



STATE OF MICHIGAN ENTERPRISE PROCUREMENT

Department of Technology, Management, and Budget
320 S. Walnut Street 2nd Floor Lansing, MI 48933
P.O. BOX 30026 LANSING, MICHIGAN 48909

CONTRACT CHANGE NOTICE

Change Notice Number 4
to
Contract Number MA19000000248

CONTRACTOR	Diskriter, Inc.
	2840 Library Road, Suite 300
	Pittsburgh PA 15234
	Laveena Yadav
	888-343-5969
	Laveena@diskriter.com
	VS0044512

STATE	Program Manager	Various	MDHHS
STATE	Contract Administrator	Melissa Beck	DTMB
		(517) 897-1502	
		beckm3@michigan.gov	

CONTRACT SUMMARY				
Medical Transcription Services - Statewide				
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE	
December 12, 2018	December 11, 2023	3 - 12 Months	December 11, 2026	
PAYMENT TERMS		DELIVERY TIMEFRAME		
N/A		N/A		
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING	
<input type="checkbox"/> P-Card <input type="checkbox"/> Direct Voucher (PRC) <input type="checkbox"/> Other			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
MINIMUM DELIVERY REQUIREMENTS				
N/A				
DESCRIPTION OF CHANGE NOTICE				
OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
<input type="checkbox"/>		<input type="checkbox"/>		
CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE		
\$300,000.00	\$19,999.99	\$319,999.99		
DESCRIPTION				
Effective October 23, 2024, this contract is hereby increased by \$20,000 to cover Statewide needs.				
All other terms, conditions, specifications and pricing remain the same. Per contractor and agency agreement, and DTMB Central Procurement approval.				

**Program Managers
for
Multi-Agency and Statewide Contracts**

AGENCY	NAME	PHONE	EMAIL
MDHHS	Molly Hayes	734-429-2531	hayesm2@michigan.gov
MDHHS	Kathleen Cale	734-367-8415	CaleK@michigan.gov
MDHHS	Renee Smith	269-337-3060	SmithR83@michigan.gov



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 **19000000248**

CONTRACTOR	DISKRITER, INC.
	2840 Library Road, Suite 300
	Pittsburgh, PA 15234
	Laveena Yadav
	888-343-5969
	laveena@diskriter.com
	VS0044512

STATE	Program Manager	Various	SW
STATE	Contract Administrator	Emily Massa	DTMB
		(517) 897-7321	
		massae@michigan.gov	

CONTRACT SUMMARY

MEDICAL TRANSCRIPTION SERVICES - STATEWIDE

INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE
December 12, 2018	December 11, 2023	3 - 1 Year	December 11, 2026
PAYMENT TERMS		DELIVERY TIMEFRAME	
		N/A	
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING
<input type="checkbox"/> P-Card <input type="checkbox"/> PRC <input type="checkbox"/> Other			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

MINIMUM DELIVERY REQUIREMENTS

N/A

DESCRIPTION OF CHANGE NOTICE

OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
<input type="checkbox"/>	N/A	<input type="checkbox"/>	N/A	December 11, 2026
CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE		
\$300,000.00	\$0.00	\$300,000.00		

DESCRIPTION

Effective January 4th, 2024, the following terms are hereby removed from this contract.

7. Administrative Fee and Reporting.
 8. Extended Purchasing Program.

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

**Program Managers
for
Multi-Agency and Statewide Contracts**

AGENCY	NAME	PHONE	EMAIL
MDHHS	Kathleen Cale	734-367-8415	CaleK@michigan.gov
MDHHS	Renee Smith	269-337-3060	SmithR83@michigan.gov
MDHHS	Molly Hayes	734-429-2531	hayesm2@michigan.gov



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 19000000248

CONTRACTOR	DISKRITER, INC.
	2840 Library Road, Suite 300
	Pittsburgh, PA 15234
	Laveena Yadav
	888-343-5969
	laveena@diskriter.com
	VS0044512

STATE	Program Manager	Various	SW
STATE	Contract Administrator	Emily Massa	DTMB
		(517) 897-7321	
		massae@michigan.gov	

CONTRACT SUMMARY

MEDICAL TRANSCRIPTION SERVICES - STATEWIDE

INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE
December 12, 2018	December 11, 2023	3 - 1 Year	December 11, 2023

PAYMENT TERMS	DELIVERY TIMEFRAME
	N/A

ALTERNATE PAYMENT OPTIONS	EXTENDED PURCHASING
<input type="checkbox"/> P-Card <input type="checkbox"/> PRC <input type="checkbox"/> Other	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

MINIMUM DELIVERY REQUIREMENTS

N/A

DESCRIPTION OF CHANGE NOTICE

OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
<input checked="" type="checkbox"/>	3, 1-year	<input type="checkbox"/>	N/A	December 11, 2026

CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE
\$300,000.00	\$0.00	\$300,000.00

DESCRIPTION

Effective October 30, 2023, all three option years available on this contract are hereby exercised. The revised contract expiration date is December 11, 2026.

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

**Program Managers
for
Multi-Agency and Statewide Contracts**

AGENCY	NAME	PHONE	EMAIL
MDHHS	Kathleen Cale	734-367-8415	CaleK@michigan.gov
MDHHS	Renee Smith	269-337-3060	SmithR83@michigan.gov
MDHHS	Molly Hayes	734-429-2531	hayesm2@michigan.gov



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 190000000248

CONTRACTOR	DISKRITER, INC.
	2840 Library Road, Suite 300
	Pittsburgh, PA 15234
	Laveena Yadav
	888-343-5969
	laveena@diskriter.com
	VS0044512

STATE	Program Manager	Various	SW
	Contract Administrator	Emily Fedewa	DTMB
		(517) 897-7321 fedewae3@michigan.gov	

CONTRACT SUMMARY

MEDICAL TRANSCRIPTION SERVICES - STATEWIDE			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE
December 12, 2018	December 11, 2023	3 - 1 Year	December 11, 2023
PAYMENT TERMS		DELIVERY TIMEFRAME	
		N/A	
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING
<input type="checkbox"/> P-Card	<input type="checkbox"/> PRC	<input type="checkbox"/> Other	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

MINIMUM DELIVERY REQUIREMENTS
N/A

DESCRIPTION OF CHANGE NOTICE				
OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
<input type="checkbox"/>		<input type="checkbox"/>		December 11, 2023
CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE		
\$300,000.00	\$0.00	\$300,000.00		

DESCRIPTION

Effective February 16th, 2023, the following changes are hereby incorporated into this contract.

1. MDHHS Program Managers have been updated as the following:

Kathleen Cale
 Director of Medical Records
 Walter Reuther Psychiatric Hospital
 CaleK@michigan.gov
 734-367-8415

Renee Smith
 Health Information Management Director
 Kalamazoo Psychiatric Hospital
 smithr83@michigan.gov
 269-337-3060

Molly Hayes
Health Information Manager
Center for Forensic Psychiatry
hayesm2@michigan.gov
734-429-2531

2. The State Contract Administrator has been changed to:

Emily Fedewa
fedewae3@michigan.gov
517-897-7321

3. Contractor contact information changes:

Phone Number: 888-343-5969
Email: Laveena@diskriter.com

4. Schedule A - Statement of Work, 2. Michigan Department of Military & Veterans Affairs (DMVA) (Medical only) is hereby removed from this contract.

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

**Program Managers
for
Multi-Agency and Statewide Contracts**

AGENCY	NAME	PHONE	EMAIL
DMVA	Kerri Bielski	616-364-5327	BielskiK@michigan.gov
DMVA	Kerri Bielski	616-364-5327	BielskiK@michigan.gov
MDHHS	Kathleen Cale	734-367-8415	CaleK@michigan.gov
MDHHS	Kathleen Cale	734-367-8415	CaleK@michigan.gov
MDHHS	Renee Smith	269-337-3060	SmithR83@michigan.gov
MDHHS	Renee Smith	269-337-3060	SmithR83@michigan.gov
MDHHS	Molly Hayes	734-429-2531	hayesm2@michigan.gov
MDHHS	Molly Hayes	734-429-2531	hayesm2@michigan.gov



**STATE OF MICHIGAN
ENTERPRISE PROCUREMENT**

Department of Technology, Management and Budget
W. Allegan St., Lansing, MI 48933
30x 30026 Lansing, MI 48909

NOTICE OF CONTRACT

NOTICE OF CONTRACT NO. **190000000248**

between

THE STATE OF MICHIGAN

and

CONTRACTOR	Diskriter, Inc
	2840 Library Road, Suite 300
	Pittsburgh, PA 15234
	Laveena Yadav
	800-242-1622 ext. 717
	Laveena.yadav@diskriter.com
	VS0044512

STATE	Program Manager	Various	SW
	Contract Administrator	Courtney Flores	DTMB
		517-249-0452	
		floresc@michigan.gov	

CONTRACT SUMMARY

DESCRIPTION: Medical Transcription Services - Statewide

INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
12/12/2018	12/11/2023	3 – 1 Year	12/11/2023
PAYMENT TERMS		DELIVERY TIMEFRAME	
Net 45		N/A	
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING
<input type="checkbox"/> P-card <input type="checkbox"/> Payment Request (PRC) <input type="checkbox"/> Other			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS			
N/A			
MISCELLANEOUS INFORMATION			
THIS IS NOT AN ORDER: This Contract Agreement is awarded on the bases of our inquiry bearing the solicitation #180000003361. Orders for delivery will be issued through a Delivery Order.			
ESTIMATED CONTRACT VALUE AT TIME OF EXECUTION			\$300,000.00

**Program Managers for
Multi-Agency and Statewide Contracts**

AGENCY	NAME	PHONE	EMAIL
DMVA	Kerri Bielski	616-364-5327	beilskik@michigan.gov
MDHHS	Kim Meyer	734-295-4626	meyerk@michigan.gov

FOR THE CONTRACTOR:

Company Name

Authorized Agent Signature

Authorized Agent (Print or Type)

Date

FOR THE STATE:

Signature

Courtney Flores, Category Analyst

Name & Title

DTMB Procurement

Agency

Date



STATE OF MICHIGAN

STANDARD CONTRACT TERMS

This STANDARD CONTRACT (“Contract”) is agreed to between the State of Michigan (the “State”) and Diskriter, Inc (“Contractor”), a Pennsylvania Corporation. This Contract is effective on December 12, 2018 (“Effective Date”), and unless terminated, expires on December 11, 2023.

This Contract may be renewed for up to 3 additional 1 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.]

The parties agree as follows:

- 1. **Duties of Contractor.** Contractor must perform the services and provide the deliverables described in **Schedule A – Statement of Work** (the “Contract Activities”). 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: (a) perform the Contract Activities in a timely, professional, safe, and workmanlike manner consistent with standards in the trade, profession, or industry; (b) meet or exceed the performance and operational standards, and specifications of the Contract; (c) provide all Contract Activities in good quality, with no material defects; (d) not interfere with the State’s operations; (e) obtain and maintain all necessary licenses, permits or other authorizations necessary for the performance of the Contract; (f) cooperate with the State, including the State’s quality assurance personnel, and any third party to achieve the objectives of the Contract; (g) return to the State any State-furnished equipment or other resources in the same condition as when provided when no longer required for the Contract; (h) not make any media releases without prior written authorization from the State; (i) assign to the State any claims resulting from state or federal antitrust violations to the extent that those violations concern materials or services supplied by third parties toward fulfillment of the Contract; (j) comply with all State physical and IT security policies and standards which will be made available upon request; and (k) provide the State priority in performance of the Contract except as mandated by federal disaster response requirements. Any breach under this paragraph is considered a material breach.

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.

- 2. **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: Courtney Flores 525 W Allegan St Lansing, MI 48909 floresc@michigan.gov 517-249-0452	If to Contractor: Laveena Yadav 2840 Library Road, Suite 300 Pittsburgh, PA 15234 Laveena.yadav@diskriter.com 1-800-242-1622 ext. 717
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3. **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:
Courtney Flores 525 W Allegan St Lansing, MI 48909 floresc@michigan.gov 517-249-0452	Laveena Yadav 2840 Library Road, Suite 300 Pittsburgh, PA 15234 Laveena.yadav@diskriter.com 1-800-242-1622 ext. 717

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:
Kerri L. Bielski Department of Military & Veteran Affairs bielskik@michigan.gov 616-364-5327 Kimberly Meyer Department of Health & Human Services meyerk@michigan.gov 734-295-4626	Laveena Yadav 2840 Library Road, Suite 300 Pittsburgh, PA 15234 Laveena.yadav@diskriter.com 1-800-242-1622 ext. 717

5. **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.

6. **Insurance Requirements.** Contractor must maintain the insurances identified below and is responsible for all deductibles. All required insurance must: (a) protect the State from claims that may arise out of, are alleged to arise out of, or 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	
<u>Minimal Limits:</u> \$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 <u>Deductible Maximum:</u> \$50,000 Each Occurrence	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.
Automobile Liability Insurance	
<u>Minimal Limits:</u> If a motor vehicle is used in relation to the Contractor's performance, the Contractor must have vehicle liability insurance on the motor vehicle for bodily injury and property damage as required by law.	Contractor must have their policy include Hired and Non-Owned Automobile coverage.
Workers' Compensation Insurance	

<u>Minimal Limits:</u> Coverage according to applicable laws governing work activities.	Waiver of subrogation, except where waiver is prohibited by law.
Employers Liability Insurance	
<u>Minimal Limits:</u> \$500,000 Each Accident \$500,000 Each Employee by Disease \$500,000 Aggregate Disease.	
Privacy and Security Liability (Cyber Liability) Insurance	
<u>Minimal Limits:</u> \$1,000,000 Each Occurrence \$1,000,000 Annual Aggregate	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; and (2) cover information security and privacy liability, privacy notification costs, regulatory defense and penalties, and website media content liability.
Professional Liability (Errors and Omissions) Insurance	
<u>Minimal Limits:</u> \$1,000,000 Each Occurrence \$1,000,000 Annual Aggregate <u>Deductible Maximum:</u> \$50,000 Per Loss	

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 canceled 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 purchase 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 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).

- 7. Administrative Fee and Reporting.** Contractor must pay an administrative fee of 1% on all payments made to Contractor under the Contract including transactions with the State (including its departments, divisions, agencies, offices, and commissions), MiDEAL members, and other states (including governmental subdivisions and authorized entities). Administrative fee payments must be made by check payable to the State of Michigan and mailed to:

Department of Technology, Management and Budget
Cashiering
P.O. Box 30681
Lansing, MI 48909

Contractor must submit an itemized purchasing activity report, which includes at a minimum, the name of the purchasing entity and the total dollar volume in sales. Reports should be mailed to DTMB-Procurement.

The administrative fee and purchasing activity report are due within 30 calendar days from the last day of each calendar quarter.

- 8. Extended Purchasing Program.** This contract is extended to MiDEAL members. MiDEAL members include local units of government, school districts, universities, community colleges, and nonprofit hospitals. A current list of MiDEAL members is available at www.michigan.gov/mideal. Upon written agreement between the State and Contractor, this contract may also be extended to: (a) State of Michigan employees and (b) other states (including governmental subdivisions and authorized entities).

If extended, Contractor must supply all Contract Activities at the established Contract prices and terms. The State reserves the right to impose an administrative fee and negotiate additional discounts based on any increased volume generated by such extensions.

Contractor must submit invoices to, and receive payment from, extended purchasing program members on a direct and individual basis.

- 9. 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. Contractor hereby acknowledges that the State is and will be the sole and exclusive owner of all right, title, and interest in the Contract Activities and all associated intellectual property rights, if any. Such Contract Activities are works made for hire as defined in Section 101 of the Copyright Act of 1976. To the extent any Contract Activities 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 Contract Activities, including all intellectual property rights therein.
- 10. Subcontracting.** Contractor may not delegate any of its obligations under the Contract without the prior written approval of the State. Contractor must notify the State 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. If approved, Contractor must: (a) be the sole point of contact regarding all contractual matters, including payment and charges for all Contract Activities; (b) make all payments to the subcontractor; and (c) 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.
- 11. Staffing.** The State's Contract Administrator may require Contractor to remove or reassign personnel by providing a notice to Contractor.
- 12. Background Checks.** 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.
- 13. 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.
- 14. Change of Control.** Contractor will notify, at least 90 calendar days before the effective date, 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.

- 15. Ordering.** Contractor is not authorized to begin performance until receipt of authorization as identified in Schedule A.
- 16. 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 **Error! Reference source not found.**, 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.

- 17. 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.
- 18. 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.
- 19. Reserved.**
- 20. 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. Notwithstanding the foregoing, all prices are inclusive 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 disputed amounts 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.

- 21. Liquidated Damages.** Liquidated damages, if applicable, will be assessed as described in Schedule A.
- 22. 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 purchase order. The State will not pay for Contract Activities, Contractor's lost profits, or any additional compensation during a stop work period.
- 23. 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 24, 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.

- 24. 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 **Error! Reference source not found.**, 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.
- 25. 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 90 calendar days), 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.
- 26. 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; (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.

- 27. 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.
- 28. Limitation of Liability and Disclaimer of Damages.** **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.** The State is not liable for consequential, incidental, indirect, or special damages, regardless of the nature of the action.
- 29. 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 (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.
- 30. Reserved.**
- 31. State Data.**
- 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. This section survives termination or expiration of this Contract.

32. 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.

33. 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.

34. Reserved.

35. Reserved.

36. 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.

37. 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) all Contract Activities are delivered free from any security interest, lien, or encumbrance and will continue in that respect; (c) the Contract Activities will not infringe the patent, trademark, copyright, trade secret, or other proprietary rights of any third party; (d) Contractor must assign or otherwise transfer to the State or its designee any manufacturer's warranty for the Contract Activities; (e) the Contract Activities are merchantable and fit for the specific purposes identified in the Contract; (f) the Contract signatory has the authority to enter into this Contract; (g) 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; (h) 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 (i) 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 **Error! Reference source not found.**, Termination for Cause.

38. 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.

39. **Compliance with Laws.** Contractor must comply with all federal, state and local laws, rules and regulations.
40. **Reserved.**
41. **Reserved.**
42. **Nondiscrimination.** Under the Elliott-Larsen Civil Rights Act, 1976 PA 453, MCL 37.2101, *et seq.*, and the Persons with Disabilities Civil Rights Act, 1976 PA 220, MCL 37.1101, *et seq.*, 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, height, weight, marital status, or mental or physical disability. Breach of this covenant is a material breach of this Contract.
43. **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.
44. **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.
45. **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.
46. **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.
47. **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.
48. **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.
49. **Website Incorporation.** The State is not bound by any content on Contractor's website unless expressly incorporated directly into this Contract.
50. **Entire Agreement and Order of Precedence.** This Contract, which includes Schedule A – Statement of Work, and expressly incorporated schedules and exhibits, 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 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.

- 51. 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.
- 52. Waiver.** Failure to enforce any provision of this Contract will not constitute a waiver.
- 53. 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.
- 54. Contract Modification.** This Contract may not be amended except by signed agreement between the parties (a “**Contract Change Notice**”). Notwithstanding the foregoing, no subsequent Statement of Work or Contract Change Notice executed after the Effective Date will be construed to amend this Contract unless it specifically states its intent to do so and cites the section or sections amended.

STATE OF MICHIGAN

Contract No. 190000000248
Medical Transcription Services - Statewide

SCHEDULE A STATEMENT OF WORK CONTRACT ACTIVITIES

BACKGROUND

The State of Michigan is seeking a Contractor(s) to provide Statewide services to convert speech; either live or recorded, into written or electronic text document for use by all State Agencies. Additionally, the State reserves the right to request transcription services not initially requested.

THE FOLLOWING ARE THE TURN AROUND TIMES FOR TRANSCRIPTION SERVICES:

- **MEDICAL / 24 HOURS**

DUE TO THE SENSITIVE NATURE OF THE INFORMATION DISSEMINATED AS PART OF THIS CONTRACT, ALL TRANSCRIPTION SERVICES MUST BE DONE IN THE U.S.A., PREFERABLY IN MICHIGAN.

The volume of business is dependent upon the budget appropriations and the needs of the various State agencies. The State is not obligated to guarantee any specific expenditure. Below is a list of locations, the State may request services at other locations not listed below.

1. Michigan Department of Health and Human Services (DHHS)

DHHS has approximately five hospital and centers that will utilize transcriptions services in addition to Central Office staff.

A. DHHS - Caro Center (Medical only)

Caro Center is a Psychiatric Hospital located at 2000 Chambers Road, Caro, MI 48723. Caro Center currently has a patient population of approximately 150 patients. Caro Center utilizes transcription services for various Psychiatric Exams and Summaries, including but not limited to *Admission Psychiatric Assessments, Annual Psychiatric Assessments, and Mental Status Exams, Discharge, Release, Transfer, and Final Summaries*. On occasion the Caro Center may require transcription of miscellaneous patient-related correspondence. Medical record documents have time sensitive requirements set by the Joint Commission (formerly the Joint Commission on Accreditation of Healthcare Organizations (JCAHO), CMMS, and hospital policy.

Contractor must return transcribed reports to the Caro Center within the designated time frame. Reports dictated Sunday through Thursday must be transcribed and returned within 24 hours. Reports dictated Friday, Saturday or on State-recognized holidays must be transcribed and returned within a maximum of 72 hours after dictation.

Contractor's Plan:

All transcribed reports will be returned to the Caro Center within the designated time frame. Reports dictated Sunday through Thursday will be transcribed and returned within 24 hours. Reports dictated Friday, Saturday or on State-recognized holidays will be transcribed and returned within a maximum of 72 hours after dictation.

The Contractor's turnaround time for reports will be customized to meet the needs of the State and defined by the contractual agreement. The Contractor will pro-actively monitor and manage turnaround times (TAT) to ensure contractual compliance 100% of the time. The Contractor's account managers know the State's account and specific requirements inside-and-out. The Contractor will have one go-to person, not a new person every day, to maintain the continuity of operation. The Contractor's professional transcription team, averaging 12 years of experience, will be available seven days per week, 24 hours a day and 365 days per year along with the Contractor's help desk.

B. DHHS Center for Forensic Psychiatry (Medical only)

Center for Forensic Psychiatry is located at P.O. Box 2060, Ann Arbor, MI 48106. The Center for Forensic Psychiatry has two program components: Inpatient Forensic Psychiatric Hospital Care and Evaluation Unit. The inpatient requirements are standard medical transcription notes and summaries, and do not encompass requirements separate from other inpatient facilities.

The Evaluation Unit at the Center for Forensic Psychiatry's major function is to provide diagnostic and consultative services to Michigan's Criminal Justice System. It does so by conducting forensic evaluations of criminal defendants for all of Michigan's counties. These evaluations are initiated by court orders. Typically, orders specify that a defendant be evaluated regarding questions of competency to stand trial and criminal responsibility. Other types of forensic evaluations may be court-ordered also.

Orders for forensic evaluations are time-limited. They usually specify compliance within 60 days of the date on which the order was signed. However, there are often shorter time periods delimited, ranging from three to 30 days. Whatever time period has been defined by the court, reports are supposed to be received by attorneys and/or judges within that time.

Court-ordered forensic evaluations require composition of written forensic reports. The written reports summarize significant data, delineate methodologies used to gather information from testing and other sources, and clarify the clinical significance of the data in the formation of an opinion on court-ordered forensic issues. Reports are submitted to appropriate legal professionals such as the prosecuting attorney, defense attorney, and/or judge, where it is often the pivotal point around which crucial decisions regarding legal strategies and/or adjudication of the case is determined.

Often, expert testimony is required in a forensic case. The examiner must then appear in court to undergo direct and cross examination which is based on the examiner's court reports and, often, on other written documents generated during an evaluation. These include addenda to the report, known as Gold Notes, which contain psycho-social history and diagnostic formulations, and Green Notes, which document any consultations or contacts made that pertain to the evaluation or related judicial proceedings. In short, during a competency hearing, trial, or other judicial proceeding, all documents related to the judicial issue (typically between 15 and 20 pages of transcription) are carefully scrutinized by court officials and form the basis for testimony. They may also be entered as evidence. Therefore, it is crucial that what appears on the transcribed reports and addenda accurately represents the evidence and opinion of the forensic examiner.

Discrete Reportable Transcription (DRT) is the process of converting narrative dictation into text documents with discrete data elements that can be easily imported into the appropriate placeholders inside an Electronic Health Record (EHR).

Contractor must complete documents as follows:

1. All Evaluation Unit Incompetent to Stand Trial (IST) reports, Placement letters and Interim letters will be transcribed, formatted and returned within 24 hours of receipt by the Contractor, unless otherwise specified.
2. All Psychiatric Admission Summaries, Clinical Certificates, Psychiatric and Chief Clinician Discharge Summaries will be transcribed, formatted and returned within 24 hours of receipt by the Contractor, unless otherwise specified.
3. All Evaluation Unit reports (except as noted above) will be transcribed, formatted and returned within 48 hours of receipt by the Contractor, unless otherwise specified.
4. Except as noted in Item 2, all inpatient dictations will be transcribed, formatted and returned within 48 hours of receipt by the Contractor, unless otherwise specified.
5. All Evaluation Unit Addendum dictations will be transcribed, formatted and returned within 72 hours of receipt by the Contractor, unless otherwise specified.

Contractor's Plan:

The Contractor will pro-actively monitor and manage the State's turnaround times (TAT) to ensure contractual compliance 100% of the time. The Contractor will cross train their workforce to ensure that their work force is capable of providing 100% support and continuity to the State even when the volume fluctuates and to cover for sick days, holidays and vacations. The Contractor's Client Support Services is supported by a team of Client

Support Services representatives consisting of Help Desk and Operations staff and this 24x7x365 Department will service all State agencies.

C. *DHHS - Hawthorn Center (Medical only):*

Hawthorn Center is located at 18471 Haggerty Rd, Northville, MI 48167. Hawthorn Center is an inpatient child and adolescent psychiatric hospital. The State admits and discharges approximately 400 patients per year; both long term and brief model patients. Medical record documents are time limited by Joint Commission, Center for Medicare and Medicaid Services (CMMS), and hospital policy regarding documentation requirements. Timely documents at admission are essential for patient care and planning. Timely documents at discharge are equally essential for the next care giver to have knowledge of the patient's condition at discharge, medications used, and optimal treatments. Some of the types of reports needed may include but are not limited to: Discharge Summaries, Admission Psychiatric Assessments, and miscellaneous patient related correspondence.

Contractor must return transcribed reports to Hawthorn Center within the designated time frame. Discharge summary must be returned within 48 hours, Admission Psychiatric Assessment within 24 hours of dictation of said documents. Hawthorn Center may reprioritize the work in an emergency.

Contractor's Plan:

All Discharge summaries will be returned within 48 hours, and Admission Psychiatric Assessment will be returned within 24 hours of dictation of said documents. Hawthorn Center may reprioritize the work in an emergency. The Contractor will ensure that the priority work will be transcribed on priority basis and will be returned to Hawthorn Center sooner and as per the established turnaround time for STAT (priority) dictations.

D. *DHHS - Kalamazoo Psychiatric Hospital (Medical only)*

Kalamazoo Psychiatric Hospital is located at 1312 Oakland Drive, Kalamazoo, MI 49008. Kalamazoo Psychiatric Hospital is an inpatient adult psychiatric hospital which services approximately 200 patients. Both long and short-term patients are served at Kalamazoo. Medical record documents are time limited by the Joint Commission and the CMMS and specific hospital policy regarding documentation requirements. Timely documentation at admission is essential for patient care and planning. Discharge documents are also required to be completed timely for discharge instructions for patient's further treatment and medications. Some of the types of reports needed may include but are not limited to: Discharge Summaries, Admission Psychiatric Assessments, Annual Psychiatric Assessments, and Mental Status Exams.

Contractor must return transcribed reports to Kalamazoo Psychiatric Hospital within the designated time frames. Reports dictated Sunday through Thursday must be transcribed and returned within 24 hours. Reports dictated Friday, Saturday or on State-recognized holidays must be transcribed and returned within a maximum of 72 hours after dictation.

E. *DHHS - Walter P. Reuther Psychiatric Hospital (Medical only)*

Walter P. Reuther Psychiatric Hospital is located at 30901 Palmer Road, Westland, MI 48186. Typical reports include Discharge Summaries/Death Summaries which are dictated via telephone line. Receipt of reports is expected within 24 hours of the dictation. Reports must be sent back to the facility in an encrypted word document. In cases where a report is urgent, the report must be transcribed immediately upon receipt of the dictation. It is important that reports be transcribed according to time specifications to meet Joint Commission standards and to provide quality of care. There could be legal ramifications, if these standards are not met. A monthly itemized bill is required with line count per document, to include patient's name, which must be sent encrypted to the facility in a word document. Additional requirements for items included on statement, may be required by Central Accounts Payable.

Contractor's Plan:

The Contractor will provide a toll free secured 800 dictation number to the dictators at Walter P. Reuther Psychiatric Hospital to dictate their cases via telephone. The Contractor will transcribe the dictated cases and will return the Discharge Summaries/Death Summaries within 2 hours to Walter P. Reuther Psychiatric Hospital. The Contractor will send the reports back to the facility in an encrypted word document. The Contractor will ensure that in cases where a report is urgent, the report will be transcribed immediately upon receipt of the dictation. The Contractor will send an encrypted, monthly itemized bill to the facility and it will include line count per document, patient's name in a word document.

2. Michigan Department of Military & Veterans Affairs (DMVA) (Medical only)

The Grand Rapids Home for Veterans is a 590 bed nursing home for veterans, with 450 nursing care beds and 140 domiciliary beds. The nursing care beds include 115 special needs beds and two 35 bed nursing units for the care of Alzheimer's dementia and one 45 bed nursing unit for dual diagnoses patients.

The Grand Rapids Home for Veterans utilizes transcription service for four full-time physicians and outside specialty physicians that come to the facility several times a month. The types of documents we type include but are not limited to: Admission History and Physicals, Annual History and Physicals, Pre-Operative History and Physicals, Discharge Summaries, Progress Notes, Clinic Notes, Letters, and minutes. The Grand Rapids Home for Veterans generates approximately 600 – 750 documents (35,000 – 40,000 lines typed) per month.

The Grand Rapids Home for Veterans is located at 3000 Monroe Avenue NE, Grand Rapids, MI 49505.

Contractor's Plan:

The Contractor will transcribe the dictated cases and will return the Admission History and Physicals, Annual History and Physicals, Pre-Operative History and Physicals, Discharge Summaries, Progress Notes, Clinic Notes, Letters, minutes and other reports that are dictated within the turnaround required by The Grand Rapids Home for Veterans.

The Contractor will send the reports back to the facility in an encrypted format preferred by The Grand Rapids Home for Veterans. The Contractor will ensure that in cases where a report is urgent, the report will be transcribed immediately upon receipt of the dictation.

SCOPE

This Contract is for statewide Legal and Medical Transcription Services (hereinafter indicated as Transcription Services). The Contractor must provide accurate and timely Transcription Services, on an as needed basis for any State Agency requesting the services. Additionally, attest to the accuracy of transcript or completed documents by certifying same, as required, pursuant to applicable Michigan Court Rules or other requirement.

1. Requirements

1.1. General Requirements -

Contractor must provide Transcription services, and otherwise do all things necessary for or incidental to the performance of work, as set forth in the Statement of Works.

The work and deliverables shall include, but are not limited to the following:

- A. Contractor must transcribe, format and correct submitted dictation, or perform any combination of these duties as requested.

Contractor's Plan:

The Contractor will provide a dedicated Account Supervisor to oversee the workflow for the State's accounts. This individual will serve as an immediate resource and go-to person for the State concerning account issues. The Account Supervisor will directly resolve issues, escalate issues and facilitate resolution, and will also have additional backup support from three other Account Supervisors. In addition, an escalation path to the Operations Manager and Executive Director Operations to CEO is continuously available. Further, the Contractor's Client Support Services (CSS) team is available and on call 24x7x365. The Contractor's operations will maintain and enforce strict Quality Assurance polices, and strive to provide quality transcription reports and guaranteed TAT delivery.

- B. Contractor must provide Transcription services within designated timeframe of requesting State agencies and re-prioritize work as necessary due to possible emergencies without incurring delays or sacrificing accuracy.

Contractor's Plan:

The Contractor's turnaround times will range from 2 hours to 72 hours, based on the State's specifications. The Contractor will work with Program Managers to establish a time for priority dictations and will adhere to the timeframe while ensuring 98% and above quality.

The Contractor will assign the following for the State:

- 1) 3 Experienced Transcriptionists (2 primary +1 backup)
- 2) 2 Quality Analysts (1 primary + 1 backup)
- 3) 1 Quality Supervisor/Manager
- 4) 1 Training, Education & Mentoring specialist
- 5) 1 Account supervisor/manager
- 6) 1 IT Specialist
- 7) 24x7x365 support from CSS (Client Support services) department

If the State of Michigan's volume of work increases the Contractor will dedicate more transcriptionists to this Contract. The Contractor will employ transcriptionists and Quality Auditors (QAs) to cover the State 24x7x365.

The Contractor will cross train their workforce to ensure that their work force is capable of providing 100% support and continuity to the State even when the volume fluctuates. The Contractor's Client Support Services will be supported by a team of Client Support Services representatives consisting of Help Desk and Operations staff and this 24x7x365 department services the Contractor's entire client base.

Workflow, turn-around times and peak times will be monitored to ensure adequate staff is available to maintain any transcription needs. Work lists will be monitored daily to ensure turn-around times and TAT goals are met. The Contractor will maintain automatic TAT monitors and internal daily reports that will be circulated to the management team for routine inspection.

In the situation of an unexpected large volume surge the Contractor's Account manager, Quality Manager, backup staff and TEAM (Training Education and Mentoring) staff will all transcribe reports for the State of Michigan along with the additional dedicated staff to ensure seamless service to the State of Michigan.

- C. Contractor must provide a phase and key word index with each transcript if requested.
- D. Contractor must transcribe rapidly and accurately preparing clear, timely, accurate documents. Additionally, Contractor will provide original transcript along with agency desired number of copies (an agency may elect to receive only an original and no copies). State Agencies may request hard copies, electronic copies, or a combination thereof. Agencies may require ability to share files.
- E. Contractor understands all files, tapes, recordings and transcripts are the property of the soliciting State agency. No duplicates or copies, except as approved by the soliciting State agency, can be made by the Contractor.

Contractor's Plan:

Users of the Contractor's dictation/transcription systems will receive encrypted voice files via secure downloads, and files cannot be played in a separate player. Each job will be purged from the user's system once a completion checksum is sent indicating that the voice file status has been updated at the server level. All jobs typed and edited will be cached in an encrypted CDA (Clinical Document Architecture) format. PHI will be cached locally only during the particular time that a job is being processed. Once the job is completed, there will be no trace of the job or of its associated PHI remaining on the client workstation. Each Contractor supported MT/MLS workstation will be configured to block access to install printers or to install removable media, and writeable CD / DVD / USB drives will be either disabled or removed.

The Contractor's transcriptionists cannot e-mail outside of the Contractor's domain and cannot receive public email. All of the Contractor's transcriptionists will be secured behind a Cisco ASA VPN connection (either SSL or client based). The Contractor's transcriptionists will be limited to the websites they can visit, including no public access to personal web-based e-mail accounts.

- F. Contractor must provide a secure means of returning transcribed reports based on State agencies desired method of transmittal. Agreed upon alternate form of transmission must be available in event of connectivity failure or other transmission problems. If reports are sent via e-mail or other electronic means, transmissions must be encrypted to ensure security of protected health information in accordance with HIPAA requirements.

Contractor's Plan:

Contractor's report/ transcript delivery methods:

1. Delivery of Reports By Secure Email: For emailing confidential report all the connection between email client and server will be encrypted by 256-bit SSL. Data will be transmitted using HTTPS SSL 256-bit encrypted Web Delivery Interface. All traffic to the Contractor's office has to pass through Hardware as well as software VPN. All communication between the Contractor's computers and Hospital/ clinic networks will be IPSEC VPN based which also provides 256-bit encryption. Every piece of data will be digitally locked. For emailing confidential report and PHI the Contractor will use:

- 1) VeriSign Digitally Encrypted and Digitally Signed Email: VeriSign PKI certificate encrypted and digitally signed email provides and 256-bit of encryption.
- 2) 256-Bit Encrypted Centurion Mail and other encryptions.

2. Web-Based Report Delivery System: For Transmitting, Receiving, Printing and monitoring status of Reports:

The Contractor's web based report delivery system provides industry standard 256-bit encrypted, Secured Socket Layer connection between hospital client system and server. The web-based delivery system allows capability to download reports from anywhere using Internet connection and web browser. This feature also allows user to:

- a) Download report.
- b) Search and Download records based on Author ID, Medical Record Number, Patient Identification Number, Author's First or Last name, Patient's First or Last Name, Job Number, Report Type and Date of Dictation.
- c) Downloading and Printing Logs. This feature allows user to search the reports and access the logs and print the logs based on the advanced search options like Author ID, Medical Record Number, Patient Identification Number, Author's First or Last name, Patient's First or Last Name, Job Number, Report Type and Date of Dictation.
- d) Sorting Reports- completed reports, pending reports etc.

3. Delivery of Report by Secured FTP: The Contractor will use this method if the State requires this method to be used to send reports to facility.

4. Delivery of Report by Secured Fax: The Contractor's fax server can be configured to fax reports to users based on their preferences. The Contractor will use this method whenever the State require fax delivery of reports.

5. Delivery of Report by Direct Printing: The Contractor's system is capable of sending the reports directly to the State's department printer/printers for printing as soon as the report is finalized by the editors. This process is automatically done within the Contractor's system. The Contractor will need to configure the printer connection and name once at the initiation of the contract. The Contractor will test the process before going live to make sure that the automatic report printing meets the State's expectations. Remote printing or file delivery is handled with Transriter. Xmit, a secure automated file transfer client. Xmit can be configured to deliver work at scheduled intervals or push each document to its destination individually. If printing is required, Transriter Batch IT can auto-print based on intervals, times of day or in real-time. BatchIT can selectively engage multiple printing paths based on pre-configured flags for each report.

6. Delivery of Report by Mail: The Contractor can also send the reports back to the State via Mail with a tracking number, if the Program Manager desires the hard copies of reports and prefer this method above others.

- G. Contractor must understand and apply correct English grammar, spelling and punctuation skills.
- H. Contractor must use and understand accepted abbreviations, specialized terminology including medical, psychiatric, psychological testing, legal terms, educational and any other terms required by State agencies.
- I. If any corrections (regardless of the work type) are required, they shall be completed within 24 hours, unless otherwise indicated by State agency. Contractor will not bill agency for agency formats

(templates).

Contractor's Plan:

All corrections (regardless of the work type) will be completed within 24 hours, unless otherwise indicated by State agency. The Contractor will have a set of established procedures to address a poorly transcribed report identified by the State. Upon notification from the State, the situation will be escalated to the Account Supervisor who conducts a thorough investigation of the transcribed document to include a full second listen and review of the dictation and document. Immediate feedback will be provided to the transcriptionist and/or Quality Assurance Supervisor. Additional feedback will be provided to the remainder of the Transcription Team for informational purposes. If the investigation reveals a critical error was committed by the transcriptionist or the QA Specialist, disciplinary action will be undertaken as per our Quality Review Policy. In addition, the Contractor's systems will provide a range of QA encounters, ending with a "Client Deficiency" (CD) queue wherein the State can review, correct if necessary, and re-submit reports before they flow into the upload queue for the State's facility. From this "CD" queue, the State can view all the notes (transcriptionist or QA comments) that have been added to the document as it flows through the entire process, in order to concentrate on any area of potential deficiency most easily. In the instance where a document has transcription errors, the Contractor will repair the document at no cost to the State.

All formats and templates will be designed as per the State's specifications. The Contractor will not bill agency for agency formats (templates).

- J. Contractor must have necessary equipment/resources to provide complete and accurate service required.

Contractor's dictation/transcription equipment:

The Contractor will provide access to a secure, multi telephone, hand-held digital dictation recorder or a mutually agreed upon system which meets the agency's needs, then download to a transcription service via a dedicated, secure line. A form of tracking the status of dictation will be provided in the event a report is missing or not completed.

There are several ways with which the Contractor can accept dictations. The Contractor's dictation system can be accessed via a toll-free number. Every dictator will be assigned a dictation ID number to dictate. Pin# can also be assigned if the facility desires so. Physicians dial in the toll enters their dictation ID# and follow Dictation Instructions their dictations.

Dictation options within the Transriter Platform include:

- Standard toll free dictation access
- Digital, portable hand holds with secure, logged software (can run in dedicated mode or server mode)
- Hands free dedicated dictation stations used with toll free access.

Physicians or Clinician can access the Contractor's dictation system by using one of the following options for dictation input:

- Telephone input via 800 number provided by the Contractor
- Dedicated dictation station (analog) w/ handmic, headset, or handsfree input
- Dictate stations with or without barcode readers
- Digital portables devices w/ Contractor's secure DocIT and Xmit software

The Contractor's dictation system provides voice activated stop/start and playback capability and automatic "hunt" system. The Contractor's dictation system also provides the dictation functions like play, pause, rewind, forward, quick rewind, quick forward, end of dictation, start of dictation, abort, listening to dictations etc. and save/finish recording as well as prompts for work type, location, and patient ID number.

Sufficient Ports:

The Contractor's digital recording equipment will have sufficient ports to cater high volume demand of the State. The Contractor will maintain a fluctuating pool of lines available for incoming dictation, always keeping ahead of the State's demand. The Contractor's dictation systems will be fed by redundant pools of multiple PRIs, each of which can carry 23 concurrent calls. Total port capacity on all servers is currently well over 200 ports, with more ports being added on a frequent basis. Multiple physicians can dial in at the same time and

complete their dictations.

Contractor's Staff:

The Contractor's hiring practices include screening and selecting candidates using standard and behavioral interview questions, in addition to expertise test of candidates. The candidate must have 5 years of experience in transcribing reports or have undergone an extensive training program. This program must provide a certificate of completion and one that offers at least 2000 minutes of dictation to the student during the length of the program.

During the prescreening process the Contractor's recruiters search for a skill set along with knowledge of specialties unique to each facility and Department. Recruiters also review and discuss the candidates' skills and review the candidates understanding of the technology i.e., transcription platform and dictation equipment required to be successful while working. Knowledge of Internet based programs along with and understanding of email programs is also essential. The Contractor's candidates complete a prescreening process and testing that includes two written exams along with three (3) dictated reports.

The Contractor's HR staff provide a smooth on-boarding process that follows corporate policies and hiring practices. As part of the pre-screening process the Contractor will conduct a criminal background investigation and employment references are verified. The Contractor will recruit experienced transcriptionists and applicants who meet requirements and qualifications to be successful for the State.

- K. Contractor must preserve all transcribed reports on CD or similar technology for a period of 12 months from the date of the report completion.

Contractor's Plan:

The Contractor's dictation and transcription platform have capability to be configured for data retention policies based on the State's contractual requirements. The data retention module in the Contractor's dictation and transcription system makes sure that contract data only resides in the Contractor's system based on the contractual requirements and timelines. The electronic data retention module is an automated process that works based on the life of data element. It is technology component in the Contractor's system that removes any data that is older than specified age defined for any given client.

- L. Contractor must comply with all provisions of any legislative changes or administrative rule changes enacted or adopted during the term of the Contract, which affect standard paragraphs used in transcribed documents. At the direction of the State agencies, Contractor will make the necessary changes to these standard paragraphs which will then be utilized by the State agencies.
- M. Contractor must respond in an appropriate, positive and effective manner to corrective feedback provided by State agencies.
- N. If Contractor finds that a recording is inaudible, the Contractor shall send the recording to the appropriate agency location, who will verify that the recording is inaudible. If the recording is audible, the Contractor will be contacted to download the recording and prepare a transcript.
- O. Contractor must provide the completed transcript in either electronic (word, PDF, PDX or CD) or printed format depending on the specifications of the requestor. Condensed Transcript (Minu-Script) must only be provided when requested.
- P. Contractor must complete and format all documents as defined by requesting State agencies and Program Managers.
- Q. Contractor must perform all services in the United States; additionally, State data must not reside outside the continental United States.

Contractor's Plan:

The Contractor's Dictation and Transcription platform run on servers that are located in the Contractor's data centers at Pittsburgh, PA. Dictation and Transcription platform stores all data related to dictation and transcription activity. There are no other places where dictation and transcription will be stored. Data center equipment is protected and controlled by the

Contractor's facility security processes and policies that covers facility security, dual authorization based on digital ID card as well as biometric, access levels, security and fire alarm, direct supervision and continuous monitoring of all servers and other equipment. Dictation and Transcription platform also keeps detailed track of the transcriptionists, their activities, their login and logoff times, the amount of work they did, their performance and their geographical locations based on their IP addresses and their access computers. For example, it also keeps track if transcriptions are utilizing the Contractor's supplied computer desktop to access the system or not. If connectivity is attempted from any other computer than company supplied computer then it raises a security flag to the System Administrator and our Information Security team. Similarly, connections from any IP Addresses that is outside the CONUS (Continental United States) are prohibited and raise security flags which are immediately addressed by our IS (Information Security) team. Transcriptionist only work from Contractor's supplied equipment as that is installed and hard wired to connect to the Contractor's dictation transcription servers. Also, the Contractor's network monitoring client system keeps track of the activities performed on the desktop. Transcriptionist cannot install any software or even plug USB device to the Contractor's supplied equipment. Any change in location of computer equipment also raises a security flag to security team. This ensures that all services will be performed in United States and State's data will reside in continental United States and the Contractor has checks and balances to ensure the compliance with the State's requirements.

1.2. Medical Transcription Services Requirements

Medical Transcriptions are Internet based transcriptions and are performed via phone or by using Digital Recorder. The Contractor must have knowledge of medical transcription guidelines and practices.

The work and deliverables shall include, but are not limited to the following:

- A. Contractor must provide either the ability to access a secure, multi-port dictation system via telephone, provide equipment with which to dictate (hand-held digital dictation equipment), or a mutually agreed upon system which meets the agency's needs, then download to a transcription service via a dedicated, secure line. A form of tracking the status of dictation must be provided in the event a report is missing or not completed.
- B. Contractor must identify the designated number of characters or keystrokes which defines a transcribed line for purposes of computing the number of billable lines per transcribed report. Contractor will not include the format (characters) in the billing price per line.

Contractor's Plan:

The Contractor's billable line constitutes a total number of characters including spaces divided by 65. The Contractor's system provides by default setup to count only all transcribed characters including spaces and divide it by 65 to calculate lines. The Contractor's system removes all the formatting characters and formatting features such as bolding, underlining, italicizing and other formatting characters before counting to ensure only transcribed characters are counted.

- C. Medical Transcriptions are Internet based transcriptions and are performed via phone or by using Digital Recorder. The Contractor must have knowledge of medical transcription guidelines and practices.
- D. Health Insurance Portability and Accountability Act (HIPAA):
To the extent that this act is pertinent to the services that the Contractor provides to the State under this agreement, the Contractor assures that it is in compliance with the Health Insurance Portability and Accountability Act (HIPAA) requirements including the following:
 - 1. Contractor must not share any protected health data and information provided by the State that falls within HIPAA requirements except to a subcontractor as appropriate under this agreement.
 - 2. Contractor must require the Subcontractor not to share any protected health data and information from the State that falls under HIPAA requirements in the terms and conditions of the subcontract.
 - 3. Contractor must only use the protected health data and information for the purposes of this agreement.
 - 4. Contractor must have written policies and procedures addressing the use of protected health data and information that falls under the HIPAA requirements. The policies and procedures must meet all applicable federal and state requirements including the HIPAA regulations.

5. Contractor must have a policy and procedure to report to the State unauthorized use or disclosure of protected health data and information that falls under the HIPAA requirements of which the Contractor becomes aware.
6. Failure to comply with any of these contractual requirements may result in the termination of this Contract.
7. In accordance with HIPAA requirements, the Contractor is liable for any claim, loss or damage relating to unauthorized use or disclosure of protected health data and information by the Contractor received from the State or any other source.
8. Contractor must sign and provide Schedule D – HIPAA Business Associate Addendum upon awarded contract.

Contractor's Plan:

The Contractor will comply with all HIPAA and HITECH Act security requirements, using a mixture of technology based safeguards (such as strong encryption and tunneling for data in motion, strong encryption plus comprehensive role-based access control, intensive access logging, and data-loss-prevention strategies for data at rest) and operational-based policies backed up by regular training and compliance audits. As an additional overview, users of the Contractor's dictation/transcription systems receive encrypted voice files via secure downloads, and files cannot be played in a separate player. Each job will be purged from the user's system once a completion checksum is sent indicating that the voice file status has been updated at the server level. All jobs typed and edited will be cached in an encrypted CDA (Clinical Document Architecture) format. PHI will be cached locally only during the particular time that a job is being processed. Once the job is completed, there will be no trace of the job or of its associated PHI remaining on the client workstation. Each Contractor-supported MT/MLS workstation will be configured to block access to install printers or to install removable media, and writeable CD / DVD / USB drives are either disabled or removed.

The Contractor's transcriptionists cannot e-mail outside of the Contractor's domain and cannot receive public email. All of the Contractor's transcriptionists will be secured behind a Cisco ASA VPN connection (either SSL or client based). The Contractor's transcriptionists will be limited to the websites they can visit, including no public access to personal web-based e-mail accounts.

The Contractor's policies guide all Associates' efforts to comply with the requirements of the Security Regulations. The Contractor's HIPAA and ePHI Security Policy include:

- Designation of HIPAA Privacy and Security Officers
- The Contractor's web presence is PCI compliant and certified by TrustWave.
- A Security Management Process Policy which addresses prevention, detection, containment, and corrective action plans for security violations through core elements such as Risk Assessment and Risk Management process.
- A Workforce Security Policy which defines reasonable and appropriate safeguards to prevent unauthorized access to ePHI while enabling authorized workforce members' access to ePHI as per the requirements of the HIPAA Minimum Necessary Rule. The Contractor authorizes the access to PHI in accordance with the Minimum Necessary classification assigned to each position classifications as noted in the job description.
- A Security Awareness and Training Policy, providing security training and awareness to all of the Contractor's Associates who have access to ePHI and PHI.
- A Security Incident Procedures Policy which describes appropriate procedures to identify, report, track, and respond to security incidents promptly.
- A Disaster Recovery Plan which includes steps to establish and implement documented emergency response procedures in order to prepare for and respond to emergencies and disasters that may damage or otherwise disable ePHI or the Contractor's various systems and / or Client access to same, by taking reasonable and appropriate steps to ensure that critical data (including applications, operating systems, database software, and other software supporting packages and tools) will survive a disaster or other emergency.
- Evaluation Procedures which outline steps to conduct, both centrally and at each covered component, periodic technical and non-technical evaluations of the Contractor's security safeguards, including policies, controls, and processes, in response to environmental or operational changes affecting the security of ePHI, in order to demonstrate and document the extent of the Contractor's compliance with its security policies and all appropriate HIPAA, HITECH or other security

regulations.

- Business Associate Agreements which are written agreements between the Contractor and its clients that specify the ability to create, receive, maintain, or transmit ePHI and PHI and provide assurances that appropriate safeguards are in place to protect ePHI and PHI.

All of the Contractor's staff members are required to review and sign an annual confidentiality agreement which outlines the permitted uses, disclosures, and safeguards for PHI. The Contractor maintains rigorous confidentiality standards with all employees. The Contractor's confidentiality agreement provides as follows:

- States that the agreement sets forth terms and conditions to which the employee is bound by signing and dating the agreement.
- It requires the employee to acknowledge that confidential information as defined in the agreement is a valuable asset of the company and disclosure is infinitely prohibited.
- It conforms to HIPAA and HITECH regulations.
- It sets forth nine circumstances regarding PHI to which the employee must agree.
- It addresses what is to happen in the event of termination of employment.
- It includes non-compete language.

- E. All transcribed documents should meet Joint Commission on Accreditation of Healthcare Organizations (JCAHO) and Association for Healthcare Documentation Integrity (AHDl) industry standards.
- F. The secured means used to transmit transcriptions must conform to current laws in the State and federal privacy laws including the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and its regulations at 45 Code of Federal Regulations (CFR) Parts 160 and 164; and the Confidentiality of Alcohol and Substance Abuse Patient Records as regulated at 42 CFR Part 2.
- G. The Contractor must destroy medical transcriptions in compliance with the State's laws and federal privacy laws related to the destruction of protected health information (PHI) and other data.
- H. The Contractor must not duplicate, share, disclose, use, or disseminate PHI or other data it receives and transcribes, with any third party, without written permission of the State.
- I. Contractor must provide reports using Discrete Reportable Transcription (DRT) if requested.

2. Acceptance –

2.1. Acceptance, Inspection and Testing

The State will use the following criteria to determine acceptance of the Contract Activities provided under this SOW: see Standard Contract Terms, Section 16.

3. Staffing –

3.1. Contractor Representative

The Contractor must appoint one 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 14 calendar days before removing or assigning a new Contractor Representative.

Contractor Representative:

Laveena Yadav

Phone: 800-242-1622 x 717

Email: laveena.yadav@diskriter.com

3.2. Customer Service Toll-Free Number

The Contractor must specify its toll-free number for the State to contact the Contractor Representative. The Contractor Representative must be available for calls during the hours of 8 am to 5 pm ET.

Customer Service Toll-Free Number:

800-242-1622 x 717

3.3. Work Hours

The Contractor must provide Contract Activities during the State’s normal working hours Monday – Friday, 8:00 a.m. to 5:00 p.m. ET, and possible night and weekend hours depending on the requirements of the project.

3.4. Contractor Staff General Requirements

- A. All personnel employed or sub-contracted by the Contractor must abide by any applicable confidentiality policies and HIPAA requirements. Contractor is responsible for implementing and monitoring this.
- B. Contractor must:
 - 1. Be accessible to State agencies during all business hours covered by the Contract period to permit communications.
 - 2. Guarantee that the required number of transcriptionists shall be assigned and available to State agencies.
 - 3. Perform under stressful conditions such as transcription of long and often difficult reports dealing with legal and mental health concepts, heavy workloads and deadlines.
- C. Contractor must:
 - 1. Protect the confidentiality of all information provided by the state agencies and be HIPAA compliant.
 - 2. Adhere to standards for maintaining privileged and confidential communications, as required by any applicable codes and/or policies.
- D. Contractor must guarantee:
 - 1. If a State agency orders the original, the original rate will be paid. If another State agency orders the same transcript, they will pay the copy rate.
 - 2. Returning phone calls within twenty-four hours is a requirement. The phone number, contact name and email addresses must always be kept up-to-date.

3.5. Key Personnel, Contractor Staff, Roles, and Responsibilities

- A. The Key Personnel for this Contract will be the **Medical** Transcriptionist. The Contractor must provide and maintain sufficient transcription staff to satisfy transcription demand within the State of Michigan. The Contractor must provide the State with chronological resumes, documenting all previous transcription experience. Contractor shall submit a list of all personnel, including subcontractors, along with their certification(s) which will be providing services under this Contract. **This list must also include a representative responsible for the supervision of the Transcription services.**
 - 1. Describing in detail their roles and responsibilities, including any special skills needed. Descriptions of roles should be functional and not just by title. A job description must be included in your response for each role.
 - 2. Identifying where staff will be physically located during Contract performance.
 - 3. Identifying any fulltime (FT), part time (PT), temporary (T) or subcontracted (Sub) personnel.

Position	Name	Role(s)/Responsibilities	FT/PT/T/S/ub	% of Work Time Dedicated to this Contract	Physical Location	Type of Transcription Certification and Certificate Number
Account Supervisor/Manager	Carol E.	Will be responsible for overall performance under this contract	FT	Primary account- 100%	Northwood, ND	Medical Transcription
Information Systems Specialist	Trent H.	Will be the dedicated IT staff who will work under this contract along with the CSS (Client Support Services) staff	FT	Primary account- 100%	Wellsburg, WV	A+ Certification, Medquist, Dolbey Fusion dictation and transcription system

Quality Supervisor/Manager	Susan C.	Will be responsible for overall Quality under this contract	FT	Primary account- 100%	Jamestown, NY	Medical Transcription
TEAM (Training Education & Mentoring) specialist	Phyllis B.	Will be responsible for providing feedback, training and education to transcription staff under this contract	FT	Primary account- 100%	Randolph, NY	Medical Transcription
Quality Assurance (QA) Specialist	Lori C.	Will review the transcribed reports to ensure Quality in transcribed reports.	FT	Primary account- 100%	Pittsburgh, PA	Medical Transcription
Quality Assurance (QA) Specialist	Shawna D.	Will review the transcribed reports to ensure Quality in transcribed reports.	FT	Primary account- 100%	Cape Canaveral, FL	Medical Transcription
Transcriptionist	Vicki C.	Will be responsible to transcribe reports under this contract	FT	Primary account- 100%	Martin, TN	Medical Transcription
Transcriptionist	Jaclyn B.	Will be responsible to transcribe reports under this contract	FT	Primary account- 100%	Brackenridge, PA	Medical Transcription
Transcriptionist	Kathy A.	Will be responsible to transcribe reports under this contract	FT	Primary account- 100%	Cuyahoga Falls, OH	Medical Transcription

B. The transcriptionists must be familiar with medical terminology and would preferably have transcriptionists that are certified medical transcriptionists. At minimum, transcriptionists need to have thorough knowledge of healthcare terminology including abbreviations, anatomy and medications.

3.7. Disclosure of Subcontractors –

No Subcontractors Will Be Used.

4. Security –

The Contractor will be subject the following security procedures:

A. Security Breach Notification

1. If the Contractor breaches this Section, the Contractor must (i) promptly cure any deficiencies and (ii) comply with any applicable federal and state laws and regulations pertaining to unauthorized disclosures. Contractor and the State will cooperate to mitigate, to the extent practicable, the effects of any breach, intrusion, or unauthorized use or disclosure. Contractor must report to the State, in writing, any use or disclosure of Confidential Information, whether suspected or actual, other than as provided for by the Contract within 5 calendar days of becoming aware of the use or disclosure or the shorter time period as is reasonable under the circumstances.

Contractor's Plan:

The Contractor's Information security audit team is responsible for network monitoring for breaches, attacks, outages, intrusion, or unauthorized use or disclosure and performs the testing as well. The IS audit team

monitors the Contractor's incoming and outgoing traffic for malware and intrusion trending as well as the Contractor's firewall and core network log activity for suspicious traffic. If anything fails, a system alert is sent automatically to the Network team and is taken care of immediately. The Contractor also reviews server logs and events for security breach attempts and unusual/suspicious traffic. The Contractor protects their remote employees with mandatory security policies, domain policies, hardware lockdown (no printing or USB port access excluding foot pedal). In addition, the Contractor requires employees to adhere to strict network and equipment usage policies that include disciplinary actions.

Per the Contractor's Information Security Audit process the Contractor's IT forensic analysis data team will provide report to the State, in writing in case of any breach, intrusion, or unauthorized use or disclosure within 24-48 hours.

B. Protection and Destruction of Confidential Information

1. The State and Contractor must each use at least the same degree of care to prevent disclosing to third parties the Confidential Information of the other as it employs to avoid unauthorized disclosure, publication, or dissemination of its own confidential information of like character, but in no event less than reasonable care. Neither Contractor nor the State will (i) make any use of the Confidential Information of the other except as contemplated by this Contract, (ii) acquire any right in or assert any lien against the Confidential Information of the other, or (iii) if requested to do so, refuse for any reason to promptly return the other party's Confidential Information to the other party. Each party must limit disclosure of the other party's Confidential Information to employees and Subcontractors who must have access to fulfill the purposes of the Contract. Disclosure to, and use by, a Subcontractor is permissible where (A) use of a Subcontractor is authorized under the Contract, (B) the disclosure is necessary or otherwise naturally occurs in connection with work that is within the Subcontractor's scope of responsibility, and (C) Contractor obligates the Subcontractor in a written Contract to maintain the State's Confidential Information in confidence. At the State's request, any employee of Contractor and of any Subcontractor having access or continued access to the State's Confidential Information may be required to execute an acknowledgment that the employee has been advised of Contractor's and the Subcontractor's obligations under this Section and of the employee's obligation to Contractor or Subcontractor, as the case may be, to protect the Confidential Information from unauthorized use or disclosure. Promptly upon termination or cancellation of this Contract for any reason, Contractor must certify to the State that Contractor has destroyed all State Confidential Information.

C. Additional Security Measures in place to ensure the security of State facilities:

Contractor's Plan:

1. The Contractor will have a documented procedure for its employees visiting State facilities. That will encompass all the security measures that are in place to ensure State facility security. The procedure includes but not limited to:

- (i). For each trip to a State facility the Contractor's account supervisor creates a visit ticket in the Contractor's Customer Inventory Tracking & Pick up system. The system supports bar code technology and is accessible to use from mobile computers, smart phones and desktop computers. As soon as a visit ticket is created, system assigns a unique serial number and a unique bar code to the Contractor's associate who is going to be physically visiting the State facility. There are other values that are stored along with serial number and bar code including but not limited to customer code, location code, work type etc. This is one time unique serial number and bar code that is assigned to personnel going to visit the State facility and is only good for that visit. The Contractor's account supervisor shares this one time identification number with the State's Program Manager to make sure that the Program Manager can verify the identity of the Contractor's personnel when he/she shows up at the facility. In addition to that the Contractor's personnel have to carry their state issued IDs, company issues ID badges and all necessary documentations that are required to get access to the building.
- (ii). For each trip to a State facility by the Contractor's personnel the Contractor's account supervisor shares the visit information like date, time and other details with client point of contact at client facility so that client knows ahead of time about who is coming, when and for what purpose.
- (iii). The Contractor's personnel visiting client facility are trained on physical security procedures and protocols in place within the facilities where they are going to make a trip.
- (iv). It is ensured in the process that person visiting a State facility should not have any history of any incident related to working on client facility and has absolutely clean records with up to date background checks, Drug testing and health check up.

(v). The Contractor's personnel will wear State issued identifications all the time when they are at a State facility.

2. The Contractor's employees visiting secure state facilities will use uniforms and company issues ID badges.

3. The Contractor is partnered with multiple background check, drug screening, Criminal History Clearance & Child Abuse Clearance partners. They include but not limited to:

Background Check : ESS, TrueScreen, Background Check Central

Access To Criminal History Clearance & Child Abuse Clearance (CAC) : True Screen

Drug Test : Lab Corp

Health Check : Concentra

Finger Printing : Identity Go

IdHSC Identity History Summary Check

In addition to above the Contractor also uses Michigan State Police Background checks (ICHAT) (INTERNET CRIMINAL HISTORY ACCESS TOOL) for MI locals.

4. The Contractor's background check process includes but not limited to criminal history check, employment, education, criminal records, credit history, motor vehicle, license record checks, misdemeanors, felonies, Child Abuse Clearance, Drug testing and health check up and OIG exclusion list verification etc.

The Contractor's personnel will always wear State issued identification badges when they are at a State facility.

5. Project Management –

Contractor will carry out work request under the direction and control of the using State agency.

Although there will be continuous liaison with the Contractor team, the State agency's Program Manager will meet periodically with the Contractor's Contract Representative, for the purpose of reviewing progress and providing necessary guidance to the Contractor in solving problems which arise.

5.1. Reporting, Invoices & Payment

- A. Contractor must provide reports, log of reports, etc. with all requested information per frequency of requesting State agency.
- B. Contractor must provide detailed billing for reconciliation. Invoices to include State agency specified information and will be sent to State agency specified location per State agency specified frequency. All invoices submitted to the State must include: (a) date; (b) Delivery Order; (c) quantity; (d) description of the Contract Activities; (e) unit price; (f) full name of transcriptionist; (g) location where the transcription was performed; and (h) total price. Overtime, holiday pay, and travel expenses will not be paid.
- C. **Medical Transcription:**
Contractor must submit quarterly detailed invoices of all transcription work performed to the Contract Administrator that includes:
 1. Date;
 2. Master Agreement (MA)/Contract Number;
 3. Delivery Order (DO) Number;
 4. Full Name of Transcriptionist;
 5. Location where the transcription was performed;
 6. Transcription Turnaround Time;
 7. Billable Line Amount;
 8. Rate Per Line;
 9. Total charge for transcription;
 10. Name of requestor.

5.2. Payment Methods

The State will make payment for Contract Activities via electronic funds transfer (EFT).

5.3. Ordering

The appropriate authorizing document for the Contract will be a signed Master Agreement (MA) as well as an agency issued Delivery Order (DO).

6. Liquidated Damages

Liquidated damages will be charged in case (s) of late transcripts, inaccuracy of typed text, lost files, duplicate billings.

Liquidated damages:

- A. Fifty percent reduction in price for late transcripts and in accuracy of text. Lost files would result in the Contractor being responsible for all costs associated with rescheduling hearings or cover the cost of a substitute reporter.
- B. In case of duplicate billings, the Contractor would pay an administrative fee of \$50.00.

7. IT Specific Standards

7.1. 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 must comply with all applicable State IT policies and standards.

IT Policies, Standards and Procedures (PSP): http://www.michigan.gov/dtmb/0,4568,7-150-56355_56579_56755---,00.html

7.2. 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 http://michigan.gov/dtmb/0,4568,7-150-56355_56579_56755---,00.html. 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.

7.3. Look and Feel Standard

All software items provided by the Contractor must adhere to the following Look and Feel Standards:

http://www.michigan.gov/documents/som/Look_and_Feel_Standards.

7.4. 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

7.5. ACCESS CONTROL AND AUDIT

Contractor's Solution must support State standard federated single sign on for end user access. The Solution must support multi-factor authentication for privileged/administrative access.

7.6. SECURITY

Externally Hosted

If the Contractor's Solution will be storing sensitive data.

- Must remain compliant with the Center for Medicare and Medicaid Services (CMS) Policies.
- Must sign the FBI Criminal Justice Information Services (CJIS) Security Addendum and maintain compliance with such document.
- Must remain compliant with the Internal Revenue Service (IRS) Policies.
- Must remain compliant with the Health Insurance Portability and Accountability Act (HIPAA) Policies.
- Must provide its standard business associate agreement (BAA).
- Must remain compliant with the Family Educational Rights and Privacy Act (FERPA) Policies.
- Must remain compliant with the Credit Card Holder information (PCI) Policies.
- Must provide a GovCloud Solution that is hosted in a FedRAMP certified facility.

- Must provide a GovCloud Solution and maintain an annual SSAE 16 SOC 2 Type 2 audit for the Solution.
- Must be encrypted in transit and at rest using AES 256 bit or higher encryption modules.
- Must be encrypted in transit and at rest using currently certified encryption modules in accordance with FIPS PUB 140-2 (as amended), Security Requirements for Cryptographic Modules.
- Must have multi-factor authentication, requiring a hard token.
- Must remain compliant with FISMA and the NIST Special Publication 800.53 (most recent version) HIGH controls using minimum control values as established in the applicable PSP.
- Must have multi-factor authentication for privileged/administrative access, however this level does not require a hard token at this time. Some other method such as SMMS text with passcode, phone call with temporary passcode or other approved multi-factor authentication method must be used.
- Must remain compliant with FISMA and the NIST Special Publication 800.53 (most recent version) MOD controls using minimum control values as established in the applicable PSP.

The Solution will be storing public data.

- Must be encrypted in transit and at rest using AES 128 bit or higher encryption.
- Must remain compliant with FISMA and the NIST Special Publication 800.53 (most recent version) LOW controls using minimum control values as established in the applicable PSP.
- Must maintain an annual SSAE 16 SOC 2 Type 2 audit for the Solution.

7.7. ADDITIONAL INFORMATION

The State reserves the right to purchase any additional services or products from the Contractor during the duration of the Contract.

STATE OF MICHIGAN

Contract No. 190000000248
 Medical Transcription Services – Statewide

SCHEDULE B PRICING MATRIX

- Pricing includes 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).

Medical Transcription – Table A						
Item	Description	5 Year Volume Estimate	X	Price		Estimated 5 Year Cost
1	Less than 12 hour turnaround time. Internet Based Dictation (Phone or Digital Recorder), or other approved encrypted electronic format. At the request of the Facility Coordinator	1,500	X	\$0.0596	Per line	\$89.40
2	24 hour turnaround time (Standard). Internet Based Dictation (Phone or Digital Recorder), or other approved encrypted electronic format.	3,301,309	X	\$0.0596	Per line	\$196,758.02
3	48 hour turnaround time. Internet Based Dictation (Phone or Digital Recorder), or other approved encrypted electronic format. At the request of the Facility Coordinator	613,200	X	\$0.0596	Per line	\$36,546.72
4	72 hour turnaround time. Internet Based Dictation (Phone or Digital Recorder), or other approved encrypted electronic format. At the request of the Facility Coordinator	67,200	X	\$0.0596	Per line	\$4,005.12
Total Estimated 5 Year Cost						\$237,399.26

NOTES	Actual usage will vary.
	Normal billable line constitutes a total number of characters including spaces divided by 65. 12 Point.
	Medical Transcription Contractors must be HIPPA compliant.
	Lines having no text (characters) or “blank lines” would not be billable.
	Contractor must submit a copy of HIPAA Contract held with subcontractors and with clients.

STATE OF MICHIGAN

Contract No. 190000000248
Medical Transcription Services – Statewide

SCHEDULE C DISASTER RECOVERY PLAN

Contractor has provided the State with a copy of its Disaster Recovery Plan (DR Plan), which is incorporated herein by reference. The DR Plan is statutorily exempt from disclosure through FOIA request for security reasons.

STATE OF MICHIGAN

Contract No. 190000000248
Medical Transcription Services – Statewide

SCHEDULE D HIPAA Business Associates Addendum

HIPAA BUSINESS ASSOCIATE ADDENDUM

[Rev. 9-20-13]

The parties to this Business Associate Addendum (Addendum) are the State of Michigan, acting by and through the Department of Technology, Management and Budget (State) and Diskriter, Inc (Contractor). This Addendum supplements and is made a part of the existing contracts between the parties including the following Contract(s): Medical Transcription Services – Contract 190000000248 (Contract).

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

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

and the Contractor is (check one):

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

RECITALS

- A. Under the terms of the Contract, CE wishes to disclose certain information to Associate, some of which may constitute Protected Health Information or Personally Identifiable Information (collectively, Protected Information). In consideration of the receipt of such information, Associate agrees to protect the privacy and security of the information as set forth in this Addendum.

- B. CE and Associate intend to protect the privacy and provide for the security of Protected Information disclosed to Associate under the Contract in compliance with the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191 (HIPAA), the Health Information Technology for Economic and Clinical Health Act (HITECH Act), Public Law 111-5, regulations promulgated by the U.S. Department of Health and Human Services (DHHS) (HIPAA Rules) and other applicable laws, as amended.

- C. As part of the HIPAA Rules, the Privacy Rule and the Security Rule (defined below) require CE to enter into a contract containing specific requirements with Associate prior to the disclosure of Protected Health Information, as set forth in, but not limited to, 45 CFR Parts 160 and 164 and the HITECH Act, and as otherwise contained in this Addendum.

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

- 1. Definitions.
 - a. Except as otherwise defined herein, capitalized terms in this Addendum have the same meaning as those terms under HIPAA, the HITECH Act, and the HIPAA Rules.

- b. “Agent” has the same meaning given to the term under the federal common law of agency.
- c. “Agreement” means the Contract and this Addendum, as read together.
- d. “Breach” means the acquisition, access, Use or Disclosure of Protected Health Information or Personal Identifying Information in a manner not permitted under the Privacy Rule or the Michigan Identify Theft Protection Act, as applicable, which compromises the security or privacy of such information.
- e. “Contract” means the underlying written agreement or purchase order between the parties for the goods or services to which this Addendum is added. Contract also includes all amendments and addendums to the original contract, both effective before and effective after the date of this Addendum.
- f. “Designated Record Set” has the same meaning as the term under 45 CFR §164.501.
- g. “Disclosure” means, the release, transfer, provision of access to, or divulging of Protected Information in any manner outside the entity holding the information.
- h. “Electronic Health Record” has the same meaning as the term under Section 13400 of the HITECH Act.
- i. “Electronic Protected Health Information” or “Electronic PHI” has the same meaning as the term under 45 CFR §160.103, limited to the information created, received, maintained or transmitted by Associate on behalf of CE.

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

k. “HITECH Act” means The Health Information Technology for Economic and Clinical Health Act, part of the American Recovery and Reinvestment Act of 2009, specifically Division A: Title XIII Subtitle D— Privacy, and its corresponding regulations as enacted under the authority of the Act.

l. “Identity Theft Protection Act” means Public Act 452 of 2004, MCL 445.61, *et seq.*

m. “Individual” has the same meaning as the term under 45 CFR §160.103 and includes a person who qualifies as a personal representative in accordance with 45 CFR §165.502(g).

n. “Personal Identifying Information” or “PII” has the same meaning as the term Section 3(q) of the Identity Theft Protection Act.

o. “Privacy Rule” means the Standards for Privacy of Individually Identifiable Health Information at 45 CFR Part 160 and Part 164, Subparts A and E.

p. “Protected Health Information” or “PHI” has the meaning given to the term under the Privacy Rule, 45 CFR §160.103, limited to the information created, received, maintained or transmitted by Associate on behalf of CE.

q. “Protected Information” means PHI and PII created, received, maintained or transmitted by Associate on behalf of CE.

r. “Security Incident” means the attempted or successful unauthorized access, Use, Disclosure, modification, or destruction of

Protected Information or interference with system operations in an information system.

s. “Security Rule” means the Standards for Security of Electronic Protected Health Information at 45 CFR Part 160 and Subparts A and C of Part 164.

t. “Subcontractor” means a person or entity that creates, receives, maintains, or transmits Protected Information on behalf of Associate and who is now considered a Business Associate, as the latter term is defined in 45 CFR §160.103.

u. “Unsecured Protected Health Information” or “Unsecured PHI” means Protected Health Information that is not rendered unusable, unreadable, or indecipherable to unauthorized individuals through the use of technology or methodology specified by DHHS as defined in the Breach Rule, 45 CFR §164.402.

v. “Use” means, with respect to Protected Information, the sharing, employment, application, utilization, examination, or analysis of such information within an entity that maintains such information.

2. Obligations and Activities of Associate.

a. Permitted Uses and Disclosures. Associate may Use and Disclose Protected Information only as necessary to perform services owed CE under the Contract and meet its obligations under this Addendum, provided that such Use or Disclosure would not violate the Privacy Rule, the privacy provisions of the HITECH Act or the Identity Theft Protection Act, if done by CE. All other Uses or Disclosures by Associate not authorized by this Addendum, or by specific written instruction of CE, are prohibited. Except as otherwise limited by this Addendum, Associate may Use and Disclose Protected Information as follows:

- i. Associate may Use Protected Information for the proper management and administration of the Associate or to carry out the legal responsibilities of the Associate.
- ii. Associate may Disclose Protected Information for the proper management and administration of the Associate, provided that Disclosures are Required by Law; or Associate obtains reasonable assurances from the person to whom the information is Disclosed that it will remain confidential and Used, or further Disclosed, only as Required by Law, or for the purpose for which it was Disclosed to the person, and the person notifies the Associate of any instances of which it is aware that the confidentiality of the information has been breached.
- iii. Associate may Use Protected Health Information to provide Data Aggregation services to CE for the Health Care Operations of CE, as permitted by 45 CFR §164.504(e)(2)(i)(B). Associate agrees that said services shall not be provided in a manner that would result in Disclosure of Protected Health Information to another CE who was not the originator or lawful possessor of said information. Further, Associate agrees that any such wrongful Disclosure of Protected Health Information constitutes a Breach and shall be reported to CE in accordance with this Addendum.
- iv. Associate may Use Protected Health Information to report violations of law to appropriate federal and state authorities, consistent with 45 CFR §164.502(j)(1).

b. Appropriate Safeguards. Associate must implement appropriate safeguards to protect against the Use or Disclosure of Protected Information other than as permitted by this Addendum so as to comply with the HIPAA Rules, the HITECH Act, and applicable state laws and maintain written policies concerning the same. Associate must implement and maintain administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of Protected Information, including specifically Electronic PHI, as provided for

in the Security Rule and as mandated by Section 13401 of the HITECH Act. These safeguards shall include, at minimum:

- i. Achieving and maintaining compliance with the HIPAA Security Rule, as necessary in conducting operations on behalf of CE under this Addendum.

- ii. Providing a level and scope of security that is at least comparable to the level and scope of security established by the National Institute of Standards and Technology (NIST) in NIST 800-53, Recommended Security Controls for Federal Information Systems, Annex 2: Consolidated Security Controls-Moderate Baseline. The oldest acceptable version is the most recently approved version of NIST that has been approved for 6 months or more; however, Associate is encouraged to adopt newly approved versions of NIST as soon as practicable. If Associate chooses to use the Control Objectives for Information and Related Technology (COBIT), Information Systems Audit and Control Association (ISACA), or International Organization for Standardization (ISO) standards, Associate must demonstrate and document how each aspect of the chosen standard comports with the applicable version of NIST and make such documentation available to CE upon request. If Associate uses a standard other than those described in this subsection, Associate must demonstrate and document how each aspect of the chosen standard comports with the appropriate version of NIST and present to CE for review and approval. Additionally, whichever standard is chosen must comport with HIPAA Rules, including specifically the Security Rule and Privacy Rule.

- iii. Achieving and maintaining compliance with the Michigan Information Technology Security Policies set forth by the Office of Michigan Cyber Security and Infrastructure Protection.

iv. In case of a conflict between any of the security standards contained in any of these enumerated sources, the most stringent shall apply. The most stringent means those safeguards that provide the highest level of protection to Protected Information from unauthorized Disclosure. Further, Associate must comply with changes to these standards that occur after the effective date of this Addendum.

v. Upon request, Associate must provide CE with all information security and privacy policies, disaster recovery and business continuity policies, network connectivity diagrams, and all other security measures implemented by Associate.

c. Security Incidents. Associate must notify and report to CE in the manner described herein any Security Incident, whether actual or suspected, and any Use or Disclosure of Protected Information in violation of this Addendum, and take the following actions:

- i. Notice to CE. Associate must notify CE, via e-mail and telephone, within five (5) business days of the discovery of any Security Incident or any Use or Disclosure of Protected Information in violation of this Addendum. Associate must follow its notification to CE with a report that meets the requirements outlined immediately below.
- ii. Investigation; Report to CE. Associate must promptly investigate any Security Incident. Within ten (10) business days of the discovery, Associate must submit a preliminary report to CE identifying, to the extent known at the time, any information relevant to ascertaining the nature and scope of the Security Incident. Within fifteen (15) business days of the discovery of the Security Incident and unless otherwise directed by CE in writing, Associate must provide a complete report of the investigation to CE. Such report shall identify, to the extent possible: (a) each individual whose Protected Information has been, or is reasonably believed by Associate to have been accessed, acquired, Used or

Disclosed; (b) the type of Protected Information accessed, Used or Disclosed (e.g., name, social security number, date of birth) and whether such information was Unsecured; (c) who made the access, Use, or Disclosure; and (d) an assessment of all known factors relevant to a determination of whether a Breach occurred under applicable provisions of HIPAA, the HIPAA Rules, the HITECH Act, or a Breach of Security under the Identity Theft Protection Act, and any other applicable federal or state regulations. The report shall also include a full, detailed corrective action plan, including information on measures that were taken to halt and contain any improper Use or Disclosure. If CE requests information in addition to that listed in the report, Associate shall make reasonable efforts to provide CE with such information. Associate agrees that CE reserves the right to review and recommend changes to any corrective action plan and make a final determination as to whether a Breach of PHI or PII occurred and whether any notifications may be required under applicable state or federal regulations, including Section 13402 of the HITECH Act. In the event of a Breach of Unsecured PHI, as determined by CE, Associate agrees, consistent with 45 CFR §164.404(c), Section 13402 of the HITECH Act and Section 12 of the Identity Theft Protection Act, as applicable, to provide CE with information and documentation in its control necessary to meet the requirements of said sections, and in a manner and format to be reasonably specified by CE.

- iii. Mitigation. Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Associate of a Security Incident or a Use or Disclosure of Protected Information in violation of the requirements of this Addendum. Associate must take: (a) prompt corrective action to cure any such violation and (b) any other action pertaining to such unauthorized Use or Disclosure required by applicable federal and state laws and regulations.

- d. Responsibility for Notifications. If the cause of a Breach of Protected Information is attributable to Associate or its Agents or Subcontractors, Associate is responsible for all required reporting and notifications of the Breach as specified in and in accordance with Section

13402 of the HITECH Act and the Identity Theft Protection Act, as applicable, unless CE notifies Associate in writing that CE intends to be responsible for said reporting and notifications. In all cases, CE's authorized representative shall approve the time, manner, and content of any such notification and its approval must be obtained before the notification is made. In the event of such Breach, and without limiting Associate's obligations of indemnification as further described in this Addendum, Associate must indemnify, defend, and hold harmless CE for any and all claims or losses, including reasonable attorneys' fees, costs, and expenses incidental thereto, which may be suffered by, accrued against, charged to, or recoverable from CE in connection with the occurrence.

e. Associate's Agents and Subcontractors. If Associate uses one or more Subcontractors or Agents to provide services under the Agreement, and such Agents or Subcontractors receive or have access to Protected Information, each Subcontractor or Agent must sign an agreement with Associate containing substantially the same provisions as this Addendum and in conformance with 45 CFR §164.504(e)(2), and to assume toward Associate all of the obligations and responsibilities that the Associate, by this Addendum, assumes toward CE. Associate agrees to provide said Agents or Subcontractors PHI in accordance with the HIPAA Rules, the HITECH Act, and PII in accordance with applicable federal and state law and must: (i) implement and maintain sanctions against Subcontractors and Agents that violate such restrictions and conditions; and (ii) mitigate, to the extent practicable, the effects of any such violation.

f. Access to Protected Health Information. Associate agrees to make PHI regarding an Individual maintained by Associate or its Agents or Subcontractors in a Designated Record Set available to such Individual for inspection and copying in order to meet CE's obligations under 45 CFR §164.524. An Individual's request for access must be submitted on standard request forms available from Associate. If CE receives a request for access, CE, in addition to addressing the request on its behalf, will forward the request in writing to Associate in a timely manner. If Associate or its Agents or Subcontractors maintain Electronic Health Records for CE, then Associate must provide, where applicable, electronic access to the Electronic Health Records to CE.

g. Amendment of Protected Health Information. Associate agrees to make any amendment(s) to PHI in a Designated Record Set to meet CE's obligations under 45 CFR §164.526. An Individual's amendment request must be submitted on standard forms available from Associate. If CE receives a request for an amendment, CE, in addition to addressing the request on its behalf, will forward the request in writing to Associate in a timely manner.

h. Accounting Rights. Associate agrees to respond to a request by an Individual for an accounting of Disclosures of PHI in accordance with 45 CFR §164.528. Associate must maintain necessary and sufficient documentation of Disclosures of PHI and information related to such Disclosures as would be required for CE to respond to a request by an Individual for an accounting of Disclosures under 45 CFR §164.528. An Individual's request for a report of accounting must be submitted on standard request forms available from Associate. If CE receives a request for an accounting, CE, in addition to addressing the request on its own behalf, will forward the request in writing to Associate in a timely manner. Associate must also comply with the requirements of Section 13405(c) of the HITECH Act, as applicable.

i. Access to Records and Internal Practices. Unless otherwise protected or prohibited from discovery or Disclosure by law, Associate must make its internal practices, books, and records, including policies and procedures (collectively, Compliance Information), relating to the Use or Disclosure of PHI and PII and the protection of same, available to CE or to the Secretary of DHHS (Secretary) for purposes of the Secretary determining CE's compliance with the HIPAA Rules and the HITECH Act. Associate shall have a reasonable time within which to comply with requests for such access, consistent with this Addendum. In no case shall access be required in less than five (5) business days after Associate's receipt of such request, unless otherwise designated by the Secretary.

j. Minimum Necessary. Associate (and its Agents or Subcontractors) shall only request, Use and Disclose the minimum amount of Protected Information necessary to accomplish the purpose of the request, Use or Disclosure, in accordance with the Minimum Necessary requirements of the Privacy Rule, including, but not limited to 45 CFR §§ 164.502(b) and 164.514(d) and the HITECH Act.

k. Compliance.

- i. To the extent that Associate carries out one or more of CE's obligations under the HIPAA Rules, Associate must comply with all requirements that would be applicable to CE.
- ii. Associate must honor all restrictions consistent with 45 CFR §164.522 that CE or the Individual makes Associate aware of, including the Individual's right to restrict certain Disclosures of PHI to a health plan where the Individual pays out of pocket or in full for the healthcare item or service, in accordance with Section 13405(a) of the HITECH Act.

l. Data Ownership. Unless otherwise specified in this Addendum, Associate agrees that Associate has no ownership rights with respect to the Protected Information and that CE retains all rights with respect to ownership of such information. Associate further agrees not to receive remuneration, directly or indirectly, in exchange for Protected Information, except with the prior written consent of CE.

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

n. Destruction of Protected Information. Associate must implement policies and procedures for the final disposition of Protected Information, including electronic PHI, and the hardware and equipment on which it is stored, including but not limited to, removal before re-Use, in accordance with the Security Rule, the HITECH Act, and other applicable laws relating to the final disposition of Protected Information.

o. Audits, Inspection, and Enforcement. Within ten (10) days of a written request by CE, Associate and its Agents or Subcontractors must allow CE to conduct a reasonable inspection of the facilities, systems, books, records, agreements, policies and procedures relating to the Use or Disclosure of Protected Information pursuant to this Addendum for the purpose of determining whether Associate has complied with this Addendum; provided, however, that: (i) Associate and CE shall mutually agree in advance upon the scope, timing and location of such an inspection; (ii) CE shall protect the confidentiality of all confidential and proprietary information of Associate to which CE has access during the course of such inspection; and (iii) CE or Associate shall execute a nondisclosure agreement, if requested by Associate or CE. The fact that CE inspects, or fails to inspect, or has the right to inspect, Associate's facilities, systems, books, records, agreements, policies and procedures does not relieve Associate of its responsibility to comply with this Addendum, nor does CE's (i) failure to detect or (ii) detection, but failure to notify Associate or require Associate's remediation of any unsatisfactory practices, constitute acceptance of such practice or a waiver of CE's enforcement rights under this Addendum. If Associate is the subject of an audit, compliance review, or complaint investigation by DHHS that is related to the performance of its obligations pursuant to this Addendum, Associate must notify CE and provide CE with a copy of any PHI that Associate provides to DHHS concurrently with providing such information to DHHS. If, as a result of an audit or other investigation of Associate, DHHS assesses any civil penalties, Associate shall pay such penalties.

p. Audit Findings. Associate must implement any appropriate Safeguards, as identified by CE in an audit conducted under paragraph 2(o).

q. Reserved.

r. Safeguards During Transmission. Associate must utilize safeguards that reasonably and appropriately maintain and ensure the confidentiality, integrity, and availability of Protected Information transmitted to CE under this Addendum, in accordance with the standards and requirements of the HIPAA Rules and other applicable federal or state regulations, until such Protected Information is received by CE, and in accordance with any specifications set forth in Schedule D.

s. Due Diligence. Associate must exercise due diligence and take reasonable steps to ensure that it remains in compliance with this Addendum and is in compliance with applicable provisions of HIPAA, the HIPAA Rules, the HITECH Act and other applicable laws or regulations pertaining to Protected Information, and that its Agents, Subcontractors and vendors are in compliance with their obligations as required by this Addendum.

t. Sanctions and Penalties. Associate understands that a failure to comply with the provisions of HIPAA, the HITECH Act, the HIPAA Rules or any other state or federal regulation that is applicable to Associate may result in the imposition of sanctions or penalties on Associate under HIPAA, the HIPAA Rules, the HITECH Act, or any other applicable laws or regulations pertaining to PHI and PII.

u. Indemnification. Associate shall indemnify, hold harmless and defend CE from and against any and all claims, losses, liabilities, costs and other expenses resulting from, or relating to, the acts or omissions of Associate or its Agents or Subcontractors in connection with the representations, duties, and obligations of Associate under this Addendum, including but not limited to any unauthorized Use or Disclosure of Protected Information. This includes credit-monitoring services, third party audits of Associate's handling and remediation of the Breach, and reimbursement for State employee time spent handling the Security Incident, as reasonably deemed appropriate by CE. The parties' respective rights and obligations under this subsection shall survive termination of the Agreement.

3. Obligations of CE.

a. Safeguards During Transmission. CE must utilize safeguards that reasonably and appropriately maintain and ensure the confidentiality, integrity, and availability of Protected Information transmitted to Associate under this Addendum, in accordance with the standards and requirements of the HIPAA Rules and other applicable federal or state regulations, until such Protected Information is received by Associate, and in accordance with any specifications set forth in Schedule D.

b. Notice of Limitations and Changes. CE must notify Associate of any limitations in its notice of privacy practices in accordance with 45 CFR §164.520, or any restriction to the Use or Disclosure of PHI that CE has agreed to in accordance with 45 CFR §164.528, to the extent that such limitation may affect Associate's Use or Disclosure of PHI. CE must also notify Associate of any changes in, or revocation of, permission by Individual to Use or Disclose PHI of which it becomes aware, to the extent that such changes may affect Associate's Use or Disclosure of PHI.

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

5. Termination.

a. Material Breach. Except as otherwise provided in the Contract, a breach by Associate of any provision of this Addendum, as determined by CE, shall constitute a material breach of the Agreement and provide grounds for CE to terminate the Agreement for cause, subject to section 5(b):

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

ii. Duties. Notwithstanding termination of the Agreement, and subject to any reasonable directions from the CE, Associate agrees to take timely, reasonable and necessary action to protect and preserve property in the possession of the Associate in which CE has an interest.

iii. Erroneous Termination for Default. If after such termination it is determined, for any reason, that Associate was not in default, or that Associate's action or inaction was excusable, such termination

shall be treated as a termination for convenience, and the rights and obligations of the parties shall be the same as if the Contract had been terminated for convenience, as described in this Addendum or in the Contract.

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

c. Reserved.

d. Effect of Termination.

(i) At the direction of CE, and except as provided in section 5(d)(ii), upon termination of the Agreement for any reason, Associate must return or destroy all Protected Information that Associate or its Agents or Subcontractors still maintain in any form, and shall retain no copies of such information. If CE directs Associate to destroy the Protected Information, Associate must certify in writing to CE that such information has been destroyed. If CE directs associate to return such information, Associate must do so promptly in any format reasonably specified by CE.

(ii) If Associate believes that returning or destroying the Protected Information is not feasible, including but not limited to, a finding that record retention requirements provided by law make return or destruction infeasible, Associate must promptly provide CE written notice of the conditions making return or destruction infeasible. Upon mutual agreement of CE and Associate that return or destruction of Protected Information is infeasible, Associate must continue to extend the protections of this Addendum to such information, and must limit further Use of such

Protected Information to those purposes that make the return or destruction of such Protected Information infeasible.

6. Reserved.

7. No Waiver of Immunity. No term or condition of this Addendum shall be construed or interpreted as a waiver, express or implied, of any of the immunities, rights, benefits, protection, or other provisions of applicable laws, including the Michigan Governmental Immunity Act, MCL 691.1401, *et seq.*, the Court of Claims Act, MCL 600.6401, *et seq.*, the Federal Tort Claims Act, 28 U.S.C. 2671, *et seq.*, or the common law, as applicable, as now in effect or hereafter amended.

8. Reserved.

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

10. Reserved.

11. Amendment.

a. Amendment to Comply with Law. The parties agree to take such action as is necessary to amend this Addendum from time to time as may be necessary for CE and Associate to comply with and implement the standards and requirements of HIPAA, the Privacy Rule, the Security Rule, the Breach Rule, the HITECH Act, the Identity Theft Protection Act, and other applicable laws relating to the security or privacy of PHI and PII. Upon the request of either party, the other party agrees to promptly enter into negotiations concerning the terms of an amendment to this Addendum embodying written assurances consistent with the standards and

requirements of HIPAA, the Privacy Rule, the Security Rule, the Breach Rule, the HITECH Act, the Identity Theft Protection Act, or other applicable laws. Either party may terminate the Agreement upon thirty (30) days written notice if (i) the other does not promptly enter into negotiations to amend this Agreement when requested by the requesting party under this Section or (ii) the non-requesting party does not enter into an amendment to this Agreement when requested providing assurances regarding the safeguarding of PHI and PII that the requesting party, in its sole discretion, deems sufficient to satisfy the standards and requirements of HIPAA, the HIPAA Rules, the HITECH Act, the Identity Theft Protection Act, and other applicable laws.

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

12. Assistance in Litigation or Administrative Proceedings. Associate must make itself, and any Subcontractors, employees or Agents assisting it in the performance of its obligations under this Addendum available to CE, at no cost to CE, to testify as witnesses, or otherwise, in the event of litigation or administrative proceedings being commenced against a party, its directors, officers or employees, departments, agencies, or divisions based upon a claimed violation of HIPAA, the HITECH Act, the HIPAA Rules, the Identity Theft Protection Act, or other laws relating to security and privacy of Protected Information, except where the other party or its Subcontractor, employee or Agent is a named adverse party.

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

14. Effect on Contract. Except as specifically required to implement the purposes of this Addendum, or to the extent inconsistent with this Addendum, all other terms of the Contract shall remain in force and effect. This Addendum is incorporated into the Contract as if set forth in full therein. The parties expressly acknowledge and agree that sufficient mutual consideration exists to make this Addendum legally binding in accordance

with its terms. Associate and CE expressly waive any claim or defense that this Addendum is not part of the Agreement between the parties under the Contract.

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

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

17. Survival of Certain Contract Terms. Notwithstanding anything herein to the contrary, Associate's obligations under Section 2(d) (Responsibility for Notifications), Section 2(u) (Indemnification), Section 5(d) (Effect of Termination), Section 12 (Assistance in Litigation or Administrative Proceedings), Section 13 (No Third Party Beneficiaries), and applicable record retention laws shall survive termination of this Agreement and shall be enforceable by CE as provided herein in the event of such failure to perform or comply by the Associate.

18. Representatives and Notice.

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

b. Notices. Except as otherwise provided in this Addendum, all required notices shall be in writing and shall be hand delivered or given by certified or registered mail to the representatives at the addresses set forth below.

Covered Entity Representative:

Name: Courtney Flores
Title: Category Analyst
Department: Department of Technology Management & Budget
Division: Central Procurement Services
Address: 525 W Allegan St
Lansing, MI 48911

Business Associate Representative:

Name: Laveena Yadav
Title: Chief Executive Officer
Department: Diskriter, Inc
Address: 2840 Library Rd, Suite 300
Pittsburgh, PA 15234

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

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

Associate

Covered Entity

Diskriter, Inc

State of Michigan, Department of
Technology, Management & Budget

By: _____

By: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____