

CONTRACT

The Parties to this Contract are the State of Illinois acting through the undersigned Agency (collectively the State) and the Vendor. The Contract consists of this signature page, the following pages detailing the contents described below, and any attachments identified on these pages.

- 1. TERM AND TERMINATION
- 2. DESCRIPTION OF SUPPLIES / SERVICES
- 3. PRICING
- 4. STANDARD TERMS AND CONDITIONS
- 5. CERTIFICATIONS AND CONFLICTS
- 6. SUPPLEMENTAL PROVISIONS

In consideration of the mutual covenants and agreements contained in this Contract, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree to the terms and conditions set forth herein and have caused this Contract to be executed by their duly authorized representatives on the dates shown below.

VENDOR

(Vendor Name) Health Alliance Medical Plans, Inc.

Signature 

Printed Name Jeffrey C. Ingram

Title President and CEO Date 8.10.10

Address 301 S. Vine Street

Urbana, Illinois 61801

Phone 217/337-8010 Fax 217/337-8093

E-mail Jeff.Ingram@healthalliance.org

STATE OF ILLINOIS

(Agency Name) Illinois Department of Insurance

Official Signature 

Printed Name Michael T. McRaith

Title Director Date 8-10-10

Designee Signature _____

Printed Name _____

Title _____

Address 320 W. Washington Street

Springfield, Illinois 62767

Phone 217/785-5516 Fax 217/524-6500

E-mail _____

STATE USE ONLY	NOT PART OF CONTRACTUAL PROVISIONS
PBC# _____	Contract # _____
Project Title _____	
Procurement Method (IFB, RFP, Small, etc): _____	Award Code: _____
IPB Publication Date: _____	IPB Ref. # _____
Subcontractor Utilization? Yes <input type="checkbox"/> No <input type="checkbox"/>	Subcontractor Disclosure? Yes <input type="checkbox"/> No <input type="checkbox"/>
Funding Source _____	Obligation # _____
CMS Program Compliance _____	
Fiscal Compliance _____	
Legal Compliance _____	
Executive Compliance _____	

1. TERM AND TERMINATION

1.1 TERM OF THIS CONTRACT: August 10, 2010 through July 31, 2011

1.2 RENEWAL: This Contract may not be renewed unless the renewal period(s) and any applicable conditions are shown below. The renewal shall be subject to the same terms and conditions as the original Contract unless otherwise stated below. Renewal pricing is shown in Section 3. However, the Contract may not renew automatically, nor may the contract renew solely at the Vendor's option.

The State reserves the right to renew for a total of 3 years in one of the following manners:
Individual one-year renewals up to and including the entire renewal allowance.

1.3 TERMINATION FOR CAUSE: The State may terminate this Contract, in whole or in part, immediately upon notice to the Vendor if it is determined that the actions, or failure to act, of the Vendor, its agents, employees or subcontractors have caused, or reasonably could cause jeopardy to health, safety, or property. The Contract may be terminated if the State determines that the Vendor lacks the financial resources to perform under the Contract. If Vendor fails to perform to the State's satisfaction any material requirement of this Contract or is in violation of a material provision of this Contract, the State shall provide written notice to the Vendor requesting that the breach or noncompliance be remedied within the period of time specified in the State's written notice. If the breach or noncompliance is not remedied by that date the State may either: (a) immediately terminate the Contract without additional written notice or, (b) enforce the terms and conditions of the Contract, and in either event seek any available legal or equitable remedies and damages.

1.4 TERMINATION FOR CONVENIENCE: Following thirty (30) days written notice, the State may terminate this Contract in whole or in part without the payment of any penalty or incurring any further obligation to the Vendor. Following any such termination for convenience, the Vendor shall be entitled to compensation upon submission of invoices and proof of claim for services provided under this Contract up to and including the date of termination.

2. DESCRIPTION OF SUPPLIES AND SERVICES

2.1 GOALS AND OBJECTIVES: To provide certain administrative services including, but not limited to: premium billing, issuance of benefit plan booklets, continued eligibility verification, claim adjudication, accounting, maintaining print supplies of enrollment and other materials, customer service, and the maintenance and reporting of Program data. To provide prescription management program services.

2.2 SUPPLIES AND/OR SERVICES REQUIRED: SEE EXHIBIT A "Response to Request For Proposal," attached and incorporated.

2.3 MILESTONES AND DELIVERABLES: Vendor shall not perform services, provide supplies or incur expenses in amount exceeding the amount shown in this Section, unless a higher amount is authorized in writing by the State prior to the Vendor performing the services, providing the supplies, or incurring the expenses.

2.4 VENDOR / STAFF SPECIFICATIONS: SEE EXHIBIT A "Response to Request For Proposal," attached and incorporated.

2.4.1 SUBCONTRACTORS: Vendor shall identify the names and addresses of all subcontractors utilized by Vendor in the performance of this Contract, together with the anticipated amount of money that each subcontractor is expected to receive pursuant to this Contract. The State may request updated information at any time. For purposes of this section, subcontractors are those specifically hired to perform all or part of the work of this contract or to provide the supplies requested by the State.

Subcontractor Name Affiliated Computer Services – Recovery 1301 Basswood Road, Suite 105 Schaumburg, IL 60173	Amount to be paid Fee Structure: Percent of recovered amount
Clarity Software Solutions – ID Cards 2351 Boston Post Road #210 Guilford, Connecticut 06437	Fee Structure: Per Unit fee, plus mailing costs
Eagle Innovations – Claims Processing Services 1801 Royal lane, Suite 902 Dallas, Texas 75229	Fee Structure: Per Claim fee depending on volume
Emdeon - Print Services 26 Century Boulevard, Suite 601 Nashville, Tennessee 37214	Fee Structure: Monthly fee dependent upon volume plus mailing costs
MedImpact Healthcare Systems – PBM Services 10680 Trenea Street San Diego, California 92131	Fee Structure: PMPM Fee

2.5 DELIVERY SPECIFICATIONS: SEE EXHIBIT A "Response to Request For Proposal," attached and incorporated.

2.6 WHERE SERVICES ARE TO BE PERFORMED: Unless otherwise specified in this section all services shall be performed in the United States. If the Vendor creates or manufactures the supplies or performs any of the work in another country in violation of the Contract, such action may be deemed a breach of the Contract. Vendor shall disclose the location where the services required shall be performed. If at multiple locations, the known or anticipated value of the services performed at each location shall be identified. If the Vendor received additional consideration in the evaluation based on work being performed in the United States, it shall be a breach of contract if the Vendor shifts any such work outside the United States.

Location where services will be performed	<u>301 S. Vine Street, Urbana, Illinois 61801 (Primary)</u>
Value of services performed at this location	<u>100 %</u>
Location where services will be performed	_____
Value of services performed at this location	_____

2.7 SCHEDULE OF WORK: Any work performed on State premises shall be done during the hours designated by the State and performed in a manner that does not interfere with the State and its personnel.

2.8 WARRANTIES FOR SUPPLIES AND SERVICES:

2.8.1 Vendor warrants that the supplies furnished under this Contract (a) will conform to the State's manufacturing standards, specifications, drawing, samples or descriptions furnished by the State, including but not limited to all specifications attached as exhibits hereto, (b) will be merchantable, of good quality and workmanship, free from defects for a period of twelve months or longer if specified in writing, and fit and sufficient for the intended use (c) will comply with all federal and state laws, regulations and ordinances pertaining to the manufacturing, packing, labeling, sale and delivery of the supplies (d) will be of good title and be free and clear of all liens and encumbrances and (e) will not infringe any patent, copyright or other intellectual property rights of any third party. Vendor agrees to reimburse the State for any losses, costs, damages or expenses, including without limitations, reasonable attorney's fees and expenses, arising from failure of the supplies to meet such warranties. Vendor shall insure that all manufacturers' warranties are transferred to the State and shall provide a copy of the warranty. These warranties shall be in addition to all other warranties, express, implied or statutory, and shall survive the State's payment, acceptance, inspection or failure to inspect the supplies.

2.8.2 Vendor warrants that all services will be performed in a good and professional manner to industry standards by trained and competent personnel. Vendor shall monitor performances of each individual and shall reassign immediately any individual who is not performing to professional standards, who is not efficient or effective in performing the work of the contract, who is disruptive or not respectful of others in the workplace, or who in any way violates the Contract or State policies.

2.9 REPORTING, STATUS AND MONITORING SPECIFICATIONS:

2.9.1 Vendor shall immediately notify the State of any event that may have a material impact on Vendor's ability to perform the Contract.

2.9.2 Upon request and on forms provided by Agency, Vendor shall report the number of qualified veterans and certain ex-offenders hired during Vendor's last completed fiscal year. Vendor may be entitled to employment tax credit for hiring individuals in those groups (PA 94-1067).

3. **PRICING**

3.1 **METHOD AND RATE OF COMPENSATION:** Vendor shall be compensated by the following method:

- hourly _____
- monthly See Exhibit X Pricing for TPA
- annually _____
- project See Exhibit X Pricing Table for PBM
- item _____

3.2 **MAXIMUM COMPENSATION FOR SUPPLIES AND SERVICES:**

- Firm Price _____
- Estimated Price See Exhibit X Pricing Table

3.3 **RENEWAL COMPENSATION:** If this contract is renewed, the price shall be the same as for the initial term unless a different compensation, or formula for determining the renewal compensation, is stated below.

3.4 **EXPENSES:** Unless otherwise agreed upon and stated herein, this Contract does not allow for reimbursement of any expense incurred by Vendor, including but not limited to telephone or other communications device, postage, copying, travel, transportation, lodging, food and per diem. Any approved travel expenses shall be reimbursed in accordance with the Travel Regulation Council and Governor's Travel Board rules.

3.5 **DISCOUNT:** _____ % discount for payment within _____ days of receipt of Invoice

3.6 **TAX:** Vendor shall not bill for any taxes unless accompanied by proof the State is subject to the tax. If necessary, Vendor may request the applicable Agency's Illinois tax exemption number and federal tax exemption information.

3.7 **INVOICING:** Vendor shall invoice at the completion of the Contract unless invoicing is tied in this Contract to milestone or deliverables, or other invoicing requirements agreed to elsewhere in this Contract. Send invoices to Director or his designee

3.8 **PAYMENT TERMS AND CONDITIONS:**

3.8.1 By submitting an invoice, Vendor certifies that the supplies or services provided meet all requirements of the Contract, and the amount billed and expenses incurred are as allowed in the Contract. Invoices for supplies purchased, services performed and expenses incurred through June 30 of any year must be submitted to the State no later than July 31 of that year; otherwise Vendor may have to seek payment through the Illinois Court of Claims (30 ILCS 105/25). All invoices are subject to statutory offset (30 ILCS 210).

3.8.2 Payments, including late payment charges, will be paid in accordance with the State "Prompt Payment Act" (30 ILCS 540) and rules (74 Ill. Adm. Code 900) when applicable. Payments delayed at the beginning of the State's fiscal year (July and August payments) because of the appropriation process shall not be considered a breach.

3.8.3 The State shall not be liable to pay for supplies provided or services rendered, including related expenses incurred prior to the execution of this Contract by the Parties and the beginning of the term of this Contract.

3.8.4 As a condition of receiving payment Vendor must pay its employees prevailing wages when required by law (e.g., public works, printing, janitorial, window washing, building and grounds services, site technician services, natural resource services, security guard and food services). Vendor is responsible for contacting the Illinois Dept. of Labor (217-782-6206; <http://www.state.il.us/agency/dol/index.htm>) to ensure understanding of prevailing wage requirements (30 ILCS 500/25-60(b)).

3.8.5 As a condition of receiving payment Vendor must pay its suppliers and subcontractors according to the terms of their respective contracts. Vendor shall provide lien waivers to the State upon request.

4. STANDARD TERMS AND CONDITIONS

4.1 AVAILABILITY OF APPROPRIATION (30 ILCS 500/20-60): State shall use its best efforts to secure sufficient appropriations to fund this Contract. However, the State, at its sole option, may terminate or suspend this contract, in whole or in part, without penalty or further payment being required, if the Illinois General Assembly or the federal funding source fails to make an appropriation sufficient to pay such obligation, or if funds needed are insufficient for any reason.

4.2 AUDIT/RETENTION OF RECORDS (30 ILCS 500/20-65): Vendor and its subcontractors shall maintain books and records relating to the performance of the Contract or subcontract and necessary to support amounts charged to the State under the Contract or subcontract. Books and records, including information stored in databases or other computer systems, shall be maintained by the Vendor for a period of three years from the later of the date of final payment under the Contract or completion of the Contract, and by the subcontractor for a period of three years from the later of final payment under the term or during the three year period thereafter. Books and records required to be maintained under this section shall be available for review or audit by representatives of the State, the Auditor General, the Executive Inspector General and other governmental entities with monitoring authority, upon reasonable notice and during normal business hours. Vendor and its subcontractors shall cooperate fully with any such audit and with any investigation conducted by any of these entities. Failure to maintain books and records required by this section shall establish a presumption in favor of the State for the recovery of any funds paid by the State under the Contract for which adequate books and records are not available to support the purported disbursement. The Vendor shall not impose a charge for audit or examination of the Vendor's books and records. If federal funds are used to pay contract costs, the Vendor must retain its records for five years. Vendor shall take reasonable steps to insure that any subcontractor is in compliance with the requirements of this section.

4.3 TIME IS OF THE ESSENCE: Time is of the essence with respect to Vendor's performance of this Contract. Except as specifically waived in writing, failure by either Party to exercise or enforce a right shall not affect any subsequent ability to exercise or enforce a right.

4.4 FORCE MAJEURE: Failure by either Party to perform its duties and obligations will be excused by unforeseeable circumstances beyond its reasonable control and not due to its negligence including acts of nature, acts of terrorism, riots, labor disputes, fire, flood, explosion, and governmental prohibition. The non-declaring party may cancel the Contract without penalty if performance does not resume within 30 days of the declaration.

4.5 CONFIDENTIAL INFORMATION: Each Party, including its agents and subcontractors, to this Contract may have or gain access to confidential data or information owned or maintained by the other Party in the course of carrying out its responsibilities under this Contract. The receiving Party shall presume all information received or to which it gains access pursuant to this Contract is confidential unless otherwise designated by the disclosing Party. No confidential data collected, maintained, or used in the course of performance of the Contract shall be disseminated except as authorized by law and with the written consent of the disclosing Party, either during the period of the Contract or thereafter. The receiving Party must return any and all data collected, maintained, created or used in the course of the performance of the Contract, in whatever form it is maintained, promptly at the end of the Contract, or earlier at the request of the disclosing Party, or notify the disclosing Party in writing of its destruction. The foregoing obligations shall not apply to confidential data or information lawfully in the receiving Party's possession prior to its acquisition from the disclosing Party; received in good faith from a third-party not subject to any confidentiality obligation to the disclosing Party; now is or later becomes publicly known through no breach of confidentiality obligation by the receiving Party; or is independently developed by the receiving Party without the use or benefit of the disclosing Party's confidential information.

4.6 USE AND OWNERSHIP: All work performed or supplies created by Vendor under this Contract, whether written documents or data, goods or deliverables of any kind, shall be deemed work-for-hire under copyright law and all intellectual property and other laws, and the State of Illinois is granted sole and exclusive ownership to all such work, unless otherwise agreed to herein. Vendor hereby assigns to the State all right, title, and interest in and to such work including any related intellectual property rights, and/or waives any and all claims that Vendor may have to such work including any so-called "moral rights" in connection with the work. Confidential data or information contained in such work shall be subject to Section 4.5 herein.

4.7 INDEMNIFICATION AND LIABILITY: The Vendor agrees to indemnify and hold harmless the State of Illinois, its agencies, officers, employees, agents and volunteers from any and all costs, demands, expenses, losses, claims, damages, liabilities, settlements and judgments, including in-house and contracted attorneys' fees and expenses, arising out of (a) any breach or violation by Vendor of any of its representations, warranties, covenants or agreements set forth herein, (b) any actual or alleged death or injury to any person, damage to any property or any other damage or loss by whomsoever suffered, claimed to result in whole or in part from Vendor's negligent performance hereunder, (c) any act, activity or omission of Vendor or any of its employees, representatives, subcontractors or agents. Neither party shall be liable for incidental, special, consequential or punitive damages.

4.8 INSURANCE: Vendor shall, at all times during the term and any renewals, maintain and provide a Certificate of Insurance. Certificates may not be modified or canceled until at least 30 days notice has been provided to the State. Vendor shall provide: (a) General Commercial Liability-occurrence form in amount of \$1,000,000 per occurrence (Combined Single Limit Bodily Injury and Property Damage) and \$2,000,000 Annual Aggregate; (b) Auto Liability, including Hired Auto and Non-owned Auto, (Combined Single Limit Bodily Injury and Property Damage) in amount of \$1,000,000 per occurrence; and (c) Worker's Compensation Insurance in amount required by law. Insurance shall not limit Vendor's obligation to indemnify, defend, or settle any claims.

4.9 INDEPENDENT CONTRACTOR: Vendor shall, in the performance of this Contract, be an independent contractor and not an agent or employee of, or joint venturer with the State. All payments by the State shall be made on that basis.

4.10 ASSIGNMENT AND SUBCONTRACTING: This Contract may not be assigned, transferred or subcontracted in whole or in part by the Vendor without the prior written consent of the State. Vendor shall describe, as a supplemental provision to this Contract, the names and addresses of all authorized subcontractors utilized by Vendor in the performance of this Contract, together with a description of the work to be performed by the subcontractor and the anticipated amount of money that each subcontractor is expected to receive pursuant to this Contract. For purposes of this section, subcontractors are those specifically hired to perform all or part of the work or to provide the supplies covered by the Contract.

4.11 SOLICITATION AND EMPLOYMENT: Vendor shall not employ any person employed by the State during the term of this Contract to perform any work under this Contract. Vendor shall give notice immediately to the Agency's director if Vendor solicits or intends to solicit State employees to perform any work under this Contract.

4.12 COMPLIANCE WITH THE LAW: The Vendor, its employees, agents, and subcontractors shall comply with all applicable federal, state, and local laws, rules, ordinances, regulations, orders, federal circulars and all license and permit requirements in the performance of this Contract. Vendor shall be in compliance with applicable tax requirements and shall be current in payment of such taxes.

4.13 BACKGROUND CHECK: Whenever the State deems it reasonably necessary for security reasons, the State may conduct, at its expense, criminal and driver history background checks of Vendor's officers, employees or agents. Vendor shall reassign immediately any such individual who does not pass the background checks.

4.14 APPLICABLE LAW: This Contract shall be construed in accordance with and is subject to the laws and rules of the State of Illinois. The Department of Human Rights' Equal Opportunity requirements (44 Ill. Adm. Code 750) are incorporated by reference. Any claim against the State arising out of this Contract must be filed exclusively with the Illinois Court of Claims (705 ILCS 505/1). The State shall not enter into binding arbitration to resolve any Contract dispute. The State of Illinois does not waive sovereign immunity by entering into this Contract. The official text of cited statutes is incorporated by reference (An unofficial version can be viewed at <http://www.ilga.gov/legislation/ilcs/ilcs.asp>). In compliance with the Illinois and federal Constitutions, the Illinois Human Rights Act, the U. S. Civil Rights Act, and Section 504 of the federal Rehabilitation Act and other applicable laws and rules the State does not unlawfully discriminate in employment, contracts, or any other activity.

4.15 ANTI-TRUST ASSIGNMENT: If Vendor does not pursue any claim and cause of action it has arising under federal or state antitrust laws relating to the subject matter of the Contract, then upon request Vendor shall assign to the State all right, title and interest in and to the claim or cause of action.

4.16 AUTHORIZATION: Each Party to this Contract represents and warrants to the other that: (a) It has the right, power and authority to enter into and perform its obligations under this Contract and (b) It has taken all requisite action (corporate, statutory or otherwise) to approve execution, delivery and performance of this Contract, and (c) this Contract constitutes a legal, valid and binding obligation upon itself in accordance with its terms.

4.17 CONTRACTUAL AUTHORITY: The Agency that signs for the State of Illinois shall be the only State entity responsible for performance and payment under the Contract. When the Department of Central Management Services (CMS) signs in addition to an Agency, CMS does so as approving officer and shall have no liability to Vendor. When CMS signs a Master Contract on behalf of State agencies, only the Agency that places an order with the Vendor shall have any liability to Vendor.

4.18 NOTICES: Notices and other communications provided for herein shall be given in writing by registered or certified mail, return receipt requested, by receipted hand delivery, by courier (UPS, Federal Express or other similar and reliable carrier), by e-mail, or by fax showing the date and time of successful receipt. Notices shall be sent to the individuals who signed the Contract using the contact information following the signatures. Each such notice shall be deemed to have been provided at the time it is actually received. By giving notice, either Party may change the contact information.

5. CERTIFICATIONS AND CONFLICTS

Vendor certifies it is under no legal prohibition on contracting with the State of Illinois, has no known conflicts of interest and further specifically certifies that:

5.1 Vendor, its employees and subcontractors will comply with applicable provisions of the U.S. Civil Rights Act, Section 504 of the Federal Rehabilitation Act, the Americans with Disabilities Act (42 U.S.C. § 12101 et seq.) and applicable rules in performance under this Contract.

5.2 Vendor is not in default on an educational loan (5 ILCS 385/3).

5.3 Vendor (if an individual, sole proprietor, or partner) has informed the director of the Agency in writing if he/she was formerly employed by that agency and has received an early retirement incentive prior to 1993 under Section 14-108.3 or 16-133.3 of the Illinois Pension Code, 40 ILCS 5/14-108.3 and 40 ILCS 5/16-133.3, and acknowledges that contracts made without the appropriate filing with the Auditor General are not payable from the "contractual services" or other appropriation line items. Vendor has not received an early retirement incentive on or after 2002 under Section 14-108.3 or 16-133.3 of the Illinois Pension Code, 40 ILCS 5/14-108.3 and 40 ILCS 5/16-133.3, and acknowledges that contracts in violation of Section 15a of the State Finance Act are not payable from the "contractual services" or other appropriation line items (30 ILCS 105/15a).

5.4 Vendor certifies (i) that it will offer to assume the collective bargaining obligations of the prior employer, including any existing collective bargaining agreement with the bargaining representative of any existing collective bargaining unit or units performing substantially similar work to the services covered by the contract subject to its bid or offer, and (ii) that it shall offer employment to all employees currently employed in any existing bargaining unit performing substantially similar work that will be performed under this contract (30 ILCS 500/25-80).

5.5 Vendor has not been convicted of bribing or attempting to bribe an officer or employee of the State of Illinois or any other State, nor has Vendor made an admission of guilt of such conduct that is a matter of record (30 ILCS 500/50-5).

5.6 If Vendor has been convicted of a felony, at least five years have passed after the date of completion of the sentence for such felony, unless no person held responsible by a prosecutor's office for the facts upon which the conviction was based continues to have any involvement with the business (30 ILCS 500/50-10).

5.7 If Vendor, or any officer, director, partner, or other managerial agent of Vendor, has been convicted of a felony under the Sarbanes-Oxley Act of 2002, or a Class 3 or Class 2 felony under the Illinois Securities Law of 1953, at least five years have passed since the date of the conviction. Vendor further certifies that it is not barred from being awarded a contract and acknowledges that the State shall declare the Contract void if this certification is false (30 ILCS 500/50-10.5).

5.8 Vendor and its affiliates are not delinquent in the payment of any debt to the State (or if delinquent has entered into a deferred payment plan to pay the debt), and Vendor and its affiliates acknowledge the State may declare the Contract void if this certification is false (30 ILCS 500/50-11) or if Vendor or an affiliate later becomes delinquent and has not entered into a deferred payment plan to pay off the debt (30 ILCS 500/50-60).

5.9 Vendor and all affiliates shall collect and remit Illinois Use Tax on all sales of tangible personal property into the State of Illinois in accordance with provisions of the Illinois Use Tax Act (30 ILCS 500/50-12) and acknowledges that failure to comply can result in the Contract being declared void.

5.10 Vendor certifies that it has not committed a willful or knowing violation of the Environmental Protection Act (relating to Civil Penalties under the Environmental Protection Act) within the last five years, and is therefore not barred from being awarded a contract. If the State later determines that this certification was falsely made by the Vendor, the Vendor acknowledges that the State may declare the Contract void (30 ILCS 500/50-14).

5.11 Vendor has not paid any money or valuable thing to induce any person to refrain from bidding on a State contract, nor has Vendor accepted any money or other valuable thing, or acted upon the promise of same, for not bidding on a State contract (30 ILCS 500/50-25).

5.12 Vendor is not in violation of the "Revolving Door" section of the Illinois Procurement Code (30 ILCS 500/50-30).

5.13 Vendor will report to the Illinois Attorney General and the Chief Procurement Officer any suspected collusion or other anti-competitive practice among any bidders, offerors, contractors, proposers or employees of the State (30 ILCS 500/50-40, 50-45, 50-50).

5.14 In accordance with the Steel Products Procurement Act, steel products used or supplied in the performance of a contract for public works shall be manufactured or produced in the United States, unless the executive head of the procuring agency grants an exception (30 ILCS 565).

5.15 Vendor will, pursuant to the Drug Free Workplace Act, provide a drug free workplace and Vendor and its employees shall not engage in the unlawful manufacture, distribution, dispensation, possession or use of a controlled substance during the performance of the Contract. This certification applies to contracts of \$5000 or more with individuals; and to entities with 25 or more employees (30 ILCS 580).

5.16 Neither Vendor nor any substantially owned affiliate is participating or shall participate in an international boycott in violation of the U.S. Export Administration Act of 1979 or the applicable regulations of the U.S. Department of Commerce. This certification applies to contracts that exceed \$10,000 (30 ILCS 582).

5.17 Vendor has not been convicted of the offense of bid rigging or bid rotating or any similar offense of any state or of the United States (720 ILCS 5/33 E-3, E-4).

5.18 Vendor complies with the Illinois Department of Human Rights Act and rules applicable to public contracts, including equal employment opportunity, refraining from unlawful discrimination, and having written sexual harassment policies (775 ILCS 5/2-105).

5.19 Vendor does not pay dues to, or reimburse or subsidize payments by its employees for any dues or fees to any "discriminatory club" (775 ILCS 25/2).

5.20 Vendor complies with the State Prohibition of Goods from Forced Labor Act, and certifies that no foreign-made equipment, materials, or supplies furnished to the State under the Contract have been or will be produced in whole or in part by forced labor, or indentured labor under penal sanction (30 ILCS 583).

5.21 Vendor certifies that no foreign-made equipment, materials, or supplies furnished to the State under the Contract have been produced in whole or in part by the labor or any child under the age of 12 (30 ILCS 584).

5.22 Vendor certifies that it is not in violation of Section 50-14.5 of the Illinois Procurement Code (30 ILCS 500/50-14.5) that states: "Owners of residential buildings who have committed a willful or knowing violation of the Lead Poisoning Prevention Act (410 ILCS 45) are prohibited from doing business with the State until the violation is mitigated".

5.23 Vendor warrants and certifies that it and, to the best of its knowledge, its subcontractors have and will comply with Executive Order No. 1 (2007). The Order generally prohibits Vendors and subcontractors from hiring the then-serving Governor's family members to lobby procurement activities of the State, or any other unit of government in Illinois including local governments if that procurement may result in a contract valued at over \$25,000. This prohibition also applies to hiring for that same purpose any former State employee who had procurement authority at any time during the one-year period preceding the procurement lobbying activity.

5.24 In accordance with Public Act 095-0307, all information technology, including electronic information, software, systems and equipment, developed or provided under this contract must comply with the applicable requirements of the Illinois Information Technology Accessibility Act Standards as published at www.dhs.state.il.us/IIITaa.

5.25 Vendor has disclosed if required, on forms provided by the State, and agrees it is under a continuing obligation to disclose to the State, financial or other interests (public or private, direct or indirect) that may be a potential conflict of interest or which would prohibit Vendor from having or continuing the Contract. This includes, but is not limited to conflicts under the "Infrastructure Task Force Fee Prohibition" section of the State Finance Act (30 ILCS 105/8.40), Article 50 of the Illinois Procurement Code (30 ILCS 500/50), or those which may conflict in any manner with the Vendor's obligation under this Contract. Vendor shall not employ any person with a conflict to perform under this Contract. If any elected or appointed State officer or employee, or the spouse or minor child of same has any ownership or financial interest in the Vendor or the Contract, Vendor certifies it has disclosed that information to the State if required, on forms provided by the State, and any waiver of the conflict has been issued in accordance with applicable law and rule. A waiver is required if:

- a) the person intending to contract with the State, their spouse or child: (i) holds an elective office in Illinois; (ii) holds a seat in the Illinois General Assembly; (iii) is an officer or employee of the Capital Development Board or the Illinois Toll Highway Authority; or holds an appointed position or is employed in any of the offices or agencies of the State government and who receives compensation for such employment in excess of 60% of the salary of the Governor (currently \$106,447.20). (The conflict of interest threshold of 60% of the Governor's salary set forth in Section 50-13 does not apply to elective office holders, legislators, and officers or employees of the Capital Development Board or the Illinois Toll Highway Authority.);
- b) the contract is with a firm, partnership, association or corporation in which a person referenced in a) above receives more than 7.5% of the total distributable income or an amount in excess of the salary of the Governor (currently \$177,412.00).
- c) the contract is with a firm, partnership, association or corporation in which a person referenced in b) above, together with their spouse or minor child, receives more than 15% in the aggregate of the total distributable income or an amount in excess of 2 times the salary of the Governor (currently \$354,824.00) from the firm, partnership, association or corporation.

5.26 Vendor, as defined in Public Act 95-971, certifies that it has read, understands, and is in compliance with the Act and will not make a contribution that will violate the Act. In general, Public Act 95-971 contains new registration and reporting requirements for certain Vendors, as well as limitations on political contributions by certain Vendors and their affiliates. These requirements shall be effective for the duration of the term of office of the incumbent Governor or for a period of 2 years after the end of the contract term, whichever is longer.

Vendor certifies, in accordance with Public Act 95-971, as applicable:

Vendor is not required to register as a business entity with the State Board of Elections.

or

Vendor has registered as a business entity with the State Board of Elections and acknowledges a continuing duty to update the registration as required by the Act. **A copy of the official certificate of registration as issued by the State Board of Elections is attached.**

Vendor acknowledges that the State may declare this Contract void without any additional compensation due to the Vendor if this foregoing certification is false or if the Vendor (or any of its Affiliated Persons or Entities) engages in conduct that violates Public Act 95-971.

6. **SUPPLEMENTAL PROVISIONS**

6.1 **ENTIRE CONTRACT:** This Contract, consisting of the signature page, sections one through six, and any attachments marked (X) below, constitutes the entire Contract between the Parties concerning the subject matter of the Contract, and supersedes all prior proposals, contracts and understandings between the Parties concerning the subject matter of the Contract. Amendments, modifications and waivers must be in writing and signed by authorized representatives of the Parties. This Contract can be signed in multiple counterparts. Any provision of this Contract officially declared void, unenforceable, or against public policy, shall be ignored and the remaining provisions shall be interpreted, as far as possible, to give effect to the Parties' intent. All provisions that by their nature would be expected to survive, shall survive termination. In the event of a conflict between the State's and the Vendor's terms, conditions and attachments, the State's terms, conditions and attachments shall prevail.

Definitions

Federal Funding Certifications and Assurances ("Attachment A")

ARRA Requirements (American Recovery and Reinvestment Act of 2009) ("Attachment B")

Public Works Requirements (820 ILCS 130/4)

Prevailing Wage (janitorial cleaning, window cleaning, building and grounds, site technician, natural resources, food services, and security services, if valued at more than \$200 per month or \$2000 per year (30 ILCS 500/25-60)

Prevailing Wage (all printing contracts) (30 ILCS 500/25-60)

Prohibition on Contingent Fees (certain federally funded contracts)

BEP Subcontracting Requirements (Utilization Plan and Letter of Intent)

State Supplemental Terms and Conditions

X Vendor Supplemental Terms and Conditions

Prior Vendor Collective Bargaining Contractor

This applies if the prior Vendor's employees who perform the services under the prior contract are covered by a collective bargaining contract. In accordance with Illinois law (30 ILCS 500/25-80), in order to be considered a responsible bidder and eligible for award you must: (a) offer to assume the collective bargaining obligations of the prior employer, including any existing collective bargaining agreement with the bargaining representative of any existing collective bargaining unit or units performing substantially similar work to the services covered by the contract subject to its offer, and (b) offer employment to all employees currently employed in any existing bargaining unit performing substantially similar work that will be performed under this contract. You are certifying you will comply with this law.

Information Technology Requirements

As required by Illinois Public Act 095-0307, all information technology, including electronic information, software, systems, and equipment, developed or provided under this contract must comply with the applicable requirements of the Illinois Information Technology Accessibility Act Standards as posted at <http://www.dhs.state.il.us/litaa>.

Other (describe)

Vendor Supplemental Terms and Conditions

1. The United States Department of Health and Human Services (HHS) represents that it is the Temporary High Risk Pool (Illinois Pre-Existing Condition Insurance Plan, IPXP) fiduciary having authority to control and manage the operation and administration of IPXP. IPXP shall be funded through enrollee premiums and HHS funds. HHS will pay or reimburse for claims for covered services and for administrative expenses that are in excess of the premiums collected by the Vendor. Except as otherwise specifically provided herein, HHS retains all liabilities under IPXP and Vendor neither insures nor underwrites any such liability of the IPXP. In performing its obligations under this Agreement, with respect to IPXP, Vendor acts only as the provider of the services described in this Agreement and, with respect to IPXP enrollees, acts only as the agent of IPXP.

2. FUNDING PROCEDURES.

IPXP funds will pay for Covered Services as follows:

- a. Vendor will establish three (3) bank accounts for administration of IPXP including: (1) deposit of IPXP enrollee premiums; (2) for receipt of federal monies to deposit and pay IPXP medical and pharmaceutical claims, and (3) receipt of federal money to deposit and pay administrative costs at Busey Bank, Urbana, Illinois..
- b. Vendor will make benefit determinations and prepare a funding invoice on a **weekly basis** for medical claims **and bi-weekly for pharmacy claims**. The Departments will be informed via facsimile with supporting documentation of the amounts payable for claims payment and administrative expenses
- c. Funds to pay the difference between premiums and the total of allowable administrative costs and claims will be placed in an account established with the Payment Management System (PMS). PMS is administered by the Division of Payment Management (DPM), an office of U.S. Department of Health & Human Services' (HHS) Program Support Center, Financial Management Service (<http://www.dpm.psc.gov>). The Departments may submit a request to PMS for payment for the claims and allowable administrative costs for review and approval, as often as daily, on a Standard Form 270. The Department's request may not contain personally identifiable information describing the enrollees in the high risk pool. Upon approval, funds will be disbursed via electronic funds transfer. HHS will reimburse costs incurred under the terms of this contract up to the amount allotted to the state, but shall not pay the Departments' a fee or profit for performing this contract.
- d. Vendor will automatically draw down funds from the IPXP bank account and deposit such funds into the Vendor account at the **Busey Bank in Urbana, Illinois**. Vendor will not release provider, enrollee or administrative costs until Vendor has sufficient funds from IPXP premiums or HHS federal funds in the account at **Busey Bank** to cover such payments.
- e. Illinois law requires prompt payment of clean claims within thirty (30) days of receipt. If IPXP funds are not available to cover payments as required above, IPXP funds shall be required for payment of any interest due providers for late payment.

3. RESPONSIBILITY FOR PROVISION OF SERVICES

Vendor does not nor does it intend to, engage in the performance or delivery of medical, hospital or other types of health care. Nothing herein will be construed to imply that Vendor, its officers, directors, employees or agents are engaged in the practice of medicine or other health care professions related thereto. Any determination under a preauthorization program, if any, or quality assurance or utilization management program or respecting what is "medically necessary" for purposes of determining reimbursement under this Agreement is expressly recognized as not interfering with any determination by providers of medical and hospital services with respect to the medical needs and the appropriate treatment of an Enrollee.

4. ASO fees. For years two and three of this Agreement, The Departments agree to pay a 3.5% increase in the Vendor ASO Fee as follows:

September 1, 2010 – August 31, 2011	\$27.60
September 1, 2011 – August 31, 2012	\$28.57
September 1, 2012 – August 31, 2013	\$29.57

5. HIPAA COMPLIANCE

5.1 The provisions of this Part V shall supersede any conflicting or inconsistent terms of this Agreement, including all exhibits, schedules and other attachments hereto and all documents incorporated herein by reference. The parties understand and

acknowledge that Vendor is performing services for and on behalf of HHS pursuant to this Agreement as a "business associate" of HHS for purposes of the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") and the health information privacy standards promulgated there under at 45 C.F.R. Parts 160 and 164 (the "Privacy Regulations"). The parties recognize that HIPAA and the Privacy Regulations require the imposition of certain safeguards to protect the privacy of individually identifiable health information that is created or received by Vendor in performing services for or on behalf of the HHS pursuant to this Agreement ("Protected Health Information"). HHS and Vendor will fully comply with all applicable Privacy and Security Regulations (including the Breach Notification regulations) and other applicable federal and state law respecting the privacy and security of health information, and hereby agree to amend this Agreement to the extent necessary to allow HHS to comply with the Privacy Regulations, the standards for electronic transactions (45 C.F.R. Parts 160 and 162) and the security standards (45 C.F.R. Part 142) promulgated or to be promulgated under HIPAA, and to incorporate any material required to be incorporated thereby.

5.2 Vendor may:

- a. Use Protected Health Information in its possession for the proper management and administration of Vendor and to fulfill any of the present or future legal responsibilities of Vendor, provided that such uses are permitted under state and federal confidentiality laws; and
- b. Disclose Protected Health Information in its possession to third parties for the purpose of the proper management and administration of Vendor or to fulfill any of the present or future legal responsibilities of Vendor if (i) the disclosures are required by law, as defined in 45 C.F.R. §164.501 or (ii) Vendor has received from the third party written assurances regarding the confidential handling of such Protected Health Information as required under 45 C.F.R. §164.504(e)(4)(ii).

5.3 With regard to its use and disclosure of Protected Health Information, Vendor's obligations are to:

- a. Use and disclose the Protected Health Information only as required to satisfy its obligations under this Agreement and as permitted by this Part V or as otherwise required by law.
- b. Use commercially reasonable efforts to maintain the security of the Protected Health Information to prevent its use or disclosure other than as provided for in this Part V.
- c. With respect to Protected Health Information in a Designated Record Set, have responsibility for responding to requests to access such Protected Health Information by a Covered Person. HHA delegates to Vendor the authority to determine on behalf of HHS whether to deny access to such requested Protected Health Information.
- d. Promptly after receipt of a request from a Covered Person (whether made directly to Vendor or HHS) to access Protected Health Information in a Designated Record Set, respond to the request in the time and manner required under 45 C.F.R. § 164.524.
- e. Upon request, make Protected Health Information in a Designated Record Set available to Enrollee on behalf of HHS for inspection and copying to enable HHS to fulfill its obligations under the Privacy Rule, including without limitation 45 C.F.R. § 164.524. With respect to Protected Health Information in a Designated Record Set, Vendor will have responsibility for responding to requests to amend such Protected Health Information by an Enrollee. HHS delegates to Vendor the authority to determine on behalf of HHS whether to deny a requested amendment to such Protected Health Information.
- f. Promptly after receipt of a request from an Enrollee (whether made directly to Vendor or through HHS) to amend Protected Health Information in a Designated Record Set, respond to the request in the time and manner required under 45 C.F.R. § 164.526.
- g. Upon request, make Protected Health Information in Designated Record Set available to HHS for amendment to enable HHS to fulfill its obligations under the Privacy Rule, including without limitation 45 C.F.R. § 164.526.
- h. Document disclosures of Protected Health Information and information related to such disclosures as required by and in accordance with 45 C.F.R. § 164.528.

- i. Promptly after receipt of a request from an Enrollee (whether made directly to Vendor or through the HHS), respond to the request for an accounting of disclosures in the time and manner required under 45 C.F.R. § 164.528.
- j. Upon request, make Protected Health Information in a Designated Record Set available to HHS to provide an accounting of disclosures to enable HHS to fulfill its obligations under the Privacy Rule, including without limitation 45 C.F.R. § 164.528.
- k. Handle Covered Person requests for privacy protection for Protected Health Information pursuant to the requirements of the Privacy Regulations at 45 C.F.R. §164.522.
- l. Promptly report to HHS, in writing, any use or disclosure of the Protected Health Information that is not permitted by this Part V of which Vendor becomes aware. To determine if an impermissible Use or Disclose of unsecured PHI constitutes a breach where notification is required, Vendor will perform a risk assessment to determine if there is a significant risk of financial, reputational or other harm to the individual as a result of the impermissible use or disclosure. Upon the determination of a breach of unsecured PHI Vendor will notify HHS of the following: individual name; a brief description of what happened, including the date of the breach and the date of the discovery of the breach, if known; a description of the types of unsecured protected health information that were involved in the breach (e.g.: name, SSN, member number, diagnosis code, etc.); a brief description of the outcome of the investigation and the mitigation to protect against any further breaches.
- m. Require all Vendor subcontractors and agents to which it provides the Protected Health Information to agree, in writing, to adhere to the same restrictions and conditions on the use and disclosure of Protected Health Information as apply to Vendor pursuant to this Part V.
- n. Make available all Vendor's records, books, agreements, policies and procedures relating to the use and disclosure of the Protected Health Information to (i) HHS for purposes of enabling the HHS to determine Vendor's compliance with the terms of this Part V and (ii) the Secretary of the U.S. Department of Health and Human Services for purposes of determining the HHS's compliance with the Privacy Regulations, subject to attorney-client and other applicable legal privileges.
- o. Within 30 days after termination of this Agreement, Vendor agrees to return or destroy all the Protected Health Information it then maintains pursuant to 45 C.F.R. §164.504(e)(2)(i), if feasible to do so, and unless otherwise prohibited from doing so by state or federal law and/or regulation requiring the maintenance of certain documents containing Protected Health Information. If it is infeasible for Vendor to return or destroy said Protected Health Information, Vendor shall provide HHS with written notification including a statement that Vendor has determined that it is infeasible to return or destroy the Protected Health Information in its possession, and the specific reasons for such determination. Vendor further agrees to extend any and all protections, limitations and restrictions contained in this Part V to its use and/or disclosure of any Protected Health Information retained after the termination of this Agreement, and to limit any further uses and/or disclosures to the purposes that make the return or destruction of the Protected Health Information infeasible.

5.4 With regard to its use and/or disclosure of Protected Health Information, the HHS's obligations are:

- a. HHS agrees to provide Vendor with a copy of the notice of privacy practices that the Plan shall provide to Enrollees in accordance with 45 C.F.R. §164.520, as well as of any changes to such notice.
- b. HHS agrees to provide Vendor with notice of any changes in, or revocation of, a consent or authorization to use or disclose Protected Health Information made by a party from whom Protected Health Information was obtained by the HHS or Vendor, if such changes affect Vendor's permitted or required uses and disclosures, within one business day following the change or revocation.
- c. HHS agrees to notify Vendor of any restriction on the use or disclosure of Protected Health Information that the Plan has agreed to in accordance with 45 C.F.R. §164.522, within one business day following such agreement.
- d. HHS shall not request Vendor to use or disclose protected Health Information in any manner that would not be permissible under the Privacy Regulations if done by the Plan.

5.5 HHS acknowledges and agrees on behalf of the IPXP that the Privacy Regulations allow IPXP to permit Vendor to disclose or provide access to Protected Health Information, other than "summary health information"(as defined in 45 C.F.R. §164.504) and IPXP enrollment information, to only those employees or other persons under the control of HHS who are identified by name or position in IPXP documents as the persons who are to be given access to Protected Health Information solely to carry out the particular IPXP administration functions that HHS performs for IPXP. HHS hereby warrants and represents that it has received certification that the plan documents have been amended to incorporate, and HHS agrees to, the provisions required by the Privacy Regulations as a precondition to disclosure of Protected Health Information to HHS.

5.5.1 With regard to security of Electronic Protected Health Information, Vendor's obligations are to:

- a. Implement administrative, physical and technical safeguards that reasonably and appropriately protect the confidentiality, integrity and availability of the electronic Protected Health Information that it creates, receives, maintains or transmits on behalf of HHS as required by the Security Rule (including the Breach Notification regulations).
- b. Ensure that any agent, including a subcontractor, to whom it provides such information agrees to implement reasonable and appropriate safeguards to protect it.
- c. Promptly report to HHS any Security Incident, with respect to electronic Protected Health Information, of which it becomes aware. To determine if an impermissible Use or Disclose of unsecured PHI constitutes a breach where notification is required, Vendor will perform a risk assessment to determine if there is a significant risk of financial, reputational or other harm to the individual as a result of the impermissible use or disclosure. Upon the determination of a breach of unsecured PHI Vendor will notify HHS of the following: individual name; a brief description of what happened, including the date of the breach and the date of the discovery of the breach, if known; a description of the types of unsecured protected health information that were involved in the breach (i.e. name, SSN, member number, diagnosis code, etc.); a brief description of the outcome of the investigation and the mitigation to protect against any further breaches.
- d. Authorize termination of the contract by HHS if HHS determines that the Vendor has violated a material term of the contract.

TAXPAYER IDENTIFICATION NUMBER

I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
3. I am a U.S. person (including a U.S. resident alien).

- If you are an individual, enter your name and SSN as it appears on your Social Security Card.
- If you are a sole proprietor, enter the owner's name on the name line followed by the name of the business and the owner's SSN or EIN.
- If you are a single-member LLC that is disregarded as an entity separate from its owner, enter the owner's name on the name line and the d/b/a on the business name line and enter the owner's SSN or EIN.
- If the LLC is a corporation or partnership, enter the entity's business name and EIN and for corporations, attach IRS acceptance letter (CP261 or CP277).
- For all other entities, enter the name of the entity as used to apply for the entity's EIN and the EIN.

Name: _____

Business Name: Health Alliance Medical Plans, Inc.

Taxpayer Identification Number:
Social Security Number _____
or
Employer Identification Number 37-1260731

Legal Status (check one):

- | | |
|--|---|
| <input type="checkbox"/> Individual | <input type="checkbox"/> Governmental |
| <input type="checkbox"/> Sole Proprietor | <input type="checkbox"/> Nonresident alien |
| <input type="checkbox"/> Partnership | <input type="checkbox"/> Estate or trust |
| <input type="checkbox"/> Legal Services Corporation | <input type="checkbox"/> Pharmacy (Non-Corp.) |
| <input type="checkbox"/> Tax-exempt | <input type="checkbox"/> Pharmacy/Funeral Home/Cemetery (Corp.) |
| <input type="checkbox"/> Corporation providing or billing medical and/or health care services | <input type="checkbox"/> Limited Liability Company (select applicable tax classification) |
| <input checked="" type="checkbox"/> Corporation NOT providing or billing medical and/or health care services | <input type="checkbox"/> D = disregarded entity |
| | <input type="checkbox"/> C = corporation |
| | <input type="checkbox"/> P = partnership |

Signature: 

Date: 8-10-10