

**CONTRACT #6**  
**RFS # 344.02-549**  
**FA # 06-16346**

**Finance and Administration**  
**Division of Mental Retardation**  
**Services**

**VENDOR:**  
**Ascend Management**  
**Innovations, LLC**



STATE OF TENNESSEE  
DEPARTMENT OF FINANCE AND ADMINISTRATION  
DIVISION OF MENTAL RETARDATION SERVICES  
ANDREW JACKSON BUILDING  
500 DEADERICK STREET, SUITE 1500  
NASHVILLE, TENNESSEE 37243

April 24, 2009

Jim White, Director  
Fiscal Review Committee  
8th Floor, Rachel Jackson Building  
Nashville, Tennessee 37243

RECEIVED

APR 24 2009

FISCAL REVIEW

Attention: Leni Chick

Re: Ascend Management Innovations, LLC  
Contract Number FA-06-16346-00  
Edison # 2760  
Request Amendment Review

Dear Mr. White:

The Division of Mental Retardation Services (DMRS) is submitting proposed Amendment 3 to Contract # FA-06-16346-00 with Ascend Management Innovations, LLC. for review in accordance with requirements of the Fiscal Review Committee announced on September 18, 2008.

The contract, awarded through the State's RFP process, began on July 1, 2005. The name of the company was changed with Amendment 1 to the contract. In addition, Amendment 1 and Amendment 2 extended the contract term and increased funding in accordance with Section B.2. of the contract.

Proposed Amendment 3 extends the contract term, increases funding for an additional one year term, and includes language pertaining to prohibition of illegal immigrants and to the voluntary buyout program, which is currently required in all fee for service contracts.

A copy of the proposed amendment along with a copy of the base contract, prior amendments, and the "*Supplemental Documentation Required for Fiscal Review Committee*" form are enclosed. Please let me know if any additional information is required.

Your assistance for review of this proposed amendment is appreciated.

Sincerely,

Stephen H. Norris  
Deputy Commissioner

SHN:dd

Enclosures

Supplemental Documentation Required for  
Fiscal Review Committee

*Contact Name:	Fred Hix, Assistant Commissioner	*Contact Phone:	253-6710		
*Contract Number:	FA-06-16346-00 Edison # 2760	*RFS Number:	344.02-549-06		
*Original Contract Begin Date:	July 1, 2005	*Current End Date:	June 30, 2009		
Current Request Amendment Number: <i>(if applicable)</i>	3	APR 24 2009			
Proposed Amendment Effective Date: <i>(if applicable)</i>	July 1, 2009	FISCAL REVIEW			
*Department Submitting:	Finance and Administration				
*Division:	Mental Retardation Services				
*Date Submitted:	April 24, 2009				
*Submitted Within Sixty (60) days:	Yes				
<i>If not, explain:</i>					
*Contract Vendor Name:	Ascend Management Innovations, LLC				
*Current Maximum Liability:	\$1,937,600.00				
*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		
\$484,400.00	\$484,400.00	\$484,400.00	\$484,400.00		
*Current Total Expenditures by Fiscal Year of Contract: <i>(attach backup documentation from STARS or FDAS report)</i>					
FY: 2006	FY: 2007	FY: 2008	FY: 2009	FY: 2010	FY
\$484,400.00	\$484,400.00	\$484,400.00	\$484,400.00	\$484,400.00	\$
IF Contract Allocation has been greater than Contract Expenditures, please give the reasons and explain where surplus funds were spent:					
IF surplus funds have been carried forward, please give the reasons and provide the authority for the carry forward provision:					
IF Contract Expenditures exceeded Contract Allocation, please give the reasons and explain how funding was acquired to pay the overage:					
*Contract Funding Source/Amount:	State:	\$1,937,600.00	Federal:		
Interdepartmental:			Other:		

Supplemental Documentation Required for  
Fiscal Review Committee

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>
6/12/07 - Amendment 1	Changed Name, changed Federal ID number, extended contract term, and increased maximum liability amount
5/20/08 - Amendment 2	Extended contract term, and increased maximum liability amount
Method of Original Award: <i>(if applicable)</i> : RFP	

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

<b>RFS Tracking #</b>	<b>Edison Contract ID #</b>	<b>Amendment #</b>
<b>34401-02549</b>	<b>0000000000000000000000002760</b>	<b>3</b>

<b>Amendment Purpose</b>	<b>Delegated Authority Requisition ID # (ONLY if applicable)</b>
Extend contract term and increase funding and add clauses pertaining to illegal immigrants and voluntary buyout	<b>APR 24 2009</b>

<b>Contractor/Grantee</b>	<b>Contractor/Grantee FEIN or SSN</b>
Ascend Management Innovations, LLC	<input type="checkbox"/> C- or <input checked="" type="checkbox"/> V- 208680273

<b>Begin Date</b>	<b>End Date</b>	<b>Subrecipient or Vendor</b>	<b>CFDA #(s)</b>
7/1/2005	6/30/2010	<input type="checkbox"/> Subrecipient <input checked="" type="checkbox"/> Vendor	

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2006	\$484,400.00				\$484,400.00
2007	\$484,400.00				\$484,400.00
2008	\$484,400.00				\$484,400.00
2009	\$484,400.00				\$484,400.00
2010	\$484,400.00				\$484,400.00
<b>TOTAL:</b>	<b>\$2,422,000.00</b>				<b>\$2,422,000.00</b>

— COMPLETE FOR AMENDMENTS —			Procuring Agency Contact & Telephone #	
FY	Base Contract & Prior Amendments	THIS Amendment ONLY		
2006	\$484,400.00		Debra Dunn 253-6812	
2007	\$484,400.00		Procuring 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.)	
2008	\$484,400.00			
2009	\$484,400.00		Melinda Lanza 253-3166	
2010		\$484,400.00		
			<b>Speed Code</b>	<b>Account Code</b>
<b>TOTAL:</b>	<b>\$1,937,600.00</b>	<b>\$484,400.00</b>		

— OCR Use —	<b>Procurement Process Summary (FA or ED-type only)</b>
	Contract was awarded through the RFP process.

**RECEIVED**  
**FISCAL REVIEW**

**AMENDMENT THREE  
TO FA-09-25437-00**

This Contract Amendment is made and entered by and between the State of Tennessee, Department of Finance and Administration, Division of Mental Retardation Services, hereinafter referred to as the "State" or "ADC" 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. The text of Contract Section B.1. is deleted in its entirety and replaced with the following:
  - B.1. This Contract shall be effective for the period commencing on July 1, 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.
  
2. The text of Contract Section C.1. is deleted in its entirety and replaced with the following:
  - C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed two million, four hundred twenty two thousand dollars (\$2,422,000.00). 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, and all other direct and indirect costs incurred or to be incurred by the Contractor.  
  
The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with the payment rates detailed in Section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.
  
3. The following provision is added as Contract Section D.20.:
  - D.20. Prohibition of Illegal Immigrants. The requirements of Public Acts of 2006, Chapter Number 878, of the state of Tennessee, addressing the use of illegal immigrants in the performance of any Contract to supply goods or services to the state of Tennessee, shall be a material provision of this Contract, a breach of which shall be grounds for monetary and other penalties, up to and including termination of this Contract.
    - a. The Contractor hereby attests, certifies, warrants, and assures that the Contractor shall not knowingly utilize the services of an illegal immigrant in the performance of this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant in the performance of this Contract. The Contractor shall reaffirm this attestation, in writing, by submitting to the State a completed and signed copy of the document at Attachment 1, hereto, semi-annually during the period of this Contract. Such attestations shall be maintained by the Contractor and made available to state officials upon request.
    - b. Prior to the use of any subcontractor in the performance of this Contract, and semi-annually thereafter, during the period of this Contract, the Contractor shall obtain and retain a current, written attestation that the subcontractor shall not knowingly utilize the services of an illegal immigrant to perform work relative to this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant to perform work relative to this

Contract. Attestations obtained from such subcontractors shall be maintained by the Contractor and made available to state officials upon request.

- c. The Contractor shall maintain records for all personnel used in the performance of this Contract. Said records shall be subject to review and random inspection at any reasonable time upon reasonable notice by the State.
- d. The Contractor understands and agrees that failure to comply with this section will be subject to the sanctions of Public Chapter 878 of 2006 for acts or omissions occurring after its effective date. This law requires the Commissioner of Finance and Administration to prohibit a contractor from contracting with, or submitting an offer, proposal, or bid to contract with the State of Tennessee to supply goods or services for a period of one year after a contractor is discovered to have knowingly used the services of illegal immigrants during the performance of this Contract.
- e. For purposes of this Contract, "illegal immigrant" shall be defined as any person who is not either a United States citizen, a Lawful Permanent Resident, or a person whose physical presence in the United States is authorized or allowed by the federal Department of Homeland Security and who, under federal immigration laws and/or regulations, is authorized to be employed in the U.S. or is otherwise authorized to provide services under the Contract.

4. The following provision is added as Contract Section E.26.:

E.26. Voluntary Buyout Program. The Contractor acknowledges and understands that, for a period of two years beginning August 16, 2008, restrictions are imposed on former state employees who received a State of Tennessee Voluntary Buyout Program (VBP) severance payment with regard to contracts with state agencies that participated in the VBP.

- a. The State will not contract with either a former state employee who received a VBP severance payment or an entity in which a former state employee who received a VBP severance payment or the spouse of such an individual holds a controlling financial interest.
- b. The State may contract with an entity with which a former state employee who received a VBP severance payment is an employee or an independent contractor. Notwithstanding the foregoing, the Contractor understands and agrees that there may be unique business circumstances under which a return to work by a former state employee who received a VBP severance payment as an employee or an independent contractor of a State contractor would not be appropriate, and in such cases the State may refuse Contractor personnel. Inasmuch, it shall be the responsibility of the State to review Contractor personnel to identify any such issues.
- c. With reference to either subsection a. or b. above, a contractor may submit a written request for a waiver of the VBP restrictions regarding a former state employee and a contract with a state agency that participated in the VBP. Any such request must be submitted to the State in the form of the *VBP Contracting Restriction Waiver Request* format available from the State and the Internet at: [www.state.tn.us/finance/rds/ocr/waiver.html](http://www.state.tn.us/finance/rds/ocr/waiver.html). The determination on such a request shall be at the sole discretion of the head of the state agency that is a Party to this Contract, the Commissioner of Finance and Administration, and the Commissioner of Human Resources.

5. Contract Attachment 1 attached hereto is added as a new Contract Attachment.

The revisions set forth herein shall be effective July 1, 2009. All other terms and conditions not expressly amended herein shall remain in full force and effect.

**IN WITNESS WHEREOF,  
ASCEND MANAGEMENT INNOVATIONS, LLC:**

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<b>CONTRACTOR SIGNATURE</b>	<b>DATE</b>
<b>TERRI STOKES, CHIEF OPERATING OFFICER</b>	

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

**DEPARTMENT OF FINANCE AND ADMINISTRATION,  
DIVISION OF MENTAL RETARDATION SERVICES:**

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<b>M. D. GOETZ, JR., COMMISSIONER</b>	<b>DATE</b>
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**APPROVED:**

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<b>COMMISSIONER OF FINANCE &amp; ADMINISTRATION</b>	<b>DATE</b>
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<b>COMPTROLLER OF THE TREASURY</b>	<b>DATE</b>
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**ATTESTATION RE PERSONNEL USED IN CONTRACT PERFORMANCE**

<b>SUBJECT CONTRACT NUMBER:</b>	
<b>CONTRACTOR LEGAL ENTITY NAME:</b>	Ascend Management Innovations, LLC
<b>FEDERAL EMPLOYER IDENTIFICATION NUMBER:</b> (or Social Security Number)	

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

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**CONTRACTOR SIGNATURE**

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

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**PRINTED NAME AND TITLE OF SIGNATORY**

---

**DATE OF ATTESTATION**

CONTRACT SUMMARY SHEET

021908

RFS #		Contract #	
344 . 02 — 549 — 06		FA-06-16346-02 2760	
State Agency		State Agency Division	
Department of Finance and Administration		Mental Retardation Services	
Contractor Name		Contractor ID # (FEIN or SSN)	
Ascend Management Innovations, LLC		<input type="checkbox"/> C- or <input checked="" type="checkbox"/> V- 208680273	
Service Description			
PASARR Evaluations			
Contract Begin Date	Contract End Date	SUBRECIPIENT or VENDOR?	CFDA #
7/1/05	6/30/09	Vendor	

Mark Each TRUE Statement

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

Allotment Code	Cost Center	Object Code	Fund	Funding Grant Code	Funding Subgrant Code
344.02	71514	083	11		
FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2006	\$484,400.00				\$484,400.00
2007	\$484,400.00				\$484,400.00
2008	\$484,400.00				\$484,400.00
2009	\$484,400.00				\$484,400.00
TOTAL					\$1,937,600.00

— COMPLETE FOR AMENDMENTS ONLY —

FY	Base Contract & Prior Amendments	THIS Amendment ONLY
2006	\$484,400.00	
2007	\$484,400.00	
2008	\$484,400.00	
2009		\$484,400.00
TOTAL	\$1,453,200.00	\$484,400.00
End Date	6/30/08	6/30/09

State Agency Fiscal Contact & Telephone #

Melinda Lanza 253-3166

State Agency Budget Officer Approval

*Melinda Lanza 4-23-08*

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)

RECEIVED  
STATE OF MISSISSIPPI  
DEPT OF REVENUE  
APR 23 2008

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

African American     Person w/ Disability     Hispanic     Small Business     Government

Asian     Female     Native American     NOT Minority/Disadvantaged     Other

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

RFP     Competitive Negotiation \*     Alternative Competitive Method \*

Non-Competitive Negotiation \*     Negotiation w/ Government (ID, GG, GU)     Other \*

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

**AMENDMENT TWO  
TO FA-06-16346-00**

This Contract Amendment is made and entered by and between the State of Tennessee, Department of Finance and Administration, Division of Mental Retardation Services, 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. The text of Contract Section B.1. is deleted in its entirety and replaced with the following:
  - B.1. **Contract Term.** This Contract shall be effective for the period commencing on July 1, 2005 and ending on June 30, 2009. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period.
2. The text of Contract Section C.1. is deleted in its entirety and replaced with the following:
  - C.1. **Maximum Liability.** In no event shall the maximum liability of the State under this Contract exceed one million, nine hundred thirty seven thousand, six hundred dollars (\$1,937,600.00). 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, and all other direct and indirect costs incurred or to be incurred by the Contractor.

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

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

The State:

Stephen H. Norris, Deputy Commissioner  
Department of Finance and Administration  
Division of Mental Retardation Services  
500 Deaderick Street  
Nashville, Tennessee 37243  
stephen.norris@state.tn.us  
Telephone # 615-532-6538  
FAX # 615-532-9940

The Contractor:

Terri Stokes, Vice President  
Ascend Management Innovations, LLC  
227 French Landing Drive, Suite 250  
www.dd-management.com  
Telephone # 877-431-1388  
FAX # 877-431-9568

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

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

IN WITNESS WHEREOF:

ASCEND MANAGEMENT INNOVATIONS, LLC.:



*5/16/08*

CONTRACTOR SIGNATURE

DATE

TERRI STOKES, CHIEF OPERATING OFFICER

PRINTED NAME AND TITLE OF CONTRACTOR SIGNATORY (above)

DEPARTMENT OF FINANCE AND ADMINISTRATION,  
DIVISION OF MENTAL RETARDATION SERVICES:



M. D. GOETZ, JR., COMMISSIONER

*4-25-08*

DATE

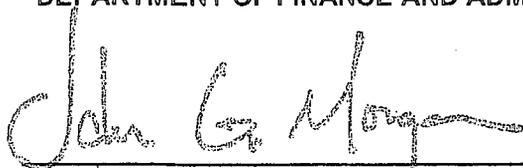
APPROVED:



M. D. GOETZ, JR., COMMISSIONER  
DEPARTMENT OF FINANCE AND ADMINISTRATION

*5/19/08*

DATE



JOHN G. MORGAN, COMPTROLLER OF THE TREASURY

*5/20/08*

DATE

**CONTRACT SUMMARY SHEET**

**AMENDMENT**  
0214061

RFS #		Contract #	
344.02-549		FA-06-16346-01 2760	
State Agency		State Agency Division	
Department of Finance and Administration		Division of Mental Retardation Services	
Contractor Name		Contractor ID # (FEIN or SSN)	
Ascend Management Innovations, LLC		C- or <input checked="" type="checkbox"/> V- 208680273	
Service Description			
PASARR Evaluations			
Contract BEGIN Date	Contract END Date	Subrecipient or Vendor?	CFDA #
7/1/2005	6/30/2008		

Mark Each TRUE Statement

<input checked="" type="checkbox"/> Contractor is on STARS	<input checked="" type="checkbox"/> Contractor's Form W-9 is on file in Accounts
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Allotment Code	Cost Center	Object Code	Fund	Funding Grant Code	Funding Subgrant Code
344.02	71514	083	11		
FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2006					\$ 484,400.00
2007					\$ 484,400.00
2008					\$ 484,400.00
					\$ -
					\$ -
					\$ -
<b>TOTAL</b>	\$ -	\$ -	\$ -	\$ -	\$ 1,453,200.00

OCR RELEASED  
JUN 15 2007  
TO ACCOUNTS

<b>COMPLETE FOR AMENDMENTS ONLY</b>			State Agency Fiscal Contact & Telephone #
FY	Base Contract & Prior Amendments	THIS Amendment ONLY	Melinda Lanza 253-3166
2006	\$ 484,400.00		State Agency Budget Officer Approval <i>Melinda Lanza 5/24/07</i>
2007	\$ 484,400.00		
2008		\$ 484,400.00	
<b>TOTAL</b>	\$ 968,800.00	\$ 484,400.00	<b>Funding Certification</b> (certification required by 17 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)
End Date	6/30/2007	6/30/2008	

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 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)

RECEIVED  
2007 JUN 12 AM 11:36  
SCANNER

**AMENDMENT ONE  
TO CONTRACT FA-06-16346-00**

This Contract, by and between the State of Tennessee, Department of Finance and Administration, Division of Mental Retardation Services, hereinafter referred to as the "State", and Dual Diagnosis Management, LLC, hereinafter referred to as the "Contractor", is hereby amended as follows:

1. Delete Section B.1. in its entirety and insert the following in its place:

B.1. This Contract shall be effective for the period commencing on July 1, 2005 and ending on June 30, 2008. The State shall have no obligation for services-rendered by the Contractor which are not performed within the specified period.

2. Delete Section C.1. in its entirety and insert the following in its place:

C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed one million, four hundred fifty three thousand, two hundred dollars (\$1,453,200.00). The Service Rates in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The Service Rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

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

3. Add the following as Section E.24.:

Contractor Name. Effective June 1, 2007, all references to "Dual Diagnosis Management, LLC." shall be deleted and replaced with "Ascend Management Innovations, LLC."

4. Add the following as Section E.25.:

Federal Employer Identification Number. Effective June 1, 2007, the Federal Employer Identification Number of the Contractor shall be 20-8680273.

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

IN WITNESS WHEREOF:

ASCEND MANAGEMENT INNOVATIONS, LLC.:

*Terrri Stokes, COO, President*      5/25/07  
NAME AND TITLE      DATE

TERRI STOKES, CHIEF OPERATING OFFICER  
PRINTED NAME AND TITLE OF CONTRACTOR SIGNATORY

DEPARTMENT OF FINANCE AND ADMINISTRATION,  
DIVISION OF MENTAL RETARDATION SERVICES:

*M. D. Goetz, Jr.*      5-24-07  
M. D. GOETZ, JR., COMMISSIONER      DATE

APPROVED:

DEPARTMENT OF FINANCE AND ADMINISTRATION:

*M. D. Goetz, Jr.*      JUN 1 2 2007  
M. D. GOETZ, JR., COMMISSIONER      DATE

COMPTROLLER OF THE TREASURY:

*John G. Morgan*      6/12/07  
JOHN G. MORGAN, COMPTROLLER OF THE TREASURY      DATE

# CONTRACT SUMMARY SHEET

<b>RFS Number:</b>	344.02-549	<b>Contract Number:</b>	FA-06-16346-0 <span style="float: right;">2760</span>
<b>State Agency:</b>	Department of Finance and Administration	<b>Division:</b>	Mental Retardation Services

<b>Contractor</b>	<b>Contractor Identification Number</b>
Dual Diagnosis Management, LLC	<input checked="" type="checkbox"/> V- <input type="checkbox"/> C- 62-17308000

**Service Description**

PASARR Evaluations

<b>Contract Begin Date</b>	<b>Contract End Date</b>
7/1/05	6/30/07

Allotment Code	Cost Center	Object Code	Fund	Grant	Grant Code	Subgrant Code
344.02	71514	083	11	<input type="checkbox"/> on STARS		

FY	State Funds	Federal Funds	Interdepartmental Funds	Other Funding	Total Contract Amount (including ALL amendments)
2006					484,400.00
2007					484,400.00
<b>Total:</b>					<b>968,800.00</b>

<b>CFDA #</b>		<b>Check the box ONLY if the answer is YES:</b>
<b>State Fiscal Contact</b>		<b>Is the Contractor a SUBRECIPIENT?</b> (per OMB A-133)
<b>Name:</b>	Terry Poff, Administrative Services Director	<b>Is the Contractor a VENDOR?</b> (per OMB A-133) <span style="float: right;">X</span>
<b>Address:</b>	15 <sup>th</sup> Floor, 500 Deaderick Street	<b>Is the Fiscal Year Funding STRICTLY LIMITED?</b> <span style="float: right;">X</span>
<b>Phone:</b>	(615) 253-3166	<b>Is the Contractor on STARS?</b> <span style="float: right;">X</span>
<b>Procuring Agency Budget Officer Approval Signature</b>		<b>Is the Contractor's FORM W-9 ATTACHED?</b>
Terry Poff 4/25/05		<b>Is the Contractors Form W-9 Filed with Accounts?</b> <span style="float: right;">X</span>

COMPLETE FOR ALL AMENDMENTS (only)			Funding Certification
	<b>Base Contract &amp; Prior Amendments</b>	<b>This Amendment ONLY</b>	Pursuant to T.C.A., Section 9-6-113, I, M. D. Goetz, Jr., Commissioner of Finance and Administration, do hereby certify that 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.
<b>END DATE</b> →			
FY:			
<b>Total:</b>			APR 28 2005 RECEIVED APR 28 2005 Office of Contract Review

RECEIVED  
 APR 28 2005  
 Office of Contract Review  
 PERFORMED

**CONTRACT**  
**BETWEEN THE STATE OF TENNESSEE,**  
**DEPARTMENT OF FINANCE AND ADMINISTRATION**  
**DIVISION OF MENTAL RETARDATION SERVICES**  
**AND**  
**DUAL DIAGNOSIS MANAGEMENT, LLC**

This Contract, by and between the State of Tennessee, Department of Finance and Administration, Division of Mental Retardation Services, hereinafter referred to as the "State" and Dual Diagnosis Management, LLC, hereinafter referred to as the "Contractor", is for the provision of Pre-admission Screening and Annual Resident Reviews (PASARR), as further defined in the "SCOPE OF SERVICES".

The Contractor is a for-profit corporation. The Contractor's address is:

227 French Landing Drive, Suite 250  
Nashville, Tennessee 37228

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

**A. SCOPE OF SERVICES:**

A.1. The Contractor shall perform Pre-admission Screening and Annual Resident Reviews (PASARR) in compliance with the Final Rules for PASARR (Code of Federal Regulations – Title 42, effective January 29, 1993), and as may be amended, for individuals living in nursing homes or skilled nursing facilities and with all Tennessee DMRS evaluation processes as described and developed in the Final Rules for PASARR. PASARR's shall be performed as designated by the Bureau of TennCare's Long Term Care Division and the Division of Mental Retardation Services (DMRS) during the Pre-admission and Evaluation process (PAE).

**A.2. PASARR Evaluation Criteria:**

- a. Level I and Level II – Level I is used to identify individuals with Mental Illness or Mental Retardation, Level II screening is used to determine the need for specialized services.
- b. Adaptation to Culture – Evaluations performed shall be adapted to the cultural background, language, and method of communication of the individual evaluated.
- c. Family and individual participation – Evaluations shall involve the individual evaluated, individual's conservator/guardian (if appointed by the State) and/or individual's family (if agreeable with the individuals or conservator/guardian).
- d. Interdisciplinary Coordination – Contractor shall ensure interdisciplinary coordination between multiple evaluators administering separate parts of an individual's PASARR.
- e. Evaluative criteria – The Contractor shall comply with the criteria in Final Rules for PASARR.
- f. Data – Determination of an individual's specialized needs based on an analysis of all data concerning the individual.
- g. Pre-Existing Data – Information obtained prior to the pre-admission screening or annual resident review may be used if the information is considered relevant, accurate, and reflects current functional status.
- h. Findings – Must correspond to the individual's current status as documented in medical and social history records.

- i. Evaluation Report – Finding must be presented in the form of a written report and shall include the name and professional title of person (s) performing the evaluation, date on which each portion of the evaluation was administered, summary of medical and social history, identifies services required to meet the specific needs of the individual evaluated, bases for report's conclusion

A.3. PASARR Types:

- a. Preadmission – MR - A Pre-admission evaluation for developmental disabilities will be performed when indicated by the Level I PAE process. The Pre-admission evaluation shall include:
  - i. A comprehensive assessment performed within five (5) working days of notification to the Contractor.
  - ii. An on-site interview by a Qualified Mental Retardation Professional (QMRP).
  - iii. Assessment and Testing Procedures approved by DMRS.
- b. Annual Reviews – On-site / On Paper - Resident reviews initially performed on an annual basis. The State shall provide a list of all individuals who currently receive annual resident reviews and due dates for reviews to be completed. Annual reviews must be done within every fourth quarter after the previous Pre-admission evaluation or annual resident review. Annual Reviews will either be on-site or paper.
  - i. Annual Resident Review / On-site – MR - Annual resident reviews (on-site) involve all procedures for Pre-admission evaluations and shall be performed at least once every three (3) years. Any exception request, based on the telephone screening or by the paper review process, must be approved in writing, prior to the evaluation due date.
  - ii. Annual Resident Review / Paper - Annual resident reviews paper are those which follow all the procedures for Pre-admission evaluations and document reviews necessary to determine the need for specialized services. However, on-site evaluations are not included in this process. Reviews shall be performed no later than the fourth quarter following the anniversary date of the previous PASARR.
- c. On-Site Change of Status – MR - On-site review shall be performed within three (3) working days of notification to the Contractor of the assigned due date with a written summary report and treatment recommendations.
- d. Paper Change of Status – MR - Paper based Status Change Reviews shall be performed within four (4) working days of notification to the Contractor using documentation forwarded by the DMRS, clerical staff contacts, and other document based reviews.
- e. Partial Review – MR - Partial reviews are those in which either the clinical or medical portion of the evaluation could not be completed.
- f. Additional Information Paper Review – MR - Paper reviews are documented reviews based on additional written information not previously available, which may affect the determination process.

A.4. Contractor's Staff

- a. The Contractor shall provide staff and resources necessary to comply with federal guidelines to ensure each individual's PASARR determines the need for specialized services.
- b. A State of Tennessee licensed psychological examiner or psychologist must perform all IQ and functional tests, which is a requirement of all PASARR MR screening and on-site reviews.
- c. A State of Tennessee licensed Registered Nurse or higher degreed medical person must complete the physical assessment and medical history portion of the evaluations.

- d. A licensed psychologist or psychiatrist will review all MR assessments and develop an evaluation which complies with report requirements detailed in the Final Rules for PASARR and make recommendations regarding the individual's specialized service need based on criteria developed by the state.
  - e. The contractor shall not use a nursing evaluator or an entity that has a direct or indirect affiliation or relationship with a nursing facility.
- A.5. The Contractor shall:
- a. Provide monthly reports of all assessments/evaluations completed along with results and basic demographic information about the person reviewed which shall include - name, ss#, address, dob, etc..
  - b. Participate in ongoing training and discussions with DMRS staff.
  - c. Provide review of new information and participation, as required, in formal hearings when specialized service determinations are appealed.
  - d. Provide consultation as needed, to assist nursing facilities and/or families in securing the most appropriate services for the individuals, as approved by DMRS.
  - e. Submit annual reports in a form as approved by DMRS, by E mail, fax, U.S. Mail (or equivalent) or in person.
  - f. Maintain copies of all comprehensive evaluation documentation for twenty-five (25) years (unless superseded by future law). Hard copies must be maintained for the first ten (10) years from the date of the evaluations being completed. After the (10) years, copies may be maintained either in hard copy, disk, or microfilm format.
  - g. Provide and maintain a computerized tracking system to determine when resident reviews are due and forward the names and locations of those confirmed to have MRDD to DMRS Central Office Case Management/Support Coordination Unit. This notification shall be made within one (1) business day of identifying an individual with MRDD.
  - h. Ensure availability of the computerized tracking system to DMRS for tracking as well as generating summaries of findings and gathering of data as needed.
  - i. Provide DMRS a copy of any psychological evaluation/IQ testing and/or other assessments performed under this contract upon request from DMRS.
- A.6. Office Location - The Contractor shall maintain an office location in Tennessee with hours of operation being standard State business hours of 8:00 a.m. to 4:00 p.m. (CST), Monday through Friday. The Contractor shall be accessible by phone, facsimile machine, or e-mail during standard State business hours.
- A.7. The Contractor may not be a provider of any other direct service for DMRS.
- A.8. Ensure PASARR evaluators will not be employees or have any other relationship with nursing care facilities where they are performing evaluations, which may be deemed a conflict of interest.
- A.9. DMRS shall monitor the contractor's performance to ensure compliance with Federal regulations governing PASARR coordinate with the TNDMH PASARR coordinator as required.

B. CONTRACT TERM:

- B.1. Contract Term. This Contract shall be effective for the period commencing on July 1, 2005 and ending on June 30, 2007. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period.
- B.2. Term Extension. The State reserves the right to extend this Contract for an additional period or periods of time representing increments of no more than one year and a total contract term of no more than five(5) years, provided that the State notifies the Contractor in writing of its intention to do so at least sixty (60) days prior to the contract expiration date. An extension of the term of this Contract will be effected through an amendment to the Contract. If the extension of the Contract necessitates additional funding beyond that which was included in the original Contract, the increase in the State's maximum liability will also be effected through an amendment to the Contract and shall be based upon rates provided for in the original contract.

C. PAYMENT TERMS AND CONDITIONS:

- C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed nine hundred sixty eight thousand, eight hundred dollars (\$968,800.00). The Service Rates in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The Service Rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

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

- C.2. Compensation Firm. The Service Rates and the Maximum Liability of the State under this Contract are firm for the duration of the Contract and are not subject to escalation for any reason unless amended.
- C.3. Payment Methodology. The Contractor shall be compensated based on the Service Rates herein for units of service authorized by the State in a total amount not to exceed the Contract Maximum Liability established in Section C.1. The Contractor's compensation shall be contingent upon the satisfactory completion of units of service or project milestones defined in Section A. The Contractor shall be compensated based upon the following Service Rates:

Service Unit	Rate per Evaluation				
	Year 1	Year 2	*Year 3	*Year 4	*Year 5
	7/1/05-6/30/06	7/1/06-6/30/07	7/1/07-6/30/08	7/1/08-6/30/09	7/1/09-6/30/10
Pre Admission MR	\$396.00	\$407.88	\$420.12	\$432.72	\$445.70
Annual Resident Review-MR (On-Site)	\$396.00	\$407.88	\$420.12	\$432.72	\$445.70
Annual Resident Review-MR (Paper)	\$328.00	\$337.84	\$347.98	\$358.41	\$369.17

Service Unit	Rate per Evaluation				
	Year 1	Year 2	*Year 3	*Year 4	*Year 5
	7/1/05-6/30/06 6	7/1/06-6/30/07 7	7/1/07-6/30/08 8	7/1/08-6/30/09 9	7/1/09-6/30/10 0
On-Site Change of Status-MR	\$275.00	\$283.25	\$291.75	\$300.50	\$309.51
Paper Based Change Status-MR	\$200.00	\$206.00	\$212.18	\$218.55	\$225.10
Partial Review-MR	\$75.00	\$77.25	\$79.57	\$81.95	\$84.41
Additional Information Paper Review-MR	\$100.00	\$103.00	\$106.09	\$109.27	\$112.55

\* Funding for Years 3, 4, and 5 of this contract shall be contingent upon an approved amendment.

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

- C.4. Travel Compensation. The Contractor shall not be compensated or reimbursed for travel, meals, or lodging.
- C.5. Payment of Invoice. The payment of the invoice by the State shall not prejudice the State's right to object to or question any invoice or matter in relation thereto. Such payment by the State shall neither be construed as acceptance of any part of the work or service provided nor as an approval of any of the amounts invoiced therein.
- C.6. Invoice Reductions. The Contractor's invoice shall be subject to reduction for amounts included in any invoice or payment theretofore made which are determined by the State, on the basis of audits conducted in accordance with the terms of this contract, not to constitute proper remuneration for compensable services.
- C.7. Deductions. The State reserves the right to deduct from amounts which are or shall become due and payable to the Contractor under this or any contract between the Contractor and the State of Tennessee any amounts which are or shall become due and payable to the State of Tennessee by the Contractor.
- C.8. Automatic Deposits. The Contractor shall complete and sign an "Authorization Agreement for Automatic Deposit (ACH Credits) Form." This form shall be provided to the Contractor by the State. Once this form has been completed and submitted to the State by the Contractor all payments to the Contractor, under this or any other contract the Contractor has with the State of Tennessee shall be made by Automated Clearing House (ACH). The Contractor shall not invoice the State for services until the Contractor has completed this form and submitted it to the State.
- D. STANDARD TERMS AND CONDITIONS:
- D.1. Required Approvals. The State is not bound by this Contract until it is approved by the appropriate State officials in accordance with applicable Tennessee State laws and regulations.
- D.2. Modification and Amendment. This Contract may be modified only by a written amendment executed by all parties hereto and approved by the appropriate Tennessee State officials in accordance with applicable Tennessee State laws and regulations.

- D.3. Termination for Convenience. The State may terminate this Contract without cause for any reason. Said termination shall not be deemed a Breach of Contract by the State. The State shall give the Contractor at least sixty (60) 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:

Stephen H. Norris, Deputy Commissioner  
Department of Finance and Administration  
Division of Mental Retardation Services  
500 Deaderick Street  
Nashville, Tennessee 37243  
Telephone Number (615) 532-6538  
Facsimile Number (615)-532-9940

The Contractor:

Michael Cartwright, President and CEO  
Dual Diagnosis Management, LLC  
227 French Landing Drive, Suite 250  
Nashville, Tennessee 37228  
Telephone Number (877) 431-1388  
Facsimile Number (877) 431-9568

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

- E.3. Subject to Funds Availability. The Contract is subject to the appropriation and availability of State and/or Federal funds. In the event that the funds are not appropriated or are otherwise unavailable, the State reserves the right to terminate the Contract upon written notice to the Contractor. Said termination shall not be deemed a breach of Contract by the State. Upon receipt of the written notice, the Contractor shall cease all work associated with the Contract. Should such an event occur, the Contractor shall be entitled to compensation for all satisfactory and authorized services completed as of the termination date. Upon such termination, the Contractor shall have no right to recover from the State any actual, general, special, incidental, consequential, or any other damages whatsoever of any description or amount.
- E.4. Partial Takeover. The State may, at its convenience and without cause, exercise a partial takeover of any service which the Contractor is obligated to perform under this Contract, including but not limited to any service which is the subject of a subcontract between Contractor and a third party, although the Contractor is not in Breach (hereinafter referred to as "Partial Takeover"). Said Partial Takeover shall not be deemed a Breach of Contract by the State. Contractor shall be given at least 30 days prior written notice of said Partial Takeover with said notice to specify the area(s) of service the State will assume and the date of said assumption. Any Partial Takeover by the State shall not alter in any way Contractor's other obligations under this Contract. The State may withhold from amounts due the Contractor the amount the Contractor would have been paid to deliver the service as determined by the State. The amounts shall be withheld effective as of the date the State assumes the service. Upon Partial Takeover, the Contractor shall have no right to recover from the State any actual, general, special, incidental, consequential, or any other damages whatsoever of any description or amount.
- E.5. Annual Report and Audit. The Contractor shall prepare and submit, within nine (9) months after the close of the reporting period, an annual report of its activities funded under this Contract to the commissioner or head of the contracting agency, the Tennessee Comptroller of the Treasury, and the Commissioner of Finance and Administration. The annual report for any Contractor that receives five hundred thousand dollars (\$500,000) or more in aggregate federal and state funding for all its programs shall include audited financial statements. All books of account and financial records shall be subject to annual audit by the Tennessee Comptroller of the Treasury or the

Comptroller's duly appointed representative. When an audit is required, the Contractor may, with the prior approval of the Comptroller, engage a licensed independent public accountant to perform the audit. The audit contract between the Contractor and the licensed independent public accountant shall be on a contract form prescribed by the Tennessee Comptroller of the Treasury. Any such audit shall be performed in accordance with generally accepted government auditing standards, the provisions of OMB Circular A-133, if applicable, and the *Audit Manual for Governmental Units and Recipients of Grant Funds* published by the Tennessee Comptroller of the Treasury. The Contractor shall be responsible for reimbursement of the cost of the audit prepared by the Tennessee Comptroller of the Treasury, and payment of fees for the audit prepared by the licensed independent public accountant. Payment of the audit fees of the licensed independent public accountant by the Contractor shall be subject to the provisions relating to such fees contained in the prescribed contract form noted above. Copies of such audits shall be provided to the designated cognizant state agency, the State Contracting Department, the Tennessee Comptroller of the Treasury, and the Department of Finance and Administration and shall be made available to the public.

- 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 forty-five thousand dollars (\$45,000.00), 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 **April 22, 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 forty-five thousand dollars (\$45,000.00), may be substituted if approved by the State prior to its submittal.

- E.8. Printing Authorization. The Contractor agrees that no publication coming within the jurisdiction of **Tennessee Code Annotated**, Section 12-7-101, *et. seq.*, shall be printed unless a printing authorization number has been obtained and affixed as required by **Tennessee Code Annotated**, Section 12-7-103 (d).
- E.9. State Furnished Property. The Contractor shall be responsible for the correct use, maintenance, and protection of all articles of nonexpendable, tangible, personal property furnished by the State for the Contractor's temporary use under this Contract. Upon termination of this Contract, all property furnished shall be returned to the State in good order and condition as when received, reasonable use and wear thereof excepted. Should the property be destroyed, lost, or stolen, the Contractor shall be responsible to the State for the residual value of the property at the time of loss.
- E.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. Strict standards of confidentiality of records and information shall be maintained in accordance with applicable state and federal law. All material and information, regardless of form, medium or method of communication, provided to the Contractor by the State or acquired by the Contractor on behalf of the State shall be regarded as confidential information in accordance with the provisions of applicable state and federal law, state and federal rules and regulations, departmental policy, and ethical standards. Such confidential information shall not be disclosed, and all necessary steps shall be taken by the Contractor to safeguard the confidentiality of such material or information in conformance with applicable state and federal law, state and federal rules and regulations, departmental policy, and ethical standards.

The Contractor's obligations under this section do not apply to information in the public domain; entering the public domain but not from a breach by the Contractor of this Contract; previously possessed by the Contractor without written obligations to the State to protect it; acquired by the Contractor without written restrictions against disclosure from a third party which, to the Contractor's knowledge, is free to disclose the information; independently developed by the Contractor without the use of the State's information; or, disclosed by the State to others without

restrictions against disclosure. Nothing in this paragraph shall permit Contractor to disclose any information that is confidential under federal or state law or regulations, regardless of whether it has been disclosed or made available to the Contractor due to intentional or negligent actions or inactions of agents of the State or third parties.

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

E.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:

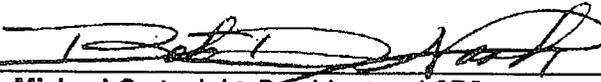
- a. are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal or State department or agency;
- b. have not within a three (3) year period preceding this Contract been convicted of, or had a civil judgment rendered against them from commission of fraud, or a criminal offence in connection with obtaining attempting to obtain, or performing a public (Federal, State, or Local) transaction or grant under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification, or destruction of records, making false statements, or receiving stolen property;
- c. are not presently indicted for or otherwise criminally or civilly charged by a government entity (Federal, State, or Local) with commission of any of the offenses detailed in section b. of this certification; and
- d. have not within a three (3) year period preceding this Contract had one or more public transactions (Federal, State, or Local) terminated for cause or default.

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.

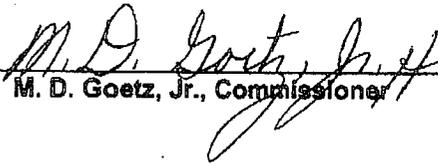
- a. Contractor warrants to the State that it is familiar with the requirements of HIPAA and its accompanying regulations, and will comply with all applicable HIPAA requirements in the course of this contract.
- b. Contractor warrants that it will cooperate with the State, including cooperation and coordination 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.

IN WITNESS WHEREOF:

DUAL DIAGNOSIS MANAGEMENT, LLC:

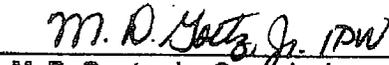
 President 4-21-05  
\_\_\_\_\_  
Michael Cartwright, President and CEO Date

DEPARTMENT OF FINANCE AND ADMINISTRATION  
DIVISION OF MENTAL RETARDATION SERVICES:

 4-15-05  
\_\_\_\_\_  
M. D. Goetz, Jr., Commissioner Date

APPROVED:

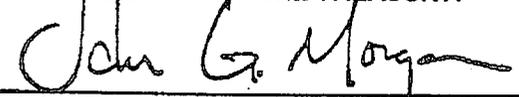
DEPARTMENT OF FINANCE AND ADMINISTRATION:

 IDW MAY 11 2005  
\_\_\_\_\_  
M. D. Goetz, Jr., Commissioner Date

DEPARTMENT OF PERSONNEL:

N/A  
\_\_\_\_\_  
Randy C. Camp, Commissioner Date

COMPTROLLER OF THE TREASURY:

 5/20/05  
\_\_\_\_\_  
John G. Morgan, Comptroller of the Treasury Date