1. Parties. This is a contract for personal services between the State of Vermont, Office of Vermont Health Access (hereafter called "State"), and National Government Services, Inc. with a principal place of business in 8115 Knue Road, Indianapolis, IN 46250-1936 (hereafter called "Contractor"). Contractor's form of business organization is a sole proprietor. If the contractor does not have a Business Account Number, it is the contractor's responsibility to contact the Vermont Department of Taxes to determine if, by law, the contractor is required to have a Vermont Department Taxes Business Account Number.

2. Subject Matter. The subject matter of this contract is personal services generally on the subject of audit and cost settlement services for the State of Vermont Medicaid Program. Detailed services to be provided by the Contractor are described in Attachment A.

3. Maximum Amount. In consideration of the services to be performed by Contractor, the State agrees to pay Contractor, in accordance with the payment provisions specified in Attachment B, a sum not to exceed $99,390.00.

4. Contract Term. The period of Contractor's performance shall begin on August 1, 2008 and end on July 31, 2010. The contract may be extended up to two additional years subject to the agreement of both parties.

5. Prior Approvals. If approval by the Attorney General's Office or the Secretary of Administration is required, (under current law, bulletins, and interpretations), neither this contract nor any amendment to it is binding until it has been approved by either or both such persons.

   Approval by the Attorney General's Office is required.
   Approval by the Secretary of Administration is not required.
   Approval by the CMO/Commissioner DII is not required.

6. Amendment. No changes, modifications, or amendments in the terms and conditions of this contract shall be effective unless reduced to writing, numbered and signed by the duly authorized representative of the State and Contractor.

7. Cancellation. This contract may be cancelled by either party by giving written notice at least 30 days in advance.

1. Attachments. This contract consists of 23 pages including the following attachments which are incorporated herein:

   Attachment A - Specifications of Work to be Performed
   Attachment B - Payment Provisions
   Attachment C - "Customary State Contract provisions"
   Attachment E - Business Associate Agreement
   Attachment F – AHS Other Customary Contractual Provisions
   Attachment G – Contract CD
      1. Request for Price Quote – Cost Report Auditing and Cost Settlement – April 10, 2008
      2. Questions and Answers – May 1, 2008
      3. Questions and Answers – May 8, 2008 – Revised Response to ESRD Questions
      4. National Government Services, Inc. Proposal Medicaid Cost Report Audit and Cost Settlement Services – May 19, 2008

The order of precedence of documents shall be as follows:

1). This document
2). Attachment C
3). Attachment A
4). Attachment B
5). Attachment E
6). Attachment F
7). Attachment G

WE THE UNDERSIGNED PARTIES AGREE TO BE BOUND BY THIS CONTRACT.

BY THE STATE OF VERMONT:

Date: 7-11-2008

Signature:

Name: Joshua Slen
Director
Office of Vermont Health Access

BY THE CONTRACTOR:

Date: 7/9/08

Signature: Sandra Miller

Name: Sandra Miller
President
Federal Identification #35-1840597

Approved as to Form and Legality

Robert M Squeri, Jr. 7.9.08
Date

ATTACHMENT A
SPECIFICATIONS OF WORK TO BE PERFORMED

Work may be performed at the contractor's office location. However, it is expected that the contractor will be available to OVHA staff during normal business hours to respond to questions or to provide needed information related to the services covered by the contract.

Duties and contract terms will include the following. Note that the term "State" refers to the Office of Vermont Health Access.

1. The Contractor shall audit provider cost reports to determine their acceptability and to determine the amount of any Vermont Medicaid cost-settlement for the cost-based- reimbursed providers identified in Appendix I.

   Note: Hospital outpatient data auditing requirements are expected to decrease after the September 30, 2008 cost reports are settled (since outpatient cost settlement payments will convert to OPPS before the end of SFY 2008. Most of these cost reports will be settled within 18 months of the providers FYE (March 31, 2010), unless an audit is required in lieu of a desk settlement, in which case a September 30, 2010 completion date is expected.

2. The Contractor will be expected to provide on an ongoing basis hospital outpatient cost to charge ratios, and any updates or revisions in previously published ratios that may result from the Medicare cost report auditing process.

3. The Contractor will conduct reviews of each Rural Health Clinic and Federally Qualified Health Clinic at least annually or as otherwise determined by the Intermediary's CMS contract and/or mutual agreement.

4. The Contractor will furnish to designated parties, as required by the State, copies of the desk review determinations, the audited cost report, interim rate determinations and the Notice of Program Reimbursement (NPR) issued upon final settlement of the cost report. Also, it will prepare any adjustments occurring after the NPR is issued for such reasons as appeal hearings or Quality Assurance (QA) reviews.

5. The Contractor will provide an audited cost report and NPR for each Vermont facility as indicated in the Appendix I (except nursing facilities). In addition, the Contractor will provide the State quarterly reports on the current settlement status.

6. In addition, the Contractor will provide the Vermont Division of Rate Setting a copy of the Medicare cost report and any subsequent audit adjustment report for any Medicare certified nursing facility identified in Appendix I.

7. The Contractor and the State will permit access to each other's audit work papers, to review and copy as desired, upon reasonable notice, at their respective offices during normal working hours.

8. The State will furnish to the Contractor pertinent Title XIX audit information upon request at no additional cost.

9. The Contractor shall have the capacity to conduct field audits, which may be through use of the Contractor's in-house audit staff or through subcontract. The Contractor may enter into subcontracts that might be necessary to accomplish field audits under the common audit, but the State will retain the right to approve all subcontractors.

10. The Contractor will initiate final settlement with providers under Title XIX, by notifying providers and the State of underpayments and overpayments to be paid or refunded. Then the State will make payment or obtain a refund.

11. All audits for facilities other than federally qualified health centers shall be completed within 90 days of the completion of the Medicare audit for the same facility. Audits for federally qualified health centers shall be completed within 15 months of the acceptance of the cost report. If the Contractor is unable to meet the schedule for timely completion of any audit, the State may grant an exception for good cause.

12. In order to perform its audit function under this Contract, the Contractor will be provided information by the State's Medicaid Fiscal Agent (EDS). It may also become necessary to secure additional information to complete an audit. Consequently, if the contractor's performance is delayed because of missing information, then the State holds the Contractor harmless and will release the Contractor from its timely performance obligations.

Notwithstanding the provisions of Attachment F, paragraph 10, nothing in this contract shall be construed to grant the State any ownership interest in any systems that were not developed with funds paid through this contract. State also recognizes that to the extent any commercial, off-the-shelf software is purchased with contract funds, then State shall be deemed the designated licensee of such software.

APPENDIX I

LIST OF AGENCIES AND FACILITIES SUBJECT TO AUDIT

Effective August 1, 2008, the following agencies, facilities and organizations are those subject to audit under the provisions of the cost report and settlement contract. It should be understood that this list is subject to revision and amendment by either informal written notice or formal contract amendment. The method will be determined by mutual agreement with the contractor.

Hospitals:

0470001	Central Vermont Hospital
0470003	Fletcher-Allen Health Care
0471301	Gifford Memorial Hospital
0470005	Rutland Regional Medical Center
0471307	Porter Medical Center
0471304	North Country Hospital
0471305	Copley Hospital
0470011	Brattleboro Memorial Hospital
0470012	Southwestern Vermont Medical Center
0471302	Mt. Ascutney Hospital
0471306	Springfield Hospital
047M306	Springfield Hospital, DBA Windham Psychiatry
0471300	Grace Cottage Hospital
0471303	Northeastern Vermont Regional Hospital
0470024	Northwestern Medical Center
0474002, 03	Vermont State Hospital (not currently Medicare certified, but seeking certification)

Hospitals outside of the State of Vermont:

0300016	Alice Peck Day Memorial Hospital
0300019	The Cheshire Medical Center
0301301	Cottage Hospital
0300003	Mary Hitchcock Memorial Hospital
0301308	Valley Regional Hospital
0301303	Weeks Medical Center
0301302	Littleton Regional Hospital
0301300	Upper Connecticut Valley Hospital
0330013	Albany Medical Center

Rural Health Clinics:

0473808	The Health Center (terminated 9/1/06; effective 10/1/06 Northeast Washington County Community Health d/b/a The Health Center)
0473813	Dartmouth-Hitchcock, Lyndonville (terminated 2/28/07)
0473988	NVRH Corner Medical Center – Hospital Based
0473814	Newport Pediatrics and Adolescent Medicine
0473815	Orleans Medical Clinic
0473989	NVRH St. Johnsbury Pediatrics – Hospital Based
0473821	Keeler Bay Family Practice
0473823	Central Vermont Physicians Practice Corp. d/b/a/ Valley Health Center (term. 12/31/03) –

	(Little Rivers FQHC effective 08/31/06)
0473824	Cold Hollow Family Practice
0473825	Wells River Clinic, Inc. – (Little River FQHC effective 8/31/06)
0473826	Francis W. Cook, M.D
0473827	Ryder Brook Pediatrics
0473829	Mtn Valley Health Council d/b/a Mtn Valley Med
0473975	Ludlow Family Practice – Hospital Based
1012615	Little Rivers Health Care (Little Rivers FQHC effective 08/31/06)
0473976	Health Center at Bellows Falls – Hospital Based
0473979	Community Medical Associates – Hospital Based
0473980	North Country Hospital & Health Center, Inc. (d/b/a Family Practice of Newport) – Hospital Based
0473981	Grace Cottage Family Health – Hospital Based
0473982	North Country Hospital & Health Center, Inc. (d/b/a North Country OB/GYN Services)- Hospital Based
0473986	Grace Cottage Family Practice (formerly 473816) – Hospital Based
0473830	Arlington Family Practice
0303809	David Fagan, M.D.
0303975, 76, 77	Weeks Memorial (3 sites) – Hospital Based
0303979	Charleston Family Medicine – Hospital Based
0473987	No. Country Hospital/Barton Clinic- Hospital Based
0303806	Summit Medical

Federally Qualified Health Centers (includes dental services or pharmacy when provided by the FQHC):

0000F02	Community Health Center
0001692	Community Health Center
0473811, 07, 05, 03,	Northern Counties Health Care (7 sites)
0471808, 09	Northern Counties Health Care
1006335	Northern Counties Health Care
0007175	Northern Counties Health Care
0104229	Northern Counties Health Care
0000F04, 1006168,	Richford Health Center (formerly 473822) (4 sites)
0471811	Richard Health Center (d/b/a Swanton Health Center)
0471812	Richford Health Center (d/b/a Enosburg Health Center)
0471813	Richford Health Center (d/b/a Alburg Health Center)
0471818	Northeast Washington County Community Health (d/b/a The Health Center)
1006333	Northeast Washington County Community Health (d/b/a The Health Center)
0471819, 20, 21, 23	Copley Professional Services Group (Family Practice, Behavioral Medicine, Women's Health)
0471814, 15, 16	Community Health Centers of the Rutland Region (3 sites)
	Little Rivers Health Care
0301804	Ammonoosuc Community Health Services
0301819	Indian Stream Health Center

Medicare Certified Rehabilitation Agencies:

0476503	Associates in PT & OT

In addition to auditing the facilities above, the contractor will routinely provide the Vermont Division of Rate

Setting a copy of the revised Medicare cost report and audit adjustment report for each Vermont Medicare certified nursing facility listed below or any new facility receiving Medicare certification during the period covered by the contract.

Nursing Homes:

0475008	Vernon Green Nursing Home
0475010	Brookside Nursing Home/WRJ
0475014	Burlington Health and Rehab Center
0475017	Helen Porter Nursing Home
0475018	Eden Park Nursing Home/Rutland
0475023	Eden Park Nursing Home/Brattleboro
0475019	St. Johnsbury Health & Rehab Center
0475020	Berlin Health & Rehab Center
0472059	Centers for Living and Rehabilitation
0475025	Springfield Health & Rehab Center
0475026	Newport Health Care Center
0475027	Bennington Health & Rehab Center
0475033	CSR Corp. d/b/a Crescent Manor Care Centers
0475036	Union House Nursing Home, Inc.
0475037	Rowan Court Health & Rehab Center
0475040	Green Mountain Nursing Home
0475041	Prospect Nursing Home
0475042	Maple Lane Nursing Home
0475043	Greensboro Nursing Home
0475044	Pines Rehab and Health Center
0475045	Woodridge Nursing Home
0475046	Cedar Hill Health Care Center
0475030	Starr Farm Nursing Center
0475048	Derby Green Nursing Home
0475050	Thompson House Nursing Home
0475052	Gill Odd Fellows Home of Vt., Inc.
0475053	Mayo Healthcare, Inc.
0475054	McGirr Nursing Home
0475055	Redstone Villa Nursing Home
0475012	Mountain View Center
0475039	Haven Healthcare – Rutland
0475021	Haven Healthcare – St. Albans
0475049	Bel Aire Quality Care Nursing Center
0475003	Birchwood Terrace Healthcare
0475057	The Manor
0475058	Gifford Menig Extended Care Unit
0475047	Franklin County Rehab
0475024	Mount Ascutney Hospital and Health Center
0475032, 047X085	Vermont Veterans Home

ATTACHMENT B
PAYMENT PROVISIONS

1. Contractor's invoices shall be submitted monthly and shall include the number of hours worked by each labor category during the specified billing period and the total amount billed. The State shall pay the Contractor for services provided by the professional providing the service and at the level of effect expended to perform the service incurred in the proceeding month. The total maximum amount payable under this contract shall not exceed $99,390.00. Please refer to following appendices:

   Appendix II – Staffing and Labor Category Hourly Rates
   Appendix III – Estimates of Hours for Cost Report Auditing and Cost Settlement Services

2. The Contractor will submit a bill/invoice for services rendered under this contract to:

   Mary Day, Program Integrity Manager
   Office of Vermont Health Access
   312 Hurricane Lane, Suite 201
   Williston, VT 05495

3. The State will remit all payments to:

   National Government Services, Inc.
   9901 Lynn Station Road
   Louisville, KY 40223

Appendix II - Staffing and Labor Category Hourly Rates

Labor Category	Roles & Responsibility	Rate Year 1	Rate Year 2
Audit Analyst	Reviews and computes settlements of Medicaid and Medicare cost reports and reports results to the customer. Initiatives disbursement of funds to providers. Assists in reviewing policies to confirm that standard operating procedures are being followed. Supports the completion of work for wage index reviews, interim rate reviews and tentative settlements on all types of providers. Performs cost report acceptance duties. May also perform STAR entry and reporting and be able to perform duties of the A&R Tech position. Interacts with the provider community and provider consultants regarding payments	$61.71	$64.10
Auditor III	Responsible for completing limited and full desk reviews on teaching, organ acquisition hospitals and other complex provider cost reports. Essential duties may include, but are not limited to: Plans, directs and controls specific provider audits. In charge auditor on large and/or complex field audits. Responsible for assigning, reviewing, and approving the work performed by auditors on team audits. Responsible for completing interim rate reviews and tentative settlements of more high level providers such as teaching and organ acquisition providers as assigned. Participates in special projects and review of work done by lower level auditors as assigned. Analyzes and interprets data and makes recommendations for change based on judgment and experience.	$88.16	$91.67
Senior Audit	Responsible for making reimbursement determinations and performing desk audits and onsite audits of Medicare cost reports files by all types of providers including large and complex medical centers. Plans, directs and controls specific provider audits. Independently conducts entire audits. Responsible for assigning, reviewing, and approving the work performed by auditor specialist on team audits. Works with providers and consultants to address reimbursement issues. Exercise independent judgment and participates in the development and implementation of procedures.	$96.76	$100.65

Appendix III - Estimates of Hours for Cost Report Auditing and Cost Settlement Services

Rate Reviews Provider Type	Provider Count	Non-Pip Rates	Hours/Task	Year 1 Total Hours	Year 2 Total Hours
Acute	23	23	.75	17	17
OPT	1	1	.75	1	1
FQHC	8	8	.75	6	6
RHC - FS	10	10	.75	8	8
RHC - HB	14	14	.75	11	11
Total	56	56		42	42

Cost Report Settlements				Year 1	Year 2
Provider Type	Workload	Auditor Work	Settlement Time	Total Hours	Total Hours
Acute	23	10	.75	241	226
SNF	39	0	.25	10	10
OPT	1	10	3	13	13
FQHC	8	20	3	184	184
RHC – FS w/Medicare	12	4	.75	57	57
RHC – FS w/o Medicare	2	10	3	26	26
RHC - HB	14	4	0	56	56
Total	76			587	572
Oversight				72	72
Total Hours				**701**	**686**

ATTACHMENT C
CUSTOMARY STATE CONTRACT PROVISIONS

1. Entire Agreement. This contract represents the entire agreement between the parties on the subject matter. All prior agreements, representations, statements, negotiations, and understandings shall have no effect.

2. Applicable Law. This contract will be governed by the laws of the State of Vermont.

3. Appropriations. If this contract extends into more than one fiscal year of the State (July l to June 30), and if appropriations are insufficient to support this contract, the State may cancel at the end of the fiscal year, or otherwise upon the expiration of existing appropriations authority.

4. No Employee Benefits for Contractors. The contractor understands that the State will not provide any individual retirement benefits, group life insurance, group health and dental insurance, vacation or sick leave, workers' compensation or other benefits or services available to State employees, nor will the State withhold any state or federal taxes except as required under applicable tax laws, which shall be determined in advance of execution of the contract. The contractor understands that all tax returns required by the Internal Revenue Code and the State of Vermont, including but not limited to income, withholding, sales and use, and rooms and meals, must be filed by the contractor, and information as to contract income will be provided by the State of Vermont to the Internal Revenue Service and the Vermont Department of Taxes.

5. Independence, Liability. The contractor will act in an independent capacity and not as officers or employees of the State. The Contractor shall indemnify, defend, and hold harmless the State and its officers and employees from liability and any claims, suits, judgments, and damages arising as a result of the contractor's acts and/or omissions in the performance of this contract. The contractor shall notify its insurance company and the State within 10 days of receiving any claim for damages, notice of claims, pre-claims, or service of judgments or claims, for any act or omissions in the performance of this contract.

6. Insurance. Before commencing work on this contract the contractor must provide certificates of insurance to show that the following minimum coverage is in effect. The contractor must notify the State no more than 10 days after receiving cancellation notice of any required insurance policy. It is the responsibility of the contractor to maintain current certificates of insurance on file with the State through the term of the contract. Failure to maintain the required insurance shall constitute a material breach of this contract.

   Workers' Compensation: With respect to all operations performed, the contractor shall carry workers' compensation insurance in accordance with the laws of the State of Vermont.

   General Liability and Property Damage: With respect to all operations performed under the contract, the contractor shall carry general liability insurance having all major divisions of coverage including, but not limited to:

   Premises - Operations
   Products and Completed Operations
   Personal Injury Liability
   Contractual Liability

   The policy shall be on an occurrence form and limits shall not be less than:

$1,000,000 Per Occurrence
$1,000,000 General Aggregate
$1,000,000 Products/Completed Operations Aggregate
$ 50,000 Fire/Legal Liability

Automotive Liability: The contractor shall carry automotive liability insurance covering all motor vehicles, including hired and non-owned coverage, used in connection with the contract. Limits of coverage shall not be less than: $1,000,000 combined single limit.

Professional Liability: Before commencing work on this contract and throughout the term of this contract, the contractor shall procure and maintain professional liability insurance for any and all services performed under this contract, with minimum coverage of $1,000,000 per occurrence.

No warranty is made that the coverage and limits listed herein are adequate to cover and protect the interests of the contractor for the contractor's operations. These are solely minimums that have been established to protect the interests of the State.

7. Reliance by the State on Representations. All payments by the State under this contract will be made in reliance upon the accuracy of all prior representations by the contractor, including but not limited to bills, invoices, progress reports and other proofs of work.

8. Records Available for Audit. The contractor will maintain all books, documents, payroll, papers, accounting records and other evidence pertaining to costs incurred under this agreement and make them available at reasonable times during the period of the contract and for three years thereafter for inspection by any authorized representatives of the State or Federal Government. If any litigation, claim, or audit is started before the expiration of the three year period, the records shall be retained until all litigation, claims or audit findings involving the records have been resolved. The State, by any authorized representative, shall have the right at all reasonable times to inspect or otherwise evaluate the work performed or being performed under this contract.

9. Fair Employment Practices and Americans with Disabilities Act. Contractor agrees to comply with the requirement of Title 21 V.S.A. Chapter 5, Subchapter 6, relating to fair employment practices, to the full extent applicable. Contractor shall also ensure, to the full extent required by the Americans with Disabilities Act of 1990, that qualified individuals with disabilities receive equitable access to the services, programs, and activities provided by the contractor under this contract. Contractor further agrees to include this provision in all subcontracts.

10. Set Off. The State may set off any sums which the contractor owes the State against any sums due the contractor under this contract; provided, however, that any set off of amounts due the State of Vermont as taxes shall be in accordance with the procedures more specifically provided hereinafter.

11. Taxes Due to the State.

a. Contractor understands and acknowledges responsibility, if applicable, for compliance with State tax laws, including income tax withholding for employees performing services within the State, payment of use tax on property used within the State, corporate and/or personal income tax on income earned within the State.

b. Contractor certifies under the pains and penalties of perjury that, as of the date the contract is signed, the contractor is in good standing with respect to, or in full compliance with, a plan to pay any and all taxes due

the State of Vermont.

c. Contractor understands that final payment under this contract may be withheld if the Commissioner of Taxes determines that the contractor is not in good standing with respect to or in full compliance with a plan to pay any and all taxes due to the State of Vermont.

d. Contractor also understands the State may set off taxes (and related penalties, interest and fees) due to the State of Vermont, but only if the contractor has failed to make an appeal within the time allowed by law, or an appeal has been taken and finally determined and the contractor has no further legal recourse to contest the amounts due.

12. Child Support. (Applicable if the contractor is a natural person, not a corporation or partnership.) Contractor states that, as of the date the contract is signed, he/she:
a. is not under any obligation to pay child support; or
b. is under such an obligation and is in good standing with respect to that obligation; or
c. has agreed to a payment plan with the Vermont Office of Child Support and is in full compliance with that plan.

Contractor makes this statement with regard to support owed to any and all children residing in Vermont. In addition, if the Contractor is a resident of Vermont, contractor makes this statement with regard to support owed to any and all children residing in any other state or territory of the United States.

13. Subcontractors. Contractor shall not assign or subcontract the performance of this agreement or any portion thereof to any other contractor without the prior written approval of the State. Contractor also agrees to include in all subcontract agreements a tax certification in accordance with paragraph 11 above.

Notwithstanding the foregoing, the State agrees that the contractor may assign this contract, including all of the contractor's rights and obligations hereunder, to any successor in interest to the contractor arising out of the sale of or reorganization of the contractor.

14. No Gifts or Gratuities. Contractor shall not give title or possession of any thing of substantial value (including property, currency, travel and/or education programs) to any officer or employee of the State during the term of this contract.

15. Copies. All written reports prepared under this contract will be printed using both sides of the paper.

16. Certification Regarding Debarment. Contractor certifies under pains and penalties of perjury that, as of the date that this contract is signed, neither contractor nor contractor's principals (officers, directors, owners, or partners) are presently debarred, suspended, proposed for debarment, declared ineligible or excluded from participation in federal programs or programs supported in whole or in part by federal funds.

ATTACHMENT E

BUSINESS ASSOCIATE AGREEMENT

This Business Associate Agreement ("Agreement") is entered into by and between the State of Vermont Agency of Human Services operating by and through its Office of Vermont Health Access ("Covered Entity") and National Government Services, Inc. ("Business Associate") as of August 1, 2008 ("Effective Date"). This Agreement supplements and is made a part of the Contract to which it is an attachment.

Covered Entity and Business Associate enter into this Agreement to comply with standards promulgated under the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") including the Standards for the Privacy of Individually Identifiable Health Information at 45 CFR Parts 160 and 164 ("Privacy Rule") and the Security Standards at 45 CFR Parts 160 and 164 ("Security Rule").

The parties agree as follows:

1. Definitions. All capitalized terms in this Agreement have the meanings identified in this Agreement, 45 CFR Part 160, or 45 CFR Part 164.

   The term "Services" includes all work performed by the Business Associate for or on behalf of Covered Entity that requires the use and/or disclosure of protected health information to perform a business associate function described in 45 CFR 160.103 under the definition of Business Associate.

   The term "Individual" includes a person who qualifies as a personal representative in accordance with 45 CFR 164.502(g). All references to "PHI" mean Protected Health Information. All references to "Electronic PHI" mean Electronic Protected Health Information.

2. Permitted and Required Uses/Disclosures of PHI.

   2.1 Except as limited in this Agreement, Business Associate may use or disclose PHI to perform Services provided that any use or disclosure would not violate the minimum necessary policies and procedures of Covered Entity. Business Associate shall not use or disclose PHI in any manner that would constitute a violation of the Privacy Rule if used or disclosed by Covered Entity in that manner. Business Associate may not use or disclose PHI other than as permitted or required by this Agreement or as Required by Law.

   2.2 Business Associate may make PHI available to its employees who need access to perform Services provided that Business Associate makes such employees aware of the use and disclosure restrictions in this Agreement and binds them to comply with such restrictions. Business Associate may only disclose PHI for the purposes authorized by this Agreement: (a) to its agents (including subcontractors) in accordance with Sections 6 and 14 or (b) as otherwise permitted by Section 3.

3. Business Activities. Business Associate may use PHI received in its capacity as a "Business Associate" to Covered Entity if necessary for Business Associate's proper management and administration or to carry out its legal responsibilities. Business Associate may disclose PHI received in its capacity as "Business Associate" to Covered Entity for Business Associate's proper management and administration or to carry out its legal responsibilities if a disclosure is Required by Law or if (a) Business Associate obtains reasonable written assurances via a written contract from the person to whom the information is to be disclosed that the PHI shall remain confidential and be used or further disclosed only as Required by Law or for the purpose for which it was disclosed to the person and (b) the person promptly notifies Business

Associate (who in turn will promptly notify Covered Entity) in writing of any instances of which it is aware in which the confidentiality of the PHI has been breached. Uses and disclosures of PHI for the purposes identified in this Section 3 must be of the minimum amount of PHI necessary to accomplish such purposes.

4. Safeguards. Business Associate shall implement and use appropriate safeguards to prevent the use or disclosure of PHI other than as provided for by this Agreement. Business Associate shall identify in writing upon request from Covered Entity all of the safeguards that it uses to prevent impermissible uses or disclosures of PHI.

5. Reporting. Business Associate shall report in writing to Covered Entity any use or disclosure of PHI in violation of this Agreement by Business Associate or its agents including its subcontractors. Business Associate shall provide this written report promptly after it becomes aware of such use or disclosure. Business Associate shall provide Covered Entity with the information necessary for Covered Entity to investigate the impermissible use or disclosure. Consistent with 45 CFR 164.502(j)(1) Business Associate may use PHI to report violations of law to federal and state authorities.

6. Agreements by Third Parties. Business Associate shall ensure that any agent (including a subcontractor) to whom it provides PHI received from Covered Entity or created or received by Business Associate on behalf of Covered Entity agrees in a written contract to the same restrictions and conditions that apply through this Agreement to Business Associate with respect to such PHI. For example, the written contract must include those restrictions and conditions set forth in Section 12. Business Associate must enter into the written contract before any use or disclosure of PHI by such agent. The written contract must identify Covered Entity as a direct and intended third party beneficiary with the right to enforce any breach of the contract concerning the use or disclosure of PHI. Business Associate shall provide a copy of the written contract to Covered Entity upon request. Business Associate may not make any disclosure of PHI to any agent without the prior written consent of Covered Entity.

7. Access to PHI. Business Associate shall provide access to PHI in a Designated Record Set to Covered Entity or as directed by Covered Entity to an Individual to meet the requirements under 45 CFR 164.524. Business Associate shall provide such access in the time and manner reasonably designated by Covered Entity. Business Associate shall promptly forward to Covered Entity for handling any request for access to PHI that Business Associate directly receives from an Individual.

8. Amendment of PHI. Business Associate shall make any amendments to PHI in a Designated Record Set that Covered Entity directs or agrees to pursuant to 45 CFR 164.526, whether at the request of Covered Entity or an Individual. Business Associate shall make such amendments in the time and manner reasonably designated by Covered Entity. Business Associate shall promptly forward to Covered Entity for handling any request for amendment to PHI that Business Associate directly receives from an Individual.

9. Accounting of Disclosures. Business Associate shall document disclosures of PHI and all information related to such disclosures as would be required for Covered Entity to respond to a request by an Individual for an accounting of disclosures of PHI in accordance with 45 CFR 164.528. Business Associate shall provide such information to Covered Entity or as directed by Covered Entity to an Individual, to permit Covered Entity to respond to an accounting request. Business Associate shall provide such information in the time and manner reasonably designated by Covered Entity. Business Associate shall promptly forward to Covered Entity for handling any accounting request that Business Associate directly receives from an Individual.

10. Books and Records. Subject to the attorney-client and other applicable legal privileges, Business Associate shall make its internal practices, books, and records (including policies and procedures and PHI) relating to the use and disclosure of PHI received from Covered Entity or created or received by Business Associate on behalf of Covered Entity available to the Secretary in the time and manner designated by the Secretary. Business Associate shall make the same information available to Covered Entity (without regard to the attorney-client or other applicable legal privileges) upon Covered Entity's request in the time and manner reasonably designated by Covered Entity so that Covered Entity may determine whether Business Associate is in compliance with this Agreement.

11. Termination.

11.1 This Agreement commences on the Effective Date and shall remain in effect until terminated by Covered Entity or until all of the PHI provided by Covered Entity to Business Associate or created or received by Business Associate on behalf of Covered Entity is destroyed or returned to Covered Entity subject to Section 15.11.

11.2 If Business Associate breaches any material term of this Agreement, Covered Entity may either: (a) provide an opportunity for Business Associate to cure the breach and Covered Entity may terminate this Contract without liability or penalty if Business Associate does not cure the breach within the time specified by Covered Entity; or (b) immediately terminate this Contract without liability or penalty if Covered Entity believes that cure is not reasonably possible; or (c) if neither termination nor cure are feasible, Covered Entity shall report the breach to the Secretary. Covered Entity has the right to seek to cure any breach by Business Associate and this right, regardless of whether Covered Entity cures such breach, does not lessen any right or remedy available to Covered Entity at law, in equity, or under this Contract, nor does it lessen Business Associate's responsibility for such breach or its duty to cure such breach.

12. Return/Destruction of PHI.

12.1 Business Associate in connection with the expiration or termination of this Contract shall return or destroy all PHI received from Covered Entity or created or received by Business Associate on behalf of Covered Entity pursuant to this Contract that Business Associate still maintains in any form or medium (including electronic) within thirty (30) days after such expiration or termination. Business Associate shall not retain any copies of the PHI. Business Associate shall certify in writing for Covered Entity (1) when all PHI has been returned or destroyed and (2) that Business Associate does not continue to maintain any PHI. Business Associate is to provide this certification during this thirty (30) day period.

12.2 Business Associate shall provide to Covered Entity notification of any conditions that Business Associate believes make the return or destruction of PHI infeasible. If Covered Entity agrees that return or destruction is infeasible, Business Associate shall extend the protections of this Agreement to such PHI and limit further uses and disclosures of such PHI to those purposes that make the return or destruction infeasible for so long as Business Associate maintains such PHI.

13. Notice/Training. Business Associate understands that: (a) there may be civil or criminal penalties for misuse or misappropriation of PHI and (b) violations of this Agreement may result in notification by Covered Entity to law enforcement officials and regulatory, accreditation, and licensure organizations. If requested by Covered Entity, Business Associate shall participate in information security awareness training regarding the use, confidentiality, and security of PHI.

14. Security Rule Obligations. The following provisions of this Section 14 apply to the extent that Business Associate creates, receives, maintains or transmits Electronic PHI on behalf of Covered Entity.

14.1 Business Associate shall implement and use administrative, physical, and technical safeguards that reasonably and appropriately protect the Confidentiality, Integrity and Availability of the Electronic PHI that it creates, receives, maintains or transmits on behalf of Covered Entity. Business Associate shall identify in writing upon request from Covered Entity all of the safeguards that it uses to protect such Electronic PHI.

14.2 Business Associate shall ensure that any agent (including a subcontractor) to whom it provides Electronic PHI agrees in a written contract to implement and use administrative, physical, and technical safeguards that reasonably and appropriately protect the Confidentiality, Integrity and Availability of the Electronic PHI. Business Associate must enter into this written contract before any use or disclosure of Electronic PHI by such agent. The written contract must identify Covered Entity as a direct and intended third party beneficiary with the right to enforce any breach of the contract concerning the use or disclosure of Electronic PHI. Business Associate shall provide a copy of the written contract to Covered Entity upon request. Business Associate may not make any disclosure of Electronic PHI to any agent without the prior written consent of Covered Entity.

14.3 Business Associate shall report in writing to Covered Entity any Security Incident pertaining to such Electronic PHI (whether involving Business Associate or an agent, including a subcontractor). Business Associate shall provide this written report promptly after it becomes aware of any such Security Incident. Business Associate shall provide Covered Entity with the information necessary for Covered Entity to investigate any such Security Incident.

14.4 Business Associate shall comply with any reasonable policies and procedures Covered Entity implements to obtain compliance under the Security Rule.

15. Miscellaneous.

15.1 In the event of any conflict or inconsistency between the terms of this Agreement and the terms of the Contract, the terms of this Agreement shall govern with respect to its subject matter. Otherwise the terms of the Contract continue in effect.

15.2 Any reference to "promptly" in this Agreement shall mean no more than seven (7) business days after the circumstance or event at issue has transpired. A reference in this Agreement to a section in the Privacy Rule or Security Rule means the section as in effect or as amended or renumbered.

15.3 Business Associate shall mitigate, to the extent practicable, any harmful effect that is known to it of a use or disclosure of PHI in violation of any provision of this Agreement.

15.4 Business Associate shall cooperate with Covered Entity to amend this Agreement from time to time as is necessary for Covered Entity to comply with the Privacy Rule, the Security Rule, or any other standards promulgated under HIPAA.

15.5 Any ambiguity in this Agreement shall be resolved to permit Covered Entity to comply with the Privacy Rule, Security Rule, or any other standards promulgated under HIPAA.

15.6 In addition to applicable Vermont law, the parties shall rely on applicable federal law (e.g., HIPAA, the Privacy Rule and Security Rule) in construing the meaning and effect of this Agreement.

15.7 This Agreement may be amended or modified, and any right under this Agreement may be waived, only by a writing signed by an authorized representative of each party.

15.8 Nothing express or implied in this Agreement is intended to confer upon any person other than the parties hereto any rights, remedies, obligations or liabilities whatsoever. Notwithstanding the foregoing, the Covered Entity in this Agreement is the Agency of Human Services operating by and through its Department, Office, or Division of Office of Vermont Health Access. Covered Entity and Business Associate agree that the term "Covered Entity" as used in this Agreement also means any other Department, Division or Office of the Agency of Human Services to the extent that such other Department, Division, or Office has a relationship with Business Associate that pursuant to the Privacy or Security Rules would require entry into an agreement of this type.

15.9 As between Business Associate and Covered Entity, Covered Entity owns all PHI provided by Covered Entity to Business Associate or created or received by Business Associate on behalf of Covered Entity.

15.10 Business Associate shall abide by the terms and conditions of this Agreement with respect to all PHI it receives from Covered Entity or creates or receives on behalf of Covered Entity under this Contract even if some of that information relates to specific services for which Business Associate may not be a "Business Associate" of Covered Entity under the Privacy Rule.

15.11 The provisions of this Agreement that by their terms encompass continuing rights or responsibilities shall survive the expiration or termination of this Agreement. For example: (a) the provisions of this Agreement shall continue to apply if Covered Entity determines that it would be infeasible for Business Associate to return or destroy PHI as provided in Section 12.2 and (b) the obligation of Business Associate to provide an accounting of disclosures as set forth in Section 9 survives the expiration or termination of this Agreement with respect to accounting requests, if any, made after such expiration or termination.

15.12 This Agreement constitutes the entire agreement of the parties with respect to its subject matter, superseding all prior oral and written agreements between the parties in such respect.

ATTACHMENT F
CUSTOMARY CONTRACT PROVISIONS

1. Agency of Human Services – Field Services Directors will share oversight with the department (or field office) that is a party to the contract for provider performance using outcomes, processes, terms and conditions agreed to under this contract.

2. 2-1-1 Data Base: The Contractor providing a health or human services within Vermont, or near the border that is readily accessible to residents of Vermont, will provide relevant descriptive information regarding its agency, programs and/or contact and will adhere to the "Inclusion/Exclusion" policy of Vermont's 2-1-1. If included, the Contractor will provide accurate and up to date information to their data base as needed. The "Inclusion/Exclusion" policy can be found at www.vermont211.org

3. Medicaid Program Contractors:

   Inspection of Records: Any contracts accessing payments for services through the Global Commitment to Health Waiver and Vermont Medicaid program must fulfill state and federal legal requirements to enable the Agency of Human Services (AHS), the United States Department of Health and Human Services (DHHS) and the Government Accounting Office (GAO) to:

   > Evaluate through inspection or other means the quality, appropriateness, and timeliness of services performed; and
   >
   > Inspect and audit any financial records of such contractor or subcontractor.

   Subcontracting for Medicaid Services: Having a subcontract does not terminate the contractor, receiving funds under Vermont's Medicaid program, from its responsibility to ensure that all activities under this agreement are carried out. Subcontracts must specify the activities and reporting responsibilities of the contractor or subcontractor and provide for revoking delegation or imposing other sanctions if the contractor or subcontractor's performance is inadequate. The contractor agrees to make available upon request to the Agency of Human Services; the Office of Vermont Health Access; the Department of Disabilities, Aging and Independent Living; and the Center for Medicare and Medicaid Services (CMS) all contracts and subcontracts between the contractor and service providers.

   Medicaid Notification of Termination Requirements: Any contractor accessing payments for services under the Global Commitment to Health Waiver and Medicaid programs who terminates their practice will follow the Office of Vermont Health Access, Managed Care Organization enrollee notification requirements.

   Encounter Data: Any contractor accessing payments for services through the Global Commitment to Health Waiver and Vermont Medicaid programs must provide encounter data to the Agency of Human Services and/or its departments and ensure that it can be linked to enrollee eligibility files maintained by the State.

4. Non-discrimination Based on National Origin as evidenced by Limited English Proficiency. The contractor agrees to comply with the non-discrimination requirements of Title VI of the Civil Rights Act of 1964, 42 USC Section 2000d, et seq., and with the federal guidelines promulgated pursuant to Executive Order 13166 of 2000, which require that contractors and subcontractors receiving federal funds must assure that persons with limited English proficiency can meaningfully access services. To the extent the contractor provides assistance to individuals with limited English proficiency through the use of oral or written translation or interpretive services in compliance with this requirement, such

individuals cannot be required to pay for such services.

5. Voter Registration. When designated by the Secretary of State, the contractor agrees to become a voter registration agency as defined by 17 V.S.A. §2103 (41), and to comply with the requirements of state and federal law pertaining to such agencies.

6. Drug Free Workplace Act. The contractor will assure a drug-free workplace in accordance with 45 CFR Part 76.

7. Privacy and Security Standards.

   Protected Health Information: The contractor shall maintain the privacy and security of all individually identifiable health information acquired by or provided to it as a part of the performance of this contract. The contractor shall follow federal and state law relating to privacy and security of individually identifiable health information as applicable, including the Health Insurance Portability and Accountability Act (HIPAA) and its federal regulations.

   Substance Abuse Treatment Information: The confidentiality of any alcohol and drug abuse treatment information acquired by or provided to the contractor or subcontractor shall be maintained in compliance with any applicable state or federal laws or regulations and specifically set out in 42 CFR Part 2.

   Other Confidential Consumer Information: The contractor agrees to comply with the requirements of AHS Rule No. 96-23 concerning access to information. The contractor agrees to comply with any applicable Vermont State Statute, including but not limited to 12 VSA §1612 and any applicable Board of Health confidentiality regulations. The contractor shall ensure that all of its employees and subcontractors performing services under this agreement understand the sensitive nature of the information that they may have access to and sign an affirmation of understanding regarding the information's confidential and non-public nature.

   Social Security numbers: The contractor agrees to comply with all applicable Vermont State Statutes to assure protection and security of personal information, including protection from identity theft as outlined in Title 9, Vermont Statutes Annotated, Ch. 62.

8. Abuse Registry. The contractor agrees not to employ any individual, use any volunteer, or otherwise provide reimbursement to any individual who provides care, custody, treatment, services, or supervision to children or vulnerable adults if there is a substantiation of abuse or neglect or exploitation against that individual. The contractor will check the Adult Abuse Registry in the Department of Disabilities, Aging and Independent Living. Unless the contractor holds a valid child care license or registration from the Division of Child Development, Department for Children and Families, the contractor shall also check the Central Child Abuse Registry. (See 33 V.S.A. §4919 & 33 V.S.A. §6911).

9. Child Abuse Reporting. Notwithstanding the provision of 33 V.S.A. §4913(a) any agent or employee of the contractor who has reasonable cause to believe that a child has been abused or neglected as defined in Chapter 49 of Title 33 V.S.A. shall report the suspected abuse or neglect to the Commissioner of the Department for Children and Families within 24 hours. The report shall contain the information required by 33 V.S.A. §4914.

10. Work Product Ownership. All data, technical information, materials gathered, originated, developed, prepared, or obtained as a condition of this agreement and used in the performance of this agreement - including, but not limited to all reports, surveys, plans, charts, literature, brochures, mailings, recordings (video or audio), pictures, drawings, analyses, graphic representations, software computer programs and accompanying documentation and printouts, notes and memoranda, written procedures and documents,

which are prepared for or obtained specifically for this agreement - or are a result of the services required under this contract - shall be, and remain, the property of the State of Vermont, regardless of the state of completion. Such items shall be delivered to the State of Vermont upon 30 days notice by the State. With respect to software computer programs and / or source codes developed for the State, the work shall be considered "work for hire," i.e., the State, not the contractor or subcontractor, shall have full and complete ownership of all software computer programs and/or source codes developed.

11. Security and Data Transfers. The State shall work with the Contractor to ensure compliance with all applicable State and Agency of Human Services' policies and standards, especially those related to privacy and security. The State will advise the Contractor of any new policies, procedures, or protocols developed during the term of this agreement as they are issued and will work with the Contractor to implement any required.

    The Contractor will ensure the physical and data security associated with computer equipment - including desktops, notebooks, and other portable devices - used in connection with this agreement. The Contractor will also assure that any media or mechanism used to store or transfer data to or from the State includes industry standard security mechanisms such as continually up-to-date malware protection and encryption. The Contractor will make every reasonable effort to ensure media or data files transferred to the State are virus and spyware free. At the conclusion of this agreement and after successful delivery of the data to the State, the Contractor shall securely delete data (including archival backups) from the Contractor's equipment that contains individually identifiable records, in accordance with standards adopted by the Agency of Human Services.

12. Intellectual Property Ownership. All work products and items delivered or produced under this agreement will be the exclusive property of the State of Vermont. This includes, but is not limited to, software, documentation, and development materials. The contractor shall not sell or copyright a work product or item produced under this contract without explicit permission from the State. If the Contractor is operating a system or application on behalf of the State of Vermont then the contractor shall not make information entered into the system or application available for uses by any other party than the State of Vermont, without prior authorization by the State.

13. Lobbying. No federal funds under this agreement may be used to influence or attempt to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with the awarding of any federal contract, continuation, renewal, amendments other than federal appropriated funds.

14. Non–discrimination. The contractor will prohibit discrimination on the basis of age under the Age Discrimination Act of 1975, on the basis of handicap under section 504 of the Rehabilitation Act of 1973, on the basis of sex under Title IX of the Education Amendments of 1972, or on the basis of race, color or national origin under Title VI of the Civil Rights Act of 1964. No person shall on the grounds of sex (including, in the case of a woman, on the grounds that the woman is pregnant) or on the grounds of religion, be excluded from participation in, be denied the benefits of, or be subjected to discrimination, to include sexual harassment, under any program or activity supported by state and/or federal funds.

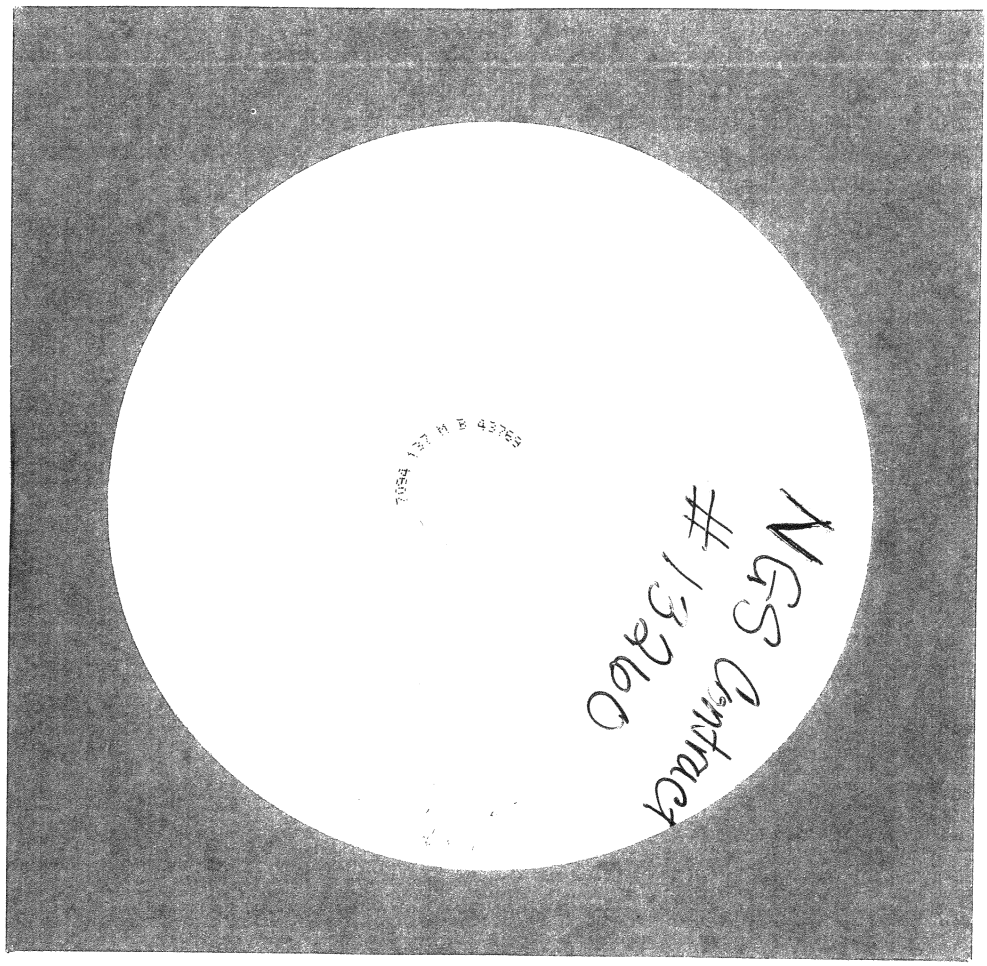
15. Environmental Tobacco Smoke. Public Law 103-227, also known as the Pro-children Act of 1994 (Act), requires that smoking not be permitted in any portion of any indoor facility owned or leased or contracted for by an entity and used routinely or regularly for the provision of health, child care, early childhood development services, education or library services to children under the age of 18, if the services are funded by federal programs either directly or through state or local governments, by federal grant, contract, loan or loan guarantee. The law also applies to children's services that are provided in indoor facilities that are constructed, operated, or maintained with such Federal funds.

The law does not apply to children's services provided in private residences; portions of facilities used for inpatient drug or alcohol treatment; service providers whose sole source of applicable federal funds is Medicare or Medicaid; or facilities where Women, Infants, & Children (WIC) coupons are redeemed.

Failure to comply with the provisions of the law may result in the imposition of a civil monetary penalty of up to $1,000 for each violation and/or the imposition of an administrative compliance order on the responsible entity.

Contractors are prohibited from promoting the use of tobacco products for all clients. Facilities supported by state and federal funds are prohibited from making tobacco products available to minors.

- Revised AHS -4/11/08-

Attachment G – Contract CD

1. Request for Price Quote – Cost Report Auditing and Cost Settlement – April 10, 2008
2. Questions and Answers – May 1, 2008
3. Questions and Answers – May 8, 2008 – Revised Response to ESRD Questions
4. National Government Services, Inc. Proposal Medicaid Cost Report Audit and Cost Settlement Services – May 19, 2008