

CONTRACT #19
RFS # 317.04-06808
FA # 08-23454

Finance & Administration
Benefits Administration

VENDOR:
Aon Consulting, Inc.
(State Plans)



RECEIVED
OCT 12 2010
FISCAL REVIEW

STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
DIVISION OF BENEFITS ADMINISTRATION
William R. Snodgrass Tennessee Tower
312 Rosa L Parks Avenue, Suite 2600
Nashville, Tennessee 37243

Dave Goetz
COMMISSIONER

Phone: 615.741.4517
Fax: 615.253.8556

Laurie Lee
EXECUTIVE DIRECTOR

MEMORANDUM

TO: James White, Executive Director, Fiscal Review Committee

FROM: Laurie Lee *LL*

DATE: October 12, 2010

RE: Contract Amendment # 1 to Aon Consulting, Inc. – State Plans,
Edison ID No. 3623

This is a request to extend the term of the State, Local Education, and Local Government Insurance Committees' Aon Consulting, Inc. contract to December 31, 2011, decrease the maximum liability from \$2 million in the original contract to \$1.5 million, and to revise the rates for different consultant categories to one overall rate with the exception of administrative and/or clerical staff.

The original contract is included as are all requested supplemental documents for this amendment.

Thank you for your consideration of this request.

**Supplemental Documentation Required for
Fiscal Review Committee**

*Contact Name:	Marlene Alvarez	*Contact Phone:	615.253.8358		
*Original Contract Number:	FA-08-23454-00	*Original RFS Number:	317.04 - 068 - 08		
Edison Contract Number: <i>(if applicable)</i>	3623	Edison RFS Number: <i>(if applicable)</i>	31701 - 00003		
*Original Contract Begin Date:	January 1, 2008	*Current End Date:	December 31, 2010		
Current Request Amendment Number: <i>(if applicable)</i>	# 1				
Proposed Amendment Effective Date: <i>(if applicable)</i>	January 1, 2011				
*Department Submitting:	Finance and Administration				
*Division:	Benefits Administration				
*Date Submitted:	October 12, 2010				
*Submitted Within Sixty (60) days:	Yes				
<i>If not, explain:</i>					
*Contract Vendor Name:	Aon Consulting, Inc. - State Plans				
*Current Maximum Liability:	\$2,000,000.00				
*Current Contract Allocation by Fiscal Year: <i>(as Shown on Most Current Fully Executed Contract Summary Sheet)</i>					
FY: 2008	FY: 2009	FY: 2010	FY: 2011	FY	FY
\$250,000.00	\$750,000.00	\$750,000.00	\$250,000.00	\$	\$
*Current Total Expenditures by Fiscal Year of Contract: <i>(attach backup documentation from STARS or FDAS report)</i>					
FY: 2008	FY: 2009	FY: 2010	FY: 2011 YTD	FY	FY
\$60,154.13	\$456,164.06	\$343,659.07	\$76,059.20	\$	\$
IF Contract Allocation has been greater than Contract Expenditures, please give the reasons and explain where surplus funds were spent:			Expenditures for this contract are on a per project basis. There were fewer projects than originally anticipated. Surplus funds were reverted to the General Fund.		
IF surplus funds have been carried forward, please give the reasons and provide the authority for the carry forward provision:			N/A		
IF Contract Expenditures exceeded Contract Allocation, please give the reasons and explain how funding was acquired to pay the overage:			N/A		

**Supplemental Documentation Required for
Fiscal Review Committee**

*Contract Funding Source/Amount:	State:		Federal:	
Interdepartmental:		\$2,000,000.00	Other:	
If "other" please define:				
Dates of All Previous Amendments or Revisions: <i>(if applicable)</i>		Brief Description of Actions in Previous Amendments or Revisions: <i>(if applicable)</i>		
Method of Original Award: <i>(if applicable)</i>		RFP		
*What were the projected costs of the service for the entire term of the contract prior to contract award?		\$2,000,000.00		

**Supplemental Documentation Required for
Fiscal Review Committee**

For all new non-competitive contracts and any contract amendment that changes Sections A or C.3. of the original or previously amended contract document, provide estimates based on information provided the Department by the vendor for determination of contract maximum liability. Add rows as necessary to provide all information requested.

If it is determined that the question is not applicable to your contract document attach detailed explanation as to why that determination was made.

Planned expenditures by fiscal year by deliverable. Add rows as necessary to indicate all estimated contract expenditures.

Deliverable description:	FY: 2011	FY: 2012	FY:	FY:	FY:
Future expenditures	\$426,600.00	\$213,300.00			

Proposed savings to be realized per fiscal year by entering into this contract. If amendment to an existing contract, please indicate the proposed savings to be realized by the amendment. Add rows as necessary to define all potential savings per deliverable.

Deliverable description:	FY:	FY:	FY:	FY:	FY:
N/A					

Comparison of cost per fiscal year of obtaining this service through the proposed contract or amendment vs. other options. List other options available (including other vendors), cost of other options, and source of information for comparison of other options (e.g. catalog, Web site). Add rows as necessary to indicate price differentials between contract deliverables.

Proposed Vendor Cost: (name of vendor)	FY:	FY:	FY:	FY:	FY:
N/A					
Other Vendor Cost: (name of vendor)	FY:	FY:	FY:	FY:	FY:
N/A					
Other Vendor Cost: (name of vendor)	FY:	FY:	FY:	FY:	FY:
N/A					

Aon ~ Public Sector Plans

STARS Contract # FA0823454

Edison Contract # 3623

<u>Fiscal Year</u>	<u>Expenditures</u>
2008	\$60,154.13
STARS 2009	\$254,433.98
Edison 2009	\$201,730.08
2010	\$343,659.07
YTD 2011	<u>\$76,059.20</u>
Total	\$936,036.46

NON-COMPETITIVE AMENDMENT REQUEST:

APPROVED

Commissioner of Finance & Administration

1) RFS #	31701 - 00003	
2) Procuring Agency :	Department of Finance and Administration	
EXISTING CONTRACT INFORMATION		
3) Service Caption :	Benefits Consulting for the State, Local Education and Local Government Insurance Committees to extend term of contract.	
4) Contractor :	Aon Consulting, Inc.	
5) Contract #	FA-08-23454-00 Edison # 3623	
6) Contract Start Date :	January 1, 2008	
7) CURRENT Contract End Date : (if ALL options to extend the contract are exercised)	December 31, 2010	
8) CURRENT Maximum Cost : (if ALL options to extend the contract are exercised)	\$ 2,000,000.00	
PROPOSED AMENDMENT INFORMATION		
9) Amendment #	# 1	
10) Amendment Effective Date : (attached explanation required if < 60 days after F&A receipt)	January 1, 2011	
11) PROPOSED Contract End Date : (if ALL options to extend the contract are exercised)	December 31, 2011	
12) PROPOSED Maximum Cost : (if ALL options to extend the contract are exercised)	\$ 1,500,000.00	
13) Approval Criteria : (select one)	<input checked="" type="checkbox"/> use of Non-Competitive Negotiation is in the best interest of the state <input type="checkbox"/> only one uniquely qualified service provider able to provide the service	
14) Description of the Proposed Amendment Effects & Any Additional Service :	<p>This amendment extends the term to 12/31/11, decreases the maximum liability and contains a blended rate for all professional service designations (except for administrative/clerical) for calendar year 2011 of \$275.00 per hour for consulting services.</p>	
15) Explanation of Need for the Proposed Amendment :	<p>This exercises the first of two one year extensions to this contract and contains a blended consulting rate that is more favorable to the State and is agreeable to the Contractor.</p>	
16) Name & Address of Contractor's Current Principal Owner(s) : (not required for a TN state education institution)	Aon Consulting, Inc., One Piedmont Center, 3565 Piedmont Rd. NE Suite 600, Atlanta, GA, 30305	
17) Office for Information Resources Endorsement : (required for information technology service; n/a to THDA)		
Documentation is ...	<input checked="" type="checkbox"/> Not Applicable to this Request <input type="checkbox"/> Attached to this Request	

18) eHealth Initiative Endorsement : (required for health-related professional, pharmaceutical, laboratory, or imaging service)

Documentation is ... Not Applicable to this Request Attached to this Request

19) Department of Human Resources Endorsement : (required for state employees training service)

Documentation is ... Not Applicable to this Request Attached to this Request

20) Description of Procuring Agency Efforts to Identify Reasonable, Competitive, Procurement Alternatives :

The State did not seek to identify another vendor at this time but wants to exercise the first of two one year options to extend the term as the Contractor has been providing consulting services during the procurement phase of the plan redesign for the State, Local Education and Local Government Committees and is positioned based on this prior work to assist the State during the implementation, documentation and evaluation phases of this redesign.

21) Justification for the Proposed Non-Competitive Amendment :

Due to the plan redesign and the continuation of the need for benefits consulting services by Benefits Administration within the Department of Finance and Administration and the three insurance committees, the extension of this contract is necessary for the State.

AGENCY HEAD SIGNATURE & DATE :

(must be signed & dated by the ACTUAL procuring agency head as detailed on the Signature Certification on file with OCR— signature by an authorized signatory will be accepted only in documented exigent circumstances)

SIGNATURE & DATE



10/8/10



C O N T R A C T A M E N D M E N T

Agency Tracking # 31701-00003	Edison ID 3623	Contract # FA-08-23454	Amendment # 1		
Contractor Legal Entity Name Aon Consulting, Inc.			Registration ID 12537		
Amendment Purpose & Effect(s) State Plan - Extend term one year and change payment methodology					
Amendment Changes Contract End Date: <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO		End Date: December 31, 2011			
Maximum Liability (TOTAL Contract Amount) Increase/Decrease per this Amendment:			(\$500,000.00)		
FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2008			\$60,200.00		\$60,200.00
2009			\$456,200.00		\$456,200.00
2010			\$343,700.00		\$343,700.00
2011			\$426,600.00		\$426,600.00
2012			\$213,300.00		\$213,300.00
TOTAL:			\$1,500,000.00		\$1,500,000.00
American Recovery and Reinvestment Act (ARRA) Funding: <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO					
Budget Officer Confirmation: There is a balance in the appropriation from which obligations hereunder are required to be paid that is not already encumbered to pay other obligations.				OCR USE	
Speed Code FA-0000091		Account Code 70803000			

AMENDMENT ONE
TO FA-08-23454 Edison # 3623

This Amendment is made and entered by and between the State of Tennessee Insurance Committee, Local Education Insurance Committee, and the Local Government Insurance Committee, hereinafter referred to as the "State" and Aon Consulting, Inc., hereinafter referred to as the "Contractor." It is mutually understood and agreed by and between said, undersigned contracting parties that the subject contract is hereby amended as follows:

1. The text of contract section B.1. is deleted in its entirety and replaced with the following:

B.1. Contract Term. This Contract shall be effective for the period beginning on January 1, 2008 and ending on December 31, 2011. The Contractor hereby acknowledges and affirms that the State shall have no obligation for services rendered by the Contractor which were not performed within this specified contract period.

2. The text of contract section C.1. is deleted in its entirety and replaced with the following:

C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed One Million Five Hundred Thousand Dollars, (\$1,500,000.00). The payment rates in Section C.3. and the Travel Compensation provided in Section C.4 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The payment rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with the payment rates detailed in Section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.

3. The text of contract section C.3. is deleted in its entirety and replaced with the following:

C.3 Payment Methodology. The Contractor shall be compensated based on the payment rates herein for units of service authorized by the State in a total amount not to exceed the Contract Maximum Liability established in Section C.1.

a. The Contractor's compensation shall be contingent upon the satisfactory completion of units, milestones, or increments of service defined in Section A.

b. The Contractor shall be compensated for said units, milestones, or increments of service based upon the following payment rates:

(1) For service performed from January 1, 1008, through December 31, 2011, the following rates shall apply:

Professional Service Designation	Payment Rate Per Hour Per Calendar Year			
	2008	2009	2010	2011
Principal/Account Executive	\$400 an hour	\$410 an hour	\$420 an hour	\$275 an hour

Senior Consultant/Lead Actuary	\$400 an hour	\$410 an hour	\$420 an hour	\$275 an hour
Senior Consultant	\$300 an hour	\$310 an hour	\$320 an hour	\$275 an hour
Consultant	\$225 an hour	\$235 an hour	\$245 an hour	\$275 an hour
Analyst	\$150 an hour	\$160 an hour	\$170 an hour	\$275 an hour
Administrative/Clerical	\$90 an hour	\$100 an hour	\$110 an hour	\$120 an hour
Medical Professional (physician, dentist)	\$350 an hour	\$360 an hour	\$370 an hour	\$275 an hour

The Contractor shall not be compensated for travel time to the primary location of service provision.

(2) For service performed from January 1, 2011, through December 31, 2011, the Contractor shall be compensated based upon the payment rates in Section C.3.b.(1) above but adjusted by the percentage increase, if any, between the Consumer Price Index for All Urban Consumers (CPI-U): U.S. city average, All Items expenditure category, not seasonally adjusted, index base period: 1982-84=100) published by the United States Department of Labor, Bureau of Labor Statistics in December 2010 and that figure published in the same month, 12-months prior, up to a maximum of three and one-half percent (3.5 %).

(3) For service performed from January 1, 2012, through December 31, 2012, the Contractor shall be compensated based upon the payment rates in Section C.3.b.(1) above but adjusted by the percentage increase, if any, between the Consumer Price Index for All Urban Consumers (CPI-U): U.S. city average, All Items expenditure category, not seasonally adjusted, index base period: 1982-84=100) published by the United States Department of Labor, Bureau of Labor Statistics in December 2011 and that figure published in the same month, 12-months prior, up to a maximum of three and one-half percent (3.5 %).

4. The text of contract section C.4. is deleted in its entirety and replaced with the following:

C.4. Travel Compensation. Compensation to the Contractor for travel, meals, or lodging shall be subject to amounts and limitations specified in the "State Comprehensive Travel Regulations," as they are amended from time to time.

The Contractor must include (in addition to other invoice requirements of this Contract) a complete itemization of travel compensation requested in accordance with and attaching to the invoice appropriate documentation and receipts as required by the above-referenced "State Comprehensive Travel Regulations."

5. The text of contract section C.5. is deleted in its entirety and replaced with the following:

C.5. Invoice Requirements. The Contractor shall invoice the State only for completed increments of service and for the amount stipulated in Section C.3., above, and present said invoices no more often than monthly, with all necessary supporting documentation, to:

Department of Finance and Administration
Benefits Administration

Suite 2600 WRS Tennessee Tower
312 Rosa L. Parks Avenue
Nashville, TN 37243

- a. Each invoice shall clearly and accurately detail all of the following required information (calculations must be extended and totaled correctly).
- (1) Invoice Number (assigned by the Contractor)
 - (2) Invoice Date
 - (3) Contract Number (assigned by the State)
 - (4) Customer Account Name: Department of Finance and Administration, Benefits Administration
 - (5) Customer Account Number (assigned by the Contractor to the above-referenced Customer)
 - (6) Contractor Name
 - (7) Contractor Federal Employer Identification, Social Security, or Tennessee Edison Registration ID Number Referenced in the Preamble of this Contract
 - (8) Contractor Contact for Invoice Questions (name, phone, and/or fax)
 - (9) Contractor Remittance Address
 - (10) Description of Delivered Service
 - (11) Complete Itemization of Charges, which shall detail the following:
 - i. Service or Milestone Description (including name & title as applicable) of each service invoiced
 - ii. Number of Completed Units, Increments, Hours or Days as applicable, of each service invoiced
 - iii. Applicable Payment Rate (as stipulated in Section C.3.) of each service invoiced
 - iv. Amount Due by Service
 - v. Total Amount Due for the invoice period
- b. The Contractor understands and agrees that an invoice under this Contract shall:
- (1) include only charges for service described in Contract Section A and in accordance with payment terms and conditions set forth in Contract Section C;
 - (2) only be submitted for completed service and shall not include any charge for future work;
 - (3) not include sales tax or shipping charges; and
 - (4) initiate the timeframe for payment (and any discounts) only when the State is in receipt of the invoice, and the invoice meets the minimum requirements of this Section C.5.

6. The text of contract section E.2. is deleted in its entirety and replaced with the following:

E.2. Communications and Contacts. All instructions, notices, consents, demands, or other communications required or contemplated by this Contract shall be in writing and shall be made by certified, first class mail, return receipt requested and postage prepaid, by overnight courier service with an asset tracking system, or by EMAIL or facsimile transmission with recipient confirmation. Any such communications, regardless of method of transmission, shall be addressed to the respective party at the appropriate mailing address, facsimile number, or EMAIL address as set forth below or to that of such other party or address, as may be hereafter specified by written notice.

The State:

Ms. Marlene D. Alvarez, Manager of Procurement and Contracts
Benefits Administration
2600 WRS Tennessee Tower
312 Rosa L. Parks Avenue
Nashville, TN 37243
Phone: 615-253-8358
Fax: 615-253-8556
E-mail Address: Marlene.Alvarez@tn.gov

The Contractor:
Richard Ward, FSA, FCA, MAAA, Vice President Health and Benefits
Aon Consulting, Inc.
One Piedmont Center
3565 Piedmont Rd., NE Suite 600
Atlanta, GA 30305
Phone: 404-240-6051
Fax: 404-240-6099
E-mail Address: richard.ward@aonhewitt.com

All instructions, notices, consents, demands, or other communications shall be considered effectively given upon receipt or recipient confirmation as may be required.

The revisions set forth herein shall be effective on the date of final approval by the appropriate State officials in accordance with applicable Tennessee State laws and regulations. All other terms and conditions not expressly amended herein shall remain in full force and effect.

IN WITNESS WHEREOF,

AON CONSULTING SERVICES, INC.:

SIGNATURE

DATE

PRINTED NAME AND TITLE OF SIGNATORY (above)

DEPARTMENT OF FINANCE AND ADMINISTRATION
STATE OF TENNESSEE,
STATE INSURANCE COMMITTEE,
LOCAL EDUCATION INSURANCE COMMITTEE,
LOCAL GOVERNMENT INSURANCE COMMITTEE:

M.D.GOETZ, JR., CHAIRMAN

DATE

C O N T A C T S U M M A R Y S H E E T

12-11-07

RFS #	Contract #
317.04 — 068 — 08 Revision 10-14-08	FA-08-23454
State Agency	State Agency Division
Finance and Administration	Benefits Administration
Contractor Name	Contractor ID # (FEIN or SSN)
Aon Consulting, Inc.	<input type="checkbox"/> C- or <input checked="" type="checkbox"/> V- 22-2232264

Service Description
Benefits consulting services for the State, Local Education and Local Government Insurance Committees. Revision to cost center number.

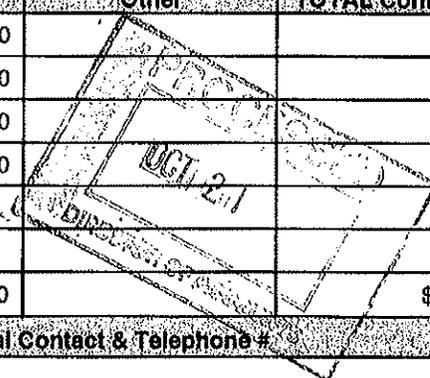
Contract Begin Date	Contract End Date	SUBRECIPIENT or VENDOR?	CFDA #
January 1, 2008	December 31, 2010	Vendor	

Mark Each TRUE Statement

Contractor is on STARS Contractor's Form W-9 is on file in Accounts

Allotment Code	Cost Center	Object Code	Fund	Funding Grant Code	Funding Subgrant Code
317.04	221	086	11		

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2008			\$250,000.00		\$250,000.00
2009			\$750,000.00		\$750,000.00
2010			\$750,000.00		\$750,000.00
2011			\$250,000.00		\$250,000.00
TOTAL:			\$2,000,000.00		\$2,000,000.00



— COMPLETE FOR AMENDMENTS ONLY —			State Agency Fiscal Contact & Telephone #
FY	Base Contract & Prior Amendments	THIS Amendment ONLY	Maureen Abbey 20 th Floor, Tennessee Tower 615-741-6070
			State Agency Budget Officer Approval
			<i>Maureen Abbey / as</i>
			Funding Certification (certification, required by T.C.A., §8-4-5113, that there is a balance in the appropriation from which the obligated expenditure is required to be paid that is not otherwise encumbered to pay obligations previously incurred)
TOTAL:			
End Date:			

Contractor Ownership (complete for ALL base contracts— N/A to amendments or delegated authorities)

African American
 Person w/ Disability
 Hispanic
 Small Business
 Government
 Asian
 Female
 Native American
 NOT Minority/Disadvantaged

Contractor Selection Method (complete for ALL base contracts— N/A to amendments or delegated authorities)

RFP
 Competitive Negotiation *
 Alternative Competitive Method *
 Non-Competitive Negotiation *
 Negotiation w/ Government (ID, GG, GU)

* **Procurement Process Summary** (complete for selection by Non-Competitive Negotiation, Competitive Negotiation, OR Alternative Method)

*DIR/PCA
10-17-08*

CONTRACT SUMMARY SHEET

12-11-07

RFS #		Contract #	
317 . 04 — 068 — 08		FA-08-23454-00	
State Agency		State Agency Division	
Finance and Administration		Benefits Administration	
Contractor Name		Contractor ID# (FEIN or SSN)	
Aon Consulting, Inc.		<input type="checkbox"/> C- or <input checked="" type="checkbox"/> V- 22-2232264	
Service Description			
Benefits consulting services for the State, Local Education and Local Government Insurance Committees.			

Contract Begin Date	Contract End Date	SUBRECIPIENT or VENDOR?	CFDA #
January 1, 2008	December 31, 2010	Vendor	

Mark Each TRUE Statement

Contractor is on STARS

Contractor's Form W-9 is on file in Accounts

Allocation Code	Cost Center	Object Code	Fund	Funding Grant Code	Funding Subgrant Code
317.04	993	086	11		

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2008			\$250,000.00		\$250,000.00
2009			\$750,000.00		\$750,000.00
2010			\$750,000.00		\$750,000.00
2011			\$250,000.00		\$250,000.00
RELEASED TO ACCOUNTS DIVISION JAN 24 2008 BY OFFICE OF CONTRACTS REVIEW					
TOTAL			\$2,000,000.00		\$2,000,000.00

COMPLETE FOR AMENDMENTS ONLY

FY	Base Contract & Prior Amendments	THIS Amendment ONLY
TOTAL		
End Date		

State Agency Fiscal Contact & Telephone #

Maureen Abbey
20th Floor, Tennessee Tower
615-741-6070

State Agency Budget Officer Approval

Maureen Abbey

Funding Certification

RECEIVED
 JAN 17 2008
 DEC 27 2007

Contractor Ownership (complete for ALL base contracts - N/A to amendments or delegated authorities)

African American
 Person w/ Disability
 Hispanic
 Small Business
 Government
 Asian
 Female
 Native American
 NOT Minority/Disadvantaged

Contractor Selection Method (complete for ALL base contracts - N/A to amendments or delegated authorities)

RFP
 Competitive Negotiation *
 Alternative Competitive Method *
 Non-Competitive Negotiation *
 Negotiation w/ Government (ID, GG, GU)

Procurement Process Summary (complete for selection by Non-Competitive Negotiation, Competitive Negotiation, OR Alternative Method)

JAN 24 2008

RECEIVED

DEC 26 2007

CONTRACT
BETWEEN THE STATE OF TENNESSEE INSURANCE COMMITTEE, LOCAL EDUCATION
INSURANCE COMMITTEE, AND LOCAL GOVERNMENT INSURANCE COMMITTEE
AND
Aon Consulting, Inc.

This Contract, by and between the State of Tennessee Insurance Committee, Local Education Insurance Committee, and the Local Government Insurance Committee, hereinafter referred to as the "State" and Aon Consulting, Inc., hereinafter referred to as the "Contractor," is for the provision of Employee Benefit Consulting Services, as further defined in the "SCOPE OF SERVICES."

The Contractor is a for profit corporation.

Contractor Federal Employer Identification or Social Security Number: 22-2232264
Contractor Place of Incorporation or Organization: Delaware

A. SCOPE OF SERVICES:

A.1. Contractor's Obligations

The Contractor shall provide all services and deliverables as required, described, and detailed by this Scope of Services and shall meet all service and delivery timelines specified in the Scope of Services section or elsewhere in this Contract.

A.2 Benefit Consulting Services

The Contractor shall provide the benefit consulting services as requested by the State. Specifically:

- A.2.1. The Contractor shall provide the State actuarial and benefit-consulting services in accordance with the Contractor's Proposal to assist the State in determining present and future funding needs and recommended benefit modifications necessary to maintain the financial stability for the State sponsored self-insured plans.
- A.2.2. The Contractor shall provide actuarial and benefit-consulting services to support the State in the design, development, preparation and review of Requests for Proposals (RFP) for new and existing benefits and programs. Potential RFPs may include, but are not limited to, health plan administration (PPO, POS, HMO, Medicare plans), carve out programs (Pharmacy, Integrated EAP, mental health and substance abuse services, disease management), optional and basic life insurance, optional plans such as term life insurance, universal life insurance, dental, long term care and short and long term disability, wellness and disease management programs and other benefits and services as the State deems necessary.
- A.2.3. The Contractor shall assist the State in analyzing the funding need of each plan fund to include a review of premium needs based on employee and employer contribution policy and corresponding projected claims and other plan expenses.
- A.2.4. The Contractor shall perform, at the request of the State, medical claims and pharmacy claims audits of the third-party administrators or insurance companies under contract with the State for the administration of the health plans sponsored by the State. Such audits may include: full review of administrative procedures including customer service, utilization review, care management, case management, disease management, system capability, eligibility review, claims overpayments, claims accuracy and timeliness, performance of claims adjudication procedures, processing of claims, and other services in accordance with the State Health Plan Documents and vendor contract requirements.

- A.2.5. The Contractor shall perform, at the request of the State, pharmacy rebate audits of the pharmacy benefit managers (PBM) administering the pharmacy benefits for the State sponsored plans in order to determine whether the State is receiving the pharmacy rebates consistent with contract requirements. Contractor shall have the necessary qualified staff and firewalls or separation of functions as required by the PBM in order to conduct the pharmacy rebate audit.
- A.2.6. The Contractor shall provide assistance to the State in the development and annual review of benefits plans sponsored by the State in order to identify strategies, goals and objectives addressing the need to provide quality cost effective benefits to public employees.
- A.2.7. The Contractor shall provide to the State timely information; analysis and recommendations on newly enacted Federal laws and regulations and their present and future impact on the provision of State plan benefits.
- A.2.8. The Contractor shall meet at least quarterly with the State at the State's request to review ongoing projects, benefit plan status or other activities as required by the State. All travel associated in the performance of the responsibilities of this Contract shall be pre-approved by the State. (See Contract Section C.4)
- A.2.9. The Contractor shall provide that the Principal in charge of the State account, including other consultant staff as necessary and requested by the State, attend all State Insurance Committee meetings, including subcommittees.
- A.2.10. The Contractor shall assist in the development and/or review of plan benefit communications materials (i.e. summary plan documents, plan brochures, certificates of coverage etc.) as well as administrative procedure manuals.
- A.2.11. The Contractor shall review and audit the provision of the benefits and services provided by insurers, administrators and other vendors under contract with the State. This item may involve readiness reviews and/or evaluations of SAS reports.
- A.2.12. The Contractor shall provide actuarial services to assist the State in evaluating the differences, including the relative value and relative cost, between various health plan benefit designs.
- A.2.13. The Contractor shall assist the State in the review and analysis of vendor contractual requirements, to include performance guarantees and risk sharing arrangements.
- A.2.14. The Contractor shall work with the State's present provider of claims decision support services, The Medstat Group, Inc., (or subsequent provider) in order to develop strategies to enhance and improve the provision of benefits.
- A.2.15. The Contractor shall provide support to the State's appeal process to include general and specific review and comment on benefit issues in addition to physician review and comment by the appropriate specialist on medical necessity and appropriateness, and experimental/investigative determinations regarding individual appeals.
- A.2.16. The Contractor shall provide or subcontract for other benefits consulting services as requested by the State.

A.3. Administrative Services

The Contractor must maintain an organization sufficient to administer, manage and oversee all aspects of the contract. Specifically:

- A.3.1. The Contractor shall establish a team of qualified employees assigned to the State and shall be able to adjust staffing needs to appropriate levels in order to provide services as required by the State.

A.3.2 The Contractor shall ensure that the principal project staff have, at a minimum, the Society of Actuaries, legal, medical and other educational backgrounds and certifications commensurate with the nature and scope of services in accordance with the Contractor's Proposal and as required by the State.

A.3.3 The Contractor shall assign and identify the following individuals assigned to the State:

- a. **Principal/Account Executive** – individual responsible for the work of the state assigned team, who has at least ten years of experience in benefits management consulting and in design and analysis of employee benefit plans and strategies.
- b. **Senior Consultant/Lead Actuary** – individual who is a Fellow in the Society of Actuaries and MAAA with over 10 years of actuarial consulting work with large employers.
- c. **Senior Consultant** – professional with at least six years of experience in benefits consulting, including design and analysis of employee benefits for large employers. Must possess college degree and/or professional qualifications. This individual will serve as the back-up for the Principal/ Account Executive.

The Contractor shall notify the State in writing within thirty (30) days of any changes in the individuals holding these positions. The individuals within these positions must be acceptable to the State during the full term of the contract. Any replacement to the designated individuals occupying these positions shall possess equal qualifications and experience. The State retains the right to request alternative personnel assigned to this Contract.

In addition to the above positions, the Contractor shall have sufficient staff in the following positions to carry out the scope of services defined in this contract:

- d. **Consultants** – mid-level professionals with five to ten years of increasingly responsible benefit consulting experience.
- e. **Analysts** – entry-level professionals working under the direction of Senior Consultants or Consultants and have less than five years of experience.
- f. **Administrative/Clerical Staff** – are support personnel that provide administrative functions.
- g. **Medical Professional (Physician, Dentist)** – are properly licensed physicians and dentists with experience in providing benefit consulting services requiring clinical expertise specific to benefit issues, medical necessity review and determination of experimental and investigative procedures.

A.3.4. The Contractor shall maintain an administrative structure to oversee the monthly billing, payment and processing of invoices to the State for work performed under the contract and specifically authorized by the State. Invoices must be in the content and format as required by the State detailing the project and time spent by position.

A.3.5 The Contractor shall develop prospective work plan(s) and budget(s) in response to specific request by the State for benefits consulting or actuarial services.

B. **CONTRACT TERM:**

B.1. Contract Term. This Contract shall be effective for the period commencing on January 1, 2008 and ending on December 31, 2010. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period.

B.2. Term Extension. The State reserves the right to extend this Contract for an additional period or periods of time representing increments of no more than one year and a total Contract term of no more than five (5) years, provided that such an extension of the Contract term is effected prior to the current, contract expiration date by means of an amendment to the Contract. If the extension of the Contract necessitates additional funding beyond that which was included in the original Contract, the increase in the State's maximum liability will also be effected through an

amendment to the Contract, and shall be based upon payment rates provided for in the original Contract.

C. PAYMENT TERMS AND CONDITIONS:

C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed Two Million Dollars, (\$2,000,000.00). The payment rates in Section C.3 and the Travel Compensation provided in Section C.4 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The payment rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with the payment rates detailed in Section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.

C.2. Compensation Firm. The payment rates and the maximum liability of the State under this Contract are firm for the duration of the Contract and are not subject to escalation for any reason unless amended.

C.3. Payment Methodology. The Contractor shall be compensated based on the payment rates herein for units of service authorized by the State in a total amount not to exceed the Contract Maximum Liability established in Section C.1.

a. The Contractor's compensation shall be contingent upon the satisfactory completion of units, milestones, or increments of service defined in Section A.

b. The Contractor shall be compensated based upon the following payment rates:

(1) For service performed from January 1, 1008, through December 31, 2010, the following rates shall apply:

Professional Service Designation	Payment Rate Per Hour Per Calendar Year		
	2008	2009	2010
Principal/Account Executive	\$400 an hour	\$410 an hour	\$420 an hour
Senior Consultant/Lead Actuary	\$400 an hour	\$410 an hour	\$420 an hour
Senior Consultant	\$300 an hour	\$310 an hour	\$320 an hour
Consultant	\$225 an hour	\$235 an hour	\$245 an hour
Analyst	\$150 an hour	\$160 an hour	\$170 an hour
Administrative/Clerical	\$90 an hour	\$100 an hour	\$110 an hour
Medical Professional (physician, dentist)	\$350 an hour	\$360 an hour	\$370 an hour

The Contractor shall not be compensated for travel time to the primary location of service provision.

(2) For service performed from January 1, 2011, through December 31, 2011, the Contractor shall be compensated based upon the payment rates in Section C.3.b.(1) above but adjusted by the percentage increase, if any, between the Consumer Price Index for All Urban Consumers (CPI-U): U.S. city average, All Items expenditure category, not seasonally adjusted, index base period: 1982-84=100) published by the United States Department of Labor, Bureau of Labor

Statistics in December 2010 and that figure published in the same month, 12-months prior, up to a maximum of three and one-half percent (3.5 %).

- (3) For service performed from January 1, 2012, through December 31, 2012, the Contractor shall be compensated based upon the payment rates in Section C.3.b.(1) above but adjusted by the percentage increase, if any, between the Consumer Price Index for All Urban Consumers (CPI-U): U.S. city average, All Items expenditure category, not seasonally adjusted, index base period: 1982-84=100) published by the United States Department of Labor, Bureau of Labor Statistics in December 2011 and that figure published in the same month, 12-months prior, up to a maximum of three and one-half percent (3.5 %).

C.4. Travel Compensation. Compensation to the Contractor for travel, meals, or lodging shall be subject to amounts and limitations specified in the "State Comprehensive Travel Regulations," as they are amended from time to time.

C.5. Invoice Requirements. The Contractor shall invoice the State only for completed increments of service and for the amount stipulated in Section C.3., above, and as required below prior to any payment.

- a. The Contractor shall submit invoices no more often than monthly, with all necessary supporting documentation, to:

Department of Finance and Administration
Benefits Administration
2600 WRS Tennessee Tower
312 8th Avenue, North
Nashville, TN 37243

- b. The Contractor agrees that each invoice submitted shall clearly and accurately (all calculations must be extended and totaled correctly) detail the following required information.

- (1) Invoice/Reference Number (assigned by the Contractor);
- (2) Invoice Date;
- (3) Invoice Period (period to which all invoiced charges are applicable);
- (4) Contract Number (assigned by the State to this Contract);
- (5) Account Name: Department of Finance and Administration, Benefits Administration;
- (6) Account/Customer Number (uniquely assigned by the Contractor to the above-referenced Account Name);
- (7) Contractor Name;
- (8) Contractor Federal Employer Identification Number or Social Security Number (as referenced in this Contract);
- (9) Contractor Contact (name, phone, and/or fax for the individual to contact with billing questions);
- (10) Contractor Remittance Address;
- (11) Complete Itemization of Charges, which shall detail the following:
 - i. Service Description for each service invoiced;
 - ii. Number of Units, Increments, or Milestones of each service invoiced;
 - iii. Applicable Payment Rate (as stipulated in Section C.3.) for each service invoiced;
 - iv. Amount Due by Service;
 - v. Travel Compensation requested in accordance with and attaching to the invoice appropriate documentation and receipts as required by the above-referenced "State Comprehensive Travel Regulations;" and
 - vi. Total Amount Due for the invoice period.

- c. The Contractor understands and agrees that an invoice to the State under this Contract shall:
 - (1) include only charges for service described in Contract Section A and in accordance with payment terms and conditions set forth in Contract Section C;
 - (2) not include any future work but will only be submitted for completed service; and
 - (3) not include sales tax or shipping charges.
 - d. The Contractor agrees that timeframe for payment (and any discounts) begins when the State is in receipt of each invoice meeting the minimum requirements above.
 - e. The Contractor shall complete and sign a "Substitute W-9 Form" provided to the Contractor by the State. The taxpayer identification number contained in the Substitute W-9 submitted to the State shall agree to the Federal Employer Identification Number or Social Security Number referenced in this Contract for the Contractor. The Contractor shall not invoice the State for services until the State has received this completed form.
- C.6. Payment of Invoice. The payment of the invoice by the State shall not prejudice the State's right to object to or question any invoice or matter in relation thereto. Such payment by the State shall neither be construed as acceptance of any part of the work or service provided nor as an approval of any of the amounts invoiced therein.
- C.7. Invoice Reductions. The Contractor's invoice shall be subject to reduction for amounts included in any invoice or payment theretofore made which are determined by the State, on the basis of audits conducted in accordance with the terms of this contract, not to constitute proper remuneration for compensable services.
- C.8. Deductions. The State reserves the right to deduct from amounts which are or shall become due and payable to the Contractor under this or any contract between the Contractor and the State of Tennessee any amounts which are or shall become due and payable to the State of Tennessee by the Contractor.
- C.9. Automatic Deposits. The Contractor shall complete and sign an "Authorization Agreement for Automatic Deposit (ACH Credits) Form." This form shall be provided to the Contractor by the State. Once this form has been completed and submitted to the State by the Contractor all payments to the Contractor, under this or any other contract the Contractor has with the State of Tennessee shall be made by Automated Clearing House (ACH). The Contractor shall not invoice the State for services until the Contractor has completed this form and submitted it to the State.
- D. STANDARD TERMS AND CONDITIONS:**
- D.1. Required Approvals. The State is not bound by this Contract until it is approved by the appropriate State officials in accordance with applicable Tennessee State laws and regulations.
- D.2. Modification and Amendment. This Contract may be modified only by a written amendment executed by all parties hereto and approved by the appropriate Tennessee State officials in accordance with applicable Tennessee State laws and regulations.
- D.3. Termination for Convenience. The State may terminate this Contract without cause for any reason. Said termination shall not be deemed a Breach of Contract by the State. The State shall give the Contractor at least Two Hundred Seventy (270) days written notice before the effective termination date. The Contractor shall be entitled to receive compensation for satisfactory, authorized service completed as of the termination date, but in no event shall the State be liable to the Contractor for compensation for any service which has not been rendered. Upon such termination, the Contractor shall have no right to any actual general, special, incidental, consequential, or any other damages whatsoever of any description or amount.

- D.4. Termination for Cause. If the Contractor fails to properly perform its obligations under this Contract in a timely or proper manner, or if the Contractor violates any terms of this Contract, the State shall have the right to terminate the Contract and withhold payments in excess of fair compensation for completed services. The State will provide notification of termination for cause in writing. This notice will (1) specify in reasonable detail the nature of the breach; (2) provide Contractor with an opportunity to cure, which must be requested in writing no less than 10 days from the date of the Termination Notice; and (3) shall specify the effective date of termination in the event Contractor fails to correct the breach. Contractor must present the State with a written request detailing the efforts it will take to resolve the problem and the time period for such resolution. This opportunity to "cure" shall not apply to circumstances in which the Contractor intentionally withholds its services or otherwise refuses to perform. The State will not consider a request to cure contract performance where there have been repeated problems with respect to identical or similar issues, or if a cure period would cause a delay that would impair the effectiveness of State operations. In circumstances where an opportunity to cure is not available, termination will be effective immediately.
- D.5. Subcontracting. The Contractor shall not assign this Contract or enter into a subcontract for any of the services performed under this Contract without obtaining the prior written approval of the State. If such subcontracts are approved by the State, they shall contain, at a minimum, sections of this Contract below pertaining to "Conflicts of Interest," "Nondiscrimination," and "Records" (as identified by the section headings). Notwithstanding any use of approved subcontractors, the Contractor shall be the prime contractor and shall be responsible for all work performed.
- D.6. Conflicts of Interest. The Contractor warrants that no part of the total Contract Amount shall be paid directly or indirectly to an employee or official of the State of Tennessee as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Contractor in connection with any work contemplated or performed relative to this Contract.
- D.7. Nondiscrimination. The Contractor hereby agrees, warrants, and assures that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Contract or in the employment practices of the Contractor on the grounds of disability, age, race, color, religion, sex, national origin, or any other classification protected by Federal, Tennessee State constitutional, or statutory law. The Contractor shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.
- D.8. Prohibition of Illegal Immigrants. The requirements of Public Acts of 2006, Chapter Number 878, of the state of Tennessee, addressing the use of illegal immigrants in the performance of any Contract to supply goods or services to the state of Tennessee, shall be a material provision of this Contract, a breach of which shall be grounds for monetary and other penalties, up to and including termination of this Contract.
- a. The Contractor hereby attests, certifies, warrants, and assures that the Contractor shall not knowingly utilize the services of an illegal immigrant in the performance of this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant in the performance of this Contract. The Contractor shall reaffirm this attestation, in writing, by submitting to the State a completed and signed copy of the document at Attachment 1, hereto, semi-annually during the period of this Contract. Such attestations shall be maintained by the contractor and made available to state officials upon request.
 - b. Prior to the use of any subcontractor in the performance of this Contract, and semi-annually thereafter, during the period of this Contract, the Contractor shall obtain and retain a current, written attestation that the subcontractor shall not knowingly utilize the services of an illegal immigrant to perform work relative to this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant to perform work relative to this Contract. Attestations obtained from

such subcontractors shall be maintained by the contractor and made available to state officials upon request.

- c. The Contractor shall maintain records for all personnel used in the performance of this Contract. Said records shall be subject to review and random inspection at any reasonable time upon reasonable notice by the State.
 - d. The Contractor understands and agrees that failure to comply with this section will be subject to the sanctions of Public Chapter 878 of 2006 for acts or omissions occurring after its effective date. This law requires the Commissioner of Finance and Administration to prohibit a contractor from contracting with, or submitting an offer, proposal, or bid to contract with the State of Tennessee to supply goods or services for a period of one year after a contractor is discovered to have knowingly used the services of illegal immigrants during the performance of this Contract.
 - e. For purposes of this Contract, "illegal immigrant" shall be defined as any person who is not either a United States citizen, a Lawful Permanent Resident, or a person whose physical presence in the United States is authorized or allowed by the federal Department of Homeland Security and who, under federal immigration laws and/or regulations, is authorized to be employed in the U.S. or is otherwise authorized to provide services under the Contract.
- D.9. Records. The Contractor shall maintain documentation for all charges under this Contract. The books, records, and documents of the Contractor, insofar as they relate to work performed or money received under this Contract, shall be maintained for a period of three (3) full years from the date of the final payment and shall be subject to audit at any reasonable time and upon reasonable notice by the State, the Comptroller of the Treasury, or their duly appointed representatives. The financial statements shall be prepared in accordance with generally accepted accounting principles.
- D.10. Monitoring. The Contractor's activities conducted and records maintained pursuant to this Contract shall be subject to monitoring and evaluation by the State, the Comptroller of the Treasury, or their duly appointed representatives.
- D.11. Progress Reports. The Contractor shall submit brief, periodic, progress reports to the State as requested.
- D.12. Strict Performance. Failure by any party to this Contract to insist in any one or more cases upon the strict performance of any of the terms, covenants, conditions, or provisions of this Contract shall not be construed as a waiver or relinquishment of any such term, covenant, condition, or provision. No term or condition of this Contract shall be held to be waived, modified, or deleted except by a written amendment signed by the parties hereto.
- D.13. Independent Contractor. The parties hereto, in the performance of this Contract, shall not act as employees, partners, joint venturers, or associates of one another. It is expressly acknowledged by the parties hereto that such parties are independent contracting entities and that nothing in this Contract shall be construed to create an employer/employee relationship or to allow either to exercise control or direction over the manner or method by which the other transacts its business affairs or provides its usual services. The employees or agents of one party shall not be deemed or construed to be the employees or agents of the other party for any purpose whatsoever.
- The Contractor, being an independent contractor and not an employee of the State, agrees to carry adequate public liability and other appropriate forms of insurance, including adequate public liability and other appropriate forms of insurance on the Contractor's employees, and to pay all applicable taxes incident to this Contract.
- D.14. State Liability. The State shall have no liability except as specifically provided in this Contract.

- D.15. Force Majeure. The obligations of the parties to this Contract are subject to prevention by causes beyond the parties' control that could not be avoided by the exercise of due care including, but not limited to, acts of God, natural disasters, riots, wars, epidemics or any other similar cause.
- D.16. State and Federal Compliance. The Contractor shall comply with all applicable State and Federal laws and regulations in the performance of this Contract.
- D.17. Governing Law. This Contract shall be governed by and construed in accordance with the laws of the State of Tennessee. The Contractor agrees that it will be subject to the exclusive jurisdiction of the courts of the State of Tennessee in actions that may arise under this Contract. The Contractor acknowledges and agrees that any rights or claims against the State of Tennessee or its employees hereunder, and any remedies arising therefrom, shall be subject to and limited to those rights and remedies, if any, available under **Tennessee Code Annotated**, Sections 9-8-101 through 9-8-407.
- D.18. Completeness. This Contract is complete and contains the entire understanding between the parties relating to the subject matter contained herein, including all the terms and conditions of the parties' agreement. This Contract supersedes any and all prior understandings, representations, negotiations, and agreements between the parties relating hereto, whether written or oral.
- D.19. Severability. If any terms and conditions of this Contract are held to be invalid or unenforceable as a matter of law, the other terms and conditions hereof shall not be affected thereby and shall remain in full force and effect. To this end, the terms and conditions of this Contract are declared severable.
- D.20. Headings. Section headings of this Contract are for reference purposes only and shall not be construed as part of this Contract.

E. SPECIAL TERMS AND CONDITIONS:

- E.1. Conflicting Terms and Conditions. Should any of these special terms and conditions conflict with any other terms and conditions of this Contract, these special terms and conditions shall control.
- E.2. Communications and Contacts. All instructions, notices, consents, demands, or other communications required or contemplated by this Contract shall be in writing and shall be made by certified, first class mail, return receipt requested and postage prepaid, by overnight courier service with an asset tracking system, or by EMAIL or facsimile transmission, with recipient confirmation. Any such communications, regardless of method of transmission, shall be addressed to the respective party at the appropriate mailing address, facsimile number, or EMAIL address as set forth below or to that of such other party or address, as may be hereafter specified by written notice.

The State:

Ms. Marlene D. Alvarez, Manager of Procurement and Contracts
Benefits Administration
312 Eighth Ave. North
26th Floor, WRS Tennessee Tower
Nashville, TN 37243
Phone: 615-253-8358
Fax: 615-253-8556
E-mail Address: Marlene.Alvarez@state.tn.us

The Contractor:

Kenneth C. Vieira, FSA, MAAA, FCA Senior Vice President
Aon Consulting, Inc.
One Piedmont Center
3565 Piedmont Rd., NE Suite 600

Atlanta, GA 30305
Phone: 404-240-6148
Fax: 404-240-6146
ken_vieira@aon.com

All instructions, notices, consents, demands, or other communications shall be considered effectively given upon receipt or recipient confirmation as may be required.

- E.3. Subject to Funds Availability. The Contract is subject to the appropriation and availability of State and/or Federal funds. In the event that the funds are not appropriated or are otherwise unavailable, the State reserves the right to terminate the Contract upon written notice to the Contractor. Said termination shall not be deemed a breach of Contract by the State. Upon receipt of the written notice, the Contractor shall cease all work associated with the Contract. Should such an event occur, the Contractor shall be entitled to compensation for all satisfactory and authorized services completed as of the termination date. Upon such termination, the Contractor shall have no right to recover from the State any actual, general, special, incidental, consequential, or any other damages whatsoever of any description or amount.
- E.4. State Ownership of Work Products. The State shall have all ownership right, title, and interest, including ownership of copyright, in all work products created, designed, developed, derived, documented, installed, or delivered to the State under this Contract. The State shall have royalty-free and unlimited rights to use, disclose, reproduce, or publish, for any purpose whatsoever, all said work products. The Contractor shall furnish such information and data upon request of the State, in accordance with the Contract and applicable State law.
- E.5. Insurance. The Contractor shall carry adequate liability and other appropriate forms of insurance.
- a. The Contractor shall maintain, at minimum, the following insurance coverage:
- (1) Workers' Compensation/ Employers' Liability (including all states coverage) with a limit not less than the relevant statutory amount or one million dollars (\$1,000,000) per occurrence for employers' liability whichever is greater.
 - (2) Comprehensive Commercial General Liability (including personal injury & property damage, premises/operations, independent contractor, contractual liability and completed operations/products) with a bodily injury/property damage combined single limit not less than one million dollars (\$1,000,000) per occurrence and two million dollars (\$2,000,000) aggregate.
 - (3) Automobile Coverage (including hired and non-owned vehicles) with a bodily injury/property damage combined single limit not less than one million dollars (\$1,000,000) per occurrence.
 - (4) Professional Liability with a limit of not less than one million dollars (\$1,000,000) per claim and two million dollars (\$2,000,000) aggregate.
- b. At any time State may require the Contractor to provide a valid Certificate of Insurance detailing Coverage Description; Insurance Company & Policy Number; Exceptions and Exclusions; Policy Effective Date; Policy Expiration Date; Limit(s) of Liability; and Name and Address of Insured. Failure to provide required evidence of insurance coverage shall be a material breach of this Contract.
- E.6. Incorporation of Additional Documents. Included in this Contract by reference are the following documents:
- a. The Contract document and its attachments
 - b. All Clarifications and addenda made to the Contractor's Proposal
 - c. The Request for Proposal and its associated amendments
 - d. Technical Specifications provided to the Contractor

e. The Contractor's Proposal

In the event of a discrepancy or ambiguity regarding the Contractor's duties, responsibilities, and performance under this Contract, these documents shall govern in order of precedence detailed above.

E.7. Workpapers Subject to Review. The Contractor shall make all audit, accounting, or financial analysis workpapers, notes, and other documentation available for review by the Comptroller of the Treasury or his representatives, upon request, during normal working hours either while the analysis is in progress or subsequent to the completion of this Contract.

E.8. Lobbying. The Contractor certifies, to the best of its knowledge and belief, that:

- a. No federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.
- b. If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, An officer or employee of Congress, or an employee of a Member of Congress in connection with this contract, grant, loan, or cooperative agreement, the Contractor shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
- c. The Contractor shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including subcontracts, sub-grants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into and is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, *U.S. Code*.

E.9. Confidentiality of Records. Strict standards of confidentiality of records and information shall be maintained in accordance with applicable state and federal law. All material and information, regardless of form, medium or method of communication, provided to the Contractor by the State or acquired by the Contractor on behalf of the State shall be regarded as confidential information in accordance with the provisions of applicable state and federal law, state and federal rules and regulations, departmental policy, and ethical standards. Such confidential information shall not be disclosed, and all necessary steps shall be taken by the Contractor to safeguard the confidentiality of such material or information in conformance with applicable state and federal law, state and federal rules and regulations, departmental policy, and ethical standards.

The Contractor's obligations under this section do not apply to information in the public domain; entering the public domain but not from a breach by the Contractor of this Contract; previously possessed by the Contractor without written obligations to the State to protect it; acquired by the Contractor without written restrictions against disclosure from a third party which, to the Contractor's knowledge, is free to disclose the information; independently developed by the Contractor without the use of the State's information; or, disclosed by the State to others without restrictions against disclosure. Nothing in this paragraph shall permit Contractor to disclose any information that is confidential under federal or state law or regulations, regardless of whether it has been disclosed or made available to the Contractor due to intentional or negligent actions or inactions of agents of the State or third parties.

It is expressly understood and agreed the obligations set forth in this section shall survive the termination of this Contract.

- E.10. Tennessee Consolidated Retirement System. The Contractor acknowledges and understands that, subject to statutory exceptions contained in *Tennessee Code Annotated*, Section 8-36-801, *et. seq.*, the law governing the Tennessee Consolidated Retirement System (TCRS), provides that if a retired member of TCRS, or of any superseded system administered by TCRS, or of any local retirement fund established pursuant to *Tennessee Code Annotated*, Title 8, Chapter 35, Part 3 accepts state employment, the member's retirement allowance is suspended during the period of the employment. Accordingly and notwithstanding any provision of this Contract to the contrary, the Contractor agrees that if it is later determined that the true nature of the working relationship between the Contractor and the State under this Contract is that of "employee/employer" and not that of an independent contractor, the Contractor may be required to repay to TCRS the amount of retirement benefits the Contractor received from TCRS during the period of this Contract.
- E.11. Debarment and Suspension. The Contractor certifies, to the best of its knowledge and belief, that it, its current and future principals, its current and future subcontractors and their principals:
- a. are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal or state department or agency;
 - b. have not within a three (3) year period preceding this Contract been convicted of, or had a civil judgment rendered against them from commission of fraud, or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or grant under a public transaction; violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification, or destruction of records, making false statements, or receiving stolen property;
 - c. are not presently indicted or otherwise criminally or civilly charged by a government entity (federal, state, or local) with commission of any of the offenses detailed in section b. of this certification; and
 - d. have not within a three (3) year period preceding this Contract had one or more public transactions (federal, state, or local) terminated for cause or default.

The Contractor shall provide immediate written notice to the State if at any time it learns that there was an earlier failure to disclose information or that due to changed circumstances, its principals or the principals of its subcontractors are excluded or disqualified.

- E.12. HIPAA Compliance. The State and Contractor shall comply with obligations under the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and its accompanying regulations.
- a. Contractor warrants to the State that it is familiar with the requirements of HIPAA and its accompanying regulations, and will comply with all applicable HIPAA requirements in the course of this Contract.
 - b. Contractor warrants that it will cooperate with the State, including cooperation and coordination with State privacy officials and other compliance officers required by HIPAA and its regulations, in the course of performance of the Contract so that both parties will be in compliance with HIPAA.
 - c. The State and the Contractor will sign documents, including but not limited to business associate agreements, as required by HIPAA and that are reasonably necessary to keep the State and Contractor in compliance with HIPAA. This provision shall not apply if information received by the State under this Contract is NOT "protected health information" as defined by



JOHN G. MORGAN, COMPTROLLER OF THE TREASURY

DATE

1/22/08

CONTRACT ATTACHMENT 1

ATTESTATION RE PERSONNEL USED IN CONTRACT PERFORMANCE

SUBJECT CONTRACT NUMBER:	FA-08-
CONTRACTOR LEGAL ENTITY NAME:	Aon Consulting, Inc.
FEDERAL EMPLOYER IDENTIFICATION NUMBER: (or Social Security Number)	22-2232264

The Contractor, identified above, does hereby attest, certify, warrant, and assure that the Contractor shall not knowingly utilize the services of an illegal immigrant in the performance of this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant in the performance of this Contract.



CONTRACTOR SIGNATURE

NOTICE: This attestation MUST be signed by an individual empowered to contractually bind the Contractor. If said individual is not the chief executive or president, this document shall attach evidence showing the individual's authority to contractually bind the Contractor.

Kenneth C. Vigira ; Senior Vice President

PRINTED NAME AND TITLE OF SIGNATORY

12/5/07

DATE OF ATTESTATION