

**CONTRACT #12**  
**RFS # 329.01-179**  
**FA # 06-16688-00**

**Correction**

**VENDOR:**  
**Spectrum Health Systems, Inc.**  
**(Program One)**



STATE OF TENNESSEE  
DEPARTMENT OF CORRECTION  
6<sup>TH</sup> FLOOR RACHEL JACKSON BUILDING  
320 SIXTH AVENUE NORTH  
NASHVILLE, TENNESSEE 37243-0465  
OFFICE (615) 741-1000 EXT. 8104 • FAX (615) 741-4605

**M E M O R A N D U M**

**TO:** Leni Chick  
Contract & Audit Coordinator  
Fiscal Review Committee Staff

**FROM:** William M. Anderson, Director  
Contracts Administration

**DATE:** December 3, 2009

**SUBJECT:** Request for Non-Competitive Amendment

**RECEIVED**

DEC 04 2009

**FISCAL REVIEW**

32901-17906 FA-06-16688-00 Spectrum Health Services, Inc.  
32901-18407 FA-07-16833-00 Spectrum Health Services, Inc.

Enclosed is a Non-Competitive Amendment Request to the contracts between the Department of Correction, and Spectrum Health Services, Inc. The enclosed supporting documentation details information, for each, 32901-17906, and 32901-18407, as required pursuant to Department of Finance and Administration rules and policy.

- 1) Original Contract
- 2) Summary sheet for contract
- 3) Request for Non-Competitive Amendment
- 4) Proposed Amendments No. 3
- 5) Supplement Documentation Required for Fiscal Review Committee

The Tennessee Department of Correction respectfully submits this Non-Competitive Amendment Request for Fiscal Review Committee comments and/or approval.

Thank you for your consideration of this matter.

/lr  
Enclosures

Supplemental Documentation Required for  
Fiscal Review Committee

*Contact Name:	<b>William M. Anderson</b>	*Contact Phone:	<b>615.253.8104</b>		
*Original Contract Number:	<b>FA-06-16688-00</b>	*Original RFS Number:	<b>329.01-179</b>		
Edison Contract Number: <i>(if applicable)</i>	<b>7082</b>	Edison RFS Number: <i>(if applicable)</i>	<b>32901-17906</b>		
*Original Contract Begin Date:	<b>March 1, 2006</b>	*Current End Date:	<b>December 31, 2009</b>		
Current Request Amendment Number: <i>(if applicable)</i>	<b>Three (3)</b>				
Proposed Amendment Effective Date: <i>(if applicable)</i>	<b>January 1, 2010</b>				
*Department Submitting:	<b>Correction</b>				
*Division:	<b>Fiscal Services</b>				
*Date Submitted:	<b>November 30, 2009</b>				
*Submitted Within Sixty (60) days:	<b>Yes</b>				
<i>If not, explain:</i>					
*Contract Vendor Name:	<b>Spectrum Health Systems, Inc.</b>				
*Current Maximum Liability:	<b>1,683,000.00</b>				
<b>*Current Contract Allocation by Fiscal Year: (as Shown on Most Current Fully Executed Contract Summary Sheet)</b>					
FY: 2006	FY: 2007	FY: 2008	FY: 2009	FY: 2010	FY
\$ 143,590.00	\$ 422,452.00	\$ 436,636.00	\$ 451,822.00	\$ 228,500.00	\$
<b>*Current Total Expenditures by Fiscal Year of Contract: (attach backup documentation from STARS or FDAS report)</b>					
FY: 2006	FY: 2007	FY: 2008	FY: 2009	FY 2010	FY
\$ 143,590.00	\$ 374,717.36	\$ 307,562.40	\$ 413,563.93	\$ 51,988.61	\$
<b>IF</b> Contract Allocation has been greater than Contract Expenditures, please give the reasons and explain where surplus funds were spent:		The surplus funds reverted back to the General Fund			
<b>IF</b> surplus funds have been carried forward, please give the reasons and provide the authority for the carry forward provision:		N/A			
<b>IF</b> 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: <b>\$670,384.00</b>	Federal: <b>\$1,012,616.00</b>
Interdepartmental:	N/A	Other: N/A
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>	
Amendment 1 1/1/08	Extend Term to 12/31/08 / Increased Maximum Liability \$1,226,000.00	
Amendment 2 1/1/09	Extend term to 12/31/09 / Increased Maximum Liability \$1,683,000.00	
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?	SEE BELOW	

<u>SERVICE UNIT/MILESTONE</u>	Hourly Rate 3/1/2006 thru 2/28/2007	Hourly Rate 3/1/2007 thru 12/31/2007	*Hourly Rate 1/1/2008 thru 12/31/2008	*Hourly Rate 1/1/2009 thru 12/31/2009	*Hourly Rate 1/1/2010 thru 12/31/2010
Licensed Substance Abuse Counselor Hourly Rate	\$39.86	\$40.88	\$42.48	\$43.64	\$44.84
Non-licensed Substance Abuse Counselor Hourly Rate	\$32.66	\$33.48	\$34.77	\$35.70	\$36.65

\* Would apply if extended by amendment.

## 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:	FY:	FY:	FY:	FY:

**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:

**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:
Other Vendor Cost: (name of vendor)	FY:	FY:	FY:	FY:	FY:
Other Vendor Cost: (name of vendor)	FY:	FY:	FY:	FY:	FY:

Spectrum

329.01 - 179 +  
329.01 - 184

# Vendor Payment Details Annual (VF-i29)

Report Filter: ((Vendor Number) (Code) = 'V042478978') And ((Effective Year) = 2006, 2007, 2008, 2009)

Report Limits:  
(Vendor Disbursements) < 0

Page by:  
Vendor Number: V042478978  
IRS Name: SPECTRUM HEALTH SYSTEMS

Warrant Number	Vendor Suffix	Vendor Name	Vendor Invoice	Voucher	Department	Division	Process Date	Transaction-Document*	Vendor Disbursements
Q757989	00	SPECTRUM ADDICTION SERVICES INC	03/31/06	V0684	329	01	4/28/2006	217 V0684	9,309.21
3428300	01	SPECTRUM	04/30/06	V0759	329	01	5/23/2006	263 V0759	27,541.98
3527192	01	SPECTRUM	05/31/06	V0852	329	01	6/30/2006	235 V0852	30,299.96
									67,151.15
									67,151.15
									0.00
3557559	01	SPECTRUM	06/30/06	V0887	329	01	7/13/2006	8 V0887	21,262.87
3737477	01	SPECTRUM	07/31/06	V0156	329	01	9/29/2006	70 V0156	55,175.98
3737477	01	SPECTRUM	07/31/06	V0156	329	01	9/29/2006	70 V0156	7,766.37
3737477	01	SPECTRUM	08/31/06	V0156	329	01	9/29/2006	70 V0156	79,366.44
3792712	01	SPECTRUM	09/30/06	V0228	329	01	10/25/2006	89 V0228	31,631.50
3792712	01	SPECTRUM	09/30/06	V0228	329	01	10/25/2006	89 V0228	33,582.30
3873904	01	SPECTRUM	10/31/06	V0303	329	01	11/27/2006	110 V0303	45,195.95
4050605	01	SPECTRUM	10/31/06	V0303	329	01	11/27/2006	110 V0303	24,025.84
4099564	01	SPECTRUM	11/30/06	JL2	329	01	2/6/2007	158 JL2	8,359.41
4099564	01	SPECTRUM	11/30/06	V0568	329	01	2/26/2007	172 V0568	29,723.55
4099564	01	SPECTRUM	11/30/06	V0568	329	01	2/26/2007	172 V0568	17,702.85
4099564	01	SPECTRUM	12/31/06	V0568	329	01	2/26/2007	172 V0568	19,185.75
4099564	01	SPECTRUM	12/31/06	V0568	329	01	2/26/2007	172 V0568	25,452.43
4099564	01	SPECTRUM	12/31/06	V0568	329	01	2/26/2007	172 V0568	18,777.26
4123247	01	SPECTRUM	01/31/07	V0588	329	01	3/6/2007	178 V0588	1,306.67
4123247	01	SPECTRUM	01/31/07	V0588	329	01	3/6/2007	178 V0588	33,690.29
4177656	01	SPECTRUM	02/28/07	V0669	329	01	3/27/2007	194 V0669	18,846.49
4177656	01	SPECTRUM	02/28/07	V0669	329	01	3/27/2007	194 V0669	20,892.90
4285472	01	SPECTRUM	03/31/07	V0763	329	01	5/9/2007	225 V0763	30,401.43
4285472	01	SPECTRUM	03/31/07	V0763	329	01	5/9/2007	225 V0763	15,974.38
4385542	01	SPECTRUM	04/30/07	V0907	329	01	6/19/2007	255 V0907	18,957.30
4385542	01	SPECTRUM	04/30/07	V0907	329	01	6/19/2007	255 V0907	35,510.85
4396663	01	SPECTRUM	05/31/07	V0912	329	01	6/22/2007	258 V0912	32,509.26
4396663	01	SPECTRUM	05/31/07	V0912	329	01	6/22/2007	258 V0912	34,354.74
									22,162.62
									39,672.94
									784,162.87
									451,156.21
									333,006.66
4458853	01	SPECTRUM	06/30/07	V0955	329	01	7/19/2007	14 V0955	28,419.00
4458853	01	SPECTRUM	06/30/07	V0955	329	01	7/19/2007	14 V0955	28,221.34
4495669	01	SPECTRUM	6/30/07	V0020	329	01	8/6/2007	27 V0020	2,511.00
4495669	01	SPECTRUM	6/30/07	V0020	329	01	8/6/2007	27 V0020	2,824.50
4556990	01	SPECTRUM	07/31/07	V0113	329	01	8/31/2007	48 V0113	4,871.34
4556990	01	SPECTRUM	07/31/07	V0113	329	01	8/31/2007	48 V0113	28,696.50
4556990	01	SPECTRUM	07/31/07	V0113	329	01	8/31/2007	48 V0113	17,901.50
4611404	01	SPECTRUM	07/31/07	V0159	329	01	9/24/2007	65 V0159	19,034.10
4611404	01	SPECTRUM	8/31/07	V0159	329	01	9/24/2007	65 V0159	1,757.70
4611404	01	SPECTRUM	8/31/07	V0159	329	01	9/24/2007	65 V0159	29,510.58
4611404	01	SPECTRUM	8/31/07	V0159	329	01	9/24/2007	65 V0159	21,148.80
4611404	01	SPECTRUM	8/31/07	V0159	329	01	9/24/2007	65 V0159	23,818.80

\* Accrual FY06  
\* Accrual FY07

FY07



Warrant Number	Vendor Suffix	Vendor Name	Vendor Invoice	Voucher	Department	Division	Process Date	Transaction-Documents*	FY10	Vendor Disbursements
								7082	FA0616688	51,988.61
								7084	FA0716833	76,110.36

**Contract** | Create Release | Review Releases

SetID: SHARE **16688**

\*Status: Approved

Contract ID: 000000000000000000007082

\*Contract Type: SVC (FA) - type Contract

Administrator:   
 ▾ Header

Add a D

Process Option: General Contract

Add Comments

Activity Log

Vendor: SPECTRUM H-004

Contract Activities

Document Status

Vendor ID: 0000004805 Spectrum

Primary Contact Info

Thresholds & Notifications

Begin Date: 03/01/2006 Vendor Details

Contract Agreement

Renewals/Extensions

Expire Date: 12/31/2009 Sub Contractor

Maximum Amount: 1,025,549.84 USD

Currency: USD CRRNT

Line Released: 142,030.95

Primary Contact:

Open Item Reisd: **09 = 90,042.34** 0.00

Vendor Contract Ref: FA0616688

Total Released Amount: **10 = 51,988.61** 142,030.95

Description: 030106 RESIDENTIAL ALCOHOL/DRU

Remaining Amount: 883,518.89

Master Contract ID:

Remaining Percent: 86.15

Tax Exempt

▾ Order Contract Options

Allow Multicurrency PO

Allow Open Item Reference

Must Use Contract Rate Date

Corporate Contract

Adjust Vendor Pricing First

Rate Date: 05/11/2009

Lock Chartfields

Price Can Be Changed on Order

PO Defaults

PO Open Item Pricing

▾ Voucher Contract Options

Invoice Number:

Gross Amount: 0.00 USD

AP Business Unit:

Freight Amount: 0.00

Accounting Template:

Sales Tax Amount: 0.00

Payment Terms ID:

VAT Amount: 0.00

Basis Dt Type:

Misc Charge Amount: 0.00

Miscellaneous Charges Retention

Add Items From

Catalog | Item Search

Lines							Customize   Find   View All
Details		Order By Amount	Item Information	Default Schedule	Release Amounts	Release Quantities	
Line	Type	Type ID	Description	UOM	Category	Merchandise Amt	
1	Item		SPECTRUM	EA	918-03	627025.92	

View Category Hierarchy

Category Search

**Contract** Create Release Review Releases

SetID: SHARE 16833  
Contract ID: 000000000000000000007084

\*Status: Approved   
\*Contract Type: SVC (FA) - type Contract

Add a D

Administrator:  
▼ Header

Process Option: General Contract

[Add Comments](#)

[Activity Log](#)

Vendor: SPECTRUM H-004

[Contract Activities](#)

[Document Status](#)

Vendor ID: 0000004805 Spectrum

[Primary Contact Info](#)

[Thresholds & Notifications](#)

Begin Date: 07/01/2006 [Vendor Details](#)

[Contract Agreement](#)

[Renewals/Extensions](#)

Expire Date: 12/31/2009 Sub Contractor

[Amount Summary](#)

Currency: USD CRRNT

Maximum Amount: 1,049,693.38 USD

Primary Contact:

Line Released: 207,326.74

Vendor Contract Ref: FA0716833

Open Item Relsd: 09 = 131,216.38 0.00

Description: 070306 RES ALCOHOL & DRUG TREA

Total Released Amount: 10 = 76,110.36 207,326.74

Master Contract ID:

Remaining Amount: 842,366.64

Tax Exempt

Remaining Percent: 80.25

▼ Order Contract Options

Allow Multicurrency PO

Allow Open Item Reference

Must Use Contract Rate Date

Corporate Contract

Adjust Vendor Pricing First

Rate Date: 05/11/2009

Lock Chartfields

Price Can Be Changed on Order

PO Defaults

[PO Open Item Pricing](#)

▼ Voucher Contract Options

Invoice Number:

Gross Amount: 0.00 USD

AP Business Unit:

Freight Amount: 0.00

Accounting Template:

Sales Tax Amount: 0.00

Payment Terms ID:

VAT Amount: 0.00

Basis Dt Type:

Misc Charge Amount: 0.00

Miscellaneous Charges Retention

Add Items From

Catalog

[Item Search](#)

Lines							Customize   Find   View All
Line	Type	Type ID	Description	UOM	Category	Merchandise Amt	
1	Item		SPECTRUM	EA	918-03	667097.69	

[View Category Hierarchy](#)

[Category Search](#)





**NON-COMPETITIVE AMENDMENT REQUEST:**

APPROVED

Commissioner of Finance &amp; Administration

1) RFS #	32901-17906 (Edison ID 7082)	
2) Procuring Agency :	TENNESSEE DEPARTMENT OF CORRECTION	
<b>EXISTING CONTRACT INFORMATION</b>		
3) Service Caption :	Comprehensive Alcohol Drug Treatment Program One	
4) Contractor :	Spectrum Health Systems, Inc.	
5) Contract #	FA-06-16688-00	
6) Contract Start Date :	March 1, 2006	
7) CURRENT Contract End Date : (if ALL options to extend the contract are exercised)	December 31, 2009	
8) CURRENT Maximum Cost : (if ALL options to extend the contract are exercised)	\$ 1,683,000.00	
<b>PROPOSED AMENDMENT INFORMATION</b>		
9) Amendment #	3	
10) Amendment Effective Date : (attached explanation required if < 60 days after F&A receipt)	January 1, 2010	
11) PROPOSED Contract End Date : (if ALL options to extend the contract are exercised)	December 31, 2010	
12) PROPOSED Maximum Cost : (if ALL options to extend the contract are exercised)	\$ 2,089,600.00	
13) Approval Criteria : (select one)	<input checked="" type="checkbox"/> <b>use of Non-Competitive Negotiation is in the best interest of the state</b> <input type="checkbox"/> <b>only one uniquely qualified service provider able to provide the service</b>	
14) Description of the Proposed Amendment Effects & Any Additional Service :	Amendment does not propose additional services.	
15) Explanation of Need for the Proposed Amendment :	The proposed amendment exercises the term extension, and allows the contractor to continue to provide services without interruption at a price lower than re-bidding the services.	
16) Name & Address of Contractor's Current Principal Owner(s) : (not required for a TN state education institution)	Spectrum Health Systems, Inc., 10 Mechanic Street, Suite 202, Worcester, MA 01608	
17) Office for Information Resources Endorsement : (required for information technology service; n/a to THDA)	Documentation is ... <input checked="" type="checkbox"/> <b>Not Applicable to this Request</b> <input type="checkbox"/> <b>Attached to this Request</b>	
18) eHealth Initiative Endorsement : (required for health-related professional, pharmaceutical, laboratory, or imaging service)	Documentation is ... <input checked="" type="checkbox"/> <b>Not Applicable to this Request</b> <input type="checkbox"/> <b>Attached to this Request</b>	

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 :

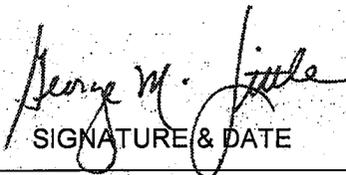
The proposed amendment extends the contract for an additional year in accordance with the rates submitted by the Contractor in response to TDOC's RFP. To maintain continuity of services and to maintain the contracted rates, the Tennessee Department of Correction did not seek other contractors to provide these services.

21) Justification for the Proposed Non-Competitive Amendment :

This Contractor was awarded the contract in 2006 based on being the best evaluated proposer to TDOC's RFP. Since there is no change in the rates or cost of the contract, for continuity of services and cost to the State it is in the best interest of the State to continue with an extension of this contract.

**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)

 12/4/09  
SIGNATURE & DATE



# C O N T R A C T   A M E N D M E N T

<b>Agency Tracking #</b> 32901-17906	<b>Edison ID</b> 7082	<b>Contract #</b> FA-06-16688-00	<b>Amendment #</b> 3
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<b>Contractor</b> Spectrum Health Systems, Inc.	<b>Contractor Federal Employer Identification or Social Security #</b> <input type="checkbox"/> C- or <input checked="" type="checkbox"/> V- 042478978
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**Amendment Purpose/ Effects**  
Residential Alcohol and Drug Treatment Program One

<b>Contract Begin Date</b> 03/01/2006	<b>Contract End Date</b> 12/31/10	<b>Subrecipient or Vendor</b> <input type="checkbox"/> Subrecipient <input checked="" type="checkbox"/> Vendor	<b>CFDA #(s)</b> N/A
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FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2006	\$35,897.00	107,693.00			\$143,590.00
2007	\$105,613.00	316,839.00			\$422,452.00
2008	\$142,594.00	294,042.00			\$436,636.00
2009	\$157,780.00	294,042.00			\$451,822.00
2010	\$128,258.00	294,042.00			\$422,300.00
2011	\$64,691.00	148,109.00			\$212,800.00
<b>TOTAL:</b>	<b>\$634,833.00</b>	<b>\$1,454,767.00</b>			<b>\$2,089,600.00</b>

**American Recovery and Reinvestment Act (ARRA) Funding** -  YES  NO

<b>— COMPLETE FOR AMENDMENTS —</b>			<b>Agency Contact &amp; Telephone #</b> Jim Cosby 615.253.8260	
<b>END DATE AMENDED?</b> <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO			<b>Agency Budget Officer Approval</b> (there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred)  Joey Gallaher 615.253.8096  	
<b>FY</b>	<b>Base Contract &amp; Prior Amendments</b>	<b>THIS Amendment ONLY</b>		
2006	\$143,590.00			
2007	\$422,452.00			
2008	\$436,636.00			
2009	\$451,822.00			
2010	\$228,500.00	\$193,800.00		
2011		\$212,800.00		
<b>TOTAL:</b>	<b>1,683,000.00</b>	<b>\$406,600.00</b>	<b>Speed Code</b>	<b>Account Code</b> 70804000

— OCR USE —	<b>Procurement Process Summary</b> (non-competitive, FA- or ED-type only) RFP
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**AMENDMENT THREE  
TO FA-06-16688-00**

This Contract Amendment is made and entered by and between the State of Tennessee, **DEPARTMENT OF CORRECTION**, hereinafter referred to as the "State" and **SPECTRUM HEALTH SYSTEMS, 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. CONTRACT TERM:**

- B.1. Contract Term: This Contract shall be effective for the period commencing on **March 1, 2006** 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.

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

**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 EIGHTY NINE THOUSAND SIX HUNDRED DOLLARS (\$2,089,600.00)**. The Service Rates in Section C.3 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 Service 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 Service 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 following provision is added as Contract Section E.17:

- E.17. Liquidated Damages. Liquidated Damages- In the event of a Breach, the State may assess Liquidated Damages. The State shall notify the Contractor of amounts to be assessed as Liquidated Damages. The parties agree that due to the complicated nature of the Contractor's obligations under this Contract it would be difficult to specifically designate a monetary amount for a Breach by Contractor as said amounts are likely to be uncertain and not easily proven. Contractor hereby represents and covenants it has carefully reviewed the Liquidated Damages contained in **Attachment TWO** and agrees that said amounts represent a reasonable relationship between the amount and what might reasonably be expected in the event of Breach, and are a reasonable estimate of the damages that would occur from a Breach. It is hereby agreed between the parties that the Liquidated Damages represent solely the damages and injuries sustained by the State in losing the benefit of the bargain with Contractor and do not include any injury or damage sustained by a third party. The Contractor agrees that the liquidated damage amount is in addition to any amounts Contractor may owe the State pursuant to the indemnity provision or other section of this Contract.

The State may continue to withhold the Liquidated Damages or a portion thereof from funds due to the Contractor until the Contractor cures the Breach, the State exercises its option to declare a Partial Default, or the State terminates the Contract. The State is not obligated to assess Liquidated Damages before availing itself of any other remedy. The State may choose to discontinue Liquidated Damages and avail itself of any other remedy available under this Contract or at law or equity; provided, however, Contractor shall receive a credit for said Liquidated Damages previously withheld except in the event of a Partial Default.

4. Contract Attachment **TWO – LIQUIDATED DAMAGES SCHEDULE** attached hereto is added as a new Contract Attachment.

5. The following provision is added as Contract Section E.18:

E.18. Federal Economic Stimulus Funding. This Contract requires the Contractor to provide products and/or services that are funded in whole or in part under the American Recovery and Reinvestment Act of 2009, Public Law 111-5, (Recovery Act). The Contractor is responsible for ensuring that all applicable requirements, including but not limited to those set forth herein, of the Recovery Act are met and that the Contractor provides information to the State as required.

The Contractor (and any subcontractor) shall comply with the following:

- a. Federal Grant Award Documents, as applicable.
- b. Executive Office of the President, Office of Management and Budget (OMB) Guidelines as posted at [www.whitehouse.gov/omb/recovery\\_default/](http://www.whitehouse.gov/omb/recovery_default/), as well as OMB Circulars, including but not limited to A-102 and A-133 as posted at [www.whitehouse.gov/omb/financial\\_offm\\_circulars/](http://www.whitehouse.gov/omb/financial_offm_circulars/).
- c. Office of Tennessee Recovery Act Management Directives (posted on the Internet at [www.tnrecovery.gov](http://www.tnrecovery.gov)).
- d. The Recovery Act, including but not limited to the following sections of that Act:
  - (1) Section 1604 – Disallowable Use. No funds pursuant to this Contract may be used for any casino or other gambling establishment, aquarium, zoo, golf course, or swimming pool.
  - (2) Section 1512 – Reporting and Registration Requirements. The Contractor must report on use of Recovery Act funds provided through this Contract. Information from these reports will be made available to the public.
  - (3) Section 1553 – Recovery Act Whistleblower Protections. An employee of any non-Federal employer receiving covered funds under the Recovery Act may not be discharged, demoted, or otherwise discriminated against as a reprisal for disclosing, including a disclosure made in the ordinary course of an employee's duties, to the Accountability and Transparency Board, an inspector general, the Comptroller General, a member of Congress, a State or Federal regulatory or law enforcement agency, a person with supervisory authority over the employee (or other person working for the employer who has the authority to investigate, discover or terminate misconduct), a court or grand jury, the head of a Federal agency, or their representatives, information that the employee believes is evidence of

one or more of the following related to the implementation or use of covered funds:

- i. gross mismanagement,
- ii. gross waste,
- iii. substantial and specific danger to public health or safety,
- iv. abuse of authority, or
- v. violation of law, rule, or regulation (including those pertaining to the competition for or negotiation of a Contract).

**Non-enforceability of Certain Provisions Waiving Rights and Remedies or Requiring Arbitration:** Except as provided in a collective bargaining agreement, the rights and remedies provided to aggrieved employees by this section may not be waived by any agreement, policy, form, or condition of employment, including any predispute arbitration agreement. No predispute arbitration agreement shall be valid or enforceable if it requires arbitration of a dispute arising out of this section.

**Requirement to Post Notice of Rights and Remedies:** The Contractor and any subcontractor shall post notice of the rights and remedies as required under Section 1553. (Refer to Section 1553 of the American Recovery and Reinvestment Act of 2009, Pub. L. 111-5 located at [www.recovery.gov](http://www.recovery.gov), for specific requirements of this section and prescribed language for the notices.)

- (4) **Section 902 – Access Of Government Accountability Office.** The Contractor shall provide that the Comptroller General and his representatives are authorized:
  - i. to examine any records of the Contractor or any of its subcontractors, that directly pertain to, and involve transactions relating to, this Contract or a subcontract; and
  - ii. to interview any officer or employee of the Contractor or any of its subcontractors regarding such transactions.
- (5) **Section 1514 – Inspector General Reviews.** Any inspector general of a federal department or executive agency has the authority to review, as appropriate, any concerns raised by the public about specific investments using such funds made available in the Recovery Act. In addition, the findings of such reviews, along with any audits conducted by any inspector general of funds made available in the Recovery Act, shall be posted on the inspector general's website and linked to the website established by Recovery Act Section 1526, except that portions of reports may be redacted to the extent the portions would disclose information that is protected from public disclosure under sections 552 and 552a of title 5, United States Code.
- (6) **Section 1515 – Access of Offices of Inspector General to Certain Records and Employers.** With respect to this Contract, any representative of an appropriate inspector general appointed under section 3 or 8G of the Inspector General Act of 1978 (5 U.S.C. App.), is authorized:
  - i. to examine any records, of the Contractor or any of its subcontractors, that pertain to and involve transactions relating or pursuant to this Contract; and
  - ii. to interview any officer or employee of the Contractor or any subcontractors regarding such transactions.

- (7) Section 1606 – Wage Rate Requirements. All laborers and mechanics employed by pursuant to this Contract shall be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the Secretary of Labor in accordance with subchapter IV of chapter 31 of title 40, United States Code. All rulings and interpretations of the Davis-Bacon Act and related acts contained in 29 CFR 1, 3, and 5 are herein incorporated by reference.

For purposes of this Contract, laborer or mechanic includes at least those workers whose duties are manual or physical in nature (including those workers who use tools or who are performing the work of a trade), as distinguished from mental or managerial. The term laborer or mechanic includes apprentices, trainees, helpers, and, in the case of contracts subject to the Contract Work Hours and Safety Standards Act, watchmen or guards.

- (8) Section 1605 – Buy American Requirements for Construction Material – Buy American, Use of American Iron, Steel, and Manufactured Goods. None of the funds provided by this Contract may be used for a project for the construction, alteration, maintenance, or repair of a public building or public work unless all of the iron, steel, and manufactured goods used in the project are produced in the United States.

- e. The Contractor agrees to comply with any modifications or additional requirements that may be imposed by law and future guidance and clarifications of Recovery Act requirements.
- f. If the Contractor enters into one or more subcontracts for any of the services performed under this Contract, each subcontract shall contain provisions specifically imposing on the subcontractor all requirements set forth in this Contract Section E.18., "Federal Economic Stimulus Funding."

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,**

**SPECTRUM HEALTH SYSTEMS, INC.:**

---

**Charles J. Faris, President and CEO**

**DATE**

---

**PRINTED NAME AND TITLE OF CONTRACTOR SIGNATORY (above)**

**TENNESSEE DEPARTMENT OF CORRECTION:**

---

**George M. Little, Commissioner**

**DATE**

**ATTACHMENT TWO**

**LIQUIDATED DAMAGES SCHEDULE**

<b>DEFICIENCY LEVEL</b>	<b>DEFINITION</b>	<b>LIQUIDATED DAMAGES</b>
I	A performance standard that, if not met, is likely to be disruptive to the overall delivery of program services for the individual program. A significant disruption in the quality of program treatment service delivery or non adherence to policy is evident.	\$500.00
II	A performance standard that, if not met, has the potential to adversely impact the treatment/programming results of an inmate and/or adversely impact administrative practice.	\$250.00
III	A performance standard that, if not met, prevents the State from monitoring the Contractor's performance and/or may adversely impact the continuity of inmate programming and/or administrative operations.	\$100.00



GENERAL ASSEMBLY OF THE STATE OF TENNESSEE  
FISCAL REVIEW COMMITTEE

320 Sixth Avenue, North - 8th Floor  
NASHVILLE, TENNESSEE 37243-0057  
615-741-2564

Rep. Charles Curtiss, Chairman  
Representatives

Sen. Douglas Henry, Vice-Chairman  
Senators

Curt Cobb Donna Rowland  
Curtis Johnson David Shepard  
Gerald McCormick Curry Todd  
Mary Pruitt Eddie Yokley  
Craig Fitzhugh, *ex officio*  
Speaker Jimmy Naifeh, *ex officio*

Bill Ketron Reginald Tate  
Doug Jackson Jamie Woodson  
Paul Stanley  
Randy McNally, *ex officio*  
Lt. Governor Ron Ramsey, *ex officio*

MEMORANDUM

TO: The Honorable Dave Goetz, Commissioner  
Department of Finance and Administration

FROM: Charles Curtiss, Chairman, Fiscal Review Committee  
Bill Ketron, Chairman, Contract Services Subcommittee

DATE: August 14, 2008

SUBJECT: Contract Comments  
(Contract Services Subcommittee Meeting 8/12)

CC  
BK

RFS# 329.01-179 (329.01-266)

Department: Correction

Contractor: Spectrum Health Systems, Inc.

Summary: The vendor is currently responsible for the development and implementation of an in-prison comprehensive alcohol and drug treatment program in various facilities. The proposed amendment increases the maximum liability by \$457,000 and extends the current contract for an additional year, through December 31, 2009.

Maximum liability: \$1,226,000

Maximum liability with amendment: \$1,683,000

After review, the Fiscal Review Committee voted to recommend approval of the contract amendment.

cc: ~~The Honorable George Little, Commissioner~~  
Mr. Robert Barlow, Director, Office of Contracts Review



STATE OF TENNESSEE  
DEPARTMENT OF CORRECTION  
3<sup>rd</sup> FLOOR RACHEL JACKSON BUILDING  
320 SIXTH AVENUE NORTH  
NASHVILLE, TENNESSEE 37243-0465  
OFFICE (615) 741-1000 EXT. 8094 ! FAX (615) 741-4605

RECEIVED

JUL 31 2008

FISCAL REVIEW

## MEMORANDUM

**TO:** Robert Barlow  
Department of Finance and Administration  
Office of Contracts Review

**FROM:** *jc* Jim Cosby, Assistant Commissioner  
Rehabilitative Services

**DATE:** July 18, 2008

**SUBJECT:** Requests for Non Competitive Amendment #2 to RFS # 329.01-179 and  
RFS 329.01-184

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Enclosed for your review and approval are the subject requests for amendment two to TDOC's two contracts with Spectrum Health Systems, Inc. for alcohol and drug treatment.

These amendments are to become effective on October 1, 2008 and will accomplish the following:

1. The two amendments will extend the contracts through December 31, 2009 and provide for the related funding.
2. The amendment to RFS 329.01-179 changes the Scope of Services to provide improved accountability and clarity on proposed services to be rendered, urinalysis testing, measurable accountability in the use of an evidenced based treatment model for drug involved offenders, the use of required documents by the state, appropriate staffing patterns and administrative tasks of the vendor.
3. The amendment to RFS 329.01-184 changes the Scope of Services to provide improved accountability and clarity on proposed services to be rendered, urinalysis testing, measurable accountability in the use of an evidenced based treatment model for drug involved offenders, the use of required documents by the state, appropriate staffing patterns and administrative tasks of the vendor.

Thanking you in advance for your consideration of this request.

C: ✓ Leni S. Chick, Fiscal Review Committee  
George M. Little, Commissioner  
Gayle Ray, Deputy Commissioner  
Catherine Posey, Assistant Commissioner

# REQUEST: NON-COMPETITIVE AMENDMENT

<b>APPROVED</b>
Commissioner of Finance & Administration Date:

EACH REQUEST ITEM BELOW <u>MUST</u> BE DETAILED OR ADDRESSED AS <u>REQUIRED</u> .	
1) RFS #	329.01-266-09
2) State Agency Name :	Department of Correction
<b>EXISTING CONTRACT INFORMATON</b>	
3) Service Caption :	Alcohol and Drug Abuse Counseling
4) Contractor :	Spectrum Health Systems, Inc.
5) Contract #	FA-06-16688-00
6) Contract Start Date :	March 1, 2006
7) <u>Current</u> Contract End Date IF <u>all</u> Options to Extend the Contract are Exercised :	December 31, 2010
8) <u>Current</u> Total Maximum Cost IF <u>all</u> Options to Extend the Contract are Exercised :	\$2,153,000
<b>PROPOSED AMENDMENT INFORMATON</b>	
9) <u>Proposed</u> Amendment #	Two
10) <u>Proposed</u> Amendment Effective Date : (attached explanation required if date is < 60 days after F&A receipt)	October 1, 2008
11) <u>Proposed</u> Contract End Date IF <u>all</u> Options to Extend the Contract are Exercised :	December 31, 2010
12) <u>Proposed</u> Total Maximum Cost IF <u>all</u> Options to Extend the Contract are Exercised :	\$2,153,000
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 :	
The proposed amendment affects the Scope of Services: staffing requirements and administrative tasks.	
15) Explanation of Need for the Proposed Amendment :	
The proposed amendment to the scope of services provides improved accountability and clarity of services to be rendered including urinalysis testing, measurable accountability in the use of an evidenced based treatment model for drug involved offenders, the use of	

required documents by the State, appropriate staffing patterns and administrative tasks of the contractor.

**16) Name & Address of Contractor's Current Principal Owner(s) :**  
(not required if proposed contractor is a state education institution)

Spectrum Health Systems, Inc., 10 Mechanic Street, Suite 302, Worcester, MA 01608

**17) Documentation of Office for Information Resources Endorsement :**  
(required only if the subject service involves information technology; N/A to THDA requests)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

**18) Documentation of Department of Personnel Endorsement :**  
(required only if the subject service involves training for state employees)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

**19) Documentation of State Architect Endorsement :**  
(required only if the subject service involves construction or real property related services)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

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

The proposed amendment extends the contract for an additional year in accordance with the rates submitted by the Contractor in response to TDOC's RFP and makes certain changes to the Scope of Services. To maintain continuity of services and to maintain the contracted rates, the Tennessee Department of Correction did not seek other contractors to provide these services.

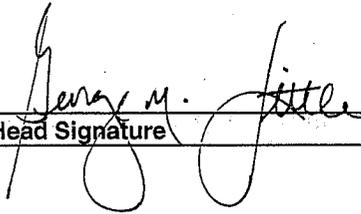
**21) Justification for the Proposed Non-Competitive Amendment :**

This Contractor was awarded the contract in 2006 based on being the best evaluated proposer to TDOC's RFP. Since there is no change in the rates or cost of the contract and since this only involves certain Scope of Service changes, for continuity of services and cost to the State it is in the best interest of the State to continue with an extension of this contract.

**REQUESTING 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)

Agency Head Signature



7-22-08

Date

# CONTRACT SUMMARY SHEET

8-8-05

<b>RFS #</b>	<b>Contract #</b>
329.01-179	FA-06-16688-02

<b>State Agency</b>	<b>State Agency Division</b>
Department of Correction	Rehabilitative Services

<b>Contractor Name</b>	<b>Contractor ID # (FEIN or SSN)</b>
Spectrum Health Systems, Inc.	<input type="checkbox"/> C- or <input checked="" type="checkbox"/> V- 042478978

**Service Description**  
Residential Alcohol and Drug Treatment Program One

<b>Contract BEGIN Date</b>	<b>Contract END Date</b>	<b>Subrecipient or Vendor?</b>	<b>CFDA #</b>
3/1/2006	12/31/2009	Subrecipient	16.738

Mark if Statement is TRUE

<input checked="" type="checkbox"/> Contractor is on STARS as required	<input checked="" type="checkbox"/> Contractor's Form W-9 is on file in Accounts as required
--	--

<b>Allotment Code</b>	<b>Cost Center</b>	<b>Object Code</b>	<b>Fund</b>	<b>Funding Grant Code</b>	<b>Funding Subgrant Code</b>
329.01	47	084	11		

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2006	\$ 35,897.00	\$ 107,693.00			\$ 143,590.00
2007	\$ 105,613.00	\$ 316,839.00			\$ 422,452.00
2008	\$ 142,594.00	\$ 294,042.00			\$ 436,636.00
2009	\$ 157,780.00	\$ 294,042.00			\$ 451,822.00
2010	\$ 228,500.00				\$ 228,500.00
					\$ -
<b>TOTAL:</b>	<b>\$ 670,384.00</b>	<b>\$ 1,012,616.00</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,683,000.00</b>

<b>COMPLETE FOR AMENDMENTS ONLY</b>			<b>State Agency Fiscal Contact &amp; Telephone #</b>
FY	Base Contract & Prior Amendments	THIS Amendment ONLY	Joey Gallaher 741-1000 Extension 8096

2006	\$ 143,590.00		State Agency Budget Officer Approval		
2007	\$ 422,452.00				
2008	\$ 436,636.00				
2009	\$ 223,322.00	\$ 228,500.00			
2010		\$ 228,500.00	Funding Certification (certification, required by T.C.A. § 9-4-5113, 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)		
<b>TOTAL:</b>	<b>\$ 1,226,000.00</b>	<b>\$ 457,000.00</b>			
<b>End Date</b>	12/31/2008	12/31/2009			

**Contractor Ownership**

<input type="checkbox"/> African American	<input type="checkbox"/> Disabled	<input type="checkbox"/> Hispanic	<input type="checkbox"/> Small Business	<input type="checkbox"/> NOT minority/disadvantaged
<input type="checkbox"/> Asian	<input type="checkbox"/> Female	<input type="checkbox"/> Native American	<input type="checkbox"/> OTHER minority/disadvantaged—	

**Contractor Selection Method**

<input checked="" type="checkbox"/> Non-Competitive Negotiation	<input type="checkbox"/> Competitive Negotiation	<input type="checkbox"/> Alternative Procurement Method
<input type="checkbox"/> RFP	<input type="checkbox"/> Government	<input type="checkbox"/> Other

**Procurement Process Summary**

N/A for amendment.

RE  
 000 SE  
 COMPLETE  
 MANAG

451,822

**AMENDMENT TWO  
TO FA-06-16688-00**

This Contract Amendment is made and entered by and between the State of Tennessee, DEPARTMENT OF CORRECTION, hereinafter referred to as the "State" and SPECTRUM HEALTH SYSTEMS, 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 A is deleted in its entirety and replaced with the following:**

**A. SCOPE OF SERVICES:**

General Program Requirements

The Contractor shall develop and implement a comprehensive alcohol and drug treatment program based on a Therapeutic Community (TC) model for incarcerated felony drug offenders at the following two facilities along with the required Contractor staffing indicated:

A.1. Turney Center Industrial Prison (TCIP)

76 beds

- a. Required Contractor Staffing: One (1) licensed substance abuse counselor and two (2) non-licensed substance abuse counselors (full time positions or their equivalents working standard week of 37.5 hours). Case load ratios to be determined by the State's Director of Substance Abuse Services.
- b. The Contractor shall design and implement an approximate nine (9) month treatment program that includes the following treatment elements:
  - 1) Modified Therapeutic Community Structure to include the following:
    - Initial Assessment
    - Pre and Post testing designed to evaluate the program participant's criminal thinking errors
    - TC structure boards that outline peer hierarchy, roles and job functions
    - Evidence-based cognitive behavioral therapy curriculum
    - Program rules
    - TC Dynamics (such as push-ups, pull-ups, role modeling, awareness sessions, peer support/interaction, peer hierarchy, learning experiences, etc.)
    - Community meetings
  - 2) Confrontation/Encounter group at least twice a week
  - 3) Alcohol and Drug Treatment
  - 4) Individual and Group Counseling
  - 5) Drug Testing
- c. The Contractor shall maintain an average monthly program census of seventy five (75) participants. The Contractor's treatment program shall include the following phases:

Phase I – Orientation. During this phase all assessments are conducted and a treatment plan is prepared for each participant. Program participants are oriented to the Therapeutic Community Model and program rules and regulations. Each offender shall receive a minimum of 12 hours of documented therapeutic activities each week. Therapeutic activities may be divided between TC work crews, treatment educational or group counseling sessions, structured group community functions, or 12 step meeting attendance (if available).

Phase II – Main Treatment. Each offender shall receive a minimum of 12 hours of documented therapeutic activities each week. Therapeutic activities may be divided between TC work crews, treatment educational or group counseling sessions, structured group community functions, academic or vocational counseling programming (if available), or 12 step meeting attendance (if available).

Phase III – Reintegration. During this phase offenders are preparing for community release or release to the general prison population. All program participants shall be required to have a Discharge Summary which will include the following information: housing arrangements, employment, family/marital plans, legal issues and continued treatment plans (if any). Each offender shall receive a minimum of 12 hours of documented therapeutic activities each week. Therapeutic activities may be divided between TC work crews, treatment educational or group counseling sessions, structured group community functions, academic or vocational counseling programming (if available), or 12 step meeting attendance (if available).

Program participants that have completed all phases of the treatment program shall be successfully commenced from the Therapeutic Community.

d. The Contractor shall adhere to the criteria for movement from one phase to the next as established in TDOC policy 113.95, as it may be amended in writing by the Department during the term of this contract.

#### A.2. Wayne County Technical Violators Diversion Program

The contractor shall be assigned a portion of the participants in the State's Technical Violators Diversion Program (TVDP). The TVDP will process approximately 300 participants annually. The number of participants to be assigned to the contractor's section of the program will be determined by the State during initial intake at the facility on a case-by-case basis.

a. Required Contractor Staffing: Two (2) licensed substance abuse counselor and one (1) non-licensed substance abuse counselor (full-time positions or their equivalents working standard week of 37.5 hours). Case load ratios to be determined by the State's Director of Substance Abuse Services.

b. The contractor shall provide a minimum of 12 hours per week of treatment group counseling sessions or educational sessions to those inmates assigned to the contractor's section of the TVDP. Each participant assigned to the contractor's section of the TVDP will receive services from the contractor for approximately 4 months.

c. The Contractor's program shall incorporate the following Therapeutic Community elements:

1) Modified Therapeutic Community Structure to include the following:

Initial Assessment

Pre and Post testing designed to evaluate the program participant's criminal thinking errors

TC structure boards that outline peer hierarchy, roles and job functions

## Evidence-based cognitive behavioral therapy curriculum

## Program rules

TC Dynamics (such as push-ups, pull-ups, role modeling, awareness sessions, peer support/interaction, peer hierarchy, learning experiences, etc.)

- 2) Community meetings
  - 3) Confrontation/Encounter group at least twice a week
  - 4) Alcohol and Drug Treatment
  - 5) Individual and Group Counseling
  - 6) Drug Testing
- d. The Contractor's treatment program shall include the following phases:

Phase I -- Orientation. During this phase all assessments are conducted and a treatment plan is prepared for each participant. Program participants are oriented to the Therapeutic Community Model and program rules and regulations. Each offender shall receive a minimum of 12 hours of documented therapeutic activities each week. Therapeutic activities may be divided between TC work crews, treatment educational or group counseling sessions, structured group community functions, or 12 step meeting attendance (if available).

Phase II -- Main Treatment. Each offender shall receive a minimum of 12 hours of documented therapeutic activities each week. Therapeutic activities may be divided TC work crews, treatment educational or group counseling sessions, structured group community functions, academic or vocational counseling programming (if available), or 12 step meeting attendance (if available).

A.3. Treatment Services at Both Institutions

- a. The Contractor shall use assessment instruments approved by the State's Director of Substance Abuse Services.
- b. The Contractor shall ensure all participants have an Individualized Treatment Plan that will address the following issues: addiction severity, arresting offense and other social and health related information. All treatment plans shall be reviewed and, if needed, updated at every Phase change.
- c. The Contractor shall conduct a follow-up assessment prior to release on each program participant to measure change over time. The assessment instruments to be used must be approved by the State's Director of Substance Abuse Programs.
- d. The Contractor shall be responsible for providing all approved daily treatment and programming activities within the TC. The Contractor shall provide treatment at least five (5) days per week except for holidays as provided in the State holiday schedule.
- e. The Contractor, in concert with the State's Director of Substance Abuse Services, shall provide cognitive/behavioral, culturally sensitive and gender specific treatment programming (i.e. Commitment to Change, Victims Impact) as outlined in the curriculum contained in the Contractor's proposal. Such programming shall be designed to meet the participants' specific needs. Any change in the curriculum requires prior written approval of the State's Director of Substance Abuse Services.

- f. The class size of group sessions will be determined by the program census at the institution and by the State's Director of Substance Abuse Services.
- g. The Contractor's Educational sessions shall include topics as outlined in its curriculum.
- h. The Contractor shall encourage and incorporate into the treatment program peer support and role modeling.
- i. The Contractor shall encourage program participants to be involved with weekly structured self-help group meetings where they are offered.
- j. All treatment services shall be conducted in accordance with TDOC Policy #113.95, and may be amended in writing by the Department during the term of this contract.

A.4. Urinalysis Testing for Both Institutions

Urinalysis testing shall be used as part of the treatment program as a tool for monitoring program compliance and to identify problems. Actual testing shall be done by institutional staff. The contractor shall be responsible for identifying and advising institutional staff which inmates need to be tested to be in compliance with TDOC Policy requirements, and maintaining in programmatic files those test results as required by Policy. All program-related drug screens (to be paid for by the State) shall be conducted in accordance with TDOC Policy 506.21 and TDOC Policy 113.95, as they may be amended in writing by the Department during the term of this contract.

A.5. Staffing for both institutions

- a. The Contractor shall be responsible for recruiting, training, and supervising all contract treatment and counseling staff. All clinical treatment services shall be provided by licensed alcohol and drug counselors or trained counseling staff.
- b. The Contractor shall maintain the required level of service during staff vacation, sick leave and other absences.
- c. Staff selected by the Contractor for employment on this project shall be asked if they have any association or affiliation with any inmate or offender under any type of supervision by the Tennessee Department of Correction or the Board of Probation and Parole. If any such association or affiliation exists, written approval from the State shall be required prior to employment.
- d. Prior to employment with the Contractor, applicants shall be subjected to a thorough background investigation. Criminal and employment histories must go back a minimum of five (5) years. Said background investigations shall be available to the State upon request. The Contractor shall immediately request a "Criminal History Request" from the National Crime Information Center (NCIC) to be completed on each individual hired to work at a Facility. The request shall be forwarded to the State and processed in accordance with procedures established by the Commissioner of TDOC. In no instance may an employee begin work in a facility until the NCIC check has been completed; however, the employee may participate in pre-service training while the check is in process. The State shall notify the Contractor whether or not the employee is cleared for further consideration for employment. The criminal history obtained from NCIC or FBI may be used solely for the purpose requested, and may not be disseminated outside the Department of Correction or the affected employee.
- e. The Contractor, its employees, and others acting under the Contractor's control shall at all times observe and comply with all applicable State statutes, Tennessee Department of Correction policies and procedures, and institutional policies and procedures, as the same

may be amended in writing by the Department during the term of this contract, including, but not limited to, policies regarding security, custody, and control of inmates.

- f. The contractor shall not obstruct the Department of Correction or any of its designated officials from performing their duties in the maintenance of a secure and safe correctional environment.
- g. The Contractor's staff shall be required to attend thirty-two (32) hours of institutional pre-service training provided by the state.

**A.6. Administrative Requirements for Both Institutions**

- a. The Contractor in concert with the State's Director of Substance Abuse Services shall develop clearly defined treatment goals and measurable outcomes that directly relate to the program's objectives.
- b. The Contractor shall maintain, for all program participants, scheduled progress reports as approved by the State's Director of Substance Abuse Services that outline program participants' movement toward completion of treatment goals.
- c. The Contractor shall be responsible for completing and submitting all State program forms approved by the State's Director of Substance Abuse Services.
- d. The Contractor shall maintain complete clinical case files on all program participants in accordance with TDOC policy 113.95, as it may be amended in writing by the Department during the term of this contract.

All case files shall be secured in a locked cabinet and in accordance with federal regulations governing "Confidentiality of Alcohol and Drug Abuse Patient Records" (42 CFR, Part 2).

- e. The Contractor shall establish a system of incentives and graduated therapeutic sanctions. The system of incentives and sanctions and any revisions thereto require the prior written approval of the state's Director of Substance Abuse Services.
- f. The Contractor and the State shall jointly develop and maintain standardized operating and disciplinary procedures.
- g. All services and materials associated with the implementation and facilitation of the treatment program shall be furnished by the Contractor.

**2. 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 commencing on March 1, 2006 and ending on December 31, 2009. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period.

**3. 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 six hundred eighty three thousand dollars (\$1,683,000). The Service Rates in Section C.3 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 Service 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 Service 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.

4. The following is added as Contract Section D.20.:
- D.20. 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.
5. **Contract Attachment One - Attestation Re Personnel Used in Contract Performance** attached hereto is added as a new Contract Attachment.

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 facsimile transmission, by overnight courier service, or by first class mail, postage prepaid, addressed to the respective party at the appropriate facsimile number or address as set forth below or to such other party, facsimile number, or address as may be hereafter specified by written notice.

The State:  
Kenneth Osborne, Director of Substance Abuse  
Department of Correction  
4<sup>th</sup> Floor, Rachel Jackson Building  
Nashville, Tennessee 37243-0465

TELEPHONE NUMBER: 615-741-1000 Extension 8195  
FACSIMILE NUMBER: 615-741-4605

The Contractor:  
Charles J. Farris, President & CEO  
Spectrum Health Systems, Inc.  
10 Mechanic Street, Suite 302  
Worcester, MA 01608

TELEPHONE NUMBER: (508) 792-5400 Extension 118  
FACSIMILE NUMBER: (508) 831-0074

All instructions, notices, consents, demands, or other communications shall be considered effectively given as of the day of delivery, as of the date specified for overnight courier service delivery, as of three (3) business days after the date of mailing, or on the day the facsimile transmission is received mechanically by the telefax machine at the receiving location and receipt is verbally confirmed by the sender if prior to 4:30 p.m. CST. Any communication by facsimile transmission shall also be sent by United States mail on the same date of the facsimile transmission.

7. The following is added as Contract Section E.16.:

E.5. Voluntary Buyout Program. The Contractor acknowledges and understands that, for a period of two years beginning August 16, 2008, restrictions are imposed on former state employees who received a State of Tennessee Voluntary Buyout Program (VBP) severance payment with regard to contracts with state agencies that participated in the VBP.

- a. The State will not contract with either a former state employee who received a VBP severance payment or an entity in which a former state employee who received a VBP severance payment or the spouse of such an individual holds a controlling financial interest.
- b. The State may contract with an entity with which a former state employee who received a VBP severance payment is an employee or an independent contractor. Notwithstanding the foregoing, the Contractor understands and agrees that there may be unique business circumstances under which a return to work by a former state employee who received a VBP severance payment as an employee or an independent contractor of a State contractor would not be appropriate, and in such cases the State may refuse Contractor personnel. Inasmuch, it shall be the responsibility of the State to review Contractor personnel to identify any such issues.

- c. With reference to either subsection a. or b. above, a contractor may submit a written request for a waiver of the VBP restrictions regarding a former state employee and a contract with a state agency that participated in the VBP. Any such request must be submitted to the State in the form of the *VBP Contracting Restriction Waiver Request* format available from the State and the Internet at: [www.state.in.us/finance/rds/ocr/waiver.html](http://www.state.in.us/finance/rds/ocr/waiver.html). The determination on such a request shall be at the sole discretion of the head of the state agency that is a Party to this Contract, the Commissioner of Finance and Administration, and the Commissioner of Human Resources.

The revisions set forth herein shall be effective October 1, 2008. All other terms and conditions not expressly amended herein shall remain in full force and effect.

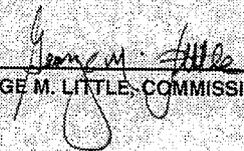
IN WITNESS WHEREOF:

SPECTRUM HEALTH SYSTEMS, INC.

 \_\_\_\_\_ 8/28/08  
 CONTRACTOR SIGNATURE DATE

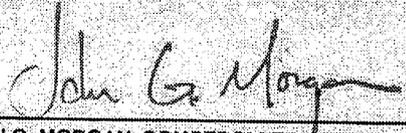
Charles J. Paris, President & CEO  
 PRINTED NAME AND TITLE OF CONTRACTOR SIGNATORY (above)

DEPARTMENT OF CORRECTION:

 \_\_\_\_\_ 8/28/08  
 GEORGE M. LITTLE, COMMISSIONER DATE

APPROVED:

 \_\_\_\_\_ 9/24/08  
 M. D. GOETZ, JR., COMMISSIONER DATE  
 DEPARTMENT OF FINANCE AND ADMINISTRATION

 \_\_\_\_\_ 9/26/08  
 JOHN G. MORGAN, COMPTROLLER OF THE TREASURY DATE

## ATTACHMENT ONE (1)

## ATTESTATION RE PERSONNEL USED IN CONTRACT PERFORMANCE

SUBJECT CONTRACT NUMBER:	FA-06-16688-00
CONTRACTOR LEGAL ENTITY NAME:	SPECTRUM HEALTH SYSTEMS, INC.
FEDERAL EMPLOYER IDENTIFICATION NUMBER: (or Social Security Number)	042478978

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.

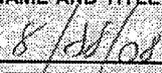


CONTRACTOR SIGNATURE

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.

Charles J. Faris, President & CEO

PRINTED NAME AND TITLE OF SIGNATORY



DATE OF ATTESTATION

# CONTRACT SUMMARY SHEET

8-8-05

RFS #		Contract #	
329.01-179		FA-06-16688-01	
State Agency		State Agency Division	
Department of Correction		Rehabilitative Services	
Contractor Name		Contractor ID # (FEIN or SSN)	
Spectrum Health Systems, Inc.		<input type="checkbox"/> C- or <input checked="" type="checkbox"/> V- 042478978	
Service Description			
Residential Alcohol and Drug Treatment Program One			
Contract BEGIN Date	Contract END Date	Subrecipient or Vendor?	CFDA #
3/1/2006	12/31/2008	Subrecipient	16.738

Mark, if Statement is TRUE

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

Allotment Code	Cost Center	Object Code	Fund	Funding Grant Code	Funding Subgrant Code
329.01	47	084	11		
FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2006	\$ 35,897.00	\$ 107,693.00	OCR RELEASED		\$ 143,590.00
2007	\$ 105,613.00	\$ 316,839.00	OCT 03 2007		\$ 422,452.00
2008	\$ 142,594.00	\$ 294,042.00	TO ACCOUNTS		\$ 436,636.00
2009	\$ 223,322.00				\$ 223,322.00
					\$ -
					\$ -
<b>TOTAL:</b>	\$ 507,426.00	\$ 718,574.00	\$ -	\$ -	\$ 1,226,000.00

COMPLETE FOR AMENDMENTS ONLY			State Agency Fiscal Contact & Telephone #		
FY	Base Contract & Prior Amendments	THIS Amendment ONLY	Garland Johnson 741-1000 Extension 8096		
2006	\$ 143,590.00		State Agency Budget Officer Approval Funding Certification (certification, required by T.C.A. § 9-4-5113, 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)		
2007	\$ 422,452.00				
2008	\$ 214,156.00	\$ 222,480.00			
2009		\$ 223,322.00			
<b>TOTAL:</b>	\$ 780,198.00	\$ 445,802.00			
End Date					

Contractor Ownership					
<input type="checkbox"/> African American	<input type="checkbox"/> Disabled	<input type="checkbox"/> Hispanic	<input type="checkbox"/> Small Business	<input checked="" type="checkbox"/> NOT minority/disadvantaged	
<input type="checkbox"/> Asian	<input type="checkbox"/> Female	<input type="checkbox"/> Native American	<input type="checkbox"/> OTHER minority/disadvantaged—		

Contractor Selection Method		
<input type="checkbox"/> RFP	<input type="checkbox"/> Competitive Negotiation	<input type="checkbox"/> Alternative Procurement Method
<input type="checkbox"/> Non-Competitive Negotiation	<input type="checkbox"/> Government	<input type="checkbox"/> Other

Procurement Process Summary	
N/A for amendment.	

OCT - 3 2007  
 DIRECTOR OF REHABILITATIVE SERVICES

RECEIVED  
 2007 SEP 24 AM 9:55  
 COMPTROLLER'S OFFICE  
 OFFICE OF  
 MANAGEMENT SERVICES

AMENDMENT ONE  
TO CONTRACT FA-06-16688-00

This Contract Amendment is made and entered by and between the State of Tennessee, Department of Correction, hereinafter referred to as the "State" and Spectrum Health Systems, 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:

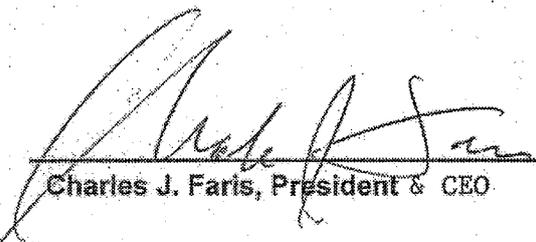
1. The text of contract Section B.1. is deleted in its entirety and replaced with the following:  
 B.1. Contract Term. This Contract shall be effective for the period commencing on March 1, 2006 and ending on December 31, 2008. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified 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 two hundred twenty six thousand dollars (\$1,226,000)**. The Service Rates in Section C.3 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 Service 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 Service 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.

The revisions set forth herein shall be effective January 1, 2008. All other terms and conditions not expressly amended herein shall remain in full force and effect.

IN WITNESS WHEREOF:

Spectrum Health Systems, Inc.:



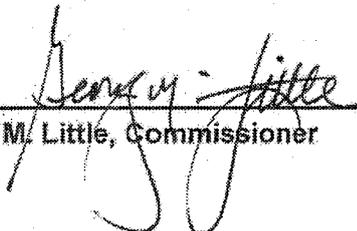
Charles J. Faris, President & CEO

8/7/07  
DATE

Charles J. Faris, President & CEO

PRINTED NAME AND TITLE OF CONTRACTOR SIGNATORY (above)

Department of Correction:



George M. Little, Commissioner

9/11/07  
DATE

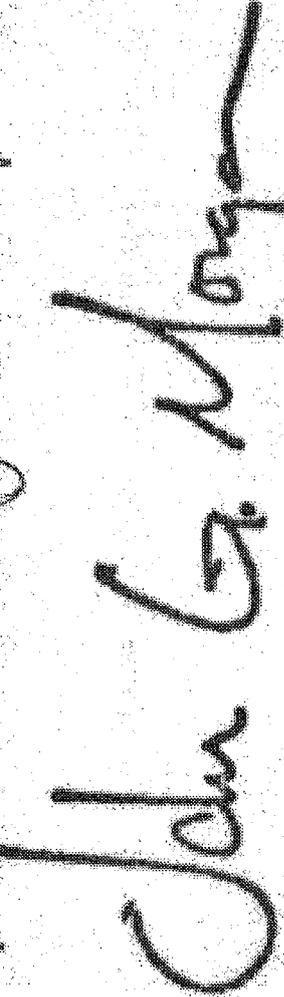
APPROVED:



M. D. Goetz, Jr., Commissioner  
Department Of Finance And Administration

9/20/07

DATE



John G. Morgan, Comptroller Of The Treasury

10/2/07

DATE

# CONTRACT SUMMARY SHEET

8-8-05

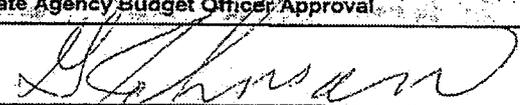
<b>RFS #</b> 329.01-179		<b>Contract #</b> FA-06-16688-00	
<b>State Agency</b> Department of Correction		<b>State Agency Division</b> Rehabilitative Services	
<b>Contractor Name</b> Spectrum Health Systems, Inc.		<b>Contractor ID # (FEIN or SSN)</b> C- or <input checked="" type="checkbox"/> V- 042478978	
<b>Service Description</b> Residential Alcohol and Drug Treatment Program One			
<b>Contract BEGIN Date</b> 3/1/2006	<b>Contract END Date</b> 12/31/2007	<b>Subrecipient or Vendor?</b> Subrecipient	<b>CFDA #</b> N/A

**Mark, if Statement is TRUE**

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

Allotment Code	Cost Center	Object Code	Fund	Funding Grant Code	Funding Subgrant Code
329.01	47	084	11		

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2006	\$ 35,897.00	\$ 107,693.00			\$ 143,590.00
2007	\$ 105,613.00	\$ 316,839.00			\$ 422,452.00
2008	\$ 53,539.00	\$ 180,617.00			\$ 214,156.00
					\$ -
					\$ -
					\$ -
<b>TOTAL:</b>	\$ 195,049.00	\$ 585,149.00	\$ -	\$ -	\$ 780,198.00

— COMPLETE FOR AMENDMENTS ONLY —			State Agency Fiscal Contact & Telephone #
FY	Base Contract & Prior Amendments	THIS Amendment ONLY	Garland Johnson 741-1000 Extension 8096
			State Agency Budget Officer Approval
			
			Funding Certification (certification required by T.C.A. § 9-4-5113; 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)
<b>TOTAL:</b>	\$ -	\$ -	
<b>End Date</b>			

**Contractor Ownership**

<input type="checkbox"/> African American	<input type="checkbox"/> Disabled	<input type="checkbox"/> Hispanic	<input type="checkbox"/> Small Business	<input checked="" type="checkbox"/> NOT minority/disadvantaged
<input type="checkbox"/> Asian	<input type="checkbox"/> Female	<input type="checkbox"/> Native American	<input type="checkbox"/> OTHER minority/disadvantaged—	

**Contractor Selection Method**

<input checked="" type="checkbox"/> RFP	<input type="checkbox"/> Competitive Negotiation	<input type="checkbox"/> Alternative Procurement Method
<input type="checkbox"/> Non-Competitive Negotiation	<input type="checkbox"/> Government	<input type="checkbox"/> Other

**Procurement Process Summary** PROC

N/A since obtained through RFP process.

FEB 28 2007

DIRECTOR OF ADMINISTRATION

**CONTRACT  
BETWEEN THE STATE OF TENNESSEE,  
DEPARTMENT OF CORRECTION  
AND  
SPECTRUM HEALTH SYSTEMS, INC.**

This Contract, by and between the State of Tennessee, Department of Correction, hereinafter referred to as the "State" and Spectrum Health Systems, Inc., hereinafter referred to as the "Contractor," is for the provision of in-prison comprehensive alcohol and drug treatment program, as further defined in the "SCOPE OF SERVICES."

The Contractor is A NONPROFIT CORPORATION. The Contractor's address is:

10 Mechanic Street, Suite 302  
Worcester, MA 01608

The Contractor's place of incorporation or organization is Massachusetts.

**A. SCOPE OF SERVICES:**

**A.1. General Program Requirements**

- a. The Contractor shall develop and implement a six (6) to nine (9) month in-prison, comprehensive alcohol and drug treatment program based on a Therapeutic Community (TC) model for incarcerated felony drug offenders at the following three facilities along with the required Contractor staffing indicated:

Turney Center Industrial Prison (TCIP) 78 beds

Required Staffing: One (1) licensed substance abuse counselor and two (2) non-licensed substance abuse counselors (full time positions or their equivalents working standard week of 37.5 hours) Note: Existing State staff will be available to maintain a case load ratio of twenty-five (25) participants to one (1) counselor.

West Tennessee State Prison (WTSP) 100 beds

Required Staffing: One (1) licensed substance abuse counselor (full time position or its equivalent working standard week of 37.5 hours) Note: Existing State staff will be available to maintain a case load ratio of twenty-five (25) participants to one (1) counselor.

Wayne County Boot Camp (WCBC) 200 beds

Required Staffing: One (1) licensed substance abuse counselor and one (1) non-licensed substance abuse counselor (full time positions or their equivalents working standard week of 37.5 hours) Note: Existing State staff will be available to maintain a case load ratio of twenty-five (25) participants to one (1) counselor.

b. The Contractor shall design and implement a treatment program that includes the following treatment elements:

1) Classic Therapeutic Community Structure

Assessment

Pre-testing designed to evaluate the program participant's cognitions

Post-testing designed to evaluate the program's effect on change in the participant's cognitions

(TC) roles and job functions

Evidence-based cognitive behavioral therapy curriculum

Program rules

Community dynamics (such as push-ups, pull-ups, buddy system, role modeling, awareness sessions, peer support/interaction, peer hierarchy, learning experiences, etc.)

Community meetings

2) Confrontation/Encounter group

3) Drug Education

4) Substance Abuse Treatment

5) Individual and Group Counseling

6) Drug Testing

c. The Contractor shall provide treatment services for a minimum of 456 offenders on an annual basis and shall provide contractor staff participation in annual substance abuse treatment program integrity reviews and semi-annual reviews of individual substance abuse treatment program as mandated by TDOC policy. All treatment services shall be conducted in accordance with TDOC Policy #113.95 at the following web address: <http://www.state.tn.us/correction/pdf/113-95.pdf>. The Contractor's treatment program shall include the following phases:

Phase I – Orientation. This is the initial phase of the program. During this phase a needs assessment is conducted and a treatment plan is prepared for each participant. Program participants are oriented to the Therapeutic Community Model and program rules and regulations. During this phase each offender shall receive a minimum of twenty (20) hours of documented therapeutic activities per week. Therapeutic activities may be divided between in-prison community service work, drug education, Therapeutic Community (TC) oriented groups or group counseling sessions.

Phase II – Main Treatment. This is the intensive stage of treatment in which each offender shall receive a minimum of thirty (30) hours of documented therapeutic activities per week. During this phase offenders may be involved in any one or a combination of the following activities: drug education, individual and group treatment, TC related group processes and academic and vocational programming, if available. During this phase offenders shall also be encouraged to participate in structured self-help groups.

Phase III – Reintegration. During this phase offenders are preparing for community release or release to the general prison population. The primary focus of this phase shall be on

addressing transitional issues. All program participants shall be required to develop a Transition Accountability Plan. This plan is for the participant to develop with assistance from the counselor. It includes information such as housing arrangements, family/marital plans, education, employment, legal issues, continued treatment services, etc. Each offender shall receive a minimum of ten (10) hours of documented therapeutic activities per week. Therapeutic activities may include any one or a combination of the following activities: individual and group counseling, vocational skills development, community service and participation in self-help groups.

Program participants that have completed all phases of the treatment program shall be successfully terminated from the Therapeutic Community.

- d. In concert with the State, the Contractor shall develop clear, distinct, and documented criteria for movement from one phase to the next.

#### A.2. Treatment Services

- a. The Contractor shall use the TDOC Intake Assessment form and Texas Christian University Drug Screen II (TCUDS II) as well as a pre-testing system to assess participants' needs and treatment plan development as specified in TDOC Policy.
- b. The Contractor shall address the following issues when developing the treatment plan: addiction severity, drug use, prior treatment, and other social and health related information. All program participants shall have an individual treatment plan. All treatment plans shall be reviewed and updated every six (6) months.
- c. The contractor shall conduct a follow-up assessment within four (4) to six (6) weeks prior to program release on each program participant to measure change over time. The assessment instruments to be used must be approved by the State's Director of Substance Abuse Programs.
- d. The Contractor shall be responsible for providing all approved daily treatment and programming activities within the TC. The Contractor shall provide therapeutic activities at least five (5) days per week except for holidays as provided in the State holiday schedule.
- e. Treatment programming shall be designed and focused on areas such as but not limited to the disease concept of addiction, criminal thinking errors, guilt/shame, wellness, sexually transmitted diseases, anger, abuse, co-dependency, powerlessness, responsibility, fulfillment and self-actualization, domestic violence, dysfunctional relationships, self image and self esteem, parenting, leisure time planning, spirituality, nutrition, victims' awareness, and choices.
- f. The Contractor shall normally limit treatment group sessions to twenty (20) participants or less. Drug education class sizes shall normally be limited to thirty-two (32) participants or less.
- g. Drug education shall include classroom instruction on thinking errors, criminal behavior, drugs, their effects, and consequences. Each program participant will receive a minimum of ten (10) weeks or twenty-six (26) hours of drug education.
- h. The Contractor shall offer programming that includes cognitive/behavioral skills development. Programming shall be designed to meet the participants' specific needs.
- i. The Contractor shall encourage and incorporate into the treatment program peer support and role modeling.
- j. The Contractor shall provide opportunities for program participants to be involved with weekly structured self-help group meetings through Alcoholics Anonymous (AA) and Narcotics Anonymous (NA). Attendance will be encouraged by the Contractor.
- k. The Contractor shall also offer weekly follow-up or aftercare session for program graduates to monitor progress and provide support.

- i. The Contractor shall provide programming which meets the unique needs and concerns of different cultures including such factors as cultural orientations, beliefs, and value systems relevant to these populations.

#### A.3. Urinalysis Testing

- a. Urinalysis testing shall be used as part of the treatment program as a tool for monitoring program compliance and to identify problems.
- b. All program-related drug screens (to be paid for by the State) shall be conducted in accordance with TDOC Policy 506.21 and TDOC Policy 113.95 available at the following website:  
<http://www.state.tn.us/correction/policies/poly.html>.

All program participants shall receive an initial drug and alcohol screen as well as random screens while participating in the treatment program. All positive screens shall be confirmed through the use of a second testing methodology.

The Contractor shall comply with the State's policy and procedures regarding urinalysis testing, chain of custody, and sanctions for positive drug screens.

#### A.4. Staffing

- a. The Contractor shall be responsible for recruiting (except for the State staff), training, and supervising all contract treatment and counseling staff. All clinical treatment services shall be provided by licensed alcohol and drug counselors or trained counseling staff.
- b. The Contractor shall maintain the required level of service during staff vacation, sick leave and other absences.
- c. Staff selected by the Contractor for employment on this project shall be asked if they have any association or affiliation with any inmate or offender under any type of supervision by the Tennessee Department of Correction or the Board of Probation and Parole. If any such association or affiliation exists, written approval from the State shall be required prior to employment.
- d. Prior to employment with the Contractor, applicants shall be subjected to a thorough background investigation. Criminal and employment histories must go back a minimum of five (5) years. Said background investigations shall be available to the State upon request. The Contractor shall immediately request a "Criminal History Request" from the National Crime Information Center (NCIC) to be completed on each individual hired to work at a Facility. The request shall be forwarded to the State and processed in accordance with procedures established by the Commissioner of TDOC. In no instance may an employee begin work in a facility until the NCIC check has been completed; however, the employee may participate in pre-service training while the check is in process. The State shall notify the Contractor whether or not the employee is cleared for further consideration for employment. The criminal history obtained from NCIC or FBI may be used solely for the purpose requested, and may not be disseminated outside the Department of Correction or the affected employee.
- e. The Contractor, its employees, and others acting under the Contractor's control shall at all times observe and comply with all applicable State statutes, Tennessee Department of Correction policies and procedures, and institutional policies and procedures. Refer to the following website: <http://www.state.tn.us/correction/policies/poly.html>. The Contractor and its employees shall at all times adhere to Tennessee Department of Correction policies regarding security, custody, and control of inmates.
- f. The contractor shall not obstruct the Department of Correction or any of its designated officials from performing their duties in the maintenance of a secure and safe correctional environment.

- g. The Contractor's staff shall be required to attend thirty-two (32) hours of institutional pre-service training.

A.5. Administrative Requirements.

- a. The Contractor shall develop clearly defined treatment goals and measurable outcomes that directly relate to the program's objectives.
- b. The Contractor shall present to the State (within forty-five (45) days from the date the Contractor signs the contract) a description of the procedures that shall be used to track and evaluate program outcomes that include but are not limited to employment history and recidivism on all program participants who successfully complete the program and who are subsequently released from the prison facilities.
- c. The Contractor shall maintain, for all program participants, weekly progress reports that outline program participants' progress toward completion of treatment goals.
- d. The Contractor shall be responsible for completing and submitting all State program forms including: TCUDS (if not provided by TDOC classification staff), monthly program statistical report, intake report forms, and discharge summaries.
- e. The Contractor shall maintain complete clinical case files on all program participants as described in TDOC policy 113.95 located at the following website:  
<http://www.state.tn.us/correction/pdf/113-95.pdf>.

All case files shall be secured in a locked cabinet and in accordance with federal regulations governing "Confidentiality of Alcohol and Drug Abuse Patient Records" (42 CFR, Part 2 at the following website: [http://www.access.gpo.gov/nara/cfr/waisidx\\_02/42cfr2\\_02.html](http://www.access.gpo.gov/nara/cfr/waisidx_02/42cfr2_02.html)).

- f. The Contractor, in concert with the Department of Correction, shall establish a system of rewards / incentives and graduated sanctions.
- g. The Contractor and the State shall jointly develop and maintain standardized operating and disciplinary procedures.
- h. All services and materials associated with the implementation and facilitation of the treatment program shall be furnished by the Contractor.

B. CONTRACT TERM:

- B.1. Contract Term. This Contract shall be effective for the period commencing on March 1, 2006 and ending on December 31, 2007. 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 the State notifies the Contractor in writing of its intention to do so at least one hundred twenty (120) days prior to the contract expiration date. An extension of the term of this Contract will be effected through 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 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 **seven hundred eighty thousand one hundred ninety eight dollars** (\$780,198). The Service Rates in Section C.3 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 Service 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 Service 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 Service 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 Service 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. The Contractor's compensation shall be contingent upon the satisfactory completion of units of service or project milestones defined in Section A. The Contractor shall be compensated based upon the following Service Rates:

<u>SERVICE UNIT/MILESTONE</u>	<u>Hourly Rate 3/1/2006 thru 2/28/2007</u>	<u>Hourly Rate 3/1/2007 thru 12/31/2007</u>	<u>*Hourly Rate 1/1/2008 thru 12/31/2008</u>	<u>*Hourly Rate 1/1/2009 thru 12/31/2009</u>	<u>*Hourly Rate 1/1/2010 thru 12/31/2010</u>
Licensed Substance Abuse Counselor Hourly Rate	\$39.86	\$40.88	\$42.48	\$43.64	\$44.84
Non-licensed Substance Abuse Counselor Hourly Rate	\$32.66	\$33.48	\$34.77	\$35.70	\$36.65

\* Would apply if extended by amendment.

The Contractor shall submit monthly invoices, in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Such invoices shall be submitted for completed units of service or project milestones for the amount stipulated.

- C.4. Travel Compensation. The Contractor shall not be compensated or reimbursed for travel, meals, or lodging.
- C.5. 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.6. 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.7. 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.8. 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 ninety (90) 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 immediately terminate the Contract and withhold payments in excess of fair compensation for completed services. Notwithstanding the above, the Contractor shall not be relieved of liability to the State for damages sustained by virtue of any breach of this Contract by the Contractor.
- 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 pertaining to "Conflicts of Interest" and "Nondiscrimination" (sections D.6. and D.7.). 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. Records. The Contractor shall maintain documentation for all charges against the State 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.9. 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.10. Progress Reports. The Contractor shall submit brief, periodic, progress reports to the State as requested.
- D.11. 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.12. 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.13. State Liability. The State shall have no liability except as specifically provided in this Contract.
- D.14. 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, riots, wars, strikes, epidemics or any other similar cause.
- D.15. State and Federal Compliance. The Contractor shall comply with all applicable State and Federal laws and regulations in the performance of this Contract.
- D.16. 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.17. 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.18. 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.19. 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 facsimile transmission, by overnight courier service, or by first class mail, postage prepaid, addressed to the respective party at the appropriate facsimile number or address as set forth below or to such other party, facsimile number, or address as may be hereafter specified by written notice.

The State:

William Gupton, Director of Substance Abuse  
Department of Correction  
4<sup>th</sup> Floor, Rachel Jackson Building

Nashville, Tennessee 37243-0465

TELEPHONE NUMBER: 615-741-1000 Extension 8195  
FACSIMILE NUMBER: 615-741-4605

The Contractor:

Charles J. Faris, President & CEO  
Spectrum Health Systems, Inc.  
10 Mechanic Street, Suite 302  
Worcester, MA 01608

TELEPHONE NUMBER: (508) 792-5400 Extension 118  
FACSIMILE NUMBER: (508) 831-0074

All instructions, notices, consents, demands, or other communications shall be considered effectively given as of the day of delivery; as of the date specified for overnight courier service delivery; as of three (3) business days after the date of mailing; or on the day the facsimile transmission is received mechanically by the telefax machine at the receiving location and receipt is verbally confirmed by the sender if prior to 4:30 p.m. CST. Any communication by facsimile transmission shall also be sent by United States mail on the same date of the facsimile transmission.

- 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. Partial Takeover. The State may, at its convenience and without cause, exercise a partial takeover of any service which the Contractor is obligated to perform under this Contract, including but not limited to any service which is the subject of a subcontract between Contractor and a third party, although the Contractor is not in Breach (hereinafter referred to as "Partial Takeover"). Said Partial Takeover shall not be deemed a Breach of Contract by the State. Contractor shall be given at least 30 days prior written notice of said Partial Takeover with said notice to specify the area(s) of service the State will assume and the date of said assumption. Any Partial Takeover by the State shall not alter in any way Contractor's other obligations under this Contract. The State may withhold from amounts due the Contractor the amount the Contractor would have been paid to deliver the service as determined by the State. The amounts shall be withheld effective as of the date the State assumes the service. Upon Partial Takeover, 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.5. Competitive Procurements. This Contract provides for reimbursement of the cost of goods, materials, supplies, equipment, or services. Such procurements shall be made on a competitive basis, where practical.
- E.6. State Furnished Property. The Contractor shall be responsible for the correct use, maintenance, and protection of all articles of nonexpendable, tangible, personal property furnished by the State for the Contractor's temporary use under this Contract. Upon termination of this Contract, all property furnished shall be returned to the State in good order and condition as when received, reasonable use and wear thereof excepted. Should the property be destroyed, lost, or stolen, the Contractor shall be responsible to the State for the residual value of the property at the time of loss.
- E.7. 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.8. 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.9. Lobbying. The Contractor certifies, to the best of its knowledge and belief, that:

No federally appropriated funds have been paid or will be paid, by or on behalf of the Contractor, to any person for influencing or attempting to influence an officer or employee of any agency, 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, and entering into any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.

If any funds other than federally 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.

The Contractor shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including sub-grants, subcontracts, and contracts under grants, loans, and cooperative agreements) and that all sub-recipients of federally appropriated funds shall certify and disclose accordingly.

- E.10. Prohibited Advertising. The Contractor shall not refer to this Contract or the Contractor's relationship with the State hereunder in commercial advertising in such a manner as to state or imply that the Contractor or the Contractor's services are endorsed.

- E.11. Confidentiality of Records. The Contractor agrees that strict standards of confidentiality of records shall be maintained in accordance with state and federal law and regulations (T.C.A. 63-2-101, T.C.A. 33-3-103 et seq., 42 CFR Part 2). All material and information provided to the Contractor by the State or acquired by the Contractor on behalf of the State whether verbal, written, magnetic tape, cards or otherwise shall be regarded as confidential information in accordance with the provisions of state law and ethical standards and shall not be disclosed, except as otherwise permitted by law, regulation or court order, and all necessary steps shall be taken by the Contractor to safeguard the confidentiality of such material or information in conformance with federal and state law and ethical standards.

It shall be the Contractor's responsibility to ensure that any destruction of confidential information, as described in this section, will be accomplished in a manner consistent with state policy and federal regulations pertaining to the destruction of private or confidential data.

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.

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

- E.12. Date/Time Hold Harmless. As required by *Tennessee Code Annotated*, Section 12-4-118, the contractor shall hold harmless and indemnify the State of Tennessee; its officers and employees; and any

agency or political subdivision of the State for any breach of contract caused directly or indirectly by the failure of computer software or any device containing a computer processor to accurately or properly recognize, calculate, display, sort or otherwise process dates or times.

- E.13. Hold Harmless. The Contractor agrees to indemnify and hold harmless the State of Tennessee as well as its officers, agents, and employees from and against any and all claims, liabilities, losses, and causes of action which may arise, accrue, or result to any person, firm, corporation, or other entity which may be injured or damaged as a result of acts, omissions, or negligence on the part of the Contractor, its employees, or any person acting for or on its or their behalf relating to this Contract. The Contractor further agrees it shall be liable for the reasonable cost of attorneys for the State in the event such service is necessitated to enforce the terms of this Contract or otherwise enforce the obligations of the Contractor to the State.

In the event of any such suit or claim, the Contractor shall give the State immediate notice thereof and shall provide all assistance required by the State in the State's defense. The State shall give the Contractor written notice of any such claim or suit, and the Contractor shall have full right and obligation to conduct the Contractor's own defense thereof. Nothing contained herein shall be deemed to accord to the Contractor, through its attorney(s), the right to represent the State of Tennessee in any legal matter, such rights being governed by *Tennessee Code Annotated*, Section 8-6-106.

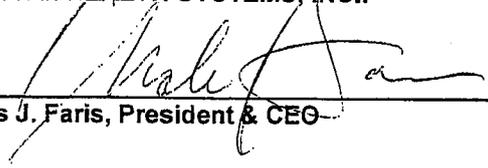
- E.14. Tennessee Consolidated Retirement System. The Contractor acknowledges and understands that, subject to statutory exceptions contained in *Tennessee Code Annotated*, Section 8-36-801, *et. seq.*, the law governing the Tennessee Consolidated Retirement System, provides that if a retired member returns to 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 the Tennessee Consolidated Retirement System the amount of retirement benefits the Contractor received from the Retirement System during the period of this Contract.

- E.15. Debarment and Suspension. The Contractor certifies, to the best of its knowledge and belief, that it and its principals:

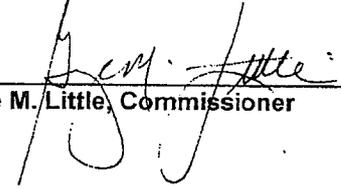
- a. are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal or State department or agency;
- b. have not within a three (3) year period preceding this Contract been convicted of, or had a civil judgment rendered against them from commission of fraud, or a criminal offence 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 for 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.

IN WITNESS WHEREOF:

SPECTRUM HEALTH SYSTEMS, INC.:

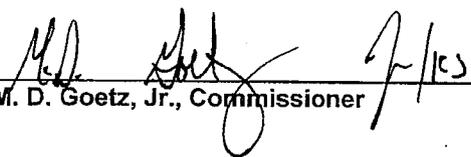
  
\_\_\_\_\_  
Charles J. Faris, President & CEO Date 1/20/06

DEPARTMENT OF CORRECTION:

  
\_\_\_\_\_  
George M. Little, Commissioner Date 1/25/06

APPROVED:

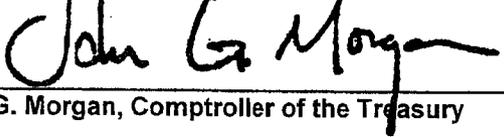
DEPARTMENT OF FINANCE AND ADMINISTRATION:

  
\_\_\_\_\_  
M. D. Goetz, Jr., Commissioner Date 2/22/06

DEPARTMENT OF PERSONNEL:

  
\_\_\_\_\_  
Nat E. Johnson, Acting Commissioner Date

COMPTROLLER OF THE TREASURY:

  
\_\_\_\_\_  
John G. Morgan, Comptroller of the Treasury Date 2/24/06