

CONTRACT #9
RFS # 339.08-602
FA # 06-16635-00

**Mental Health & Developmental
Disabilities**

VENDOR:
**Ascend Management
Innovations, LLC**

Supplemental Documentation Required for
Fiscal Review Committee

RECEIVED

JUL 27 2009

FISCAL REVIEW

Revised

*Contact Name:	Dennis Temple	*Contact Phone:	253-5558		
*Contract Number:	FA-06-16635-01	*RFS Number:	33908-60206		
*Original Contract Begin Date:	December 27, 2005	*Current End Date:	June 30, 2010		
Current Request Amendment Number: <i>(if applicable)</i>	2				
Proposed Amendment Effective Date: <i>(if applicable)</i>	July 1, 2009				
*Department Submitting:	Mental Health and Developmental Disabilities				
*Division:	Special Populations				
*Date Submitted:	July 2, 2009				
*Submitted Within Sixty (60) days:	No.				
<i>If not, explain:</i>	Paperwork was held up in review process.				
*Contract Vendor Name:	Ascend Management				
*Current Maximum Liability:	\$5,000,000.00				
*Current Contract Allocation by Fiscal Year: <i>(as Shown on Most Current Fully Executed Contract Summary Sheet)</i>					
FY: 2006	FY: 2007	FY: 2008	FY: 2009	FY2010	FY
\$500,000.00	\$1,000,000.00	\$1,100,000.00	\$1,150,000.00	\$1,250,000.00	\$
*Current Total Expenditures by Fiscal Year of Contract:				Our request does not affect the dollar value of the contract.	
<i>(attach backup documentation from STARS or FDAS report)</i>					
FY: 2006	FY: 2007	FY: 2008	FY: 2009	FY	FY
\$ 462,858	\$ 993,713	\$1,048,139	\$1,149,814	\$	\$
IF Contract Allocation has been greater than Contract Expenditures, please give the reasons and explain where surplus funds were spent:			Expenditures are based on number of evaluations done which vary a little from year to year based on number of patients going into or in nursing homes.		
IF surplus funds have been carried forward, please give the reasons and provide the authority for the carry forward provision:			This contract is funded with interdepartmental revenue from the F&A Division of TennCare. Funding is paid as expenses are incurred, therefore, funding is not carried forward.		
IF Contract Expenditures exceeded Contract Allocation, please give the reasons and explain how funding was acquired to pay the overage:			Expenditures have not exceeded contract allocation.		
*Contract Funding	State:		Federal:		

Supplemental Documentation Required for
Fiscal Review Committee

Source/Amount:			
Interdepartmental:	\$5,000,000.00	Other:	
If "other" please define:			
Dates of All Previous Amendments or Revisions: <i>(if applicable)</i>		Brief Description of Actions in Previous Amendments or Revisions: <i>(if applicable)</i>	
Amendment #1		Changed the name of the company and contact persons in E.2. of the contract.	
Method of Original Award: <i>(if applicable)</i>		RFP process.	
Include a detailed breakdown of the actual expenditures anticipated in each year of the contract. Include specific line items, source of funding, and disposition of any excess fund. <i>(if applicable)</i>		N/A	
Include a detailed breakdown, in dollars, of any savings that the department anticipates will result from this contract. Include, at a minimum, reduction in positions, reduction in equipment costs, reduction in travel. <i>(if applicable)</i>		N/A	
Include a detailed analysis, in dollars, of the cost of obtaining this service through the proposed contract as compared to other options. <i>(if applicable)</i>		N/A	

REPORT-ID: AG05B820-01

STATE OF TENNESSEE
STATEWIDE ACCOUNTING AND REPORTING SYSTEM
SPENDING/RECEIPT PLAN YTD STATUS REPORT
ACCOUNTING DATE 06/30/06

ADMIN AGENCY
DEPARTMENT OF MENTAL HEALTH AND
ADMINISTRATIVE SERVICES
PAGE

09/16/06 (17:14) PY

FUND 11 GENERAL FUND
DEPARTMENT 339 DEPARTMENT OF MENTAL HEALTH AND
DIVISION 08 COMMUNITY MENTAL HEALTH SERVICES
COST CENTER 20346 PASARR(2006)-ID

OBJECT/ AGY OBJ	DESCRIPTION	SPENDING PLAN	EXPENDITURES PERIOD TO DATE	COMMITMENTS OBLIGATIONS	TOTAL YTD COMMITMENTS	UNENCUMBERED BALANCE	PRIOR YR PERIOD
089 999	OTHER	0.00	915,965.94	0.00	915,965.94	915,965.94-	
08	PROFESSIONAL AN	0.00	915,965.94	0.00	915,965.94	915,965.94-	
	TOTAL OTHER THAN PERSONAL	0.00	915,965.94	0.00	915,965.94	915,965.94-	
	TOTAL COMMITMENTS	0.00	915,965.94	0.00	915,965.94	915,965.94-	

SOURCE/ AGY SRC	DESCRIPTION	RECEIPT PLAN	REVENUES COLLECTIONS	OVER/ (UNDER)
890 296	MEDICAID - PASARR	0.00	915,965.94	915,965.94
890	INTERDEPARTMENTAL	0.00	915,965.94	915,965.94
	TOTAL REVENUE	0.00	915,965.94	915,965.94

REPORT-ID: AG058820-01

STATE OF TENNESSEE
STATEWIDE ACCOUNTING AND REPORTING SYSTEM
SPENDING/RECEIPT PLAN YTD STATUS REPORT
ACCOUNTING DATE 06/30/07

ADMIN AGENCY
DEPARTMENT OF MENTAL HE
ADMINISTRATIVE SERVICES
PAGE

02/25/08 (20:41) PY

FUND 11 GENERAL FUND
DEPARTMENT 339 DEPARTMENT OF MENTAL HEALTH AN
DIVISION 08 COMMUNITY MENTAL HEALTH SERVIC
COST CENTER 20347 PASARR(2007)-ID

OBJECT/ AGY OBJ	DESCRIPTION	SPENDING PLAN	EXPENDITURES PERIOD TO DATE	COMMITMENTS OBLIGATIONS	TOTAL YTD COMMITMENTS	UNENCUMBERED BALANCE	PRIOR Y PERIOD
089 999	OTHER A	0.00	1,000,000.00	0.00	1,000,000.00	1,000,000.00-	
08	PROFESSIONAL AN	0.00	1,000,000.00	0.00	1,000,000.00	1,000,000.00-	
	TOTAL OTHER THAN PERSONAL	0.00	1,000,000.00	0.00	1,000,000.00	1,000,000.00-	
	TOTAL COMMITMENTS	0.00	1,000,000.00	0.00	1,000,000.00	1,000,000.00-	

SOURCE/ AGY SRC	DESCRIPTION	RECEIPT PLAN	REVENUES COLLECTIONS	OVER/ (UNDER)
890 296	MEDICAID - PASARR	0.00	1,000,000.00	1,000,000.00
890	INTERDEPARTMENTAL	0.00	1,000,000.00	1,000,000.00
	TOTAL REVENUE	0.00	1,000,000.00	1,000,000.00

REPORT-ID: AG05B820-01

STATE OF TENNESSEE
STATEWIDE ACCOUNTING AND REPORTING SYSTEM
SPENDING/RECEIPT PLAN YTD STATUS REPORT
ACCOUNTING DATE 06/30/08

ADMIN AGEN
DEPARTMENT OF MENTAL
ADMINISTRATIVE SERVIC
PA

04/22/09 (07:56) PY

FUND 11 GENERAL FUND
DEPARTMENT 339 DEPARTMENT OF MENTAL HEALTH AN
DIVISION 08 COMMUNITY MENTAL HEALTH SERVIC
COST CENTER 20348 PASARR(2008)-ID

OBJECT/ AGY OBJ	DESCRIPTION	SPENDING PLAN	EXPENDITURES PERIOD TO DATE	COMMITMENTS OBLIGATIONS	TOTAL YTD COMMITMENTS	UNENCUMBERED BALANCE	PRIOR PERIOD
089 999	OTHER A	0.00	1,082,361.04	0.00	1,082,361.04	1,082,361.04-	
08	PROFESSIONAL AN	0.00	1,082,361.04	0.00	1,082,361.04	1,082,361.04-	
	TOTAL OTHER THAN PERSONAL	0.00	1,082,361.04	0.00	1,082,361.04	1,082,361.04-	
	TOTAL COMMITMENTS	0.00	1,082,361.04	0.00	1,082,361.04	1,082,361.04-	

SOURCE/ AGY SRC	DESCRIPTION	RECEIPT PLAN	REVENUES COLLECTIONS	OVER/ (UNDER)
890 296	MEDICAID - PASARR	0.00	1,082,361.04	1,082,361.04
890	INTERDEPARTMENTAL	0.00	1,082,361.04	1,082,361.04
	TOTAL REVENUE	0.00	1,082,361.04	1,082,361.04

REPORT-ID: AG05B820-01

05/16/09 (13:14) PM

STATE OF TENNESSEE
STATEWIDE ACCOUNTING AND REPORTING SYSTEM
SPENDING/RECEIPT PLAN YTD STATUS REPORT
ACCOUNTING DATE 04/30/09

ADMIN AGE
DEPARTMENT OF MENTAL
ADMINISTRATIVE SERVI
P

FUND 11 GENERAL FUND
DEPARTMENT 339 DEPARTMENT OF MENTAL HEALTH AN
DIVISION 08 COMMUNITY MENTAL HEALTH SERVIC
COST CENTER 20349 PASARR(2009)-ID

OBJECT/ AGY OBJ	DESCRIPTION	SPENDING PLAN	EXPENDITURES PERIOD TO DATE	COMMITMENTS OBLIGATIONS	TOTAL YTD COMMITMENTS	UNENCUMBERED BALANCE	PRIOR PERIO
089 999	OTHER	0.00	773,388.63	103,325.37	876,714.00	876,714.00-	
08	PROFESSIONAL AN	0.00	773,388.63	103,325.37	876,714.00	876,714.00-	
	TOTAL OTHER THAN PERSONAL	0.00	773,388.63	103,325.37	876,714.00	876,714.00-	
	TOTAL COMMITMENTS	0.00	773,388.63	103,325.37	876,714.00	876,714.00-	

Total P 5

Unit	Voucher	Invoice	Remit Vndr	Name	Gross Amt	Reference
33901	00000135	AMI0309	0000012047	Ascend Management Innovations Llc	95,639.72	0000028210
33901	00000707	AMI0409	0000012047	Ascend Management Innovations Llc	93,603.02	0000045969
33901	00001543	AMI-PASRR0509	0000012047	Ascend Management Innovations Llc	84,043.26	0000058983
33901	00001545	AMI-PASRR0509A	0000012047	Ascend Management Innovations Llc	4,688.29	0000058983
33901	00002201	ASCEND-PASRR0609	0000012047	Ascend Management Innovations Llc	98,450.64	0000063668
					<u>376,424.93</u>	

Pymnt Date	Recon	Reconciled D	Warrant Amount
5/4/2009	UNR		95639.720
5/27/2009	REC	6/5/2009	93603.020
6/23/2009	REC	7/3/2009	88731.550
6/23/2009	REC	7/3/2009	88731.550
7/20/2009	UNR		98450.640

EXPENDITURE LISTING BY VENDOR NAME & Allotment

REPORT FILTER:

(Allotment = 339.08:COMMUNITY MENTAL HEALTH SERVICES) And (Vendor Disbursements <> 0) And (Effective Year = 2006,2007,2008 or 2009) And (Transaction-Document* (Reference) Contains "FA0616635")

Effective	Vendor Number	Vendor Name	Allotment	Cost Center	Trans-Document	Process Date	Metrics	
2006	V621730800	DUAL DIAGNOSIS MANAGEMENT	339.08	COMMUNITY MENTAL HEALTH SERVICES	20346 PASARR(2006)-ID	2006 904	FA0616635 01	3/15/2006 184 Vendor Disbursements 75,630.00
2006	V621730800	DUAL DIAGNOSIS MANAGEMENT	339.08	COMMUNITY MENTAL HEALTH SERVICES	20346 PASARR(2006)-ID	2006 980	FA0616635 01	4/21/2006 211 Vendor Disbursements 131,175.00
2006	V621730800	DUAL DIAGNOSIS MANAGEMENT	339.08	COMMUNITY MENTAL HEALTH SERVICES	20346 PASARR(2006)-ID	2006 1171	FA0616635 01	5/18/2006 232 Vendor Disbursements 73,918.00
2006	V621730800	DUAL DIAGNOSIS MANAGEMENT	339.08	COMMUNITY MENTAL HEALTH SERVICES	20346 PASARR(2006)-ID	2006 1404	FA0616635 01	6/30/2006 263 Vendor Disbursements 83,814.00
2007	V621730800	DUAL DIAGNOSIS MANAGEMENT	339.08	COMMUNITY MENTAL HEALTH SERVICES	20346 PASARR(2006)-ID	2006 21	FA0616635 01	8/3/2006 25 Vendor Disbursements 98,321.00
2007	V621730800	DUAL DIAGNOSIS MANAGEMENT	339.08	COMMUNITY MENTAL HEALTH SERVICES	20347 PASARR(2007)-ID	2007 120	FA0616635 03	8/22/2006 39 Vendor Disbursements 81,856.00
2007	V621730800	DUAL DIAGNOSIS MANAGEMENT	339.08	COMMUNITY MENTAL HEALTH SERVICES	20347 PASARR(2007)-ID	2007 239	FA0616635 03	9/21/2006 63 Vendor Disbursements 90,377.50
2007	V621730800	DUAL DIAGNOSIS MANAGEMENT	339.08	COMMUNITY MENTAL HEALTH SERVICES	20347 PASARR(2007)-ID	2007 406	FA0616635 03	10/26/2006 90 Vendor Disbursements 92,067.00
2007	V621730800	DUAL DIAGNOSIS MANAGEMENT	339.08	COMMUNITY MENTAL HEALTH SERVICES	20347 PASARR(2007)-ID	2007 549	FA0616635 03	11/17/2006 105 Vendor Disbursements 88,575.00
2007	V621730800	DUAL DIAGNOSIS MANAGEMENT	339.08	COMMUNITY MENTAL HEALTH SERVICES	20347 PASARR(2007)-ID	2007 707	FA0616635 03	12/28/2006 131 Vendor Disbursements 73,785.00
2007	V621730800	DUAL DIAGNOSIS MANAGEMENT	339.08	COMMUNITY MENTAL HEALTH SERVICES	20347 PASARR(2007)-ID	2007 804	FA0616635 03	1/19/2007 145 Vendor Disbursements 62,100.00
2007	V621730800	DUAL DIAGNOSIS MANAGEMENT	339.08	COMMUNITY MENTAL HEALTH SERVICES	20347 PASARR(2007)-ID	2007 957	FA0616635 03	2/27/2007 173 Vendor Disbursements 81,971.00
2007	V621730800	DUAL DIAGNOSIS MANAGEMENT	339.08	COMMUNITY MENTAL HEALTH SERVICES	20347 PASARR(2007)-ID	2007 1054	FA0616635 03	3/16/2007 186 Vendor Disbursements 83,073.00
2007	V621730800	DUAL DIAGNOSIS MANAGEMENT	339.08	COMMUNITY MENTAL HEALTH SERVICES	20347 PASARR(2007)-ID	2007 1201	FA0616635 03	4/24/2007 214 Vendor Disbursements 88,956.00
2007	V621730800	DUAL DIAGNOSIS MANAGEMENT	339.08	COMMUNITY MENTAL HEALTH SERVICES	20347 PASARR(2007)-ID	2007 1332	FA0616635 03	5/29/2007 239 Vendor Disbursements 70,063.00
2008	V621730800	DUAL DIAGNOSIS MANAGEMENT	339.08	COMMUNITY MENTAL HEALTH SERVICES	20347 PASARR(2007)-ID	2007 1570	FA0616635 03	7/6/2007 4 Vendor Disbursements 145,684.00
2008	V621730800	DUAL DIAGNOSIS MANAGEMENT	339.08	COMMUNITY MENTAL HEALTH SERVICES	20347 PASARR(2007)-ID	2007 91	FA0616635 03	8/24/2007 42 Vendor Disbursements 10,200.00
2008	V208680273	ASCEND MANAGEMENT INNOVATIONS LLC	339.08	COMMUNITY MENTAL HEALTH SERVICES	20347 PASARR(2007)-ID	2007 194	FA0616635 03	9/21/2007 63 Vendor Disbursements 19,005.00
2008	V208680273	ASCEND MANAGEMENT INNOVATIONS LLC	339.08	COMMUNITY MENTAL HEALTH SERVICES	20347 PASARR(2007)-ID	2007 373	FA0616635 03	10/25/2007 89 Vendor Disbursements 6,000.00
2008	V208680273	ASCEND MANAGEMENT INNOVATIONS LLC	339.08	COMMUNITY MENTAL HEALTH SERVICES	20348 PASARR(2008)-ID	195	FA0616635 05	9/21/2007 63 Vendor Disbursements 139,857.12
2008	V208680273	ASCEND MANAGEMENT INNOVATIONS LLC	339.08	COMMUNITY MENTAL HEALTH SERVICES	20348 PASARR(2008)-ID	393	FA0616635 05	11/1/2007 94 Vendor Disbursements 56,786.08
2008	V208680273	ASCEND MANAGEMENT INNOVATIONS LLC	339.08	COMMUNITY MENTAL HEALTH SERVICES	20348 PASARR(2008)-ID	533	FA0616635 05	11/29/2007 112 Vendor Disbursements 87,970.48

2008	V208680273	ASCEND MANAGEMENT INNOVATIONS LLC	339.08	COMMUNITY MENTAL HEALTH SERVICES	20348	PASARR(2008)-ID	666	FA0616635	05	12/19/2007	127	Vendor Disbursements	65,668.72
2008	V208680273	ASCEND MANAGEMENT INNOVATIONS LLC	339.08	COMMUNITY MENTAL HEALTH SERVICES	20348	PASARR(2008)-ID	799	FA0616635	05	1/24/2008	149	Vendor Disbursements	71,767.28
2008	V208680273	ASCEND MANAGEMENT INNOVATIONS LLC	339.08	COMMUNITY MENTAL HEALTH SERVICES	20348	PASARR(2008)-ID	915	FA0616635	05	2/14/2008	164	Vendor Disbursements	79,407.12
2008	V208680273	ASCEND MANAGEMENT INNOVATIONS LLC	339.08	COMMUNITY MENTAL HEALTH SERVICES	20348	PASARR(2008)-ID	1110	FA0616635	05	3/27/2008	194	Vendor Disbursements	68,123.12
2008	V208680273	ASCEND MANAGEMENT INNOVATIONS LLC	339.08	COMMUNITY MENTAL HEALTH SERVICES	20348	PASARR(2008)-ID	1237	FA0616635	05	4/16/2008	208	Vendor Disbursements	92,294.80
2008	V208680273	ASCEND MANAGEMENT INNOVATIONS LLC	339.08	COMMUNITY MENTAL HEALTH SERVICES	20348	PASARR(2008)-ID	1351	FA0616635	05	5/16/2008	231	Vendor Disbursements	97,170.32
2008	V208680273	ASCEND MANAGEMENT INNOVATIONS LLC	339.08	COMMUNITY MENTAL HEALTH SERVICES	20348	PASARR(2008)-ID	1451	FA0616635	05	6/9/2008	247	Vendor Disbursements	76,010.48
2009	V208680273	ASCEND MANAGEMENT INNOVATIONS LLC	339.08	COMMUNITY MENTAL HEALTH SERVICES	20347	PASARR(2007)-ID	56	FA0616635	01	8/27/2008	45	Vendor Disbursements	79,265.42
2009	V208680273	ASCEND MANAGEMENT INNOVATIONS LLC	339.08	COMMUNITY MENTAL HEALTH SERVICES	20347	PASARR(2007)-ID	176	FA0616635	01	9/16/2008	59	Vendor Disbursements	83,006.67
2009	V208680273	ASCEND MANAGEMENT INNOVATIONS LLC	339.08	COMMUNITY MENTAL HEALTH SERVICES	20348	PASARR(2008)-ID	1542	FA0616635	05	7/8/2008	5	Vendor Disbursements	97,305.52
2009	V208680273	ASCEND MANAGEMENT INNOVATIONS LLC	339.08	COMMUNITY MENTAL HEALTH SERVICES	20348	PASARR(2008)-ID	85	FA0616635	05	9/8/2008	53	Vendor Disbursements	115,778.00
2009	V208680273	ASCEND MANAGEMENT INNOVATIONS LLC	339.08	COMMUNITY MENTAL HEALTH SERVICES	20349	PASARR(2009)-ID	255	FA0616635	02	10/9/2008	77	Vendor Disbursements	99,658.90
2009	V208680273	ASCEND MANAGEMENT INNOVATIONS LLC	339.08	COMMUNITY MENTAL HEALTH SERVICES	20349	PASARR(2009)-ID	446	FA0616635	02	11/10/2008	100	Vendor Disbursements	107,820.66
2009	V208680273	ASCEND MANAGEMENT INNOVATIONS LLC	339.08	COMMUNITY MENTAL HEALTH SERVICES	20349	PASARR(2009)-ID	539	FA0616635	02	12/9/2008	119	Vendor Disbursements	88,976.17
2009	V208680273	ASCEND MANAGEMENT INNOVATIONS LLC	339.08	COMMUNITY MENTAL HEALTH SERVICES	20349	PASARR(2009)-ID	734	FA0616635	02	1/13/2009	141	Vendor Disbursements	105,682.32
2009	V208680273	ASCEND MANAGEMENT INNOVATIONS LLC	339.08	COMMUNITY MENTAL HEALTH SERVICES	20349	PASARR(2009)-ID	806	FA0616635	02	2/6/2009	159	Vendor Disbursements	114,478.86
2009	V208680273	ASCEND MANAGEMENT INNOVATIONS LLC	339.08	COMMUNITY MENTAL HEALTH SERVICES	20349	PASARR(2009)-ID	941	FA0616635	02	3/9/2009	180	Vendor Disbursements	94,499.63
												STARS PAYMENTS	3,278,098.17
												EDISON PAYMENTS	376,424.93
													<u>3,654,523.10</u>

**	See separate Edison Excel Spreadsheet.
----	---



STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
OFFICE OF CONTRACTS REVIEW
Contract Review Notes

RFS #	33908-602 Edison #5688 FA-06-16635-02 Ascend Management Innovations, LLC
OCR REVIEWER:	Sylvia Chunn
DATE:	5/22/09

GENERAL INFORMATION / INSTRUCTION

- i** Address or correct each issue/problem detailed below.
NOTE: Do not change the contract or the Contract Summary Sheets except as may be required to address or correct issues/problems detailed below. If for some reason additional change is found necessary, submit a cover memo detailing such along with the subject, contract when it is re-submitted to OCR for approval review.
- ii** Obtain new contract party signatures (or initials) as necessary and appropriate for contract revisions.
- iii** Re-submit the proposed, contract (and any documentation and associated records required for approval) to OCR with a copy of this communication.
- iv** **If you do not concur and seek approval regardless of the review results detailed below, please:**
 - (1) complete the request for F&A executive review & approval in the "box" immediately below with the appropriate certified or authorized signature;
 - (2) attach a written justification for not addressing review results prior to approval;
 - (3) re-submit the proposed, contract (and any documentation and associated records required for approval) to OCR with a copy of this communication; the completed and signed request for F&A executive review & approval; and, written justification for not addressing review results prior to approval.

REQUEST FOR F&A EXECUTIVE REVIEW & APPROVAL

Upon our review of the matter and based on the attached justification, we do not concur that all or part of the information above is sufficient to prevent approval of the proposed contracting document. We therefore request F&A Commissioner approval notwithstanding any detailed review results that are not addressed.

Procuring Agency Head Signature: _____

ISSUE(S) / PROBLEM(S)

- 1** Please submit an approved non-competitive amendment request with this amendment for processing.
- 2** Please use the correct summary sheet when resubmitting for approval. (A Grant summary sheet was used and the document was a Fee-for-Service amendment.)
- 3** The amendment and the prior amendment and base contracts did not match; please submit the correct base and amendment documents to accompany the new amendment when resubmitting.

NON-COMPETITIVE AMENDMENT REQUEST:

APPROVED

Commissioner of Finance & Administration

1) RFS #	33908-602	
2) Procuring Agency :	Tennessee Department of Mental Health and Developmental Disabilities	
EXISTING CONTRACT INFORMATION		
3) Service Caption :	PASRR	
4) Contractor :	Ascend Management Innovations, LLC.	
5) Contract #	FA-06-16635-00	
6) Contract Start Date :	12/27/05	
7) CURRENT Contract End Date : (if ALL options to extend the contract are exercised)	06/30/2010	
8) CURRENT Maximum Cost : (if ALL options to extend the contract are exercised)	\$ 5,000,000.00	
PROPOSED AMENDMENT INFORMATION		
9) Amendment #	2	
10) Amendment Effective Date : (attached explanation required if < 60 days after F&A receipt)	07/01/09	
11) PROPOSED Contract End Date : (if ALL options to extend the contract are exercised)	06/30/2010	
12) PROPOSED Maximum Cost : (if ALL options to extend the contract are exercised)	\$ 5,000,000.00	
13) Approval Criteria : (select one)	<input checked="" type="checkbox"/> use of Non-Competitive Negotiation is in the best interest of the state <input type="checkbox"/> only one uniquely qualified service provider able to provide the service	
14) Description of the Proposed Amendment Effects & Any Additional Service :	Remove the requirement in Paragraph E7 that a performance bond be required.	
15) Explanation of Need for the Proposed Amendment :	<p>Contractor is completing the 5th year of a 5 year contract and has been a very able provider. Due to economic issues in the credit industry, the company is unable to obtain a letter of credit for \$5,000,000, the full amount of the contract. The letter of credit is needed to obtain the bond. The contractor has provided certified financial statements indicating they have the financial resources to assure performance of the contract. Their history of performance under the terms of the contract has been excellent. A performance bond is not usually required for a contract of this type but was added when this contract was put out for RFP due to potential vendors -- new start-ups and out-of-state companies -- and the need to assure performance should they be awarded the bid. New pro-forma contract for 2010-2011 would not include a requirement for a performance bond. There is a risk of bid protest but the risk is very minor as this is the last year of a 5 year contract, however discussions have been held with the AG's office regarding this potential risk and the parties are aware of this potential and are prepared to address it.</p>	
16) Name & Address of Contractor's Current Principal Owner(s) : (not required for a TN state education institution)		

Ascend Management Innovations, LLC, 227 French Landing, Suite 250, Nashville, TN 37228

17) Office for Information Resources Endorsement : (required for information technology service; n/a to THDA)

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

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

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

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

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

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

This is the 5th year of a 5 year contract and the current provider has the expertise and knowledge to continue providing the necessary services through the end of this fiscal year (6/30/2010). No other provider would be able to set up operations and complete the terms of the contract within the time period remaining.

21) Justification for the Proposed Non-Competitive Amendment :

Provider's ability and financial status render them capable of continued performance under the terms of the contract until its expiration 6/30/2010. A waiver of the requirement for a performance bond for the 5th year of a 5 year contract would not work a hardship on the Department nor would it impact the ability of the contractor to continue compliance with the terms of the 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)


SIGNATURE & DATE

6/19/09



**STATE OF TENNESSEE
DEPARTMENT OF MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES**

OFFICE OF LEGAL COUNSEL
3rd FLOOR, CORDELL HULL BUILDING
425 5TH AVENUE, NORTH
NASHVILLE, TENNESSEE 37243

Phone: (615) 532-6520

Fax: (615) 253-4379

TDD (615) 532-6612 (for persons with hearing impairments)

Memorandum

TO: Office of Contract Review, Department of Finance and Administration

FROM: Cynthia Clark Tyler, General Counsel
Department of Mental Health and Developmental Disabilities

DATE: June 19, 2009

SUBJECT: Amendment to Contract No. FA-06-16635-00,
Tennessee Department of Mental Health and Developmental
Disabilities, Procuring Agency, and Dual Diagnosis Management,
Contractor

We are seeking Executive Review of the denial of our request for an amendment to the above contract. The purpose of the contract is for the provision of Pre-Admission Screening and Resident Reviews (PASRR) in persons determined to be classified as mentally ill or persons classified as dually mentally ill and developmentally disabled. The PASRR program is mandated by federal law and address evaluations of this population for admission to nursing homes. Our proposed amendment would remove the requirement that the contractor obtain a performance bond (paragraph E.7).

The current contract was awarded on our about December 27, 2005 and we are currently in the 5th year of the 5 year contract. The contractor, Dual Diagnosis Management (also referred to as Ascend Management) has performed admirably under the contract and has been fully compliant with the terms of contract.

However, due to current economic issues in the credit industry, the contractor is unable to obtain a letter of credit for \$5,000,000, the full amount of the contract. The letter of credit is necessary for them to obtain a performance bond as required by Paragraph E.7 of the contract.

We believe that the contractor's proven ability and financial status render them capable of continued compliance with the terms of the contract until its expiration 6/30/2010. They have provided certified financial statements

indicating that they have sufficient financial resources to assure their performance under the contract. A performance bond is not usually required for a contract of this type. It was added to this contract when it was put out for RFP because of the need to assure performance of some of the potential vendors - - new start-ups and out-of-state companies - - should they be awarded the bid. We do not intend for the new pro-forma contract for 2010-2011 to include a requirement for a performance bond.

In discussing this with the Attorney General's office, of concern was any potential bid protest should this amendment be approved. It was determined that what risk, if any, there might be is very minor, particularly because this is the last year of a 5 year contract. We remain aware of this potential "risk" and are prepared to address it should it occur.

It is our belief that a waiver of the requirement for a performance bond for the 5th year of a 5 year contract would not work a hardship on the Department nor would it impact the ability of the contractor to continue compliance with the terms of the contract.

We appreciate your consideration of our request. We will gladly provide any further information you may need in your review of this request.

CCT/hos

cc: Commissioner Virginia Trotter Betts
Deputy Commissioner Bob Grunow
Linda Parker, Contracts Coordinator
Dennis Temple, Special Populations



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

Agency Tracking # 33908-60206	Edison ID 5688	Contract # FA06-1665300	Amendment # 2
---	--------------------------	-----------------------------------	-------------------------

Contractor Ascend Management Innovations, LLC	Contractor Federal Employer Identification or Social Security # <input type="checkbox"/> C- or <input checked="" type="checkbox"/> V- 20-8680273-00
--	--

Amendment Purpose/ Effects
To amend contract language to delete reference to performance bond.

Contract Begin Date December 27, 2005	Contract End Date June 30, 2010	Subrecipient or Vendor <input type="checkbox"/> Subrecipient <input checked="" type="checkbox"/> Vendor	CFDA #(s)
--	------------------------------------	--	-----------

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2006		\$500,000.00			\$500,000.00
2007		\$1,000,000.00			\$1,000,000.00
2008		\$1,100,000.00			\$1,100,000.00
2009		\$1,150,000.00			\$1,150,000.00
2010		\$1,250,000.00			\$1,250,000.00
TOTAL:		\$5,000,000.00			\$5,000,000.00

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

— COMPLETE FOR AMENDMENTS —			Agency Contact & Telephone # Gene Wood, Budget Director, 532-6676	
END DATE AMENDED? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO			Agency Budget Officer Approval (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)	
FY	Base Contract & Prior Amendments	THIS Amendment ONLY		
2006				
2007				
2008				
2009				
2010		0.00	Speed Code	Account Code
TOTAL:	\$5,000,000.00	0.00		

— OCR USE —	Procurement Process Summary (non-competitive, FA- or ED-type only) <div style="font-size: 2em; font-weight: bold; margin: 10px 0;">RECEIVED</div> <div style="font-size: 1.2em; margin: 5px 0;">JUL 31 2009</div> <div style="font-size: 1.5em; font-weight: bold; margin: 10px 0;">FISCAL REVIEW</div>
-------------	--

**AMENDMENT TWO
TO FA-06-16635-00**

This Contract Amendment is made and entered by and between the State of Tennessee, Department of Mental Health and Developmental Disabilities, hereinafter referred to as the "State" and Ascend Management Innovations, LLC, 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. Contract Section E.7. Performance Bond. is deleted in its entirety and remaining sections are renumbered sequentially.

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,

ASCEND MANAGEMENT INNOVATIONS, LLC:

CONTRACTOR SIGNATURE

DATE

PRINTED NAME AND TITLE OF CONTRACTOR SIGNATORY (above)

DEPARTMENT OF MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES:

VIRGINIA TROTTER BETTS, JD, MSN, RN, FAAN, COMMISSIONER

DATE

CONTRACT SUMMARY SHEET

021406

RFS #	Contract #
339.08-602 (Formerly 339.08-111)	FA-06-16635-01

State Agency	State Agency Division
Department of Mental Health & Developmental Disabilities	Division of Special Populations

Contractor Name	Contractor ID # (FEIN or SSN)
Ascend Management Innovations, LLC	<input type="checkbox"/> C- or <input checked="" type="checkbox"/> V- 20-8680273-00

Service Description
PASRR

Contract BEGIN Date	Contract END Date	Subrecipient or Vendor?	CFDA #
December 27, 2005	June 30, 2010	Vendor	93.958

Mark Each TRUE Statement

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

Allotment Code	Cost Center	Object Code	Fund	Funding Grant Code	Funding Subgrant Code
339.08	see attached	089999	11	277	N/A

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2006		\$500,000.00			\$ 500,000.00
2007		\$1,000,000.00			\$ 1,000,000.00
2008		\$1,100,000.00			\$ 1,100,000.00
2009		\$1,150,000.00			\$ 1,150,000.00
2010		\$1,250,000.00			\$ 1,250,000.00
					\$ -
TOTAL:	\$ -	\$ 5,000,000.00	\$ -	\$ -	\$ 5,000,000.00

COMPLETE FOR AMENDMENTS ONLY — State Agency Fiscal Contact & Telephone #

FY	Base Contract & Prior Amendments	THIS Amendment ONLY	State Agency Fiscal Contact & Telephone #
			Gene Wood, Budget Director (615) 532-6676
2006	\$500,000.00	\$0.00	State Agency Budget Officer Approval
2007	\$1,000,000.00	\$0.00	
2008	\$1,100,000.00	\$0.00	
2009	\$1,150,000.00	\$0.00	
2010	\$1,250,000.00	\$0.00	

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)

TOTAL:	\$ 5,000,000.00	\$0.00	
End Date	6/30/2010	6/30/2010	

Contractor Ownership (complete only for base contracts with contract # prefix FA or GR)

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

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

<input type="checkbox"/> RFP	<input type="checkbox"/> Competitive Negotiation	<input type="checkbox"/> Alternative Competitive Method
<input checked="" type="checkbox"/> Non-Competitive Negotiation	<input type="checkbox"/> Negotiation w/ Government (eg, ID, GG, GU)	<input type="checkbox"/> Other

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

RECEIVED
 AUG 17 2010
 STAFF
 OFFICE OF
 MANAGEMENT

PROCESSED
 SEP - 6 2010
 DIRECTOR OF ACCOUNTS

**AMENDMENT ONE
TO CONTRACT NUMBER FA-06-16635-00**

This Contract by and between the State of Tennessee, Department of Mental Health and Developmental Disabilities, hereinafter referred to as the State, and Ascend Management Innovations, LLC, hereinafter referred to as the Contractor, is hereby amended as follows:

1. Delete Section E.2. Communications and Contacts, in its entirety and insert the following in its place:

E.2. Communications and Contacts. All instructions, notices, consents, demands, or other communications required or contemplated by this Grant 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:

Linda M. Parker, Director
Office of Program Support
Department of Mental Health and Developmental Disabilities
300 Cordell Hull Building
425 5th Avenue, North
Nashville, TN 37243
Telephone # (615) 532-6741
FAX # (615) 253-3920
Email: Linda.parker@state.tn.us

The Grantee:

Ms. Teri Stokes, President and COO
Ascend Management Innovations, LLC
227 French Landing Drive, Suite 250
Nashville, TN 37228
Telephone # (615) 345-3206
FAX # (877) 431-9568
Email: tstokes@dd-management.com

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 as of the day the electronic transmission of such by telefax or email is received and confirmed by the designated recipient.

2. Add the following as Section E.24.

E.24. Name Change. Effective May 25, 2007, all references to "Dual Diagnosis Management" shall be deleted and replaced with "Ascend Management Innovations, LLC."

3. Add the following as Section E.25.

E.25. Federal Employer Identification Number. Effective May 25, 2007, the Federal Employer Identification Number of the Contractor shall be 20-8680273-00.

The other terms and conditions of this agreement not amended hereby shall remain in full force and effect.

IN WITNESS WHEREOF:

ASCEND MANAGEMENT INNOVATIONS, LLC:

Teri Stokes President *7/12/07*

NAME AND TITLE DATE

Teri Stokes, President

PRINTED NAME AND TITLE OF CONTRACTOR/GRANTEE SIGNATORY

DEPARTMENT OF MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES

Virginia J. Betts *JUL 16 2007*

VIRGINIA TROTTER BETTS, JD, MSN, RN, FAAN, COMMISSIONER DATE

APPROVED:

DEPARTMENT OF FINANCE AND ADMINISTRATION:

M.D. Goetz, Jr. IKW *AUG 30 2007*

M. D. GOETZ, JR., COMMISSIONER DATE

DEPARTMENT OF HUMAN RESOURCES:

NOT APPLICABLE

DEBORAH E. STORY, COMMISSIONER DATE

COMPTROLLER OF THE TREASURY:

John G. Morgan *9/4/07*

JOHN G. MORGAN, COMPTROLLER OF THE TREASURY DATE

CONTRACT SUMMARY SHEET

021406

RFS# **339.08-111** **REVISED** Contract# **FA-06-16635-00**
03/13/08

State Agency: Department of Mental Health and Developmental Disabilities
 State Agency Division: Office of Special Populations

Contractor Name: Dual Diagnosis Management
 Contractor ID # (FEIN or SSN): C- or X V- V62-1730800-00

Service Description: PASRR

Contract BEGIN Date: 12/12/05
 Contract END Date: 6/30/2010
 Subrecipient or Vendor?: Vendor
 CFDA #: 93.958

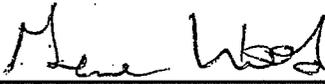
Mark Each TRUE Statement:
 Contractor is on STARS
 Contractor's Form W-9 is on file in Accounts

Allotment Code	Cost Center	Object Code	Fund	Funding Grant Code	Funding Subgrant Code
339.08	20346	089999	11		

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2006		\$0.00	\$ 500,000.00		\$ 500,000.00
2007		\$0.00	\$ 1,000,000.00		\$ 1,000,000.00
2008		\$0.00	\$ 1,100,000.00		\$ 1,100,000.00
2009		\$0.00	\$ 1,150,000.00		\$ 1,150,000.00
2010		\$0.00	\$ 1,250,000.00		\$ 1,250,000.00
TOTAL	\$ -	\$ -	\$ 5,000,000.00	\$ -	\$ 5,000,000.00

COMPLETE FOR AMENDMENTS ONLY State Agency Fiscal Contact & Telephone #

FY	Base Contract & Prior Amendments	THIS Amendment ONLY	State Agency Fiscal Contact & Telephone #
			Gene Wood, Director of Budget (615) 532-6676

State Agency Budget Officer Approval:


Funding Certification (certification required by T.C.A. §9-4-5113 that there is no balance in the appropriation from which the obligated expenditure is required to be paid that is not otherwise encumbered to pay obligations previously incurred)

TOTAL \$ - \$ -
 End Date

Contractor Ownership (complete only for base contracts with contract prefix FA or GR)

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

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

<input checked="" type="checkbox"/> RFP	<input type="checkbox"/> Competitive Negotiation	<input type="checkbox"/> Alternative Competitive Method
<input type="checkbox"/> Non-Competitive Negotiation	<input type="checkbox"/> Negotiation w/ Government(eg, ID, GG, GU)	<input type="checkbox"/> Other

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

PROCESSED
 MAR 13 2008
 DIRECTOR OF ACCOUNTS

RUSH

CONTRACT SUMMARY SHEET

8-
8-
05

RFS # 339.08-111	Contract # FA-06- 16635-00
State Agency Department of Mental Health and Developmental Disabilities	State Agency Division Office of Special Populations
Contractor Name Dual Diagnosis Management	Contractor ID # (FEIN or SSN) <input type="checkbox"/> C- or <input checked="" type="checkbox"/> V- V621730800-00

Service Description
PASRR

Contract Begin Date 12/27/05	Contract End Date 6/30/2010	SUBRECIPIENT or VENDOR? Vendor	CFDA # 93.958
--	---------------------------------------	--	-------------------------

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 339.08	Cost Center 20346	Object Code 134734	Fund 11	Funding Grant Code	Funding Subgrant Code
---------------------------------	-----------------------------	------------------------------	-------------------	---------------------------	------------------------------

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2006		\$ 500,000.00			\$ 500,000.00
2007		\$1,000,000.00			\$1,000,000.00
2008		\$1,100,000.00			\$1,100,000.00
2009		\$1,150,000.00			\$1,150,000.00
2010		\$1,250,000.00			\$ 1,250,000.00
TOTAL:		\$5,000,000.00			\$5,000,000.00

— COMPLETE FOR AMENDMENTS ONLY —

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

State Agency Fiscal Contact & Telephone #
Gene Wood, Director of Budget and Contracts
Telephone: (615) 532-6676 Fax: (615) 253-5717.

State Agency Budget Officer Approval
Gene Wood

Funding Certification (certification, required by T.C.A., § 9-4-51.13, 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)

RECEIVED
 08 JAN 12 AM 11: 25
 COMPTROLLER'S OFFICE
 OFFICE OF
 MANAGEMENT SERVICES

PROCESSED
 JAN 18 2006
 DIRECTOR OF ACCOUNTS

**CONTRACT
BETWEEN THE STATE OF TENNESSEE,
DEPARTMENT OF MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES
AND
DUAL DIAGNOSIS MANAGEMENT**

This Contract, by and between the State of Tennessee, **Department of Mental Health and Developmental Disabilities**, hereinafter referred to as the "State" and Dual Diagnosis Management, hereinafter referred to as the "Contractor," is for the provision of Pre-Admission Screening and Resident Reviews (PASRR) in persons determined to be classified as mentally ill or persons classified as classified as dually mentally ill and developmentally disabled (DUAL Services), as further defined in the "SCOPE OF SERVICES."

The Contractor is A SPECIAL PURPOSE CORPORATION OR ASSOCIATION . The Contractor's address is:

227 French Landing, Suite 250
Nashville, TN 37228

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

A. SCOPE OF SERVICES:

PREADMISSION AND RESIDENT REVIEW PROGRAM

A.1. Service Definition:

The PASRR (Pre-Admission Screening and Resident Reviews) Level II Program is a statewide mandated program developed to comply with federal legislation concerning nursing home admissions. The purpose of the program is to ensure each individual applying to a Medicaid certified nursing facility who has a mental illness or developmental disability will receive the treatment services (specialized services) he or she needs. Service recipients will be identified by the PASRR Level I screening process as having a mental illness and/or developmental disability (or related condition) without a primary diagnosis of MR. (Mental Retardation)

The following laws and rules referenced govern this RFP:

- a. Social Security Act, vol., Sec. 1919 (e) (7) as in effect January 1 2005.(This law may be accessed at (www.socialsecurity.gov))
- b. Code of Federal Regulations Title 42, Volume 3 Revised as of 2004 Sec. 483.100 through 483.138 (These rules may be accessed at www.gpoaccess.gov)
- c. TennCare General Rules --- (Rule-1200-13-1-.23).(These rules can be accessed at Tennessee.gov)

A.2. Service Recipients

- a. Individuals applying to Medicaid certified nursing homes previously identified and determined by the PASRR Level I Screening as having a Mental Illness (MI) or Related Condition without a primary diagnosis in MR, as defined by the General Rules for TennCare. (Rule 1200-13-1-. 23). The TennCare Long-term Care Unit refers these individuals to Department of Mental Health and Developmental Disabilities. (Here after referred to as the State).
- b. Individuals residing in a nursing facility who have MI or have a related condition, on admission or anytime afterward, and/or experience a change in mental status (as defined by 42CFR 483.100 through 483.138) are eligible.

A.3. Service Goals:

- a. All completed PASRR evaluations will have corresponding written summaries in a format selected by the provider. The evaluation and the written summary must conform to 42 CFR 483.100 through 483.138 (revised 10/1/2004).
- b. All completed written summaries will have the appropriate specialized service determinations. These determinations are based on the State's definition of specialized services as in the General TennCare Rules. (Rule 1200-13-.23) "Specialized Services for Individual with Mental Illness"- Specialized service is defined as the implementation of an individualized plan of care developed under and supervised by a physician, provided by a physician and other qualified mental health professionals, that prescribes specific therapies and activities for the treatment of persons who are experiencing an acute episode of severe mental illness, which necessitates supervision by trained mental health personnel.

A.4. The following applies to specialized service determination for people who have a related condition "Specialized Services for Individuals with Mental Retardation"-A continuous program for each individual, which includes aggressive, consistent implementation of a program of specialized and generic training, treatment, health services and related services that is directed towards (1) the acquisition of the behaviors necessary for the client to function with as much self determination and independence as possible; and (2) the prevention or deceleration of regression or loss of current optimal functional status. Specialized services do not include services to maintain generally independent clients who are able to function with little supervision or in the absence of a continuous specialized services program.

- a. All completed written summaries must include at least, clinical recommendations, rationales, case abstracts and appropriate demographic information as defined by 42CFR 483.100 through 483.138 (revised 10/12/2004).

(1). All written summaries must be completed in accordance with the following timelines:

MI and/or RC-Pre-Admission Summary-----5 working days
MI and/or RC-Change of Status Summary--3 working days
MI/RC Paper Reviews (All types) -----2 working days

(2). All resident reviews will be completed complying with 42CFR 483 through 483.100 and TennCare Rule 120013-1-. 23. Document Based Reviews will be completed according to procedures established by the State in A.6.g.and A.6.h.of this document. On-Site Reviews, authorized by the State, will be completed complying with 42CFR 483.100 through 483.138 revised 10/12/2004.

A.5. PERFORMANCE MEASURES

a. STRUCTURE

The Contractor will:

Provide the staff and resources necessary to comply with the laws and rules identified in A.1. Service Definition section of this document. Because of the daily nature of PASRR responsibilities and Court mandated timelines, the need exists for on-site accessibility to monitor operations, including but not limited to immediate access to records and clinical and management staff. Therefore, the Contractor will maintain an office located in the State of Tennessee. This in state office must provide an adequate amount of qualified local clinical staff to perform and maintain the continual and daily tasks of the PASRR program.

Staffing in the local Tennessee office must include at a least, a Contract Manager with psychiatric and PASRR management experience, in addition to the psychiatric staff, who will be involved in the development of the Level II determinations. All staff's time will be 100% dedicated to the PASRR program and have the appropriate State of Tennessee licensing. Due to the expertise required to administer a PASRR program, the State will evaluate the performance and refuse any personnel who's performance is found to be inadequate.

The Contractor will:

- (1). Schedule and organize evaluations with appropriate releases and authorization ensuring client confidentiality.
- (2). Maintain all comprehensive evaluation documentation for ten (10) years in paper form with the date beginning on the day of the evaluations are performed; maintain completed summaries for twenty-five years in either paper form or electronically.
- (3). Submission of annual reports as approved by the State.
- (4). Provide data to the State as requested by the date specified.
- (5). Submission of monthly invoices no later than 30 (thirty) days after last day of the month.
- (6). Participate with in-service training as requested by the State.
- (7). Review additional information collected or provided, participating as required in formal hearings as specialized services are appealed.
- (8). Operate a web-enhanced, computerized system and provide availability to and for the State for tracking of resident reviews, generating summaries of findings, and gathering data as requested.
- (9). Maintain standard office operating capability (e.g. computer, transmission facsimile and telephone, adding machines or calculators).
- (10). Participate with the State in problem resolution activities involving the PASRR process.
- (11). Ensure that the Contractor nor any of its evaluators are not employees or have any other relationship with nursing care facilities, which may be deemed a conflict of interest as stated in 42CFR 483.100 through 483.138.
- (12). Comply with any and all evaluation processes as described in 42CFR 483.100 through 483.138.
- (13). Ensure all PASRR "On-Site" evaluations include an annual psychosocial assessment, physical assessment, review of medical history, and any other evaluations as required by 42 CFR 483.100 through 483.138.
- (14). A qualified professional with a Masters' degree in social work, or psychology will complete evaluations, or a qualified and licensed RN practicing under the Laws of the State of Tennessee. This professional must possess at least one year, recent (within the last five years), experience in the area of geriatrics.
- (15). Ensure a tracking system is operational providing Document-Based Reviews to be completed on a quarterly basis per the time standards for reviews in 42CFR 483.100 through 483.138.
- (16). Ensure all written summaries are completed in a type written or computer generated document format providing legibility and clarity when submitting to the State. The State has the right to reject or ask that a summary be re-submitted for clinical, clarification, or any other reason that might render the submitted documentation "unusable" without further costs to the State.

A.6. PROCESS

The Contractor shall maintain that:

- a. All PASRR referrals from the State will be completed per A.4.a.(1), A.6.b, A.6.g, A.6.j., and A.6.k. of this document.
- b. Pre-Admission Evaluations will be completed and returned to the State within five (5) working days.

- c. An "on-site" interview will be completed by a mental health professional (See A.5.a.(14), A.6.i., and A.6.j.) and the resulting evaluation will consist of testing procedures as approved by the State and as described in 42CFR 483.100 through 483.138.
- d. Pre-Admission Evaluations will include service determinations and recommendations based on, and consistent with, evaluation results.
- e. A licensed psychiatrist will make the determinations based on the State's definition of specialized services. (General Rules for TennCare Chapter 1200-13-1-. 23)
- f. In the case of evaluations for DD (Related Conditions without MR as defined in 42CFR435.1009 and TennCare Rules 1200-13-1-. 23), a licensed psychologist with experience in the area of DD will make the determinations based on the State's definition of specialized services for related conditions. (TennCare Rules 1200-13-1-. 23) Criteria for evaluations will be based on those described in 42CFR 483.100 through 483.138.
- g. Document Based Reviews will be performed on each eligible individual in a nursing home who receives an initial evaluation and who would have met criteria for continued annual review per 42CFR 483.100 through 483.138. These will be due in the quarter of admission date 42CFR 483.100 through 483.138. If State approved criteria are met and there is a significant change of mental status than an on-site review approved by the State will be completed.
- h. Document Based Reviews will be conducted by phone; supplemental clinical material will be requested from the nursing home as needed. Document Based Reviews will be conducted by a RN with psychiatric experience. DMHDD will have final approval of data collection procedures and qualifications of individuals performing the collection. Clinical indicators of an adverse change of mental status will dictate an On- Site Review. Inability to obtain appropriate data may also indicate the necessity for an On-Site Review. The results of all Document Based Reviews must be recorded in writing. All Document Based resulting in On-Site reviews will be prior approved by DMHDD.
- i. All "On-site" Resident Reviews will involve all the procedures for Pre-Admission Evaluations.(See A.3.a.,A.3.b.,A.4.a., A.4.a.(2) and A.6.d.) These On-Site Resident Reviews will be performed on a random basis or as a result of a Document Based Review indicating an adverse change of status. All On-site Reviews will require prior approval from DMHDD on a quarterly basis. (Refer to 42CFR483.100 through 483.138.)
- j. "On-site" Change of Status evaluations are generated by the nursing facility according to 42CFR483.100 through 483.138. This evaluation will use the required criteria and include a service determination. The written summary will be returned to the state in three (3) working days as determined by the State.
- k. Paper-based Change of Status Reviews will include a determination but are not necessarily "on-site" evaluations. These evaluations will be based on the necessary documentation and include the status of changing mental health needs. The written summary will be returned to the State in two (2) days.
- l. All other paper reviews are based on information not previously available and may effect the determination process. These reviews are to be returned to the state in two (2) days.
- m. Partial reviews are those cancelled prior to a determination are being made by the State in which some work has been completed. Partial payment for these reviews requires prior State approval.

A.7. OUTCOME- ACCESS

The Contractor will comply with the following:

- a. All referrals for evaluation by the State will be completed unless cancelled by State according to the guidelines stated in A.6.m. These referrals will be completed according to:

- (1) Contract,
- (2) Federal regulations 42CFR483.100 through 483.138-revised 2004
- (3) General Rules for TennCare 1200-13-1-. 23.

- b. All reviews will be completed in timeframes stipulated by the State. (See A.4.a.(1), A.6.b., A.6.g.,A.6.i,A.6.J, A.6.k.,and A.6.l.).

A.8. OUTCOME CAPACITY

The Contractor will:

- a. Possess the capability to perform all referred evaluations and scheduled resident reviews according this Contract.

A.9. OUTCOME-EFFECTIVENESS

The Contractor shall comply with the following:

- a. Each completed evaluation returned to the State will have all the following information:
 - (1). Demographics
 - (2). Axis I,II, AND III Diagnosis per the DSM IV
 - (3). Strengths and weaknesses
 - (4). Service Determination and Rationale
 - (5). Clinical Recommendations
 - (6). Eligibility for Resident Reviews
 - (7). Appropriate signatures 100% of the time.
 - (8). Clinical Summary
- b. Each referral will be returned to the State within designated time constraints previously illustrated with a ninety-nine percent (99%) accuracy rate.
- c. Each Resident review will be appropriately completed and returned to the State within the illustrated guidelines for timeliness with a ninety-five percent (95%) accuracy rate.
- d.

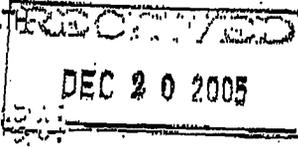
B. CONTRACT TERM:

- B.1. Contract Term. This Contract shall be effective for the period commencing on December 27, 2005 and ending on June 30, 2010. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period.

C. PAYMENT TERMS AND CONDITIONS:

- C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed five million dollars, (\$5,000,000.00). The Payment 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 Payment Rates include, but are not limited to, all applicable taxes, fees, overheads, profit, 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 Payment Rates detailed in Section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.



- C.2. Compensation Firm.** The Payment Rates in Section C.3 and the maximum liability of the State under this Contract are firm for the duration of the Contract and are not subject to increase 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 services rates:

Service Unit/Milestone	Year 1	Year 2	Year 3	Year 4	Year 5
A. PREADMISSION MI	302.00	302.00	314.08	326.84	339.71
B. PREADMISSION RC (Related Conditions)	302.00	302.00	314.08	326.84	339.71
C. DOCUMENT BASED REVIEW	120.00	120.00	124.80	129.79	134.98
D. RESIDENT REVIEW-MI	275.00	275.00	286.00	297.44	309.34
E. RESIDENT REVIEW-RC	275.00	275.00	286.00	297.44	309.34
F. ON-SITE CHANGE OF STATUS-MI	345.00	345.00	358.80	373.15	388.08
G. ON-SITE CHANGE OF STATUS-RC	345.00	345.00	358.80	373.15	388.08
H. PAPER CHANGE OF STATUS-MI	120.00	120.00	124.80	129.79	134.98
I. PAPER CHANGE OF STATUS RC	120.00	120.00	124.80	129.79	134.98
J. PARTIAL REVIEW	100.00	100.00	104.00	108.16	112.49
K. ADDITIONAL INFORMATION PAPER	75.00	75.00	78.00	81.12	84.36

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 involved therein.

changes to page approved *[Signature]* 12/20/05

RECEIVED 2005/12/20 14:14:21

[Signature]

6

- 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 thirty days (30) 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:

Gene Wood, Director of Budget Office
Department of Mental Health and Developmental Disabilities
710 James Robertson Parkway, 12th Floor, Andrew Johnson Tower
Nashville, TN 37243
Telephone: (615) 532-6676
Facsimile: (615) 253-5717
Email: Gene.Wood@state.tn.us

The Contractor:

Mr. Michael Cartwright, Chief Executive Officer
Dual Diagnosis Management
227 French Landing, Suite 250
Nashville, TN 37228
Telephone: (615) 256-9002 extension 216
Facsimile: (615) 256-9005
Email: mcartwright@dual.diagnosis.org

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. Breach. A party shall be deemed to have breached the Contract if any of the following occurs:
- failure to perform in accordance with any term or provision of the Contract;
 - partial performance of any term or provision of the Contract;
 - any act prohibited or restricted by the Contract, or
 - violation of any warranty.

For purposes of this contract, these items shall hereinafter be referred to as a "Breach."

- a. Contractor Breach— The State shall notify Contractor in writing of a Breach.

- (1) In event of a Breach by Contractor, the state shall have available the remedy of Actual Damages and any other remedy available at law or equity.

- (2) **Partial Default**— In the event of a Breach, the State may declare a Partial Default. In which case, the State shall provide the Contractor written notice of: (1) the date which Contractor shall terminate providing the service associated with the Breach; and (2) the date the State will begin to provide the service associated with the Breach. Notwithstanding the foregoing, the State may revise the time periods contained in the notice written to the Contractor.

In the event the State declares a Partial Default, the State may withhold, together with any other damages associated with the Breach, from the amounts due the Contractor the greater of: (1) amounts which would be paid the Contractor to provide the defaulted service; or (2) the cost to the State of providing the defaulted service, whether said service is provided by the State or a third party. To determine the amount the Contractor is being paid for any particular service, the Department shall be entitled to receive within five (5) days any requested material from Contractor. The State shall make the final and binding determination of said amount.

- (3) **Contract Termination**— In the event of a Breach, the State may terminate the Contract immediately or in stages. The Contractor shall be notified of the termination in writing by the State. Said notice shall hereinafter be referred to as Termination Notice. The Termination Notice may specify either that the termination is to be effective immediately, on a date certain in the future, or that the Contractor shall cease operations under this Contract in stages. In the event of a termination, the State may withhold any amounts which may be due Contractor without waiver of any other remedy or damages available to the State at law or at equity. The Contractor shall be liable to the State for any and all damages incurred by the State and any and all expenses incurred by the State which exceed the amount the State would have paid Contractor under this Contract. Contractor agrees to cooperate with the State in the event of a Contract Termination or Partial Takeover.

- b. **State Breach**— In the event of a Breach of contract by the State, the Contractor shall notify the State in writing within 30 days of any Breach of contract by the State. Said notice shall contain a description of the Breach. Failure by the Contractor to provide said written notice shall operate as an absolute waiver by the Contractor of the State's Breach. In no event shall any Breach on the part of the State excuse the Contractor from full performance under this Contract. In the event of Breach by the State, the Contractor may avail itself of any remedy at law in the forum with appropriate jurisdiction; provided, however, failure by the Contractor to give the State written notice and opportunity to cure as described herein operates as a waiver of the State's Breach. Failure by the Contractor to file a claim before the appropriate forum in Tennessee with jurisdiction to hear such claim within one (1) year of the written notice of Breach shall operate as a waiver of said claim in its entirety. It is agreed by the parties this provision establishes a contractual period of limitations for any claim brought by the Contractor.

E.5. **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.6. **State Ownership of Work Products.** The State shall have all ownership right, title, and interest, including ownership of copyright, in all work products created, designed, developed, derived, documented, installed, or delivered to the State under this Contract. The State shall have royalty-free and unlimited rights to use,

disclose, reproduce, or publish, for any purpose whatsoever, all said work products. The Contractor shall furnish such information and data upon request of the State, in accordance with the Contract and applicable State law.

- E.7. Performance Bond. Upon approval of the Contract by all appropriate State officials in accordance with applicable State laws and regulations, the Contractor shall furnish a performance bond in the amount equal to five hundred thousand dollars (\$500,000.00), guaranteeing full and faithful performance of all undertakings and obligations under this Contract for the initial Contract term and all extensions thereof. The bond shall be in the manner and form prescribed by the State and must be issued through a company licensed to issue such a bond in the State of Tennessee.

The Contractor shall obtain the required performance bond in form and substance acceptable to the State and provide it to the State no later than November 14, 2005. Failure to provide the performance bond prior to the deadline as required shall result in contract termination.

In lieu of a performance bond, a surety deposit, in the sum of five hundred thousand dollars (\$5,000.00), may be substituted if approved by the State prior to its submittal.

- E.8. 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.9. State Interest in Equipment—Uniform Commercial Code Security Agreement. The Contractor shall take legal title to all equipment and to all motor vehicles, hereinafter referred to as "equipment," purchased totally or in part with funds provided under this Contract, subject to the State's equitable interest therein, to the extent of its *pro rata* share, based upon the State's contribution to the purchase price. "Equipment" shall be defined as an article of nonexpendable, tangible, personal property having a useful life of more than one year and an acquisition cost which equals or exceeds \$5,000.00.00.

As authorized by the provisions of the terms of the Tennessee Uniform Commercial Code— Secured Transaction, found at Title 47, Chapter 9 of the *Tennessee Code Annotated*, and the provisions of the Tennessee Motor Vehicle Title and Registration Law, found at Title 55, Chapter 1 of the *Tennessee Code Annotated*, an intent of this Contract document and the parties hereto is to create and acknowledge a security interest in favor of the State in the equipment or motor vehicles acquired by the Contractor pursuant to the provisions of this Contract document. A further intent of this Contract document is to acknowledge and continue the security interest in favor of the State in the equipment or motor vehicles acquired by the Contractor pursuant to the provisions of this program's prior year Contracts between the State and the Contractor.

The Contractor hereto grants the State a security interest in said equipment. This agreement is intended to be a security agreement pursuant to the Uniform Commercial Code for any of the equipment herein specified which, under applicable law, may be subject to a security interest pursuant to the Uniform Commercial Code, and the Contractor hereby grants the State a security interest in said equipment. The Contractor agrees that the State may file this Contract or a reproduction thereof, in any appropriate office, as a financing statement for any of the equipment herein specified. Any reproduction of this or any other security agreement or financing statement shall be sufficient as a financing statement. In addition, the Contractor agrees to execute and deliver to the State, upon the State's request, any financing statements, as well as extensions, renewals, and amendments thereof, and reproduction of this Contract in such form as the State may require to perfect a security interest with respect to said equipment. The Contractor shall pay all costs of filing such financing statements and any extensions, renewals, amendments and releases thereof, and shall pay all reasonable costs and expenses of any record searches for financing statements the State may reasonably require. Without the prior written consent of the State, the Contractor shall not create or suffer to be created pursuant to the Uniform Commercial Code any other security interest in said equipment, including replacements and additions thereto. Upon the Contractor's breach of any covenant or agreement contained in this Contract, including the covenants to pay when due all sums secured by this Contract, the State shall have the remedies of a secured party under the Uniform Commercial Code and, at the State's option, may also invoke the remedies herein provided.

The Contractor agrees to be responsible for the accountability, maintenance, management, and inventory

of all property purchased totally or in part with funds provided under this Contract. The Contractor shall maintain a perpetual inventory system for all equipment purchased with funds provided under this Contract and shall submit an inventory control report which must include, at a minimum, the following:

- a. Description of the equipment;
- b. Manufacturer's serial number or other identification number, when applicable;
- c. Consecutive inventory equipment tag identification;
- d. Acquisition date, cost, and check number;
- e. Percentage of state funds applied to the purchase;
- f. Location within the Contractor's operations where the equipment is used;
- g. Condition of the property or disposition date if Contractor no longer has possession;
- h. Depreciation method, if applicable; and
- i. Monthly depreciation amount, if applicable.

The Contractor shall tag equipment with an identification number which is cross referenced to the equipment item on the inventory control report. The Contractor shall inventory equipment annually. The Contractor must compare the results of the inventory with the inventory control report and investigate any differences. The Contractor must then adjust the inventory control report to reflect the results of the physical inventory and subsequent investigation.

The Contractor shall notify the State, in writing, of any equipment loss describing reason(s) for the loss. Should the equipment be destroyed, lost, or stolen, the Contractor shall be responsible to the State for the *pro rata* amount of the residual value at the time of loss based upon the State's original contribution to the purchase price.

The Contractor shall submit its inventory control report of all equipment purchased with the final invoice submitted under this Contract. This inventory control report shall contain, at a minimum, the requirements specified above for inventory control.

Upon termination of the Contract, where a further contractual relationship is not entered into, or at another time during the term of the Contract, the Contractor shall request written approval from the State for any proposed disposition of equipment purchased pursuant to this Contract. All equipment shall be disposed of in such a manner as parties may agree from among alternatives approved by Tennessee Department of General Services and in accordance with any applicable federal laws or regulations.

E.10. 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.11. 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.12. 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.13. Public Funding Notice. All notices, informational pamphlets, press releases, research reports, signs, and similar public notices prepared and released by the Contractor relative to this Contract shall include the statement, "This project is funded under an agreement with the State of Tennessee." Any such notices by the Contractor shall be approved by the State.
- E.14. 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.15. 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 (Reference TCA Section 71-1-131, Section 71-3-119 and all other applicable State and Federal law and regulations). 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.

The Contractor further agrees that any information provided by the State relative to applicants or recipients of public assistance is to be used only for the administration of this Contract or in any investigation, prosecution, or criminal or civil proceeding, conducted pursuant to this Contract. The Contractor agrees to provide safeguards to restrict the use or disclosure of any information concerning such applicants or recipients to purposes stated in this section. The safeguards so provided shall also prohibit disclosure to any committee or legislative body, of any information which identifies by name or address any such applicant or recipient. The Contractor agrees that any federal or state tax related information will be treated as confidential, and will be used solely for purposes of administering the **Pre-Admission Screening and Resident Reviews (PASRR) in compliance with all requirements provided for in 42 CFR 483.100 through 483.138 DHHS, Federal Register, 1992** program, unless otherwise required by law. Safeguards for tax-related information will be provided in accordance with Internal Revenue Code (IRC), Section 6103(p)(4) and Section 7213A as outlined in IRS Publication 1075. The Contractor agrees to inform each officer or employee of the penalties for unauthorized disclosure of federal tax information prescribed by IRC, Sections 7213 and 7431 and set forth at 26 CFR 301.6103(n)-1. Additionally, the Contractor is to inform its officers and employees of the penalties for improper disclosure imposed by the Privacy Act of 1974, 5 U.S.C. 552a. The Contractor further agrees that all personnel authorized to handle such tax related information will sign, annually, an IRS Confidentiality Form, to be provided by the State, with the original signed forms to be maintained by the Contractor along with a current list of employees. These IRS Confidentiality Forms and the list of employees shall be made available to the State and the IRS upon request.

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.16. Copyrights and Patents. 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 or suits which may be brought against the State for infringement of any laws regarding patents or copyrights which may arise from the Contractor's performance of this Contract. In any such action brought against the State, the Contractor shall satisfy and indemnify the State for the amount of any final judgment for infringement. The Contractor further agrees it shall be liable for the reasonable fees 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. The State shall give the Contractor written notice of any such claim or suit and full right and opportunity to conduct the Contractor's own defense thereof.
- E.17. Public Accountability. If this Contract involves the provision of services to citizens by the Contractor on behalf of the State, the Contractor agrees to establish a system through which recipients of services may present grievances about the operation of the service program, and the Contractor agrees to display a sign stating:
- "NOTICE: This Contractor is a recipient of taxpayer funding. If you observe an employee engaging in any activity which you consider to be illegal or improper, please call the State Comptroller's toll free hotline: 1-800-232-5454"
- Said sign shall be displayed in a prominent place, located near the passageway(s) through which the public passes to receive State funded services.
- E.18. Environmental Tobacco Smoke. Pursuant to the provisions of the federal "Pro-Children Act of 1994" and the Tennessee "Children's Act for Clean Indoor Air of 1995," the Contractor shall prohibit smoking of tobacco products within any indoor premises in which services are provided pursuant to this Contract to individuals under the age of eighteen (18) years. The Contractor shall post "no smoking" signs in appropriate, permanent sites within such premises. This prohibition shall be applicable during all hours, not just the hours in which children are present. Violators of the prohibition may be subject to civil penalties and fines. This prohibition shall apply to and be made part of any subcontract related to this Contract.
- E.19. 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.20. 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.21.

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.22. 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 offense in connection with obtaining attempting to obtain, or performing a public (Federal, State, or Local) transaction or grant under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification, or destruction of records, making false statements, or receiving stolen property;
- c. are not presently indicted 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.

E.23. HIPAA Compliance. The State and Contractor shall comply with obligations under the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and its accompanying regulations.

- a. Contractor warrants to the State that it is familiar with the requirements of HIPAA and its accompanying regulations, and will comply with all applicable HIPAA requirements in the course of this contract.
- b. Contractor warrants that it will cooperate with the State, including cooperation and coordination with State privacy officials and other compliance officers required by HIPAA and its regulations, in the course of performance of the Contract so that both parties will be in compliance with HIPAA.
- c. The State and the Contractor will sign documents, including but not limited to business associate agreements, as required by HIPAA and that are reasonably necessary to keep the State and Contractor in compliance with HIPAA. This provision shall not apply if information received by the State under this Contract is NOT "protected health information" as defined by HIPAA, or if HIPAA permits the State to receive such information without entering into a business associate agreement or signing another such document.

