DIVISION OF HEALTH CARE ACCESS AND ACCOUNTABILITY

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State of Wisconsin

Department of Health Services

Contract for Services
between
The Department of Health Services (DHS) /
Division of Health Care Access and Accountability (DHCAA)
and
The State and Public Consulting Group (PCG)
for
Hospital Rate Setting and Related Services

This Contract is entered into for a period of two (2) years beginning July 1, 2012 and ending June 30, 2014 with an option by mutual agreement of the Agency and Contractor, to renew for one (1) additional one (1) years periods, by and between the State of Wisconsin as represented by the Department of Health Services (DHS), on behalf of the Division of Health Care Access and Accountability (DHCAA), whose principal business address is One West Wilson Street, PO Box 309, Madison, WI 53707-0309, herein referred to as "*the State*", and Public Consulting Group (PCG), whose principal business address is 504 Lavaca Street, Suite 930, Austin, TX, 78701 hereinafter referred to as "*the Contractor*".

The Department's Contract Administrator is Krista Willing, whose principal business address is 1 West Wilson Street, P.O. Box 309, Madison, Wisconsin 53701. In the event that the Department's Contract Administrator is unable to administer this Contract the Department will notify the Contractor and designate a new Contract Administrator.

PCG's Contract Administrator is Matthew Sorrentino, whose principal business address is 504 Lavaca Street, Suite 930, Austin, TX 78701. In the event that the Contractor's Contract Administrator is unable to administer this Contract, the Contractor will contact the Department and designate a new Contract Administrator.

Unless otherwise agreed to by the parties, the terms and conditions of the Contract shall remain in full force and effect throughout any and all renewal periods.

WHEREAS, the State wishes to purchase services from the Contractor as it is authorized to do so by Wisconsin law; and

WHEREAS, the Contractor is engaged in furnishing the desired services;

NOW THEREFORE, in consideration of the mutual undertakings and agreements herein set forth and which the Parties hereby acknowledge constitute good and valuable consideration sufficient to establish this Contract as a binding legal obligation under applicable law, the Parties hereby agree as follows:

I. DEFINITIONS

Unless otherwise defined herein, the definition of any term requiring such can be found in the RFP/RFB or in the applicable law(s).

Contract: The collected documents describing the agreement between the parties, including the body of this Contract, the attachments, the provisions of the RFB/RFP along with its amendments and its Questions and Answers documents as posted, the provisions of the Contractor's Technical and Cost Bid/Proposal, as accepted by the State, and any written clarifications thereof, and any other documents incorporated by reference into this Contract as if fully set forth herein.

Days: Calendar days, unless otherwise noted.

RFB/RFP: The Request for Bid/Proposals and all Attachments thereto, as issued by the State under the title of "DHS Hospital Rate Setting and Related Services" (RFP 1725) and clarified and amended throughout the procurement process.

II. FUNCTIONS AND DUTIES OF THE CONTRACTOR

A. General Contractual Responsibilities

1. Effect and maintain liaison and fully cooperate with designated State staff with respect to the direction and performance of Contractor's contractual responsibilities.

2. Assume complete financial responsibility and liability for payment to creditors for costs incurred by Contractor in the performance of contractual obligations.

3. No later than three (3) days from the date of discovery of any problem which may jeopardize the successful or timely completion of its obligations, notify the Contract Administrator in writing of the problem, including in such notice Contractor's recommendation for expeditious resolution of the problem.

4. Refer to the Contract Administrator any suspected fraudulent or abusive practices Contractor encounters in the performance of its contractual activities. Produce, on a timely basis, reports and other documentation reflecting information or data possessed by the Contractor, which is in need of investigation or document suspected instances of fraud or abuse in any of the programs administered.

B. Copyright Ownership

All right, title, and interest in all copyrightable materials that the Contractor may conceive or originate, either individually or jointly with others, and that are designed or developed with state or federal funds in the course of performing this Contract will be the property of the State and are by this Contract assigned to the State along with ownership of any and all copyrights in the copyrightable material. The Contractor agrees to execute all papers and perform all other acts necessary to assist the State to obtain and register copyrights on such materials in any and all countries. Where applicable, works of authorship created by the Contractor, either individually or jointly with others, for the State in performance of this Contract will be considered "works made for hire" as defined in the U.S. Copyright Act.

C. Compliance with Applicable Laws and Policies

1. General

The Contractor and its subcontractors shall comply with all applicable federal and state laws and state policies and standards that are in effect during the term of this Contract and that in any manner affect the work performed, with particular emphasis on the confidentiality provisions of federal food stamp law and federal and state Medicaid and other public benefits laws. In addition, the Contractor shall comply with the federal regulations implementing the Health Insurance Portability and Accountability Act of 1996 (HIPAA), 45 CFR, Parts 160, 162 and 164, to the extent those regulations apply to the services the Contractor provides or purchases with funds provided under this Contract. The Contractor has been deemed a "Business Associate" and will be required to sign a Business Associate Agreement.

2. Drug-Free Workplace

The Contractor will provide a drug-free workplace, in accordance with the Drug-Free Workplace Act of 1988 and implemented in 45 CFR Part 76 Subpart F for grantees, as defined in 45 CFR Part 76, Section 76.606 and 76.610.

3. Affirmative Action Plan (AA) and Civil Rights Compliance (CRC)

All recipients of federal and/or state funding to administer programs, services and activities through the Wisconsin Department of Health Services must comply with the Department's CRC Plan requirements. Information about these requirements can be found at http://dhs.wisconsin.gov/civilrights/Index.HTM.

The Affirmative Action Plan is not part of the CRC Plan.

a) Affirmative Action Plan

1) For agreements where the Provider has 25 employees or more and a contract value of $25,000 or more annually, the Contractor shall complete the AA plan. The Contractor with an annual work force of less than 25 employees or a contract value of less than $25,000 annually may be exempt from submitting the AA Plan.

2) The AA Plan is written in detail and explains the Contractor's program. To obtain instructions regarding the AA Plan requirements go to: http://vendornet.state.wi.us/vendornet/contract/contcom.asp

3) The Contractor must file its AA Plan within 15 calendar days after award of the contract. The Plan must be submitted to:

Department of Health Services
Division of Enterprise Services
Office of Procurement and Contract Management
Affirmative Action Officer
1 W. Wilson Street, Room 665
P.O. Box 7850
Madison, WI 53707

Compliance with the requirements of the AA Plan will be monitored by the DHS Office of Affirmative Action and Civil Rights Compliance.

b. Civil Rights Compliance (CRC) Plan

1) Providers receiving federal and/or state funding to administer programs, services and activities through DHS must file a Civil Rights Compliance Letter of Assurance (CRC LOA) for the compliance period of 2010-2013 regardless of the number of employees and the amount of funding received. All Providers with 25 or more employees AND who receive contracts in excess of $25,000 in annual value must complete a Civil Rights Compliance (CRC) Plan; however, submission of the CRC Plan is not required. The CRC Plan is to be kept on file and made available upon request to any representative of the Department of Health Services. Specific guidance

concerning requirements for the CRC Plan can be found at http://dhs.wisconsin/gov/civilrights/Index.HTM.

For technical assistance on all aspects of the Civil Rights Compliance, the Provider is to contact the Department's AA/CRC Office at:

Department of Health Services
1 W. Wilson Street, Room 555
P.O. Box 7850
Madison, WI 53707
(608) 266-9372 (voice)
(888) 701-1251 (TTY)

2) Contractors subcontracting federal or state funding to other entities must obtain a CRC LOA from their subcontractors. The CRC LOA must be kept on file and produced upon request or at the time that an on-site-monitoring visit is conducted. Subcontractors with 25 or more employees AND who receive over $25,000 in annual contract funding must complete CRC Plan. The CRC Plan to be kept on file and produced upon request by the DHS AA/CRC Office, a representative of the DHS or at the time the Contractor conducts an on-site monitoring visit.

3) Contractor agrees to not discriminate in the provision of services or benefits on the basis of age, color, disability, national origin, race, religion or sex/gender. This policy covers enrollment, access to services, facilities, and treatment for all programs and activities. All employees of the Contractor are expected to support goals and programmatic activities relating to nondiscrimination in service delivery.

4) Contractor agrees to not exclude qualified persons from employment or otherwise subject them to discrimination in employment in any manner or term or condition of employment on the basis of age (over 40), arrest record, conviction record, color, creed/religion, disability, genetic testing, honesty testing, marital status, military service, pregnancy or childbirth, race/ethnicity, national origin or ancestry, sex, or sexual orientation, use of legal products during non-work hours outside of employer's premises, except as otherwise authorized by applicable statutes. All Contractor employees are expected to support goals and programmatic activities to non-discrimination and non-retaliation in employment.

5) Contractor agrees to comply with all the requirements in the revised DHS CRC Plan and to require that their subcontractors comply with the DHS CRC plan during the contract period. Specific guidance about the requirements for the CRC Plan can be found at:http://dhs.wisconsin.gov/civilrights/Index.HTM.

6) The Department will monitor the Civil Rights and Affirmative Action compliance of the Contractor. The Department will conduct reviews to ensure that the Contractor is requiring compliance by its subcontractors or grantees. The Contractor agrees to comply with Civil Rights monitoring reviews, including the examination of records and relevant files maintained by the Provider, interview with staff, clients, and applicants for services, subcontractors, grantees, and referral agencies. The reviews will be conducted according to Department procedures. The Department will also conduct reviews to address immediate concerns of complainants.

7) The Contractor agrees to cooperate with the Department in developing, implementing and monitoring corrective action plans that result from complaint investigations or monitoring efforts.

D. Contract Management

1. Records

Documentation and materials developed or acquired by the Contractor pertaining to work performed under this Contract will become the property of the State. All records, books and documents, including electronic storage media, relating to financial matters will be maintained in accordance with generally accepted accounting procedures and practices that sufficiently and properly reflect all revenues and expenditures of funds provided by the State under the Contract.

Contractor and its subcontractors shall retain and safeguard all pertinent records, documents and other material prepared or utilized in the performance of contractual responsibilities for a period of five (5) years following expiration or termination of contract. Contractor shall not use or disclose any records, information or material developed or acquired in the performance of its contractual obligations for purposes not directly related to Contractor's performance under this Contract, without the prior written approval of the State. The said pertinent records shall be delivered to the State upon written request.

At any time during the Contract and for five (5) years following the expiration or termination of the Contract, the Contractor and its

subcontractors shall permit authorized personnel designated by either the United States Department of Health and Human Services, United States Department of Agriculture, Comptroller General, or the Wisconsin Department of Health Services to have access at reasonable times to any of the Contractor's pertinent books, documents, electronic media, and records of any kind, involving transactions relating to this Contract. Access shall include the right to examine, audit, excerpt, transcribe or reproduce, any of the subject material. Contractor shall have the right to reproduce said material, and be reimbursed for the cost of reproduction, on the Contractor's premises at a cost not to exceed the cost that would have been incurred if the materials were reproduced off the Contractor's premises. If the information requested is in electronic format, Contractor will provide copies of the media as may be requested by the State.

Notwithstanding the above, access and examination of records which relate to (1) litigation or the settlement of claims arising out of the performance of this Contract, or (2) costs and expenses of this Contract as to which exception has been taken by the State, CMS, DHHS, USDA, OIG, Comptroller General or any of their authorized representatives, shall continue at least until such appeals, litigation, claims or exceptions have been disposed of. The Contractor further agrees that the substance of this requirement shall be inserted in each subcontract.

Upon expiration or termination of the Contract and at the request of the State, the Contractor will cooperate with the State to facilitate the transfer of any records or documents during the required retention period.

2. Monitoring

The Contractor will provide reports as required by the RFP or as reasonably requested by the State, including status, progress, program, and financial reports, that will be used for monitoring progress or performance of the contractual services.

The Contractor will permit access to its premises, upon reasonable prior notice, by persons duly authorized by the state or federal government and to interview any employees of the Contractor to be assured of satisfactory performance of the requirements of the Contract. Such inspection will not unduly interfere with the Contractor's performance under the Contract. Following any such inspections, the State will provide the Contractor with a list of its comments with regard to the manner in which said services are being performed. The Contractor will develop and implement a corrective action plan, as directed by the State.

3. Audits

The Contractor will for each year, in whole or in part, for which they provide services under this contract, provide the State with a copy of the audited financial statements of it or its parent company as filed with the Securities and Exchange Commission. Contractor will fulfill all audits required by Wisconsin or Federal Law at its own expense.

4. Insurance

The Contractor will provide liability insurance coverage on a comprehensive basis and hold such liability insurance at all times during the existence of the Contract. The Contractor accepts full responsibility for identifying and determining the type(s) and extent of liability insurance necessary to provide reasonable financial protection for the Contractor and the State to be served under the Contract. Upon the execution of the Contract, the Contractor will furnish the State written verification supporting both the determination and existence of such insurance coverage, including Certificates of Insurance for all types of insurance required under this paragraph. The State reserves the right to require additional insurance.

The Contractor will maintain all required insurance for its employees, including workers' compensation insurance.

5. Confidentiality

Throughout the course of business, Contractor may have occasion to collect confidential personal and demographic data from individuals covered by State programs. Contractor may not use either personal or demographic member data for any purpose that is not directly related to the fulfillment of Contractor's responsibilities under the terms of this agreement without written permission from the State.

The Contractor shall not use confidential information for any purpose other than the limited purposes set forth in this Contract, and all related and necessary actions taken in fulfillment of the obligations there under. The Contractor shall hold all confidential information in confidence, and shall not disclose such confidential information to any persons other than those directors, officers, employees, and agents *("Representatives")* who have a business-related need to have access to such confidential information in furtherance of the limited purposes of this Contract and who have been apprised of, and agree to maintain, the confidential nature of such information in accordance with the terms of this Contract.

Contractor shall institute and maintain such security procedures as are commercially reasonable to maintain the confidentiality of the Confidential Information while in its possession or control including transportation, whether physically or electronically.

Contractor shall ensure that all indications of confidentiality contained on or included in any item of confidential information shall be reproduced by Contractor on any reproduction, modification, or translation of such confidential information. If requested by the State, Contractor shall make a reasonable effort to add a proprietary notice or indication of confidentiality to any tangible materials within its possession that contain confidential information of the State, as directed.

Unauthorized Use, Disclosure, or Loss

If Contractor becomes aware of any threatened or actual use or disclosure of any Confidential Information that is not specifically authorized by this Agreement, or if any confidential information is lost or cannot be accounted for, Contractor shall notify the State's (Contract Manager/Contact Liaison/Privacy Officer) within the same business day the Contractor becomes aware of such use, disclosure, or loss. Such notice shall include, to the best of the Contractor's knowledge at that time, the persons affected, their identities, and the confidential information disclosed.

The Contractor shall take immediate steps to mitigate any harmful effects of the unauthorized use, disclosure, or loss. The Contractor shall reasonably cooperate with the State's efforts to seek appropriate injunctive relief or otherwise prevent or curtail such threatened or actual breach, or to recover its confidential information. In addition, the Contractor will implement a corrective action plan developed by the State in consultation with Contractor. Unless the cause of the unauthorized use, disclosure, or loss is beyond the control of the Contractor, Contractor will bear the costs of the actions taken under this paragraph.

If requested by the State, Contractor shall return or destroy all Individually Identifiable Health Information and Personally Identifiable Information it holds upon termination of this Contract

Definitions used herein:

"*Confidential Information*" means all tangible and intangible information and materials accessed or disclosed in connection with this Agreement, in any form or medium (and without regard to whether the information is owned by the State or by a third party), that satisfy at least one of the following criteria: (i) Personally Identifiable Information; (ii) Individually Identifiable Health Information; (iii) non-public information related to the State's employees, customers, technology (including data bases, data processing and communications networking systems), schematics, specifications, and all information or materials derived there from or based thereon; or (iv) information designated as confidential in writing by the State.

"*Individually Identifiable Health Information*" means information that relates to the past, present, or future physical or mental health or condition

of the individual, or that relates to the provision of health care in the past, present or future, and that is combined with or linked to any information that identifies the individual or with respect to which there is a reasonable basis to believe the information can be used to identify the individual.

"Personally Identifiable Information" means an individual's last name and the individual's first name or first initial, in combination with and linked to any of the following elements, if the element is not publicly available information and is not encrypted, redacted, or altered in any manner that renders the element unreadable: (a) the individual's Social Security Number; (b) the individual's driver's license number or state identification number; (c) the number of the individual's financial account, including a credit or debit card account number, or any security code, access code, or password that would permit access to the individual's financial account; (d) the individual's DNA profile; or (e) the individual's unique biometric data, including fingerprint, voice print, retina or iris image, or any other unique physical representation, and any other information protected by state or federal law.

Survival

This Section shall survive the termination of the Agreement.

6. Subcontractors

The Contractor may not enter into a subcontract for work to be performed under the Contract beyond that which is described in the RFP, without prior written approval of the State, which approval will not be unreasonably withheld. The State may rescind the approval during the term of the Contract for good cause. The Contractor will provide copies of all contracts with these subcontractors, excluding pricing or proprietary information, 45 business days prior to the effective date of such subcontracts. Upon receipt, the State will have 20 business days to review such contracts and provide in writing to the Contractor any concerns regarding the level of service that is required of such subcontractors by the Contractor in meeting its contractual obligations to the State. If the State expresses concerns, the Contractor agrees to resolve any such concerns in these subcontracts. The Contractor will address each concern in writing to the State no later than 20 business days from receipt of the State's concerns. Approval by the State of any subcontract will not be deemed in any event or in any manner as a provision for the incurring of any obligation by the State in excess of the total dollar amount in the Contract.

All subcontracts are subject to the same conditions of the Contract between the State and the Contractor and to any conditions of approval the State may deem necessary.

The Contractor is solely responsible for Contract performance by all of its subcontractors, and subcontractors must adhere to the same standards required of the Contractor.

7. Staffing

The State reserves the right to require replacement of any key personnel working under the Contract for reasonable cause, as such cause is determined by the State. For purposes of this provision, key personnel are staff in the following positions:

- Project Director
- Project Manager
- Inpatient Service Leads (2)
- Outpatient Services Leads (2)
- Data Analysis Lead

8. Reports

The Contractor shall provide the State with written reports that are clear, concise and useful for the audience for whom they are intended. The reports shall be composed in a manner consistent with State specifications. All reports shall be provided in electronic formats compatible with software applications in use by the State (e.g., MS WORD, EXCEL) as well as in hard copy, as specified by the State. The Contractor is responsible for assuring that it completely understands the specifications and requirements for all reporting and other activities under the contract. Where required, the Contractor shall provide supporting documents such as attachments for the report.

9. Travel

The State assumes no liability for any accident or injury that may occur to the Contractor's employees, agents, subcontractors or personal property while en-route to or from government facilities or during any travel associated with or mandated by the terms of the Contract.

III. FINANCIAL MATTERS

A. Payments

The State will make payment for Hospital Rate Setting and Related Services provided in accordance with the terms and conditions of this contract.

The State will issue payment on a quarterly basis based on invoices received from the contractor in accordance with the cost proposal in the Hospital Rate Setting and Related Services RFP.

B. Taxes

The Contractor will be responsible for payment of taxes on the funds received under this Contract, which will be identified under the Contractor's actual tax identification number(s).

C. Overpayments

The Contractor will return to the State any overpayments due to unearned funds, federal funds disallowed due to Contractor's fault, or funds disallowed pursuant to the terms of the Contract. The Contractor will return any overpayment to the State within (40) days after either discovery by the Contractor or its independent auditor or notification by the State of the overpayment. In the event the State first discovers an overpayment has been made, the State will notify the Contractor by letter of such a finding. At its discretion, the State may recover the overpayments by deducting the overpayment amount from any money otherwise payable to the Contractor.

D. Withholding and Deduction

1. Withholding

The State has the right to withhold any and all payments due the Contractor if the Contractor fails to perform consistent with this Contract, fails to meet a provision of this Contract, or if the State reasonably determines such withholding to be necessary to protect the State against potential losses or liabilities, including potential Federal disallowance or sanctions. The payments to be withheld will be in an amount the State determines necessary to cause the Contractor to correct its failures or to protect the State against potential losses or liabilities and will be withheld until the failure to perform or meet the Contract provision is cured, or until the potential loss or liability ceases. The State will withhold funds pursuant to this section only after the State has given notice of intent to withhold funds and the reasons for withholding continue after 14 days of such notification.

2. Deduction

The State makes payments only for services that are actually provided and that meet the terms and conditions of this Contract. Therefore, the State has the right to reduce its total financial obligations to the Contractor by the amount being withheld if, at the expiration or the termination of the Contract, the Contractor has not yet cured its failures or caused the potential losses or liabilities to cease. In addition, the State has the right to reduce its total financial obligations to the Contractor by an amount equal to the amount imposed against the state as a federal disallowance or sanction that is attributable to the Contractor's performance or failure to perform.

The State has the right to deduct from funds otherwise payable to the Contractor any amounts due the State from the Contractor for any other reason specifically provided under this Contract.

E. Accounting Systems

The Contractor shall maintain an accounting system in accordance with generally accepted accounting principles and in accordance with appropriate federal guidelines for the purpose of audit and examination of any books, documents, papers, and records maintained in support of this Contract. All funds under this Contract shall be fully accounted for separately and independently of any other funds of the Contractor. The Contractor shall establish and maintain separate ledgers and checking accounts for the revenues from this Contract, wherein funds shall be clearly identifiable. All disbursements shall be supported by an invoice approved and signed by an appropriate Contractor's representative to document receipt of the materials or services. A separate Accounts Receivable file shall be maintained for each carrier to whom billings are directed and the state shall have access to review it in Wisconsin at any time during normal business hours.

IV. CONTRACTOR COMMITMENTS AND CERTIFICATIONS

A. Debarment

The Contractor certifies that to its knowledge neither the Contractor nor any of its owners, officers, principals, agents or employees, whether paid or voluntary, neither is or has been debarred or suspended or otherwise excluded from or ineligible for participation in federal assistance programs nor has been proposed for debarment, suspension or exclusion. The Contractor further certifies the same for its subcontractors or their owners, officers, principals, agents or employees.

The Contractor will immediately notify the State if during the term of the Contract it or its subcontractor or any of the persons listed in the paragraph above are proposed for debarment, suspension or exclusion from participation in a federal assistance program.

B. Political Activity and Lobbying

The Contractor will comply with all applicable provisions of the Federal "Hatch Act," as amended.

The Contractor warrants and represents to the State that no Federal or State funds, including but not limited to the funds received from the State under this Contract, have been paid or will be paid, either directly or indirectly, for any partisan political activity or to further the election or defeat of any candidate for public office. The Contractor further agrees that if any other funds from any source are used for such purposes as are described hereinabove in this paragraph, the Contractor will immediately disclose same in writing to the State.

The Contractor warrants and represents to the state that no federal or state funds, including but not limited to the funds received from the State under this Contract, have been paid or will be paid, either directly or indirectly, to lobby, influence or attempt to influence any federal or state agency or any member of Congress or any State's legislature concerning any state or federal statute, legislation, grant, loan, cooperative agreement or any other matter pending before the Congress or before any State legislature.

C. Conflict of Interest

The Contractor certifies that it does not presently have any interest, and will not acquire any interest, direct or indirect, that will conflict in any manner or degree with its performance under this Contract. The Contractor will not employ or contract with any entity or person that has such a known conflict.

D. Infringement

The Contractor represents that to the best of its knowledge none of the software to be used, developed, or provided pursuant to the Contract violates or infringes upon any patent, copyright, or any other right of a third party. In the event of any action brought against the State in which infringement of a U.S. patent or copyright is claimed, the Contractor will indemnify the State against any expenses, costs or damages incurred by the State on account of such claim, provided that:

- The Contractor is notified of any claim within 15 work days after the State becomes aware of it; and

- The Contractor is afforded an opportunity to participate in the defense, or in the negotiation of a settlement, of such claims. The Contractor shall have the right to disapprove any negotiated settlement. No limitation of liability provision of the Contract shall apply to the indemnification provided by this Section.

In the event such a claim occurs or in the Contractor's opinion is likely to occur, the Contractor will, at its option and expense, either procure for the State the right to continue using the software or to replace or modify the same so that it becomes non-infringing within a reasonable period of time mutually agreed to between the State and the Contractor.

V. CONTRACT PERFORMANCE; DELIVERABLES

The Contractor must provide the services and comply with all the requirements and specifications contained in the RFP, as amended, and Questions and Answers posted thereto.

All clarifications regarding scope of services, targeted service levels, and delivery parameters necessitated during the contract period will be issued and negotiated

through formal amendments to the contract. All amendments thus negotiated will become part of this Contract upon signature by both parties.

VI. DAMAGES AND INDEMNIFICATION

A. Liability; Indemnification

The Contractor agrees to be liable for all claims, suits, judgments, or damages, including court costs and attorney's fees, arising out of the acts or omissions of the Contractor and its agents, subcontractors, and employees in the course of the operation of the Contract.

Further, the Contractor agrees to indemnify and defend the State against all claims, suits, judgments, or damages, including court costs and attorney's fees, arising out of acts or omissions of the Contractor and its agents, subcontractors, and employees in the course of the operation of the Contract.

Upon notice of any claim against the State for which the Contractor has agreed to defend the State, the State will provide prompt notice of said claim to the Contractor. The State will provide reasonable assistance in defense of claims. Any proposed settlement will be subject to review and approval by the State.

B. Damages

1. Damages in General.

The Contractor shall be liable to the State for all direct damages that may be incurred by the State as a result of the Contractor's acts or failure to perform in conformance with the Contract. For these purposes, a disallowance taken against the State by a federal agency will be a direct damage.

If the State elects to not exercise a damage clause in a particular instance, this decision shall not be construed as a waiver of the State's right to pursue associated damages or other remedies, including contract termination, for failure to meet performance requirements in the future.

2. Liquidated Damages

The State declares, and the Contractor acknowledges, that the State may suffer damages due to the Contractor's delay or failure to perform in accordance with the terms and conditions of this Agreement. Since it is impractical and difficult to accurately fix actual damages sustained in the event of any such delay or failure, the parties agree that damages sustained from the following reason shall be in the amount set forth in this section as liquidated damages and not as a penalty.

The State will notify the Contractor in writing of the assessment of liquidated damages. The Contractor shall not be liable for liquidated damages when delays or failures arise from causes that are not primarily the responsibility of the Contractor or result from causes beyond the reasonable control of Contractor (Force Majeure). At the State's option, the following liquidated damages may be deducted by the State from any monies due and payable to the Contractor, if Contractor has not remedied the delay or failure within 3 business days of the State's notice of intent to impose liquidated damages:

Reason for Assessment of Liquidated Damages: Damages may be assessed by the State, in the amount of $150.00 per business day, not to exceed one-half the total annual amount of the Contract, for every day past the scheduled delivery date for the final hospital rates due the State.

VII. STOP AND CORRECT

A. Stop Services

In addition to its other remedies, the State has the right at any time to order that the services of the Contractor or any of its subcontractors be fully or partially stopped, if, in the reasonable judgment of the State, the services fail to comply with the terms and conditions, including without limitation the performance requirements in the RFB/RFP. The Contractor will receive from the State advance written notice of the reasons for the order and a description of the actions that must be taken in order to correct the noncompliance.

B. Correction

If the State determines that a noncompliance by the Contractor with any term or provision of this Contract is occurring, it has the right to demand immediate correction while permitting the Contractor to continue to provide services under this Contract. The Contractor will, without additional cost to the State, correct or revise all errors or deficiencies in any Contract work.

In addition, if the Contractor fails to commence such correction and diligently prosecute the same to completion, the State may directly or through another contractor, correct any noncompliance without prejudice to any other remedy it may have. The Contractor will directly reimburse the State for all reasonable and necessary costs incurred by the State, including procurement-related costs to correct such noncompliance, or the State may deduct these costs from payment otherwise due the Contractor.

VIII. CONTRACT AMENDMENT

Except where mandated by a change in state or federal law or court order, any modification to or amendment of the original Contract requires the mutual written consent of the parties.

IX. EXPIRATION; TERMINATION; TURNOVER

A. Expiration

Unless sooner terminated, the Contract will expire on June 30, 2014. In the event the State elects to exercise renewal options and the Contractor agrees to such renewal, the revised expiration date will be specified in the amendment to extend.

B. Termination.

1. The Contract may be terminated by mutual written agreement of the parties.

2. The Contract may be terminated by the State for the following reasons:

- For cause, upon a failure of Contractor to comply with the terms and conditions of this Contract, provided that the State shall give Contractor written notice specifying Contractor's breach. In the event that 30 days after the receipt by Contractor of such notice, Contractor shall not have remedied said breach or, for a breach which cannot reasonably be corrected in 30 days, commenced in good faith to correct said breach and thereafter proceeded diligently to complete such correction, the State may, by giving written notice to Contractor, terminate the Contract as of the date specified in the notice. The following will constitute Contractor breach under this paragraph in addition to other Contractor breaches:

  -Fails to follow the sales and use tax certification requirements of s. 77.66, Wis. Stats.;

  -Has a delinquent Wisconsin tax liability;

  -Fails to follow the non-discrimination or affirmative action requirements of subch. II, Chapter 111 of the Wisconsin Statutes (Wisconsin's Fair Employment Law); or,

  -Fails to maintain and keep in force all required insurance, permits or licenses required in this Agreement.

The State may terminate this Contract for cause but without providing an opportunity to cure if the Contractor:

- Is or becomes a federally debarred contractor;
- Is presently identified on the list of parties excluded from federal or state procurement and non-procurement contracts;

- Intentionally or through lack of reasonable care, releases the State's Confidential Information; or

- Files a petition in bankruptcy, becomes insolvent, or otherwise takes action to dissolve as a legal entity.

Termination for cause by the State shall, in addition to any other rights the State may have, require reimbursement of the State's reasonable termination costs.

- For convenience if the State shall have reasonably and in good faith determined that termination would be in the best interest of the State, provided that State shall give Contractor no less than 90 days prior written notice. The State shall afford the Contractor reasonable opportunity to present arguments that termination is not in the best interest of the State. Termination by State pursuant to this subsection shall create an obligation upon State to reimburse Contractor the cost of contractual services performed prior to the date of termination plus any termination expenses incurred with the prior written approval of the State.

- If required by a change in federal or state law or by court order to the extent said charge necessitates termination in whole or in part.

- By the State, in whole or in part, whenever funding from State or Federal sources is withdrawn, reduced, or limited. The State will not incur liability beyond the payment of those services agreed to and provided through the date of termination of the Contract for lack of appropriation of funds. The State is the final authority as to the availability of funds and will provide as much notice of termination under this provision to the Contractor as is reasonably possible. Notwithstanding the foregoing, the contract will continue in full force and effect during any period of 60 days or less wherein funds are temporarily unavailable either from State or Federal funding sources.

3. The Contract may be terminated by the Contractor for the following reasons:

- For cause, upon a failure of State to comply with the terms and conditions of this Contract, provided that Contractor shall give the State written notice specifying State's breach. In the event that (i) the alleged breach is related to payment for Contractor's services and within 10 days of receipt of notice, the State shall not have contested, remedied or taken action to remedy the breach alleged or (ii) the alleged breach does not relate to payment for Contractor's services and within 30 days of receipt of notice the State shall not have either contested or remedied said breach, or for breach which cannot be reasonably remedied in 30 days, commenced in good faith

effort to correct said breach, then Contractor may, by giving 30 days advance written notice, terminate the Contract. Termination by Contractor under this subsection shall impose on the State an obligation to reimburse Contractor the cost of services performed up to the date of termination and reasonable, direct and fixed termination costs incurred by the Contractor, such as unavoidable rent, utilities, severance pay and/or equipment costs.

- For convenience if written notice is delivered by the Contractor to the State not less than (90) days prior to the effective date of said termination.

4. Unless otherwise directed, Contractor will continue providing the services delineated in the RFB/RFP until the date of termination.

   Contractor shall meet any obligations that are imposed under this Contract upon termination, including providing copies at the State's request of any documents, work papers, records, magnetic media, or reports of any kind relating to the services delivered under this Contract.

C. Turnover

1. Turnover Responsibilities

   The parties acknowledge that the continuing provision of high quality services requires that there be no disruption of services during a turnover from the Contractor to the State or to a successor contractor, if any, at the expiration or termination of this Contract. Accordingly, the Contractor will cooperate fully in providing for an orderly and controlled transition to the State or to a successor contractor and will minimize any disruption in the services to be performed under this Contract.

2. Continuation

   Notwithstanding any other provision in this Contract, the Contractor shall continue providing Contract services until the State determines that the State or a successor contractor is prepared to fully assume the Contractor's duties and obligations under this Contract. All the terms and conditions of the Contract will apply during this continuation period.

3. Staff

   The Contractor shall maintain the staffing requirements in this Contract until the State or a successor contractor fully assumes the Contractor's responsibilities under this Contract.

4. Management

The Department's Contract Administrator will oversee the turnover by coordinating turnover activities and approving the turnover plan. The Contractor shall designate a person responsible for coordinating its turnover responsibilities and will assign staff as the State determines is necessary to assist in the turnover. Status meetings including staff from all parties involved in the turnover will be held as frequently as the State determines is necessary.

5. Turnover Plan

The Contractor shall provide the State with a plan for the complete turnover of its responsibilities under the Contract in a manner to allow for uninterrupted continuation of services and will revise the plan until acceptable to the State. The Contractor shall submit the plan at one of the following times, depending upon which applies: no less than 60 days prior to the Contract's expiration; within 10 working days of notice of termination by the State; or, along with Contractor's notice of termination. The plan will include provisions for the transfer of all client-related information held by the Contractor or its subcontractors and not also held by the State.

X. MISCELLANEOUS PROVISIONS

A. Anti-Trust Violations

The Contractor and the State recognize that overcharges resulting from antitrust violations are, in actual economic practice, usually borne by the State. Therefore, the Contractor hereby assigns to the State any and all claims for such overcharges as to goods and services purchased in connection with this Contract, except as to overcharges not passed on to the State.

B. Assignment and Acquisition

The Contractor may not assign or transfer this Contract or any of its rights hereunder or delegate any of its duties and obligations hereunder without the prior written consent of the State, which will not be unreasonably denied or delayed, provided that any permitted assignment will neither operate to relieve the Contractor of any of its duties and obligations hereunder nor affect any remedies available to the State that may arise from any breach of the provisions of this Contract by the Contractor. Any attempted assignment, transfer or delegation in contravention of this section of the Contract will be null and void. The terms assignment and transfer shall not include the sale or other transfer of the stock or assets of a publicly traded company.

The Contractor will notify the State of any merger or acquisition that the Contractor determines will affect its ability to provide any of its duties and obligations under this Contract.

C. Authority

The Contractor has no authority to bind, obligate, or commit the State by any representation or promise without the prior written approval of the State. Likewise, the State has no authority to bind, obligate, or commit the Contractor by any representation or promise without the prior written approval of the Contractor.

D. Authorization

Both the Contractor and the State have full power and authority to enter into and perform their respective duties and obligations under this Contract, and the person signing this Contract on behalf of each party has been properly authorized and empowered to enter into this Contract and to bind each party to each and every one of the terms and conditions set forth herein as well as to ensure that each party has all required legal right and power to perform all acts called for by this Contract in Wisconsin and elsewhere.

The Contractor will notify the State in writing of any changes in the person or persons authorized to sign amendments to the Contract on behalf of Contractor.

E. Binding Effect

Each party agrees that this Contract binds it and each of its officers, employees, agents, independent contractors, and representatives.

F. Choice of Law

The Contractor agrees to be bound by the laws of the State of Wisconsin and to bring any legal proceedings arising under the Agreement in a court in Dane County. For the purpose of Federal jurisdiction, in any action in which the State of Wisconsin is a party, venue shall be in the United States Western District Court for the State of Wisconsin.

G. Conflicts Among Documents; Order of Precedence

In the event that there is a conflict in the requirements laid out by the various documents that inform this Contract, the following order of precedence will apply:

- Federal laws, regulations and policies, as amended;
- State laws, regulations and policies, as amended;
- The terms and conditions in the body of this Contract, including all attachments and incorporations, as amended;
- RFB/RFP Question and Answer documents as posted;
- The RFB/RFP and Attachments, as amended;

- The Contractor's response to the RFB/RFP, including the Cost Bid/Proposal, as accepted.

A higher-order document will supersede a lower-order document to the extent necessary to resolve any inconsistencies. An inconsistency does not exist solely because a higher-order document is silent on a matter that is addressed in a lower-order document.

H. Cooperation of Parties and Dispute Resolution Process

The parties agree to act in good faith to fully cooperate with each other in connection with the performance of their respective duties and obligations under this Contract.

When a material dispute involving neither the payment provisions of this Contract nor any matter that causes or creates significant potential financial losses or liability for the other party arises, the sole and exclusive method available to the parties of resolving such dispute is for either party to request a review by the Administrator of the State's Division of Health Care Access and Accountability. If this review does not result in the satisfactory resolution of the dispute, either party may request a review with the Deputy Secretary of DHS.

The parties will also use the process described above for the resolution of any dispute regarding the payment provisions of this Contract or for any matter that causes or creates significant potential financial losses or liability for the other party. However, if the parties are unable to resolve such a dispute to their mutual satisfaction, both parties will have available to them all rights and remedies that exist under this Contract and applicable Federal and State laws and regulations, including without limitation the right to litigate the dispute in any court of competent jurisdiction.

The existence of a dispute notwithstanding, both parties agree to continue without delay to carry out all of the respective duties and obligations under this Contract that are not affected by the dispute. The Contractor further agrees to abide by the interpretation of the State's Contract Administrator regarding the matter in dispute, pending final determination.

I. Documentation

Notwithstanding any provision in this Contract to the contrary, the standards, formats and forms for all documentation required of Contractor hereunder shall be mutually agreed upon by State and Contractor and shall, including all criteria developed or revised by the Contractor for work performed under the Contract, become the property of the State.

J. Entire Agreement and Acknowledgment of Understanding

The State and the Contractor agree that this Contract is the complete and exclusive statement of agreement between the parties relating to the subject matter of this Contract. The State and the Contractor further agree that this Contract supersedes all proposals, letters of intent or prior agreements, oral or written, and all other communications and representations between the parties relating to the subject matter of this Contract.

K. Force Majeure

The Contractor shall be excused from performance hereunder for any period that it is prevented from providing, arranging for, or paying for services arising out of causes beyond the control and without fault or negligence of the Contractor. Such causes may include, but are not restricted to, acts of God, fires, strikes by other than the Contractor's employees, and freight embargoes. In all cases, the failure to perform must be beyond the control of, and through no fault or negligence of, the Contractor.

L. Headings

The headings throughout this Contract are for reference purposes only, and the words contained therein will in no way be held to explain, modify, amplify or aid in the interpretation, construction, or meaning of the provisions of this Contract.

M. Hiring of Employees

The Contractor will not, for purposes of providing services under this Contract, knowingly engage (as a full-time, part-time or other member of the professional staff) any persons who are during the term of this Contract in the employ of the State without the prior written approval of the State, which will not be unreasonably denied or delayed. Likewise, the State will not, for purposes of providing services under this Contract, knowingly engage (as a full-time, part-time or other member of the professional staff) any persons who are during the term of this Contract in the employ of the Contractor without the prior written approval of the Contractor, which will not be unreasonably denied or delayed.

N. Independent Capacity of Contractor

The Contractor shall perform under the terms of the Contract as an independent Contractor and not as an employee, representative, or agent, of either the DHS or the State of Wisconsin. Neither the State of Wisconsin nor the Department of Health Services shall assume any responsibility for liability Contractor may incur directly, or indirectly, as a result of its performance under this Contract.

O. Non-waiver

Any failure or delay by either party to exercise or partially exercise any right, power, or privilege under this Contract will not be deemed a waiver of any such right, power, or privilege under this Contract. Any waivers granted by either

party for current breaches will not indicate a course of dealing with or excusing other or subsequent breaches.

P. Notices

Notice will be deemed given by the parties under this Contract if in writing and delivered personally, by facsimile, or mailed by first-class, registered, or certified mail, postage prepaid, to the parties at the addresses shown below.

Any notice required or permitted to be given to a party will be in writing and addressed as follows:

In case of notice to the State:

Krista Willing
Deputy Director-Bureau of Fiscal Management
Division of Health Care Access and Accountability (DHCAA)
Department of Health Services
PO Box 309
Madison, WI 53701-0309
Phone: (608) 266-2469

In case of notice to the Contractor:

Matt Sorrentino
Project Manager
Public Consulting Group
504 Lavaca Street, Suite 930
Telephone: (512) 407-9680, Ext. 4663

Q. Promotion of Minority Business

The State is committed to the promotion of minority business in the state's purchasing program and therefore the Contractor will be encouraged to purchase services and supplies for performance under this Contract from minority businesses certified by the Wisconsin Department of Commerce, Bureau of Minority Business Development. The Contractor shall submit a quarterly report of purchases of such supplies and services.

R. Remedies

Except as otherwise provided herein, no remedy conferred by any of the specific provisions of this Contract is intended to be exclusive of any other remedy, and each and every remedy shall be cumulative and shall be in addition to every other remedy given there under, now or hereafter existing at law or in equity or by

statute or otherwise. The election of any one or more remedies by either party shall not constitute a waiver of the right to pursue other available remedies.

S. Right to Publish

The Contractor will be allowed to make public oral presentations, and to write and have such writing published subject to the State's review and approval, which will not be unreasonably withheld or delayed, before public release of the information on subjects associated with the work under this Contract.

T. Severability

If any provision of the Contract is found to be illegal, unenforceable, or void, then both parties shall be relieved of all obligations under that provision. The remainder of the Contract shall be enforced to the fullest extent permitted by law.

U. Survival

The provisions regarding confidential information and indemnification survive the expiration or termination of the Contract, along with any other provisions contained in this Contract that by their language, sense and context are intended to survive.

XI. CONDITIONS OF THE PARTIES OBLIGATIONS

A. Contingency

This contract is contingent upon authorization of Wisconsin and United States law. Any material amendment or repeal of the same affecting relevant funding or authority of the State shall serve to revise or terminate this agreement, except as further agreed to by the parties hereto.

B. Lawful Powers

The State and the Contractor understand and agree that no clause, term or condition of this contract shall be construed to supersede the lawful powers or duties of either party.

C. Signatures

This agreement becomes null and void if the time between the earlier dated signature and the later dated signature on this agreement exceeds 60 days inclusive of the two (2) signature dates.

Date: 7/16/12

Contractor's Authorized Representative
Stephen Skinner, Principal
Public Consulting Group, Inc.

Date: 7-16-12

Contractor's Contract Administrator Representative
Matthew Sorrentino
Project Manager

Date: 7-18-12

State's Authorized Representative:
Brett Davis, Administrator
Division of Health Care Access and Accountability

Date: 7/18/12

State's Contract Administrator:
Krista Willing
Deputy Director-Bureau of Fiscal Management
Division of Health Care Access and Accountability