

STATE OF VERMONT
 CONTRACT WITH
 ELECTRONIC DATA SYSTEMS (EDS)

Contract # 6669
 Amendment # _____
 EBB # State Purchasing

1. Parties This Contract is for fiscal agent services, and for the operation and enhancement of the systems which comprise the core Medicaid Management Information System (MMIS) as set forth in Attachment D to this Contract, and is between the State of Vermont, Agency of Human Services, Department of Prevention, Assistance, Transition, and Health Access (hereafter called "State"), and Electronic Data Systems Corporation (EDS) with its principal business address at 5400 Legacy Drive, Plano, TX 75024, (hereafter called "Contractor"). The Contractor's local address is: PO Box 888, 312 Hurricane Lane, Williston, VT 05495.
2. Supersession This Contract supersedes Change #9 to Contract #2959. Upon execution of this Contract, Change #9 will be void. The Maximum Amount payable under this Contract will be reduced by any payments made under Change #9 to Contract #2959.
3. Contractor's Form of Business Contractor is a corporation. Contractor is required by law to have a Business Account Number from the Vermont Department of Taxes; the Contractor's number is 60033. The obligations of the Contractor set forth in this Contract will be performed by the Contractor, itself and through its subsidiaries, including EDS Information Services L.L.C., a Delaware limited liability company ("EIS"). All references to the Contractor in this Contract will be deemed to include all such subsidiaries and EDS. The State may be referred to in this Contract individually as a "Party" and together as the "Parties".
4. Subject Matter The subject matter of this Contract is set forth in Attachments A and D to this Contract.
5. Maximum Amount The State agrees to pay the Contractor pursuant to the payment provisions specified in Attachment B, a sum not to exceed \$50,550,820.
6. Contract Term The period of Contractor performance shall begin on January 1, 2004 and end on December 31, 2008. By mutual agreement, this Contract may be extended for a period or periods totaling up to three additional years.
7. 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 is approved by either or both such parties: Approval by the Attorney General's Office and the Secretary of Administration is required. The State shall provide Contractor with copies of all approvals.
8. 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 the Contractor.
9. Cancellation This Contract may be terminated pursuant to the provisions set forth in Attachment D to this Contract.
10. Attachments This Contract consists of 29 pages including Attachments A, B, C, D, E and F. All of the following attachments are incorporated as part of this Contract:
 Attachment A – Specifications of Work to be Performed
 Attachment B – Invoice/Payment Provisions

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Part 1:
Operational Invoice/Payment Schedules

Part 2:
Enhancement Invoice Schedule

Part 3:
Invoice/Payment Clarifications

Attachment C – Customary State Contract Provisions (Revised 8/95)

Attachment D – Part 1:
State of Vermont
Request for Proposals (RFP)
Medicaid Management Information Systems (MMIS)
Core Claims Processing Takeover
Dated: January 22, 2003

Part 2:
Memo To: Medicaid Management Information Systems (MMIS) Core Claims
Processing Takeover Bidders
From: Department of PATH
Date: March 7, 2003
Subject: Response to Bidder Questions

Attachment E – Business Associate Agreement

Attachment F – EDS Narrative Proposal and Price Proposal submitted in response to
Attachment D of this Contract

11. Additional Provisions Except as may be reasonably necessary in carrying out obligations under this contract, the Contractor shall not release, disclose or make statements to third persons, including but not limited to the media, any data, information, files, documents or other materials generated, compiled or maintained in connection with this Contract concerning applicants for or beneficiaries of, Vermont's financial, food stamp or other assistance programs, without written consent from the State. This provision holds true unless responding to a court having jurisdiction. In handling of all such information, the Contractor shall carry out the provisions of this Contract in accordance with applicable federal and State statutes.
12. HIPAA Compliance Pursuant to State and CMS laws and regulations, the Contractor shall comply as applicable, with all duly promulgated and current Business Associate provisions of the Health Insurance Portability and Accountability Act of 1996 for privacy and security, and transactions and code sets as documented in Amendments 7 and 8 to contract #2959.
13. In the event of any conflict or inconsistency between the following documents, the conflict or inconsistency shall be resolved by giving precedence as follows:
 - 1) This Contract
 - 2) Attachment B of this Contract
 - 3) Attachment A of this Contract
 - 4) Attachment D of this Contract
 - 5) Attachment C of this Contract
 - 6) Attachment E of this Contract
 - 7) Attachment F of this Contract

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WE THE UNDERSIGNED AGREE TO BE BOUND BY THE PROVISIONS SET FORTH IN THIS CONTRACT:

By the STATE OF VERMONT

Date: February 27, 2004

Signature: John Michael Hall

Name: John Michael Hall

Title: Commissioner

State of Vermont:
Agency of Human Services
Department of Prevention, Assistance,
Transition, and Health Access

By the CONTRACTOR

Date: 2/28/04

Signature: Al Edmonds

Name: Al Edmonds, Vice President

Title: Global Sales & Client Solutions

Contractor:
Electronic Data Systems Corporation
Federal ID #75-12944-12
Vermont Tax ID #60033

Approved as to Form:

Susan Barrett

Attorney General's Office

Date: 2/20/04

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ATTACHMENT A

SPECIFICATIONS OF WORK TO BE PERFORMED

The Contractor shall perform the work as delineated in Attachment D of this Contract. Additionally, the following clarifications and understandings are set forth and mutually agreed to by the State and the Contractor:

1. Fiscal and Budget (FBA) Enhancement

The Contractor will not proceed with the Fiscal and Budget Application (FBA) enhancement without prior written approval from the State. The Contractor understands that the State may choose not to proceed with the FBA or may limit the scope of the FBA.

2. ClaimCheck/ClaimReview Enhancement

The Contractor will not proceed with the ClaimCheck/ClaimReview enhancement without prior written approval from the State. The Contractor understands that the State may choose not to proceed with ClaimCheck/ClaimReview.

3. Turnaround Time

The Contractor must properly adjudicate 90% of all clean claims within 30 calendar days.

4. Databases and Data

Database Backups

The Contractor shall provide an electronic copy of the Vermont AIM database backups (on at least a weekly schedule) within 30 calendar days of the State's request. The electronic copy must include all files which comprise the entire database, including all database flat files. The type of electronic media will be specified by the State. The Contractor shall begin a weekly process of providing an electronic copy of the Vermont AIM database backups within 30 Calendar days of the State's request.

The State has the authority to audit the currency of all system documentation with 10 workdays of notice. If documentation is not current, the Contractor will update it within 30 calendar days or a period of time mutually agreed to by the State and the Contractor.

Upon completion of the Platform Conversion enhancement, the Contractor shall provide the State with a walk-through of the database structure/schema and database documentation, including DB2 relational structures and any other data structures required for the data to be contextually complete.

The provision of the electronic copies of the Vermont AIM database back-ups shall be considered a usual and customary part of information technology operations and will be provided by the Contractor to the State at no additional charge above the fixed price.

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Data Dictionary and Database Schema

The Contractor shall provide an electronic copy of the Vermont AIM data dictionary and database schema within 10 workdays of the State's request. The type of electronic media will be specified by the State. If either the data dictionary or database schema is not current, the Contractor will update it within 30 calendar days or a period of time mutually agreed to by the State and the Contractor.

The provision of the electronic copies of the Vermont AIM data dictionary and database schema shall be considered a usual and customary part of information technology operations and will be provided by the Contractor to the State at no additional charge above the fixed price.

5. Disaster Recovery Test Results Reports

The Contractor will perform disaster recovery testing and provide the results to the State as per the schedule delineated below:

Quarterly – if upgrades have been made to the base configuration, at a minimum, annual comprehensive testing

Annual – comprehensive testing

6. Strong Passwords

The Contractor shall implement industry standards and establish policy for “strong” passwords. The Contractor shall include strict and consistent password controls for all systems including OnDemand and will synchronize UNIX and Citrix passwords. The Contractor will implement a 30 calendar day schedule for password changes.

7. Provider Reenrollment

The Contractor shall verify providers certification on the provider licensure date during the process of Provider Reenrollment.

8. Interest Paid to Providers

The Contractor may be required to pay interest to providers under circumstances mutually agreed to by the State and the Contractor.

9. Drug Rebate Specialty Report

The Contractor shall supply the State with a Drug Rebate specialty report pertaining to “interest on invoice” upon the State's request on a schedule as mutually agreed to by the State and the Contractor.

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10. Provider Electronic Software

The Contractor agrees that the State retains a perpetual nonexclusive license to the source code for the Provider Electronic Solutions (PES) system.

11. Customer Service Requests

The Contractor agrees to provide the following number of Customer Service (CSRs) hours to the State:

January 1, 2004 – December 31, 2004 – 5,000 CSR Hours
 January 1, 2005 – December 31, 2005 – 6,000 CSR Hours
 January 1, 2006 – December 31, 2006 – 6,000 CSR Hours
 January 1, 2007 – December 31, 2007 – 5,000 CSR Hours
 January 1, 2008 – December 31, 2008 – 5,000 CSR Hours

Any unused CSR hours may be carried over to the following year. The CSR hours outlined above are included in the Contractor's Operational Fixed Price. If any hours remain outstanding at the expiration or termination of the contract such hours will be reimbursed at the amount of \$45.00 per hour to the State.

12. Enhancement Activity Dates

The Enhancement Activity Dates listed below are included as a preliminary draft. The initial official set of dates are deliverable to the State on January 31, 2004, and will be updated on a schedule as agreed to by the State.

WBS	Task Name	Duration	Planned Start	Planned Finish
0	VTEAM Enhancements WBS	383.27 d	1/1/2004	6/21/2005
1	Project Management, Administrative, and Platform Support	383.27 d	1/1/2004	6/21/2005
1.1	Project Management	383.27 d	1/1/2004	6/21/2005
1.1.1	Establish Initial Project Team	67 d	1/1/2004	4/2/2004
1.1.1.5	Establish Project Relationship With Client	3 d	1/2/2004	1/6/2004
1.1.1.5.2	Review Client Organization	1 d	1/2/2004	1/2/2004
1.1.1.5.3	Meet Key Client Personnel	1 d	1/6/2004	1/6/2004
2	System/Application Development and Deployment	373 d	1/1/2004	6/6/2005
2.1	Database Migration Activities (Ingres to DB2)	171 d	1/5/2004	8/30/2004
2.1.2	Requirements Validation (RV)	22 d	1/12/2004	2/10/2004
2.1.2.1	Conduct Requirements Validation Session (RV) with State	2 d	1/12/2004	1/13/2004
2.1.3	Prepare Detail System Design Document for Platform Conversion	27 d	1/26/2004	3/2/2004
2.1.3.3	State Reviews and Approves DSD	10 d	2/18/2004	3/2/2004
2.1.4	System Conversion for Platform Enhancements	94 d	1/5/2004	5/13/2004
2.1.4.2	Perform Data Conversion	54 d	3/1/2004	5/13/2004
2.1.4.2.6	State Review and Approves Conversion Results	10 d	4/30/2004	5/13/2004
2.1.5	Implement Platform Conversion Enhancements	90 d	4/26/2004	8/27/2004
2.1.5.1	Develop Detailed Implementation Plan (DIP)	35 d	4/26/2004	6/11/2004
2.1.5.1.3	State Reviews and Approves Detailed Implementation Plan	10 d	5/31/2004	6/11/2004
2.1.5.3	Update System Documentation	20 d	8/2/2004	8/27/2004
2.1.5.3.3	State Reviews and Approves System Documentation	10 d	8/16/2004	8/27/2004
2.1.6	Prepare Operational Readiness Memo for the Platform Conversion Enhancements	11 d	8/16/2004	8/30/2004
2.1.6.3	State Reviews and Approves Operational Readiness	10 d	8/17/2004	8/30/2004

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WBS	Task Name	Duration	Planned Start	Planned Finish
2.2	Provider Enrollment Data Integration Activities	197 d	1/5/2004	10/5/2004
2.2.2	Requirements Validation (RV)	24 d	1/19/2004	2/19/2004
2.2.2.1	Conduct Requirements Validation Session (RV) with State	4 d	1/19/2004	1/22/2004
2.2.3	Prepare Detail System Design Document for Provider Enrollment Data Integration	20 d	2/20/2004	3/18/2004
2.2.3.3	State Reviews and Approves DSD	10 d	3/5/2004	3/18/2004
2.2.4	Implement Provider Enrollment Data Integration Enhancements	15 d	3/19/2004	4/8/2004
2.2.4.1	Develop Detailed Implementation Plan (DIP)	15 d	3/19/2004	4/8/2004
2.2.4.1.3	State Reviews and Approves Detailed Implementation Plan	10 d	3/26/2004	4/8/2004
2.2.5	Perform Data Conversion for Provider Enrollment Data Integration	48 d	4/9/2004	6/15/2004
2.2.5.6	State Reviews and Approves Conversion Test Results (i.e., taxonomy conversion)	10 d	6/2/2004	6/15/2004
2.2.8	Prepare/Conduct User Acceptance Testing (UAT) for Provider Enrollment Data Integr	55 d	7/9/2004	9/23/2004
2.2.8.2	Conduct UAT Testing with State	30 d	7/30/2004	9/9/2004
2.2.8.4	UAT Complete	10 d	9/10/2004	9/23/2004
2.2.9	Update All System and User Documentation for Provider Enrollment Data Integration	16 d	9/1/2004	9/22/2004
2.2.9.3	State Reviews and Approves System Documentation	10 d	9/9/2004	9/22/2004
2.2.10	Perform Final File Conversion	25 d	9/1/2004	10/5/2004
2.2.10.3	State Review and Approves Provider Enrollment Data Integration Enhancements	10 d	9/22/2004	10/5/2004
2.2.11	Prepare Operational Readiness Memo for Provider Enrollment Data Integration	12 d	9/10/2004	9/27/2004
2.2.11.2	State Reviews and Approves Operational Readiness	10 d	9/14/2004	9/27/2004
2.3	ClaimCheck and ClaimReview Planning, Analysis, and Installation Activities	172 d	3/1/2004	8/27/2004
2.3.1	Product Installation and Integration	171 d	3/30/2004	8/26/2004
2.3.1.2	Requirements Validation (RV)	25 d	3/1/2004	4/2/2004
2.3.1.2.1	Conduct Requirements Validation Session (RV) with State	5 d	3/1/2004	3/5/2004
2.3.1.3	Develop Detailed System Design (DSD) for Claim Check Installation	20 d	4/5/2004	4/30/2004
2.3.1.3.1	Prepare Detail System Design Document	20 d	4/5/2004	4/30/2004
2.3.1.3.1.1	State Reviews and Approves DSD	10 d	4/19/2004	4/30/2004
2.3.1.5	System Testing Activities	35 d	5/3/2004	6/18/2004
2.3.1.5.1	Prepare System Test Plan	35 d	5/3/2004	6/18/2004
2.3.1.5.1.1	State Reviews and Approves System Test Plan	10 d	6/7/2004	6/18/2004
2.3.1.8	Prepare Final System Testing Documentation	13 d	6/21/2004	7/7/2004
2.3.1.8.3	State Reviews and Approves System Testing Results	10 d	6/24/2004	7/7/2004
2.3.1.9	Prepare/Conduct User Acceptance Testing (UAT) and Operational Readiness	25 d	6/24/2004	7/28/2004
2.3.1.9.4	UAT Complete	10 d	7/15/2004	7/28/2004
2.3.1.10	Implement Enhancements	20 d	7/15/2004	8/11/2004
2.3.1.10.1	Develop Detailed Implementation Plan (DIP)	20 d	7/15/2004	8/11/2004
2.3.1.10.1.1	State Reviews and Approves Detailed Implementation Plan	10 d	7/29/2004	8/11/2004
2.3.1.12	Prepare Operational Readiness Report	10 d	8/12/2004	8/26/2004
2.3.1.12.2	State Reviews and Approves Operational Readiness	10 d	8/13/2004	8/26/2004
2.3.2	McKesson Policy Definition and Integration	130 d	3/1/2004	8/27/2004
2.3.2.1	Planning and Analysis	40 d	3/1/2004	4/23/2004
2.3.2.1.6	State Reviews and Approves Planning and Analysis Phase of ClaimCheck and ClaimR	10 d	4/12/2004	4/23/2004
2.3.2.2	Process/ Product Design and Build for ClaimCheck and ClaimReview	126 d	3/5/2004	8/27/2004
2.3.2.2.1	Conduct Weekly Project Management Status Meetings with EDS and State	126 d	3/5/2004	8/27/2004
2.3.2.2.3	Issue List Maintenance	15 d	6/10/2004	6/30/2004
2.3.2.3	Process/ Product Test for ClaimCheck and ClaimReview	126 d	3/5/2004	8/27/2004
2.3.2.3.1	Conduct Weekly Project Management Status Meetings with EDS and State	126 d	3/5/2004	8/27/2004
2.3.2.3.3	Issue List Maintenance	27 d	7/1/2004	8/6/2004
2.3.2.4	Customer Education for ClaimCheck and ClaimReview	4 d	8/9/2004	8/12/2004
2.3.2.4.1	User Application	4 d	8/9/2004	8/12/2004
2.3.2.4.2	SmartSuspense Education	4 d	8/9/2004	8/12/2004
2.3.2.4.3	Customization Education	4 d	8/9/2004	8/12/2004
2.3.2.4.4	ClaimReview Education	4 d	8/9/2004	8/12/2004
2.3.2.5	Submit Acceptance Memo for ClaimCheck and ClaimReview	10 d	8/12/2004	8/26/2004
2.3.2.5.2	State Reviews and Approves ClaimCheck and ClaimReview Implementation	10 d	8/13/2004	8/26/2004

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2.4	MMIS Enhancements	235 d	1/2/2004	11/26/2004
2.4.2	Requirements Validation (RV)	21 d	1/14/2004	2/11/2004
2.4.2.1	Conduct Requirements Validation Session (RV) with State	1 d	1/14/2004	1/16/2004
2.4.3	Develop Detailed System Design (DSD) for MMIS System Modifications	20 d	3/30/2004	4/27/2004
2.4.3.1	Prepare Detail System Design Document	20 d	3/30/2004	4/27/2004
2.4.3.1.3	State Reviews and Approves DSD	10 d	4/13/2004	4/27/2004
2.4.4	Conversion Plan Activities	30 d	5/7/2004	6/17/2004
2.4.4.1	Create Conversion Plan Document	30 d	5/7/2004	6/17/2004
2.4.4.1.3	State Reviews and Approves Conversion Plan	10 d	6/4/2004	6/17/2004
2.4.6	System Testing Activities	50 d	6/1/2004	8/9/2004
2.4.6.1	Prepare System Test Plan	50 d	6/1/2004	8/9/2004
2.4.6.1.4	State Reviews and Approves System Test Plan	10 d	7/27/2004	8/9/2004
2.4.9	Prepare Final System Testing Documentation	13 d	9/16/2004	10/5/2004
2.4.9.3	State Reviews and Approves System Testing Results	10 d	9/21/2004	10/5/2004
2.4.10	Prepare/Conduct User Acceptance Testing (UAT) and Operational Readiness	35 d	9/27/2004	11/12/2004
2.4.10.2	Conduct UAT Testing with State	14 d	10/5/2004	10/25/2004
2.4.10.4	UAT Complete	10 d	10/26/2004	11/12/2004
2.4.11	Implement Enhancements	20 d	10/11/2004	11/5/2004
2.4.11.1	Develop Detailed Implementation Plan (DIP)	20 d	10/11/2004	11/5/2004
2.4.11.1.3	State Reviews and Approves Detailed Implementation Plan	10 d	10/25/2004	11/5/2004
2.4.12	Develop/Conduct User/State Training	40 d	10/1/2004	11/25/2004
2.4.12.3	State Reviews and Approves Training Plan	10 d	10/8/2004	10/21/2004
2.4.13	Prepare Operational Readiness Report	10 d	10/29/2004	11/12/2004
2.4.13.2	State Reviews and Approves Operational Readiness	10 d	11/1/2004	11/12/2004
2.6	Business Objects Reporting (3,500 hrs)	268 d	1/5/2004	1/12/2005
2.6.2	Requirements Validation (RV)	21 d	1/28/2004	2/25/2004
2.6.2.1	Conduct Requirements Validation Session (RV) with State	1 d	1/28/2004	1/28/2004
2.6.2.2	Finalize and Document Requirements	10 d	1/29/2004	2/11/2004
2.6.3	Report Development and Approval	268 d	1/5/2004	1/12/2005
2.6.3.1	Business Objects Report Delivery #1	95 d	1/5/2004	4/30/2004
2.6.3.1.5	State Reviews and Approves Report Testing Results	10 d	5/3/2004	5/14/2004
2.6.3.2	Business Objects Report Delivery #2	119 d	5/3/2004	9/30/2004
2.6.3.2.5	State Reviews and Approves Report Testing Results	10 d	10/1/2004	10/14/2004
2.6.3.3	Business Objects Report Delivery #3	74 d	10/1/2004	12/29/2004
2.6.3.3.5	State Reviews and Approves Report Testing Results	10 d	12/30/2004	1/12/2005
2.7	Recipient Eligibility Verification System (REVS) Upgrade Activities	231 d	1/2/2004	11/19/2004
2.7.2	Requirements Validation (RV)	22 d	1/26/2004	2/24/2004
2.7.2.1	Conduct Requirements Validation Session (RV) with State	2 d	1/26/2004	1/27/2004
2.7.3	Develop Detailed System Design (DSD) for Recipient Eligibility	20 d	3/31/2004	4/27/2004
2.7.3.1	Prepare Detail System Design Document	20 d	3/31/2004	4/27/2004
2.7.3.1.3	State Reviews and Approves DSD	10 d	4/14/2004	4/27/2004
2.7.4	Conversion Plan Activities	30 d	5/7/2004	6/17/2004
2.7.4.1	Create Conversion Plan Document	30 d	5/7/2004	6/17/2004
2.7.4.1.3	State Reviews and Approves Conversion Plan	10 d	6/4/2004	6/17/2004
2.7.6	System Testing Activities	50 d	3/1/2004	5/7/2004
2.7.6.1	Prepare System Test Plan	50 d	3/1/2004	5/7/2004
2.7.6.1.4	State Reviews and Approves System Test Plan	10 d	4/28/2004	5/7/2004
2.7.9	Prepare Final System Testing Documentation	14 d	9/16/2004	10/6/2004
2.7.9.3	State Reviews and Approves System Testing Results	10 d	9/22/2004	10/5/2004
2.7.10	Prepare/Conduct User Acceptance Testing (UAT)	33 d	10/6/2004	11/19/2004
2.7.10.2	Conduct UAT Testing with State	14 d	10/13/2004	11/1/2004
2.7.10.4	UAT Complete	10 d	11/8/2004	11/19/2004
2.7.11	Develop Detailed Implementation Plan (DIP)	20 d	10/18/2004	11/12/2004
2.7.11.3	State Reviews and Approves Detailed Implementation Plan	10 d	11/1/2004	11/12/2004
2.7.12	Develop/Conduct User/State Training	40 d	9/27/2004	11/19/2004
2.7.12.3	State Reviews and Approves Training Plan	10 d	10/4/2004	10/15/2004
2.7.13	Prepare Operational Readiness Report	10 d	11/5/2004	11/19/2004
2.7.13.2	State Reviews and Approves Operational Readiness	10 d	11/8/2004	11/19/2004

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2.8	Fiscal and Budget Application (FBA) Activities	243 d	4/1/2004	6/6/2005
2.8.2	Requirements Validation (RV)	25 d	7/19/2004	8/20/2004
2.8.2.1	Conduct Requirements Validation Session (RV) with State	5 d	7/19/2004	7/23/2004
2.8.3	Prepare Detail System Design Document for Fiscal and Budget Application	30 d	8/9/2004	9/17/2004
2.8.3.3	State Reviews and Approves DSD	10 d	9/6/2004	9/17/2004
2.8.4	Develop Detailed Implementation Plan (DIP)	15 d	9/20/2004	10/8/2004
2.8.4.3	State Reviews and Approves Detailed Implementation Plan	10 d	9/27/2004	10/8/2004
2.8.5	Perform Data Conversion for Fiscal and Budget Application	44 d	9/20/2004	11/18/2004
2.8.5.6	State Reviews and Approves Conversion Test Results	10 d	11/5/2004	11/18/2004
2.8.8	Prepare/Conduct User Acceptance Testing (UAT) Fiscal and Budget Applications	45 d	4/5/2005	6/6/2005
2.8.8.2	Conduct UAT Testing with State	30 d	4/12/2005	5/23/2005
2.8.8.4	UAT Complete	10 d	5/24/2005	6/6/2005
2.8.9	Update All System and User Documentation for Fiscal and Budget Applications	14 d	3/14/2005	3/31/2005
2.8.9.3	State Reviews and Approves System Documentation	10 d	3/18/2005	3/31/2005
2.8.10	Perform Final File Conversion	20 d	4/1/2005	4/28/2005
2.8.10.3	State Reviews and Approves Fiscal and Budget Applications Enhancements	10 d	4/15/2005	4/28/2005
2.8.11	Prepare Operational Readiness Memo for Fiscal Budget Applications	10 d	5/23/2005	6/6/2005
2.8.11.2	State Reviews and Approves Operational Readiness	10 d	5/24/2005	6/6/2005

14. On-site Technical Support Specialist

The Contractor agrees to provide a full-time Technical Support Specialist (TSS) to work from the Contractor's primary Vermont location during the duration of this Contract. The individual selected by EDS will be subject to the reasonable approval by the State. Actual TSS qualifications will be mutually agreed to by the State and the Contractor.

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ATTACHMENT B

Part 1: Operational Invoice/Payment Schedules

The following Operational Invoice/Payment Schedules depict the maximum amounts payable to the Contractor for MMIS "operations" as set forth in Attachment D to this Contract based on claims processing and drug transaction volume parameters. The following Operational Invoice/Payment Schedules do not include Cost Reimbursement Categories as specified in RFP section 5.3.5. Volumes outside the stated *Volume Parameters* included in the Operational Invoice/Payment Schedules shall be subject to the provisions of RFP section 5.3.2.1.

Operational Invoice/Payment Schedule

January 1, 2004 - December 31, 2004

VOLUME PARAMETERS	Claims	Drug
	Processing	Transactions
High Estimate	7,500,000	5,000,000
Median Estimate	6,000,000	4,000,000
Low Estimate	4,500,000	3,000,000
FIXED PRICE		
Claims Processing		\$6,124,573
Drug Payment Transactions		\$160,000
Provider Relations		\$1,234,195
Management Reporting (Business Objects, CRLD, MAR, SURS)		\$391,232
Subtotal		\$7,910,000
Amount Invoiced Each Month		
\$659,167		
Added Services (As Utilized)		
School Health Program		\$300,000
Clinical Specialist		\$52,000
Project Coordinator		\$23,000
Cash Control Employee		\$28,000
Translator Services		\$100,000
Subtotal		\$503,000
TOTAL FIXED PRICE		\$8,413,000

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Operational Invoice/Payment Schedule
January 1, 2005 - December 31, 2005

VOLUME PARAMETERS	Claims	Drug
	Processing	Transactions
High Estimate	7,500,000	5,000,000
Median Estimate	6,000,000	4,000,000
Low Estimate	4,500,000	3,000,000
FIXED PRICE		
Claims Processing		\$6,306,175
Drug Payment Transactions		\$160,000
Provider Relations		\$1,277,200
Management Reporting (Business Objects, CRLD, MAR, SURS)		\$399,125
	Subtotal	\$8,142,500
Added Services (As Utilized)		
School Health Program		\$310,000
Clinical Specialist		\$54,000
Project Coordinator		\$25,000
Cash Control Employee		\$29,000
Translator Services		\$100,000
	Subtotal	\$518,000
	TOTAL FIXED PRICE	\$8,660,500

Amount Invoiced Each Month
 \$678,542

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Operational Invoice/Payment Schedule
January 1, 2006 - December 31, 2006

VOLUME PARAMETERS	Claims	Drug
	Processing	Transactions
High Estimate	7,500,000	5,000,000
Median Estimate	6,000,000	4,000,000
Low Estimate	4,500,000	3,000,000
FIXED PRICE		
Claims Processing		\$6,495,360
Drug Payment Transactions		\$160,000
Provider Relations		\$1,315,516
Management Reporting (Business Objects, CRLD, MAR, SURS)		\$411,099
	Subtotal	\$8,381,975
Added Services (As Utilized)		
School Health Program		\$320,000
Clinical Specialist		\$56,000
Project Coordinator		\$27,000
Cash Control Employee		\$30,000
Translator Services		\$100,000
	Subtotal	\$533,000
	TOTAL FIXED PRICE	\$8,914,975

Amount Invoiced Each Month
 \$698,498

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Operational Invoice/Payment Schedule
January 1, 2007 - December 31, 2007

VOLUME PARAMETERS	Claims	Drug
	Processing	Transactions
High Estimate	7,500,000	5,000,000
Median Estimate	6,000,000	4,000,000
Low Estimate	4,500,000	3,000,000
FIXED PRICE		
Claims Processing		\$6,495,475
Drug Payment Transactions		\$160,000
Provider Relations		\$1,315,539
Management Reporting (Business Objects, CRLD, MAR, SURS)		\$411,106
Subtotal		\$8,382,120
Added Services (As Utilized)		
School Health Program		\$330,000
Clinical Specialist		\$58,000
Project Coordinator		\$29,000
Cash Control Employee		\$31,000
Translator Services		\$100,000
Subtotal		\$548,000
TOTAL FIXED PRICE		\$8,930,120

Amount Invoiced Each Month
 \$698,510

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Operational Invoice/Payment Schedule
 January 1, 2008 - December 31, 2008

VOLUME PARAMETERS	Claims	Drug
	Processing	Transactions
High Estimate	7,500,000	5,000,000
Median Estimate	6,000,000	4,000,000
Low Estimate	4,500,000	3,000,000
FIXED PRICE		
Claims Processing		\$6,577,540
Drug Payment Transactions		\$160,000
Provider Relations		\$1,332,160
Management Reporting (Business Objects, CRLD, MAR, SURS)		\$416,300
Subtotal		\$8,486,000
Added Services (As Utilized)		
School Health Program		\$340,000
Clinical Specialist		\$60,000
Project Coordinator		\$31,000
Cash Control Employee		\$32,000
Translator Services		\$100,000
Subtotal		\$563,000
TOTAL FIXED PRICE		\$9,049,000

Amount Invoiced Each Month
 \$707,167

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ATTACHMENT B

Part 2: Enhancement Invoice Schedule

The following Enhancement Invoice Schedule depicts the amounts subject to the maximum contract amount, payable to the Contractor for specific MMIS "enhancements" as set forth in Attachment D to this Contract.

MILESTONE/DELIVERABLE	INVOICE DATE	AMOUNT INVOICED
Platform Conversion		
DB2 Software purchased	1/15/2004	\$104,949.00
Milestone - DSD Approved	3/2/2004	\$756,437.36
Unit Test Conversion Process	4/23/2004	\$515,615.09
Milestone - Conversion Results Approved	5/13/2004	\$131,963.77
Deliverable - Submit Operational Readiness Memo to State	8/16/2004	\$889,533.77
DB2 Software maintenance paid (through year 3)	12/1/2004	\$112,220.00
DB2 Software maintenance paid (years 4 and 5)	12/1/2004	\$100,757.00
		\$216,977.00
Provider Enrollment Data Integration		
Milestone - DSD Approved	3/18/2004	\$197,359.23
Perform Peer Reviews/Obtain Approval to Release to System Test Environment	7/8/2004	\$268,500.00
Deliverable - UAT Complete	9/9/2004	\$48,192.31
Deliverable - Submit Operational Readiness Report to State	9/13/2004	\$27,538.46
		\$541,590.00
ClaimCheck/ClaimReview - will not proceed without express written consent of the State of Vermont		
ClaimCheck license payment	3/30/2004	\$32,060.00
ClaimCheck second license payment	5/1/2004	\$59,540.00
Milestone - DSD Approved	4/30/2004	\$451,914.55
Process/ Product Design and Build for ClaimCheck and ClaimReview	8/27/2004	\$235,530.00
Milestone - ClaimCheck and ClaimReview Enhancement Operational	8/27/2004	\$42,545.45
Claimcheck maintenance (through year 3)	12/1/2004	\$209,090.00
Claimcheck maintenance (years 4 and 5)	12/1/2004	\$221,824.00
		\$1,252,504.00
MMIS System Modifications (RFP references 2.8.2.1 a, b, d)		
Milestone - DSD Approved	4/27/2004	\$214,613.57
Install, Modify, and Enhance System Components	8/8/2004	\$160,763.57
Perform System Testing	9/15/2004	\$69,235.71
Deliverable - Submit Operational Readiness Report to State	11/8/2004	\$100,007.14
		\$544,620.00
MMIS System Modifications - Business Objects 3,500 hours (RFP reference 2.8.2.1 c)		
Bus Objects Report Delivery 1	4/30/2004	\$102,641.11
Bus Objects Report Delivery 2	9/30/2004	\$102,641.11
2,000 additional CSR hours	12/1/2004	\$200,000.00
Bus Objects SW maintenance (years 4 and 5) for 3500 hrs	12/1/2004	\$5,670.00
Bus Objects Report Delivery 3	12/29/2004	\$101,111.11
		\$512,063.33
Recipient Eligibility Verification System (REVS) Upgrade		
Milestone - DSD Approved	4/27/2004	\$97,780.00
Install, Modify, and Enhance System Components	8/17/2004	\$42,780.00
Perform System Testing	9/7/2004	\$20,625.00
Complete REVS work	11/5/2004	\$6,875.00
		\$168,060.00
Fiscal and Budget Application (FBA) - will not proceed without express written consent of the State of Vermont		
Bus Obj SW/HW Purchase	4/1/2004	\$290,207.00
Milestone - DSD Approved	9/17/2004	\$220,643.43
Bus Obj SW Maintenance (through year 3)	12/1/2004	\$79,006.00
Bus Obj SW Maintenance (years 4 and 5)	12/1/2004	\$87,627.00
Install, Modify, and Enhance System Components	1/21/2005	\$137,714.29
Deliverable - Submit Operational Readiness Report to State	5/24/2005	\$137,714.29
		\$952,912.00

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ATTACHMENT B

Part 3: Invoice/Payment Clarifications

1. The total maximum amount payable under this Contract for fiscal agent services and the operation of the systems which comprise the core MMIS as set forth in Attachment D to this Contract shall not exceed \$43,967,595, excluding the pass-through items.
2. Subject to any excused delays, the Contractor will meet the start and finish dates as established in Attachment A, Paragraph 13 of this Contract. Enhancement payments shall be rendered based on acceptance of each milestone/deliverable set forth Part 2 of this Attachment, by the State official cited in Part 3, Paragraph 3 of this Attachment, or a duly designated representative of the State. The total maximum amount payable under this Contract for the design, development and implementation of enhancements shall not exceed \$6,583,225. The State shall not be responsible for expenses of the Contractor not already accounted for in the amounts set forth in Part 2 of this Attachment.
3. The Contractor will submit invoices based on Part 1 and Part 2 of this Attachment to:

Nancy Clermont, Deputy Director
 Office of Vermont Health Access
 State of Vermont
 103 South Main Street,
 Waterbury, VT 05671-1201
4. Within 30 days of written acceptance by the State, the State will remit all payments for invoices to:

Barb Davis, Executive Director
 Electronic Data Systems (EDS)
 PO Box 888
 Williston, VT 05495
5. The Contractor agrees to a 10% retainage of each enhancement invoice amount as depicted in Part 2 of this Attachment. The State will only authorize the retainage payment for each individual enhancement if all of the following occur:
 - Contractor completes of all milestones/deliverables
 - Contractor updates all corresponding system and user documentation
 - State accepts of all milestones/deliverables and corresponding system and user documentation updates. The acceptance criteria shall be mutually agreed upon by the parties.
 - Enhancement is successfully operational for 60 calendar days

After all of the above occur, the Contractor may submit a final invoice for payment of the total 10% retainage amount for that specific enhancement. Hardware, software, and license payments

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are not subject to retainage. The items not subject to retainage are as follows (organized by enhancement name):

Platform Conversion

DB2 Software purchase
 DB2 Software maintenance through year 3
 DB2 Software maintenance years 4 and 5

ClaimCheck

ClaimCheck license payment
 ClaimCheck second license payment
 ClaimCheck maintenance through year 3
 ClaimCheck maintenance years 4 and 5

MMIS Mods – Bus Obj ‘3500 hours’

Bus Objects SW maintenance years 4 and 5

FBA

Bus Obj SW/HW Purchase

6. For the purpose of claim volume accounting and reconciliation of changes in Contractor reimbursement, the following definitions of a claim delineate between claim types, and shall apply to administrative claims processing adjudication counts tracked and reported by the Contractor:
- For all institutional based services (i.e., Hospice (H), Inpatient/Outpatient Hospital (I/O), Home Health (Q), Institutional Crossovers (W,X), Nursing Home (N)), a claim is a paper document or an EMC (X12N) record requesting payment for services rendered during a statement period or date range for which there are one or more accommodation, HCPCS, and/or ancillary codes.
 - For all professional based services (i.e., Dental (L), Physician (M), Vision (P), Professional Crossovers (Y)), a claim is a line item on a paper document or and EMC (X12N) record requesting payment for services rendered for a service date(s) for which there is a HCPCS code.
7. Part 1 of this Attachment and Part 2 of this Attachment will supercede all of the Contractor's Price Proposal Worksheets except for the Takeover Price Proposal Worksheet and the Cost Reimbursement Worksheet.
8. Should the State decide to undertake the FBA enhancement during the term of this contract, EDS will re-quote the Business Objects software and server hardware expenses (as the vendor will not honor the original quotes beyond February 29, 2004). This may result in a higher or lower enhancement price to the State than that reflected in the Enhancement Invoice Schedule.

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ATTACHMENT C

CONTRACTS FOR SERVICES

CUSTOMARY STATE CONTRACT PROVISIONS (REVISED 8/95)

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 1 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 and sick leave, workers compensation or other benefits or services available to State employees, nor will the State withhold any federal or state 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 are 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.

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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
 Independent Contractors' Protective
 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 owned, non-owned and hired vehicles 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 \$ N/A 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 set 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

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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 resource to contest the amounts due.
12. **Child Support:** (Applicable if 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 Services 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:** The 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.

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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. **Access to Information:** The Contractor agrees to comply with the requirements of AHS Rule No. 96-23 concerning access to information. The Contractor shall require all of its employees performing services under this contract to sign the AHS affirmation of understanding or an equivalent statement.
17. **Suspension and Debarment:** Non-federal entities are prohibited by Executive Orders 12549 and 12689 from contracting with or making sub-awards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. Covered transactions include procurement contracts for goods or services equal to or in excess of \$100,000 and all non-procurement transactions (sub-awards to sub-recipients). By signing this contract, current Contractor certifies as applicable, that the contracting organization and its principals are not suspended or debarred by GSA from federal procurement and non-procurement programs.
18. **Health Insurance Portability & Accountability Act (HIPAA):** The confidentiality of any health care information acquired by or provided to the independent contractor shall be maintained in compliance with any applicable state or federal laws or regulations.
19. **Abuse Registry:** The Contractor agrees not to employ any individual to care for elderly or disabled adults if there has been a substantiation of abuse, neglect, or exploitation against that individual. The Contractor will check the Adult Abuse Registry in the Department of Aging and Disabilities for the names of all such current or prospective employees.
20. **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.

(End of Customary Provisions)

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ATTACHMENT D

PART 1: STATE OF VERMONT

REQUEST FOR PROPOSALS (RFP)

MEDICAID MANAGEMENT INFORMATION SYSTEMS (MMIS)

CORE CLAIMS PROCESSING TAKEOVER

ISSUED JANUARY 22, 2003

PART 2: MEMO TO: MMIS CORE CLAIMS PROCESSING TAKEOVER BIDDERS

FROM: DEPARTMENT OF PATH RESPONSE

DATE: MARCH 7, 2003

SUBJECT: RESPONSE TO BIDDER QUESTIONS

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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 Department of Prevention, Assistance, Transition, and Health Access ("Covered Entities") and Electronic Data Systems ("Business Associate"), as of January 1, 2004 ("Effective Date").

Preliminary Statement. Covered Entity and Business Associate have entered into the Contract to which this Business Associate Agreement is an attachment pursuant to which Business Associate provides to Covered Entity certain services ("Services") which may require the use and/or disclosure of health information. For the avoidance of any doubt, "Services" includes all work performed by the Business Associate for or on behalf of Covered Entity. This Agreement supplements and is made a part of the Contract.

The parties 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").

Agreement. In consideration of the foregoing, and in consideration of the desire of Covered Entity to continue receiving Services, and of Business Associate to continue providing Services, 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 "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 the 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 provide 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

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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 its proper management and administration or to carry out its legal responsibilities. In addition, Business Associate may disclose PHI received in its capacity as "Business Associate" to Covered Entity, for its proper management and administration or to carry out its legal responsibilities, if a disclosure is Required by Law, or: (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. All uses and disclosures of PHI for the purposes identified above 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 subcontractors). Business Associate shall provide such written report promptly after it becomes aware of any such use or disclosure. Business Associate shall provide Covered Entity with the information necessary for Covered Entity to investigate any such use or disclosure. Business Associate may use PHI to report violations of law to appropriate federal and state authorities, consistent with 45 CFR 164.502(j)(1).
6. **Agreements by Third Parties.** Business Associate shall ensure that any agent, including a subcontractor, to whom it provides PHI received from, 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. By way of 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, and such 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

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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, 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 (subject to the attorney-client or other applicable legal privileges), upon 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 15.12.
 - 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 each Services Agreement, without liability or penalty, if Business Associate does not cure the breach within the time specified by Covered Entity; or (b) immediately terminate each Services Agreement, 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

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to Covered Entity at law, in equity, or under this Agreement or any Services Agreement, 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 shall, in connection with the expiration or termination of a Services Agreement, return or destroy all PHI received from Covered Entity, or created or received by Business Associate on behalf of Covered Entity, and pertaining to that Services Agreement, 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 such PHI. Business Associate shall certify for Covered Entity, in writing, when all PHI has been returned or destroyed, and that Business Associate does not continue to maintain any PHI, with such certification to be provided during such 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 the written contract before any use or disclosure of Electronic PHI by such agent, and such written contract must identify Covered Entity as a direct and

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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 such 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 Notwithstanding anything to the contrary in any Services Agreement, in no event shall any provision limiting Business Associate's liability to Covered Entity, including, but not limited to, provisions creating a cap on damages, excluding certain types of damages, limiting available remedies, or shortening a statute of limitations, present in any Services Agreement, apply with respect to any breach by Business Associate of any term of this Agreement.
- 15.2 In the event of any conflict or inconsistency between the terms of this Agreement and the terms of any Services Agreement, the terms of this Agreement shall govern, with respect to its subject matter. Otherwise, the terms of each Services Agreement continue in effect.
- 15.3 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.
- 15.4 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.
- 15.5 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.
- 15.6 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.

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- 15.7 In addition to applicable state 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.
- 15.8 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.
- 15.9 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 of Prevention, Assistance, Transition, and 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 would require, pursuant to the Privacy or Security Rules, entry into an agreement of this type.
- 15.10 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.
- 15.11 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, 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.
- 15.12 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.
- 15.13 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.

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ATTACHMENT F
ELECTRONIC DATA SYSTEMS (EDS) PROPOSAL
DATED APRIL 4, 2003
SUBMITTED IN RESPONSE TO THE
STATE'S MMIS CORE CLAIMS PROCESSING TAKEOVER RFP
- Incorporated by Reference -