CONTRACT #1
RFS # 317.01-00006
FA # 10-31938
Edison # 21137

Finance & Administration
Benefits Administration

VENDOR:
Thomson Reuters (Healthcare), Inc.

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

Mark A. Emkes
COMMISSIONER

Phone: 615.741.4517
Fax: 615.253.8556

Laurie Lee
EXECUTIVE DIRECTOR

MEMORANDUM

TO: James White, Executive Director, Fiscal Review Committee

FROM: Laurie Lee

DATE: **September 12, 2011**

RE: Amendment Number 3 to Thomson Reuters (Healthcare), Inc. Early Retiree Reinsurance Contract No. FA1031938

Amendment No. 3 to Thomson Reuters (Healthcare), Inc. Early Retiree Reinsurance extends the term from December 31, 2011 to December 31, 2012 and increases the maximum liability by $90,000 from $369,500 to $459,500.

As detailed in the Non-Competitive Amendment request accompanying this correspondence, Section 1101 of the Patient Protection and Affordable Care Act (Pub. L 111-148), as amended, authorizes a temporary reinsurance program for early retirees enrolled in employment-based plans. This program will reimburse participating employment-based healthcare plans for 80 percent of an enrollee's allowed medical and pharmacy costs between $15,000 and $90,000 dollars. The Department of Health and Human Services (HSS) implemented this reinsurance program in late June 2010. The funding for this program was originally limited to $5 billion dollars.

Tennessee's application for funding was approved and two requests for reimbursement have been submitted. The two requests resulted in payments to Tennessee in the amount of $19,061,579.45. Only states with an approved application are eligible to submit additional requests for reimbursement. Our approved application allows Benefits Administration to submit additional requests for reimbursement through this vendor and secure more funds due the State.

A copy of prior amendments, the original contract, and all requested supplemental information is included for your review.

Thank you for your consideration of this request.

Supplemental Documentation Required for Fiscal Review Committee

*Contact Name:	Marlene Alvarez	*Contact Phone:	615-253-8358
*Original Contract Number:	FA1031938	*Original RFS Number:	31701 - 00006
Edison Contract Number: (*if applicable*)	21137	Edison RFS Number: (*if applicable*)	31701 - 00006
*Original Contract Begin Date:	May 28, 2010	*Current End Date:	December 31, 2011

Current Request Amendment Number: (*if applicable*)	3
Proposed Amendment Effective Date: (*if applicable*)	December 1, 2011
*Department Submitting:	Finance and Administration
*Division:	Benefits Administration
*Date Submitted:	September 12, 2011
*Submitted Within Sixty (60) days:	Yes
If not, explain:	
*Contract Vendor Name:	Thomson Reuters (Healthcare), Inc.
*Current Maximum Liability:	$369,500.00

*Current Contract Allocation by Fiscal Year:
(as Shown on Most Current Fully Executed Contract Summary Sheet)

FY: 2010	FY: 2011	FY: 2012	FY:	FY	FY
$200,000.00	$49,500.00	$120,000.00	$	$	$

*Current Total Expenditures by Fiscal Year of Contract:
(attach backup documentation from STARS or FDAS report)

FY: 2010	FY: 2011	FY: 2012	FY:	FY	FY
$	$159,500.00	$	$	$	$

IF Contract Allocation has been greater than Contract Expenditures, please give the reasons and explain where surplus funds were spent:	The federal funding for the Early Retiree Reinsurance Program (ERRP) continues and the guidelines for submissions continue to evolve requiring Benefits Administration (BA) extend the term of the contract. The funding initially allocated will be spent when the guidelines are finalized and BA is in a position to request reimbursement.
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:	The funding initially allocated to be spent during FY 2010 was in fact not incurred until FY 2011. Currently $120,000 remains for Plan Year Submission fees.

Supplemental Documentation Required for Fiscal Review Committee

*Contract Funding Source/Amount:	State:		Federal:	
Interdepartmental:		$459,500.00	*Other*:	
If "*other*" please define:				

Dates of All Previous Amendments or Revisions: (*if applicable*)	Brief Description of Actions in Previous Amendments or Revisions: (*if applicable*)
Amendment 2 – May 9, 2011	Extend term through December 31, 2011
Amendment 1 – May 28, 2010	Extend term through May 27, 2011

Method of Original Award: (*if applicable*)	Noncompetitive Negotiation
*What were the projected costs of the service for the entire term of the contract prior to contract award?	$369,500.00

Supplemental Documentation Required for Fiscal Review Committee

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

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

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

Deliverable description:	FY: 2012	FY: 2013	FY:	FY:	FY:
Plan Year Submission Fee	$210,000	$90,000			

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

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

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

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

Thomson Reuters Vendor # 4354
Early Retiree Reinsurance Program
Contract # 21137
Contract Start Date 5/28/2010
Contract Expire Date 12/31/2011

Contract Maximum Liability 369,500.00

Fiscal Year	Expenditures
2010	-
2011	159,500.00
YTD 2012	-
Total	159,500.00

Payments against a Contract	3							
Unit	Sum Amount	Edison Contract ID	Vendor ID	Vendor Name	Type	PO_ID	D.VOUCHER_ID	Year
31701	30000.000	0000000000000000000021137	0000004354	Thomson Healthcare	DFA	0000013962	00039956	2011
31701	64500.000	0000000000000000000021137	0000004354	Thomson Healthcare	DFA	0000010871	00028840	2011
31701	65000.000	0000000000000000000021137	0000004354	Thomson Healthcare	DFA	0000010328	00027408	2011
	159500.000							

Non-Competitive Amendment Request

NOT required for a contract with a federal, Tennessee, or Tennessee local government entity or a grant.
Route a completed request, as one file in PDF format, via e-mail attachment sent to: Agsprs.Agsprs@state.tn.us

APPROVED
COMMISSIONER OF FINANCE & ADMINISTRATION

Request Tracking #	**31701 - 00006**
1. Procuring Agency	**Finance and Administration, Benefits Administration**
2. Contractor	**Thomson Reuters (Healthcare), Inc.**
3. Contract #	**FA1031938**
4. Proposed Amendment #	**3**
5. Edison ID #	**21137**

6. Contract Begin Date	**May 28, 2010**
7. Current Contract End Date *– with ALL options to extend exercised*	**December 31, 2011**
8. Proposed Contract End Date *– with ALL options to extend exercised*	**December 31, 2012**
9. Current Maximum Contract Cost *– with ALL options to extend exercised*	**$ 369,500.00**
10. Proposed Maximum Contract Cost *– with ALL options to extend exercised*	**$ 459,500.00**
11. Office for Information Resources Endorsement *– information technology service (N/A to THDA)*	☒ **Not Applicable** ☐ **Attached**
12. eHealth Initiative Support *– health-related professional, pharmaceutical, laboratory, or imaging*	☒ **Not Applicable** ☐ **Attached**
13. Human Resources Support *– state employee training service*	☒ **Not Applicable** ☐ **Attached**

14. Explanation Need for the Proposed Amendment

The federal funding for the Early Retiree Reinsurance Program (ERRP) continues and the guidelines for submissions continue to evolve requiring Benefits Administration extend the term of the contract. This will allow for additional work by this vendor to secure all appropriate, available funding for the State of Tennessee.

15. Name & Address of the Contractor's Principal Owner(s)
– NOT required for a TN state education institution

Request Tracking #	31701 - 00006

Tom Weatherup, Client Services Director
Thomson Reuters (Healthcare), Inc.
1007 Church Street, Suite 700
Evanston, IL 60201
Telephone: 847-424-4494
Fax: 847-332-1768

16. Evidence Contractor's Experience & Length Of Experience Providing the Service

Thomson Reuters (Healthcare) Inc. has been the Decision Support System (DSS) and Executive Information System (EIS) vendor for the Department of Finance and Administration, Division of Benefits Administration since January 1, 1995 under two competitive procurements and was awarded the most recent contract under a competitive procurement conducted in the fall of 2008. This procurement resulted in a contract that will terminate in December of 2013.

17. Efforts to Identify Reasonable, Competitive, Procurement Alternatives

Because of the knowledge possessed by this vendor of the data involved in the duplicate claims analysis and as the State's Decision Support System (DSS)/Executive Information System (EIS) vendor, it does not seem reasonable to seek out another vendor to complete this task. Further, given the extremely tight time frame for the production of this application, it is in the best interest of the State to enter into this contract with the vendor most familiar with the data for Tennessee as provided by the current three third party administrators.

18. Justification – *specifically explain why non-competitive negotiation is in the best interest of the state*

Section 1101 of the Patient Protection and Affordable Care Act (Pub. L 111-148), as amended, authorizes a temporary reinsurance program for early retirees enrolled in employment-based plans. This program will reimburse participating employment-based healthcare plans for 80% of an enrollee's allowed medical and pharmacy costs between $15,000 and $90,000. The Department of Health and Human Services (HSS) implemented this reinsurance program in late June 2010. The funding for this program is limited to $5 billion.

Speed of submission of claims to the federal government is critical to maximizing our potential revenues from the early retiree reinsurance program. Accordingly, the Insurance Committees on April 27, 2010 granted to Benefits Administration all necessary and reasonable authority to contract with an administrative agent and conferred approval for any and all contracts and contract amendments required to expedite our early retiree reinsurance claims. In the event that Benefits Administration exercises such authority, we agreed to notify in writing the members of the Committees of the details of the agreements.

After talking with the third party administrators, we agreed with their assessment that the State's most expeditious and efficient option is to partner with Thomson Reuters to aggregate the State's claims data and submit the aggregated claim to the appropriate federal agency. This should maximize the reimbursements while keeping administrative costs to a minimum. It should also minimize the risks associated with data submission/transmission failures, incorrect or incomplete claims aggregation by separate vendors, and duplicate or inaccurate claims submitted by the State to the relevant federal agency.

Given that work on the submission continues, it is in the State's best interest to proceed with the work initiated by this Contractor to the completion of the project in order to maximize the receipt of all funds that are available to the State of Tennessee.

Request Tracking #	31701 - 00006

Agency Head Signature and Date – *MUST be signed by the ACTUAL agency head as detailed on the current Signature Certification. Signature by an authorized signatory is acceptable only in documented exigent circumstances*

Mark C. Eccles 9/7/11

CONTRACT AMENDMENT

Agency Tracking #	Edison ID	Contract #	Amendment #
31701-00006	21137	FA1031938	3

Contractor Legal Entity Name	Edison Vendor ID
Thomson Reuters (Healthcare), Inc.	4354

Amendment Purpose & Effect(s)

To extend the expiration date of the contract to December 31, 2012

Amendment Changes Contract End Date: ☒ YES ☐ NO **End Date:** December 31, 2012

Amount of the TOTAL Contract Amount INCREASE or DECREASE per this Amendment: **$ 90,000.00**

Funding —

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2010			$200,000.00		$200,000.00
2011			49,500.00		49,500.00
2012			120,000.00		120,000.00
2013			90,000.00		90,000.00
TOTAL:			**$459,500.00**		**$459,500.00**

American Recovery and Reinvestment Act (ARRA) Funding: ☐ YES ☒ NO

Budget Officer Confirmation: There is a balance in the appropriation from which obligations hereunder are required to be paid that is not already encumbered to pay other obligations.

OCR USE

Speed Chart (optional)	Account Code (optional)
FA00002008	70803000

AMENDMENT THREE
OF CONTRACT FA1031938

This Amendment is made and entered by and between the State of Tennessee, State Insurance Committee, Local Education Insurance Committee, and Local Government Insurance Committee, hereinafter referred to as the "State" and Thomson Reuters (Healthcare) Inc., hereinafter referred to as the "Contractor/Grantee." 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 B.1. is deleted in its entirety and replaced with the following:

   B.1. This Contract shall be effective for the period beginning May 28, 2010, and ending on December 31, 2012. The Contractor hereby acknowledges and affirms that the State shall have no obligation for services rendered by the Contractor which were not performed within this specified contract period.

2. 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 Four Hundred Fifty Nine Thousand Five Hundred Dollars ($459,500.00). The payment rates in section C.3 shall constitute the entire compensation due the Contractor for all service and Contractor 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. Contract section C.3. is deleted in its entirety and replaced with the following:

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

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

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

Service Description	**Amount** (per compensable increment)
Initial Payment (Application Support, commencement of data management and conversion process and project management) for the submission of the application.	$ 65,000.00
Balance upon approval of the Application. (Finalizing data conversion, testing, reconciliation, submission, secure data storage and files and project management) To be paid the later of application acceptance date or five (5) business days after June claims become available.	$ 64,500.00

Plan Year Submission Fee (to commence with a payment in March, 2011) for a total of up to eleven submission (11) payments through December 31, 2012.	$ 30,000.00 per submission

The revisions set forth herein shall be effective December 1, 2011. All other terms and conditions of this Contract not expressly amended herein shall remain in full force and effect.

IN WITNESS WHEREOF,

THOMSON REUTERS (HEALTHCARE) INC.:

SIGNATURE **DATE**

PRINTED NAME AND TITLE OF SIGNATORY (above)

STATE OF TENNESSEE,
STATE INSURANCE COMMITTEE,
LOCAL EDUCATION INSURANCE COMMITTEE,
LOCAL GOVERNMENT INSURANCE COMMITTEE:

MARK A. EMKES, CHAIRMAN **DATE**

GENERAL ASSEMBLY OF THE STATE OF TENNESSEE
FISCAL REVIEW COMMITTEE

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

Sen. Bill Ketron, Chairman
Senators
Douglas Henry, Reginald Tate
Brian Kelsey, Ken Yager
Eric Stewart
Randy McNally, *ex officio*
Lt. Governor Ron Ramsey, *ex officio*

Rep. Curtis Johnson, Vice-Chairman
Representatives
Tommie Brown, David Shepard
Jim Coley, Tony Shipley
Charles Curtiss, Curry Todd
Johnny Shaw, Mark White
Charles Sargent, *ex officio*
Speaker Beth Harwell, *ex officio*

MEMORANDUM

TO: The Honorable Mark Emkes, Commissioner
Department of Finance and Administration

FROM: Bill Ketron, Chairman, Fiscal Review Committee BK
Curtis Johnson, Vice-Chairman, Fiscal Review Committee CJ

DATE: May 12, 2011

SUBJECT: **Contract Comments**
(Fiscal Review Committee Meeting 5/9/11)

RFS# 317.01-0006 (Edison # 21137)
Department: Finance & Administration
Division: Benefits Administration
Vendor: Thomson Reuters (Healthcare), Inc.
Summary: The vendor currently provides administrative support, data aggregation, and reconciliation services to maximum reimbursement from the Early Retiree Reinsurance Program. The proposed amendment extends the current contract by seven months through December 31, 2011, and increases the maximum liability by $120,000.
Current maximum liability: $249,500
Proposed maximum liability: $369,500

After review, the Fiscal Review Committee voted to approve the contract amendment.

cc: The Honorable Mark Emkes, Commissioner
Mr. Robert Barlow, Director, Office of Contracts Review

STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
BENEFITS ADMINISTRATION
312 Rosa L. Parks Avenue
Suite 2600 William R. Snodgrass Tennessee Tower
Nashville, Tennessee 37243
Phone (615) 741-4517 or (866) 576-0029
FAX (615) 253-8556

Mark A. Emkes
COMMISSIONER

Laurie Lee
EXECUTIVE DIRECTOR

MEMORANDUM

TO: James White, Executive Director, Fiscal Review Committee

FROM: Laurie Lee

DATE: April 8, 2011

RE: **Thomson Reuters Early Retiree Reinsurance Amendment # 2, Edison # 21137**

This request for amendment # 2 comes to the Fiscal Review Committee less than 60 days prior to the effective date. Benefits Administration is requesting a start date of this amendment as soon as it receives all appropriate approvals within the State system.

As detailed in the Non-Competitive Amendment request accompanying this correspondence, Section 1101 of the Patient Protection and Affordable Care Act (Pub. L 111-148), as amended, authorizes a temporary reinsurance program for early retirees enrolled in employment-based plans. This program will reimburse participating employment-based healthcare plans for 80% of an enrollee's allowed medical and pharmacy costs between $15,000 and $90,000. The Department of Health and Human Services (HSS) will implement this reinsurance program in late June 2010. The funding for this program is limited to $5 billion.

Speed of submission of claims to the federal government will be critical to maximizing our potential revenues from the early retiree reinsurance program. Accordingly, the Insurance Committees on April 27, 2010 granted to Benefits Administration all necessary and reasonable authority to contract with an administrative agent and conferred presumptive approval for any and all contracts and contract amendments required to expedite our early retiree reinsurance claims.

As the guidelines continue to evolve, Benefits Administration is advised that sufficient funds are available at the federal level that would dictate the State continue work with the vendor to seek additional fees due the State.

Thank you for your consideration of this request.

Supplemental Documentation Required for Fiscal Review Committee

*Contact Name:	Marlene Alvarez	*Contact Phone:	605.253.8358
*Original Contract Number:	FA1031938	*Original RFS Number:	31701 – 00006
Edison Contract Number: (*if applicable*)	21137	Edison RFS Number: (*if applicable*)	31701 - 00006
*Original Contract Begin Date:	May 28, 2010	*Current End Date:	May 27, 2011

Current Request Amendment Number: (*if applicable*)	2
Proposed Amendment Effective Date: (*if applicable*)	December 31, 2011
*Department Submitting:	Finance and Administration
*Division:	Benefits Administration
*Date Submitted:	April 8, 2011
*Submitted Within Sixty (60) days:	No
If not, explain:	Benefits Administration sought clarification of the availability of federal funds for Tennessee.
*Contract Vendor Name:	Thomson Reuters (Healthcare), Inc.
*Current Maximum Liability:	$369,500.00

*Current Contract Allocation by Fiscal Year:
(as Shown on Most Current Fully Executed Contract Summary Sheet)

FY: 2010	FY: 2011	FY:	FY:	FY	FY
$200,000.00	$49,500.00	$	$	$	$

*Current Total Expenditures by Fiscal Year of Contract:
(attach backup documentation from STARS or FDAS report)

FY: 2010	FY: 2011	FY:	FY:	FY	FY
$	$129,500.00	$	$	$	$

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:	The funding initially allocated to be spent during FY 2010 was in fact not incurred until FY 2011. Currently $120,000 remains for Plan Year Submission fees.

*Contract Funding Source/Amount:	State:		Federal:	
Interdepartmental:		$249,500.00	*Other*:	
If "*other*" please define:				

Dates of All Previous Amendments or Revisions: (*if applicable*)	Brief Description of Actions in Previous Amendments or Revisions: (*if applicable*)
Amendment 1 – May 28, 2010	Extend term through May 27, 2011

Supplemental Documentation Required for Fiscal Review Committee

Method of Original Award: (*if applicable*)	Noncompetitive Negotiation

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

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

*What were the projected costs of the service for the entire term of the contract prior to contract award?	$249,500.00

Supplemental Documentation Required for Fiscal Review Committee

Planned expenditures by fiscal year by deliverable. Add rows as necessary to indicate all estimated contract expenditures.					
Deliverable description:	FY:11	FY:	FY:	FY:	FY:
Plan year submission fee	$90,000	$150,000			
Proposed savings to be realized per fiscal year by entering into this contract. If amendment to an existing contract, please indicate the proposed savings to be realized by the amendment. Add rows as necessary to define all potential savings per deliverable.					
Deliverable description:	FY:	FY:	FY:	FY:	FY:
N/A					
Comparison of cost per fiscal year of obtaining this service through the proposed contract or amendment vs. other options. List other options available (including other vendors), cost of other options, and source of information for comparison of other options (e.g. catalog, Web site). Add rows as necessary to indicate price differentials between contract deliverables.					
Proposed Vendor Cost: (name of vendor)	FY:	FY:	FY:	FY:	FY:
N/A					
Other Vendor Cost: (name of vendor)	FY:	FY:	FY:	FY:	FY:
Other Vendor Cost: (name of vendor)	FY:	FY:	FY:	FY:	FY:

Thomson Reuters
Early Retiree Reinsurance Program

Contract #	21137
Contract Start Date	5/28/2010
Contract Expire Date	5/27/2011

Contract Maximum Liability 249,500.00

Fiscal Year	Expenditures
2010	-
2011	129,500.00
Total	129,500.00

Non-Competitive Amendment Request

NOT required for a contract with a federal, Tennessee, or Tennessee local government entity or a grant.
Route a completed request, as one file in PDF format, via e-mail attachment sent to: Agsprs.Agsprs@state.tn.us

APPROVED

COMMISSIONER OF FINANCE & ADMINISTRATION

Request Tracking #	**31701 - 00006**
Procuring Agency	**Finance and Administration, Benefits Administration**
Contractor	**Thomson Reuters (Healthcare), Inc.**
Contract #	**FA1031938**
Proposed Amendment #	**# 2**
Edison ID #	**21137**

Contract Begin Date	**May 28, 2010**
Current Contract End Date *– with ALL options to extend exercised*	**March 31, 2011**
Proposed Contract End Date *– with ALL options to extend exercised*	**December 31, 2011**
Current Maximum Contract Cost *– with ALL options to extend exercised*	**$ 249,500.00**
Proposed Maximum Contract Cost *– with ALL options to extend exercised*	**$ 369,500.00**
Office for Information Resources Endorsement *– information technology service (N/A to THDA)*	☒ Not Applicable ☐ Attached
eHealth Initiative Support *– health-related professional, pharmaceutical, laboratory, or imaging service*	☒ Not Applicable ☐ Attached
Human Resources Support *– state employee training service*	☒ Not Applicable ☐ Attached

Explanation Need for the Proposed Amendment

The federal funding continues and Benefits Administration needs to extend the term of the contract to allow for additional work by this vendor to secure all appropriate, available funding for the State of Tennessee.

Name & Address of the Contractor's Principal Owner(s) *– NOT required for a TN state education institution*

Request Tracking #	31701 - 00006

Tom Weatherup, Client Services Director

Thomson Reuters (Healthcare), Inc.

1007 Church Street, Suite 700

Evanston, Illinois 60201

Telephone: 847-424-4494

Fax: 847-332-1768

Evidence Contractor's Experience & Length Of Experience Providing the Service

Thomson Reuters (Healthcare) Inc. has been the Decision Support System (DSS) and Executive Information System (EIS) vendor for the Department of Finance and Administration, Division of Benefits Administration since January 1, 1996 and was awarded the contract attached to a procurement conducted in the fall of 2008. This procurement resulted in a contract that will terminate in December of 2013.

Efforts to Identify Reasonable, Competitive, Procurement Alternatives

Because of the knowledge possessed by this vendor of the data involved in the duplicate claims analysis and as the State's Decision Support System (DSS)/Executive Information System (EIS) vendor, it does not seem reasonable to seek out another vendor to complete this task. Further, given the extremely tight time frame for the production of this application, it is in the best interest of the State to enter into this contract with the vendor most familiar with the data for Tennessee as provided by the current three third party administrators.

Justification *– specifically explain why non-competitive negotiation is in the best interest of the state*

Section 1101 of the Patient Protection and Affordable Care Act (Pub. L 111-148), as amended, authorizes a temporary reinsurance program for early retirees enrolled in employment-based plans. This program will reimburse participating employment-based healthcare plans for 80% of an enrollee's allowed medical and pharmacy costs between $15,000 and $90,000. The Department of Health and Human Services (HSS) will implement this reinsurance program in late June 2010. The funding for this program is limited to $5 billion.

Speed of submission of claims to the federal government will be critical to maximizing our potential revenues from the early retiree reinsurance program. Accordingly, the Insurance Committees on April 27, 2010 granted to Benefits Administration all necessary and reasonable authority to contract with an administrative agent and conferred presumptive approval for any and all contracts and contract amendments required to expedite our early retiree reinsurance claims. In the event that Benefits Administration exercises such authority, we agreed to notify in writing the members of the Committees of the details of the agreements.

After talking with the current third party administrators, we agreed with their assessment that the State's most expeditious and efficient option is to partner with Thomson Reuters to aggregate the State's claims data and submit the aggregated claim to the appropriate federal agency. This should maximize the reimbursements while keeping administrative costs to a minimum. It should also minimize the risks associated with data submission/transmission failures, incorrect or incomplete claims aggregation by separate vendors, and duplicate or inaccurate claims submitted by the State to the relevant federal agency.

Given that work on the submission continues, it is in the State's best interest to proceed with the work initiated by this Contractor to the completion of the project in order to

Request Tracking #	31701 - 00006
maximize the receipt of all funds that are available to the State of Tennessee.	
Agency Head Signature and Date – *MUST be signed by the ACTUAL agency head as detailed on the current Signature Certification. Signature by an authorized signatory is acceptable only in documented exigent circumstances*	

CONTRACT AMENDMENT

Agency Tracking #	Edison ID	Contract #	Amendment #
31701-00006	21137	FA1031938	2

Contractor Legal Entity Name	Edison Vendor ID
Thomson Reuters (Healthcare), Inc.	4354
Amendment Purpose & Effect(s)	**FEIN or SSN** (optional)
To extend the expiration date of the contract to December 31, 2011	06 - 1467923

Amendment Changes Contract End Date: ☒ YES ☐ NO **End Date:** December 31, 2011

Maximum Liability (TOTAL Contract Amount) Increase/Decrease per this Amendment: **$120,000.00**

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2010			$200,000.00		$200,000.00
2011			49,500.00		49,500.00
2012			120,000.00		120,000.00
TOTAL:			**$369,500.000**		**$369,500.000**

American Recovery and Reinvestment Act (ARRA) Funding: ☐ YES ☒ NO

Budget Officer Confirmation: There is a balance in the appropriation from which obligations hereunder are required to be paid that is not already encumbered to pay other obligations.

Speed Code (optional)	Account Code (optional)
FA00002008	70803000

OCR USE

AMENDMENT TWO
OF CONTRACT FA1031938

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

1. Contract section B.1. is deleted in its entirety and replaced with the following:

   B.1. This Contract shall be effective for the period beginning May 28, 2010, and ending on December 31, 2011. The Contractor hereby acknowledges and affirms that the State shall have no obligation for services rendered by the Contractor which were not performed within this specified contract period.

2. 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 Three Hundred Sixty-nine Thousand Five Hundred Dollars ($369,500.00). The payment rates in section C.3 shall constitute the entire compensation due the Contractor for all service and Contractor 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. Contract section C.3. is deleted in its entirety and replaced with the following:

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

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

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

Service Description	**Amount** (per compensable increment)
Initial Payment (Application Support, commencement of data management and conversion process and project management) for the submission of the application.	$ 65,000.00
Balance upon approval of the Application. (Finalizing data conversion, testing, reconciliation, submission, secure data storage and files and project management) To be paid the later of application acceptance date or five (5) business days after June claims become available.	$ 64,500.00

Plan Year Submission Fee (to commence with a payment in March, 2011) for a total of up to eight submission (8) payments through December 31, 2011.	$ 30,000.00 per submission

The revisions set forth herein shall be effective on the date of final approval by all appropriate officials in accordance with applicable Tennessee laws and regulations (depending upon the specifics of this contract, said officials may include, but are not limited to, the Commissioner of Finance and Administration, the Commissioner of Human Resources, and the Comptroller of the Treasury).

IN WITNESS WHEREOF,

THOMSON REUTERS (HEALTHCARE) INC.:

Samuel Siegel 5-13-2011

SIGNATURE Samuel Siegel **DATE**
VP Finance Payer

PRINTED NAME AND TITLE OF SIGNATORY (above)

STATE OF TENNESSEE,
STATE INSURANCE COMMITTEE,
LOCAL EDUCATION INSURANCE COMMITTEE,
LOCAL GOVERNMENT INSURANCE COMMITTEE:

Mark A. Emkes 5-16-11

MARK A. EMKES, CHAIRMAN MOA **DATE**

CONTRACT AMENDMENT

Agency Tracking #	Edison ID	Contract #	Amendment #
31701-00006	21137	FA1031939	1

Contractor Legal Entity Name	Edison Vendor ID
Thomson Reuters (Healthcare), Inc.	4354
Amendment Purpose & Effect(s)	**FEIN or SSN (optional)**
To extend the expiration date of the contract to May 27, 2011	06 - 1467923

Amendment Changes Contract End Date: ☒ YES ☐ NO End Date: May 27, 2011

Maximum Liability (TOTAL Contract Amount) Increase/Decrease per this Amendment: $0.0

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2010			200,000.00		200,000.00
2011			49,500.00		49,500.00
TOTAL:			249,500.000		249,500.00

American Recovery and Reinvestment Act (ARRA) Funding: ☐ YES ☒ NO

Budget Officer Confirmation: There is a balance in the appropriation from which obligations hereunder are required to be paid that is not already encumbered to pay other obligations.

Speed Code (optional)	Account Code (optional)
FA00002008	70803000

OFFICE OF CONTRACTS REVIEW
THE GREAT SEAL OF THE STATE OF TENNESSEE
AGRICULTURE COMMERCE 1796

Secured Document

FA1031938-01

AMENDMENT ONE
OF CONTRACT FA1031938

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

1. 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 May 28, 2010 and ending on May 27, 2011. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period.

2. Contract section C.3. is deleted in its entirety and replaced with the following:

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

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

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

Service Description	Amount (per compensable increment)
Initial Payment (Application Support, commencement of data management and conversion process and project management) for the submission of the application.	$ 65,000.00
Balance upon approval of the Application. (Finalizing data conversion, testing, reconciliation, submission, secure data storage and files and project management) To be paid the later of application acceptance date or five (5) business days after June claims become available.	$ 64,500.00
Plan Year Submission Fee (to commence with a payment in March 2011) for a total of up to three submission (3) payments through May 27, 2011.	$ 30,000.00 per submission

The revisions set forth herein shall be effective March 31, 2011. All other terms and conditions not expressly amended herein shall remain in full force and effect.

IN WITNESS WHEREOF,

THOMSON REUTERS (HEALTHCARE) INC.:

3-21-2011

SIGNATURE **DATE**

JONATHAN S. Newport
EXECUTIVE VICE President

PRINTED NAME AND TITLE OF SIGNATORY (above)

STATE OF TENNESSEE,
STATE INSURANCE COMMITTEE,
LOCAL EDUCATION INSURANCE COMMITTEE,
LOCAL GOVERNMENT INSURANCE COMMITTEE:

Mark A. Emkes 3-21-11

MARK EMKES, CHAIRMAN MOA DATE

CONTRACT

(FA-type fee-for-service contract with an individual, business, non-profit, or governmental entity of another state)

Agency Tracking #	Edison ID
31701 - 00006	21137

Contractor	Contractor Federal Employer Identification or Social Security #
Thomson Reuters (Healthcare), Inc.	☐ C- or ☒ V- 06 - 1467923

Service

Early Retiree Reinsurance

Contract Begin Date	Contract End Date	Subrecipient or Vendor	CFDA #(s)
May 28, 2010	March 31, 2011	☐ Subrecipient ☒ Vendor	

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2010			200,000.00		200,000.00
2011			49,500.00		49,500.00
TOTAL:					249,500.00

American Recovery and Reinvestment Act (ARRA) Funding – ☐ YES ☒ NO

OCR USE
FA

F&A Secured Document

FA1031938

Agency Contact & Telephone #

Marlene Alvarez, Manager of Procurement and Contracting
Tennessee Department of Finance & Administration, Benefits Administration
312 Rosa L. Parks Avenue, Suite 2600
Nashville, Tennessee 37243
615.253.8358

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)

Speed Code	Account Code
FA00002008	70803000

Contractor Ownership/Control

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

Contractor Selection Method

☐ RFP ☐ Competitive Negotiation * ☐ Alternative Competitive Method *
☒ Non-Competitive Negotiation * ☐ Other *

***Procurement Process Summary**

Non-competitive contract approved by the State, Local Education and Local Government Committees.

CONTRACT
BETWEEN THE STATE OF TENNESSEE,
STATE INSURANCE COMMITTEE,
LOCAL EDUCATION INSURANCE COMMITTEE,
LOCAL GOVERNMENT INSURANCE COMMITTEE,
AND
THOMSON REUTERS (HEALTHCARE) INC.

This Contract, by and between the State of Tennessee, State Insurance Committee, Local Education Insurance Committee and Local Government Insurance Committee,, hereinafter referred to as the "State" and Thomson Reuters (Healthcare) Inc.,, hereinafter referred to as the "Contractor," is for the provision of duplicate claims analysis, as further defined in the "SCOPE OF SERVICES."

The Contractor is a for-profit corporation.
Contractor Federal Employer Identification or Social Security Number: 06-1467923
Contractor Place of Incorporation or Organization: 1007 Church St, Suite 700, Evanston, IL 60201

A. SCOPE OF SERVICES:

A.1. The Contractor shall provide all service and deliverables as required, described, and detailed by this Scope of Services and shall meet all service and delivery timelines specified in the Scope of Services section or elsewhere in this Contract.

A.2. The Contractor shall provide administrative activities, data aggregation, and reconciliation services to enable the State to maximize its reimbursements from the early retiree reinsurance program authorized by Section 1101 of the Patient Protection and Affordable Care Act (Pub. L 111-148), as amended. Specifically, the Contractor shall provide the following services, which are described in detail in this Contract:

a. Application support (including data compilation);
b. Eligibility and claims data sharing with appropriate federal agencies;
c. Medical, pharmacy and eligibility data aggregation;
d. Process management for estimating reimbursements;
e. Ongoing reporting of reimbursement calculation to designated agency based on the State's preferred frequency;
f. Management of the required reconciliation process;
g. Fulfillment of data storage requirements; and
h. Quality control and oversight of all work performed.

While this Contract references the "State" as the appropriate entity, the Contractor shall perform all functions separately for each of the State's public sector plans (i.e., the State Plan, the Local Education Plan, and the Local Government Plan).

A.3. <u>Application Support</u>

The Contractor shall provide consultative assistance in support of the completion and submission of the application(s) along with required full eligibility, medical, and prescription drug files for all qualified early retirees and their dependents. Working in partnership with the State, the Contractor shall have primary responsibility for developing the narrative content required for the application(s). To this end, the Contractor shall work directly with the State's third party administrators, pharmacy benefits managers, and behavioral health organization provider to develop this material. The Contractor shall complete all such work and provide the State with the final draft of the text for the application(s) on or before June 15, 2010. If final regulations and application processes become available after June 15, 2010, Contractor will provide any supplemental information based on final application instructions. The Contractor shall use its best efforts to draft a persuasive narrative and application on behalf of the State, but the

Contractor cannot provide assurances or warranties that the State's program(s) will satisfy the federal criteria.

A.4. Data Collection

The Contractor shall obtain from the State all necessary eligibility information on a monthly basis, either using the standard 834 process or a separate file transmission process to which the State agrees. Further, the Contractor shall work directly with the State's third party administrators, pharmacy benefits managers, and behavioral health organization provider to obtain medical, behavioral and prescription drug claims cost information. The Contractor shall work directly with the State's vendors to resolve any problems with respect to monthly data file transmission from the vendors to the Contractor. The Contractor shall extract the information required for filing reimbursement for the initial data transfers (e.g., a separate build from the State's Advantage Suite update).

A.5. Electronic Exchanges and Filing

Beginning in July 2010 and going through March 31, 2011, the Contractor shall submit to the appropriate federal agency an updated claim on behalf of the State (for each of the State's three public sector plans, separately) no less frequently than once per month. If the final regulations require a different frequency, that frequency shall apply. The Contractor shall endeavor to use the most effective available vehicle for efficient and timely transmission of eligibility data files as part of payment and application processes.

A.6. Data Management

The Contractor shall provide the State (or, at the State's direction, provide directly to the appropriate federal agency) a monthly Extract File (or more frequent file as directed by the State) for each of the State's three public sector plans. Such files shall contain the claims data relating to subsidy-qualifying covered early retirees and their dependents in the format required. The Contractor's responsibilities in this regard include but are not limited to the following functions:

a. Generating a subset of eligible beneficiaries and associated eligible claims based on all of the Contractor's amount for claims incurred in eligible reinsurance periods;
b. Transferring eligibility and changes to the designated reimbursement center until the appropriated funds are depleted or extended;
c. Calculating and reporting reimbursement amounts;
d. Applying rebate information to net down drug costs if applicable and required;
e. Producing a set of management reports providing supporting detail for submissions;
f. Storing data, calculations, and required work files for the period required for program compliance.
g. Monthly submission of such reports to the appropriate federal agency (along with a summary report to the State of Tennessee Division of Benefits Administration). Monthly submission of such retiree reinsurance reports shall continue until March 31, 2011 or until depletion of the available federal funds – whichever occurs first; and
h. Contractor shall maintain full copies and records of all data submitted to the appropriate federal agency on behalf of the State until the end of this contract on December 31, 2013 or as otherwise directed by the State.

The Contractor shall submit initial reimbursement requests with service dates beginning June 1, 2010, unless otherwise defined in final regulations or directed by the State.

A.7. Reconciliation

The Contractor shall perform periodic reconciliations as appropriate based on the program requirements. The Contractor shall complete final reconciliation reporting and costs submission in compliance with the final regulations. The Contractor's responsibilities in this regard include but are not limited to the following functions:

a. Final validation of qualified covered early retirees;
b. Re-extract/compile claims data incurred and paid between the interim and final reconciliation report to true-up costs and reinsurance; and
c. Provide overall project management and consulting services to ensure compliant reconciliation reporting.

Additionally, the Contractor shall report applicable drug rebate information to the appropriate federal agency if required and as directed by the State. The Contractor shall work with the State's pharmacy benefits managers to obtain rebates and shall apply rebates as required to net down costs. The Contractor shall not have responsibility for calculating or estimating actual pharmacy rebate amounts. Consistent with Retiree Drug Subsidy (RDS) principles the State shall either a) apply percentages consistent with industry standards and as supplied by the plan sponsor or PBM or b) accept actual rebate information as and if available provided no changes in current layouts are required to support reimbursement services.

B. CONTRACT TERM:

B.1. This Contract shall be effective for the period commencing on May 28, 2010 and ending on March 31, 2011. 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 two (2) years, provided that such an extension of the contract term is effected prior to the current, contract expiration date by means of an amendment to the Contract. If the extension of the Contract necessitates additional funding beyond that which was included in the original Contract, the increase in the State's maximum liability will also be effected through an amendment to the Contract, and shall be based upon payment rates provided for in the original Contract.

C. PAYMENT TERMS AND CONDITIONS:

C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed Two Hundred Forty-Nine Thousand Five Hundred Dollars ($249,500.00). 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.

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

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

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

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

Service Description	Amount (per compensable increment)
Initial Payment (Application Support, commencement of data management and conversion process and project management) for the submission of the application.	$ 65,000.00
Balance upon approval of the Application. (Finalizing data conversion, testing, reconciliation, submission, secure data storage and files and project management) To be paid the later of application acceptance date or five (5) business days after June claims become available.	$ 64,500.00
Monthly Maintenance Fee (to commence with a payment in August, 2010 through March 31, 2011 for a total of eight (8) payments.	$ 15,000.00

C.4. Travel Compensation. The Contractor shall not be compensated or reimbursed for travel, meals, or lodging.

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

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

Ms. Marlene Alvarez
Division of Benefits Administration
William R Snodgrass Tennessee Tower
312 Rosa L Parks Avenue, Suite 2600
Nashville, Tennessee 37243

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

(1) Invoice/Reference Number (assigned by the Contractor);
(2) Invoice Date;
(3) Invoice Period (period to which all invoiced charges are applicable);
(4) Contract Number (assigned by the State to this Contract);
(5) Account Name: Department of Finance and Administration, Division of Benefits Administration;
(6) Account/Customer Number (uniquely assigned by the Contractor to the above-referenced Account Name);
(7) Contractor Name;
(8) Contractor Federal Employer Identification Number or Social Security Number (as referenced in this Contract);
(9) Contractor Contact (name, phone, and/or fax for the individual to contact with billing questions);
(10) Contractor Remittance Address;
(11) Complete itemization of Charges, which shall detail the following:

i. Service or Milestone Description (including name /title as applicable) of each service invoiced;
ii. Number of Completed Units, Increments, Hours, or Days as applicable, of each service invoiced;
iii. Applicable Payment Rate (as stipulated in Section C.3.) of each service invoiced;
iv. Amount Due by Service; and
v. Total Amount Due for the invoice period.

c. The Contractor understands and agrees that an invoice to the State under this Contract shall:

(1) include only charges for service described in Contract Section A and in accordance with payment terms and conditions set forth in Contract Section C;
(2) not include any future work but will only be submitted for completed service; and
(3) not include sales tax or shipping charges.

d. The Contractor agrees that timeframe for payment (and any discounts) begins when the State is in receipt of each invoice meeting the minimum requirements above.

e. The Contractor shall complete and sign a "Substitute W-9 Form" provided to the Contractor by the State. The taxpayer identification number contained in the Substitute W-9 submitted to the State shall agree to the Federal Employer Identification Number or Social Security Number referenced in this Contract for the Contractor. The Contractor shall not invoice the State for services until the State has received this completed form.

C.6. Payment of Invoice. The payment of the invoice by the State shall not prejudice the State's right to object to or question any invoice or matter in relation thereto. Such payment by the State shall neither be construed as acceptance of any part of the work or service provided nor as an approval of any of the amounts invoiced therein.

C.7. Invoice Reductions. The Contractor's invoice shall be subject to reduction for amounts included in any invoice or payment theretofore made which are determined by the State, on the basis of audits conducted in accordance with the terms of this Contract, not to constitute proper remuneration for compensable services.

C.8. Deductions. The State reserves the right to deduct from amounts which are or shall become due and payable to the Contractor under this or any Contract between the Contractor and the State of Tennessee any amounts which are or shall become due and payable to the State of Tennessee by the Contractor.

C.9. Automatic Deposits. The Contractor shall complete and sign an "Authorization Agreement for Automatic Deposit (ACH Credits) Form." This form shall be provided to the Contractor by the State. Once this form has been completed and submitted to the State by the Contractor all payments to the Contractor, under this or any other Contract the Contractor has with the State of Tennessee shall be made by Automated Clearing House (ACH). The Contractor shall not invoice the State for services until the Contractor has completed this form and submitted it to the State.

D. STANDARD TERMS AND CONDITIONS:

D.1. Required Approvals. The State is not bound by this Contract until it is approved by the appropriate State officials in accordance with applicable Tennessee State laws and regulations.

D.2. Modification and Amendment. This Contract may be modified only by a written amendment executed by all parties hereto and approved by the appropriate Tennessee State officials in accordance with applicable Tennessee State laws and regulations.

D.3. Termination for Convenience. The State may terminate this Contract without cause for any reason. Said termination shall not be deemed a Breach of Contract by the State. The State shall give the Contractor at least ninety (90) days written notice before the effective termination date. The Contractor shall be entitled to receive compensation for satisfactory, authorized service completed as of the termination date, but in no event shall the State be liable to the Contractor for compensation for any service which has not been rendered. Upon such termination, the Contractor shall have no right to any actual general, special, incidental, consequential, or any other damages whatsoever of any description or amount.

D.4. Termination for Cause. If the Contractor fails to properly perform its obligations under this Contract in a timely or proper manner, or if the Contractor violates any terms of this Contract, the State shall have the right to immediately terminate the Contract and withhold payments in excess of fair compensation for completed services. Notwithstanding the above, the Contractor shall not be relieved of liability to the State for damages sustained by virtue of any breach of this Contract by the Contractor.

D.5. Subcontracting. The Contractor shall not assign this Contract or enter into a subcontract for any of the services performed under this Contract without obtaining the prior written approval of the State. If such subcontracts are approved by the State, they shall contain, at a minimum, sections of this Contract below pertaining to "Conflicts of Interest," "Nondiscrimination," and "Records" (as identified by the section headings). Notwithstanding any use of approved subcontractors, the Contractor shall be the prime contractor and shall be responsible for all work performed.

D.6. Conflicts of Interest. The Contractor warrants that no part of the total Contract Amount shall be paid directly or indirectly to an employee or official of the State of Tennessee as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Contractor in connection with any work contemplated or performed relative to this Contract.

D.7. Nondiscrimination. The Contractor hereby agrees, warrants, and assures that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Contract or in the employment practices of the Contractor on the grounds of disability, age, race, color, religion, sex, national origin, or any other classification protected by Federal, Tennessee State constitutional, or statutory law. The Contractor shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.

D.8. Prohibition of Illegal Immigrants. The requirements of Public Acts of 2008, 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 A, hereto, semi-annually during the period of this Contract. Such attestations shall be maintained by the Contractor and made available to state officials upon request.

b. Prior to the use of any subcontractor in the performance of this Contract, and semi-annually thereafter, during the period of this Contract, the Contractor shall obtain and retain a current, written attestation that the subcontractor shall not knowingly utilize the services of an illegal immigrant to perform work relative to this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an

illegal immigrant to perform work relative to this Contract. Attestations obtained from such subcontractors shall be maintained by the Contractor and made available to state officials upon request.

c. The Contractor shall maintain records for all personnel used in the performance of this Contract. Said records shall be subject to review and random inspection at any reasonable time upon reasonable notice by the State.

d. The Contractor understands and agrees that failure to comply with this section will be subject to the sanctions of Public Chapter 878 of 2006 for acts or omissions occurring after its effective date. This law requires the Commissioner of Finance and Administration to prohibit a contractor from contracting with, or submitting an offer, proposal, or bid to contract with the State of Tennessee to supply goods or services for a period of one year after a contractor is discovered to have knowingly used the services of illegal immigrants during the performance of this Contract.

e. For purposes of this Contract, "illegal immigrant" shall be defined as any person who is not either a United States citizen, a Lawful Permanent Resident, or a person whose physical presence in the United States is authorized or allowed by the federal Department of Homeland Security and who, under federal immigration laws and/or regulations, is authorized to be employed in the U.S. or is otherwise authorized to provide services under the Contract.

D.9. Records. The Contractor shall maintain documentation for all charges under this Contract. The books, records, and documents of the Contractor, insofar as they relate to work performed or money received under this Contract, shall be maintained for a period of three (3) full years from the date of the final payment and shall be subject to audit at any reasonable time and upon reasonable notice by the State, the Comptroller of the Treasury, or their duly appointed representatives. The financial statements shall be prepared in accordance with generally accepted accounting principles.

D.10. Prevailing Wage Rates. All contracts for construction, erection, or demolition or to install goods or materials that involve the expenditure of any funds derived from the State require compliance with the prevailing wage laws as provided in *Tennessee Code Annotated*, Section 12-4-401 *et seq.*.

D.11. 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.12. Progress Reports. The Contractor shall submit brief, periodic, progress reports to the State as requested.

D.13. 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.14. 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.15. State Liability. The State shall have no liability except as specifically provided in this Contract.

D.16. 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, natural disasters, riots, wars, epidemics, or any other similar cause.

D.17. State and Federal Compliance. The Contractor shall comply with all applicable State and Federal laws and regulations in the performance of this Contract.

D.18. 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.19. 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.20. 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.21. Headings. Section headings of this Contract are for reference purposes only and shall not be construed as part of this Contract.

E. SPECIAL TERMS AND CONDITIONS:

E.1. Conflicting Terms and Conditions. Should any of these special terms and conditions conflict with any other terms and conditions of this Contract, these special terms and conditions shall control.

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

The State:

Ms Marlene Alvarez, Manager of Procurement and Contracting
Tennessee Department of Finance and Administration,
Division of Benefits Administration
William R Snodgrass Tennessee Tower
312 Rosa L Parks Avenue, Suite 2600

Nashville, Tennessee 37243
marlene.alvarez@state.tn.us
Telephone: 615.253.8358
Fax: 615.253.8556

The Contractor:

Tom Weatherup, Client Services Director
Thomson Reuters (Healthcare) Inc.
1007 Church Street, Suite 700
Evanston, Illinois 60201
tom.weatherup@thomsonreuters.com
Telephone: 847.424.4494
Fax: 847.332.1766

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

E.3. Subject to Funds Availability. The Contract is subject to the appropriation and availability of State and/or Federal funds. In the event that the funds are not appropriated or are otherwise unavailable, the State reserves the right to terminate the Contract upon written notice to the Contractor. Said termination shall not be deemed a breach of Contract by the State. Upon receipt of the written notice, the Contractor shall cease all work associated with the Contract. Should such an event occur, the Contractor shall be entitled to compensation for all satisfactory and authorized services completed as of the termination date. Upon such termination, the Contractor shall have no right to recover from the State any actual, general, special, incidental, consequential, or any other damages whatsoever of any description or amount.

E.4. Tennessee Consolidated Retirement System. The Contractor acknowledges and understands that, subject to statutory exceptions contained in *Tennessee Code Annotated*, Section 8-36-801, *et. seq.*, the law governing the Tennessee Consolidated Retirement System (TCRS), provides that if a retired member of TCRS, or of any superseded system administered by TCRS, or of any local retirement fund established pursuant to *Tennessee Code Annotated*, Title 8, Chapter 36, Part 3 accepts state employment, the member's retirement allowance is suspended during the period of the employment. Accordingly and notwithstanding any provision of this Contract to the contrary, the Contractor agrees that if it is later determined that the true nature of the working relationship between the Contractor and the State under this Contract is that of "employee/employer" and not that of an independent contractor, the Contractor may be required to repay to TCRS the amount of retirement benefits the Contractor received from TCRS during the period of this Contract.

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

a. The State will not contract with either a former state employee who received a VBP severance payment or an entity in which a former state employee who received a VBP severance payment or the spouse of such an individual holds a controlling financial interest.

b. The State may contract with an entity with which a former state employee who received a VBP severance payment is an employee or an independent contractor. Notwithstanding the foregoing, the Contractor understands and agrees that there may be unique business circumstances under which a return to work by a former state employee who received a VBP severance payment as an employee or an independent contractor of a State contractor would not be appropriate, and in such cases the State may refuse Contractor

personnel. Inasmuch, it shall be the responsibility of the State to review Contractor personnel to identify any such issues.

c. With reference to either subsection a. or b. above, a contractor may submit a written request for a waiver of the VBP restrictions regarding a former state employee and a contract with a state agency that participated in the VBP. Any such request must be submitted to the State in the form of the *VBP Contracting Restriction Waiver Request* format available from the State and the Internet at: www.state.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.

E.6. 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.7. 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,

THOMSON REUTERS (HEALTHCARE) INC.:

6-4-10

CONTRACTOR SIGNATURE **DATE**

Jonathan S. Newpol Executive Vice President

PRINTED NAME AND TITLE OF CONTRACTOR SIGNATORY (above)

STATE OF TENNESSEE,
STATE INSURANCE COMMITTEE,
LOCAL EDUCATION INSURANCE COMMITTEE,
LOCAL GOVERNMENT INSURANCE COMMITTEE::

M.D. Goetz Jr. 6-16-10

M.D. GOETZ, JR., CHAIRMAN MOA **DATE**