under this Contract through Electronic Funds Transfer (EFT). Contractor must register with the State at http://www.michigan.gov/SIGMAVSS to receive electronic fund transfer payments. If Contractor does not register, the State is not liable for failure to provide payment. Without prejudice to any other right or remedy it may have, the State reserves the right to set off at any time any amount then due and owing to it by Contractor against any amount payable by the State to Contractor under this Contract.

25. **Payment Disputes.** The State may withhold from payment any and all payments and amounts the State disputes in good faith, pending resolution of such dispute, provided that the State: (a) timely renders all payments and amounts that are not in dispute; notifies Contractor of the dispute prior to the due date for payment, specifying in such notice: (i) the amount in dispute; and (ii) the reason for the dispute set out in sufficient detail to facilitate investigation by Contractor and resolution by the parties; (b) works with Contractor in good faith to resolve the dispute promptly; and (c) promptly pays any amount determined to be payable by resolution of the dispute.

    Contractor shall not withhold any Contract Activities or fail to perform any obligation hereunder by reason of the State's good faith withholding of any payment or amount in accordance with this **Section 25** or any dispute arising therefrom.

26. **Liquidated Damages.** Liquidated damages, if applicable, will be assessed as described in **Schedule A**. Amounts due the State as liquidated damages may be set off against any Fees payable to Contractor under this Contract, or the State may bill Contractor as a separate item and Contractor will promptly make payments on such bills.

27. **Stop Work Order.** The State may suspend any or all activities under the Contract at any time. The State will provide Contractor a written stop work order detailing the suspension. Contractor must comply with the stop work order upon receipt. Within 90 calendar days, or any longer period agreed to by Contractor, the State will either: (a) issue a notice authorizing Contractor to resume work, or (b) terminate the Contract or delivery order. The State will not pay for Contract Activities, Contractor's lost profits, or any additional compensation during a stop work period.

28. **Termination for Cause.** The State may terminate this Contract for cause, in whole or in part, if Contractor, as determined by the State: (a) endangers the value, integrity, or security of any location, data, or personnel; (b) becomes insolvent, petitions for bankruptcy court proceedings, or has an involuntary bankruptcy proceeding filed against it by any creditor; (c) engages in any conduct that may expose the State to liability; (d) breaches any of its material duties or obligations; or (e) fails to cure a breach within the time stated in a notice of breach. Any reference

to specific breaches being material breaches within this Contract will not be construed to mean that other breaches are not material.

If the State terminates this Contract under this Section, the State will issue a termination notice specifying whether Contractor must: (a) cease performance immediately, or (b) continue to perform for a specified period. If it is later determined that Contractor was not in breach of the Contract, the termination will be deemed to have been a Termination for Convenience, effective as of the same date, and the rights and obligations of the parties will be limited to those provided in **Section 29**, Termination for Convenience.

The State will only pay for amounts due to Contractor for Contract Activities accepted by the State on or before the date of termination, subject to the State's right to set off any amounts owed by the Contractor for the State's reasonable costs in terminating this Contract. The Contractor must pay all reasonable costs incurred by the State in terminating this Contract for cause, including administrative costs, attorneys' fees, court costs, transition costs, and any costs the State incurs to procure the Contract Activities from other sources.

29. **Termination for Convenience.** The State may immediately terminate this Contract in whole or in part without penalty and for any reason, including but not limited to, appropriation or budget shortfalls. The termination notice will specify whether Contractor must: (a) cease performance of the Contract Activities immediately, or (b) continue to perform the Contract Activities in accordance with Section 25, Transition Responsibilities. If the State terminates this Contract for convenience, the State will pay all reasonable costs, as determined by the State, for State approved Transition Responsibilities.

30. **Effect of Termination.** Upon and after the termination or expiration of this Contract or one or more Statements of Work for any or no reason: (a) Contractor will be obligated to perform all Transition Responsibilities specified in **Section 31**; (b) all licenses granted to Contractor in State Data will immediately and automatically also terminate. Contractor must promptly return to the State all State Data not required by Contractor for its Transition Responsibilities, if any; (c) Contractor will: (i) return to the State all documents and tangible materials (and any copies) containing, reflecting, incorporating, or based on the State's Confidential Information; (ii) permanently erase the State's Confidential Information from its computer systems; and (iii) certify in writing to the State that it has complied with the requirements of this **Section 30** in each case to the extent such materials are not required by Contractor for Transition Responsibilities, if any.

31. **Transition Responsibilities.** Upon termination or expiration of this Contract for any reason, Contractor must, for a period of time specified by the State (not to exceed 180 calendar days, "**Transition Period**"), provide all reasonable transition assistance requested by the State, to allow for the expired or terminated portion of the Contract Activities to continue without interruption or adverse effect, and to facilitate the orderly transfer of such Contract Activities to the State or its designees. Such transition assistance may include, but is not limited to: (a) continuing to perform the Contract Activities at the established Contract rates; (b) taking all reasonable and necessary measures to transition performance of the work, including all applicable Contract Activities, training, equipment, software, leases, reports and other documentation, to the State or the State's designee; (c) taking all necessary and appropriate steps, or such other action as the State may direct, to preserve, maintain, protect, or return to the State all materials, data, property, and confidential information provided directly or indirectly to Contractor by any entity, agent, vendor, or employee of the State; (d) transferring title in and delivering to the State, at the State's discretion, all completed or partially completed deliverables prepared under this Contract as of the Contract termination date; and (e) preparing an accurate accounting from which the State and Contractor may reconcile all outstanding accounts (collectively, "**Transition Responsibilities**"). This Contract will automatically be extended through the end of the transition period.

32. **General Indemnification.** Contractor must defend, indemnify and hold the State, its departments, divisions, agencies, offices, commissions, officers, and employees harmless, without limitation, from and against any and all actions, claims, losses, liabilities, damages, costs, attorney fees, and expenses (including those required to establish the right to indemnification), arising out of or relating to: (a) any breach by Contractor (or any of Contractor's employees, agents, subcontractors, or by anyone else for whose acts any of them may be liable) of any of the promises, agreements, representations, warranties, or insurance requirements contained in this Contract; (b) any infringement, misappropriation, or other violation of any intellectual property right or other right of any third party attributable to the acts of the Contractor (or any of Contractor's employees, agents, subcontractors, or by anyone else for whose acts any of them may be liable); (c) any bodily injury, death, or damage to real or tangible personal property occurring wholly or in part due to action or inaction by Contractor (or any of Contractor's employees, agents, subcontractors, or by anyone else for whose acts any of them may be liable); and (d) any acts or omissions of Contractor (or any of Contractor's employees, agents, subcontractors, or by anyone else for whose acts any of them may be liable).

The State will notify Contractor in writing if indemnification is sought; however, failure to do so will not relieve Contractor, except to the extent that Contractor is materially prejudiced. Contractor must, to the satisfaction of the State, demonstrate its financial ability to carry out these obligations.

The State is entitled to: (i) regular updates on proceeding status; (ii) participate in the defense of the proceeding; (iii) employ its own counsel; and to (iv) retain control of the defense if the State deems necessary. Contractor will not, without the State's written consent (not to be unreasonably withheld), settle, compromise, or consent to the entry of any judgment in or otherwise seek to terminate any claim, action, or proceeding. To the extent that any State employee, official, or law may be involved or challenged, the State may, at its own expense, control the defense of that portion of the claim.

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. An attorney designated to represent the State may not do so until approved by the Michigan Attorney General and appointed as a Special Assistant Attorney General.

33. **Infringement Remedies.** If, in either party's opinion, any piece of equipment, software, commodity, or service supplied by Contractor or its subcontractors, or its operation, use or reproduction, is likely to become the subject of a copyright, patent, trademark, or trade secret infringement claim, Contractor must, at its expense: (a) procure for the State the right to continue using the equipment, software, commodity, or service, or if this option is not reasonably available to Contractor, (b) replace or modify the same so that it becomes non-infringing; or (c) accept its return by the State with appropriate credits to the State against 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.

34. **Limitation of Liability and Disclaimer of Damages.** THE STATE WILL NOT BE LIABLE, REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY OR BY STATUTE OR OTHERWISE, FOR ANY CLAIM RELATED TO OR ARISING UNDER THIS CONTRACT FOR CONSEQUENTIAL, INCIDENTAL, INDIRECT, OR SPECIAL DAMAGES, INCLUDING WITHOUT LIMITATION LOST PROFITS AND LOST BUSINESS OPPORTUNITIES. IN NO EVENT WILL THE STATE'S AGGREGATE LIABILITY TO CONTRACTOR UNDER THIS CONTRACT, REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY OR BY STATUTE OR OTHERWISE, FOR ANY CLAIM RELATED TO OR ARISING UNDER THIS CONTRACT, EXCEED THE MAXIMUM AMOUNT OF FEES PAYABLE UNDER THIS CONTRACT.

35. **Disclosure of Litigation, or Other Proceeding.** Contractor must notify the State within 14 calendar days of receiving notice of any litigation, investigation, arbitration, or other proceeding pertaining to, or which may in any way affect the provision of the Services (collectively, "**Proceeding**") involving Contractor, a subcontractor, or an officer or director of Contractor or subcontractor, that arises during the term of the Contract, including: (a) a criminal Proceeding; (b) a parole or probation Proceeding; (c) a Proceeding under the Sarbanes-Oxley Act; (d) a civil Proceeding involving: (1) a claim that might reasonably be expected to adversely affect Contractor's viability or financial stability; or (2) a governmental or public entity's claim or written allegation of fraud; or (e) a Proceeding involving any license that Contractor is required to possess in order to perform under this Contract.

36. **Reserved.**

37. **State Data.** If the Contract Activities includes the hosting of State Data with Contractor or Permitted Subcontractors, Contractor must also comply with **Schedule F – Data Security Requirements** of this Contract

    a. Ownership. The State's data ("**State Data**," which will be treated by Contractor as Confidential Information) includes: (a) the State's data collected, used, processed, stored, or generated as the result of the Contract Activities; (b) personally identifiable information ("**PII**") collected, used, processed, stored, or generated as the result of the Contract Activities, including, without limitation, any information that identifies an individual, such as an individual's social security number or other government-issued identification number, date of birth, address, telephone number, biometric data, mother's maiden name, email address, credit card information, or an individual's name in combination with any other of the elements here listed; and, (c) personal health information ("**PHI**") collected, used, processed, stored, or generated as the result of the Contract Activities, which is defined under the Health Insurance Portability and Accountability Act (HIPAA) and its related rules and regulations. State Data is and will remain the sole and exclusive property of the State and all right, title, and interest in the same is reserved by the State. This Section survives the termination of this Contract.

    b. Contractor Use of State Data. Contractor is provided a limited license to State Data for the sole and exclusive purpose of providing the Contract Activities, including a license to collect, process, store,

generate, and display State Data only to the extent necessary in the provision of the Contract Activities. Contractor must: (a) keep and maintain State Data in strict confidence, using such degree of care as is appropriate and consistent with its obligations as further described in this Contract and applicable law to avoid unauthorized access, use, disclosure, or loss; (b) use and disclose State Data solely and exclusively for the purpose of providing the Contract Activities, such use and disclosure being in accordance with this Contract, any applicable Statement of Work, and applicable law; and (c) not use, sell, rent, transfer, distribute, or otherwise disclose or make available State Data for Contractor's own purposes or for the benefit of anyone other than the State without the State's prior written consent. This Section survives the termination of this Contract.

c. Extraction of State Data. Contractor must, within five (5) business days of the State's request, provide the State, without charge and without any conditions or contingencies whatsoever (including but not limited to the payment of any fees due to Contractor), an extract of the State Data in the format specified by the State.

d. Backup and Recovery of State Data. Unless otherwise specified in Schedule A, Contractor is responsible for maintaining a backup of State Data and for an orderly and timely recovery of such data. Unless otherwise described in Schedule A, Contractor must maintain a contemporaneous backup of State Data that can be recovered within two (2) hours at any point in time.

e. Loss or Compromise of Data. In the event of any act, error or omission, negligence, misconduct, or breach on the part of Contractor that compromises or is suspected to compromise the security, confidentiality, or integrity of State Data or the physical, technical, administrative, or organizational safeguards put in place by Contractor that relate to the protection of the security, confidentiality, or integrity of State Data, Contractor must, as applicable: (a) notify the State as soon as practicable but no later than twenty-four (24) hours of becoming aware of such occurrence; (b) cooperate with the State in investigating the occurrence, including making available all relevant records, logs, files, data reporting, and other materials required to comply with applicable law or as otherwise required by the State; (c) in the case of PII or PHI, at the State's sole election, (i) with approval and assistance from the State, notify the affected individuals who comprise the PII or PHI as soon as practicable but no later than is required to comply with applicable law, or, in the absence of any legally required notification period, within five (5) calendar days of the occurrence; or (ii) reimburse the State for any costs in notifying the affected individuals; (d) in the case of PII, provide third-party credit and identity monitoring services to each of the affected individuals who comprise the PII for the period required to comply with applicable law, or, in the absence of any legally required monitoring services, for no less than twenty-four (24) months following the date of notification to such individuals; (e) perform or take any other actions required to comply with applicable law as a result of the occurrence; (f) pay for any costs associated with the occurrence, including but not limited to any costs incurred by the State in investigating and resolving the occurrence, including reasonable attorney's fees associated with such investigation and resolution; (g) without limiting Contractor's obligations of indemnification as further described in this Contract, indemnify, defend, and hold harmless the State for any and all claims, including reasonable attorneys' fees, costs, and incidental expenses, which may be suffered by, accrued against, charged to, or recoverable from the State in connection with the occurrence; (h) be responsible for recreating lost State Data in the manner and on the schedule set by the State without charge to the State; and (i) provide to the State a detailed plan within ten (10) calendar days of the occurrence describing the measures Contractor will undertake to prevent a future occurrence. Notification to affected individuals, as described above, must comply with applicable law, be written in plain language, not be tangentially used for any solicitation purposes, and contain, at a minimum: name and contact information of Contractor's representative; a description of the nature of the loss; a list of the types of data involved; the known or approximate date of the loss; how such loss may affect the affected individual; what steps Contractor has taken to protect the affected individual; what steps the affected individual can take to protect himself or herself; contact information for major credit card reporting agencies; and, information regarding the credit and identity monitoring services to be provided by Contractor. The State will have the option to review and approve any notification sent to affected individuals prior to its delivery. Notification to any other party, including but not limited to public media outlets, must be reviewed and approved by the State in writing prior to its dissemination. The parties agree that any damages relating to a breach of this **Section 37** are to be considered direct damages and not consequential damages. This section survives termination or expiration of this Contract.

f. State's Governance, Risk and Compliance (GRC) platform, if applicable. If the Contract Activities includes the purchase, use, or access to software, Contractor is required to assist the State with its security accreditation process through the development, completion and ongoing updating of a system security

plan using the State's automated GRC platform, and implement any required safeguards or remediate any security vulnerabilities as identified by the results of the security accreditation process.

g. Compliance with IRS Pub 1075. If the Contract Activities includes access to, or the hosting of, any tax information, Contractor must also comply with the applicable requirements of IRS Publication 1075, **Schedule G – Exhibit 7 Safeguarding Contract Language** and **Schedule H – Safeguard Requirements of Confidential Tax Data.**

38. Non-Disclosure of Confidential Information. The parties acknowledge that each party may be exposed to or acquire communication or data of the other party that is confidential, privileged communication not intended to be disclosed to third parties. The provisions of this Section survive the termination of this Contract.

a. Meaning of Confidential Information. For the purposes of this Contract, the term "**Confidential Information**" means all information and documentation of a party that: (a) has been marked "confidential" or with words of similar meaning, at the time of disclosure by such party; (b) if disclosed orally or not marked "confidential" or with words of similar meaning, was subsequently summarized in writing by the disclosing party and marked "confidential" or with words of similar meaning; and, (c) should reasonably be recognized as confidential information of the disclosing party. The term "Confidential Information" does not include any information or documentation that was: (a) subject to disclosure under the Michigan Freedom of Information Act (FOIA); (b) already in the possession of the receiving party without an obligation of confidentiality; (c) developed independently by the receiving party, as demonstrated by the receiving party, without violating the disclosing party's proprietary rights; (d) obtained from a source other than the disclosing party without an obligation of confidentiality; or, (e) publicly available when received, or thereafter became publicly available (other than through any unauthorized disclosure by, through, or on behalf of, the receiving party). For purposes of this Contract, in all cases and for all matters, State Data is deemed to be Confidential Information.

b. Obligation of Confidentiality. The parties agree to hold all Confidential Information in strict confidence and not to copy, reproduce, sell, transfer, or otherwise dispose of, give or disclose such Confidential Information to third parties other than employees, agents, or subcontractors of a party who have a need to know in connection with this Contract or to use such Confidential Information for any purposes whatsoever other than the performance of this Contract. The parties agree to advise and require their respective employees, agents, and subcontractors of their obligations to keep all Confidential Information confidential. Disclosure to a subcontractor is permissible where: (a) use of a subcontractor is authorized under this Contract; (b) the disclosure is necessary or otherwise naturally occurs in connection with work that is within the subcontractor's responsibilities; 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 or any subcontractor may be required to execute a separate agreement to be bound by the provisions of this Section.

c. Cooperation to Prevent Disclosure of Confidential Information. Each party must use its best efforts to assist the other party in identifying and preventing any unauthorized use or disclosure of any Confidential Information. Without limiting the foregoing, each party must advise the other party immediately in the event either party learns or has reason to believe that any person who has had access to Confidential Information has violated or intends to violate the terms of this Contract and each party will cooperate with the other party in seeking injunctive or other equitable relief against any such person.

d. Remedies for Breach of Obligation of Confidentiality. Each party acknowledges that breach of its obligation of confidentiality may give rise to irreparable injury to the other party, which damage may be inadequately compensable in the form of monetary damages. Accordingly, a party may seek and obtain injunctive relief against the breach or threatened breach of the foregoing undertakings, in addition to any other legal remedies which may be available, to include, in the case of the State, at the sole election of the State, the immediate termination, without liability to the State, of this Contract or any Statement of Work corresponding to the breach or threatened breach.

e. Surrender of Confidential Information upon Termination. Upon termination of this Contract or a Statement of Work, in whole or in part, each party must, within 5 calendar days from the date of termination, return to the other party any and all Confidential Information received from the other party, or created or received by a party on behalf of the other party, which are in such party's possession, custody, or control; provided, however, that Contractor must return State Data to the State following the timeframe and procedure described further in this Contract. Should Contractor or the State determine that the return of any Confidential Information is not feasible, such party must destroy the Confidential Information and must

certify the same in writing within 5 calendar days from the date of termination to the other party. However, the State's legal ability to destroy Contractor data may be restricted by its retention and disposal schedule, in which case Contractor's Confidential Information will be destroyed after the retention period expires.

39. Data Privacy and Information Security.

a. Undertaking by Contractor. Without limiting Contractor's obligation of confidentiality as further described, Contractor is responsible for establishing and maintaining a data privacy and information security program, including physical, technical, administrative, and organizational safeguards, that is designed to: (a) ensure the security and confidentiality of the State Data; (b) protect against any anticipated threats or hazards to the security or integrity of the State Data; (c) protect against unauthorized disclosure, access to, or use of the State Data; (d) ensure the proper disposal of State Data; and (e) ensure that all employees, agents, and subcontractors of Contractor, if any, comply with all of the foregoing. In no case will the safeguards of Contractor's data privacy and information security program be less stringent than the safeguards used by the State, and Contractor must at all times comply with all applicable State IT policies and standards, which are available to Contractor upon request.

b. Audit by Contractor. No less than annually, Contractor must conduct a comprehensive independent third-party audit of its data privacy and information security program and provide such audit findings to the State.

c. Right of Audit by the State. Without limiting any other audit rights of the State, the State has the right to review Contractor's data privacy and information security program prior to the commencement of Contract Activities and from time to time during the term of this Contract. During the providing of the Contract Activities, on an ongoing basis from time to time and without notice, the State, at its own expense, is entitled to perform, or to have performed, an on-site audit of Contractor's data privacy and information security program. In lieu of an on-site audit, upon request by the State, Contractor agrees to complete, within 45 calendar days of receipt, an audit questionnaire provided by the State regarding Contractor's data privacy and information security program.

d. Audit Findings. Contractor must implement any required safeguards as identified by the State or by any audit of Contractor's data privacy and information security program.

e. State's Right to Termination for Deficiencies. The State reserves the right, at its sole election, to immediately terminate this Contract or a Statement of Work without limitation and without liability if the State determines that Contractor fails or has failed to meet its obligations under this Section.

40. Reserved.

41. Reserved.

42. Records Maintenance, Inspection, Examination, and Audit. The State or its designee may audit Contractor to verify compliance with this Contract. Contractor must retain and provide to the State or its designee and the auditor general upon request, all financial and accounting records related to the Contract through the term of the Contract and for 4 years after the latter of termination, expiration, or final payment under this Contract or any extension ("**Audit Period**"). If an audit, litigation, or other action involving the records is initiated before the end of the Audit Period, Contractor must retain the records until all issues are resolved.

Within 10 calendar days of providing notice, the State and its authorized representatives or designees have the right to enter and inspect Contractor's premises or any other places where Contract Activities are being performed, and examine, copy, and audit all records related to this Contract. Contractor must cooperate and provide reasonable assistance. If any financial errors are revealed, the amount in error must be reflected as a credit or debit on subsequent invoices until the amount is paid or refunded. Any remaining balance at the end of the Contract must be paid or refunded within 45 calendar days.

This Section applies to Contractor, any parent, affiliate, or subsidiary organization of Contractor, and any subcontractor that performs Contract Activities in connection with this Contract.

43. Warranties and Representations. Contractor represents and warrants: (a) Contractor is the owner or licensee of any Contract Activities that it licenses, sells, or develops and Contractor has the rights necessary to convey title, ownership rights, or licensed use; (b) Contractor will perform the Contract Activities in a timely, professional, safe, and workmanlike manner consistent with standards in the trade, profession, or industry; (c) Contractor will meet or exceed the performance and operational standards, and specifications of the Contract; (d) Contractor will provide

all Contract Activities in good quality, with no material defects; (d) Contractor will not interfere with the State's operations; (e) all Contract Activities are delivered free from any security interest, lien, or encumbrance and will continue in that respect; (f) the Contract Activities will not infringe the patent, trademark, copyright, trade secret, or other proprietary rights of any third party; (g) Contractor must assign or otherwise transfer to the State or its designee any manufacturer's warranty for the Contract Activities; (h) the Contract Activities are merchantable and fit for the specific purposes identified in the Contract; (g) the Contract signatory has the authority to enter into this Contract; (h) all information furnished by Contractor in connection with the Contract fairly and accurately represents Contractor's business, properties, finances, and operations as of the dates covered by the information, and Contractor will inform the State of any material adverse changes; (i) all information furnished and representations made in connection with the award of this Contract is true, accurate, and complete, and contains no false statements or omits any fact that would make the information misleading; and that (j) Contractor is neither currently engaged in nor will engage in the boycott of a person based in or doing business with a strategic partner as described in 22 USC 8601 to 8606. A breach of this Section is considered a material breach of this Contract, which entitles the State to terminate this Contract under **Section 28**, Termination for Cause. If Contract Activities includes purchase, use, or access to software, Contractor must agree to additional Warranties and Representations found in **Schedules C** or **D** of this Contract, as applicable.

44. **Conflicts and Ethics.** Contractor will uphold high ethical standards and is prohibited from: (a) holding or acquiring an interest that would conflict with this Contract; (b) doing anything that creates an appearance of impropriety with respect to the award or performance of the Contract; (c) attempting to influence or appearing to influence any State employee by the direct or indirect offer of anything of value; or (d) paying or agreeing to pay any person, other than employees and consultants working for Contractor, any consideration contingent upon the award of the Contract. Contractor must immediately notify the State of any violation or potential violation of these standards. This Section applies to Contractor, any parent, affiliate, or subsidiary organization of Contractor, and any subcontractor that performs Contract Activities in connection with this Contract.

45. **Compliance with Laws.** Contractor must comply with all federal, state and local laws, rules and regulations.

46. **ADA Compliance**. The State is required to comply with the Americans with Disabilities Act of 1990 (ADA), and has adopted a formal policy regarding accessibility requirements for websites and software applications. Contractor's Service Software must comply, where relevant, with level AA of the World Wide Web Consortium (W3C) Web Content Accessibility Guidelines (WCAG) 2.0.

47. **HIPAA Compliance**. The State and Contractor must comply with all obligations under HIPAA and its accompanying regulations, including but not limited to entering into a business associate agreement, if reasonably necessary to keep the State and Contractor in compliance with HIPAA.

48. **Reserved.**

49. **Reserved.**

50. **Nondiscrimination.** Under the Elliott-Larsen Civil Rights Act, 1976 PA 453, MCL 37.2101, *et seq*., the Persons with Disabilities Civil Rights Act, 1976 PA 220, MCL 37.1101, *et seq*., and Executive Directive 2019-09. Contractor and its subcontractors agree not to discriminate against an employee or applicant for employment with respect to hire, tenure, terms, conditions, or privileges of employment, or a matter directly or indirectly related to employment, because of race, color, religion, national origin, age, sex (as defined in Executive Directive 2019-09), height, weight, marital status, partisan considerations, any mental or physical disability, or genetic information that is unrelated to the person's ability to perform the duties of a particular job or position. Breach of this covenant is a material breach of this Contract.

51. **Unfair Labor Practice.** Under MCL 423.324, the State may void any Contract with a Contractor or subcontractor who appears on the Unfair Labor Practice register compiled under MCL 423.322.

52. **Governing Law.** This Contract is governed, construed, and enforced in accordance with Michigan law, excluding choice-of-law principles, and all claims relating to or arising out of this Contract are governed by Michigan law, excluding choice-of-law principles. Any dispute arising from this Contract must be resolved in Michigan Court of Claims. Contractor consents to venue in Ingham County, and waives any objections, such as lack of personal jurisdiction or *forum non conveniens*. Contractor must appoint agents in Michigan to receive service of process.

53. **Non-Exclusivity.** Nothing contained in this Contract is intended nor will be construed as creating any requirements contract with Contractor. This Contract does not restrict the State or its agencies from acquiring similar, equal, or like Contract Activities from other sources.

54. **Force Majeure.** Neither party will be in breach of this Contract because of any failure arising from any disaster or acts of god that are beyond their control and without their fault or negligence. Each party will use commercially reasonable efforts to resume performance. Contractor will not be relieved of a breach or delay caused by its subcontractors. If immediate performance is necessary to ensure public health and safety, the State may immediately contract with a third party.

55. **Dispute Resolution.** The parties will endeavor to resolve any Contract dispute in accordance with this provision. The dispute will be referred to the parties' respective Contract Administrators or Program Managers. Such referral must include a description of the issues and all supporting documentation. The parties must submit the dispute to a senior executive if unable to resolve the dispute within 15 business days. The parties will continue performing while a dispute is being resolved, unless the dispute precludes performance. A dispute involving payment does not preclude performance.

    Litigation to resolve the dispute will not be instituted until after the dispute has been elevated to the parties' senior executive and either concludes that resolution is unlikely or fails to respond within 15 business days. The parties are not prohibited from instituting formal proceedings: (a) to avoid the expiration of statute of limitations period; (b) to preserve a superior position with respect to creditors; or (c) where a party makes a determination that a temporary restraining order or other injunctive relief is the only adequate remedy. This Section does not limit the State's right to terminate the Contract.

56. **Media Releases.** News releases (including promotional literature and commercial advertisements) pertaining to the 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 of the State.

57. **Website Incorporation.** The State is not bound by any content on Contractor's website unless expressly incorporated directly into this Contract.

58. **Schedules**. All Schedules and Exhibits that are referenced herein and attached hereto are hereby incorporated by reference. The following Schedules are attached hereto and incorporated herein:

Schedule A	Statement of Work
Schedule A-1	Definitions
Schedule A-2 through A-8	Not applicable or reserved
Schedule A-9	Service Level Agreements
Schedule A-10 through A-34	Not applicable or reserved
Schedule A-35	Not applicable or reserved
Schedule B	Pricing and Fees
Schedule B-1	Not applicable or reserved
Schedule C (as applicable)	Not applicable or reserved
Schedule D (as applicable)	Not applicable or reserved
Schedule E (as applicable)	Contractor Hosted Software and Services
Exhibit 1 to Schedule E (as applicable)	Support Services and Service Level Agreement for Hosted Services
Schedule F (as applicable)	Data Security Requirements
Exhibit 1 to **Schedule F** (as applicable)	Contractor's Disaster Recovery Plan

Schedule G (as applicable)	Not applicable or reserved
Schedule H (as applicable)	Not applicable or reserved
Schedule I (as applicable)	Not applicable or reserved

59. **Entire Agreement and Order of Precedence.** This Contract, which includes Schedule A – Statement of Work, and schedules and exhibits which are hereby expressly incorporated, is the entire agreement of the parties related to the Contract Activities. This Contract supersedes and replaces all previous understandings and agreements between the parties for the Contract Activities. If there is a conflict between documents, the order of precedence is: (a) first, this Contract, excluding its schedules, exhibits, and Schedule A – Statement of Work; (b) second, Schedule A – Statement of Work as of the Effective Date; and (c) third, schedules expressly incorporated into this Contract as of the Effective Date. NO TERMS ON CONTRACTOR'S INVOICES, ORDERING DOCUMENTS, WEBSITE, BROWSE-WRAP, SHRINK-WRAP, CLICK-WRAP, CLICK-THROUGH OR OTHER NON-NEGOTIATED TERMS AND CONDITIONS PROVIDED WITH ANY OF THE CONTRACT ACTIVITIES WILL CONSTITUTE A PART OR AMENDMENT OF THIS CONTRACT OR IS BINDING ON THE STATE OR ITS AUTHORIZED USERS FOR ANY PURPOSE. ALL SUCH OTHER TERMS AND CONDITIONS HAVE NO FORCE AND EFFECT AND ARE DEEMED REJECTED BY THE STATE, EVEN IF ACCESS TO OR USE OF THE CONTRACT ACTIVITIES REQUIRES AFFIRMATIVE ACCEPTANCE OF SUCH TERMS AND CONDITIONS.

60. **Severability.** If any part of this Contract is held invalid or unenforceable, by any court of competent jurisdiction, that part will be deemed deleted from this Contract and the severed part will be replaced by agreed upon language that achieves the same or similar objectives. The remaining Contract will continue in full force and effect.

61. **Waiver.** Failure to enforce any provision of this Contract will not constitute a waiver.

62. **Survival.** The provisions of this Contract that impose continuing obligations, including warranties and representations, termination, transition, insurance coverage, indemnification, and confidentiality, will survive the expiration or termination of this Contract.

STATE OF MICHIGAN

Contract No. 210000000685
Prisoner Health Care and Pharmacy Services

SCHEDULE A
STATEMENT OF WORK
CONTRACT ACTIVITIES

This schedule identifies the anticipated requirements of this. The term “Contractor” in this document refers to Grand Prairie Health Services, P.C..

BACKGROUND
This Contract is for an Integrated Care Management Model that addresses the general health, psychiatric health, and medication needs of prisoners and delivers a full range of medically necessary services to prisoners under the jurisdiction of the MDOC in a cost-effective manner. The delivery of these services must be in compliance with MDOC policies, procedures and protocols. If any applicable MDOC policy or procedure for a particular type of treatment provides for a lesser degree of care than good and acceptable medical standards, then such good and acceptable medical standard shall take precedence. If any applicable MDOC policy or procedure establishes a higher standard of care than good and acceptable medical standards, then such MDOC policy or procedure shall take precedence.

It is anticipated the contract effective date will be April 14, 2021. Although the contract effective date is April 14, 2021, the Contractor must begin providing all services, without interruption on September 29, 2021. The period between April 14, 2021 through September 28, 2021 will be for transition and implementation; no payment will be made to the Contractor during this period. The State reserves the right to change, as necessary.

The Michigan Department of Corrections (MDOC), Bureau of Health Care Services (BHCS) continually evaluates and modifies its service delivery system to incorporate preventive health, population health and care management models that have been successful outside corrections in improving outcomes and reducing costs. By doing so, prisoner health outcomes improve, and recidivism is reduced. BHCS also continually tailors its approach to working with the larger health and human service delivery system - ensuring linkages are developed that are critical to reducing recidivism.

The MDOC currently contracts for general health care, psychiatric health care, and pharmaceutical services to an average of 32,500 prisoners annually at correctional facilities, reentry centers, and some county jails. This number includes prisoners from other jurisdictions (such as federal and county prisoners). The Contractor must provide services to all populations included on the MDOC Client Census.

The MDOC operates the Duane L. Waters Health Center (DWHC), an inpatient facility in Jackson, MI, which houses prisoners whose medical needs cannot be met at an infirmary or ambulatory clinic. DWHC provides acute, medical, long term care, and surgical procedures that are non-invasive or use conscious sedation. Attached to DWHC is C Unit, which houses prisoners that are not to the level of needing inpatient services nor can their needs be met in an ambulatory facility. C Unit has 94 medical beds. DWHC currently has two procedure rooms, an on-site emergency room staffed 24 hours, seven days per week and a specialty clinic. Staffing for the emergency room includes MDOC paramedics, nurses and a medical provider. The Contractor is responsible for providing the medical provider coverage. As a rule, prisoners must be housed within 90 miles of DWHC to receive services from the specialty clinics held at DWHC. At DWHC there are students from various universities who provide optical services on-site. The Contractor will be responsible for maintaining and managing these university relationships.

Approximately 26% of the prisoner population is currently being treated at some level for mental health challenges. A larger percentage of prisoners may receive mental health treatment during their incarceration, but many prisoners move on and off of the mental health caseload. The MDOC operates a 200-bed inpatient facility in Whitmore Lake, MI (Woodland Correctional Facility (WCC)) that houses prisoners with severe mental illness whose needs cannot be met in a general population facility. This facility also houses the Crisis Stabilization Program which stabilizes prisoners in need of emergency mental health care.

In addition to mental health services, each newly committed prisoner is assessed for a presence of a substance abuse disorder at a reception facility. This also includes any prisoner returning to incarceration. Diagnostic

instruments, including the Substance Abuse Subtle Screening Inventory (SASSI), are administered to determine the level of chemical dependency. The results of this testing are used in conjunction with other information obtained from the interview, from the Pre-sentence Investigation Report (PSI), and from other sources to determine the level of dependency.

A. Overview of Care

MDOC delivers general health care, psychiatric care, substance abuse treatment, dental care, and pharmacy services. MDOC will integrate all aspects of heath care in a manner that organizes prisoners by their level of care, utilizes evidence-based approaches to maximize health outcomes, optimizes medication taken by each prisoner, and minimizes overall costs. MDOC's health care delivery system focuses on preventative measures, clinical outcomes, medication management, evidence-based practices, and innovative approaches to care, which includes collaboration between all services. This approach also focuses on ensuring a connection to appropriate care in the community when a prisoner is paroled or discharged.

MDOC takes a population health approach to patient care where the entire spectrum of health system interventions including prevention, health promotion, diagnosis, drug interventions, and treatment are strategically developed for defined populations of prisoners. The approach incorporates elements of many successful models of care and care management strategies in use throughout the health care system. Sources include managed care principles and practices, the Patient Centered Medical Home, full integration of behavioral and general medical care with a special emphasis on the Collaborative Care Model, population health management, the Wagner Chronic Care Model, predictive modeling, recovery systems of care, and more.

MDOC has a state-wide chief medical officer and a clinical leadership team who will oversee all healthcare operations, including those provided by Contractors.

B. Contractor Qualities

The Contractor must be a responsive, proactive and an innovative partner who embraces the current MDOC health care delivery system, supports the MDOC and BHCS Strategic Plans, and collaborates with MDOC and others in planning and implementing other innovations throughout the Contract period to achieve positive health outcomes for prisoners.

The Contractor must demonstrate competency in all of the features of the MDOC model of care noted above. The Contractor must be an active partner with the MDOC in design and implementation of risk stratification metrics and their continual improvement, development of disease registries and performance metrics, and accountability for process and outcomes measures at all levels.

The Contractor must demonstrate commitment to stable assignment of providers to specific teams and to full participation of providers in team care management activities.

The Contractor must be an active partner in minimizing costs to the State. The MDOC believes that better health outcomes and lower costs are not mutually exclusive, and the Contractor will share these values.

C. Definitions

A list of definitions for this Contract is located in Schedule A-1.

SCOPE

The Contractor must provide all physicians and mid-level providers serving MDOC prisoner general health, psychiatric, and addiction treatment needs, an off-site network of specialty services, claims payment for all pharmacy and off-site services, utilization management services, general health and psychiatric performance measurement, polypharmacy prevention and management, quality improvement activities, and supports to re-entry and discharge planning. The Contractor is responsible for the purchase and delivery of pharmaceuticals for prisoners, management and staffing of an on-site pharmacy, analysis and support of prescribing patterns and a formulary with a goal of maximizing efficacy and efficiency while minimizing waste and cost. Additionally, the Contractor is responsible for providing dentist as requested by the MDOC. The Contractor and MDOC will share financial risk such that the Contractor has the incentive to manage prisoner healthcare on-site where appropriate and minimize the use of off-site services except where medically necessary. In addition, the Contractor must

manage and monitor pharmacy utilization that includes identifying issues with polypharmacy, appropriate use of medications, and identification of medication errors.

MDOC will continue to provide the ambulatory staffing at the clinics. Additionally, the MDOC reserves the right to ask the Contractor to modify its pricing structure as any future federal, State, or private funds or requirements become available during the Contract period.

1.0 REQUIREMENTS

Contractor must provide Deliverables/Services and staff, software, hardware, documentation, etc. and otherwise do all things necessary or incidental to the performance of work.

A. Collaborative Care Model

1. Health care teams at each prison are responsible for managing the prison population utilizing the following principals and tools:
    a. Continuous risk stratification of the population using a combination of real-time metrics, disease states, and analytics reflecting retrospective utilization of on-site services and cost and utilization of off-site services
    b. Prison-specific chronic disease registries
    c. Prison-specific reporting of process and outcome measures for chronic disease and preventive care
    d. Team-based care with the following features, among others:
        1) Stable, consistent teams consisting of general and psychiatric health providers, nursing, medication staff, mental health clinicians, Substance Use Disorder (SUD) counselor, and health administrators
        2) Daily team huddles to prioritize team efforts to proactively manage prisoners with the highest immediate risk while addressing the day's work flows
        3) Integration of care planning between behavioral health and primary care, including primary care management of psychotropic medications for stable patients, under consultation with psychiatry
        4) Use of mental health clinicians and evidence-based screening tools for depression and anxiety in primary care to address behavioral health components of chronic care management and outcomes
        5) Scheduling that accommodates same-day access for prisoners at real-time high risk
        6) Team-based case management for prisoners with complex needs and/or high-risk status
        7) Assignment of persons with high acuity mental health needs to a general health, psychiatric and behavioral health clinician
        8) Integration of treatment of Substance Use Disorders into general and behavioral health workflows for all treatment and care planning
        9) Team approach to assure the needs of persons in segregated and specialized housing are met and that health care risks of those prisoners are mitigated

e. Guiding principles include the quadruple aim:
    1) Improved health outcomes
    2) Improved patient experience
    3) Improved provider satisfaction
    4) Improved cost effectiveness

f. MDOC incorporates the elements of a learning organization into practices and quality improvement: A collaborative learning culture (systems thinking), lifelong learning (personal mastery), innovation (mental models), forward-thinking leadership (shared vision), and knowledge sharing (team learning).

g. The Contractor must provide an onsite and/or offsite network of 340B eligible providers to support utilization of 340B pharmacy pricing.

B. On-Site Primary Care Providers

1. General Information

a. The Contractor must provide medically necessary on-site medical care and services in accordance with MDOC Policies and Procedures and evidence-based practice guidelines. This includes assessment of substance use disorders, and management and prescribing of medications for addiction treatment.

b. The Contractor must ensure all providers are licensed to prescribe controlled substances in the State of Michigan.

c. The Contractor must ensure all providers carry a DATA 2000 waiver allowing prescription of buprenorphine for opioid use disorder. The Contractor must work with MDOC to assure that all providers are waivered within 12 months of the contract start date. The Contractor must ensure that all waivered providers are licensed for the highest patient limit allowed by SAMHSA.

d. The Contractor must ensure all providers receive initial and ongoing, at least annually, training on delivering quality customer service, enhancing motivation toward behavior change, preventative approaches toward health care, trauma-informed care, and patient self-management skills.

e. The Contractor must provide all physician and mid-level provider services. The Contractor must staff and manage general health care services with staffing levels and clinical integration with all providers appropriate to the needs of prisoners.

f. Providers must provide clinic coverage five days a week during clinic hours. Clinic coverage hours must meet the needs of that specific facility as determined by the MDOC Program Manager or designee. These hours are subject to change based on operational needs.

g. Providers must be assigned to specific prisons and participate in all aspects of team-based care, including daily huddles, care management planning, collaboration with mental health staff, outcomes evaluation, and review of critical incidents in which they were involved.

h. The MDOC Chief Medical Officer (CMO) or designee(s) will have final authority over the approval of health care provider schedules.

i. MDOC and the Contractor will cooperate to ensure that nursing, custody, and other necessary staffing is available during the desired hours of clinic operation.

j. The Contractor must provide 24-hour access to an on-call provider when providers are not on-site to provide guidance and assistance to MDOC nursing staff and correctional staff. The Contractor must have a mechanism in place to deliver face-to-face assessments by the on-call provider when necessary.

k. The MDOC has nurse protocols and standing orders with which, the Contractor must cooperate.

l. The State CMO will have final authority over clinical decisions related to the Contract.

m. Currently the MDOC provides the dental staff through Civil Service and other

contracts. If required, the Contractor must provide dentists as needed.

2. Intake

a. The MDOC's intake facilities are Charles E. Egeler Reception and Guidance Center (RGC), Women's Huron Valley Correctional Facility (WHV), Marquette Branch Prison (MBP), Thumb Correctional Facility (TCF), and Special Alternative Incarceration (SAI).

b. Immediate urgent/emergent needs of incoming prisoners will be determined by MDOC nursing staff and referred to onsite health care providers for response the same day, in compliance with MDOC policy.

c. Nursing and mental health staff will refer relevant concerns for review and inclusion in the contracted provider's assessments, including chronic health conditions, mental health and substance use disorders, and verified medications.

d. The Contractor must ensure that all incoming prisoners routinely receive a comprehensive health intake screening and assessment within 14 calendar days of arrival at the reception center by a qualified and licensed health care provider.

e. The intake assessment must include an assessment of general health, mental health, and addiction treatment needs along with their current medications.

f. While dental services are provided by the MDOC, including a full dental assessment during the intake process, the Contractor must consult and/or collaborate with dental staff as needed.

g. The Contractor must utilize the results of the comprehensive health assessment to stratify the population based on a model agreed upon by the Contractor and MDOC. Currently the MDOC is sharing data from the Prisoner Health Record (PHR) for risk stratification.

h. The Contractor must ensure prisoners arriving on active medication orders that have been verified by intake staff are reviewed and ordered by a provider. The provider must determine if a dose of the medication is needed that day. This includes all FDA-approved Medications for Addiction Treatment (MAT).

i. Based on the screening and assessment, the provider must develop a comprehensive, integrated care plan for the prisoner that must address all necessary general and behavioral health services both on-site and offsite including the prisoner's medication regimen.

j. The care plan must be updated with each clinical encounter.

3. Sick Call

a. The Contractor must provide providers to address sick call referrals for primary care and chronic care visits according to the mandatory timeframes noted below.

b. For those in segregation or those unable/unwilling to report to the clinic, the Contractor must ensure the provider conducts the sick call in an area outside of the clinic. If required, care must be delivered to the prisoner where they are currently located, including their housing unit or elsewhere in the facility.

Health Care Referral or Visit	Timeframe
Routine Referrals	Must be seen within five business days of the request for services by the prisoner or staff.
Urgent Referrals	Must be seen within 24-hours of the request for services by the prisoner or staff.
Same Day Referrals initiated by team member	Must be seen the day the team identifies the need based on risk; schedule must accommodate same day visits.
Emergent Referrals	Must be seen immediately upon notification of the request by the prisoner or staff.

4. Ambulatory Care

a. The Contractor must conduct all age-appropriate screening. The Contractor must keep current in screening recommendations, including but not limited to, diabetes, lipid disorders, vaccinations, hypertension, obesity, cancer, depression and substance use disorders.

b. All clinical documentation will be entered into the patient's medical record at the time of the encounter, but no later than the end of the shift on the day services were provided, as per MDOC policies. Referrals will be made to the appropriate specialty provider for assessment and follow-up care, including Contractor psychiatric services, or to the Corrections Mental Health Program (CMHP), as needed.

c. The Contractor must provide chronic care services in keeping with the population health elements noted in the Overview.

d. The Contractor must actively monitor, implement quality improvement measures, and report on chronic medical conditions. Priorities will be determined annually but will routinely include but not be limited to: asthma/COPD, diabetes, hepatitis C, hypertension, depression/suicide, cancer screening, and substance use disorders.

e. Other long-term medical conditions must be addressed based on the prisoner's medical needs and/or at MDOC's request.

f. The Contractor must use methods to address chronic care conditions that are efficient and innovative.

g. For each chronic condition, the Contractor must provide its community standards and/or evidence-based treatment guidelines, outcomes indicators, clinical prompts, and patient education/self-management tools to MDOC Program Manager or designee for written pre-approval, prior to implementation.

h. The provider must develop and manage a patient specific treatment plan for each prisoner with a chronic care condition. Prisoners with a chronic care conditions must be seen according to their degree of acuity related to the management of their chronic care.

i. The Contractor must provide regular reports of compliance with treatment guidelines and clinical outcomes for designated chronic conditions. At a minimum, reports must be by provider, team, prison, region, and statewide.

j. When prisoners with chronic conditions transfer from other MDOC facilities, the Contractor must review the medical record for level of control, medications, scheduled appointments, and schedule the prisoner to be seen in the time frames as designated by MDOC policy.

k. The Contractor will provide HCV and HIV treatment regimens that are tailored to the chronic conditions and related to documented level of control,

and actively engage prisoners in as much self- management as the prisoner and his/her security level is capable. All treatment regimens, parameters for establishing level of control, and treatment guidelines must be approved by the MDOC CMO within five business days of receipt of the guidelines.

l. Contractors must provide education on all treatment regimens to relevant MDOC staff that are providing the care. Prisoners presenting to sick call, "kiting", or complaining of the same symptoms/clinical findings three times in 30 calendar days, or sooner if determined by MDOC staff, must be referred to the provider to have the treatment plan reviewed and modified if necessary.

m. Diagnostic Tests – The Contractor must review all routine diagnostic test results within two business days from receiving the test results. A provider must be notified of "panic level" results as soon as the facility is made aware by the lab vendor and must respond to that lab result on the same day as notified.

n. Medication Renewals – The Contractor must ensure that prisoners are seen, or record is reviewed if face to face assessment is not clinically indicated, within 96 business hours, and prior to the medication order expiring in order to prevent a lapse in therapy.

5. Specialty Units and Services

The Contractor must coordinate admission to specialty units with the MDOC Central Office Bed Coordinator (COBC), which is responsible for managing all specialty beds within the MDOC facilities. The Contractor must also provide medical services, including Optical, in the specialty units.

a. Infirmary – The MDOC currently has infirmaries at WCC, WHV, and Marquette Branch Prison (MBP). The Contractor must provide 24-hour in-person coverage at correctional facilities with infirmaries.

INFIRMARY BEDS BY FACILITY

Facility	Single Beds	Double Beds	Open Bay Beds	Neg/Pos Pressure
DWHC (inpatient)	**17+ 5 Hardened**	**122**	**-**	**8**
WCC	**3**	**12**	**8**	**0**
WHV	**10**	**-**	**7**	**0**
MBP	**0**	**8**	**4 Custody**	**0**

b. Medically Frail and Older Adult population – MDOC has a growing population of prisoners 50 years or older, as well as those with conditions that result in prolonged medical frailty. MDOC will be opening a 236-bed unit at Thumb Correctional Facility (TCF) that will provide specialized housing for this growing subpopulation. There are 96 beds at Lakeland Correctional Facility (LCF) dedicated to the older adult population. This population is capable of normal ADL with the assistance of prisoner aides. The Contractor must provide 24-hour in-person coverage for these units.

c. MDOC Health Care Inpatient Services - The MDOC currently operates an inpatient facility at DWHC. DWHC is an inpatient environment in Jackson, MI for acute and step-down medical services. Prisoners are housed at DWHC when their medical needs cannot be met in an ambulatory clinic or in the infirmaries. Primary care, procedure room services, and ER services provided at DWHC are considered on-site. Additionally, prisoners discharged from a community hospital or community secure unit that cannot be returned to general population are housed at DWHC to recover until they are able to function in the general population environment.

d. Providers must be available to see patients seven days per week between the hours of 6:00 a.m. to 9:00 p.m. EST. These hours are subject to change based on operational needs.

1. The Contractor must use the above-mentioned facilities in an attempt to avoid unnecessary off-site services when possible. The Contractor must ensure that admissions and discharges to the units are appropriate and must submit admission and discharge criteria and policies to MDOC's CMO for approval.

2. The Contractor must ensure that the clinical staffing for the above-mentioned facilities is appropriate based on the type of prisoner housed there and the level of care necessary for these prisoners. All staffing plans must be approved by the MDOC Program Manager or designee.

3. The Contractor must ensure the ER at DWHC is staffed with an onsite medical provider 24 hours a day seven days a week who must also be available to take calls from other facilities and provide floor coverage for DWHC. MDOC provides the nursing coverage, paramedics and emergency medical technician (EMT) at DWHC. The DWHC medical provider must be Advanced Cardiac Life Support (ACLS) certified.

4. The Contractor is responsible for approving the use of medical restraints at DWHC.

e. C Unit – DWHC also has the responsibility for C Unit, which cares for patients who do not require admittance at DWHC, but whose needs could not be met in general population. C Unit contains 94 beds, and currently 68 are being used by prisoners with long-term medical needs, or who require assistance with activities of daily living. The types of prisoners residing in C Unit include individuals who meet the criteria for assisted living similar to the community. Individuals will have significant impairment in the ability to care for themselves and will require significant hands-on assistance. Other prisoners in this unit will include those recovering from chemotherapy and potentially COVID prisoners with respiratory needs.

f. Infectious Disease Units - As part of its response to COVID-19, the MDOC has designated specific locations to house COVID positive prisoners. A COVID-19 positive prisoner may be housed/remain at the current facility or transferred to a COVID-19 positive cohort unit. The consideration for transfer to those unit(s) are made on a case-by-case basis. Factors for consideration include the number of positive cases and close contacts at the current facility, and the arrangement of housing at the facility. Additionally, as the MDOC prepares for influenza, there will be isolation protocols for housing influenza positive and COVID negative prisoners along with COVID positive and influenza negative prisoners. .

g. Segregation – The Contractor must ensure providers make rounds in segregation and specialized units, to include START and Reintegration units; rounds must be at least once every two weeks or more by request of the MDOC, to screen for and monitor behavioral health and chronic care conditions and provide education.

h. Dialysis – The Contractor must, at its sole cost and expense, provide necessary staffing, pharmaceuticals, medical waste removal, and equipment (including, but not limited to, the chair and machines related to dialysis). Currently the MDOC operates a 17-chair on-site unit at WCC, and 4-chairs

on-site unit at WHV. Dialysis services must be available on-site a minimum of six days per week from 6:00 a.m. to 11:00 p.m. EST. The MDOC reserves the right to add or remove facilities offering the dialysis services. The Contractor is responsible for ensuring there is a pre-approved dialysis unit contingency plan in place to allow dialysis services to continue if there is a full or partial failure of the on-site dialysis unit(s). The Contractor's initial contingency plan must be pre-approved in writing by the MDOC Program Manager or designee prior to the contract effective date. Any changes to the contingency plan must be pre-approved in writing by the MDOC Program Manager or designee throughout the term of the contract. The contingency plan must include, but is not limited to, how, where, and when the Contractor will source necessary equipment on-site, any established relationships to provide the contingency services, timeframes that would be involved in getting equipment running on-site, a certification that the dialysis operation meets all Dialysis community operation standards, etc.

i. Youthful Offenders – The youthful offender program is a collaborative effort actively involving MDOC custody, general and psychiatric healthcare, and education staff to meet the need of adolescent prisoners. This specialty service is primarily housed at the Thumb Correctional Facility (TCF) in Lapeer, MI. It is composed of elements including alternatives to segregation for youth prisoners, and the Behavior Management Unit with programming related to education, group treatment, and employment. The age range for participation is 13 to 21 at the time of the offense. The Contractor must provide medical and psychiatric services to prisoners in this program.

j. Detroit Detention Center (DDC) – The MDOC has an agreement with the City of Detroit/Detroit Police Department (DPD) to provide custody and security services to arrestees housed at DDC (formerly the Mound Correctional Facility). The MDOC will maintain custody of arrestees age 17 or older (up to 200 arrestees) and house them 24 hours/day, 7 days per week, 365 days per year while the arrestees await processing, booking court appearance or transport. The detention shall not exceed 72 hours from the time of booking.

    1) The Contractor will be responsible for providing medical provider to provide on-site minor medical treatment and medication to arrestees with minor injuries/ailments.

    2) The Contractor will <u>not</u> be responsible for major medical treatment for any arrestee, requiring, but not limited to hospitalization, ER treatment, transportation by ambulance, Emergency Medical Technician (EMT) assistance, surgery, cancer treatment, etc.

k. Optical Services –This specialty service is provided in each clinic. Patients receive an initial exam upon intake through Contractor's staff. The Contractor must provide these services through a visiting specialist. MDOC is responsible for providing the eyeglasses and contact lenses only when approved by the CMO or the Assistant Chief Medical Officer-Primary Care (ACMO-PC), along with the optometry equipment. The Contractor is responsible for providing optical providers.

l. OB/GYN Services – The Contractor must provide standard outpatient level services at WHV including but not limited to: colposcopy, Loop Electrosurgical Excision Procedure (LEEP), ultrasounds, endometrial biopsy, cervical punch biopsy, excision of polyps, and treatment of venereal warts with either chemical cauterization or excision PAP smears.

m. Substance Use Disorder Treatment Program – MDOC is developing a comprehensive SUD treatment program that will include evidence-based screening and assessment of opioid use disorder, access to all three forms of FDA-approved medications for addiction treatment, individual, group, and

residential programming for all substance use disorders in compliance with American Society of Addiction Medicine (ASAM) standards, and reentry planning to assure continuity of counselling and medication services at release/parole. The Contractor must support ASAM standards, assure that all providers are DATA 2000 waivered within one year of the contract start, assure that all waivers enable maximum patient prescribing limits, assure that at least two medical providers and two psychiatric providers are credentialled in addiction treatment within six months of the contract start, and participate in developing and implementing this treatment statewide. Treatment must include periodic random urine drug screening and routine laboratory and other testing in accordance with evidence-based standards of care. Additionally, the MDOC is in the process of transitioning substance abuse treatment services from contractual staff to State employees. The MDOC will communicate with the Contractor throughout the transition.

n. Medical Oversight for Licensed Narcotics Treatment Program(s) – MDOC expects that during the contract period, it will receive one or more licenses to operate a Narcotic Treatment Program. The Contractor must assign appropriately trained and credentialed medical officer to oversee the program in compliance with state and federal rules.

6. Withdrawal Management

a. The Contractor may be required for the medical management of prisoners who are going through substance withdrawal, including opioids, alcohol, and benzodiazepines. This includes assessments, monitoring, and medication (agonists and supportive) appropriate to the withdrawal.

b. The Contractor must use evidence-based and/or community standard criteria and practices for the assessment and treatment of withdrawal.

7. End of Life and Palliative Services

a. The Contractor must develop and implement an end of life and palliative care program that can be utilized throughout the MDOC. This plan must be approved by the MDOC Program Manager or designee.

b. The Contractor is responsible for admission protocols and special training of all health and custody staff associated with the services.

C. On-site Psychiatric Services

1. General Information

a. The Contractor must provide medically necessary on-site psychiatric care and services in accordance with MDOC policies and procedures and evidence-based practice guidelines. This includes assessment of substance use disorders, and management and prescribing of medications for addiction treatment.

b. The Contractor must ensure all providers receive initial and on-going, at least annual training on delivering quality customer service, enhancing motivation toward behavior change, preventative approaches toward health care, trauma-informed care, and patient self-management skills.

c. Providers must provide clinic coverage five days a week during clinic hours. Clinic coverage hours must meet the needs of that specific facility as determined by the MDOC Program Manager or designee. These hours are subject to change based on operational needs.

d. Providers must provide clinic coverage five days a week during clinic hours. At a minimum service must be available 8:00 a.m. – 4:30 p.m. with on-call services available. On-call services must have access to the PHR. Clinic coverage hours must meet the needs of that specific facility. These hours are subject to change based on operational needs.

e. Provider continuity must be assured by consistent assignments to the prisons clinics and functioning as a permanent member of the prison mental health team, including participating in team case planning, review of critical incident in which the provider was involved, and prison-specific quality improvement.

f. Many MDOC prisoners with mental illness are stable and maintained on a stable medication regimen. These prisoners may be managed by primary care with consultation from psychiatry and referral to psychiatry when the level of control worsens. MDOC considers this approach essential in optimizing scarce psychiatric resources, and modeling community approaches.

g. The Contractor may provide some psychiatric services via telepsychiatry where the service is approved by MDOC, so long as the provider still functions as a full member of the prison mental health team and the provider is licensed in the State of Michigan.

h. The MDOC CMO or designee will have final authority over the approval of psychiatric provider schedules.

i. At DWHC and WCC the Contractor's on-call psychiatric providers are required to respond by telephone to institution-based calls within 15 minutes to provide direction to the caller and provide an assessment within one hour after notification when the situation warrants.

j. At all other facilities, there must be 24 hour on-call psychiatric services available. A response must be received within one-hour of the call.

2. Mental Health Services

a. The MDOC Mental Health continuum of services is divided into Institutional Programming, Counseling Services and Interventions, Corrections Mental Health Program, and Special Services.

b. The Contractor is responsible for the psychiatric provider services in each of these areas, which are described in this section.

c. All psychiatric providers must be licensed to prescribe controlled substances in the State of Michigan.

d. All psychiatric providers must carry a DATA 2000 waiver allowing prescription of buprenorphine for opioid use disorder. The Contractor will work with MDOC to assure that all providers are waivered within 12 months of the contract start. The Contractor must assure that all waivered providers are licensed for the highest patient limit allowed by SAMHSA.

e. For prisoners diagnosed with a substance use disorder (SUD) and comorbid high mental health acuity, who are without significant general health

conditions, the psychiatric provider will be designated as the primary SUD treatment provider for a prisoner. If clinically indicated, the psychiatric provider will prescribe medications for addiction treatment.

f. Counseling Services and Interventions (CSI) are provided by an MDOC Qualified Mental Health Professional (QMHP) and are considered out of scope for this Contract.

g. Psychiatric providers will complete psychiatric evaluations for all individuals who are referred for assessment. Such referrals typically occur after a thorough evaluation by a Qualified Mental Health Professional (QMHP); however, referrals may also be made from other sources, such as MDOC's clinical leadership.

h. The psychiatric provider collaborates with the QMHP and/or multidisciplinary Treatment Team to develop treatment needs, goals and methods under the leadership/clinical direction of an MDOC Unit Chief and are documented in an individualized Treatment Plan.

i. The treatment team is the decision-making body for the treatment of prisoners, including decisions regarding initial admission to the Mental Health Services (MHS), discharge from the MHS program and referral to other levels of mental health care. The Contractor's psychiatric providers will actively participate in treatment teams providing behavioral health services as required by the MDOC.

3. Institutional Program

a. Reception Screening Services – The Contractor must review and address notifications from intake staff regarding psychiatric medication bridge orders.

b. The Contractor must evaluate the prisoner within the timeframes required by policy following a referral, and complete all documentation, including Comprehensive Psychiatric Evaluations (CPE) before the close of business.

c. The Contractor must determine other medication and lab needs during the evaluation.

d. Suicide Prevention - The Contractor must ensure that the providers are available to consult with the QMHP and respond to referrals for psychiatric intervention when prisoners are on suicide precautions at a facility.

e. The Contractor must use evidence-based practices/community standards that include assessment of symptom severity, diagnosis, medication and other therapies.

f. The Contractor must staff and manage psychiatric health services using an integrated/collaborative care approach with respect to staffing levels, location of services, and clinical integration with primary care providers appropriate to the needs of prisoners.

4. Corrections Mental Health Program (Psychiatric Services for Mentally Ill Prisoners)

Public Act 258 of 1974 provides for the establishment of the Corrections Mental Health Program (CMHP) which is a component of Mental Health Services. The CMHP consists of Outpatient Treatment (OPT), Residential Treatment Program (RTP), Adaptive Skills Residential Program (ASRP), and Inpatient Services. The services included under Inpatient Services include the Crisis Stabilization Program (CSP), Acute Care, and Rehabilitative Treatment Services (RTS).

a. The Contractor must provide psychiatric services appropriate to each level of care.

b. Mental Health programming such as Assaultive Offender Programming and Sex Offender Programming along with Substance Abuse Treatment is out of scope for this Contract.

c. The Contractor must ensure that the timeliness of mental health care is in compliance with MDOC policies, procedures, and protocols. The table below describes the timeframe related to mental health services, documentation needed, medication and lab needs, and medication review.

Minimum Mental Health Documentation and Medication Timeframes

Mental Health Service	Documentation Timeframes	Medication and/or Lab Needs	Medication Review
Outpatient Treatment (OPT) – includes Secure Status Outpatient Treatment (SSOPT)	Completes a CPE within 14 calendar days when there has been a change in the mental health level of care coming from a lower level of care or completes a transfer-in assessment in the electronic Patient Health Record (PHR) within seven calendar days of transfer in from a RTP and completes an Abnormal Involuntary Movement Scale (AIMS) every six months for prisoners on antipsychotic medications or sooner if necessary.	Address medication and lab needs of the transferred prisoner within five calendar days of notification received by the QMHP.	Meets with prisoner and reviews medication within 5 business days after receipt of notification of medication problems from QMHP, and at least 180 calendar days for psychotropic medication renewals.
Residential Treatment Program (RTP) – includes Secure Status Residential Treatment Program (SSRTP)	Completes level of care and transfer-in assessment in the electronic Patient Health Record (PHR) within seven calendar days of transfer-in from Inpatient level of care or completes a CPE within 14 calendar days when coming from a lower level of care and completes an AIMS every six months for prisoners on antipsychotic medications or sooner if necessary.	Address medication and lab needs of the transferred prisoner within seven calendar days of notification received by the QMHP.	Meets with prisoner and reviews medication within two business days after receipt of notification of medication problems from QMHP, and at least 90 calendar days for psychotropic medication renewals.
Adaptive Skills Residential Treatment Services (Requirements only apply to those with mental illness)	Completes a transfer-in assessment in the electronic Patient Health Record (PHR within seven calendar days of transfer-in from Inpatient level of care or completes a CPE within 14 calendar days when coming from a lower level of care and completes an AIMS every six months for prisoners on antipsychotic medications or sooner if necessary.	Address medication and lab needs of the transferred prisoner within seven calendar days of notification received by the QMHP.	Meets with prisoner and reviews medication within two business days after receipt of notification of medication problems from QMHP, and at least 90 calendar days for psychotropic medication renewals.
Acute Care	Completes CPE within one business day of transfer into the program and completes an AIMS every six months for prisoners on antipsychotic medications or sooner if	Reviews medication and lab needs of the transferred prisoner within one business day.	Meets with prisoner and reviews medication within one business day after receipt of notification of medication problems from QMHP, and at least

	necessary. Completes a transfer-in assessment in the electronic Patient Health Record (PHR within one business day of transfer in from CSP or a CPE within one business day of a transfer in from a lower level of care, and completes an AIMS		every seven calendar days for psychotropic medication renewals.
Crisis Stabilization Program (CSP)	Completes CPE within 24 hours of admission, and completes an AIMS every 90 calendar days for prisoners on antipsychotic medications.	Reviews medication and lab needs of the transferred prisoner within 24 hours of admission.	Reviews medication daily.
Rehabilitative Treatment Services	Completes a transfer-in in the electronic Patient Health Record (PHR within seven calendar days of transfer in from Acute Care or a CPE within seven calendar days of a transfer in from a lower level of care. Completes CPE within seven calendar days of transfer into program, and completes an AIMS every six months for prisoners on antipsychotic medications or sooner if necessary.	Reviews medication and lab needs of the transferred prisoner within seven calendar days.	Meets with prisoner and reviews medication within one business day after receipt of notification of medication problems from QMHP, and at least every 30 calendar days for psychotropic medication renewals.

5. Special Mental Health Services and Requirements

a. The Contractor must provide input as requested in the development of treatment and management plans for all prisoners receiving mental health services.

b. Restraints in Inpatient Mental Health Settings – The Contractor must provide in-person psychiatric evaluations to prisoners in restraints within one hour of the application of the restraints with the development of a treatment plan within one business day of the evaluation.

c. Special Psychiatric Evaluations - The Contractor must perform evaluations within established timeframes (e.g. MDOC policy, operating procedure, and parole board request) of referral including, but not limited to: parole, commutation, consultation-liaison, medical assistance and related applications, and placement on outside details. This also includes the completion of a CPE for all community re-entry and placement in mental health community corrections centers or similar facilities, and evaluations of Guilty, but Mentally Ill (GBMI) Category I and Category II prisoners.

d. Discharge Planning – The Contractor must review and co-sign all discharge summaries for all prisoners discharged to inactive status, community, or lower levels of care within the MDOC continuum of care.

e. Involuntary Treatment Hearings – The Contractor must evaluate and review MDOC reports related to involuntary treatment hearings and determine whether a prisoner requires emergency involuntary administration of medication based upon the prisoner's mental illness. The Contractor must participate in hearing processes as requested.

f. Administrative Segregation – The Contractor must provide any necessary psychiatric services to prisoners who are in administrative segregation. The Contractor must utilize motivational interviewing with a therapeutic approach.

g. Medication Renewals – The Contractor must ensure that prisoners are seen timely and prior to their medication's expiring in order to prevent a lapse in medication. See above table **Minimum Mental Health Documentation and Medication Timeframes** for the definition of timely.

6. MDOC Mental Health Inpatient Services

The MDOC currently operates a dedicated men's mental health inpatient facility. WCC is a 200-bed inpatient mental health facility. Prisoners are referred to the facility when they are in crisis or their mental health needs cannot be met in the general population ambulatory facility. The sole facility for female prisoners, Women's Huron Valley (WHV) has a dedicated inpatient-level mental health unit.

a. Providers must be available to see patients seven days per week for a minimum of eight hours a day based on facility operations.

b. The Contractor must use WCC in an attempt to avoid unnecessary off-site services when possible. The Contractor must ensure that admissions and discharges to the unit are appropriate and must submit admission and discharge criteria and policies to MDOC's CMO for approval.

c. The Contractor must ensure that the clinical staffing for WCC is appropriate based on the type of prisoners housed there and the level of care necessary for these prisoners. All staffing plans must be approved by the MDOC Program Manager or designee.

d. Inpatient Psychiatric Misconduct Review Form – The Contractor must participate with the MDOC mental health team in reviewing prisoner misconduct at WCC. The Contractor must participate with the mental health team in reviewing the prisoner's health record and relevant reports to determine a prisoner's mental health status and responsibility for the alleged behavior.

7. Co-Occurring Disorders

Substance Abuse Treatment group therapy will be provided by MDOC staff and is out of scope for this contract. Many prisoners with Substance Use Disorders (SUD) also have a co-occurring mental illness. Treatment using evidence-based interventions that address the co-occurring conditions is essential.

a. The Contractor's psychiatric assessments must include substance use disorders. Prisoners with co-occurring disorders must be treated for all behavioral health disorders using a coordinated approach delivered by appropriately trained staff using evidence-based practices.

b. The Contractor must provide an individualized care plan for those patients with a co-occurring disorder. The plan must assess the appropriateness of any prescribed medications, and whether it is safe and effective given their comorbidities.

D. Telehealth

MDOC owns and maintains telehealth units at the facilities. Most often, the technology has been used for mental health services.

1. The Contractor must increase the use of telehealth for general health care and must maintain or increase its use for psychiatric health services. This will require the Contractor to supplement with additional telehealth equipment. Any equipment without the previous Contractor in the name is State-owned equipment utilized for videoconferencing and will be available for the incoming Contractor.

2. The Contractor must utilize telehealth for conducting follow-up appointments and consultations with specialists wherever clinically appropriate. This practice will decrease safety and security risks, and also offset off-site transportation costs. The Contractor will work collaboratively with the MDOC to develop a process for increasing the use of telehealth for off-site specialty care visits and appointments. When requested, the Contractor will be responsible for providing support staff for telehealth at the discretion of the MDOC. Additionally, there may be some cases where telepsychiatry will not work, and the Contractor will have to work with MDOC to ensure appropriate treatment.

3. Telehealth providers must be part of the care team and demonstrate familiarity with the individual's history and care plan as opposed to providing an independent consultation. This does not include specialty telehealth providers that are providing an independent consultation for services.

E. Off-Site Services

The Contractor must provide a comprehensive network of accessible, high-quality community specialty providers that are available to meet the needs outlined below of the MDOC prisoners when their needs cannot be met at the on-site medical facilities.

1. The network must be developed to assure prisoner access to all necessary offsite general and psychiatric health care. The Contractor will have discretion in the selection of hospitals and other service providers as long as their use does not impose undue transportation and custody costs as determined by the MDOC PM. The network of services must include, but not limited to: acute care hospitals, mental health facilities, post-acute or skilled nursing facilities, therapy services (including physical therapy), physician specialists/consultants, emergency service providers, urgent/emergency dental services, durable medical equipment services, x-ray and interpretation, independent laboratories, and diagnostic testing centers. The hospitals in the network must be licensed by the State of Michigan and accredited by The Joint Commission on Accreditation of Healthcare Organizations (JCAHO) or an accrediting entity otherwise deemed appropriate.

2. Network requirements must include provision of timely reporting on findings and recommended treatment plan and for emergency room or inpatient visits, a summary of the encounter. The Contractor will ensure a warm handoff to and from hospital care.

3. The MDOC has two secure units within community hospitals. One is located at Allegiance Hospital in Jackson, MI and the other at McLaren Hospital in Lansing, MI.

    a. The Contractor must continue to contract with and manage the arrangements with these hospitals for use of the secure units. **The cost of the secure units must be included in the pricing.** There are 20 beds at Allegiance Hospital and 11 beds at McLaren Hospital.

4. The MDOC has a specialty care clinic area at DWHC where Contractor specialists must see prisoners brought from across the State for certain specialties.

    a. The Contractor must provide specialties for the DWHC specialty clinics that must include, but not be limited to: audiology, podiatry, nephrology, ophthalmology, orthopedics, oral surgery, physical therapy, pulmonary services, and outpatient procedures.

    b. The Contractor must review the needs within the MDOC and establish additional or modify existing specialty clinics based on the needs of the prison population.

5. The Contractor must be available for consultation (on-call or provider) with MDOC

nursing staff regarding prisoners who have been treated off-site for an urgent or emergent condition. For cases where a follow-up appointment is needed, then the prisoner must be seen no later than the next business day. Where an appointment is not needed, the Contractor must complete a chart review within five business days after the prisoner's return to the facility.

6. Off-site specialty medical providers must dictate to the MDOC transcription services or provide the MDOC with a report of the encounter.

7. The Contractor will provide on-site specialty services and programs for those prisoners housed at DWHC and those prisoners within 90-minutes or 120-miles travel of Jackson.

F. Pharmaceutical Services

1. General Information

The Contractor must provide the purchase and delivery of pharmaceuticals for prisoners housed in the MDOC facilities and active analysis and support of prescribing patterns, costs and formulary toward maximum efficacy and efficiency, and to minimize waste and cost.

a. The services required include:
   1) Mail order dispensing, processing, and delivery
   2) Local backup pharmacies for all MDOC correctional facilities
   3) Operation of an on-site pharmacy located at DWHC in Jackson, MI
   4) Active leadership in Pharmacy and Therapeutics processes and reporting

b. The Contractor must utilize 340B pricing for drug categories determined by the MDOC throughout the contract period.

c. The Contractor must provide Nasal Narcan for MDOC at government pricing for stock at its facilities and parole/probation offices.

d. The Contractor must also provide support to the providers in developing a comprehensive medication management process.
   1) Assist in optimizing the number of medications taken by prisoners
   2) Increase patient adherence to medications
   3) Prevent adverse drug reactions
   4) Improve patient qualify of life
   5) Decrease overall spend by the State of Michigan

e. On a Statewide basis MDOC staff will require electronic on-line and telephone access to customer service representatives 24 hours per day, seven days per week.

f. The Contractor must have a documented process to address discontinued medications and recalls of medications. These protocols must include, but not be limited to: notification procedures, timeframes for notification, and methods of returning or disposing of recalled medications.

g. MDOC reserves the right to purchase hemophiliac products and other medications utilizing other sources, at the sole discretion of the MDOC, throughout this Contract period.

2. Medication Orders (Mail and On-site Pharmacy Orders)

a. The Contractor must be able to receive medication orders, discontinued medication orders and prisoner allergy data via an interface with the MDOC PHR (See Section 1.0 T. for additional information).

b. The Contractor must be able to transmit prescription orders via an electronic

modality that must interface with the MDOC PHR in all facilities.

c. The Contractor is responsible for the necessary equipment, supporting hardware and software, and all other equipment necessary to send, receive and account for medications and provides necessary training to accomplish the capability to function in an electronic environment.

d. The equipment/system used by the Contractor must, at a minimum, provide the following capabilities at each facility:

1) Provide properly labeled medications that include, but not limited to the following information: prisoner name and number, date of birth, route and times of administration, total number of doses or days of medication, stop date, and expiration date.
2) Provide medication order based on current formulary information.
3) Provide for an electronic alert that the refill requested is too soon.
4) Provide patient medication profile.
5) Include bar coding on all prescriptions.
6) Provide notifications of contraindications (e.g. drug interactions, drug allergy, incorrect dose, non- formulary, etc.).
7) Provide the ability to print a hard copy at the facility for all orders transmitted.
8) Provide an alternative means of transmitting prescription orders in the event the primary system is non-operational. NOTE: The Contractor is responsible for ensuring the data that was transmitted during the downtime, is entered into the primary system.
9) Interface with the MDOC prisoner tracking system (Correctional Offender Management System (COMS)/OMNI)) to ensure medications are delivered to the appropriate facility and interface with the MDOC PHR (COMS) (See Section 1.0 T. for additional information).
10) Provide patient information packets that must be sent with all medication orders.

e. The Contractor must provide a secure web-based integrated reporting system that provides current data (previous days orders must be viewable) on all pharmaceuticals ordered for all MDOC sites utilization management. Access to the web-based software must be at no cost with unlimited users.

f. The Contractor must provide a mechanism to ensure duplicate orders are not processed.

g. The Contractor must provide a proactive analysis of refill frequency and intervene to ensure medications are not refilled to soon, utilizing best practices related to refill-too-soon requests.

h. The Contractor must provide a mechanism for electronic check in for all medication orders at no cost to the MDOC.

i. The Contractor must ensure that the medication error rate is not greater than 0.05% each month for each institution. The Contractor must have a medication error review process to include electronic tracking, reporting and trending of dispensing errors. The Contractor must correct any errors within 24-hours of being reported and respond to the MDOC PM within 72-hours administratively to any medication error. The response must include how the error occurred and resolution so that it does not occur again.

3. Mail Order Delivery of Prescriptions

a. The Contractor is responsible for the mail order delivery of prescriptions. Pharmaceuticals must be dispensed in blister cards or similar unit dose packaging. This provides accountability of drugs administered, cost

effectiveness, ease of storage and distribution. Orders that result in multiple blister cards must be bundled for ease of identification.

b. The Contractor must provide the pharmaceuticals for the physician dispensing boxes, maintained by the on-site primary care provider and the emergency dispensing boxes. The MDOC CMO will approve the pharmaceuticals that must be included in the dispensing boxes.

c. Hazardous medications must have clearly identifiable labeling. When medications are added to the MDOC formulary, the Contractor must provide the appropriate information and training for hazardous medications.

d. Blister cards must have the capability to contain a 30-day supply of pharmaceuticals or the specific quantity ordered by the on-site medical provider.

e. All medication orders must be dispensed as unit dose.

f. The Contractor must have a process for splitting pills when cost effective and the criteria for determining a medication can be appropriately split.

g. The Contractor is responsible for routine and emergency delivery of medications. The following standards must be followed by the Contractor:

1) Orders that are transmitted to the mail order pharmacy by 3:00 p.m. EST must be delivered the next business day. Business hours are 8:00 a.m. to 4:30 p.m. EST.
2) Routine delivery will be Monday through Friday with Saturday delivery at designated sites within the next business day after the receipt of the order.
3) Routine delivery is NOT expected on the following holidays: Christmas (December 25), New Year's Day (January 1), Memorial Day, Independence Day (July 4), Labor Day, and Thanksgiving. Deliveries ARE expected to happen on the following: the day after Thanksgiving Day, Veterans Day, Christmas Eve, and New Year's Eve.
4) The Contractor must provide a preliminary plan for holiday and emergency deliveries. The final plan must be submitted for approval by the MDOC Contract Program Manager or designee within 10 calendar days of Contract award notice.
5) The Contractor must provide emergency delivery of medication within four hours of placing the order. Emergency delivery must be available 24 hours per day, seven days per week.
6) All delivery and any dispensing costs are the responsibility of the Contractor, including any fuel surcharges or additional shipping costs, including delivery of pharmaceuticals purchased at local pharmacies.

4. On-site Pharmacy

a. The Contractor is responsible for the ownership and management of the on-site pharmacy at DWHC.

b. The Contractor must have written operating procedures that must be approved by the MDOC prior to implementation of the procedures.

c. The Contractor must complete all inventories of the on-site pharmacy.

d. The Contractor must utilize existing civil servant staff (one pharmacist) and supplement additional Contractor staffing as needed. The MDOC staff who

work in the pharmacy will continue to be supervised by the MDOC for administrative purposes but will report to the Contractor for operational oversite.

e. The Contractor is the owner of the pharmaceuticals at the on-site pharmacy until they are dispensed for use to the MDOC prisoners.

f. The Contractor must provide the pharmaceuticals for the emergency room dispensing box at DWHC, DWHC ambulance, and the other emergency dispensing boxes on-site. The MDOC CMO will approve the pharmaceuticals that must be included in the dispensing boxes.

g. The Contractor must dispense pharmaceuticals from the on-site pharmacy as unit dose in blister cards or single doses. The Contractor also must have the ability to supply compound intravenous solutions to the inpatient units.

h. The response time for pharmaceutical orders for the inpatient units at the on-site pharmacy must be filled on an urgent and emergent basis.

i. For RGC only - Verified intake medications that the provider determines must start that day must be filled the same day as ordered.

j. The Contractor must conduct operating hours at the DWHC pharmacy from 7:00 a.m. – 7:00 p.m. EST. Monday – Friday and 8:00 a.m. – 4:30 p.m. EST. weekends and holidays. The Contractor must make their pharmacists available to answer pages/calls and come to the facility after hours as needed.

5. Rebates/Discounts/Revenue

a. The Contractor must provide complete transparency and an audit trail for all discounts, rebates, and other revenue to the MDOC.

b. The Contractor must fully disclose the types of rebates/discounts/revenue they are currently receiving.

c. The Contractor must conduct a review of rebate contracting and program performance, at least quarterly, with representatives from the Department.

d. The Contractor must provide the Department with an ongoing detailed analysis of the rebates they receive as an organization, and an explanation of the medications that were used by the MDOC along with the rebate percentage they received. The Contractor is required to provide 100 percent of the rebates and discounts for medications that were obtained based on MDOC's utilization.

6. Medication Returns

a. The Contractor must provide a method for return and credit for all medications returned utilizing unit dose packaging and in accordance with Michigan Public Act 329 of 2004.

b. The Contractor must identify which medications can be returned and the credit that will be issued to the Department on a monthly basis. The Contractor must provide credit for reimbursement for all medication returns at the dispensed price.

c. The Contractor must provide written documentation of all drugs returned for credit and disposal including the justification when credit is not given. This must reconcile to the returns submitted by the facility and must be submitted to the MDOC Contract Manager or designee monthly.

d. The Contractor must provide credit for split medications.

e. Expenses, including shipping costs of the returned medication, are the responsibility of the Contractor. The average number of prescriptions returned monthly is 8,825.

f. All returns must be addressed within seven days of receipt of the return.

g. The returns must be reconciled in the month following the month of return.

h. The State will not pay any fees for processing the return of any drugs at any time throughout the duration of the Contract. This includes, but is not limited to: expired medication returns, shipping errors, etc.

7. Disposal of Medication

a. The Contractor must provide a consistent Statewide mechanism for the disposal of all medication including restricted and narcotic medications. All costs associated with the disposal of medications are the responsibility of the Contractor. The Contractor must provide training for the disposal of all medications. The Contractor must follow the Michigan Department of Environment, Great Lakes and Energy (EGLE) requirements related to pharmaceutical waste.

b. The Contractor must utilize a best practice for disposal of single dose, non-narcotic medications on-site, which must be pre-approved in writing by the MDOC Program Manager or designee.

8. Non-formulary Request System

a. The Contractor must have a dispensing system that verifies that prisoner medications are in accordance with MDOC's drug formulary.

b. The Contractor must utilize the MDOC's mechanism in the PHR to authorize non-formulary or alternate medication where clinical need dictates.

c. The Contractor must utilize the MDOC's non-formulary approval process in the MDOC PHR. In the event a non-formulary medication is ordered prior to approval, the Contractor must provide a notification mechanism to address the issue. This notification mechanism must be such that the continuity of patient care is not compromised or unduly disturbed with respect to expediting the medication order.

d. The Contractor must ensure when a 5-day emergency non-formulary medication is prescribed that the system does not allow a refill without approval past the 5 days.

9. Lowest, Most Cost-Effective Medications

a. The Contractor must dispense the most cost-effective medication.

b. The Contractor must provide the most cost-effective medications or other preapproved bioequivalent substitutes, at the same acquisition cost of the most cost-effective product, even when the most cost-effective medication is out of stock. The Contractor must provide documentation of the substitution as part of their monthly reporting packages.

c. The Contractor must review the cost of drugs on a quarterly basis and provide a report to the MDOC Program Manager.

10. Local Backup Pharmacies

a. The Contractor must provide local backup pharmacy distributor/suppliers to provide pharmacy services in the event that the Contractor cannot provide the required pharmaceuticals, in the timeframe required, via mail order.

b. The orders from the local backup pharmacy must be for five days or less (exception for prisoners who are paroling, see Section 1.0 P. 5.). The local backup pharmacy mechanism must be used in the event the medication is required prior to the next business day.

c. Delivery requirements of local backup pharmacy services should be within the operation hours of the pharmacy and within the same business day of receipt of the order.

d. The Contractor is responsible for all pharmaceuticals purchased from the local backup pharmacies.

e. The Contractor is responsible for arranging delivery to the MDOC facility and is responsible for all dispensing fees and delivery costs to the facility.

f. The Contractor will provide a local backup pharmacy that must be within 30 miles of the correctional facility. For areas where a local backup pharmacy is not within 30 miles, the Contractor must state the pharmacy that will be used and the distance from the facility.

g. The Contractor must negotiate pharmaceutical pricing with the local backup pharmacies. The rate should not exceed 150% of the mail order rates. For those that the Contractor are unable to negotiate pharmaceutical pricing to not exceed 150% of the mail order rate the Contractor will reimburse the MDOC for the difference.

h. The Contractor must implement a process that includes a preauthorization mechanism for all local backup pharmacy purchases. The mechanism for local backup pharmacy purchases must be pre-approved in writing by the MDOC Program Manager or designee.

i. The Contractor must supply the MDOC facilities with “starter packs” or “practitioner cards” system that are compliant with all state and federal laws and regulations. Contractor will work with the MDOC to establish which medication types and quantities would be best supplied in this format. These cards are pre-labeled in such a manner that the practitioner or other authorized professional can simply write in the patient name, prescriber name, date of the order, and directions for use.

j. The Contractor must supply the MDOC facilities with lockable emergency medical “stat” boxes. Contractor will work with the MDOC to ensure that the contents reflect each facility’s emergent needs. The Contractor will continue to work with the MDOC to review the contents of the emergency box on a regular basis. The boxes will be compliant with all state and federal laws and regulations. Upon being notified that the box has been opened and drugs removed, Contractor will exchange the existing box with a new box. All shipping costs will be paid for by Contractor. The emergency boxes will be inspected by the Consultant Pharmacist at each quarterly visit to assure integrity.

G. Prescription Drugs and Medication Management

1. The Contractor must educate their providers on the MDOC Formulary and ensure that they are in compliance with the MDOC Formulary. Additionally, the Clinical Pharmacist will work with MDOC CMO/Assistant Chief Medical Officer-Behavioral Health (ACMO-BH) when new drugs or treatments become available to determine

their appropriateness for admission to the formulary.

2. The Contractor must implement a protocol to regularly review issues related to polypharmacy and provide additional education and guidance to providers where issues related to polypharmacy are identified.

3. The Contractor must ensure that all medications, including psychotropic medications, are prescribed by licensed general and psychiatric health providers in accordance with sound general and behavioral health practice and that all prescribers have the appropriate licenses to prescribe medical and psychotropic medications according to the State of Michigan Board of Pharmacy licensing requirements. The Clinical Pharmacist will work with providers to ensure they know how medications are dispensed and how information should be communicated to MDOC health care staff.

4. On-site general and psychiatric health providers must possess a Drug Control License specific to the address for where the dispensing box is located and must have a written agreement to delegate authority to a MDOC clinical staff person to access the dispensing box.

5. The Contractor must provide medication management protocols for high-cost medications and monitor compliance with protocols. All protocols must be approved by the MDOC's CMO.

6. The Contractor must develop a process to review, authorize, and report on high-cost drugs by site and prescriber and other relevant details.

7. The Contractor must provide training to providers on multiple drug regimens, how to identify drug therapy problems, and other issues that may result from complex patients.

H. Complex Case Management

The Contractor must play an active role in the weekly facility case management meetings where the most complex cases are discussed.

The Contractor must work collaboratively with the providers to develop approaches for managing prisoners on multiple medications (polypharmacy). As part of this medication management, the Contractor will look at prescribing patterns from site to site. This should involve a medication reconciliation process that looks at potential medication errors including, but not limited to omissions, duplications, adverse drug interactions, etc.

I. General Health, Psychiatric Health and Pharmacy Staffing (Also See Section 3.0 – 3.9 Staffing)

1. The Contractor must ensure the staffing complies with all federal, State, and local laws and standards pertaining to recruitment practices, equal employment opportunities, license and certification, and MDOC Policies, Procedures, and Protocols.

    a. This includes a 24-hour, seven day per week on call program that must consist of qualified general and psychiatric healthcare providers that are available to answer questions and assist clinical staff after hours related to general and behavioral health issues. The on-call providers must have access to the PHR.

    b. The staffing mix must also include providers that have experience in management of comorbid conditions, and at least one provider must be experienced in women's health and gerontology.

    c. A lead provider must be designated at each facility. The lead provider must be designated on the monthly schedule. The designated lead provider for

DWHC must be on- site and available M-F during business hours of 8:00 a.m. to 4:30 p.m. EST.

d. Medical and psychiatric providers must be permanently assigned to each facility and must fully participate as a member of the facility's health care team.

e. Providers who offer services via telehealth must also fully participate as a member of the facility's health care team

2. The Contractor must ensure that all general and psychiatric health providers and pharmacists have the appropriate licenses to practice in the State of Michigan and that they possess a current license, are in "good standing," and that their license is not otherwise impaired. This includes DEA authorization to prescribe controlled substances.

   All providers that pass the Contractor credentialing process must be submitted to the MDOC CMO for approval, prior to a hiring decision and pending the criminal background check that will be completed by the MDOC.

3. The Contractor must ensure that all newly hired providers, pharmacists, and pharmacy technicians will complete the required MDOC initial training prior to working inside an MDOC facility. Additionally, the providers will be required to meet the annual MDOC training requirements outlined in the respective MDOC Training Plan.

4. All pharmacists providing medication for prisoners housed in Michigan facilities must have State of Michigan Pharmacy licenses and be in good standing throughout the contract term.

5. The Contractor must develop and implement a continuous professional education program for their providers that include education on topics specific to the delivery of general and psychiatric health care to prisoners, comprehensive medication management, and polypharmacy prevention and reduction. Topics will be based on recommendations from:

   - Performance Improvement Committee,
   - Results of audits of service delivery
   - Contract compliance reports,
   - Other training needs as identified by the MDOC

6. The Contractor must ensure that all facilities have the appropriate levels and quantities of qualified general and psychiatric health providers for current and future populations. A qualified medical professional is an MD, physician assistant (PA), or nurse practitioner (NP).

7. The Contractor must assure that clinical supervision oversees each provider and their clinical activity weekly. The clinical supervisor must also approve and sign off on a minimum of 10% of each provider's clinical encounters within one week of the encounter. The supervisory activity must ensure that the provider's intervention is individualized, evidenced-based and has theoretical foundation appropriate for the offender's needs. **Clinical supervision must include live observation.** Live observation must occur at a minimum of every other month.

8. The Contractor must ensure that appropriate supervision is provided to the mid-level providers in accordance with State of Michigan Licensing requirements.
   - Collaboration agreements must be established for all mid-level providers.

9. The Contractor must submit a proposed staffing plan for **each correctional facility, including DWHC**, to MDOC for approval. It must include plans for coverage of unexpected vacancies using a pool of per diem providers, telehealth services, registry

staff, and other means. For providers, who will be taking time off work, a plan must be submitted and approved by the MDOC Health Unit Manager, MDOC Unit Chief or other designated MDOC management staff prior to the Contractor approving the time off. For the Contractor's Key and Essential Personnel who will be taking time off from work, a plan must be submitted and approved by the MDOC PM or CMO prior to the Contractor approving the time off.

10. The Contractor must optimize provider productivity to assure that providers are engaged in patient care and performing duties for which they are licensed. Providers must play a role in the scheduling of their visits to coordinate appointments to minimize duplicate visits and limit unnecessary prisoner movement.

11. The Contractor must receive the MDOC Program Manager's written pre-approval prior to hiring any current or previous MDOC employees.

12. The Contracted employees working at an MDOC facility must use MDOC's timekeeping system.

13. The Contractor is responsible for 24-hour on call health care coverage at DWHC and 24-hour phone coverage for psychiatric health care needs at WCC. The coverage at these locations will also include calls and questions from all other MDOC facilities.

14. MDOC anticipates that recruitment and retention of correctional health care staff will become more challenging over time as the health care system evolves and as changes in the health care workforce occur. MDOC has received Health Professional Shortage Area (HPSA) designation for facilities throughout the State.

J. Emergency Transport Services

The MDOC owns an ambulance at DWHC. The MDOC ambulance transports prisoners within the Jackson, MI area, occasionally transports prisoners from DWHC to other MDOC facilities, and to or from a hospital or assisted living center in non-emergent circumstances. When the ambulance is available, the Contractor can utilize it for transferring prisoners due to non-emergent health issues.

The Contractor must provide a network of emergency ambulance services to prisoners from each MDOC correctional facility. The ambulance service must assure that response time and level of transport services is comparable to community standards, and, whenever possible, within 30 miles of the MDOC correctional facility.

K. Utilization Management Program for General Health Care and Psychiatric Health Services

Utilization management (UM) refers to the evaluation of the appropriateness, medical need, and efficiency of health care services, procedures and facilities according to established criteria or guidelines.

1. The Contractor must have a comprehensive UM program that incorporates pharmaceutical management, and addresses on-site services, off-site services, and inpatient hospitalizations. The UM program must include written criteria based on clinical evidence and procedures for applying the criteria.

2. The Contractor's approach to UM must align with MDOC objectives to:
   - Support management of prisoner population consistent with the MDOC model of care
   - Fully integrate general and psychiatric health services
   - Assure access to evidence based and/or required on-site health services
   - Assure appropriate access to evidence based off site services
   - Safeguard against unnecessary off-site care
   - Support assessment of and ensure quality care
   - Support care transitions

L. General Health Care and Psychiatric Health Utilization Management Requirements

1. The Contractor must utilize nationally recognized, evidence-based UM criteria and clinical guidelines to determine acceptable diagnostic and treatment pathways that will be used to review the appropriateness of all services including labs, therapies, x-rays, and other services. The Contractor must submit criteria and guidelines to the MDOC CMO and any deviations from these guidelines must be pre-approved in writing by the MDOC CMO.

2. The Contractor must provide designated MDOC staff with access to applications used to make level of care/service access decisions, and performance dashboards/reports.

3. The Contractor's UM must include a prior authorization process for specialty and off-site inpatient services.

4. The Contractor must establish timeframes for standard and expedited authorization decisions for both primary and specialty care. The timeframes must not exceed 14 calendar days for standard and three business days for expedited requests. The timeframe begins with the receipt of the authorization request.

5. The UM process must include written notification to the ordering provider of all denials and alternative treatment plans within 14 calendar days for routine requests, and within three business days for urgent and emergent requests.

6. The Contractor's UM process must include a mechanism for denial of payment where prior authorization was not obtained for elective/non emergent services/admissions. The criteria must ensure that prisoners are treated on-site whenever possible.

7. The Contractor's UM decisions must be rendered by appropriately credentialed clinicians.

8. The Contractor must have a process to track all utilization requests, decision, timeframes, and disposition of requests. The Contractor must provide utilization reports according to format and frequency specified by MDOC.

9. The Contractor's UM program must collect and analyze program monitoring data to identify patterns in use of services by facility, provider, service type; it should be structured to address the potential for under and over-utilization of services, and disease management and clinical decision making should be closely integrated with the overall UM strategy.

10. The Contractor must be able to stratify prisoner population utilization data according to the MDOC model of care.

11. From the review of data, the Contractor must be able to design, implement, and monitor targeted interventions designed to address over or under utilization of services.

12. The UM program monitoring processes must be able to identify triggers for potential issues of and poor quality.

13. The Contractor's UM program has an appeal process for providers to use if a request is denied. The final authority in the appeal process rests with the MDOC Chief Medical Officer.

M. Utilization Management Program for Pharmaceutical Services

1. The Contractor must provide 24 hour, seven days per week consulting services related to advising on drug of choice, educating clinicians on drug interactions, new

drug protocols, and therapeutic utilization and support.

2. The Contractor must maintain a toll-free 800 number for consulting services. The toll-free number is 1-800-636-0501.

3. The Contractor must provide emergency and routine consultations regarding all phases of the institutional pharmacy operation. These consultations can be requested on-site, or via tele- or videoconferencing.

4. The Contractor must participate as a member of the Medical Services Advisory Committee (MSAC) and other clinical management teams that discuss prescribing practices, poly-pharmacy, and other pharmaceutical related issues.

5. The Contractor must provide electronic access to updates of pharmaceutical supplies, medication, pricing, and news releases. This includes notification when a medication has a generic equivalent that is on the formulary when a non-formulary request is being completed.

6. The Contractor's system must provide a clinical review by the pharmacy for prevention of medication interactions or duplications and for clinical appropriateness prior to the medication being filled.

N. Claims Processing

1. The Contractor is responsible for payment of all facility and professional claims incurred for medically necessary services provided to eligible prisoners off-site and in MDOC on-site clinics. The prisoners that are eligible for services are based on the daily census interface that is provided by the MDOC.

2. The Contractor must submit a monthly claims file to MDOC on or before the last day of the following month without errors.

3. The Contractor must have a mechanism to ensure that claims are not paid for prisoners who are no longer under the jurisdiction of the MDOC. Any claims paid for prisoners not under the jurisdiction of the MDOC must be financially recouped by the Contractor. Under no circumstances will the State be responsible for claims paid for prisoners not under the jurisdiction of MDOC.

4. All claims paid by the Contractor are considered paid in full. There is no balance billing to the State of Michigan or the prisoner.

5. The Contractor must obtain information concerning any health insurance the prisoner may have that would cover services that are rendered by this Contract and must bill and coordinate benefits with any and all third parties prior to paying claims directly.

6. The Contractor must limit its payment to claims billed within 365 days of the date of service.

7. The Contractor must remit payment for clean claims within 45 calendar days of receipts and must provide a monthly report to MDOC of all claims payments and outstanding claims.

8. The Contractor must utilize up-front audits, standard and customized claim edits, and other industry standards and customized processes to assure that claims are correctly billed before they are paid.
   a. The Contractor must provide a list of all claim edits to MDOC within 90 days of contract execution and at the beginning of each contract year for MDOC's annual review. MDOC's annual review will align with National Clean Claims Initiative best practices.
   b. Contractor must implement any MDOC required edits within 60 days of

request.

c. If the Contractor subjects a provider to prepayment review or any review requiring the provider to submit documentation to support a claim prior to the Contractor considering it for payment, as a result of suspected fraud, waste and/or abuse, the Contractor must notify MDOC of the method and timing of such reporting.

9. The Contractor must utilize a post-payment review methodology to assure claims have been paid appropriately.
   a. The Contractor must complete recoupment from providers within 90 days of identifying claims to be recouped.
   b. The Contractor must report to MDOC monthly, all monies resulting from recoupment.

10. The Contractor must provide the monthly report of all claims paid to MDOC and to MDOC's Third Party Reviewer by the last day of the following month. The report must include all fields requested by MDOC. Claim adjustments must be readily associated with the original claim.
   a. The Contractor must submit a full refresh file of all claims data from the beginning of the contract through the current contract month.

11. The Contractor must include service level detail, including any prior authorizations, for all claims reflecting services provided.
   a. The Contractor must include service level detail for providers who are paid using a per diem, flat rate, or other non-service specific reimbursement method. The Contractor must include a line to indicate the total paid amount and list all services provided to prisoners with the associated visit on a separate line item.

12. The Contractor must report estimated Incurred But Not Reported (IBNR) claims costs on a monthly basis. The Contractor must ensure the method for estimating IBNR is based on an approval of services approach that can be reviewed and verified for accuracy.

13. Most MDOC prisoners will qualify for Medicaid, which will cover the professional and facility costs of inpatient admissions. The Contractor must work with MDOC and hospitals to assure that eligible prisoners are enrolled in Medicaid when an inpatient admission occurs and that hospitals and physicians rendering inpatient care and emergency room care that leads to inpatient admission submit claims directly to Medicaid. The MDOC has staff that conducts the Medicaid eligibility process for prisoners. The Contractor is responsible for notifying the MDOC staff when a prisoner has an inpatientstatus and any emergency room service that preceded the inpatient admission.

14. In the event that the Contractor pays an inpatient hospital claim that later is determined eligible for payment by Medicaid, the Contractor must reverse the hospital payment and credit the amount to MDOC. This also includes a subsequent refund of any network access fees that were charged with the original claim.

15. The Contractor must ensure its practices are compliant with Internal Classification of Diseases (ICD 10).

16. MDOC requires that Contractor's claims adjudication occurs in a location wholly within the United States.

17. The Contractor's claims adjudication processes must be HIPAA compliant.

18. The Contractor must ensure all claims data is complete and accurate and screened for completeness, accuracy and logic.

19. The Contractor must provide copies of paper claims upon MDOC or its Third-Party reviewer upon request. Copies must be provided within 15 business days of request.

20. The Contractor must utilize National Provider Identifier (NPI) to track services and submit claims data.

21. The Contractor is responsible for the timely submission of its subcontractor claims data.
    a. Subcontracted claims data must comply with all requirements outlined in this contract.
    b. The Contractor must evaluate the completeness and quality of its subcontractor encounter data.
    c. The Contractor must require its subcontractor make available, for purposes of audit, evaluation or inspection by the state, MDOC or its agents, its claims data, premises, physical facilities, equipment, books, contracts, computer or other electronic systems relating to the provision of MDOC inmate health services.

22. The Contractor must make all necessary adjustments to claims data resulting from MDOC reviews including but not limited to quality, accuracy, and validation checks. All adjustments must be competed and resubmitted to MDOC in accordance with the claim correction timeliness standard established by MDOC. Contractor must notify MDOC when the adjustments are resubmitted.

O. State of Michigan Prisoner Health Record (PHR)

1. MDOC uses a comprehensive PHR for all prisoner health services. Currently the MDOC utilizes the COMS PHR.

2. The Contractor must use the PHR to maintain a comprehensive, accurate, and integrated general health and psychiatric health record for every prisoner housed in an MDOC facility or a private facility housing MDOC prisoners.

3. MDOC will provide initial training on using the MDOC PHR and MDOC documentation standards to the contracted providers. The Contractor must ensure compliance with MDOC documentation standards.

    a. The Contractor must provide additional training to those providers that are not proficient in the use of the PHR or have been identified via audit/review to not be in compliance with the MDOC documentation standards.

4. The Contractor must ensure that all providers exclusively utilize all necessary templates in the documentation process and that all documentation is completed at the time of the visit or when the service is provided.

5. The Contractor must ensure that all providers utilize the provider and psychiatric templates in the PHR including the entire drop-down screens in the PHR instead of writing notes on patients. This process will reduce the incidents of error and allow for reports to be generated.

6. All diagnostic tests, including labs, must be signed off in the PHR within five business days of the results being available.

7. All encounters, including telehealth, must be entered in the PHR at the time of the encounter, but no later than by the close of business on the day of the encounter.

8. The Contractor must adhere to, and comply with, all protections outlined in HIPPA in regard to all protected health information in the PHR.

9. The Contractor is responsible for all interface costs related to the connection to MDOC and other contractor programs that work in conjunction with this Contract.

P. Reentry and Discharge Planning

The MDOC Prisoner Offender Success Program can be a major contributor to lower recidivism rates in Michigan. Comprehensive reentry planning begins at intake and continues until the prisoner is released to the community. Successful reentry and prisoner transition to the community relies on strong community partnerships and collaboration among the various internal MDOC entities.

The Contractor must work with various MDOC departments, community service providers, insurance carriers, and health and human service agencies to help ensure that prisoners receive needed resources and guidance after release.

The Contractor must collaborate with the MDOC to provide processes to assure continuity of care for prisoners with communicable and chronic illnesses, including mental illness, for prisoners that will be leaving the jurisdiction of the MDOC.

1. Continuity of Care – The Contractor must support MDOC efforts to transition prisoners with general and/or psychiatric health needs to the community and/or other State agencies as appropriate. This includes but is not limited to an assessment of the prisoner's behavioral and general health care status and needs prior to release, instructions and assistance in utilizing Medicaid health care services (if applicable), and necessary medications.

2. Planning – Any prisoner currently on medication that is leaving the jurisdiction of the MDOC and is on prescription medication that should be continued after release must be provided with a 30-day supply of that medication at release.

3. Coordination of Community Resources – The MDOC has discharge planning staff that is responsible for planning and coordination of community resources for prisoners with significant general or behavioral health issues who are released into the community. The Contractor must provide any relevant documentation needed for post-release planning. The Contractor must also answer any general or behavioral health questions from the discharge planners.

4. Veteran Affairs (VA) – Saginaw Correctional Facility (SRF) serves as the hub location for assessing prisoners for potential VA benefits. The Contractor must assist with any forms, paperwork, documentation and examinations that must be completed as part of this assessment.

5. The Contractor must provide a process for a 30-day supply of medications that will be given to prisoners paroling or discharging from MDOC facilities.

6. Health Services Community Reintegration Program – The MDOC has a contract designed to facilitate the successful reentry to the community for offenders deemed to be at high risk of return to prison due to mental illness. The Contractor will not be responsible for any services, but may need to answer any questions related to an offender's general or behavioral health information in the PHR.

Q. Continuous Quality Improvement

MDOC operates a Continuous Quality Improvement (CQI) Team that is the central point for managing and measuring activities related to quality assurance and quality improvement. The CQI Team is responsible for developing and implementing programs and strategies that improve quality of care, enhance general and behavioral health care operations, and assure responsible management of offsite services. The CQI Team will incorporate the MDOC model of integrated team-based care model into its initiatives.

1. The Contractor must participate in CQI Team activities at the facility and the Statewide level as needed, and must act as a resource on relevant quality improvement projects to develop objectives that ensure high quality, medically necessary, cost-effective general and psychiatric health care is available to all prisoners, and that protocols

developed are followed.

2. The Contractor is responsible for examining its processes and identifying opportunities to streamline, improve, and optimize health care processes, outcomes, and cost. The Contractor must provide the CQI Committee with its internal Continuous Quality Improvement (CQI) plan and the results of internal CQI activities, within applicable statutory/regulatory peer review protections. The Contractor's CQI plan must incorporate MDOC strategic objectives. The Contractor's CQI Plan must also include on-going efforts to assess and improve clinician medical record documentation. The Contractor must provide a copy of this plan to the CQI committee for review upon contract implementation and annually thereafter. The MDOC CMO or designee must approve the plan prior to implementation. The written plan must describe how the Contractor will:

    a. Analyze the processes and outcomes of care using currently accepted standards from recognized medical authorities. The Contractor may include examples of focused review of individual cases, as appropriate
    b. Develop system interventions to address the underlying factors of disparate utilization, health disparity, health-related behaviors, and health outcomes, including but not limited to how they relate to high utilization of emergency services
    c. Establish clinical and non-clinical priority areas and indicators for assessment and performance improvement
    d. Compare CQI findings with past performance and with established goals and available external standards
    e. Measure the performance of providers and conduct peer review activities such as: identification of practices that do not meet Contractor standards; recommendation of appropriate action to correct deficiencies; and monitoring of corrective action by providers
    f. At least annually, provide performance feedback to providers, including detailed discussion of clinical standards and expectations of the Contractor
    g. Develop and/or adopt, and periodically review, clinically appropriate practice parameters and protocols/guidelines. Submit these parameters and protocols/guidelines to providers with sufficient explanation and information to enable the providers to meet the established standards and makes these clinical practice guidelines available to prisoners upon request
    h. Perform a member satisfaction survey according to MDOC specifications and distribute results to providers, prisoners, and MDOC
    i. Implement improvement strategies related to findings and evaluate progress at least annually
    j. Ensure the equitable distribution of health care services to their entire population, including members of racial/ethnic minorities, those whose primary language is not English, and those with disabilities

3. The Contractor must utilize MDOC forms and templates for identifying, tracking and completing performance improvement activities.

4. The Contractor must also conduct peer review activities that comply with national standards for all providers.

5. The Contractor must provide for quarterly pharmacy audits of MDOC institutions verifying inventories, expired medications, disposal of medications, MDOC processes related to medication security (medication box seals and logs), etc. The audit must ensure consistency with the State of Michigan pharmacy requirements.

6. The Contractor must conduct performance improvement projects that focus on clinical and non-clinical areas. Each performance improvement project must be designed to achieve significant improvement, sustained over time, in health outcomes, and must

include the following elements:

a) Measurement of performance using objective quality indicators.
b) Implementation of interventions to achieve improvement in the access to and quality of care.
c) Evaluation of the effectiveness of interventions based on performance measures.
d) Planning and initiation of activities for increasing or sustaining improvement.

The Contractor must meet minimum performance objectives. MDOC will collaborate with the Contractor to determine priority areas for annual performance improvement projects. The priority areas may vary from one year to the next and will reflect the needs of the population such as Medication-Assisted Treatment. The Contractor must report the status and results of each project conducted to MDOC as requested, but not less than once per year as part of the compliance review.

R. Other Requirements

1. The MDOC has a third-party reviewer contract which assists MDOC in assessing services provided under this Contract. The Contractor must provide all requested information (claims, billings, payroll, relevant data, etc.) to the third-party reviewer, copying the MDOC Program Manager. No assessments, audits, or reviews of Contractor's compliance with the terms of this Contract, other than those conducted by MDOC and MDOC's third party reviewer, will have any influence or effect on this Contract. The Contractor does not have any financial responsibility for the payment of the third-party reviewer.
    a. Third-party review may include but is not limited to assessment and review of:
        - Trends and utilization management
        - Review and enforcement of Service Level Agreements (Schedule A-9)
        - Review and monitoring of claims data
        - Site visits related to contractual obligations
        - Service date lag time benchmarks
        - Expected EDI fail amounts
        - Average paid amount per service, by billing code
        - Duplicate claims
        - Incorrect billing
        - Potential cost avoidance
        - Contractor fraud, waste and abuse practices

2. The MDOC has multiple audit cycles and processes conducted internally and externally. The Contractor must participate and provide any necessary documentation and/or reports requested by the MDOC within the established timelines of the audit process(s).

3. The Contractor must attend any strategic planning meeting with BHCS leadership to discuss promising and best practices, progress on BHCS strategic initiatives, and opportunities for improvement; review trend data to identify future general and psychiatric health needs of the population; and present suggestions to MDOC for other strategic initiatives. This meeting will provide all partners with an opportunity to discuss ways to enhance and improve BHCS services.

4. The Contractor is responsible for all laboratory and phlebotomy supplies.

5. The lab contractor must be able to electronically receive lab orders and electronically transmit lab order results via an interface to the MDOC PHR system.

6. The Contractor is responsible for the purchase and maintenance of all patient specific durable medical equipment. The Contractor must provide prosthetics and orthotics with prior approval of the MDOC and these must be purchased within 10 days of the visit identifying the need for the equipment.

a. Currently the MDOC has numerous contracts for various durable medical equipment. The MDOC will utilize these contracts when applicable to purchase patient specific durable medical equipment and will deduct the expenses from the Contractor's monthly invoice. An itemized list of expenses will be supplied to the Contractor.

S. Overview of IT Systems

Currently the MDOC's contracted health care provider provides technology solutions that allows MDOC to function in an electronic environment. The Contractor must provide systems for these services as outlined in Section T. below. The MDOC reserves the right to request additional electronic systems to meet operational needs. The Contractor may propose new electronic systems for consideration. These systems would require approval from the MDOC Program Manager and would need to follow the State of Michigan's IT process for implementation (See Section 1.3 and Security Schedule F).

MDOC has deployed a Prisoner Health Record (PHR) system and the Contractor will be required to use it and provide inbound/outbound interfaces with it.

The Contractor is responsible for the necessary equipment, supporting hardware and software for all systems outlined in Section T (See Section 1.3 and Security Schedule F). The Contractor will be responsible for providing necessary training to accomplish the capability to function in an electronic environment.

T. Technical Overview of IT Systems

For the Department of Corrections to achieve business goals of this contract, the following technology solutions are currently included.

Current Healthcare Systems

1. There are currently three main data feeds.

   a. Pharmacy interface with MDOC PHR system.
   b. Laboratory results incoming into the MDOC PHR system.
   c. MDOC PHR data outgoing files for risk stratification.

Description of Systems

The MDOC will provide the following software/systems that will be used by the Contractor subject to standards noted in Sections 1.3 through 1.10.

1. COMS/PHR (ATG) - This is MDOC's PHR and main system of record for a prisoner's health information.

2. OMNI – This is MDOC's main system for offender (prisoner, parolee and probationer) data.

3. OMS (Mental Health Reporting) – This system also houses offender data and provides additional mental health reporting.

4. Medication Order Incident Reporting (Staff-side) – This is system MDOC utilizes to capture medication administration errors.

The Contractor must provide the following software/systems to be used for contract activities subject to standards noted in Sections 1.3 through 1.10.

1. Pharmacy System – This is a Contractor provided system utilized to process medication orders from MDOC's COMS/PHR system for dispensing to MDOC's correctional facilities.

2. Medication Order Incident Tracking (Pharmacy-side) – This is a Contractor provided system that captures medication order issues for pharmacy dispensed prescriptions.

3. Lab Order Results – This is a Contractor provided system that submits laboratory order results to MDOC's PHR.

4. Risk Assessment Tool – This is a Contractor provided system that provides inmate risk assessment and stratification.

5. Claims Verification and Payment – This is a Contractor provided system that provides offsite claims processing.

6. Audiology – This system provides hearing testing and measurement.

7. Optometry – This system provides vison testing and eyecare management.

The following systems are provided by other vendors and are out of scope for this contract.

1. Radiology Image Storage System - This system provides current radiology and imaging services; however, the MDOC currently has a contract for this storage system. This system is out of scope for this contract.

2. Mental Health Assessment - This system provides mental health assessments. This system is provided by another vendor. This is out of scope for this contract.

Current Data Feeds

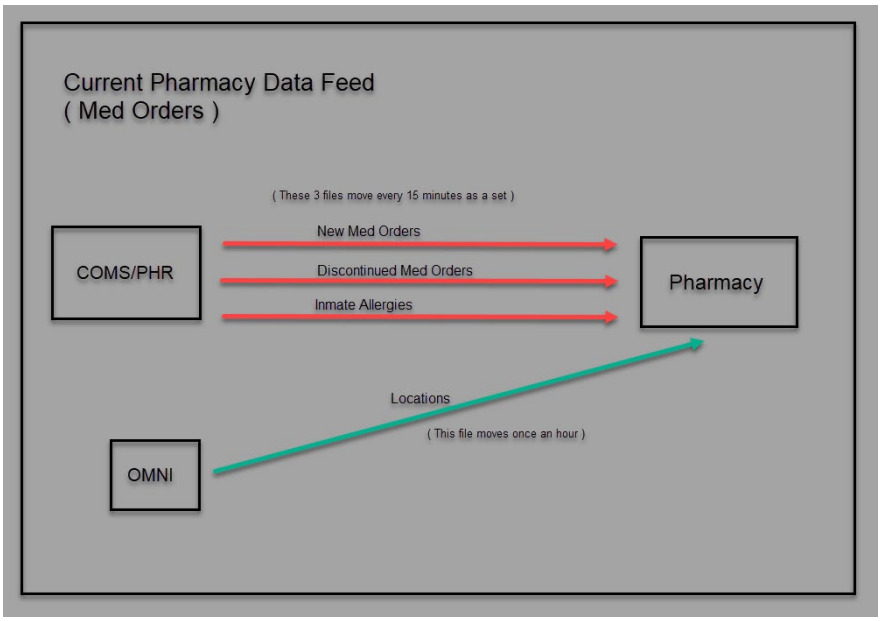
Below are MDOC's current data feeds for current systems. The Contractor may propose new or additional methods of feeding data between the systems for MDOC's consideration. Specifically
moving to industry standards, such as HL7 formatting, and bi-directional data feeds when applicable for efficiency.

1. Medication Orders (Pharmacy)

a. Medication orders are extracted from the MDOC's PHR and sent to the Pharmacy contractor's system via a data feed.

b. There are 4 files that are sent as part of the data feed and are listed below:

1) New medication order records.
2) Discontinued medication order records.
3) Prisoner allergies records.
4) Inmate locations.

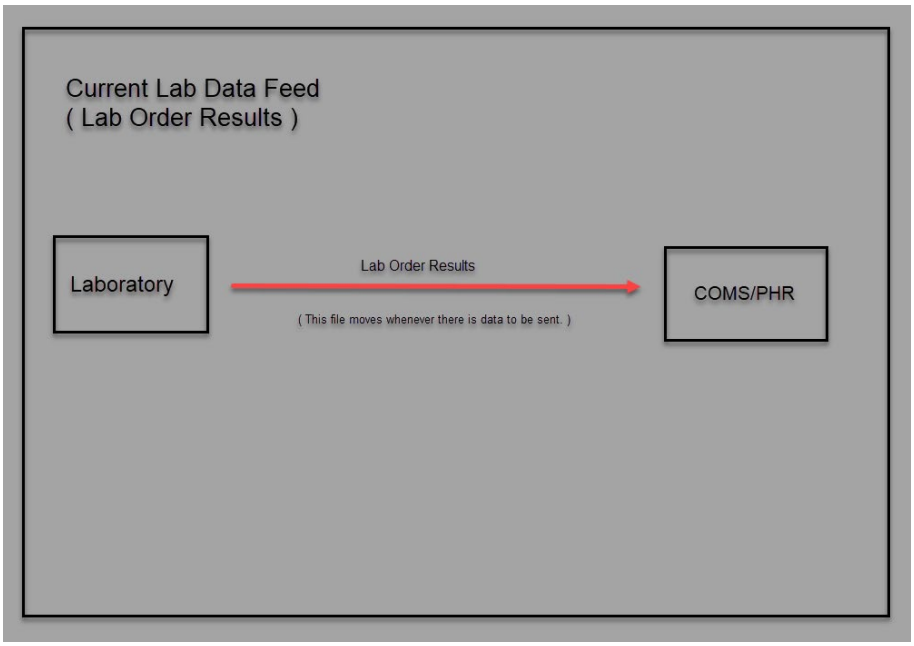


2. Lab Order Results (Laboratory)

a. Lab order results are received from the laboratory Contractor/subcontractor via a data feed and uploaded into the MDOC PHR (see below diagram).

b. Files are received from the laboratory Contractor/subcontractor several times a day.

c. Currently this feed is in HL7 formatting.



3. **Inmate Data (Risk Stratification and Assessment)**

a. Prisoner health information is extracted from MDOC's PHR system and transmitted to the Contractor's system via a data feed for the purpose of conducting health risk assessments and calculation of prisoner risk scores.

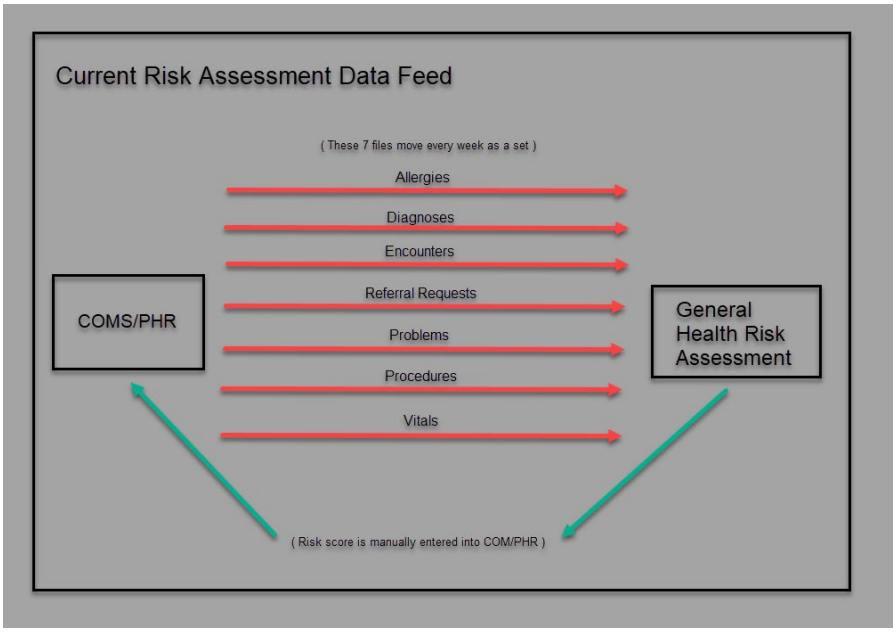
b. It is used to determine quality, level, and frequency of care for prisoners.

c. There are 7 files that are transmitted weekly.

d. Currently the risk scores that are calculated are manually entered for each prisoner into MDOC's PHR as required by the MDOC's documentation standards.

e. This is currently a Contractor hosted system.

See diagram below:



U. Workstations

1. The Contractor must provide workstations for contractual staff working remotely, including providers utilizing telehealth, administrative functions, etc.
2. The MDOC will provide workstations for contractual staff working inside MDOC correctional facilities.
3. A workstation includes a laptop/desktop to allow for documentation in the MDOC PHR, for communication relevant to this contract, and other daily tasks as required by the contract.

V. Data Migration

The Contractor must collaborate with the MDOC and/or other vendors to migrate the data from the following software/systems, refer to Section 1.7 for additional information.

1. Pharmacy System

2. Medication Order Incident Tracking (Pharmacy-side)

3. Risk Assessment Tool

4. Audiology

5. Optometry

1.1. Transition

A. The Contractor is responsible for a high-level transition plan. This plan must include high level milestones, deliverables, key activities for the transition phase, critical tasks, and the person responsible for those tasks. The plan must ensure uninterrupted continuity of care to MDOC prisoners is maintained throughout the transition. Within 10 calendar days of Contract effective date, the Contractor must submit a revised, expanded, detailed narrative of their transition plan. The Contractor must continue to revise the transition plan and submit to the MDOC Program Manager no less than on a monthly basis until all items have been successfully implemented, per the MDOC Program Manager's input on progression of, or acceptance of, each item.

B. The prisoners that currently have a treatment plan at the time of the Contract award will continue with their current plan until it is completed. The Contractor will be financially responsible for the costs of the current treatment plan through its completion.

C. The Contractor's transition plan must ensure they work in partnership with the MDOC, all subcontractors, all specialty service providers, and current MDOC health care providers to deliver uninterrupted clinical and administrative services that ensure the continuity of care to the prison population, including infrastructure of systems, staffing, and providers. The Contractor is responsible for a customized plan of action to ensure a seamless transition in all aspects of contracted services. To accomplish this, the Contractor activities must include, but are not limited to, the following:

1. Regular, scheduled communication with key MDOC and subcontractor personnel and specialty services providers;
2. Deployment of Contract and transition management teams;
3. Recruitment initiatives designed to retain incumbent personnel;
4. Implementation of a comprehensive orientation and in-service training program;
5. Transition of services from current contractors;
6. Development of specialty network activities;
7. Development of reporting formats to include sample reports and encounter data submission testing and acceptance;
8. Pharmaceutical utilization management plan;
9. Local backup pharmacies that will be used;
10. Rebate/discount/revenue calculation methodology;
11. Pharmacy data transmission plan;
12. Interface development and testing schedule (COMS, OMNI, OMS), and
13. Data migration plan for applicable systems noted in Section 1.0 V. and Section 1.7.

D. Post Transition Review

1. The Contractor must conduct a post-transition review survey to provide an internal evaluation and assessment of the program implementation approximately 90 calendar days after the services "Go Live" start date. The post-transition survey must include items relative to all important start up activities and compliance with key Contract provisions, and mutually agreed by the MDOC Program Manager and the Contractor. The Contractor's survey team must visit each geographic region and review accomplishments, opportunities for improvement, and compliance with the transition plan and key Contract provisions. Survey results must be submitted to the MDOC Program Manager.

E. End of Contract Conversion Responsibility: At Contract expiration or termination, the Contractor must work with State personnel and other contractors, if applicable, to convert or transition all services and data into an acceptable format for uploading into or importing into a State owned database (also see Standard Contract Terms, Sections 31 and 38.e).

1.2. MDOC Training
The Contractor must require the following MDOC training:

In accordance with MDOC instruction, Contractor staff and subcontractor staff who provide direct services to offenders within correctional facilities must complete MDOC required training before providing services under this Contract. Exceptions may be made for transfers or employees with prior MDOC work experience in similar positions who have completed MDOC training previously. Contact the MDOC Contract Monitor with any questions concerning MDOC training. The Contractor may contact the MDOC Contract Manager to obtain the assigned MDOC Contract Monitor's information.

These programs will be provided at no charge to the Contractor. The Contractor will be responsible for payment of the Contractor staff salaries, benefits and other expenses, while attending any MDOC required training. All training provided to Contractor staff by MDOC must be documented. The form will be provided to the Contractor. In addition, the MDOC annual training plan will be provided to the Contractor(s) as approved by the MDOC Training Division. The Contractor must adhere to the established deadlines and complete all training as required by MDOC leadership.

A. New Contractor Training
The Contractor is responsible to ensure access and completion of all mandatory training, as noted in the MDOC Training Plan for all new on-site and telehealth providers and specialists. Contractor must maintain all training records for each employee and specialist and have them available for MDOC review as requested.

B. Additional Training
1. Training on updated and/or new policies within 30 days of the effective date of the new policy, documented in writing.
2. Written documentation assuring on-site and telehealth providers received information on Policy and Procedure changes.
3. Certification in cardiopulmonary resuscitation (CPR)/automated external defibrillator (AED).
4. The MDOC from time to time may require other training not expressly stated in this contract. The MDOC will notify the Contractor of such training and Contractor must complete the required training within the timeframe that the MDOC Contract Manager or designee specifies.

C. PHR Training – The initial PHR training will be provided by the MDOC. The Contractor must then develop a train- the-trainer program to complete all remedial PHR training for their staff.

D. The Contractor staff must complete all MDOC annual training no later than September 30th of every calendar year and submit proof of completed staff training no later than October 31st of the calendar year unless otherwise directed by the MDOC Contract Manager or designee.

E. Contractor must provide documentation and training materials upon MDOC request.

1.2.1 Contractor Training
Contractor is responsible for certain training for its staff and subcontractor staff who provide direct services to offenders within correctional facilities. This training must be completed prior to providing services under this Contract. The Contractor will be responsible for all costs associated with Contractor training including payment of the Contractor staff salaries, benefits and other expenses.

A. Pharmacy System Training – Provide training during system implementation for any software and/or enhancements. The Contractor must also provide prospective and retrospective provider education related to pharmacy practices, management and utilization (case by case and globally). This includes Contractor's staff and MDOC staff.

B. Communicable Disease Control – The Contractor must develop and submit for MDOC Program Manager or designee approval, a comprehensive prison specific communicable disease control training for its providers.
1. The training must align with MDOC's Infectious Disease Manual and MDOC Infectious Disease Protocols.
2. The training must address at a minimum regular screening, diagnosis, prevention, treatment, and recovery of communicable diseases along with any other specifics in the MDOC protocol and/or manual
3. The Contractor must review its training annually. Any revisions to the Contractor Communicable Disease control training must be approved by the MDOC Program

Manager or designee.

4. The Contractor must ensure that its providers receive all Contractor communicable disease control training and MDOC Infectious Disease Protocols prior to providing direct care to inmates.
   a. Training must be provided as part of new hire onboard training for all new employees. Documentation of all new hire employees must be provided within 30 days of hire date.
   b. Contractor communicable disease control training is required annually. Documentation for annual training must be submitted as part of the MDOC annual training reporting requirement stated in Section 1.2.D above in this contract.
5. Contractor must keep record of all provider training including details of training courses, date of completion and method and duration of training.
6. Contractor must provide documentation and training materials to the MDOC Contract Manager or designee upon request.

C. PHR Train the Trainer- The Contractor must develop a train- the-trainer program to complete all remedial PHR training for their staff.

1.2.2 Contractor Training to MDOC

Contractor is responsible for providing agreed upon training to MDOC staff. An example of such training to be provided is the 40-hour Crisis Intervention Team (CIT) Training for correctional officers who work with patients in specialized mental health areas.

1.3 Specific Standards

IT Policies, Standards and Procedures (PSP)

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

Public IT Policies, Standards and Procedures (PSP):

https://www.michigan.gov/dtmb/0,5552,7-358-82547_56579_56755---,00.html

Note: Not all applicable PSP's are available publicly. Controlled PSP's applicable to the RFP are available after signing and returning to the State the required Nondisclosure Agreement (NDA) agreement.

Acceptable Use Policy

To the extent that Contractor has access to the State's computer system, Contractor must comply with the State's Acceptable Use Policy, see https://www.michigan.gov/documents/dtmb/1340.00.01_Acceptable_Use_of_Information_Technology_Standard_458958_7.pdf. All Contractor Personnel will be required, in writing, to agree to the State's Acceptable Use Policy before accessing the State's system. The State reserves the right to terminate Contractor's access to the State's system if a violation occurs.

SOM Digital Standards

All software items provided by the Contractor must adhere to the State of Michigan Application/Site Standards which can be found at www.michigan.gov/standards.

Mobile Responsiveness

The Contractor's Solution must utilize responsive design practices to ensure that any application that may be used on a mobile device is accessible and can be used effectively on a mobile device.

ADA Compliance

The State is required to comply with the Americans with Disabilities Act of 1990 (ADA), and has adopted a formal policy regarding accessibility requirements for websites and software applications. The State is requiring that

Contractor's proposed Solution, where relevant, to level AA of the World Wide Web Consortium (W3C) Web Content Accessibility Guidelines (WCAG) 2.0. Contractor may consider, where relevant, the W3C's Guidance on Applying WCAG 2.0 to Non-Web Information and Communications Technologies (WCAG2ICT) for non-web software and content. The State may require that Contractor complete a Voluntary Product Accessibility Template for WCAG 2.0 (WCAG 2.0 VPAT) or other comparable document for the proposed Solution. http://www.michigan.gov/documents/dmb/1650.00_209567_7.pdf?20151026134621

1.4 User Type and Capacity

Type of User	Access Type	Number of Users	Number of Concurrent Users
Standard User/Contractor	Edit and Read Only	1,600*	1,600*
DTMB	Read Only	10	10
MDOC Automated Data Services Section (ADSS)	Full Access	8	8
Medical Management	Low Access	142	142
Administrator	Access to all except Maintenance	11	11

*This is the maximum number of users based on the current staffing plan and current Contractor.

Contractor must be able to meet the expected numbers of users concurrently.

1.5 Access Control and Authentication

The Contractor's solution must integrate with the State's IT Identity and Access Management (IAM) environment as described in the State of Michigan Digital Strategy (http://www.michigan.gov/dtmb/0,5552,7-150-56345_56351_69611-336646--,00.html), which consist of:

1. MILogin/Michigan Identity, Credential, and Access Management (MICAM)
    a. An enterprise single sign-on and identity management solution based on IBM's Identity and Access Management products including, IBM Security Identity Manager (ISIM), IBM Security Access Manager for Web (ISAM), IBM Tivoli Federated Identity Manager (TFIM), IBM Security Access Manager for Mobile (ISAMM), and IBM DataPower, which enables the State to establish, manage, and authenticate user identities for the State's Information Technology (IT) systems.
2. MILogin Identity Federation
    a. Allows federated single sign-on (SSO) for business partners, as well as citizen-based applications.
3. MILogin Multi Factor Authentication (MFA, based on system data classification requirements)
    a. Required for those applications where data classification is Confidential and Restricted as defined by the 1340.00 Michigan Information Technology Information Security standard (i.e. the proposed solution must comply with PHI, PCI, CJIS, IRS, and other standards).
4. MILogin Identity Proofing Services (based on system data classification requirements)
    a. A system that verifies individual's identities before the State allows access to its IT system. This service is based on "life history" or transaction information aggregated from public and proprietary data sources. A leading credit bureau provides this service.

To integrate with the SOM MILogin solution, the Contractor's solution must support SAML, or OAuth or OpenID interfaces for the SSO purposes.

1.6 End-User Operating Environment
The SOM environment is X86 VMware, IBM Power VM and Oracle VM, with supporting enterprise storage monitoring and management.

Contractor must accommodate the latest browser versions (including mobile browsers) as well as some pre-existing browsers. To ensure that users with older browsers are still able to access online services, applications must, at a minimum, display and function correctly in standards-compliant browsers and the state standard browser without the use of special plugins or extensions. The rules used to base the minimum browser requirements include:

• Over 2% of site traffic, measured using Sessions or Visitors (or)
• The current browser identified and approved as the State of Michigan standard

This information can be found at https://www.michigan.gov/browserstats. Please use the most recent calendar quarter to determine browser statistics. For those browsers with over 2% of site traffic, except Internet Explorer which requires support for at minimum version 11, the current browser version as well as the previous two major versions must be supported.

Contractor must support the current and future State standard environment at no additional cost to the State.

For additional State specifications for laptops, desktops and applications hosted in our data center, please refer to the 1345.00.xx series of the State Policy Standards and Procedures.

Note: Not all applicable PSP's are available publicly. Controlled PSP's applicable to the RFP are available after signing and returning to the State the required Nondisclosure Agreement (NDA) agreement.

1.7 Migration
The Contractor is responsible for the entire data migration effort of the following software/systems including:

Pharmacy System, Medication Order Incident Tracking (Pharmacy-side), Risk Assessment Tool, Audiology and Optometry.

- Developing a migration plan
- Mapping the data from the old system to the new system
- Developing processes to extract the data from the old system
- Developing processes to migrate the data to the new system
- Testing the migration processes
- Executing the migration
- Reconciliation of the data migration to confirm that all accounts have been successfully migrated

1.8 Backup and Disaster Recovery
Contractor must maintain and operate a backup and disaster recovery plan to achieve a Recovery Point Objective (RPO) of Recovery Point Objective 24 hours, and a Recovery Time Objective (RTO) of Recovery Time Objective 24 hours.

1.9 Application Scanning
For Contractor provided applications, Contractor, at its sole expense, must provide resources to complete the scanning and the analysis, remediation and validation of vulnerabilities identified by the scan as required by the State Secure Web Application Standards.

Application scanning and remediation must include the following types of scans and activities:

1.9.1. Dynamic Application Security Testing (DAST) - Scanning interactive application for vulnerabilities, analysis, remediation, and validation (May include IAST)

- Contractor must either a) grant the State the right to dynamically scan the application code to a deployed version of the Solution; or b) in lieu of the State performing a scan, Contractor must provide the State a vulnerabilities assessment after Contractor has used a State approved application scanning tool. These scans must be completed and provided to the State quarterly (dates to be provided by the State) and for each major release. Scans should be completed in a non-production environment with verifiable matching source code and supporting infrastructure configurations.

1.9.2. Static Application Security Testing (SAST) - Scanning source code for vulnerabilities, analysis, remediation, and validation

- For Contractor provided applications, Contractor, at its sole expense, must provide resources to complete the scanning and the analysis, remediation and validation of vulnerabilities identified by application source code scans. These scans must be completed for all source code initially, for all updated source code, and for all code for each major release.

1.9.3. Software Composition Analysis (SCA) – Third Party and/or Open Source Scanning for vulnerabilities, analysis, remediation, and validation

- For software that includes third party and open source software, all included third party software must be documented and the source supplier must be monitored for notification of identified vulnerabilities. SCA scans may be included as part of SAST and DAST scanning or employ the use of as SCA tool to meet the scanning requirements. These scans must be completed for all third-party code initially, for all updated third-party code, and for all third-party code in each major release.

1.9.4. Application scanning and remediation must include the following types of scans and activities as required based on, regulatory requirements, data classification and/or composition, or as identified in contractual agreements.

- If provided as part of the Solution, all Native mobile application software must meet the scanning requirements including any interaction with an Application Programming Interface (API)
- Penetration Testing – Simulated attack on the application and infrastructure to identify security weaknesses

1.10 Infrastructure Scanning

1.10.1. For IT Environment Services, Contractor must ensure the infrastructure and applications are scanned using an approved scanning tool (Qualys, Tenable, or other PCI Approved Vulnerability Scanning Tool) at least monthly and provide the scan's assessments to the State in a format that can be transferred to State and used to track the remediation. Contractor will ensure the remediation of issues identified in the scan according to the remediation time requirements documented in the State's PSPs.

2.0 Acceptance

2.1. Acceptance, Inspection and Testing

The State will use the following criteria to determine acceptance of the Contract Activities:

Project Plan – The MDOC will consider the project plan milestones accomplished upon the MDOC acceptance and written approval of each individual milestone. The Contractor must submit to the MDOC Program Manager their revised, detailed project plan, including timing of milestones, no later than 30 calendar days after the Contract effective date. The MDOC Program Manager will have 10 business days to review and may make changes and recommendations to the plan, including timing of milestones. The Contractor will then have one week to finalize the plan. The final plan will be approved in writing by the MDOC Program Manager within 30 calendar days prior to the date that services will be provided. The project plan milestones include the following:

A. Staffing Plan – The Contractor will have accomplished this milestone when they provide the coverage level of staffing that will ensure timely access to general and psychiatric health care and pharmacy services consistent with MDOC Policies and Procedures and the requirements of this Contract.

B. On Call Plan – The Contractor will have accomplished this milestone when they provide the schedule of on call, weekend, and holiday coverage for general and psychiatric health care and pharmacy services and it is approved in writing by the MDOC Program Manager or designee.

C. Specialty Provider Network – The Contractor will have accomplished this milestone when they have identified the specialty network including: specialists/consultants, hospitals and urgent care centers (that are willing to accept Medicaid eligible patients), secure units, and therapy services for each correctional facility and Re-entry center by written contract or Letter of Intent and approved by MDOC Program Manager or designee.

D. Telehealth Plan – The Contractor will have accomplished this milestone when they identify the services, specialties, and processes, including the scheduling component for the telehealth program and approved in writing by MDOC Program Manager or designee.

E. Quality Assurance – The Contractor will have accomplished this milestone when they provide their written Quality Assurance plan and it is approved in writing by the MDOC Program Manager.

F. Documentation and Data Collection – The Contractor will have accomplished this milestone when they have provided the process they will use related to documentation and data collection for purposes of monitoring access to care and other statistical data related to general and psychiatric health care services and approved by MDOC Program Manager or designee.

G. Pre-authorization Process – The Contractor will have accomplished this milestone when they have provided the pre-authorization process for referrals to the specialty networks, provided an appeal process, and have included a mechanism for capturing the authorization number for purposes of calculating IBNR and approved by MDOC Program Manager or designee.

H. Encounter Data Submission – The Contractor will have accomplished this milestone when they have successfully transmitted the universal claims data files to the MDOC and all edits have passed.

3.0 Staffing

3.1. Contractor Representative

The Contractor must appoint a primary and alternate individual, specifically assigned to State of Michigan accounts, that will respond to State inquiries regarding the Contract Activities, answering questions related to ordering and delivery, etc. (the “Contractor Representative”).

The Contractor must notify the Contract Administrator at least 30 calendar days before removing or assigning a new Contractor Representative.

The Contractor has identified David Thompson as the primary Contractor Representative. He can be reached at 615-466-3486 (office); 615-707-0465 (cell) or DNThompson@Wellpath.us.

The Contractor has identified Jeff Traczewski as the alternate Contractor Representative. He can be reached at 615-312-7219 (office); 615-500-0705 (cell) or jefft@wellpath.us.

3.2. Contract Administrator

The Contract Administrator for each party is the only person authorized to modify any terms of this Contract, and approve and execute any change under this Contract (each a “**Contract Administrator**”):

State:	Contractor:
Brandon Samuel 525 W. Allegan St. 1st Floor P.O. Box 30026 Lansing, MI 48909-7526 samuelb@michigan.gov 517-249-0439	Dean Rieger, MD 1283 Murfreesboro Road, S. 500 Nashville, TN 37217 Deanrieger@gmail.com 615-715-1034

3.3 Contract Manager

The Contract Manager for each party is the sole point of contact for each party on all contract related issues. The Contract Manager will work with the Contract Administrator/Buyer if there are reasons to modify any terms of this Contract:

State:	Contractor:
Sharene Johnson Michigan Department of Corrections 206 E. Michigan Avenue PO Box 30003 Lansing, MI 48909 JohnsonS14 @michigan.gov Phone Number TBD	David Thompson 1283 Murfreesboro Road, Suite 500 Nashville, TN 37217 dnthompson@wellpath.us 615-466-3486

3.4. Program Manager

The Program Manager for each party will monitor and coordinate the day-to-day activities of the Contract (each a "**Program Manager**"):

State:	Contractor:
Marti Kay Sherry, Health Services Administrator Michigan Department of Corrections 206 E. Michigan Avenue PO Box 30003 Lansing, MI 48909 Sherrym@michigan.gov (517) 335-2252	Mark Morrissey 70823 Kristy Lane Edwardsburg, MI 49112 MMorissey@wellpath.us 248-762-3431

3.5. Technical Support, Repairs and Maintenance

The Contractor must maintain a toll-free number for the State to make contact with the Contractor for technical support, repairs and maintenance. The Contractor must be available for calls and service during the hours of 8 am to 5 pm EST.

When providing technical support, the Call Center must resolve the caller's issue within 24-hours, unless caused by extenuating circumstances, such as a natural disaster, etc. If the caller's issue cannot be resolved within 24-hours, on-site service must be scheduled as required. The on-site service must be performed within 48-hours of the time the issue was scheduled for service.

Toll-free number is 1-800-636-0501.

3.6. Key Personnel

The MDOC reserves the right to require the Contractor to fill each position with a separate individual at any time during the contract term if the MDOC feels that the Contractor is not fulfilling all requirements of the contract.

The Contractor must appoint at a minimum, the below individuals who will be directly responsible for the day-to-day operations of the Contract ("Key Personnel"). Key Personnel must be specifically assigned to the State account, be knowledgeable on the contractual requirements, and respond to State inquires within 24-hours.

A. Key Personnel: **All Key Personnel must physically be located in Michigan and must have their license to practice in Michigan when the Contract begins.**
Below are the titles specified by the MDOC, if your organization uses a different title for the required Key Personnel Position, please also include that title as well.

1. Project Manager – This position is mandatory for the transition period, and any special projects that are an outcome of this Contract. Examples of special projects might include long term care facility, any new development of on-site specialty care or units, etc.
2. Operations Manager – This person will oversee and manage the day-to-day operations related to this Contract. The position will also be responsible for the integration of corporate support functions for site level applicability and, as the MDOC liaison, will work closely with the MDOC and the facility administration to ensure the general and psychiatric health care program and pharmacy services meet the goals and expectations of the MDOC.
3. Medical Director – The Medical Director must be versed in both general and psychiatric health, and will work closely with the MDOC CMO and MDOC ACMOs. The single Medical Director will be responsible to oversee and manage the clinical quality for all services provided under this Contract. The Medical Director will also need to seek medical privileges at the MDOC secure units. The Medical Director must be readily available and be familiar with community practice standards in Michigan.
4. Psychiatric Director – The Psychiatric Director must be versed in psychiatric service delivery as well as general health conditions as they impact behavioral health and will work closely with the MDOC COM and ACMOs. The Psychiatric Director will be responsible for the oversight of the psychiatric providers, and management of the clinical quality of their service delivery under this contract. The Psychiatric Director must seek medical privileges with the MDOC so they may deliver clinical services if necessary. The Psychiatric Director must be readily available and be familiar with community practice standards in Michigan.
5. Substance Use Disorders Director – The Substance Use Director must have appropriate credentialing and recent experience in the clinical management and oversight of substance use disorders treatment and prevention. The Substance Use Disorders Director may be the Medical or Psychiatric Director, or other appropriate professional. They will be responsible for ensuring appropriate diagnoses, prevention, treatment, and prevention of substance use disorders.
6. Quality Assurance/Quality Improvement Director – The Quality Assurance Director must be a licensed physician, registered nurse, or other licensed clinician as approved by the MDOC. This approval is based on a review of the QI plan to ensure the clinician possesses past experience in designing and implementing quality systems and knowledge of quality assurance practices and approaches to quality improvement necessary to meet the requirements for quality improvement/quality assurance activities.
7. Provider Services Director – The Provider Services Director is responsible for the management of the relationships with the hospitals, physicians, and providers who are part of the specialty network and coordinating communications between the Contractor, its subcontractors and other providers. The position is responsible for ensuring that all approved claims are submitted, paid within 30 days, and that all collection notices are resolved within 90 days of notification of the collection notice.
8. Utilization Management Director – The Utilization Management Director must have a clinical (physician) license and must administer utilization management services, including pharmacy off formulary requests.
9. Infectious Disease Director - The Infectious Disease Director must have a clinical (physician) license and will specialize in the prevention and treatment of communicable diseases. This position will be responsible for ensuring proper diagnosis, prevention, diagnosis, treatment, and recovery of communicable diseases.
10. Clinical Pharmacist – The Clinical Pharmacist must be licensed in Michigan, residency trained, and hold a Doctor of Pharmacy (PharmD). The position will serve as the clinical lead in medication and formulary management. They will be responsible for working with the providers to ensure they are educated on the MDOC formulary, serve as a liaison with complex patients who are on multiple medications, and work collaboratively on managing prisoners with multiple drug regimens. They will also recommend and provide relevant training to providers on new medications, and advise on drug of choice, drug utilization, drug interactions, and research. This person will be part of the Pharmacy and Therapeutics Committee and the Medical

Services Advisory Committee.

11. Duane Waters Health Center Lead Physician – This is a lead provider who is physically on site at Duane Waters Health Center for each day of the week (Monday through Friday).
12. Gender Dysphoria Consultant - The Gender Dysphoria Consultant must have experience in treating gender dysphoria and other related conditions including cross sex hormones and management of persons in the process of gender validation surgery. This person will provide guidance to clinical leadership and participate in the Gender Dysphoria committee.

The Contractor has identified the following Key Personnel:

Position	Name	Email	Phone Number	Physical Location	Job Function
Project Manager	Lynn Cole	LMCole@wellpath.us	615-308-3234	Nashville, TN	Project Manager
Operations Manager	Mark Morrissey	MMorrissey@wellpath.us	248-762-3431	Detroit, MI	Regional Operations Manager
Medical Director	Juan Bayolo	JBayolo@wellpath.us	787-587-6195	Detroit, MI	Medical Director
Psychiatric Director	Charletta Dennis	ChDennis@wellpath.us	313-224-7905	Detroit, MI	Chief Psychiatrist
SUD Director	Charletta Dennis	ChDennis@wellpath.us	313-224-7905	Detroit, MI	Chief Psychiatrist, also serving as SUD Director
Quality Assurance/Quality Improvement Director	Sheri Saluga	ssaluga@wellpath.us	240-593-8232	Laurel, MD	Quality Assurance and Quality Improvement
Provider Services Director	Jessica Peters	jpeters@wellpath.us	615-333-4195	Nashville, TN	Management of network and subcontractors
Utilization Management Director	Terry Kowalenko	Kowalenko-terry@gmail.com	313-670-9646	Brighton, MI	Physician
Infectious Disease Director	William Mazur	Billmazurmd@gmail.com	215-913-5379	Dover, DE	ID Physician
Clinical Pharmacist	Kareem A. Karara	KKarara@correctrxpharmacy.com	443-557-0100	Hanover, MD	Pharmacist
DWHC Lead Physician	Mohamad Hamdi	MHamdi@wellpath.us	915-443-1736	Detroit, MI	Physician
Gender Dysphoria Consultant	Stephen Levine	Sbl2@case.edu	440-442-2622	Mayfield Heights, OH	GD Consultant

B. Essential Personnel:

1. End of Life Coordinator – The End of Life Coordinator must have a nursing license and will specialize in the development of an end of life and palliative care program for the MDOC.
2. Pharmacist – A designated Pharmacist who is available 24 hours per day, seven days per week to process requests for emergency medication on a Statewide basis. That position will provide

clinical pharmacy consultation, and to minimize expense for back-up pharmacy services.

All Essential Personnel must be physically located in Michigan and must have their license to practice in Michigan when the Contract begins.
Below are the titles specified by the MDOC, if your organization uses a different title for the required Key Personnel Position, please also include that title as well.

The Contractor has identified the following Essential Personnel:

Position	Name	Email	Phone Number	Physical Location	Job Function
End of Life Coordinator	Rhonda Cantelli	RCantelli@wellpath.us	508-245-3975	Foxborough, MA	EOL Coordinator, RN
Pharmacist	Salin Nhean	SNhean@correctrxpharmacy.com	443-557-0100	Hanover, MD	Pharmacist

C. Contractual staff are required to keep their licensure in good standing throughout the contract term.

D. The Contractor is responsible for the actions of the general and psychiatric health providers; however, the MDOC Chief Medical and Psychiatric Officers will have responsibility for final clinical guidance and the ability to remove or restrict practices of the providers at MDOC facilities.

The State has the right to recommend and approve in writing the initial assignment, as well as any proposed reassignment or replacement, of any Key Personnel. Before assigning an individual to any Key Personnel position, Contractor will notify the State of the proposed assignment, introduce the individual to the State's Program Manager, and provide the State with a resume and any other information about the individual reasonably requested by the State. The State reserves the right to interview the individual before granting written approval. In the event the State finds a proposed individual unacceptable, the State will provide a written explanation including reasonable detail outlining the reasons for the rejection. The State may require a 30-calendar day training period for replacement personnel.

Contractor will not remove or assign any Key Personnel or Essential Personnel from their assigned roles on this Contract without the prior written consent of the MDOC Program Manager or designee. The Contractor's removal of Key Personnel without the prior written consent of the State is an unauthorized removal ("Unauthorized Removal"). An Unauthorized Removal 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. Any Unauthorized Removal may be considered by the State to be a material breach of this Contract, in respect of which the State may elect to terminate this Contract for cause under Termination for Cause in the Standard Terms. It is further acknowledged that an Unauthorized Removal will interfere with the timely and proper completion of this 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 Termination for Cause, Contractor will issue to the State the corresponding credits set forth below (each, an "Unauthorized Removal Credit"):

(i) For the Unauthorized Removal of any Key Personnel designated in the applicable Statement of Work, the credit amount will be $60,000.00 per individual if Contractor identifies a replacement approved by the State and assigns the replacement to shadow the Key Personnel who is leaving for a period of at least 30 calendar days before the Key Personnel's removal.

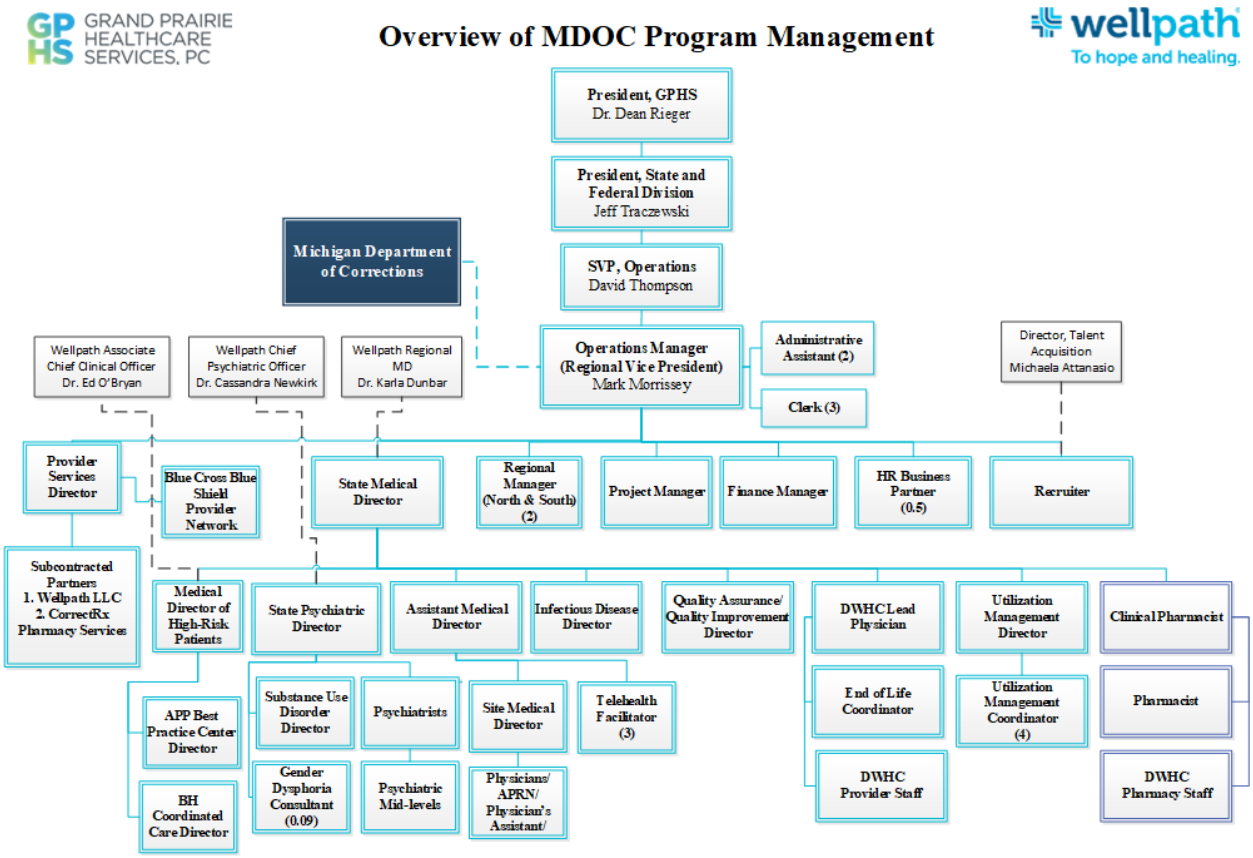
(ii) If Contractor fails to assign a replacement to shadow the removed Key Personnel for at least 30 calendar days, in addition to the $60,000.00 credit specified above, Contractor will credit the State $2,500.00 per calendar day for each day of the 30 calendar-day shadow period that the replacement Key Personnel does not shadow the removed Key Personnel, up to $75,000.00 maximum per individual. The total Unauthorized Removal Credits that may be assessed per Unauthorized Removal and failure to provide 30 calendar days of shadowing will not exceed $135,000.00 per individual.

For the Unauthorized removal of any Essential Personnel designated in the applicable Statement of Work, Contractor will credit the state $135,000.00 for the Pharmacist and $64,000.00 for the End of Life Coordinator if there is not a replacement within two weeks of the Essential Personnel's removal.

Credits must be reflected on the monthly invoice during which the Unauthorized Removal occurred and may, at the State's option, be credited or set off against any fees or other charges payable to Contractor under this Contract.

Contractor acknowledges and agrees that each of the Unauthorized Removal Credits assessed above: (i) is a reasonable estimate of and compensation for the anticipated or actual harm to the State that may arise from the Unauthorized Removal, which would be impossible or very difficult to accurately estimate; and (ii) may, at the State's option, be credited or set off against any fees or other charges payable to Contractor under this Contract.

3.7. Organizational Chart



The MDOC reserves the right to request updated charts more frequently throughout the contract term, as needed.

3.8. Disclosure of Subcontractors

A. If the Contractor intends to utilize subcontractors, the Contractor must disclose the following:

1. The legal business name
2. Full Address; telephone number
3. A description of subcontractor's organization and the services it will provide
4. Information concerning subcontractor's ability to provide the Contract Activities
5. The relationship of the subcontractor to the Contractor
6. Whether the Contractor has a previous working experience with the subcontractor. If yes, provide the details of that previous relationship.
7. A complete description of the Contract Activities that will be performed or provided by the subcontractor.

The Contractor has identified the following subcontractors:
Correct Rx Pharmacy Services
1352 Charwood Road, Suite C
Hanover, MD 21076
1-800-636-0501 / 443-557-0100

Correct Rx Pharmacy Services will provide at a minimum the following services to the Michigan DOC, utilizing their Maryland mail order pharmacy, the onsite at the Duane Water HC facility pharmacy, and their Michigan-based Clinical Pharmacist and Pharmacy Program Manager:

- Formulary Management
- Prescription Fulfillment
- Medication Delivery
- Pharmacy Continuous Quality Improvement
- Return / Destruction of Medication
- Customer Service
- Patient Education
- Cost Savings Strategies
- Data Management and Automations
- Clinical Pharmacy Education/ Services
- Audit Assistance
- Accreditation Preparation

Wellpath LLC.
1283 Murfreesboro Road, Suite 500
Nashville, TN 37217
954-354-8784

Wellpath LLC at a minimum will provide non-clinical, administrative "back office" services, including those related to human resources, finance, and legal. For example:
- Services related to support of clinical functions, processes, and systems, including care management, tele-health support, and systems to support a robust collaborative care model;
- Administrative and functional support for clinical training programs and systems to support best clinical practices;
- Robust practices in recruiting nationwide to ensure the highest quality providers;
- Accurate and comprehensive claims administration to ensure offsite providers are paid timely, pursuant to negotiated rates, for services satisfactorily performed and requested;
- Employee development to ensure all employees are aware of expectations, standards of conduct, and disciplinary policies; and
- Legal services to ensure that site healthcare personnel have 24/7 access to an assigned attorney well-versed in Michigan, local, and federal laws to achieve compliance in the evolving healthcare regulatory environment.

B. The Contractor must ensure all subcontractors are familiar with and follow all requirements of this contract.
   1. The personnel of any of the Contractor's subcontractors must cooperate with the MDOC and its agents.
   2. In any subcontracts entered into by the Contractor for the performance of Contractor Activities, the Contractor must require the subcontractor, to the extent of the Contractor Activities to be performed by the subcontractor, to be bound to Contractor by the terms of this contract.

C. If the Contractor negotiates an agreement with a related party, each party must act in the best interest of itself. A related party is defined as a party with a preexisting relationship or common interest including but not limited to major shareholder, affiliated provider, and entities with common ownership interests. All agreements and transactions with related parties must be disclosed to the MDOC. The Contractor must notify and provide executed related party agreements in their entirety to MDOC upon request. MDOC acknowledges that such information may be considered confidential and proprietary and thus must be held strictly confidential by MDOC as specified in the Standard Contract Terms, Section 38 – Non-

Disclosure of Confidential Information of this Contract. MDOC reserves the right to review and object to terms with any agreement between the Contractor and subcontractor that exploits, abuses or unduly capitalizes on the MDOC.

D. The Contractor may not delegate any of its obligations under the Contract without the prior written approval of the MDOC Program Manager and the Contract Administrator. Contractor must notify the Contract Administrator and MDOC Program Manager at least 90 calendar days before the proposed delegation and provide the State any information it requests to determine whether the delegation is in its best interest. The Contractor must provide a copy of the subcontractor agreement to the MDOC for review. If approved, Contractor must:

1. Be the sole point of contact regarding all contractual matters, including payment and charges for all Contract Activities
2. Make all payments to the subcontractor
3. Incorporate the terms and conditions contained in this Contract in any subcontract with a subcontractor.

Contractor remains responsible for the completion of the Contract Activities, compliance with the terms of this Contract, and the acts and omissions of the subcontractor. The State, in its sole discretion, may require the replacement of any subcontractor.

3.9. Security

The Contractor/subcontractor and any staff assigned to this contract will be subject to the following security procedures:

A. No active warrants or pending charges on any staff assigned to this contract, including subcontractors.

B. MDOC reserves the right to approve, decline, or remove Contractor and subcontractor staff from providing services on this Contract.

C. Not under investigation or under disciplinary action of the Michigan Department of Licensing and Regulatory Affairs, unless approved by the MDOC Program Manager.

D. Has not engaged in sexual abuse in a prison, jail, lockup, community confinement facility, juvenile facility or other institution as defined in 42 U.S.C. 1997.

E. Has not been convicted of engaging in, attempting to engage in or conspiracy to engage in sexual activity facilitated by force, overt or implied threats of force or coercion, or if the victim did not consent or was unable to consent or refuse.

F. Has not been civilly or administratively adjudicated to have engaged in the activity described in Number E. above.

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

H. The Contractor/subcontractor's personnel must be LEIN cleared and received written approval from the MDOC's Program Manager and Contract Manager initially and annually by MDOC prior to any work with MDOC offenders. Any Contractor/subcontractor staff with an identified felony conviction must receive approval through the MDOC Deputy Director or designee.

I. A completed LEIN Information Form for each staff assigned to the contract must be sent to the MDOC-IntegratedCare-LEINS@michigan.gov and approved by MDOC prior to Contractor/subcontractor's personnel working with MDOC offenders and annually following approval. There is no cost associated with the LEIN. The LEIN form will be provided to the Contract awardee(s).

J. The Contractor/subcontractor must document if a Contractor/subcontractor's personnel assigned to the Contract is related to or acquainted with an offender incarcerated and under the jurisdiction of the MDOC. For Contractor/subcontractor's personnel who are related to or acquainted with an offender, the Contractor/subcontractor's staff member must complete the Offender Contact Exception Request (CAJ-202) and submit it to the MDOC Program Manager or designee. The Contractor must ensure its personnel and subcontractor's personnel complete the form and notify the MDOC Program Manager of any changes throughout the contract term.

K. Vendor Handbook

The Contractor and subcontractor(s) will require all of its employees working with MDOC offenders, to read and sign the MDOC Vendor Handbook provided by the MDOC Contract Manager. The purpose of the MDOC Vendor Handbook is to provide the Contractor with general information regarding basic requirements of working within the MDOC, provide notice of work rules and consequences of rule violations. The Contractor must provide copies of each signed Employee Acknowledgment to the MDOC Contract Manager and maintain a copy of the form in the employee's personnel file.

L. **Prison Rape Elimination Act of 2003 (PREA),** 42 U.S.C. § 15601

1. The Contractor and the Contractor Personnel shall comply with the Final Rule implementing PREA, all applicable PREA standards and the agency's policies. The Contractor and Contractor Personnel shall make itself familiar with and at all times shall observe and comply with all PREA regulations that in any manner affect the performance under this Contract. Failure to comply with the PREA standards and related polices of the MDOC will be considered a breach of contract and may result in termination of the contract.

2. Contract Personnel who may have contact with prisoners must complete PREA training Program A - Correctional Facilities Administration (CFA) Security Regulations prior to entrance in any MDOC Facility. Upon completion, Contractor Personnel shall submit a signed memorandum to the MDOC Contract Manager or designee documenting completion of the training and date of completion.

3. As is deemed necessary, the MDOC Contract Monitor or Program Manager will provide the Contractor with current copies of all PREA documents via email. Any revisions to the documents will be emailed to the Contractor throughout the Contract period, and the Contractor must comply with all documentation provided.

M. The Contractor/subcontractor's personnel will be required to enter State facilities. The State may require the Contractor/subcontractor's personnel to wear State-issued identification badges.

N. The Contractor/subcontractor's personnel must anticipate delays when visiting any correctional facility due to issues within the facility.

O. The Contractor/subcontractor's personnel must comply with the State's security and acceptable use policies for State IT equipment and resources. See http://www.michigan.gov/dtmb/0,4568,7-150-56355_56579_56755---,00.html. Contractor/subcontractor personnel must also agree to the State's security and acceptable use policies before the Contractor/subcontractor personnel will be accepted as a resource to perform work for the State. The Contractor must present these documents to prospective Contractor/subcontractor personnel before the Contractor/subcontractor presents the individual

to the State as a proposed resource. Contractor/subcontractor personnel must comply with all physical security procedures in place within the facilities where they are working.

P. The MDOC reserves the right to deny access to any correctional facility to anyone who fails to comply with any applicable State, Federal, or local law, ordinance or regulation or whose presence may compromise the security of the facility, its offenders, or staff. Weapons, alcoholic beverages, poison, and prescription drugs and controlled substances without written certification of needs from a licensed physician (does not include medical supplies for the facility), cellular devices, cameras, and audio or visual recording devices are prohibited from being brought into all MDOC correctional facilities. Tobacco products and smoking also are prohibited both inside a correctional facility and on facility grounds except as specifically authorized by MDOC policy. Wardens may prohibit other items from being brought into their respective correctional facilities.

Q. Security is the facility's first priority and the Contractor/subcontractor and its personnel must be responsive and respectful of these needs.

R. The Contractor/subcontractor and its personnel must comply with and cooperate with all correctional facility rules, procedures and processes as well as State and federal laws. Contractor/subcontractor personnel must ensure that they are complying with all facility rules and regulations including, but not limited to, dress code and items allowed to be possessed.

S. The Contractor/subcontractor personnel must follow the facility entry, exit, manifest process, including the following:

1. The Contractor/subcontractor personnel will receive an orientation and training by the MDOC on security, procedures, etc., inside the correctional facility. The Contractor must maintain a copy of the Contractor/subcontractor personnel's training certificates in the appropriate file for auditing purposes.

2. The Contractor/subcontractor personnel must follow all MDOC rules, procedures and security processes at all times.

3. The Contractor must ensure that all Contractor/subcontractor personnel working in a correctional facility are familiar and in compliance with the necessary routines and increased awareness of working inside a facility. Working inside the facility requires that the Contractor/subcontractor personnel develop positive and cooperative relationships with MDOC facility staff.

4. The Contractor/subcontractor personnel must report any concerns, issues, or rule violations to the MDOC facility staff immediately.

5. The Contractor/subcontractor personnel must use the MDOC facility staff as a resource for questions and guidance working with prisoners and inside a correctional facility.

6. The Contractor/subcontractor personnel must defer to MDOC correctional facility staff for directions. The Contractor/subcontractor personnel must remember they are a guest in the facility and that security is the first priority of the facility.

4.0 Project Management
4.1. Project Plan

The Contractor will carry out this project under the direction and control of the MDOC Program Manager. Within 30 calendar days of the Effective Date (beginning of transition period), the Contractor must submit an operations project plan to the MDOC Program Manager for final approval. The plan must include: (a) the Contractor's organizational chart with names and title of personnel assigned to the project, which must align with the staffing stated in accepted proposals; and (b) the project breakdown showing sub-projects, tasks, and resources required.

A. Operations Project Plan

1. The Contractor must provide a detailed Contract project plan. This project plan should explain the project goals and objectives the Contractor would like to accomplish within the Contract period, the activities and tasks necessary to complete the work, and the roles and responsibilities of the staff who will be completing those tasks. The plan must address how problems will be identified, how data will be analyzed to illustrate trends and areas for improvement, and how you will identify any barriers that are impacting services. The plan must contain a communication component that details how you will share information with MDOC, identify an escalation process, how opportunities for improvement will be identified and shared, and the Contractor personnel who will be responsible for each of these areas.

2. This plan must ensure Contractor works in partnership with the MDOC, all subcontractors, all specialty service providers, and current MDOC health care providers to deliver uninterrupted clinical and administrative services that ensure the continuity of care to the prison population, including infrastructure of systems, staffing and providers. This plan will be ongoing and require updates as opportunities and barriers are identified and resolved.

B. Close Out Plan

The Contractor must develop a post Contract closeout plan that will address all aspects of the Contract, ensuring that there is a smooth transition of services between contractors, if applicable. The closeout plan must address continuity of care for prisoners as the Contract transitions to another contractor.

4.2. Meetings

The Contractor must attend the following Statewide meetings:

A. Transition Meetings

1. Initial kick off meeting
2. Weekly transition meetings for the first three months, or as needed until milestones are completed.

B. Monthly

1. Contract Meeting
2. Statewide Clinical Management Team
3. Mortality and Morbidity Review
4. Statewide Case Management
5. Medical Services Advisory Committee (MSAC)
6. Pharmacy and Therapeutics
7. Pain Management
8. Infectious Disease Control

C. Weekly

1. Facility Case Management and Treatment Team meetings.

D. Quarterly

1. Statewide Continuous Quality Improvement Team Meeting
2. Strategic Planning Meeting

The State may request other meetings (State, regional, and local), as it deems appropriate.

4.3. Reporting

The Contractor must submit, to the MDOC Program Manager or designee, the following written reports:

Reports are due to the MDOC Program Manager on a monthly basis (unless otherwise specified), by the last business day of the following month. Any reports that are due annually will follow the calendar year. Reports include:

A. *Provider Productivity by Provider and Facility* – Scheduled versus actual hours worked by provider and facility for reporting period. Include national and state benchmarks

B. *Financial Statements* – Detailed financial statements on a cash and accrual basis, including a quarterly report on timeliness of payments to vendors. All financial reports submitted are subject to audit and must reconcile to the financial statement and/or invoice submitted to the MDOC for the final settlement of the Contract year. The Contractor must also report each individual Contract year independently of each other. Once the Contract year is settled and closed, all prior year payments in the subsequent Contract years must be reported separately in a manner such that the closed and settled prior year records are not changed or affected. The Contract year will be settled and closed six months after the Contract year end. Once the settlement is finalized, any and all additional costs will not be considered in the current or future Contract year.

C. *Data Certification Report* – The Contractor's Chief Executive Officer must submit a MDOC Data Certification form to the MDOC that requires the Contractor to attest to the accuracy, completeness, and truthfulness of any and all data and documents submitted to the MDOC as required by this Contract. This must be completed at the start of the Contract.

D. *Claims Data* – The claims data must be available in the HIPAA 837 format (http://www.ihs.gov/hipaa/835_837/newsletter4/). The Contractor must provide monthly statements that provide information regarding paid claims, aging of unpaid claims, denied claims, and IBNR in the format approved by the MDOC PM. These data should include ICD and CPT codes.

E. *General and Psychiatric Health Service Utilization for On-site and Offsite Services by Facility* – Referrals for specialty care by facility, distribution of specialties, approved/denied ratios, the number of denials that include Alternative Treatment Plan, average duration from approval to scheduled visit, the percentage of scheduled visits actually completed, and detailed information about the reasons scheduled visits are not completed. This is being replaced by a General Health Care and Psychiatric Health Utilization Management Report. This report shall contain information on outpatient and inpatient utilization by category, average length of stay 407s, integrated care risk scores, hospital admissions, oncology data, Choices information, and a narrative summary.

F. *Emergency Room Utilization* – Raw counts of emergency room (ER) visits by facility by month, noting number per shift and number that resulted in admission. ER admissions per 100 prisoners based on census, with trending by facility over time and excluding those that resulted in admission.

G. *Inpatient Admissions* – Number of inpatient admissions by facility during month, length of stay, number of unique prisoners admitted, diagnosis, reason for admission and the number of admissions with prior admission within past 30 days. For discharges during the month, number of discharges and average length of stay by facility.

H. *DWHC Inpatient Admissions* – Number of inpatient admissions by facility during month, length of stay, number of unique prisoners admitted, diagnosis, reason for admission and the number of admissions with prior admission within past 30 days. For discharges during the month, number of discharges and average length of stay by facility.

I. *On-Call Responsiveness* – Summary reports as requested related to telephone on-call and on-site call obligations upon request from MDOC.

J. *Staffing Schedules* – Monthly schedule of staffing levels at each facility including an explanation of coverage at facilities where staff have time off, explanation of staff shortages and vacancies along with hiring and recruitment efforts for all areas of the Contract. This report be distributed to the MDOC CMO or designee and will contain a list of the vacancies by position and facility along with a list of employees who are no longer employed.

K. *Quality Assurance and Quality Improvement Reports* – Report on performance improvement activities, targets, and timelines. Detailed disclosure of the peer review processes utilized during the year.

L. *Midlevel Supervision Report* – Report on the status of the collaboration agreements and monitoring of the mentoring that has occurred with the Midlevel's at each facility. This report will be completed annually.

M. *Telehealth Utilization Report* – Number of visits scheduled by facility by specialty; number scheduled that were completed; number scheduled that were not completed; and reasons for scheduled visits not completed.

N. *Secure Unit and Inpatient Utilization Report* – Number of bed days at Allegiance and McLaren Regional secure units and percent occupancy for available bed days in a month.

O. *Top 50 by Utilization and Cost* – A monthly listing of the top 50 patients that are the most costly in terms of their off-site visits, ER visits, etc.

P. *Quarterly Rebate Report* – This report includes the following data elements: manufacturer/wholesaler/other source, by product, NDC (11 digit), number of claims, quantity, total sales, total rebate dollars, total administrative fee dollars, total of all dollars received, total for manufacturer, summary totals by manufacture/wholesaler/or other source of rebate, and rebates per Rx for time period.

Q. *Pharmacy Report* – A monthly report that includes the following elements:

1. Monthly reporting by dates, costs, site, prescriber, patient, drug or drug category National Drug Code (NDC), date shipped, utilization, or any combination.
2. Monthly reporting of drug returns including drugs returned, amount of credit, and an explanation if no credit is given.
3. Monthly reporting of prescription errors, and how those errors were resolved.
4. Monthly report of clinical interventions.
5. Monthly report of brand name drug substitutions.
6. Monthly report of prescriptions needing to be refilled to be run by the MDOC.
7. Utilization of brand name drugs and their subsequent generic equivalent when they become available.
8. Encounter data report for both mail order pharmacy and the backup pharmacies that document utilization by prisoner.
9. Report of psychotropic drug utilization by drug and by provider.
10. Prison specific profile reports that include backup pharmacy and regular medications dispensed.
11. Formulary compliance related to provider prescribing practices. This report will be a listing of the non-formulary and other ACMO requests by provider.

R. *Pharmacy Benchmark Report* – The Contractor must report quarterly on the following benchmarks and trends:

1. Stock out rates per 10,000
2. Error rates per 10,000
3. Percent of spend against total spend in the following categories
   a. HIV
   b. Psychotropic meds
   c. Hep C
   d. Comparison with other states and federal government with trends over time

S. *Other reports* – as requested by the MDOC Program Manager or designee.

The State reserves the right to amend the required report list. The Contractor must provide all data monthly and/or reports requested by the State's Third-Party Reviewer and or/the State.

The Contractor must ensure that contracts with subcontractors and/or provider network preserves the State's right to access of all related data and must ensure that the State and/or its contractor's access to data in order to complete their reviews.

The Contractor must obtain the State's written approval prior to publishing or making public presentations of statistical or analytical material based on its prisoners.

Note: The State will have access to the Client Portal which gives near real-time reporting on statistics related to the delivery of care, such as receiving screenings completed, staffing hours provided, offsite treatments and medical compliances statistics such as intakes, H&P and med pass.

5.0 Pricing

5.1. Price Term

Pricing is firm for the entire length of the Contract.

6.0 Ordering

6.1. Authorizing Document

The appropriate authorizing document for the Contract will be delivery order.

7.0 Invoice and Payment

7.1. Invoice Requirements

All invoices submitted to the State must include: (a) date; (b) delivery order and/or Master Agreement number; (c) quantity; (d) description of the Contract Activities; (e) unit price; (f) shipping cost (if any); and (g) total price. Overtime, holiday pay, and travel expenses will not be paid.

Invoices shall be submitted by email to the health care financial specialist. Further details will be provided upon award of contract.

The MDOC reserves the right to request a breakdown of any invoiced line items upon request.

7.2. Payment Methods

The State will make payment for Contract Activities via Electronic Funds Transfer (EFT).

Each Contract year closes 180 calendar days after the Contract year end to ensure claim run off. The final Contract year will be closed 270 calendar days after the Contract year end. Specific details of invoices and payments will be agreed upon between the MDOC Program Manager and the Contractor. Upon contract termination, the Contractor must provide an estimate of the claims to be received between day 271 and day 365 based on the IBNR. For the last month of the Contract, any credit must be disbursed to the MDOC by check within 30 days.

8.0 Service Level Agreements

MDOC has developed a series of SLAs to ensure the contract requirements are being met (See Schedule A-9).

Service Level Agreements will begin 180 calendar days post go-live. During the first 180 days, the MDOC will establish the SLA audit methodology and share with the Contractor. SLAs will be audited to validate the methodology and results will be shared with the Contractor to note the SLAs that are below the minimum thresholds. This will allow for the Contractor to know which SLAs would have been assessed credits to allow for the Contractor to make corrective actions and operational improvements during the first 180 calendar days post go-live of the Contract. No credits will be assessed for SLAs below the minimum threshold for the first 180 calendar days post go-live.

Prior to assessing any credit, the MDOC shall advise the Contractor of the finding that is the basis for the assessment and shall afford the Contractor the opportunity to review and respond to the SLA. The Contractor may dispute the assessment or provide any extenuating circumstances that may explain or mitigate any failure to meet the SLA. Extenuating circumstances will be reviewed by the MDOC Contract Manager before any Service Credits are assessed. At the discretion of the MDOC, these credits may be applied toward any payable due to the Contractor. Payments made directly to the State of Michigan shall be completed within 10 calendar days upon demand.

SCHEDULE A-1

DEFINITIONS

Abnormal Involuntary Movement Scale (AIMS) is the evaluation that a psychiatrist completes every six months for prisoners on antipsychotic medications, or sooner if necessary.

Access to Care means ability of a prisoner to obtain necessary physical and/or mental health services within the MDOC.

Actual Costs means the allowable expenses incurred and paid by the Contractor for the performance of services under this Contract and the management fee for the provision of these services.

Acute Care (AC) is an integral component of the Corrections Mental Health Program (CMHP) inpatient services continuum of care that provides an intensive initial assessment and timely treatment for prisoners with acute mental illness, severe emotional disorders and possible co-existing disorders.

Adaptive Skills Residential Program (ASRP) means a program designed to serve prisoners with moderate to serious mental/cognitive disabilities including adaptive problems due to a developmental disability, dementias, traumatic brain injury, etc. Prisoners who appropriately receive ASRP services may or may not have a co-occurring serious mental illness.

Assisted Living is a housing facility that provides assistance with activities of daily living, supervision, and monitoring of activities to ensure an individual's health, wellbeing, and safety.

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.

Brand Name Drug means a pharmaceutical that has a trade name, is patent protected and can be produced and sold only by the company holding the patent and that is labeled as such in a nationally recognized data source.

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

Clean Claims means a claim that does not contain a defect requiring the Medicare Contractor to investigate or develop prior to adjudication.

Comorbid is the presence of more than one mental health and/or physical health disorder in an individual.

Corrections Mental Health Program (CMHP) means programming within the MDOC's Prisoner Mental Health Services Program that provides treatment to prisoners with severe mental illness/disabilities. Admission and discharge from the CMHP require a psychiatric evaluation.

Corrective Action Plan means the Contractor's written response to any deficiencies discovered in the course of Contract monitoring and the plan for resolution to those deficiencies.

Co-occurring Disorder is a disease state where an individual suffers from a combination of substance use and mental health disorders.

Counseling Services and Interventions (CSI) is programming provided to prisoners who exhibit signs or symptoms that negatively affect ordinary demands of life. CSI services may include, but are not limited to: supportive counseling, brief therapy, solution focused therapy, cognitive – behavioral therapy, and dialectical behavior therapy. Through CSI programs prisoners are admitted and discharged from the counseling program by a Qualified Mental Health Professionals (QMHP). The prisoners served with Counseling Services and Interventions are housed in general population housing and do not meet the threshold for admission to the CMHP.

CPE means Comprehensive Psychiatric Evaluation.

Crisis Stabilization Program (CSP) means services for managing disruptive prisoners whose behavior is linked to symptoms of mental illness or who are engaging in or threatening to engage in suicidal or self-injurious

behavior.
Days mean calendar days unless otherwise specified.

DEA Registration is a certificate issued by the Federal Drug Enforcement Administration (DEA) to physicians, dentists and mid-level providers which allows them to write prescriptions for controlled substances in the United States.

Drug Control License is a license issued by the Michigan Board of Pharmacy to physicians and dentists allowing them to dispense medications directly to patients.

DTMB means the Michigan Department of Technology, Management and Budget.

Durable Medical Equipment means medical equipment that is deemed medically necessary and prescribed to a specific prisoner to aid in the treatment of an illness or injury, and cannot be reused by other prisoners.

Emergency Dental Services are the dental services for those conditions for which delay in treatment may result in death or permanent impairment.

Emergency Dispensing Box is a box that belongs to the facility and is not licensed to an individual physician or dentist. The box contains a supply of prescription medication to be used in case of medical emergency.

Emergent means a condition for which delay in treatment may result in death or permanent impairment.

Formulary Management means the process by which the MDOC prescription drug formulary is maintained, re-evaluated, and changed over time.

Generic equivalent means a pharmaceutical designated as generic according to the pharmaceutical reporting services agreed upon pursuant to this Contract.

Health Care Provider is an individual who is licensed or authorized to provide health care services.

Health Professional Shortage Areas (HPSA) are designated by the Health Resources and Services Administration (HRSA) as having shortages of primary medical care, dental, or mental health providers and may be geographic (a county or service area), demographic (low-income population), or institutional (comprehensive health center, federally qualified health center, or other public facility).

Medically Underserved Areas/Populations are areas or populations designated by HRSA as having: too few primary care providers, high infant mortality, high poverty, or high elderly population.

HIPAA refers to the Administrative Simplification provisions of the Health Insurance Portability and Accountability Act of 1996 (HIPAA, Title II). HIPAA requires the Department of Health and Human Services (HHS) to establish national standards for electronic healthcare transactions and national identifiers for providers, health plans, and employers. It also addresses the security and privacy of health data. The Contractor must comply with HIPAA, 1996 (42 U.S.C.
1320d-1329d-8), and all applicable regulations promulgated there under.

HITECH ACT refers to the Health Information Technology for Economic and Clinical Health Act, enacted as part of the American Recovery and Reinvestment Act (ARRA) of 2009. HITECH establishes new requirement for notification related to protected health information breaches, makes businesses directly liable for compliance with HIPAA security and privacy requirements, modifies disclosure accounting rules and enhances the civil and criminal enforcement of HIPAA. See 42 U.S.C.§§ 17921 and 17931, *et seq*. The Contractor must comply with HITECH and all applicable regulations promulgated there under.

Huddles are the daily short briefings that will take place on a daily basis among all health care staff and Contractor's staff to stay informed about patients.

Incurred But Not Reported (IBNR) means the total amount of money owed by an insurer to all valid claimants who have incurred an eligible expense, but have not yet reported it.

Institutional Program means programming within MDOC Prisoner Mental Health Services which includes, but is not limited to: Reception Center psychological assessments, crisis intervention, monitoring of prisoners confined to segregation units, assessment of potential for suicide, identification, and referral of prisoners for treatment of

mental illness, Parole Board Evaluations, behavior and substance abuse treatment, and other offender based programs.
Institutional programming is provided by QMHPs.

Keep on Person (KOP) means medication that is given to a prisoner to self-administer.

Key Personnel must be specifically assigned to the State account, be physically located in Michigan, be knowledgeable on the contractual requirements, and respond to the State inquiries within 24 hours.

Local Backup Pharmacy means a local pharmacy that the Contractor has negotiated preferred pricing with that supplies urgent/emergent medications that are needed for immediate use and cannot wait until the next daily mail order delivery.

Mail Order means the dispensing of prescriptions, by the Contractor's mail service, for delivery to MDOC facilities.

MDOC means the State of Michigan, Department of Corrections.

MDOC Formulary is a written list of prescription and nonprescription medications that are authorized to be used to treat MDOC prisoners.

Mental Health Code is the compilation of State laws governing the management and delivery of mental health services in the State of Michigan. These laws were first codified by Act 258 of the Public Acts of 1974.

Mental Health Services (MHS) is a division of the MDOC BHCS. MHS division manages several levels of care, programs, and services comprising an integrative continuum of mental healthcare for prisoners who reside in MDOC facilities. The BHCS is responsible for the MDOC's mental health programs and coordinates and monitors all services provided through MHS. These services include institutional and counseling programming, as well as the Corrections' Mental Health Program.

Mid-Level Provider means a physical or mental health care provider that is either a physician assistant (PA) or advanced practice registered nurse. The use of these positions requires approval from the MDOC Chief Medical Officer (CMO) or designee.

Multidisciplinary Treatment Team consists of a Unit Chief (or designee) who chairs the team, psychiatrist, psychologist, social worker, nursing staff, activity staff, Custody Representative, and other custody staff involved in inmate treatment. The treatment team makes the final decision in the development of treatment plans, diagnosis, non-hospital discharges, admissions, etc. The team will make decisions through consensus of the team members, with some exceptions that laws invest in a particular profession (i.e., medication prescriptions). The core membership of the treatment team is a Unit Chief or his or her designee, psychiatrist, QMHP, and a Custody Representative or his or her designee.

Offender Management Network Information (OMNI) is used to track and monitor; probation, prisoner, and parolee information. The goal is for the OMNI system to be replaced by OMS eventually.

Offender Management System (OMS) was brought online in August 2014. Its initial purpose was to replace CMIS and all the current interfaces CMIS had with OMNI and other systems. The migration was from a Unisys Mainframe Platform/DMSII to a Microsoft CRM platform utilizing SQL server, C#, and .NET Framework. Therefore, OMS contains the same functionality as CMIS.

Outpatient Remission (OREM) is a classification used to identify prisoners who are on an outpatient mental health caseload whose mental illness symptom are in remission.

Outpatient Treatment (OPT) refers to the least restrictive level of care, which treats prisoners who are admitted to the Corrections' Mental Health Program.

Panic Level means a lab value that is significantly abnormal that is directly related to the seriousness of the prisoner's illness.

Per Prisoner Per Month (PPPM) Administrative Fee base means Per Prisoner Per Month and is used in the compensation calculation for the base monthly payment to the Contractor.

Physician Dispensing Box is a prescribing box that includes medications specified by the MSAC that physicians or dentists may use after they have obtained a Drug Control License. Medications can be dispensed from the box by the physician or dentist, or by a delegated RN under written or verbal order of the physician or dentist.

Practitioner means the health provider responsible for the on-site medical and behavioral care to prisoners. The practitioner can be any of the following: family practice physician, emergency medicine physician, general practice physician, internal medicine physician, or a psychiatrist. The providers must possess a medical degree from an accredited school of medicine, be fully licensed to practice in the State of Michigan. With written approval from the MDOC CMO or designee, a practitioner may also include other physician specialists, nurse practitioner, or physician assistant. Practitioners with limited licenses do not meet the definition of practitioner in this RFP.

Prisoner Health Record (PHR) is a digital patient-centered record detailing the medical and treatment history of a patient. The MDOC currently utilizes the Correctional Offender Management System (COMS).

Provider is a physician, nurse practitioner, or physician's assistant responsible for the health care services.

Qualified Mental Health Professional (QMHP) is a physician, psychiatrist, psychologist, social worker, registered nurse, counselor or other health professional who is trained and experienced in the areas of mental illness or mental retardation and is licensed or certified by the State of Michigan to practice within the scope of their professional training.

Recipient Rights are the rights, as defined in Chapter 7 of the Michigan Mental Health Code (MCL 330.1700-330.1758), of a prisoner receiving mental health services to assure that they receive treatment suited to their condition in a humane environment.

Recipient Rights Officer is an employee of MDOC that reports directly to the Health Services Administrator for the MDOC BHCS and has Statewide responsibilities for all aspects of rights protection for patient/prisoners served by Mental Health Services. The Corrections Mental Health Rights Specialist ensures consistent and cooperative enforcement of prisoner rights, as delineated in Chapters 7 and 10 of the Michigan Mental Health Code (MCL 330.1001-330.2106) and applicable MDOC Policy Directives/Operating Procedures

Referral is the process through which a request for mental health services for prisoners suspected of exhibiting symptoms of a psychological disturbance or mental illness is transferred to a QMHP for initiation and completion of a mental health evaluation. Referral is also the process by which medical attention is requested by MDOC staff or by prisoners themselves for a physical health condition. A referral can be made via phone, written correspondence from the prisoner, or electronic communication to the healthcare clinic. Referral urgency is dependent upon the nature or severity of presenting or reported symptomatology. Referral options are emergent; urgent; and routine and must be seen as designated by MDOC policy.

Rehabilitative Treatment Services (RTS) means the provision of inpatient treatment programs for prisoners with chronic serious mental illness/severe emotional disorders within a prison. RTS programs are designed to ameliorate psychiatric symptoms and improve daily functioning.

Residential Treatment Program (RTP) is the level of care appropriate for seriously mentally ill prisoners whose primary symptoms of psychiatric/psychological conditions demonstrate significant impairments in social skills and limited ability to participate independently in activities of daily living.

Restricted Medication means those medications which have been identified in the MDOC/BHCS Formulary as restricted or those which the prescriber or registered nurse has determined are unsafe for the patient to possess.

Request for Proposal (RFP) means a formal procurement document designed to solicit proposals for services.

Secure Status Residential Treatment Program (SSRTP) is a program designed to provide an alternative treatment option for prisoners who otherwise meet admission criteria for an RTP and whose pattern of assaultive and/or destructive behavior is clinically assessed as related to a co-morbid personality disorder instead of a major mental illness and intractable and unresponsive to the usual therapeutic and management interventions available in the RTP setting.

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

SLA means Service Level Agreement.

Specialty Network means a network of hospitals and ancillary care clinics and providers that will provide medical and behavioral health services to prisoners. Additionally, any specialty services that are provided through telemedicine would be considered part of the Specialty Network.

Specialty Provider means a group of physicians that provide specialized services to prisoners on-site, off-site, and/or through telemedicine. This refers to inpatient hospitalization, specialty care that is not done within the secure perimeter, emergency room visits, and providers that are brought inside Duane Waters Health Center to provide specialized services.

Start Unit means an alternative placement for eligible (including those with serious mental illness) prisoners who would otherwise be classified to Administrative Segregation. These units provide a structured environment where prisoners move through progressive levels as the prisoner demonstrates positive behavior and program participation with the goal of reintegrating them back into a traditional general population setting.

State means the State of Michigan, including its departments, divisions, agencies, sections, commissions, officers, employees, and agents.

Step Down Medical Services is an intermediate-care unit which provides temporary placement of a person who has been discharged from a hospital, who needs minimal or no monitoring.

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. All subcontractors must be submitted in writing to the State for approval.

Telehealth means an approach to providing medical consultations to prisoners utilizing a computerized system that allows the medical practitioner to have audio and visual communication from a remote location.

Transition Plan is a written document describing the Contract startup plan. This plan should document high level milestones, deliverables, key activities for the transition phase, critical tasks, and the person responsible for those tasks.

Treatment Plan is a written document generated by the appropriate health service provider which specifies the patient's diagnoses, problems, and short and long-term recommendations for needed health services.

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

Urgent Dental Services are the dental services determined by a Dentist to be medically necessary and generally applies to prisoners with facial swelling, oral facial trauma, profuse bleeding, or pain that cannot be controlled by mild pain medication (e.g. Tylenol). These conditions are not likely to cause death or irreparable harm, if not treated immediately.

SCHEDULES A-2 through A-8 – NOT APPLICBLE OR RESERVED

Schedule A-9 – Service Level Agreements

Background
The MDOC will be utilizing a series of Service Level Agreements (SLAs) to monitor contractor performance. Each identified SLA includes the metrics that will be audited or an explanation of the numerator and denominator that is part of the audit along with the minimum threshold that needs to be met, and the service credit for not meeting the threshold. By utilizing SLAs, MDOC will ensure that its service goals drive continuous improvement and efficiency.

Each SLA with a timeframe of annually will be audited at the end of each contract year. The monthly SLAs will be audited at the beginning of the following month with any credit assessed at the end of the month. There are a total of 11 quarterly SLAs, four of these quarterly SLAs will be randomly selected by the MDOC to be audited each quarter with each being audited within the contract year. SLAs will be audited at facility and statewide levels with credits assessed by facility or statewide level as noted in each SLA below.

SLAs that are determined to fall below the minimum threshold will be re-audited during the next audit period (monthly or quarterly) and until the Contractor meets the minimum threshold. In the event they fall below the minimum threshold during the next audit and any subsequent audit period, the credit amount will be double the original assessment.

The minimum threshold for each SLA has been assigned as part of the Contract, but will be audited with the Contractor, and may be revised on an annual basis if needed, as agreed upon by the MDOC Program Manager or designee and the Contractor. The SLAs have been derived from key areas of the Contract.

Purpose and Objectives
The SLAs defined below represent MDOC's expectations as they relate to important contract obligations. These standards are based on current MDOC Policies, Protocols and Procedures, and represent the level of expected performance as it relates to providing services. These SLA audits will not occur until the seventh month of the Contract to allow time for the Contractor to establish processes to ensure compliance.

Audit Process
The metrics listed under each SLA will be audited according to the timetable listed in the first column of the table. Audits will be conducted by MDOC staff, with specific data elements identified in the audit tool and shared with the Contractor prior to the audit. The audit tool will be designed during the first six months of the Contract. The audit tool will contain an opportunity for the Contractor to review the audit findings at the conclusion of the audit and prior to the credits being assessed.

The MDOC reserves the right to have the audit validated by the MDOC's Third-Party Reviewer if there is an impasse. Service credits will be assessed after the Third-Party Reviewer validates the audit findings. The Third-Party Reviewer, as part of their review, will evaluate any related MDOC staffing vacancies or other factors beyond the Contractor's control to determine if they had significant impact upon the Contractor's ability to meet the metrics, and will take that into consideration when determining the Contractor's deficiencies. The Third-Party Reviewer will also, as part of their review, accept and evaluate additional information provided by the Contractor, within the timelines of the Third-Party Reviewer's review process.

A tiered approach for threshold compliance will be utilized in the audit process. Tier One represents thresholds for the first year of the Contract and Tier Two represents all subsequent years of the Contract. The tiered approach will allow for the Contractor to make corrective actions and operational improvements during year one of the Contract which may improve successive SLA audits.

Corrective Action Plan
The MDOC Contract Monitoring Unit will issue a Corrective Action Plan (CAP) for deficiencies identified by metrics that fall below the threshold during the next audit. If a CAP is issued, the Contractor must provide a response within 7 days, and the deficiencies must be resolved within 90 days.

Health Care					
Number/ Timeframe	Service Level Agreement	Numerator	Denominator	Minimum Threshold	Credits
1 - Quarterly	Timeliness of prisoner requested medical provider visits **PD 03.04.100 Health Services Emergent- Seen immediately by QHP. Urgent – No later then next business day. Routine – written response or seen within 5 business days of request.** Assessed at the facility level.	Sample of nursing referrals (urgent, emergent or routine) that were seen by a provider within the required timeframes Sample size will be determined in the audit tool.	Sample of total nursing referrals Sample size will be determined in the audit tool.	Year 1 - Credits will be assessed if more than 5% of referrals are seen outside of the required timeframe Subsequent years - Credits will be assessed if more than 2% of referrals are seen outside of the required timeframe	Tier 1: $4,000.00 Tier 2: $6,000.00
2 - Quarterly	Transitions of care **Source – DWHC Medical Provider Record Standards** Assessed at Statewide level.	Sample of patients seen within required timeframes for: 1. Hospital discharge - Death or Discharge Summary – Progress note before transfer and dictated summary by end of shift on date of discharge or death. 2. Emergency Room discharge – Chart review within 5 business days or appointment no later than next business day.	All types of transfers included in the sample Sample size will be determined in the audit tool.	Year 1 - Credits will be assessed if more than 5% of transfers are seen outside of the required timeframe Subsequent years - Credits will be assessed if more than 2% of transfers are seen outside of the required timeframe	Tier 1: $5,000.00 Tier 2: $10,000.00

		3.Transfer from Duane Waters Health Center (DWH) - Before patient transfers. 4.Transfer from Woodland Sample size will be determined in the audit tool.			
3 – Quarterly	Diagnostic Test (lab or radiology) **Section 1.0 B. 4. m.** Assessed at facility level.	Number of patients who received a diagnostic test that was reviewed within two business days from receiving test results	Number of patients who received a diagnostic test in the month	<u>Year 1</u> – Credits will be assessed in less than 90% of diagnostic tests were reviewed outside of the required timeframe <u>Subsequent years</u> – Credits will be assessed in less than 95% of diagnostic tests were reviewed outside of the required timeframe	Tier 1: $4,000.00 Tier 2: $6,000.00
4 - Quarterly	Abnormal Diagnostic Results Addressed **Section 1.0 O. 6.** Assessed at facility level.	Number of patients who received an abnormal test result that was addressed as evidenced in clinical progress note	Number of patients who received an abnormal test result	<u>Year 1</u> – Credits will be assessed if less than 95% of patients with an abnormal test result did not have a clinical progress note <u>Subsequent years</u> – Credits will be assessed if less than 99% of patients with abnormal test result did not have a clinical progress note	Tier 1: $4,000.00 Tier 2: $6,000.00
5 - Quarterly	Chronic Disease Clinical Guideline Adherence (MDOC will select two of the items (a-e) to assess every quarter based on priorities) **Based on Healthcare Effectiveness**	a. Guidelines followed by facility in (based on HEDIS): a. Asthma – peak flow rate done in chronic care visit b. Blood Pressure Control – kidney	Total patients enrolled in chronic disease control program	<u>Year 1</u> - Credits will be assessed if more than 10% of patients are below target at any facility <u>Subsequent years</u> - Credits will be assessed if more than 5% of patients are below target at any facility	Tier 1: $4,000.00 Tier 2: $6,000.00

	Data and Information Set (HEDIS) Assessed at facility level.	function test one time per year c. Diabetes care – HbA1c tested, eye exam, nephrology d. Asthma – number of individuals with asthma on rescue inhalers are also on a steroid inhaler e. Diabetes care – HbA1c in control (<8.0%)			

Behavioral Health and Substance Use Disorder Access and Quality					
Number/ Timeframe	Service Level Agreement	Numerator	Denominator	Minimum Threshold	Credits
6 - Quarterly	Face-to-face psychiatric visit access **Section 1.0 C. 4. (Table)** Assessed at Statewide level.	Patients seen face-to-face within the required timeframes for each level of care at each applicable facility: OTP – 6 months RTP – 90 days RTS – 30 days Acute – 7 days	Patients enrolled in by level of care for a minimum of 90 days at a facility	<u>Year 1</u> – Credits will be assessed if less than 95% of visits are seen within required timeframes across all sites and all levels of care <u>Subsequent years</u> – Credits will be assessed if less than 98% of visits are seen within required timeframes across all sites and levels of care	Tier 1: $5,000.00 Tier 2: $10,000.00
7 - Annually	Provider Substance Use Disorder (SUD) Qualifications **Section 1.0 B. 5. l.** Assessed at Statewide level.	Providers with an X Waiver (Note: The X waiver permits providers to prescribe Suboxone for opioid use disorder patients)	Total Providers	<u>Year 1</u> – Credits will be assessed if less than 100% of providers are X waivered by the end of year 1 and all have 100 patient limit Subsequent years – Credits will be assessed if less than 100% of providers are waivered	Credit: $1,000.00 for each provider that does not have the waiver

				and have a 250 patient limit	
8 - Quarterly	Medication renewals **Section 1.0 C. 4. (Table)** Assessed at facility level.	Patients with medication renewals who are seen face-to-face every six months	Patients with medication renewals	Year 1 – Credits will be assessed if more than 10% of patients with medication renewals were not seen every 6 months Subsequent years - Credits will be assessed if more than 5% of patients with medication renewals were not seen every 6 months	Tier 1: $4,000.00 Tier 2: $6,000.00

Pharmacy					
Number/ Timeframe	Service Level Agreement	Numerator	Denominator	Minimum Threshold	Credits
9 - Quarterly	Polypharmacy **Section 1.0 G. 2.** Assessed at Statewide level.	Quarterly polypharmacy cases (9+ drugs) with documented clinical justification (with possible exceptions: DWH, Woodland)	Total polypharmacy cases	Year 1 – Credits will be assessed if more than 5% of polypharmacy cases are clinically inappropriate Subsequent years - Credits will be assessed if more than 2% of polypharmacy cases are clinically inappropriate	Tier 1: $5,000.00 Tier 2: $10,000.00
10 - Quarterly	Psychotropic monitoring **Section 1.0 G. 3. and Section 4.3 Q. 9.** Assessed at Statewide level.	Doses of psychotropics above standard recommended dose, with documented review of attending provider and plan to address	Psychotropic doses	Year 1 – Credits will be assessed if more than 10% of psychotropics are dosed outside of the recommended range without clinical justification Subsequent years - Credits will be assessed if more than 5% of psychotropics are dosed outside of the recommended range without clinical justification	Tier 1: $5,000.00 Tier 2: $10,000.00

Claims Processing					
Number/ Timeframe	Service Level Agreement	Numerator	Denominator	Minimum Threshold	Credits
11 - Quarterly	Duplicate claims payment (including Medicaid) **Section 1.0 N.** Assessed at Statewide level.	Emergency Room and/or professional claims that were associated with an inpatient admission and duplicate billed to the MDOC	Inpatient hospitalizations billed to MDOC	Year 1 - In addition to MDOC recoupment of incorrect reimbursement, credits will be assessed if payment was made on ancillary Emergency Room or professional claims that should have been rolled into the original claim	$2,000 credit each instance of professional and Emergency Room facility
12 - Quarterly	Late payment **Section 1.0 N. 7.** Assessed at Statewide level.	Claims that were paid untimely - Clean Claims must be paid within 45 days, and claims should be clean within 90 days	Total claims	Year 1 - Credits will be assessed if more than 5% of claims were paid untimely according to the definition noted in the numerator Subsequent Years - Credits will be assessed if more than 2% of claims were paid untimely	Tier 1: $5,000.00 Tier 2: $10,000.00
13 - Monthly	Claims Reconciliation **Section 1.0 N.** Assessed at Statewide level.	Any claim identified from the monthly claims file that is paid by the Contractor that does not reconcile to the respective monthly census report	Total Claims	All years - Credits will be assessed if less than 100% of the claims are reconciled to the monthly census report	Credit: Repayment for the value of the claim paid plus $500.00 for each claim
14 - Monthly	Claims Events **Section 1.0 N.** Assessed at Statewide level.	Any claim identified from the monthly claims file that does not have an associated authorization number tied to the claim	Total Claims	All years - Credits will be assessed if less 100% of the monthly claims lack an authorization number	Credit: $500.00 for each claim without an associated authorization number

Miscellaneous					
Number/ Timeframe	Service Level Agreement	Numerator	Denominator	Minimum Threshold	Credits
15 - Annual	Training **MDOC Training**	All contracted personnel must complete MDOC New Employee training,	Total number of training sessions (in-person and	All years - Credits will be assessed if less than 100% of all staff have completed training and	Credit: $1,000.00 for each staff

	Manual: New Employee and In-service **Section 1.0 I. 3. and 5.; Section 1.2** Assessed at Statewide level.	MDOC Annual training, and any Continuing Education Courses that are needed to maintain licensure	computer-based training)	continuing education to maintain licensure	member that does not complete the training
16 - Monthly	Timeliness of Data Requests **Section 1.0 R. 1. and 2. Section 4.3** Assessed on each request.	All requests for data or information need to be completed by the timeline identified by the Contractor	Data/Information Requests	<u>All years</u> - Credits are assessed for any data or information request that is not delivered timely. Credits are assessed for each business day it is late	Credit: $500.00 per business day that the data request is untimely

SCHEDULES A-10 through A-35 – NOT APPLICBLE OR RESERVED

STATE OF MICHIGAN

Contract No. 210000000685
Prisoner Health Care and Pharmacy Services

SCHEDULE B
PRICING

1. Contract pricing must include all costs, including but not limited to, any one-time or set-up charges, fees, and potential costs that Contractor may charge the State (e.g., shipping and handling, per piece pricing, and palletizing).

2. The Contractor has offered the following quick payment terms. The number of days must not include processing time for payment to be received by the Contractor's financial institution.

   Quick payment terms: 0.3 % discount off invoice if paid within 15 days after receipt of invoice.

The risk share pricing proposal consists of two components; base PPPM and a risk share base PPPM. The base PPPM will be the amount that is paid on a monthly basis by the 15th of the following month based on the census report that is received on the first day of the following month (i.e. July census report will be provided on August 1). The Contractor must detail the components that make up the base PPPM rate. The base PPPM does not include the dental rates. The risk share base PPPM will be the sum of the specialty care and pharmacy components that will be used in the risk share reconciliation as noted on each pricing table below. Between the risk share target and the risk share cap the MDOC will share the costs. The Contractor must propose a risk share cap.

The risk share component relates to specialty services (including on-site and off-site), pharmacy costs (net rebates and discount) and does not include on-site staffing for all contracted services, and the administrative/management fee. It must also include the range that the Contractor proposes for the risk share window. The risk share window will start with the base risk share PPPM (target) for specialty services and pharmacy, and must contain a cap of costs for the MDOC. The MDOC cap is reached when the total specialty costs and/or pharmacy reach the cap amount, and not when the MDOC costs reach the cap amount. Any claims that are Medicaid or Medicaid eligible will not be included in the risk share calculation.

The MDOC will share costs equally 50/50 with the Contractor in excess of the risk share base PPPM up to the point where the costs equal the cap. All costs in excess of the cap will be the responsibility of the Contractor. The MDOC will share savings 85/15 (85% to MDOC and 15% to the Contractor) with the Contractor when actual costs are below the target. No savings related to the Affordable Care Act will be included in the risk share reconciliation, i.e. Medicaid.

The risk share will be reconciled on a quarterly basis based on actual paid claims and expenditures paid during the reporting period, this does not include accruals.

PRISONER HEALTH CARE SERVICES

Per Prisoner Per Month Breakdown (PPPM) for Health Care Services	Contract Year 1	Contract Year 2	Contract Year 3	Contract Year 4	Contract Year 5	Total Base Contract
Onsite Medical Total (Schedule A, 1.0, Section C)	$59.49	$61.27	$63.11	$65.00	$66.95	$315.82
On-site Behavioral Health Total (Schedule A, 1.0, Section C)	$31.09	$32.02	$32.98	$33.97	$34.99	$165.05
Specialty Care (onsite and offsite)	$85.94	$88.52	$91.18	$93.92	$96.74	$456.30
Specialty Care Access Fee	$7.41	$7.63	$7.86	$8.10	$8.34	$39.34
Specialty Care Total (Schedule A, 1.0, Section E) *Total should include specialty care costs, specialty care access fee.*	$93.35	$96.15	$99.04	$102.02	$105.08	$495.64
*Cost Allocations and Indirect Costs	$0	$0	$0	$0	$0	$0
**Management Fee	$17.87	$18.41	$18.96	$19.53	$20.12	$94.89
Base PPPM (for prisoner health care services) *(Sum of all the "total" rows highlighted in gray)*	$201.80	$207.85	$214.09	$220.52	$227.14	$1,071.40
Risk Share Base PPPM (for prisoner health care services) *(Sum of all the Specialty Care Total)*	$93.35	$96.15	$99.04	$102.02	$105.08	$495.64
Risk Share Cap PPPM (for prisoner health care services) *(Maximum potential costs to the MDOC for Specialty Care)*	$120.15	$123.75	$127.46	$131.28	$135.22	$637.86
Total Base Contract Cost for Prisoner Health Care Services *(Base PPPM x 32,500)*	$6,558,500	$6,755,125	$6,957,925	$7,166,900	$7,382,050	$34,820,500
Total Annual Base Contract Cost	$78,702,000	$81,061,500	$83,495,100	$86,002,800	$88,584,600	$417,846,000

NOTE: The Base PPPM is calculated using 32,500 prisoners per month. This number may change and is not a guarantee of number of prisoners needing service.

PRISONER PHARMACY SERVICES

Per Prisoner Per Month Breakdown (PPPM) for Pharmacy Services	Contract Year 1	Contract Year 2	Contract Year 3	Contract Year 4	Contract Year 5	Total Base Contract
Pharmacy Staffing at On-site Pharmacy at DWHC Total	$1.94	$2.00	$2.06	$2.12	$2.18	$10.30
Pharmacy Dispensing Fee per prisoner not per script Total	$7.26	$7.48	$7.70	$7.93	$8.17	$38.54
Pharmaceutical Costs Total (Schedule A, 1.0, Section F)	$64.63	$66.57	$68.57	$70.63	$72.75	$343.15
*Cost Allocations and Indirect Costs	$0	$0	$0	$0	$0	$0
**Management Fee	$9.30	$9.58	$9.87	$10.17	$10.48	$49.40
Base PPPM (for pharmacy services) *(Sum of all the "total" rows highlighted in gray)*	$83.13	$85.63	$88.20	$90.85	$93.58	$441.39
Risk Share Base PPPM (for pharmacy services) *(Sum of all the Pharmaceutical CostsTotal)*	$64.63	$66.57	$68.57	$70.63	$72.75	$343.15
Risk Share Cap PPPM (for pharmacy services) *(Maximum potential costs to the MDOC for Pharmaceutical Services)*	$77.83	$80.16	$82.56	$85.04	$87.59	$413.18
Total Base Contract Cost for pharmacy services *(Base PPPM x 32,500)*	$2,701,725	$2,782,975	$2,866,500	$2,952,625	$3,041,350	$14,345,175
Total Annual Base Contract Cost	$32,420,700	$33,395,700	$34,398,000	$35,431,500	$36,496,200	$172,142,100

NOTE: The Base PPPM is calculated using 32,500 prisoners per month. This number may change and is not a guarantee of number of prisoners needing service.

Combined Annual Base Contract Cost	**$111,122,700**	**$114,457,200**	**$117,893,100**	**$121,434,300**	**$125,080,800**	**$589,988,100**

The proposed health care and pharmacy services costs are based on the following assumptions:

- Inpatient stays for the secure units will be billed to Medicaid for eligible patients.
- Risk share window of $40.00 PPPM ($26.80 for healthcare services and $13.20 for pharmacy services) of which MDOC and Contractor would split evenly.

Cost Explanation

The costs as provided in the above pricing tables include all costs to provide the services as requested in Schedule A (Statement of Work). These costs include the following:

- Comprehensive health care provider services and pharmacy staffing services, inclusive of key and essential personnel for the MDOC prisoner population (onsite medical staffing, onsite behavioral health staffing, and pharmacy staffing) and insurance costs.
- Specialty on-site and off-site care inclusive of all out-of-facility medical services ineligible for Medicaid, laboratory, radiology interpretation and offsite radiology, onsite specialty clinics not included in staffing plan, dialysis, and ambulance services, as well as BCBS network premiums and access fees.

- Pharmaceutical costs include our estimated drug costs based on the RFP requirements and developed independently of Schedule B-1 (in accordance with responses to Q&A).
- Pharmacy dispensing fees include the costs of labor, packaging, shipping, local deliveries, interface, information technology monthly support fees, discarded medication charges, and the back-up pharmacy cost overruns for all fills except the staffing costs at DWHC.
- Risk share base and risk share cap for health care services includes specialty on-site and off-site care as detailed above. The risk share base and cap for pharmacy services includes our pharmaceutical costs as detailed above.

Management Fee Breakdown

Our management fee costs include the following:

- ***Employee goodwill,*** education and scholarships include employee-related expenses that promote professional development and staff retention.
- ***Licensing fees*** include the costs of licensure obtained on behalf of employees.
- ***Background checks*** include pre-employment, criminal background checks, etc.
- ***Recruiting and relocation*** include expenses associated with identifying and acquiring new talent.
- ***Travel*** includes airfare, lodging, meals, mileage reimbursement, parking fees, etc.
- ***Office rental*** includes the rental expense of maintaining a local administrative office.
- ***Information technology*** includes the cost of IT maintenance and network communications.
- ***Telephone*** includes the cost of land lines and mobile telephones (for management staff).
- ***Legal fees*** include various site-specific legal costs.
- ***Consulting*** includes various clinical and operational consultants that may be engaged to provide training, seminars, etc.
- ***Payroll*** includes the cost of third-party payroll services.
- ***Overhead and margin*** include general and administrative (G&A) expenses and reasonable profit.

SCHEDULE B-1 – NOT APPLICABLE OR RESERVED

SCHEDULE C – NOT APPLICBLE OR RESERVED

SCHEDULE D – NOT APPLICABLE OR RESERVED

SCHEDULE E

CONTRACTOR HOSTED SOFTWARE AND SERVICES

1. Definitions. In addition to the definitions found in the Contract Terms, for the purposes of this Contract, the following terms have the following meanings:

"Authorized Users" means all Persons authorized by the State to access and use the Software under this Contract, subject to the maximum number of users specified in the applicable Statement of Work.

"**Harmful Code**" means any: (a) virus, trojan horse, worm, backdoor or other software or hardware devices the effect of which is to permit unauthorized access to, or to disable, erase, or otherwise harm, any computer, systems or software; or (b) time bomb, drop dead device, or other software or hardware device designed to disable a computer program automatically with the passage of time or under the positive control of any Person, or otherwise prevent, restrict or impede the State's or any Authorized User's use of such software.

"**Hosted Services" means** the hosting, management and operation of the Software and other services for remote electronic access and use by the State and its Authorized Users as described in one or more written, sequentially numbered, statements of work referencing this Contract, including all Specifications set forth in such statements of work, which, upon their execution will be attached as **Schedule A** to this Contract and by this reference are incorporated in and made a part of this Contract.

"**Integration Testing**" has the meaning set forth in **Section 4.2(c)**.

"**Open-Source Components**" means any software component that is subject to any open-source copyright license agreement, including any GNU General Public License or GNU Library or Lesser Public License, or other obligation, restriction or license agreement that substantially conforms to the Open Source Definition as prescribed by the Open Source Initiative or otherwise may require disclosure or licensing to any third party of any source code with which such software component is used or compiled.

"**Open-Source License**" has the meaning set forth in **Section 2.3.**

"**Operating Environment**" means, collectively, the platform, environment and conditions on, in or under which the Software is intended to be installed and operate, as set forth in the Statement of Work, including such structural, functional and other features, conditions and components as hardware, operating software and system architecture and configuration.

"**Service Error**" means any failure of any Hosted Service to be Available or otherwise perform in accordance with this Schedule.

"**Specifications**" means the specifications for the Software set forth in the applicable Statement of Work and, to the extent consistent with and not limiting of the foregoing, the Documentation.

"**State Materials**" means all materials and information, including documents, data, know-how, ideas, methodologies, specifications, software, content and technology, in any form or media, directly or indirectly provided or made available to Contractor by or on behalf of the State in connection with this Contract.

"**Support Services**" means the Software maintenance and support services Contractor is required to or otherwise does provide to the State pursuant to this **Schedule E** and **Exhibit 1** to this **Schedule E**.

"**Technical Specification**" means, with respect to any Software, the document setting forth the technical specifications for such Software and included in the Statement of Work.

"**User Data**" means all data, information and other content of any type and in any format, medium or form, whether audio, visual, digital, screen, GUI or other, that is input, uploaded to, placed into or collected, stored, processed, generated or output by any device, system or network by or on behalf of the State, including any and all works, inventions, data, analyses and other information and materials resulting from any use of the Software by or on behalf of the State under this Contract, except that User Data does not include the Software or data, information or content, including any GUI, audio, visual or digital or other display or output, that is generated automatically upon executing the Software without additional user input.

"**Warranty Period**" means the ninety (90) calendar-day period commencing on the date of the State's Acceptance of the Software.

2. Hosted Software License Grant and Source Code Escrow

2.1 Contractor License Grant. Contractor hereby grants to the State, exercisable by and through its Authorized Users, a nonexclusive, royalty-free, irrevocable (except as provided herein) right and license during the Term and such additional periods, if any, as Contractor is required to perform Services under this Contract or any Statement of Work, to:

(a) access and use the Hosted Services, including in operation with other software, hardware, systems, networks and services, for the State's business purposes, including for Processing State Data;

(b) generate, print, copy, upload, download, store and otherwise Process all GUI, audio, visual, digital and other output, displays and other content as may result from any access to or use of the Hosted Services;

(c) prepare, reproduce, print, download and use a reasonable number of copies of the Specifications and Documentation for any use of the Hosted Services under this Contract; and

(d) access and use the Hosted Services for all such non-production uses and applications as may be necessary or useful for the effective use of the Hosted Services hereunder, including for purposes of analysis, development, configuration, integration, testing, training, maintenance, support and repair, which access and use will be without charge and not included for any purpose in any calculation of the State's or its Authorized Users' use of the Hosted Services, including for purposes of assessing any Fees or other consideration payable to Contractor or determining any excess use of the Hosted Services as described in **Section 2.2**.

2.2 License Restrictions. The State will not: (a) rent, lease, lend, sell, sublicense, assign, distribute, publish, transfer or otherwise make the Hosted Services available to any third party, except as expressly permitted by this Contract or in any Statement of Work; or (b) use or authorize the use of the Hosted Services or Documentation in any manner or for any purpose that is unlawful under applicable Law.

2.3 Use. The State will pay Contractor the corresponding Fees set forth in the Statement of Work for all Authorized Users access and use of the Hosted Services or Software. Such Fees will be Contractor's sole and exclusive remedy for use of the Hosted Services or Software, including any excess use.

2.4 Open-Source Licenses. For Contractor Hosted Software only (and not for the provision of Sof0tware-as-a-Service), any use hereunder of Open-Source Components shall be governed by, and subject to, the terms and conditions of the applicable open-source license ("Open-Source License"). Contractor shall identify and

describe in an exhibit to the Statement of Work each of the Approved Open-Source Components of the Software, and include an exhibit attaching all applicable Open-Source Software Licenses or identifying the URL where these licenses are publicly available.

2.5 Source Code Escrow. The parties may enter into a separate intellectual property escrow agreement. Such escrow agreement will govern all aspects of Source Code escrow and release. Contractor hereby grants the State a license to use, reproduce, and create derivative works from the deposit material, provided the State may not distribute or sublicense the deposit material or make any use of it whatsoever except for such internal use as is necessary to maintain and support the Software. Copies of the deposit material created or transferred pursuant to this Contract are licensed, not sold, and the State receives no title to or ownership of any copy or of the deposit material itself. The deposit material constitutes Confidential Information of Contractor pursuant to **Section 38.a** of this Contract (provided no provision of **Section 38.e** calling for return of Confidential Information before termination of this Contract will apply to the deposit material).

3. Hosted Services Testing and Acceptance.

3.1 Hosted Service Preparation. Promptly upon the parties' execution of a Statement of Work, Contractor will take all steps necessary to make the Hosted Services procured thereunder ready and available for the State's use in accordance with the Statement of Work and this Contract, including any applicable milestone date or dates set forth in such Statement of Work.

3.2 Testing and Acceptance.

(a) When Contractor notifies the State in writing that the Hosted Services are ready for use in a production environment, the State will have thirty (30) days (or such other period as may be agreed upon by the Parties in writing) from receipt of the notice to test the Hosted Services to determine whether they comply in all material respects with the requirements of this Contract and the Specifications.

(b) Upon completion of the State's testing, the State will notify Contractor of its acceptance ("**Accept**" or "**Acceptance**") or, if it has identified any noncompliance with the Specifications, rejection ("**Reject**" or "**Rejection**") of the Hosted Services. If the State Rejects the Hosted Services, the State will provide a written list of items that must be corrected. On receipt of the State's notice, Contractor will promptly commence, at no additional cost or charge to the State, all reasonable efforts to complete, as quickly as possible and in any event within twenty (20) days (or such other period as may be agreed upon by the Parties in writing) from receipt of the State's notice, such necessary corrections, repairs and modifications to the Hosted Services to bring them into full compliance with the Specifications.

(c) If any corrective measures are required under **Section 3.2(b)**, upon completion of all such measures, Contractor will notify the State in writing and the process set forth in **Section 3.2(a)** and **Section 3.2(b)** will be repeated; provided that if the State determines that the Hosted Services, as revised, still do not comply in all material respects with the Specifications, the State may, in its sole discretion:

(i) require the Contractor to repeat the correction, repair and modification process set forth in **Section 3.2(b)** at no additional cost or charge to the State; or

(ii) terminate any and all of the relevant Statement of Work, this Contract and any other Statements of Work hereunder.

(d) The parties will repeat the foregoing procedure until the State Accepts the Hosted Services or elects to terminate the relevant Statement of Work as provided in **Section 3.2(c)(ii)** above. If the State so terminates the relevant Statement of Work, Contractor must refund to the State all sums previously paid to Contractor under such Statement of Work within ten (10) Business Days of the State's written notice of termination, and the State will be relieved of all obligations thereunder.

4. Support Services.

4.1 **Maintenance and Support Services**. Contractor will provide Hosted Service maintenance and support services (collectively, "**Support Services**") in accordance with the provisions set forth in this **Schedule E** and in the Service Level Agreement, attached as **Exhibit 1** to this **Schedule E** (the "**Support Services and Service Level Agreement**").

4.2 **Maintenance Services.** Contractor will provide Hosted Service maintenance and support services (collectively, "**Software Support Services**") in accordance with the provisions of this **Schedule E**, including **Exhibit 1** to this **Schedule E**. The Software Support Services are included in the Services, and Contractor may not assess any additional fees, costs or charges for such Software Support Services. Contractor will continuously maintain the Hosted Services to optimize Availability that meets or exceeds the Availability Requirement as defined in **Exhibit 1** to this **Schedule E**. Such maintenance services include providing to the State and its Authorized Users:

(a) all updates, bug fixes, enhancements, new releases, new versions and other improvements to the Hosted Services, including the Software, that Contractor provides at no additional charge to its other similarly situated customers; and

(b) all such services and repairs as are required to maintain the Hosted Services or are ancillary, necessary or otherwise related to the State's or its Authorized Users' access to or use of the Hosted Services, so that the Hosted Services operate properly in accordance with the Contract and this **Schedule E**.

4.3 **Support Service Responsibilities.** Contractor will:

(a) correct all Service Errors in accordance with the Support Service Level Requirements as defined in **Exhibit 1** to this **Schedule E**, including by providing defect repair, programming corrections and remedial programming;

(b) provide unlimited telephone support between the hours of 7 am and 7 pm, EST;

(c) provide unlimited online support 24 hours a day, seven days a week;

(d) provide online access to technical support bulletins and other user support information and forums, to the full extent Contractor makes such resources available to its other customers; and

(e) respond to and Resolve Support Requests as specified in **Exhibit 1** to this **Schedule E.**

5. Software and Service Warranties.

5.1 Contractor represents and warrants to the State that:

(a) Contractor has, and throughout the Term and any additional periods during which Contractor does or is required to perform the Services, including Hosted Services, will have, the unconditional and irrevocable right, power and authority, including all permits and licenses required, to provide the Services and grant and perform all rights and licenses granted or required to be granted by it under this Contract;

(b) neither Contractor's grant of the rights or licenses hereunder nor its performance of any Services or other obligations under this Contract does or at any time will: (i) conflict with or violate any applicable law, including any law relating to data privacy, data security or personal information; (ii) require the consent, approval or authorization of any governmental or regulatory authority or other third party; or (iii) require the provision of any payment or other consideration by the State or any Authorized User to any third party, and Contractor shall promptly notify the State in writing if it becomes aware of any change in any applicable law that would preclude Contractor's performance of its material obligations hereunder;

(c) as accessed and used by the State or any Authorized User in accordance with this Contract and the Specifications, the Hosted Services, Documentation and all other Services and materials provided by Contractor under this Contract will not infringe, misappropriate or otherwise violate any Intellectual Property Right or other right of any third party;

(d) there is no settled, pending or, to Contractor's knowledge as of the Effective Date, threatened action, and it has not received any written, oral or other notice of any action (including in the form of any offer to obtain a license): (i) alleging that any access to or use of the Services, Hosted Services, or Software does or would infringe, misappropriate or otherwise violate any Intellectual Property Right of any third party; (ii) challenging Contractor's ownership of, or right to use or license, any software or other materials used or required to be used in connection with the performance or receipt of the Services, or alleging any adverse right, title or interest with respect thereto; or (iii) that, if decided unfavorably to Contractor, would reasonably be expected to have an actual or potential adverse effect on its ability to perform the Services, including Hosted Services, or its other obligations under this Contract, and it has no knowledge after reasonable investigation of any factual, legal or other reasonable basis for any such litigation, claim or proceeding;

(e) the Software, Services (including Hosted Services) will in all material respects conform to and perform in accordance with the Specifications and all requirements of this Contract, including the Availability and Availability Requirement provisions set forth in **Exhibit 1** to this **Schedule E**;

(f) all Specifications are, and will be continually updated and maintained so that they continue to be, current, complete and accurate and so that they do and will continue to fully describe the Hosted Services in all material respects such that at no time during the Term or any additional periods during which Contractor does or is required to perform the Services will the Hosted Services have any material undocumented feature;

(g) the Contractor Systems and Services (including Hosted Services) are and will remain free of Harmful Code;

(h) Contractor will not advertise through the Hosted Services (whether with adware, banners, buttons or other forms of online advertising) or link to external web sites that are not approved in writing by the State;

(i) Contractor will perform all Services in a timely, professional and workmanlike manner with a level of care, skill, practice and judgment consistent with generally recognized industry standards and practices for similar services, using personnel with the requisite skill, experience and qualifications, and will devote adequate resources to meet Contractor's obligations (including the Availability Requirement and Support Service Level Requirements) under this Contract;

(j) During the term of this Contract, any audit rights contained in any third-party software license agreement or end user license agreement for third-party software incorporated in or otherwise used in conjunction with the Services, will apply solely to Contractor's (or its subcontractors) facilities and systems that host the Services (including any disaster recovery site), and regardless of anything to the contrary contained in any third-party software license agreement or end user license agreement, third-party software providers will have no audit rights whatsoever against State systems or networks; and

(k) Contractor acknowledges that the State cannot indemnify any third parties, including but not limited to any third-party software providers that provide software that will be incorporated in or otherwise used in conjunction with the Services, and that notwithstanding anything to the contrary contained in any third-party software license agreement or end user license agreement, the State will not indemnify any third party software provider for any reason whatsoever.

5.2 DISCLAIMER. EXCEPT FOR THE EXPRESS WARRANTIES IN THIS CONTRACT, CONTRACTOR HEREBY DISCLAIMS ALL WARRANTIES, WHETHER EXPRESS, IMPLIED, STATUTORY OR OTHERWISE UNDER OR IN CONNECTION WITH THIS CONTRACT OR ANY SUBJECT MATTER HEREOF.

SCHEDULE E, EXHIBIT 1

Support Services and Service Level Agreement for Hosted Services

1. Definitions. For purposes of this **Exhibit 1** to **Schedule E**, the following terms have the meanings set forth below. All initial capitalized terms in this Schedule that are not defined in this **Section 1** shall have the respective meanings given to them in the Contract or its associated respective Schedules.

"**Actual Uptime**" means the total minutes in the Service Period that the Hosted Services are Available.

"**Availability**" has the meaning set forth in **Section 3(a)**.

"**Availability Requirement**" has the meaning set forth in **Section 3(a)**.

"**Available**" has the meaning set forth in **Section 3(a)**.

"**Contractor Service Manager**" has the meaning set forth in **Section 2.1**.

"**Corrective Action Plan**" has the meaning set forth in **Section 4.3**.

"**Critical Service Error**" has the meaning set forth in **Section 4**.

"**Exceptions**" has the meaning set forth in **Section 3.2**.

"Force Majeure Event" has the meaning set forth in **Section 5.1**.

"**High Service Error**" has the meaning set forth in **Section 4**.

"**Hosted Services**" has the meaning set forth in **Schedule E**.

"**Low Service Error**" has the meaning set forth in **Section 4**.

"**Medium Service Error**" has the meaning set forth in **Section 4**.

"**Resolve**" has the meaning set forth in **Section 4.1(a)**.

"**Scheduled Downtime**" has the meaning set forth in **Section 3.3**.

"**Scheduled Uptime**" means the total minutes in the Service Period.

"**Service Availability Credits**" has the meaning set forth in **Section 3.6(a)**.

"**Service Level Credits**" has the meaning set forth in **Section 4.2**.

"**Service Level Failure**" means a failure to perform the Software Support Services fully in compliance with the Support Service Level Requirements.

"**Service Period**" has the meaning set forth in **Section 3(a)**.

"**Software**" has the meaning set forth in the Contract.

"**Software Support Services**" has the meaning set forth in **Section 4.1**.

"**State Service Manager**" has the meaning set forth in **Section 2.2**.

"**State Systems**" means the information technology infrastructure, including the computers, software, databases, electronic systems (including database management systems) and networks, of the State or any of its designees.

"**Support Request**" has the meaning set forth in **Section 4**.

"**Support Service Level Requirements**" has the meaning set forth in **Section 4**.

"**Term**" has the meaning set forth in the Contract.

2. Personnel

2.1 Contractor Personnel for the Hosted Services. Contractor will appoint a Contractor employee to serve as a primary contact with respect to the Services who will have the authority to act on behalf of Contractor in matters pertaining to the receipt and processing of Support Requests and the Software Support Services (the "**Contractor Service Manager"). The Contractor Service Manager** will be considered Key Personnel under the Contract.

2.2 State Service Manager for the Hosted Services. The State will appoint and, in its reasonable discretion, replace, a State employee to serve as the primary contact with respect to the Services who will have the authority to act on behalf of the State in matters pertaining to the Software Support Services, including the submission and processing of Support Requests (the "**State Service Manager**").

3. Service Availability and Service Availability Credits.

(a) Availability Requirement. Contractor will make the Hosted Services Available, as measured over the course of each calendar month during the Term and any additional periods during which Contractor does or is required to perform any Hosted Services (each such calendar month, a "**Service Period**"), at least 99.98% of the time, excluding only the time the Hosted Services are not Available solely as a result of one or more Exceptions (the "**Availability Requirement**"). "**Available**" means the Hosted Services are available and operable for access and use by the State and its Authorized Users over the Internet in material conformity with the Contract. "**Availability**" has a correlative meaning. The Hosted Services are not considered Available in the event of a material performance degradation or inoperability of the Hosted Services, in whole or in part. The Availability Requirement will be calculated for the Service Period as follows: (Actual Uptime – Total Minutes in Service Period Hosted Services are not Available Due to an Exception) ÷ (Scheduled Uptime – Total Minutes in Service Period Hosted Services are not Available Due to an Exception) x 100 = Availability.

3.2 Exceptions. No period of Hosted Service degradation or inoperability will be included in calculating Availability to the extent that such downtime or degradation is due to any of the following ("**Exceptions**"):

(a) failures of the State's or its Authorized Users' internet connectivity;

(b) Scheduled Downtime as set forth in **Section 3.3**.

3.3 Scheduled Downtime. Contractor must notify the State at least twenty-four (24) hours in advance of all scheduled outages of the Hosted Services in whole or in part ("**Scheduled Downtime**"). All such scheduled outages will: (a) last no longer than five (5) hours; (b) be scheduled between the hours of 12:00 a.m. and 5:00 a.m., Eastern Time; and (c) occur no more frequently than once per week; provided that Contractor may request the State to approve extensions of Scheduled Downtime above five (5) hours, and such approval by the State may not be unreasonably withheld or delayed.

3.4 Software Response Time. Software response time, defined as the interval from the time the end user sends a transaction to the time a visual confirmation of transaction completion is received, must be less than two (2) seconds for 98% of all transactions. Unacceptable response times shall be considered to make the Software unavailable and will count against the Availability Requirement.

3.5 Service Availability Reports. Within thirty (30) days after the end of each Service Period, Contractor will provide to the State a report describing the Availability and other performance of the Hosted Services during that calendar month as compared to the Availability Requirement. The report must be in electronic or such other form as the State may approve in writing and shall include, at a minimum: (a) the actual performance of the Hosted Services relative to the Availability Requirement; and (b) if Hosted Service performance has failed in any respect to meet or exceed the Availability Requirement during the reporting period, a description in sufficient detail to inform the State of the cause of such failure and the corrective actions the Contractor has taken and will take to ensure that the Availability Requirement are fully met.

3.6 Remedies for Service Availability Failures.

(a) If the actual Availability of the Hosted Services is less than the Availability Requirement for any Service Period, such failure will constitute a Service Error for which Contractor will issue to the State the following credits on the fees payable for Hosted Services provided during the Service Period ("**Service Availability Credits**"):

This table applies to the Pharmacy System identified in Section T.
Extenuating circumstances will be reviewed by the MDOC Contract Manager before any Service Credits are assessed. At the discretion of the State, these credits may be applied toward any payable due to the Contractor or be payable directly to the State of Michigan. Payments made directly to the State of Michigan shall be completed within 10 calendar days upon demand.

Availability	**Credit of Fees (% of Pharmacy PPM)**
≥10 hours of downtime	None
<10 hours but ≥50 hours	1%
<50 hours but ≥100 hours	5%

<100 hours	10%

(b) Any Service Availability Credits due under this **Section 3.6** will be applied in accordance with payment terms of the Contract.

(c) If the actual Availability of the Hosted Services is less than the Availability Requirement in any two (2) of four (4) consecutive Service Periods, then, in addition to all other remedies available to the State, the State may terminate the Contract on written notice to Contractor with no liability, obligation or penalty to the State by reason of such termination.

3.7 Service Monitoring and Management. Contractor will continuously monitor and manage the Hosted Services to optimize Availability that meets or exceeds the Availability Requirement. Such monitoring and management includes:

(a) proactively monitoring on a twenty-four (24) hour by seven (7) day basis all Hosted Service functions, servers, firewall and other components of Hosted Service security;

(b) if such monitoring identifies, or Contractor otherwise becomes aware of, any circumstance that is reasonably likely to threaten the Availability of the Hosted Service, taking all necessary and reasonable remedial measures to promptly eliminate such threat and ensure full Availability; and

(c) if Contractor receives knowledge that the Hosted Service or any Hosted Service function or component is not Available (including by written notice from the State pursuant to the procedures set forth herein):

(i) confirming (or disconfirming) the outage by a direct check of the associated facility or facilities;

(ii) if Contractor's facility check in accordance with clause (i) above confirms a Hosted Service outage in whole or in part: (A) notifying the State in writing pursuant to the procedures set forth herein that an outage has occurred, providing such details as may be available, including a Contractor trouble ticket number, if appropriate, and time of outage; and (B) working all problems causing and caused by the outage until they are Resolved as Critical Service Errors in accordance with the Support Request Classification set forth in **Section 4**, or, if determined to be an internet provider problem, open a trouble ticket with the internet provider; and

(iii) notifying the State that Contractor has fully corrected the outage and any related problems, along with any pertinent findings or action taken to close the trouble ticket.

4. Support Service Level Requirements. Contractor will correct all Service Errors and respond to and Resolve all Support Requests in accordance with the required times and other terms and conditions set forth in this **Section 4** ("**Support Service Level Requirements**"), and the Contract.

4.1 Support Requests. The State will classify its requests for Service Error corrections in accordance with the descriptions set forth in the chart below (each a "**Support Request**"). The State Service Manager will notify Contractor of Support Requests by email, telephone or such other means as the parties may hereafter agree to in writing.

Support Request Classification	**Description:** **Any Service Error Comprising or Causing any of the Following Events or Effects**
Critical Service Error	• Issue affecting entire system or single critical production function; • System down or operating in materially degraded state; • Data integrity at risk; • Declared a Critical Support Request by the State; or • Widespread access interruptions.
High Service Error	• Primary component failure that materially impairs its performance; or • Data entry or access is materially impaired on a limited basis.
Medium Service Error	• Hosted Service is operating with minor issues that can be addressed with an acceptable (as determined by the State) temporary work around.
Low Service Error	• Request for assistance, information, or services that are routine in nature.

(a) Response and Resolution Time Service Levels. Response and Resolution times will be measured from the time Contractor receives a Support Request until the respective times Contractor has (i) responded to, in the case of response time and (ii) Resolved such Support Request, in the case of Resolution time. "**Resolve**" (including "**Resolved**", "**Resolution**" and correlative capitalized terms) means that, as to any Service Error, Contractor has provided the State the corresponding Service Error correction and the State has confirmed such correction and its acceptance thereof. Contractor will respond to and Resolve all Service Errors within the following times based on the severity of the Service Error:

Support Request Classification	**Service Level Metric** **(Required Response Time)**	**Service Level Metric** **(Required Resolution Time)**	**Service Level Credits** **(For Failure to Respond to any Support Request Within the**	**Service Level Credits** **(For Failure to Resolve any Support Request Within the Corresponding**

			Corresponding Response Time)	**Required Resolution Time)**
Critical Service Error	One (1) hour	Three (3) hours	Five percent (5%) of the Fees for the month in which the initial Service Level Failure begins and five percent (5%) of such monthly Fees for each additional hour or portion thereof that the corresponding Service Error is not responded to within the required response time.	Five percent (5%) of the Fees for the month in which the initial Service Level Failure begins and five percent (5%) of such monthly Fees for the first additional hour or portion thereof that the corresponding Service Error remains un-Resolved, which amount will thereafter double for each additional one-hour increment.
High Service Error	One (1) hour	Four (4) hours	Three percent (3%) of the Fees for the month in which the initial Service Level Failure begins and three percent (3%) of such monthly Fees for each additional hour or portion thereof that the corresponding Service Error is not responded to within the required response time.	Three percent (3%) of the Fees for the month in which the initial Service Level Failure begins and three percent (3%) of such monthly Fees for the first additional hour or portion thereof that the corresponding Service Error remains un-Resolved, which amount will thereafter double for each additional one-hour increment.
Medium Service Error	Three (3) hours	Two (2) Business Days	N/A	N/A
Low Service Error	Three (3) hours	Five (5) Business Days	N/A	N/A

(b) Escalation. With respect to any Critical Service Error Support Request, until such Support Request is Resolved, Contractor will escalate that Support Request within sixty (60) minutes of the receipt of such Support Request by the appropriate Contractor support personnel, including, as applicable, the Contractor Service Manager and Contractor's management or engineering personnel, as appropriate.

4.2 Support Service Level Credits. Failure to achieve any of the Support Service Level Requirements for Critical and High Service Errors will constitute a Service Level Failure for which Contractor will issue to the State the corresponding service credits set forth in **Section 4.1(a)** ("**Service Level Credits**") in accordance with payment terms set forth in the Contract.

4.3 Corrective Action Plan. If two or more Critical Service Errors occur in any thirty (30) day period during (a) the Term or (b) any additional periods during which Contractor does or is required to perform any Hosted Services, Contractor will promptly investigate the root causes of these Service Errors and provide to the State within five (5) Business Days of its receipt of notice of the second such Support Request an analysis of such root causes and a proposed written corrective action plan for the State's review, comment and approval, which, subject to and upon the State's written approval, shall be a part of, and by this reference is incorporated in, the Contract as the parties' corrective action plan (the "**Corrective Action Plan**"). The Corrective Action Plan must include, at a minimum: (a) Contractor's commitment to the State to devote the appropriate time, skilled personnel, systems support and equipment and other resources necessary to Resolve and prevent any further occurrences of the Service Errors giving rise to such Support Requests; (b) a strategy for developing any programming, software updates, fixes, patches, etc. necessary to remedy, and prevent any further occurrences of, such Service Errors; and (c) time frames for implementing the Corrective Action Plan. There will be no additional charge for Contractor's preparation or implementation of the Corrective Action Plan in the time frames and manner set forth therein.

5. Force Majeure.

5.1 Force Majeure Events. Subject to **Section 5.3**, neither party will be liable or responsible to the other party, or be deemed to have defaulted under or breached the Contract, for any failure or delay in fulfilling or performing any term hereof, when and to the extent such failure or delay is caused by: acts of God, flood, fire or explosion, war, terrorism, invasion, riot or other civil unrest, embargoes or blockades in effect on or after the date of the Contract, national or regional emergency, or any passage of law or governmental order, rule, regulation or direction, or any action taken by a governmental or public authority, including imposing an embargo, export or import restriction, quota or other restriction or prohibition (each of the foregoing, a "**Force Majeure Event**"), in each case provided that: (a) such event is outside the reasonable control of the affected party; (b) the affected party gives prompt written notice to the other party, stating the period of time the occurrence is expected to continue; (c) the affected party uses diligent efforts to end the failure or delay and minimize the effects of such Force Majeure Event.

5.2 State Performance; Termination. In the event of a Force Majeure Event affecting Contractor's performance under the Contract, the State may suspend its performance hereunder until such time as Contractor resumes performance. The State may terminate the Contract by written notice to Contractor if a Force Majeure Event affecting Contractor's performance hereunder continues substantially uninterrupted for a period of five (5) Business Days or more. Unless the State terminates the Contract pursuant to the preceding sentence, any date specifically designated for Contractor's performance under the Contract will automatically be extended for a period up to the duration of the Force Majeure Event.

5.3 Exclusions; Non-suspended Obligations. Notwithstanding the foregoing or any other provisions of the Contract or this Schedule:

(a) in no event will any of the following be considered a Force Majeure Event:

(i) shutdowns, disruptions or malfunctions of Contractor Systems or any of Contractor's telecommunication or internet services other than as a result of general and widespread internet or telecommunications failures that are not limited to the Contractor Systems; or

(ii) the delay or failure of any Contractor Personnel to perform any obligation of Contractor hereunder unless such delay or failure to perform is itself by reason of a Force Majeure Event.

SCHEDULE F

Data Security Requirements

1. Definitions. For purposes of this Schedule, the following terms have the meanings set forth below. All initial capitalized terms in this Schedule that are not defined in this **Section 1** shall have the respective meanings given to them in the Contract.

"**Contractor Security Officer**" has the meaning set forth in **Section 2** of this Schedule.

"**Contractor Systems**" has the meaning set forth in **Section 5** of this Schedule.

"**FedRAMP**" means the Federal Risk and Authorization Management Program, which is a federally approved risk management program that provides a standardized approach for assessing and monitoring the security of cloud products and services.

"**FISMA**" means the Federal Information Security Modernization Act of 2014 (Pub.L. No. 113-283 (Dec. 18, 2014.) .

"**Hosted Services**" means the hosting, management and operation of the computing hardware, ancillary equipment, networking,Software, firmware, data, other services (including support and subcontracted services), and related resources used by the State and its Authorized Users, including any services and facilities related to disaster recovery obligations.

"**NIST**" means the National Institute of Standards and Technology.

"**PSP**" means the State's IT Policies, Standards and Procedures

"**PCI**" means the Payment Card Industry.

"**SSAE**" means Statement on Standards for Attestation Engagements.

2. Contractor will appoint a Contractor employee to respond to the State's inquiries regarding the security of the Contractor Systems who has sufficient knowledge of the security of the Contractor Systems and the authority to act on behalf of Contractor in matters pertaining thereto ("**Contractor Security Officer**"). The Contractor Security Officer will be considered Key Personnel under the Contract.

3. Protection of the State's Confidential Information. Throughout the Term and at all times in connection with its actual or required performance of the Services, Contractor will:

3.1. If the Software and State data are hosted by a subcontractor, the hosting must be in a FedRAMP authorized IT environment, and Contractor must maintain FedRAMP authorization for the Hosting Services throughout the Term, and in the event the contractor is unable to maintain FedRAMP authorization, the State, at its sole discretion, may either a) require the Contractor to move the Software and State Data to an alternative Hosting Provider selected and approved by the State at Contractor's sole cost and expense without any increase in Fees, or b) immediately terminate this Contract for cause pursuant to Section 28 of the Contract;

3.2. The Contractor, maintain either a FedRAMP authorization or an annual SSAE 18 SOC 2 Type II audit based on State required NIST moderate controls for the Hosted Services throughout the Term

3.3. ensure that the Software and State Data is securely hosted, supported, administered, and accessed in a data center and backup data center that resides in the continental United States, and minimally meets Uptime Institute Tier 3 standards (www.uptimeinstitute.com), or its equivalent;

3.4. maintain and enforce an information security program including safety and physical and technical security policies and procedures with respect to its Processing of the State's Confidential Information that comply with the requirements of the State's data security policies as set forth in the Contract**,** and must, at a minimum, remain compliant with FIPS and NIST Special Publication 800-53 (most recent version) MOD Controls using minimum control values as established in the applicable State PSP's;

3.5. provide technical and organizational safeguards against accidental, unlawful or unauthorized access to or use, destruction, loss, alteration, disclosure, encryption, transfer, replication; commingling or processing of such information that ensure a level of security appropriate to the risks presented by the processing of the State's Data and the nature of such Data, consistent with best industry practice and standards and applicable standards (including, but not limited to, compliance with NIST, CMS, and HIPAA, requirements as applicable);

3.6. take all reasonable measures to:

(a) secure and defend all locations, equipment, systems, data and other materials and facilities employed in connection with the Services against "malicious actors" and others who may seek, without authorization, to disrupt, damage, encrypt, modify, copy, access or otherwise use Contractor Systems or the information found therein; and

(b) prevent (i) the State and its Authorized Users from having access to the data of other customers or such other customer's users of the Services; (ii) the State's Confidential Information from being commingled with or contaminated by the data of other customers or their users of the Services; and (iii) unauthorized access to any of the State's Confidential Information;

3.7. ensure that State Data is encrypted in transit and at rest using AES encryption modules and a key size of 128 bits or higher,

3.8. ensure that State Data is encrypted in transit and at rest using currently validated encryption modules in accordance with the current version of FIPS PUB 140-2 (as amended). *Security Requirements for Cryptographic Modules;*

3.9. ensure the Hosted Services support Identity Federation/Single Sign-on (SSO) capabilities using Security Assertion Markup Language (SAML) or comparable mechanisms;

3.10. ensure the Hosted Services implements NIST compliant multi-factor authentication for privileged/administrative and other identified access; and

3.11. assist the State, at no additional cost, with development , completion and on-going maintenance of a system security plan (SSP) using the State's automated governance, risk and

compliance (GRC) platform, which requires Contractor to submit evidence, upon request from the State, in order to validate Contractor's security controls within two weeks of the State's request. On an annual basis, or as otherwise required by the State such as for significant changes, re-assessment of the system's controls will be required to receive and maintain authority to operate (ATO). All identified risks from the SSP will be remediated through a Plan of Action and Milestones (POAM) process with remediation time frames based on the risk level of the identified risk. For all findings associated with the Contractor's Solution, at no additional cost, Contractor will be required to create or assist with the creation of State approved POAMs and perform related remediation activities. The State will make any decisions on acceptable risk, Contractor may request risk acceptance, supported by compensating controls, however only the State may formally accept risk. Failure to comply with this section will be deemed a material breach of the Contract.

4. Unauthorized Access. Contractor may not access, and shall not permit any access to, State systems, in whole or in part, whether through Contractor's Systems or otherwise, without the State's express prior written authorization. Such authorization may be revoked by the State in writing at any time in its sole discretion. Any access to State systems must be solely in accordance with the Contract and this Schedule, and in no case exceed the scope of the State's authorization pursuant to this **Section 5**. All State-authorized connectivity or attempted connectivity to State systems shall be only through the State's security gateways and firewalls and in compliance with the State's security policies set forth in the Contract as the same may be supplemented or amended by the State and provided to Contractor from time to time.

5. Contractor Systems. Contractor will be solely responsible for the information technology infrastructure, including all computers, software, databases, electronic systems (including database management systems) and networks used by or for Contractor in connection with the Services ("**Contractor Systems**") and shall prevent unauthorized access to State systems through the Contractor Systems.

6. Security Audits. During the Term, Contractor will:

6.1. maintain complete and accurate records relating to its data protection practices, IT security controls, and the security logs of any of the State's Confidential Information, including any backup, disaster recovery or other policies, practices or procedures relating to the State's Confidential Information and any other information relevant to its compliance with this Schedule;

6.2. upon the State's request, make all such records, appropriate personnel and relevant materials available during normal business hours for inspection and audit by the State or an independent data security expert that is reasonably acceptable to Contractor, provided that the State: (i) gives Contractor at least five (5) Business Days prior notice of any such audit; (ii) undertakes such audit no more than once per calendar year, except for good cause shown; and (iii) conducts or causes to be conducted such audit in a manner designed to minimize disruption of Contractor's normal business operations and that complies with the terms and conditions of all data confidentiality, ownership, privacy, security and restricted use provisions of the Contract. The State may, but is not obligated to, perform such security audits, which shall, at the State's option and request, include penetration and security tests, of any and all Contractor Systems and their housing facilities and operating environments; and

6.3. if requested by the State, provide a copy of Contractor's FedRAMP System Security Plan or SSAE 18 SOC 2 Type 2 audit report to the State within thirty (30) days of the contract effective

date and annually after Contractor's receipt of such report. Any such audit reports will be recognized as Contractor's Confidential Information.

7. Nonexclusive Remedy for Security Breach. Any failure of the Services to meet the requirements of this Schedule with respect to the security of any State Data or other Confidential Information of the State, including any related backup, disaster recovery or other policies, practices or procedures, is a material breach of the Contract for which the State, at its option, may terminate the Contract immediately upon written notice to Contractor without any notice or cure period, and Contractor must promptly reimburse to the State any Fees prepaid by the State prorated to the date of such termination.

SCHEDULE F, Exhibit 1

Contractor's Disaster Recovery Plan

Schedule Redacted for Security Reason

SCHEDULE G – NOT APPLICABLE OR RESERVED

SCHEDULE H – NOT APPLICABLE OR RESERVED

SCHEDULE I – NOT APPLICABLE OR RESERVED