SERIAL 12183 RFP MEDICAL/PHARMACY CLAIMS AUDIT AND MEDICAL BILL REVIEW

DATE OF LAST REVISION: January 14, 2016 CONTRACT END DATE: June 30, 2018

CONTRACT PERIOD THROUGH JUNE 30, ~~2016~~ 2018

TO: All Departments

FROM: Office of Procurement Services

SUBJECT: Contract for **MEDICAL/PHARMACY CLAIMS AUDIT AND MEDICAL BILL REVIEW**

Attached to this letter is published an effective purchasing contract for products and/or services to be supplied to Maricopa County activities as awarded by Maricopa County on **June 20, 2013 (Eff. 07/01/13).**

All purchases of products and/or services listed on the attached pages of this letter are to be obtained from the vendor holding the contract. Individuals are responsible to the vendor for purchases made outside of contracts. The contract period is indicated above.

Wes Baysinger, Chief Procurement Officer
Office of Procurement Services

SD/mm
Attach

Copy to: Office of Procurement Services
Meg Blankenship, Employee Benefits and Health
Dave Hansen, Employee Benefits and Health
Chris Bradley, Employee Benefits and Health

CONTRACT PURSUANT TO RFP

SERIAL 12183 -RFP

This Contract is entered into this 20th day of June, 2013 by and between Maricopa County ("County"), a political subdivision of the State of Arizona, and Healthcare Horizons, Inc., an Tennessee corporation ("Contractor") for the purchase of Medical and Pharmacy Claims Audits and Medical Bill Review services.

1.0 CONTRACT TERM:

1.1 This Contract is for a term of three (3) years, beginning on the 1st day of July 2013 and ending the 30th day of June, ~~2016~~ **2018**.

1.2 The County may, at its option and with the agreement of the Contractor, renew the term of this Contract for additional terms up to a maximum of two (2) years, (or at the County's sole discretion, extend the contract on a month-to-month bases for a maximum of six (6) months after expiration). The County shall notify the Contractor in writing of its intent to extend the Contract term at least thirty (30) calendar days prior to the expiration of the original contract term, or any additional term thereafter.

2.0 FEE ADJUSTMENTS:

Any request for a fee adjustment must be submitted sixty (60) days prior to the current Contract expiration date. Requests for adjustment in cost of labor and/or materials must be supported by appropriate documentation. If County agrees to the adjusted fee, County shall issue written approval of the change. The reasonableness of the request will be determined by comparing the request with the (Consumer Price Index) or by performing a market survey.

3.0 PAYMENTS:

3.1 As consideration for performance of the duties described herein, County shall pay Contractor the sum(s) stated in Exhibit "A."

3.2 Payment shall be made upon the County's receipt of a properly completed invoice.

3.3 INVOICES:

3.3.1 The Contractor shall submit two (2) legible copies of their detailed invoice before payment(s) can be made. At a minimum, the invoice must provide the following information:

- Company name, address and contact
- County bill-to name and contact information
- Contract serial number
- County purchase order number
- Invoice number and date
- Payment terms
- Date of services

- Quantity
- Contract Item number(s)
- Description of service provided
- Pricing per unit of service
- Extended price
- Total Amount Due

3.3.2 Problems regarding billing or invoicing shall be directed to the County as listed on the Purchase Order.

3.3.3 Payment shall be made to the Contractor by Accounts Payable through the Maricopa County Vendor Express Payment Program. This is an Electronic Funds Transfer (EFT) process. After Contract Award the Contractor shall complete the Vendor Registration Form located on the County Department of Finance Vendor Registration Web Site (www.maricopa.gov/finance/vendors).

3.3.4 EFT payments to the routing and account numbers designated by the Contractor will include the details on the specific invoices that the payment covers. The Contractor is required to discuss remittance delivery capabilities with their designated financial institution for access to those details.

4.0 AVAILABILITY OF FUNDS:

4.1 The provisions of this Contract relating to payment for services shall become effective when funds assigned for the purpose of compensating the Contractor as herein provided are actually available to County for disbursement. The County shall be the sole judge and authority in determining the availability of funds under this Contract. County shall keep the Contractor fully informed as to the availability of funds.

4.2 If any action is taken by any state agency, Federal department or any other agency or instrumentality to suspend, decrease, or terminate its fiscal obligations under, or in connection with, this Contract, County may amend, suspend, decrease, or terminate its obligations under, or in connection with, this Contract. In the event of termination, County shall be liable for payment only for services rendered prior to the effective date of the termination, provided that such services are performed in accordance with the provisions of this Contract. County shall give written notice of the effective date of any suspension, amendment, or termination under this Section, at least ten (10) days in advance.

5.0 DUTIES:

5.1 The Contractor shall perform all duties stated in Exhibit “B”, or as otherwise directed in writing by the Procurement Officer.

5.2 During the Contract term, County shall provide Contractor’s personnel with adequate workspace for consultants and such other related facilities as may be required by Contractor to carry out its contractual obligations.

6.0 TERMS and CONDITIONS:

6.1 INDEMNIFICATION:

6.1.1 To the fullest extent permitted by law, Contractor shall defend, indemnify, and hold harmless County, its agents, representatives, officers, directors, officials, and employees from and against all claims, damages, losses and expenses, including, but not limited to, attorney fees, court costs, expert witness fees, and the cost of appellate proceedings, relating to, arising out of, or alleged to have resulted from the negligent acts, errors, omissions, mistakes or malfeasance relating to the performance of this Contract. Contractor’s duty to defend, indemnify and hold harmless County, its agents, representatives, officers, directors, officials, and employees shall arise in connection with

any claim, damage, loss or expense that is caused by any negligent acts, errors, omissions or mistakes in the performance of this Contract by the Contractor, as well as any person or entity for whose acts, errors, omissions, mistakes or malfeasance Contractor may be legally liable.

6.1.2 The amount and type of insurance coverage requirements set forth herein will in no way be construed as limiting the scope of the indemnity in this paragraph.

The scope of this indemnification does not extend to the sole negligence of County

6.2 INSURANCE:

6.2.1 **Contractor, at Contractor's own expense, shall purchase and maintain the herein stipulated minimum insurance from a company or companies duly licensed by the State of Arizona and possessing a current A.M. Best, Inc. rating of B++. In lieu of State of Arizona licensing, the stipulated insurance may be purchased from a company or companies, which are authorized to do business in the State of Arizona, provided that said insurance companies meet the approval of County. The form of any insurance policies and forms must be acceptable to County.**

6.2.2 All insurance required herein shall be maintained in full force and effect until all work or service required to be performed under the terms of the Contract is satisfactorily completed and formally accepted. Failure to do so may, at the sole discretion of County, constitute a material breach of this Contract.

6.2.3 Contractor's insurance shall be primary insurance as respects County, and any insurance or self-insurance maintained by County shall not contribute to it.

6.2.4 Any failure to comply with the claim reporting provisions of the insurance policies or any breach of an insurance policy warranty shall not affect the County's right to coverage afforded under the insurance policies.

6.2.5 The insurance policies may provide coverage that contains deductibles or self-insured retentions. Such deductible and/or self-insured retentions shall not be applicable with respect to the coverage provided to County under such policies. Contractor shall be solely responsible for the deductible and/or self-insured retention and County, at its option, may require Contractor to secure payment of such deductibles or self-insured retentions by a surety bond or an irrevocable and unconditional letter of credit.

6.2.6 County reserves the right to request and to receive, within 10 working days, certified copies of any or all of the herein required insurance certificates. County shall not be obligated to review policies and/or endorsements or to advise Contractor of any deficiencies in such policies and endorsements, and such receipt shall not relieve Contractor from, or be deemed a waiver of County's right to insist on strict fulfillment of Contractor's obligations under this Contract.

6.2.7 The insurance policies required by this Contract, except Workers' Compensation, and Errors and Omissions, shall name County, its agents, representatives, officers, directors, officials and employees as Additional Insureds.

6.2.8 The policies required hereunder, except Workers' Compensation, and Errors and Omissions, shall contain a waiver of transfer of rights of recovery (subrogation) against County, its agents, representatives, officers, directors, officials and employees for any claims arising out of Contractor's work or service.

6.2.9 Commercial General Liability:

Commercial General Liability insurance and, if necessary, Commercial Umbrella insurance with a limit of not less than $2,000,000 for each occurrence, $2,000,000

Products/Completed Operations Aggregate, and $4,000,000 General Aggregate Limit. The policy shall include coverage for bodily injury, broad form property damage, personal injury, products and completed operations and blanket contractual coverage, and shall not contain any provision which would serve to limit third party action over claims. There shall be no endorsement or modification of the CGL limiting the scope of coverage for liability arising from explosion, collapse, or underground property damage.

6.2.10 Automobile Liability:

Commercial/Business Automobile Liability insurance and, if necessary, Commercial Umbrella insurance with a combined single limit for bodily injury and property damage of not less than $**1,000,000** ~~2,000,000~~ each occurrence with respect to any of the Contractor's owned, hired, and non-owned vehicles assigned to or used in performance of the Contractor's work or services **or use or maintenance of the Premises** under this Contract.

6.2.11 Workers' Compensation:

6.2.11.1 Workers' Compensation insurance to cover obligations imposed by federal and state statutes having jurisdiction of Contractor's employees engaged in the performance of the work or services under this Contract; and Employer's Liability insurance of not less than $1,000,000 for each accident, $1,000,000 disease for each employee, and $1,000,000 disease policy limit.

6.2.11.2 Contractor**, its contractors and its subcontractors** waives all rights against **Contract** ~~County~~ and its agents, officers, directors and employees for recovery of damages to the extent these damages are covered by the Workers' Compensation and Employer's Liability or commercial umbrella liability insurance obtained by Contractor, **its contractors and its subcontractors** pursuant to this Contract.

6.2.12 Errors and Omissions **(Professional Liability)** Insurance:

Errors and Omissions **(Professional Liability)** insurance and, if necessary, Commercial Umbrella insurance, which will insure and provide coverage for errors or omissions or **Professional Liability** the Contractor, with limits of no less than $**2,000,000** ~~1,000,000~~ for each claim.

6.2.13 Certificates of Insurance.

6.2.13.1 Prior to commencing work or services under this Contract, Contractor shall have insurance in effect as required by the Contract in the form provided by the County, issued by Contractor's insurer(s), as evidence that policies providing the required coverage, conditions and limits required by this Contract are in full force and effect. Such certificates shall be made available to the County upon ten (10) business days. **BY SIGNING THE AGREEMENT PAGE THE CONTRACTOR AGREES TO THIS REQUIREMENT AND FAILURE TO MEET THIS REQUIREMENT WILL RESULT IN CANCELLATION OF CONTRACT.**

6.2.13.1.1 In the event any insurance policy (ies) required by this contract is (are) written on a "claims made" basis, coverage shall extend for two years past completion and acceptance of Contractor's work or services and as evidenced by annual Certificates of Insurance.

6.2.13.1.2 If a policy does expire during the life of the Contract, a renewal certificate must be sent to County fifteen (15) days prior to the expiration date.

6.2.14 Cancellation and Expiration Notice.

Insurance required herein shall not be permitted to expire, be canceled, or materially changed without thirty (30) days prior written notice to the County.

6.3 WARRANTY OF SERVICES:

6.3.1 The Contractor warrants that all services provided hereunder will conform to the requirements of the Contract, including all descriptions, specifications and attachments made a part of this Contract. County's acceptance of services or goods provided by the Contractor shall not relieve the Contractor from its obligations under this warranty.

6.3.2 In addition to its other remedies, County may, at the Contractor's expense, require prompt correction of any services failing to meet the Contractor's warranty herein. Services corrected by the Contractor shall be subject to all the provisions of this Contract in the manner and to the same extent as services originally furnished hereunder.

6.4 INSPECTION OF SERVICES:

6.4.1 The Contractor shall provide and maintain an inspection system acceptable to County covering the services under this Contract. Complete records of all inspection work performed by the Contractor shall be maintained and made available to County during contract performance and for as long afterwards as the Contract requires.

6.4.2 County has the right to inspect and test all services called for by the Contract, to the extent practicable at all times and places during the term of the Contract. County shall perform inspections and tests in a manner that will not unduly delay the work.

6.4.3 If any of the services do not conform with Contract requirements, County may require the Contractor to perform the services again in conformity with Contract requirements, at on increase in Contract amount. When the defects in services cannot be corrected by re-performance, County may:

6.4.3.1 Require the Contractor to take necessary action to ensure that future performance conforms to Contract requirements; and

6.4.3.2 Reduce the Contract price to reflect the reduced value of the services performed.

6.4.4 If the Contractor fails to promptly perform the services again or to take the necessary action to ensure future performance in conformity with Contract requirements, County may:

6.4.4.1 By Contract or otherwise, perform the services and charge to the Contractor any cost incurred by County that is directly related to the performance of such service; or

6.4.4.2 Terminate the Contract for default.

6.5 NOTICES:

All notices given pursuant to the terms of this Contract shall be addressed to:

For County:

Maricopa County
Office of Procurement Services
ATTN: Contract Administration
320 West Lincoln Street
Phoenix, Arizona 85003-2494

For Contractor:

~~John Graham~~	**Randy King**
~~216 Centerview Drive, Suite 297~~	**2220 Southerland Ave**
~~Brentwood TN. 37027~~	**Knoxville, TN 37919**

6.6 REQUIREMENTS CONTRACT:

6.6.1 Contractor signifies its understanding and agreement by signing this document that this Contract is a requirements contract. This Contract does not guarantee any purchases will be made (minimum or maximum). Orders will only be placed when County identifies a need and issues a purchase order or a written notice to proceed.

6.7 TERMINATION FOR CONVENIENCE:

The County reserves the right to terminate the Contract, in whole or in part at any time, when in the best interests of the County without penalty or recourse. Upon receipt of the written notice, the Contractor shall immediately stop all work, as directed in the notice, notify all subcontractors of the effective date of the termination and minimize all further costs to the County. In the event of termination under this paragraph, all documents, data and reports prepared by the Contractor under the Contract shall become the property of and be delivered to the County upon demand. The Contractor shall be entitled to receive just and equitable compensation for work in progress, work completed and materials accepted before the effective date of the termination.

6.8 TERMINATION FOR DEFAULT:

6.8.1 In addition to the rights reserved in the Contract, the County may terminate the Contract in whole or in part due to the failure of the Contractor to comply with any term or condition of the Contract, to acquire and maintain all required insurance policies, bonds, licenses and permits, or to make satisfactory progress in performing the Contract. The Procurement Officer shall provide written notice of the termination and the reasons for it to the Contractor.

6.8.2 Upon termination under this paragraph, all goods, materials, documents, data and reports prepared by the Contractor under the Contract shall become the property of and be delivered to the County on demand.

6.8.3 The County may, upon termination of this Contract, procure, on terms and in the manner that it deems appropriate, materials or services to replace those under this Contract. The Contractor shall be liable to the County for any excess costs incurred by the County in procuring materials or services in substitution for those due from the Contractor.

6.8.4 The Contractor shall continue to perform, in accordance with the requirements of the Contract, up to the date of termination, as directed in the termination notice.

6.9 TERMINATION BY THE COUNTY:

If the Contractor should be adjudged bankrupt or should make a general assignment for the benefit of its creditors, or if a receiver should be appointed on account of its insolvency, the County may terminate the Contract. If the Contractor should persistently or repeatedly refuse or should fail, except in cases for which extension of time is provided, to provide enough properly skilled workers or proper materials, or persistently disregard laws and ordinances, or not proceed with work or otherwise be guilty of a substantial violation of any provision of this Contract, then the County may terminate the Contract. Prior to termination of the Contract, the County shall give the Contractor fifteen- (15) calendar day's written notice. Upon receipt of such termination notice, the Contractor shall be allowed fifteen (15) calendar days to cure such deficiencies.

6.10 STATUTORY RIGHT OF CANCELLATION FOR CONFLICT OF INTEREST:

Notice is given that pursuant to A.R.S. §38-511 the County may cancel this Contract without penalty or further obligation within three years after execution of the contract, if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the County is at any time while the Contract or any extension of the Contract is in effect, an employee or agent of any other party to the Contract in any capacity or consultant to any other party of the Contract with respect to the subject matter of the Contract. Additionally, pursuant to A.R.S §38-511 the County may recoup any fee or commission paid or due to any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the County from any other party to the contract arising as the result of the Contract.

6.11 OFFSET FOR DAMAGES;
In addition to all other remedies at law or equity, the County may offset from any money due to the Contractor any amounts Contractor owes to the County for damages resulting from breach or deficiencies in performance under this contract.

6.12 ADDITIONS/DELETIONS OF SERVICE:

6.12.1 The County reserves the right to add and/or delete materials to a Contract. If a service requirement is deleted, payment to the Contractor will be reduced proportionately, to the amount of service reduced in accordance with the bid price. If additional materials are required from a Contract, prices for such additions will be negotiated between the Contractor and the County.

6.12.2 The County reserves the right of final approval on proposed staff for all Task Orders. Also, upon request by the County, the Contractor will be required to remove any employees working on County projects and substitute personnel based on the discretion of the County within two business days, unless previously approved by the County.

6.13 RELATIONSHIPS:

In the performance of the services described herein, the Contractor shall act solely as an independent contractor, and nothing herein or implied herein shall at any time be construed as to create the relationship of employer and employee, partnership, principal and agent, or joint venture between the District and the Contractor.

6.14 SUBCONTRACTING:

The Contractor may not assign this Contract or subcontract to another party for performance of the terms and conditions hereof without the written consent of the County, which shall not be unreasonably withheld. All correspondence authorizing subcontracting must reference the Proposal Serial Number and identify the job project.

6.15 AMENDMENTS:

All amendments to this Contract shall be in writing and approved/signed by both parties. Maricopa County Office of Procurement Services shall be responsible for approving all amendments for Maricopa County.

6.16 ACCESS TO AND RETENTION OF RECORDS FOR THE PURPOSE OF AUDIT AND/OR OTHER REVIEW:

6.16.1 In accordance with section MCI 371 of the Maricopa County Procurement Code the Contractor agrees to retain all books, records, accounts, statements, reports, files, and other records and back-up documentation relevant to this Contract for six (6) years after final payment or until after the resolution of any audit questions which could be more than six (6) years, whichever is latest. The County, Federal or State auditors and any

other persons duly authorized by the Department shall have full access to, and the right to examine, copy and make use of, any and all said materials.

6.16.2 If the Contractor's books, records , accounts, statements, reports, files, and other records and back-up documentation relevant to this Contract are not sufficient to support and document that requested services were provided, the Contractor shall reimburse Maricopa County for the services not so adequately supported and documented.

6.17 AUDIT DISALLOWANCES:

If at any time, County determines that a cost for which payment has been made is a disallowed cost, such as overpayment, County shall notify the Contractor in writing of the disallowance. County shall also state the means of correction, which may be but shall not be limited to adjustment of any future claim submitted by the Contractor by the amount of the disallowance, or to require repayment of the disallowed amount by the Contractor.

6.18 ALTERNATIVE DISPUTE RESOLUTION:

6.18.1 After the exhaustion of the administrative remedies provided in the Maricopa County Procurement Code, any contract dispute in this matter is subject to compulsory arbitration. Provided the parties participate in the arbitration in good faith, such arbitration is not binding and the parties are entitled to pursue the matter in state or federal court sitting in Maricopa County for a de novo determination on the law and facts. If the parties cannot agree on an arbitrator, each party will designate an arbitrator and those two arbitrators will agree on a third arbitrator. The three arbitrators will then serve as a panel to consider the arbitration. The parties will be equally responsible for the compensation for the arbitrator(s). The hearing, evidence, and procedure will be in accordance with Rule 74 of the Arizona Rules of Civil Procedure. Within ten (10) days of the completion of the hearing the arbitrator(s) shall:

6.18.1.1 Render a decision;

6.18.1.2 Notify the parties that the exhibits are available for retrieval; and

6.18.1.3 Notify the parties of the decision in writing (a letter to the parties or their counsel shall suffice).

6.18.2 Within ten (10) days of the notice of decision, either party may submit to the arbitrator(s) a proposed form of award or other final disposition, including any form of award for attorneys' fees and costs. Within five (5) days of receipt of the foregoing, the opposing party may file objections. Within ten (10) days of receipt of any objections, the arbitrator(s) shall pass upon the objections and prepare a signed award or other final disposition and mail copies to all parties or their counsel.

6.18.3 Any party which has appeared and participated in good faith in the arbitration proceedings may appeal from the award or other final disposition by filing an action in the state or federal court sitting in Maricopa County within twenty (20) days after date of the award or other final disposition. Unless such action is dismissed for failure to prosecute, such action will make the award or other final disposition of the arbitrator(s) a nullity.

6.19 SEVERABILITY:

The invalidity, in whole or in part, of any provision of this Contract shall not void or affect the validity of any other provision of this Contract.

6.20 RIGHTS IN DATA:

The County shall own have the use of all data and reports resulting from this Contract without additional cost or other restriction except as provided by law. Each party shall supply to the other party, upon request, any available information that is relevant to this Contract and to the performance hereunder.

6.21 INTEGRATION:

This Contract represents the entire and integrated agreement between the parties and supersedes all prior negotiations, proposals, communications, understandings, representations, or agreements, whether oral or written, express or implied.

6.22 VERIFICATION REGARDING COMPLIANCE WITH ARIZONA REVISED STATUTES §41-4401 AND FEDERAL IMMIGRATION LAWS AND REGULATIONS:

6.22.1 By entering into the Contract, the Contractor warrants compliance with the Immigration and Nationality Act (INA using e-verify) and all other federal immigration laws and regulations related to the immigration status of its employees and A.R.S. §23-214(A). The contractor shall obtain statements from its subcontractors certifying compliance and shall furnish the statements to the Procurement Officer upon request. These warranties shall remain in effect through the term of the Contract. The Contractor and its subcontractors shall also maintain Employment Eligibility Verification forms (I-9) as required by the Immigration Reform and Control Act of 1986, as amended from time to time, for all employees performing work under the Contract and verify employee compliance using the E-verify system and shall keep a record of the verification for the duration of the employee's employment or at least three years, whichever is longer. I-9 forms are available for download at USCIS.GOV.

6.22.2 The County retains the legal right to inspect contractor and subcontractor employee documents performing work under this Contract to verify compliance with paragraph 6.22.1 of this Section. Contractor and subcontractor shall be given reasonable notice of the County's intent to inspect and shall make the documents available at the time and date specified. Should the County suspect or find that the Contractor or any of its subcontractors are not in compliance, the County will consider this a material breach of the contract and may pursue any and all remedies allowed by law, including, but not limited to: suspension of work, termination of the Contract for default, and suspension and/or debarment of the Contractor. All costs necessary to verify compliance are the responsibility of the Contractor.

6.23 VERIFICATION REGARDING COMPLIANCE WITH ARIZONA REVISED STATUTES §§35-391.06 AND 35-393.06 BUSINESS RELATIONS WITH SUDAN AND IRAN:

6.23.1 By entering into the Contract, the Contractor certifies it does not have scrutinized business operations in Sudan or Iran. The contractor shall obtain statements from its subcontractors certifying compliance and shall furnish the statements to the Procurement Officer upon request. These warranties shall remain in effect through the term of the Contract.

6.23.2 The County may request verification of compliance for any contractor or subcontractor performing work under the Contract. Should the County suspect or find that the Contractor or any of its subcontractors are not in compliance, the County may pursue any and all remedies allowed by law, including, but not limited to: suspension of work, termination of the Contract for default, and suspension and/or debarment of the Contractor. All costs necessary to verify compliance are the responsibility of the Contractor.

6.24 CONTRACTOR LICENSE REQUIREMENT:

6.24.1 The Respondent shall procure all permits, insurance, licenses and pay the charges and fees necessary and incidental to the lawful conduct of his/her business, and as necessary

complete any required certification requirements, required by any and all governmental or non-governmental entities as mandated to maintain compliance with and in good standing for all permits and/or licenses. The Respondent shall keep fully informed of existing and future trade or industry requirements, Federal, State and Local laws, ordinances, and regulations which in any manner affect the fulfillment of a Contract and shall comply with the same. Contractor shall immediately notify both Office of Procurement Services and the using agency of any and all changes concerning permits, insurance or licenses.

6.25 CERTIFICATION REGARDING DEBARMENT AND SUSPENSION

6.25.1 The undersigned (authorized official signing for the Contractor) certifies to the best of his or her knowledge and belief, that the Contractor, defined as the primary participant in accordance with 45 CFR Part 76, and its principals:

6.25.1.1 are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal Department or agency;

6.25.1.2 have not within 3-year period preceding this Contract been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction; violation of Federal or State antitrust statues or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;

6.25.1.3 are not presently indicted or otherwise criminally or civilly charged by a government entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph (2) of this certification; and

6.25.1.4 have not within a 3-year period preceding this Contract had one or more public transaction (Federal, State or local) terminated for cause of default.

6.25.2 Should the Contractor not be able to provide this certification, an explanation as to why should be attached to the Contact.

6.25.3 The Contractor agrees to include, without modification, this clause in all lower tier covered transactions (i.e. transactions with subcontractors) and in all solicitations for lower tier covered transactions related to this Contract.

6.26 PRICES:

Contractor warrants that prices extended to County under this Contract are no higher than those paid by any other customer for these or similar services.

6.27 GOVERNING LAW:

This Contract shall be governed by the laws of the state of Arizona. Venue for any actions or lawsuits involving this Contract will be in Maricopa County Superior Court or in the United States District Court for the District of Arizona, sitting in Phoenix, Arizona

6.28 ORDER OF PRECEDENCE:

In the event of a conflict in the provisions of this Contract and Contractor’s license agreement, if applicable, the terms of this Contract shall prevail.

6.29 INFLUENCE

As prescribed in MC1-1202 of the Maricopa County Procurement Code, any effort to influence an employee or agent to breach the Maricopa County Ethical Code of Conduct or any ethical conduct, may be grounds for Disbarment or Suspension under MC1-902.
An attempt to influence includes, but is not limited to:

6.29.1 **A Person offering or providing a gratuity, gift, tip, present, donation, money, entertainment or educational passes or tickets, or any type valuable contribution or subsidy,**

6.29.2 **That is offered or given with the intent to influence a decision, obtain a contract, garner favorable treatment, or gain favorable consideration of any kind.**

If a Person attempts to influence any employee or agent of Maricopa County, the Chief Procurement Officer, or his designee, reserves the right to seek any remedy provided by the Maricopa County Procurement Code, any remedy in equity or in the law, or any remedy provided by this contract.

6.30 INCORPORATION OF DOCUMENTS:

The following are to be attached to and made part of this Contract:

6.30.1 Exhibit A, Pricing;

6.30.2 Exhibit B, Scope of Work;

6.30.3 Exhibit C, HIPAA (Business Associate Agreements

IN WITNESS WHEREOF, this Contract is executed on the date set forth above.

CONTRACTOR

AUTHORIZED SIGNATURE

John M Graham, President

PRINTED NAME AND TITLE

216 Centerview Dr, Suite 297, Brentwood, TN 37027

ADDRESS

6/3/13

DATE

MARICOPA COUNTY

Wesley Baysinger

CHIEF PROCUREMENT OFFICER

6/21/13

DATE

APPROVED AS TO FORM:

LEGAL COUNSEL

June 19 2013

DATE

EXHIBIT A
PRICING

SERIAL 12183-RFP
NIGP CODE: 94610, 96116

RESPONDENT'S NAME:	Healthcare Horizons, Inc.
COUNTY VENDOR NUMBER :	
ADDRESS:	~~216 Centerview Drive, Suite 297, Brentwood, TN 37027~~ **One Cherokee Mills 2220 Southerland Ave, Knoxville, TN 37919**
TELEPHONE NUMBER:	~~615.373.2023~~ **800/646-9987**
FACSIMILE NUMBER:	~~615.373.4528~~ **866/317-9578**
WEB SITE:	www.healthcarehorizons.com
CONTACT (REPRESENTATIVE):	~~John Graham~~ **Randy King**
REPRESENTATIVE'S E-MAIL ADDRESS:	~~jgraham~~ **rking@healthcarehorizons.com**

PAYMENT TERMS. [X] NET 90 DAYS

1.0 PRICING: SHALL INCLUDE ALL TRAVEL EXPENSES

1.1 FOR YEAR JULY 1, 2012-JUNE 30, 2013

1.1.1 MEDICAL CLAIMS AUDITS	$42,000	PER AUDIT (BASED ON EXHIBIT 3)
1.1.2 PHARMACY AUDITS	$8,000	PER AUDIT (BASED ON EXHIBIT 3)
1.1.3 MEDICAL BILL REVIEW (OPTIONAL)	TO BE DETERMINED	PERCENT OF SAVINGS
2.0 NUMBER OF MEDICAL CLAIMS YOU ARE PROPOSING TO REVIEW	2.25	CLAIMS
3.0 NUMBER OF PHARMACY CLAIMS YOU ARE PROPOSING TO REVIEW	100%	CLAIMS

EXHIBIT B
SCOPE OF WORK

1.0 **INTENT**:

In response to Maricopa County's Solicitation for Medical/Pharmacy Claims Audit and Bill Review services, Healthcare Horizons is proposing a comprehensive approach that will include auditing all claims paid with our electronic audit capabilities for a ONE year time period. Our algorithms will test 225 medical claims paid for duplicates, eligibility, application of benefits, coding accuracy, consistent application of contracted rates, coordination of benefits, and timely filing of claims. The results of this electronic review will be tested on a one-week site visit at Cigna's office. Healthcare Horizons will determine root causes of all agreed-upon errors for the purpose of seeking to reduce future error rates. The deliverable for the project will be a detailed audit report documenting the areas tested and our findings, as well as a full list of all claims paid in error based on the findings of the audit.

Pharmacy claims will be handled through a separate process whereby Healthcare Horizons electronically tests all discounting, contractual terms and application of benefits. Results of this testing will be provided to Cigna for review and feedback prior to production of the audit report. While Healthcare Horizons will perform the majority of the work on the pharmacy audit directly, we will utilize a subcontracted pharmacy specialist for detailed expertise on pharmacy claims issues and direct knowledge of Catamaran. Seneca Consulting audits pharmacy claims across the country and has worked with Healthcare Horizons on a number of joint client projects. Healthcare Horizons will manage the entire project including all data mining, so Maricopa County can be assured of seamless integration of the project as a whole.

We have included in this proposal a detailed description of bill review functions including how we believe those are best handled on behalf of a self-insured employer group. Several of the specific testing categories listed under Bill Review in the solicitation are covered in our comprehensive claims audits, and we have noted those as such. Due to the nature of the remaining testing areas and the integration required with Cigna in order to successfully implement comprehensive bill auditing, we recommend beginning with our comprehensive medical audit and then determining whether additional services in bill audit and DRG validation are required beyond Cigna's current capabilities and operations.

Healthcare Horizons conducts comprehensive healthcare claims audits across the country, usually on a contingency basis. As such, our approach has been customized to target claims errors that result in money delivered back to our clients. While a random sample audit will offer some insight into the operations of a health plan, we believe that identifying and quantifying actual claim errors shows the true impact of operational weaknesses and offers a more thorough resolution of errors by returning the money back to the employer's account. Healthcare Horizons' approach offers employers the best possible opportunity to identify and recapture lost expenses on healthcare claims overpayments.

2.0 **GENERAL REQUIREMENTS MEDICAL AUDITS:**

Audit scope to cover ONE year of claims (2013) in the first audit with optional annual audits thereafter at the County's sole request. Healthcare Horizons is proposing a comprehensive approach to these audits rather than a random sample to maximize the overall findings for the plan including both recovery of past errors and correction of root causes to prevent future overpayment. Healthcare Horizons will audit all claims paid for the audit period for a wide range of potential claim errors

- Duplicate claims: Using a number of algorithms, we will identify whole claims and individual services paid for in duplicate by the plan
- Eligibility: Healthcare Horizons will compare a file of historical eligibility to claims to flag payments outside of valid eligibility dates
- Fraud and abuse: Healthcare Horizons may question certain patterns of billing that appear abusive
- Coding compliance: We will use edits published by industry resources to flag code combinations that may be unbundled or mutually exclusive
- Provider discounts: A review of the top 25 contracts during the site visit will allow Healthcare

Horizons to audit all claims priced for those providers, while we address the rest of the data set by reviewing the data for consistency of pricing and targeting specific claims that do not follow the established patterns

- Modifier pricing: Modifiers for multiple procedures, assistant surgeons, co-surgeons, nurse anesthetists, and other special situations have industry standard reductions that will be tested

- Benefits: Healthcare Horizons will model your specific benefits to check benefit maximums, noncovered services, patient portions, etc.

In addition, we will review SAS70 or SSAE16 reports from Cigna and require completion of an operational questionnaire and interviews to assess overall operations and specifically quality control, internal audits, and cost containment programs as requested in the solicitation.

2.1 GENERAL REQUIREMENTS PHARMACY:

Healthcare Horizons will audit all prescriptions for the audit period for a wide range of potential claim errors as well. One of the primary differences between medical and pharmacy audits is that the pharmacy audit is much more dependent on details of the contracts in place between an employer and the Pharmacy Benefits Manager. Medical claims are generally charged to employers on a pass-through basis where the contract between the provider and the administrator guides what is charged to the employer. Pharmacy is not structured in this manner. Charges to the employer are driven by the contract between the employer and PBM, so establishing the scope of audit based on that contract is a critical first phase in these projects. Further, pharmacy audits often are able to identify significant future cost savings based on clarifying or changing contractual terms whereas medical audits are much more focused on recovery of past overpayments. Healthcare Horizons will provide testing in the following areas for the pharmacy audits proposed herein:

- Pricing Audit: Analyze compliance with PBM contract to include comparing 100% of pharmacy mail and retail data to Medispan or First Data Bank references as applicable to test against AWP pricing, check generic prescriptions again historical Maximum Allowable Cost data provided by PBM, specialty drug pricing audit to identify savings opportunities for plan, dispensing fee verification per contractual agreements with PBM

- Benefit Audit: Analyze compliance with Summary Plan Description including drugs not covered, patient portion application, product penalties as application, mail utilization requirements, authorization requirements

2.2 GENERAL REQUIREMENTS BILL REVIEW:

The bill review services requested by Maricopa County are best addressed after reviewing both the provider contracts in place at Cigna and the bill audit and DRG validation programs utilized by Cigna either internally or through its vendor relationships. Bill review services are only applicable to select claims based on the structure of provider contracts, primarily for percent of charge pricing on bill auditing and DRG pricing on validations of diagnoses as mentioned in the solicitation. As such, starting with a review of Cigna's contracts in the medical audit is an important first phase of developing an effective program. Further, most carriers like Cigna have either internal bill review functions, external vendors providing such services, or both. Determining whether or not Maricopa County can or should leverage these services already existing should be the second phase of addressing this function moving forward. Effective bill review requires ongoing staffing in the field at targeted hospitals, contracts in place with those hospitals to support the bill review and abide by its findings, and consistent communication and cooperation with the claims administrator. Healthcare Horizons feels that the best means for addressing this portion of the requested services is to proceed with the medical claims audit including assessment of provider contracts, availability of the services from Cigna, and results of services already in place. We can then offer an informed recommendation to Maricopa County on

the best possible solution for these services moving forward with buy-in from Cigna that will be critical to the program's ongoing success.

2.3 **MEDICAL CLAIMS AUDIT:**

2.3.1 Review the County's plan documents, benefit summaries, benefit descriptions, and any other applicable documentation to gain an understanding of the medical plans. This includes understanding eligibility requirements, services covered under the plans, and plan structure such as coinsurance, copays, and out-of-pocket limits.
Yes, all claim audits performed by Healthcare Horizons begin with this type of review.

2.3.2 Categorize the audit sample, both in and out-of-network, as follows:

2.3.2.1 In-patient and out-patient facilities
2.3.2.2 Ancillary services (lab, x-ray, primary care and specialist visits, etc)

2.3.2.3 Claims <$10,000; $25,000-$50,000 and >$50,000

Claims meeting all parameters above are expected to be included in the site visit selections, but categorizing the audit sample will not be applicable to our comprehensive service since claims are selected based on error potential rather than demographics.

2.3.3 A 1-3% audit sample size is expected, based on 24,000 covered lives, or a sample size as recommended by the contractor.

Our proposal is not for a random sample audit, so we will review all claims electronically with our algorithms to detect potential errors. The number of claims reviewed on site will be limited, but we will ultimately identify all instances of proven errors including out-of-sample to ensure full correction on behalf of the County. In our experience Cigna attempts to limit site visit claims selections to 225 regardless of the size of the client. Based on Maricopa County's statement that the sample size is mot limited, we will request 300 claims for site visits on the annual audits plus an additional 200 to cover 2010 and 2011 in the initial project.

2.3.4 Calculate the financial impact of errors based on the statistical audit sample. Compare the audit findings to industry norms.

Statistical extrapolation will not be necessary based on our comprehensive scope, but we will compare the overall total error identified to our client base to report how it aligns with industry norms.

2.3.5 Assess the timeline of claims processing and payments and the effect on claims accuracy.

Healthcare Horizons will review claim turnaround time and will also seek to identify any discounts missed due to prompt pay limits in provider contracts.

2.3.6 Assess the carrier's quality control measures and internal audit programs, including in-house training, frequency of audits, and types of audits performed.

Healthcare Horizons will address this via our operational review questionnaire and interviews on site as necessary.

2.3.7 Identify any potential medical claims subrogation opportunities for costs that should be the financial obligation of another party, including Workers' Compensation claims.

Healthcare Horizons seeks to identify subrogation opportunities by electronic review of diagnoses indicating accidents and common work-related injuries. We will also request details of subrogation programs and their results in the operational review questionnaire.

2.3.8 Confirm that the carrier has completed a SAS 70 or SSAE 16 report in the 12 months prior to this audit of medical claims, and confirm that the SAS 70 or SSAE 16 reveals satisfactory results.

This is a standard request on our operational review questionnaire and will be completed.

2.3.9 Provide a preliminary written report of all audit findings, deficiencies, observations, and recommendations to Maricopa County and carrier within 15 calendar days of completion of the audit.

Confirmed.

2.3.10 Final report is due 15 days after contractor receives responses from carriers.

Confirmed.

2.4 PHARMACY CLAIMS AUDIT:

2.4.1 Review the County's plan documents, benefit summaries, benefit descriptions, and any other applicable documentation to gain an understanding of the pharmacy plans. This includes understanding eligibility requirements, services covered under the plans, and plan structure such as coinsurance, copays, and out-of-pocket limits.

Yes, all claim audits performed by Healthcare Horizons begin with this type of review. As mentioned above, review of the pharmacy sections of the ASO Agreement are critical for setting the final scope of the pharmacy audit as well.

2.4.2 Categorize the audit sample as follows:

2.4.2.1 Application of copays, co-insurance and out-of-pocket maximums
2.4.2.2 Formulary versus Non-Formulary
2.4.2.3 Special drug handling
2.4.2.4 Are cost-saving programs being utilized correctly? (Eg; generics vs. brand name, step therapy, prior authorizations, etc.)

Claims meeting all parameters above are expected to be included in the site visit selections, but categorizing the audit sample will not be applicable to our comprehensive service since claims are selected based on error potential rather than demographics.

2.4.3 A **100%** audit sample size is expected, or a sample size as recommended by the contractor.

Confirmed – all exceptions on pharmacy can be provided to Cigna for review prior to production of the audit report.

2.4.4 Calculate the financial impact of errors based on the statistical audit sample. Compare the audit findings to industry norms.

Statistical extrapolation will not be necessary based on our comprehensive scope, but we will compare the overall total error identified to our client base to report how it aligns with industry norms.

2.4.5 Assess the timeline of claims processing and payments and the effect on claims accuracy. Turnaround time is not a concern on pharmacy since it is generally point of sale processing.

2.4.6 Assess the carrier's quality control measures and internal audit programs, including in-house training, frequency of audits, and types of audits performed.
Healthcare Horizons will address this via our operational review questionnaire.

2.4.7 Identify any potential pharmacy claims that should be the financial obligation of another party.
Coordination of Benefits and subrogation are both standard review categories for our claims audits.

2.4.8 Confirm that the carrier has completed a SAS 70 or SSAE 16 report in the 12 months prior to this audit of pharmacy claims, and confirm that the SAS 70 or SSAE 16 reveals satisfactory results.

This is a standard request on our operational review questionnaire and will be completed.

2.4.9 Provide a preliminary written report of all audit findings, deficiencies, observations, and recommendations to Maricopa County and carrier within 15 calendar days of completion of the audit.
Confirmed.

2.4.10 Final report is due 15 days after contractor receives responses from carriers.
Confirmed.

2.5 **MEDICAL BILL REVIEW (OPTIONAL ON CONTINGENCY ONLY):**

2.5.1 Audit medical bills to identify errors or overcharges and confirm correctness of medical codes used and the use of the appropriate setting to provide the services. Verify that provider charges are reconciled against the medical service provided and the cost of that service. Audit pharmacy claims to errors or overcharges to either the Plan or the Member.

Healthcare Horizons reviews exceptional charges through the course of the comprehensive claims audits, but this varies from what is typically referred to as a bill audit in that we do not go on-site to the hospital to compare the itemized bill to the patient's chart. An example of billing errors that we find within our comprehensive audit scope is a recent project where we found that a sleep center contracted on percent of charge pricing billed $100,000 for a service that it always billed at $10,000 on other claims in the data set. Healthcare Horizons did not need access to the chart to see that this billed amount was likely an error, and we were able to get our client a refund of over $80,000 based on this manual data entry error.
After review of Cigna's provider contracts and its operations around medical bill auditing, we will recommend to Maricopa County an ongoing and effective bill audit program.

2.5.2 Review medical claims costs to censure they are accurate and based on national pricing standards. Compare and analyze provider charges to ensure they are considered reasonable and customary for the medical services provided. Confirm overall compliance with agreed-upon discounts and other contractual agreements.
Compliance with agreed-upon discounts and contractual agreements is part of our comprehensive claims audit service and not what we would consider bill review. This function will be covered in the services proposed. Testing application of reasonable and customary is also part of the claims audit scope and will be covered in the services proposed.

2.5.3 Determine if there are medical or pharmacy overpayments where refunds are due to the Plan.
Healthcare Horizons will request a report from Cigna of all uncollected refunds in order to provide Maricopa County with an assessment in this area. This is important on Cigna audits as they are the only major national carrier that performs recovery for self-insured groups through a third-party collections process rather than more effective offset/retraction methods. The result is much higher outstanding refunds that are never fully resolved and credited back to the client's account.

2.5.4 Provide information on tools to use to negotiate a fee reduction based on the outcome of the review of medical and pharmacy bills.
Fee negotiation for out-of-network claims will be covered by Cigna in standard claim adjudication operations, but we will assess the consistency of this process in the claims audit. Tools for negotiating reductions based on bill audits will be assessed and recommended as part of the total program after completion of the claims audit.

2.5.5 Confirm that the amounts paid to vendors by our third party administrator, ADP, are correct.
Healthcare Horizons can include fund balancing between ADP and Cigna within the audit scope cited herein.

2.5.6 At the conclusion of the medical and pharmacy bill review, provide a comprehensive report outlining all findings, deficiencies and observations. Include recommendations for areas needing improvement.
Confirmed.

This Attachment sets out the HIPAA-related responsibilities and obligations of Contractor pursuant to the Contract between Contractor and Department.

I. Definitions

A. Applicable Law means any of the following items, including any amendments to any such item as such may become effective:

1. the Health Insurance Portability and Accountability Act of 1996 ("HIPAA");

2. the federal regulations regarding privacy and promulgated with respect to HIPAA, found at 45 C.F.R. Parts 160 and 164 (the "Privacy Rule");

3. the federal regulations regarding electronic data interchange and promulgated with respect to HIPAA, found at 45 C.F.R. Parts 160 and 162 (the "Transaction Rule");

4. the federal regulations regarding security and promulgated with respect to HIPAA, found at 45 C.F.R. Parts 160 and 164 (the "Security Rule"); and

5. the American Recovery and Reinvestment Act of 2009 ("ARRA"), §§ 13400-24, Public Law 111-5, 123 Stat 115 (Feb. 17, 2009), codified at 42 U.S.C. §§ 17921, 17931-40, 17951-53.

B. Business Associate means an entity that performs or assists in the performance of a function on behalf of a Covered Entity, which involves the use or disclosure of Individually Identifiable Health Information as defined in 45 C.F.R. § 160.103. Contractor is a Business Associate of Department under this Contract, and for purposes of Contractor's obligations under this Attachment, the terms "Business Associate" and "Contractor" are synonymous. Notwithstanding this definition, if Contractor does not have access to or create PHI under this Contract, Contractor is not a Business Associate, and the terms of this Attachment do not apply to Contractor.

C. Contract means the entire agreement between the parties.

D. Contractor for purposes of this Attachment means any party to this Contract, which is not a department of Maricopa County government.

E. Covered Entity means a health plan, a health care clearinghouse, or a health care provider that transmits any health information in electronic form in connection with a transaction covered by

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HIPAA as defined in 45 C.F.R. § 160.103. Department or a part of Department, as designated by Maricopa County, is a Covered Entity under this Contract.

F. Department means the party to this Contract that is part of Maricopa County government.

G. ePHI means electronic protected health information within the meaning of 45 C.F.R. § 160.103, limited to the information created, received, maintained, or transmitted by Business Associate from or on behalf of Department.

H. Individual means the person who is the subject of PHI.

I. Protected Health Information ("PHI") is health information that (1) is created or received by a Covered Entity, (2) relates to the physical condition, mental health or other health condition of an Individual, or to the provision of health care to the Individual (including but not limited to the payment for such health care), and (3) identifies or can be used to identify the Individual, as defined in 45 C.F.R. § 160.103.

J. Secretary means the Secretary of the United States Department of Health and Human Services ("HHS") and her designees.

K. Security Breach means (1) unauthorized access to, or acquisition, use, disclosure, modification or destruction, of Department's Unsecured PHI, whether in paper or electronic form, or (2) the successful interference with system operations in an information system containing Department's PHI. The term does *not* include (1) disclosure of PHI to an unauthorized person in circumstances where that person would not reasonably have been able to retain the information, or (2) good faith unintentional access to, or acquisition or use of, PHI by Business Associate's employees, agents or subcontractors in the course of such person's performance of services authorized by the Contract provided that such PHI is not further accessed, acquired, used, or disclosed by any person.

L. Unsecured PHI means all PHI, *except*: (1) PHI in electronic form that is encrypted consistent with regulations promulgated by HHS or has been subject to disposal in a manner that renders the information irretrievable, or (2) PHI in paper form that has been shredded, burned, or otherwise rendered irrecoverable.

II. Rights and Obligations of Business Associate

A. General Obligations

1. Compliance with Privacy Rule

   a. Business Associate shall not use or further disclose PHI other than as permitted or required by HIPAA, the Privacy Rule, and this Attachment.

   b. Business Associate shall use appropriate safeguards to prevent use or disclosure of PHI other than as provided for by this Attachment.

   c. Business Associate shall report to Department any use or disclosure of PHI, known to Business Associate, that is not permitted by this Attachment.

2. Compliance with Security Rule

a. Business Associate shall implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of ePHI.

b. Business Associate shall report to Department any Security Breach of which Business Associate becomes aware.

3. Compliance with ARRA

a. Business Associate shall comply with the Security Breach notice requirements provided in Section II.A.4 of this Attachment.

b. Business Associate shall not receive remuneration, either directly or indirectly, in exchange for PHI, except as may be permitted by 42 U.S.C. § 17935(d). [This paragraph shall be effective 180 days after issuance of final regulations implementing 42 U.S.C. § 17935]

c. Pursuant to the Privacy Rule, made applicable to Business Associate by ARRA, Business Associate shall adopt, implement, and follow privacy policies and procedures in the same manner and to the same extent as if it were a Covered Entity.

d. Pursuant to the Security Rule, made applicable to Business Associate by ARRA, Business Associate shall adopt, implement, and follow security policies and procedures in the same manner and to the same extent as if it were a Covered Entity.

4. Notice of Security Breach

a. *Notice to Department*. Business Associate shall notify Department without unreasonable delay and within five (5) business days of Business Associate's discovery of a Security Breach. The notice to Department shall include the identity of each Individual whose Unsecured PHI was involved in the Security Breach, a brief description of the Security Breach, and any mitigation efforts. To the extent that Business Associate does not know the identities of all affected Individuals when it is required to notify Department, Business Associate shall provide such additional information as soon as administratively practicable after such information becomes available. For purposes of this paragraph, a Security Breach shall be treated as discovered as of the first day on which the Security Breach is known or should reasonably have been known to Business Associate (including any person, other than the one committing the Security Breach, who is an employee, officer, or other agent of Business Associate).

b. *Notice to Individuals*. On behalf of Department, Business Associate shall provide written notice of the Security Breach without unreasonable delay, but no later than sixty (60) calendar days following the date the Security Breach is discovered, or such later date as is authorized under 45 C.F.R. § 164.412, to each Individual whose Unsecured PHI has been, or is reasonably believed by Business Associate to have been, accessed, used, or disclosed as a result of the Security Breach. For purposes of this paragraph, a Security Breach shall be treated as discovered as of the first day on which the Security Breach is known or should reasonably have been known to Business Associate (including any

person, other than the one committing the Security Breach, who is an employee, officer, or other agent of Business Associate).

The content, form, and delivery of such written notice shall comply in all respects with 45 C.F.R. § 164.404(c)-(d).

Business Associate and Department shall cooperate in all respects regarding the drafting and the content of the notice. To that end, before sending any notice to any Individual, Business Associate shall first provide a draft of the notice to Department. Department shall have five (5) business days (plus any reasonable extensions) to provide comments on Business Associate's draft of the notice.

c. *Notice to Media*. On behalf of Department, Business Associate shall provide written notice of a Security Breach to the media to the extent required under 45 C.F.R. § 164.406. Business Associate and Department shall cooperate in all respects regarding the drafting and the content of the notice. To that end, before sending any notice to the media, Business Associate shall first provide a draft of the notice to Department. Department shall have five (5) business days (plus any reasonable extensions) to provide comments on Business Associate's draft of the notice.

d. *Notice to Secretary*. On behalf of Department, Business Associate shall provide written notice of a Security Breach to the Secretary to the extent required under 45 C.F.R. § 164.408. Business Associate and Department shall cooperate in all respects regarding the drafting and the content of the notice. To that end, before sending any notice to the Secretary, Business Associate shall first provide a draft of the notice to Department. Department shall have five business days (plus any reasonable extensions) to provide comments on Business Associate's draft of the notice.

If a Security Breach involves fewer than five hundred (500) Individuals, Business Associate shall maintain a log or other documentation of the Security Breach that contains such information as would be required to be included if the log were maintained by Department pursuant to 45 C.F.R. § 164.408, and provide such log to Department within five (5) business days of Department's written request.

5. Subcontractors and Agents. Business Associate shall ensure that any agent, including a subcontractor, to whom it provides PHI agrees to the same restrictions and conditions that apply through this Attachment to Business Associate with respect to PHI.

6. Access to Books and Records by Secretary. Business Associate shall make its internal practices, books, and records relating to the use, disclosure, and security of PHI available to the Secretary for purposes of the Secretary determining Department's and Business Associate's compliance with HIPAA.

7. Mitigation. Business Associate shall mitigate, to the extent practicable, any harmful effect that is known to Business Associate of (a) a use or disclosure of PHI by Business Associate in violation of the requirements of this Attachment, or (b) a Security Breach.

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B. Obligations Relating to Individual Rights

1. Restrictions on Disclosures. Upon request by an Individual, Department shall determine whether the Individual shall be granted a restriction on disclosure of PHI pursuant to 45 C.F.R. § 164.522. Department shall not agree to any such restriction without the prior consent of Business associate if such restriction would affect Business Associate's use or disclosure of PHI, *provided, however*, that Business Associate's consent is not required for requests that must be granted under 42 U.S.C. § 17935(a). Department shall communicate any grant of a request to Business Associate. Business Associate shall restrict its disclosures of the Individual's PHI in the same manner as would be required for Department. If Business Associate receives an Individual's request for restrictions, Business Associate shall forward such request to Department within five (5) business days.

2. Access to PHI. Upon request by an Individual, Department shall determine whether an Individual is entitled to access his or her PHI pursuant to 45 C.F.R. § 164.524. If Department determines that an Individual is entitled to such access, and that such PHI is under the control of Business Associate, Department shall communicate the decision to Business Associate. Business Associate shall provide access to the PHI in the same manner as would be required for Department. If Business Associate receives an Individual's request to access his or her PHI, Business Associate shall forward such request to Department within five (5) business days.

3. Amendment of PHI. Upon request by an Individual, Department shall determine whether the Individual is entitled to amend his or her PHI pursuant to 45 C.F.R. § 164.526. If Department determines that an Individual is entitled to such an amendment, and that such PHI is both in a designated record set and under the control of Business Associate, Department shall communicate the decision to Business Associate. Business Associate shall provide an opportunity to amend the PHI in the same manner as would be required for Department. If Business Associate receives an Individual's request to amend his or her PHI, Business Associate shall forward such request to Department within five (5) business days.

4. Accounting of Disclosures. Upon request by an Individual, Department shall determine whether any Individual is entitled to an accounting pursuant to 45 C.F.R. § 164.528. If Department determines that an Individual is entitled to an accounting, Department shall communicate the decision to Business Associate. Business Associate shall provide information to Department that will enable Department to meet its accounting obligations. If Business Associate receives an Individual's request for an accounting, Business Associate shall forward such request to Department within five (5) business days.

C. **Permitted Uses and Disclosures by Business Associate**. Except as otherwise limited in this Attachment or by Applicable Law, Business Associate may:

1. Use or disclose PHI to perform functions, activities, or services for or on behalf of Department, as specified in the Contract, *provided that* such use or disclosure (a) is consistent with Department's Notice of Privacy Practices, and (b) would not violate Applicable Law if done by Department;

2. Use PHI for the proper management and administration of Business Associate or to carry out the legal responsibilities of Business Associate;

3. Disclose PHI for the proper management and administration of Business Associate, *provided that* (a) Business Associate obtains reasonable assurances from the person to whom the information is disclosed that it will 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 the person notifies the Business Associate of any instances of which it is aware in which the confidentiality of the information has been breached, or (b) the disclosures are required by law; and

4. Use PHI to provide Data Aggregation services to Department as permitted by 45 C.F.R. § 164.504(e)(2)(i)(B).

III. Rights and Obligations of Department

A. Privacy Practices and Restrictions

1. Upon request, Department shall provide Business Associate with the notice of privacy practices that Department produces in accordance with 45 C.F.R. § 164.520. If Department subsequently revises the notice, Department shall provide a copy of the revised notice to Business Associate.

2. Department shall notify Business Associate of any restriction to the use or disclosure of PHI that Department has agreed to in accordance with 45 C.F.R. § 164.522. Department shall provide Business Associate with any changes in, or revocation of, permission by an Individual to use or disclose PHI, if such changes affect Business Associate's permitted or required uses and disclosures.

B. Permissible Requests by Department. Department shall not request Business Associate to use or disclose PHI in any manner that would not be permissible under the Privacy Rule if done by Department.

IV. Term and Termination

A. Term. This Attachment shall become effective upon execution by the Parties and shall supersede any existing Business Associate Agreement among the Parties. The requirements of this Attachment shall end upon the termination of the Contract or upon termination for cause as set forth in the following Section IV.B, whichever is earlier.

B. Termination for Cause. Upon any Party's knowledge of a material breach of this Attachment by another Party, the nonbreaching Party shall have the following rights:

1. If the breach is curable, the nonbreaching Party may provide an opportunity for the other Party to cure the breach or end the violation. Alternatively, or if the other Party fails to cure the breach or end the violation, the nonbreaching Party may terminate this Contract.

2. If the breach is not curable, the nonbreaching Party may immediately terminate this Contract.

3. If termination is not feasible, the nonbreaching Party may report the problem to the Secretary.

C. Effect of Termination.

1. Except as provided in Section IV.C.2, upon termination of this Contract, for any reason, Business Associate shall return or destroy all PHI within its possession or control, and all PHI that is in the possession or control of Business Associate's subcontractors or agents. Business Associate shall retain no copies of the PHI.

2. If Business Associate determines that returning or destroying the PHI is infeasible, Business Associate shall provide to Department notification of the conditions that make return or destruction infeasible. Business Associate shall extend the protections of this Attachment 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.

V. Miscellaneous

A. Electronic Health Records. The Parties agree that Business Associate shall not maintain any "electronic health record" or "personal health record," as those terms are defined in ARRA, for or on behalf of Department. As such, Business Associate has no obligation to document disclosures that are exempt from the accounting requirement under 45 C.F.R. § 164.528(1)(i)-(ix), and Department agrees not to include Business Associate on any list Department produces pursuant to 42 U.S.C. § 17935(c)(3).

B. Regulatory References. A reference in this Attachment to a section in any Applicable Law means the section in effect or as amended, and for which compliance is required.

C. Amendment. The Parties agree to take such action as is necessary to amend this Attachment from time to time as is necessary for Department to comply with the requirements of Applicable Law. All amendments to this Attachment, except those occurring by operation of law, shall be in writing and signed by both Parties.

D. Survival. The respective rights and obligations of Business Associate under Section IV.C. of this Attachment shall survive the term and termination of the Contract.

E. Interpretation. Any ambiguity in this Attachment shall be resolved in favor of a meaning that permits Department to comply with Applicable Law.

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

G. Assignment. No assignment of rights or obligations under this Attachment shall be made by either Party without the prior written consent of the other Party; provided however, that Business Associate may assign the rights and obligations under this Attachment to an affiliate.

H. Effect on Agreement. Except as specifically required to implement the purposes of this Attachment, or to the extent inconsistent with this Attachment, all other terms of the underlying Contract shall remain in force and effect.

12183-RFP EXHIBIT C

MARICOPA COUNTY

Health Insurance Portability and Accountability Act of 1996 ("HIPAA")
Business Associate Provisions

I. **Counterparts.** This Attachment may be executed in counterparts, each of which may be deemed an original.

HEALTHCARE HORIZONS
FIRM NAME

John M Graham
PERSON SIGNING (PLEASE PRINT)

SIGNATURE

6/3/13
DATE

OFFICE OF PROCUREMENT SERVICES

Wesley L. Baysinger
PERSON SIGNING (PLEASE PRINT)

DATE 6/25/13

SIGNATURE

HEALTHCARE HORIZONS, INC., ONE CHEROKEE MILLS, 2220 SOUTHERLAND AVE, KNOXVILLE, TN 37919
~~216 CENTERVIEW DRIVE, SUITE 297, BRENTWOOD, TN 37027~~

PRICING SHEET: NIGP CODE 96116

Vendor Number:	2011003364 0
Certificates of Insurance	Required
Contract Period:	To cover the period ending **June 30,** ~~2016~~ **2018.**