

**CONTRACT #13**  
**RFS # 318.65-00510**  
**FA # NA**  
**Edison # 34021**

**Department of Finance and  
Administration**  
**Division of Health Care Finance  
and Administration**  
**Office of eHealth Initiatives**

**VENDOR:**  
**QSource**



**STATE OF TENNESSEE  
DEPARTMENT OF FINANCE AND ADMINISTRATION  
DIVISION OF HEALTH CARE FINANCE AND ADMINISTRATION  
BUREAU OF TENNCARE  
310 Great Circle Road  
NASHVILLE, TENNESSEE 37243**

April 11, 2013

Lucian Geise, Director  
Fiscal Review Committee  
8<sup>th</sup> Floor, Rachel Jackson Bldg.  
Nashville, TN 37243

Attention: Ms. Leni Chick

RE: QSource Amendment #1

Dear Mr. Geise:

The Department of Finance and Administration, Division of Health Care Finance and Administration, is submitting for consideration amendment #1 to QSource. This contract works with healthcare participants to create necessary infrastructure for widespread adoption of the Direct Technology. Direct Technology offers a simple, secure, scalable, standards-based way for participants to send authenticated, encrypted, health information directly to known, trusted recipients. The contract provides communication, education, recruitment and enrollment of healthcare professionals and their support staffs to select, successfully implement, and use Direct Technology. This amendment expands the initial Pilot area to encompass the entire state, extends the term through January 31, 2014, and provides 100% federal funding to support the services of the contractor as well as technology financial incentives to statewide healthcare participants.

The Department of Finance and Administration, Division of Health Care Finance and Administration, respectfully submits the above referenced amendment for consideration and approval by the Fiscal Review Committee.

Sincerely,

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Casey Dungan  
Chief Financial Officer

cc: Darin J. Gordon, Deputy Commissioner  
Alma Chilton, Director of Contracts

Supplemental Documentation Required for  
Fiscal Review Committee

*Contact Name:	QSource	*Contact Phone:	Casey Dungan 507-6482
*Original Contract Number:	34021	*Original RFS Number:	31865-00510
Edison Contract Number: <i>(if applicable)</i>	34021	Edison RFS Number: <i>(if applicable)</i>	
*Original Contract Begin Date:	10/15/2012	*Current End Date:	09/30/2013
Current Request Amendment Number: <i>(if applicable)</i>	1		
Proposed Amendment Effective Date: <i>(if applicable)</i>	July 1, 2013		
*Department Submitting:	Department of Finance and Administration		
*Division:	Division of Health Care Finance and Administration Office of eHealth Initiatives		
*Date Submitted:	04/11/2013		
*Submitted Within Sixty (60) days: <i>If not, explain:</i>	Yes		
*Contract Vendor Name:	QSource		
*Current Maximum Liability:	\$2,837,500.00		
<b>*Current Contract Allocation by Fiscal Year: (as Shown on Most Current Fully Executed Contract Summary Sheet)</b>			
FY: 2013	FY: 2014	FY:	FY:
\$ 2,037,500.00	\$ 800,000.00	\$	\$
<b>*Current Total Expenditures by Fiscal Year of Contract: (attach backup documentation from Edison report)</b>			
FY: 2013	FY: 2014	FY:	FY:
\$ 1,241,500.00 (reflects 5 mos of payments)	\$	\$	\$
<b>IF</b> Contract Allocation has been greater than Contract Expenditures, please give the reasons and explain where surplus funds were spent:	N/A		
<b>IF</b> surplus funds have been carried forward, please give the reasons and provide the authority for the carry forward provision:	N/A		
<b>IF</b> Contract Expenditures exceeded Contract Allocation, please give the	N/A		

Supplemental Documentation Required for  
Fiscal Review Committee

reasons and explain how funding was acquired to pay the overage:				
*Contract Funding Source/Amount:	State:		Federal:	\$2,837,500.00
Interdepartmental:			Other:	
If "other" please define:				
Dates of All Previous Amendments or Revisions: <i>(if applicable)</i>		Brief Description of Actions in Previous Amendments or Revisions: <i>(if applicable)</i>		
		N/A		
Method of Original Award: <i>(if applicable)</i>		Non Competitive		
*What were the projected costs of the service for the entire term of the contract prior to contract award?		\$2,837,500.00		

## 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.**

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:

<b>Service Description</b>	<b>Amount</b> (per compensable increment)
General	
Administration and Operation – Completion of all Deliverables in Contract Section A.1- A10	\$112,500.00/first month (October)  \$225,000.00/month (November – September)
HISP Technology Expenses to Participants – Section A.11 (Approximately 500 Participants Expected to Participate)	Actual Technology Expenses to Participants not to Exceed \$500.00/Participant (Total Not to Exceed \$250,000.00)

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

There are no savings to be realized relative to this amendment, however, it will provide access to Direct Technology to healthcare providers statewide. This Contract provides communication, education, recruitment and enrollment of healthcare professionals and their support staffs to select, successfully implement, and use certified Direct technology. The use of technology will improve the quality and value of health care by providing a network of secure messaging systems to enable the exchange of patient health information. This

Supplemental Documentation Required for  
Fiscal Review Committee

amendment expands the initial Pilot area to encompass the entire state, extends the term through January 31, 2014 and provides 100% federal funding to support the services of the contract.

**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.**

Based on history of experience as federally designated Regional Extension Center (REC), Qsource is the optimum qualified provider of these services in Tennessee. Qsource's approach to providing state contract services is based on nearly four decades of continuous services as the federally qualified quality improvement organization (QIO) in Tennessee and sole provider of Regional Extension Center (REC) services assisting providers statewide with the adoption of Health Information Technology (HIT) in the state of Tennessee. The tnREC Division serves as the federally designated Regional Extension Center assisting providers in Tennessee by assisting physicians and hospitals in selecting and successfully implementing certified electronic health records (EHRs) to meet the requirements of the MU EHR Incentive Program for Medicare and Medicaid grant funds. Based on these reasons, there is no other vendor information comparable.

Payments Against a Contract

Qsource

Edison Contract ID: 34021

Vendor ID: 0000076873

Fiscal Year	Unit	Voucher ID	Invoice	Pymt Date	Sum Amount
2013	31865	00602893	DIRECT001	11/30/2012	\$112,500.00
2013	31865	00617843	DIRECT002	12/31/2012	\$225,000.00
2013	31865	00634717	DIRECT003	2/1/2013	\$225,000.00
2013	31865	00650829	DIRECT004	3/6/2013	\$225,000.00
2013	31865	00668640	DIRECT005	3/28/2013	\$225,000.00
2013	31865	Pending	DIRECT006	Pending	\$225,000.00
2013	31865	Pending		Pending	\$4,000.00

Total FY 2013:

**\$1,241,500.00**

# 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](mailto:AGSprs.Agsprs@state.tn.us)

APPROVED

CENTRAL PROCUREMENT OFFICE

<b>Request Tracking #</b>	31865-00510	
<b>1. Procuring Agency</b>	Department of Finance and Administration Division of Health Care Finance and Administration Office of e-Health Initiatives	
<b>2. Contractor</b>	QSource	
<b>3. Contract #</b>	34021	
<b>4. Proposed Amendment #</b>	1	
<b>5. Edison ID #</b>	34021	
<b>6. Contract Begin Date</b>	10/15/2012	
<b>7. Current Contract End Date</b> – with ALL options to extend exercised	09/30/2013	
<b>8. Proposed Contract End Date</b> – with ALL options to extend exercised	01/31/2014	
<b>9. Current Maximum Contract Cost</b> – with ALL options to extend exercised	\$ 2,837,500.00	
<b>10. Proposed Maximum Contract Cost</b> – with ALL options to extend exercised	\$ 5,487,500.00	
<b>11. Office for Information Resources Endorsement</b> – information technology service (N/A to THDA)	x Not Applicable <input type="checkbox"/> Attached	
<b>12. eHealth Initiative Support</b> – health-related professional, pharmaceutical, laboratory, or imaging	Not Applicable <input checked="" type="checkbox"/> Attached	
<b>13. Human Resources Support</b> – state employee training service	x Not Applicable <input type="checkbox"/> Attached	
<b>14. Explanation Need for the Proposed Amendment</b>	<p>In compliance with the American Recovery and Reinvestment Act (ARRA) grant awarded to the State of Tennessee, the Office of eHealth Initiatives, the objectives of the State Health Information Exchange strategy and this contract is to create the necessary infrastructure for widespread adoption of the Direct technology. Direct technology offers a simple, secure, scalable, standards-based way for participants to send authenticated, encrypted health information directly</p>	

<b>Request Tracking #</b>	<b>31865-00510</b>
<p>to known, trusted recipients over the Internet. This Contract provides communication, education, recruitment and enrollment of healthcare professionals and their support staffs to select, successfully implement, and use certified Direct technology. The use of technology will improve the quality and value of health care by providing a network of secure messaging systems to enable the exchange of patient health information. This amendment expands the initial Pilot area to encompass the entire state, extends the term through January 31, 2014 and provides funding to support the services of the contractor as well as Technology financial incentives to statewide healthcare participants.</p>	
<p><b>15. Name &amp; Address of the Contractor's Principal Owner(s)</b>  <i>- NOT required for a TN state education institution</i></p> <p>Qsource  Dawn Fitzgerald, Chief Executive Officer  3175 Lenox Park Blvd., Suite 309  Memphis, TN 38115-4260</p>	
<p><b>16. Evidence Contractor's Experience &amp; Length Of Experience Providing the Service</b></p> <p>Qsource is a nonprofit, 501(c)(3) healthcare quality improvement and information technology consultancy headquartered in Tennessee since 1973. Qsource's approach to providing state contract services is based on nearly four decades of continuous services as the federally qualified quality improvement organization (QIO) in Tennessee and sole provider of Regional Extension Center (REC) services assisting providers statewide with the adoption of Health Information Technology (HIT) in the state of Tennessee. Qsource has a proven success rate with ePrescribing and provision of the DOQIT Program (Medicare pilot EHR implementation program). Additionally, the tnREC Division serves as the federally designated Regional Extension Center assisting providers in Tennessee by Assists physicians and hospitals in selecting and successfully implementing certified electronic health records (EHRs) to meet the requirements of the MU EHR Incentive Program for Medicare and Medicaid grant funds. Qsource has assisted more than 1,400 physicians in tnREC's first two years, which began in February 2010.</p>	
<p><b>17. Efforts to Identify Reasonable, Competitive, Procurement Alternatives</b></p> <p>As part of the American Recovery and Reinvestment Act (ARRA) award to the State of Tennessee, one of the objectives of the State Health Information Exchange strategy is to create the necessary infrastructure for widespread adoption of the Direct technology. Based on Qsource's critical expertise and experience, performance as the sole provider of Regional Extension Center services assisting providers statewide with the adoption of HIT, and designation as the federally qualified quality improvement organization in Tennessee, we request approval of a non-competitive contract with this company. Contracting with an organization with expertise available and proven success rate, along with the negotiated rates for these services, is considered to be in the best interest of the State.</p>	
<p><b>18. Justification</b> – <i>specifically explain why non-competitive negotiation is in the best interest of the state</i></p> <p>The Department of Finance and Administration requests approval of this non-competitive contract amendment with Qsource based on their service as Tennessee's principal enabler of electronic medical record technology for small and rural health care providers serving the poor and underserved. They have in place an extensive provider outreach/relations initiative and maintain staff in all regions of Tennessee with already established provider relationships. QSource is also a grantee of the Office of the National Coordinator for Health Information Technology (ONC). Contracting with an organization with expertise and proven success rate, along with the negotiated rates for these services, is considered the most effective way to implement certified Direct technology by healthcare professionals and their staff statewide. Funding for this amendment is 100% federally funded.</p>	

<b>Request Tracking #</b>	<b>31865-00510</b>
<b>Agency Head Signature and Date</b> – <i>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</i>  M. L. Embert 4/9/13  CD	



## CONTRACT AMENDMENT

<b>Agency Tracking #</b> 31865-00510	<b>Edison ID</b> 34021	<b>Contract #</b>	<b>Amendment #</b> 01		
<b>Contractor Legal Entity Name</b> Qsource			<b>Edison Vendor ID</b> 0000076876		
<b>Amendment Purpose &amp; Effect(s)</b> Provision of technical assistance defined as education and outreach to assist healthcare professionals.					
<b>Amendment Changes Contract End Date:</b> <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO		<b>End Date:</b> 1/31/2013			
<b>TOTAL Contract Amount INCREASE or DECREASE per this Amendment (zero if N/A):</b>			<b>\$ 2,650,000.00</b>		
<b>Funding —</b>					
<b>FY</b>	<b>State</b>	<b>Federal</b>	<b>Interdepartmental</b>	<b>Other</b>	<b>TOTAL Contract Amount</b>
2013		2,275,000.00			2,275,000.00
2014		3,212,500.00			3,212,500.00
<b>TOTAL:</b>		<b>5,487,500.00</b>			<b>5,487,500.00</b>
<b>American Recovery and Reinvestment Act (ARRA) Funding:</b> <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO					
<b>Budget Officer Confirmation:</b> 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.  				<i>OCR USE</i>	
<b>Speed Chart (optional)</b> TN0000273		<b>Account Code (optional)</b> 70803000			

**AMENDMENT #1  
OF CONTRACT #34021  
BETWEEN THE STATE OF TENNESSEE,  
DEPARTMENT OF FINANCE AND ADMINISTRATION  
DIVISION OF HEALTH CARE FINANCE AND ADMINISTRATION  
OFFICE OF eHEALTH INITIATIVES  
AND  
QSOURCE**

This Amendment is made and entered by and between the State of Tennessee, Department of Finance and Administration, Division of Health Care Finance and Administration, Office of eHealth Initiatives, hereinafter referred to as the "State" and Qsource, 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 A.3. is deleted in its entirety and replaced with the following:

A.3. The Contractor shall provide assistance, defined as education, outreach, and technical assistance, to help "healthcare professionals" (i.e. Tennessee licensed healthcare professionals within the defined pilot community areas practicing in an active clinical setting) and their support staffs, to select, successfully implement, and use certified Direct technology to improve the quality and value of health care. On-site technical assistance shall be a key service offered by the Contractor to healthcare professionals.

a. Education and outreach activities shall include, but are not limited to:

1. Support of communities of practice for healthcare professionals and those who support their Direct technology implementation;
2. Training events for healthcare professionals and their support staff on how to use Direct technology;
3. Instruction and assistance on using Direct technology to enhance the patient-provider relationship and encourage patient self-management;
4. Training events, programs, and communities of practice shall be co-sponsored with other local resources, such as, but not limited to, state and local health services, oversight agencies, professional organizations, provider organizations, consumer organizations, and regional health information exchange networks;
5. Full-scale marketing campaign in place for Direct technology promotion Statewide;
6. Develop informational video to explain benefits of Direct technology and potential Use Cases;
7. Evaluate market saturation of electronic health record (EHR) vendors and target those areas with specific Direct technology functionalities within their EHR vendor products;
8. Recruit heavily in all areas of the State by using current customer base of Tennessee Regional Extension Centers (tnREC), cold calling, marketing campaigns, and partnerships with medical societies, and EHR market relationships;
9. Attend relevant partner (statewide and local chapters of Healthcare Information and Management Systems Society (HIMSS), Tennessee Health Information Management Association (THIMA), Medical Group Management Association (MGMA), Tennessee Hospital Association (THA), Tennessee Medical Association (TMA), American Academy of Family Physicians (AAFP), Tennessee Primary Care Association (TPCA) etc.) annual and semi-annual events and maintain a high profile presence at these events providing speakers and sponsorships;

10. Schedule regional Direct technology labs and training events using both a geographic (e.g. community to community) and affiliate (e.g. health plan, Accountable Care Organizations (ACO), Federally Qualified Health Centers (FQHC), healthcare corporation) strategies;
11. Lead the production and execution of one statewide education conference or multiple large-format education conferences of Tennessee's Health Information Exchange (HIE) Stakeholders including:
  - a) Develop draft plan, agenda, participation list;
  - b) Secure participants and meeting location, and
  - c) Conduct on site logistics, documentation and facilitation.
12. Ensure all providers within Tennessee have an opportunity to participate in training and education without an undue travel or time burden, and
13. Provide administration, promotion, and rollout of the Statewide incentive program. The Contractor shall expand all Certified Direct Technology assistance services to include healthcare professionals totaling up to 4,000 participants statewide, with projected statewide participation and enrolment schedule as follows:
  - September 30, 2013 – Projected Participation of 1,200 Participants
  - October 31, 2013 - Projected Participation of 1,900 Participants
  - November 30, 2013 - Projected Participation of 2,600 Participants
  - December 31, 2013 - Projected Participation of 3,300 Participants
  - January 31, 2014 - Projected Participation of 4,000 Participants

b. Vendor Selection activities shall include, but are not limited to:

1. Assistance in assessing the health IT needs of healthcare professionals and selecting and consultation services support regarding contracts with Direct technology service providers;
2. Contractor shall offer unbiased advice on the systems and services best suited to enable Direct technology messaging, and
3. Engage all DirectTrust.org accredited Health Information Service Provider (HISP) vendors in
  - a) Securing favorable Direct technology services to providers and
  - b) Providing participation information for the state's provider directory thru data sharing agreements
  - c) Integrating registration processes with the Health eShare to ensure providers qualify and can receive incentive payments
  - d) Utilizing Contractor registration agent support as needed

c. Implementation and Project Management activities shall include, but are not limited to, providing end-to-end project management support over the entire implementation process, including individualized and on-site coaching, consultation, troubleshooting, and other activities required to assure that the supported healthcare professional is able to configure the software to meet practice needs and ensure adequate software training for all staff, and track and adhere to implementation timelines;

d. Practice and Workflow Redesign activities shall include, but are not limited to, providing support for practice and workflow redesign. This support shall require working with the healthcare professionals and their support staff, the Direct technology service provider, and their Electronic Health Record (EHR) vendor(s), to implement and troubleshoot the use of the EHR system for the consistent messaging practices that protect the privacy and security of personal health information.

- e. Effective July 1, 2013, the Contractor shall provide education, outreach, and technical assistance services, detailed in this section, to healthcare professionals (i.e. Tennessee licensed healthcare professionals practicing in an active clinical setting) and their support staffs statewide.

3. Contract Section B. is deleted in its entirety and replaced with the following:

This Contract shall be effective for the period beginning October 15, 2012, and ending on January 31, 2014. 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.

4. 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 Five Million Four Hundred Eighty-Seven Thousand Five Hundred Dollars (\$5,487,500.00). 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.

5. 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)
General	
Administration and Operation – Completion of all Deliverables in Contract Sections A.1 – A.11 including Pilot Participants and Statewide Participants	\$112,500.00/first month (October, 2012)  \$225,000.00/month (November, 2012 – January 31, 2014)

HISP Technology Financial Incentives to Pilot and Statewide Healthcare Participants – Section A.11 -	Technology Financial incentives to Participants not to Exceed \$500.00/Participant (Total Not to Exceed \$2,000,000.00)
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Required Approvals. The State is not bound by this Amendment until it is signed by the contract parties and approved by 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).

Amendment Effective Date. The revisions set forth herein shall be effective July 1, 2013. All other terms and conditions of this Contract not expressly amended herein shall remain in full force and effect.

**IN WITNESS WHEREOF,**

**QSOURCE:**

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**SIGNATURE**

**DATE**

Dawn M. Fitzgerald, CEO

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

**DEPARTMENT OF FINANCE & ADMINISTRATION  
DIVISION OF HEALTH CARE FINANCE AND ADMINISTRATION  
OFFICE OF eHEALTH INITIATIVES:**

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**MARK A. EMKES, COMMISSIONER**

**DATE**

# Revised Summary Sheet



## CONTRACT

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

<b>Begin Date</b> 10/15/2012	<b>End Date</b> 9/30/2013	<b>Agency Tracking #</b> 31865-00510	<b>Edison Record ID</b> 34021
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<b>Contractor Legal Entity Name</b> Qsource	<b>Edison Vendor ID</b> 0000076873
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**Service Caption (one line only)**  
Provision of technical assistance defined as education and outreach to assist healthcare professionals

<b>Subrecipient or Vendor</b> <input checked="" type="checkbox"/> Subrecipient <input type="checkbox"/> Vendor	<b>CFDA #</b> 93.719
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Funding —					
FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2013		2,037,500.00			2,037,500.00
2014		800,000.00			800,000.00
<b>TOTAL:</b>		<b>2,837,500.00</b>			<b>2,837,500.00</b>

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

**Ownership/Control**

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

**Selection Method & Process Summary (mark the correct response to confirm the associated summary)**

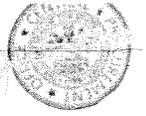
<input type="checkbox"/> RFP	The procurement process was completed in accordance with the approved RFP document and associated regulations.
<input type="checkbox"/> Competitive Negotiation	The predefined, competitive, impartial, negotiation process was completed in accordance with the associated, approved procedures and evaluation criteria.
<input type="checkbox"/> Alternative Competitive Method	The predefined, competitive, impartial, procurement process was completed in accordance with the associated, approved procedures and evaluation criteria.
<input checked="" type="checkbox"/> Non-Competitive Negotiation	The non-competitive contractor selection was completed as approved, and the procurement process included a negotiation of best possible terms & price.
<input type="checkbox"/> Other	The contractor selection was directed by law, court order, settlement agreement, or resulted from the state making the same agreement with <u>all</u> interested parties or <u>all</u> parties in a predetermined "class."

**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.

*[Signature]*

OCR USE - FA

<b>Speed Chart (optional)</b> TN00000273	<b>Account Code (optional)</b> 70803000
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**CONTRACT  
BETWEEN THE STATE OF TENNESSEE,  
DEPARTMENT OF FINANCE AND ADMINISTRATION  
DIVISION OF HEALTH CARE FINANCE AND ADMINISTRATION  
OFFICE OF eHEALTH INITIATIVES  
AND  
QSOURCE**

This Contract, by and between the State of Tennessee, Department of Finance and Administration, Division of Health Care Finance and Administration, Office of eHealth Initiatives, hereinafter referred to as the "State" and Qsource, hereinafter referred to as the "Contractor," is for the provision of technical assistance defined as education and outreach to assist healthcare professionals in selecting, successfully implementing, and using certified Direct technology to improve the quality and value of health care as further defined in the "SCOPE OF SERVICES."

Contractor is a Non-Profit Corporation  
Contractor Place of Incorporation or Organization: Tennessee  
Contractor Edison Registration ID #76873

**A. SCOPE OF SERVICES:**

- A.1. The Contractor shall provide all service and deliverables as required, described, and detailed herein and shall meet all service and delivery timelines as specified by this Contract. Definitions and terms for this contract can be located in Attachment A.
- A.2. As part of the American Recovery and Reinvestment Act (ARRA) award to the State of Tennessee, the Office of eHealth Initiatives, one of the objectives of the State Health Information Exchange strategy is to create the necessary infrastructure for widespread adoption of the Direct technology. Direct technology offers a simple, secure, scalable, standards-based way for participants to send authenticated, encrypted health information directly to known, trusted recipients over the Internet. It is the State's goal to reach across the entire spectrum of healthcare professionals with emphasis on ensuring that every eligible provider and every eligible hospital have the ability to exchange and meet Meaningful Use requirements.

The State shall assist the Contractor in the fulfillment of these activities through operational support, including provision of information and materials (e.g., sample contracts, workflow templates, marketing materials, privacy/security guidelines, quality improvement curriculum), networking support (e.g., online and in-person forums to support sharing between and among Regional Centers), and policy support (e.g., advice on approaches to regulatory enablers or barriers).

- A.3. The Contractor shall provide assistance, defined as education, outreach, and technical assistance, to help "healthcare professionals" (i.e. Tennessee licensed healthcare professionals within the defined pilot community areas practicing in an active clinical setting) and their support staffs, to select, successfully implement, and use certified Direct technology to improve the quality and value of health care. On-site technical assistance shall be a key service offered by the Contractor to healthcare professionals.
  - a. Education and outreach activities shall include, but are not limited to:
    - 1. Support of communities of practice for healthcare professionals and those who support their Direct technology implementation;
    - 2. Training events for healthcare professionals and their support staff on how to use Direct technology;
    - 3. Instruction and assistance on using Direct technology to enhance the patient-provider relationship and encourage patient self-management; and
    - 4. Training events, programs, and communities of practice shall be co-sponsored with other local resources, such as, but not limited to, state and local health services, oversight agencies, professional organizations, provider organizations, consumer organizations, and regional health information exchange networks.

- b. Vendor Selection activities shall include, but are not limited to:



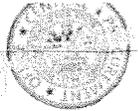
1. Assistance in assessing the health IT needs of healthcare professionals and select consultation services support regarding contracts with Direct Technology service providers; and
  2. Contractor shall offer unbiased advice on the systems and services best suited to enable Direct technology messaging.
- c. Implementation and Project Management activities shall include, but are not limited to, providing end-to-end project management support over the entire implementation process, including individualized and on-site coaching, consultation, troubleshooting, and other activities required to assure that the supported healthcare professional is able to configure the software to meet practice needs and ensure adequate software training for all staff, and track and adhere to implementation timelines.
- d. Practice and Workflow Redesign activities shall include, but are not limited to, providing support for practice and workflow redesign. This support shall require working with the healthcare professionals and their support staff, the Direct technology service provider, and their Electronic Health Record (EHR) vendor(s), to implement and troubleshoot the use of the EHR system for the consistent messaging practices that protect the privacy and security of personal health information.

#### A.4. Health Information Systems Program (HISP) Certification

- a. The Contractor shall provide recommendations to the State and assist in defining the HISP Certification Requirements by:
1. Attending demonstrations and meetings with HISP vendors;
  2. Consulting "Direct Trust.org" criteria;
  3. Determining additional HISP certification criteria for state level;
  4. Defining minimum data set for HISP Provider directory; and
  5. Determining time window for accepting HISP certification applications.
- b. The Contractor shall develop, execute, and manage the HISP Validation Process by:
1. Defining and documenting the technical validation process;
  2. Assigning personnel to conduct the HISP validation process; and
  3. Select two (2) HISPs for the Pilot Communities that meet the validation criteria.

#### A.5. Tennessee Direct Technology Pilot

- a. The Contractor shall collaborate with the State to select no less than two (2) pilot communities and identify the pilot use cases.
1. The Contractor shall identify no less than two (2) pilot communities as soon as possible but no later than January 14, 2013;
  2. The Contractor shall base selection of use cases on community needs, with a priority on the types of services that healthcare professionals must provide to achieve Meaningful Use; and
  3. The Contractor shall encourage potential for synergy with other federally-funded programs.
- b. The Contractor shall evaluate the pilot communities and submit two (2) reports to the State:
1. The Pre-pilot Evaluation Report shall be submitted to the State no later than January 14, 2013, at the same time pilot communities are identified, and shall include the following information:
    - i. The pilot community selection process;
    - ii. The community service area selected with an estimate of the total number and type of healthcare professionals actively practicing in the community service area;



- iii. The number and type of healthcare professionals targeted for Direct technology assistance, and the proportion this number represents of the total healthcare professionals in the proposed community service area;
- iv. The number of insured, uninsured, underinsured, and medically underserved individuals as a proportion of the community service area's total population;
- v. The presence of any practice networks in the community service area that are supported by other federal agencies – specify names of the networks and who supports them;
- vi. The level of certified Electronic Health Record (EHR) adoption in the community service area.
- vii. The letters of commitment from members of the pilot and any additional letters of support: indicating support from multiple independent stakeholders (e.g., health plans, hospital systems, medical/professional societies and other healthcare professional organizations, institutions of higher education's, federally recognized state primary care and rural health association(s), quality improvement organization(s), or public health agencies); and
- viii. The metrics for the community service area as listed in the Office of the National Coordinator (ONC) metrics report (see attachment B).

2. The post-pilot evaluation report shall be submitted to the State four (4) months after the pre-pilot report has been submitted and shall include:

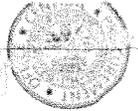
- i. The number and type of healthcare professionals who received Direct technology assistance, and the proportion this number represents of the total healthcare professionals in the proposed community service area;
- ii. The level of certified EHR adoption in the community service area;
- iii. The metrics for the community service area as listed in the ONC metrics report (see attachment B);
- iv. Best practices employed during the pilot in the format of a road map to be used in other communities, including successful communications and training materials; and
- v. Pilot success stories (these stories shall be leveraged in communications outreach in state-wide roll-out).

#### A.6. Statewide Environmental Survey of Health Information Exchange (HIE) and Statewide Dashboard

The Contractor shall collaborate with the State to develop the Statewide Environmental Survey and create a dashboard that includes the ONC Metrics and variables measuring healthcare professional needs. The Contractor shall update this on-line dashboard on an ongoing basis.

#### A.7. Communications

- a. The Contractor shall select a Communications Vendor that shall:
  1. Leverage the communications materials already developed for the State and other Tennessee HIE programs;
  2. Support statewide adoption and meaningful use beyond the immediate needs of the Direct Technology Program;
  3. Create messages and materials that can be re-used and re-branded to cover the full spectrum of HIE stakeholders (healthcare professionals and healthcare consumers);
  4. Provide glide-path to current messages and communications about Stage 3 of Meaningful Use, learning healthcare system, care coordination and quality improvement; and
  5. Provide messaging about concepts of both Direct technology and query based HIE.
- b. Collaborate with the State in creating, managing, and implementing a central web portal for healthcare professionals to promote understanding and adoption of HIE in the State of Tennessee.
- c. The Contractor shall ensure that the selected Communications Vendor:
  1. Identifies communications needs and strategy;



2. Defines audience, message, media;
3. Executes and manages the Communications Plan;
4. Develops communications materials focusing on the selected use cases (i.e. "What's in it for the healthcare professional?");
5. Distributes communications materials; and
6. Collaborates with stakeholders (Tennessee healthcare professional associations such as Tennessee Medical Association, Tennessee Academy of Family Practice, Tennessee Medical Group Management Association, Tennessee Health Information Management Association, etc.).

**A.8. Tennessee Direct Technology Pilot Execution**

The Contractor shall execute the Direct Technology pilot by:

- a. Providing assistance to healthcare professionals and their support staff when registering and using Direct technology to improve patient care by clinical information exchange;
- b. Providing assistance to healthcare professionals who have previously acquired a Direct technology account;
- c. Testing and validating if use cases are beneficial for community healthcare professionals and their patients;
- d. Testing the Direct technology registration process with HISP, train/assist as required, correct issues/defects;
- e. Testing communications, elaborate/improve when needed;
- f. Testing training materials, elaborate/improve when needed; and
- g. Exploring ways to create a network effect of early adopters in a community.

**A.9. Direct Technology Rollout**

- a. The Contractor shall Submit to the State, the state-wide community based roll-out plan (with adjustments made from Lessons Learned, change requests, etc.). This plan shall be submitted at completion of the pilots.
- b. The Contractor shall assist the eligible providers whose goal is to achieve Stage II Meaningful Use by reaching out to Medicare Meaningful Use providers and Medicaid providers who attested for Stage I Meaningful Use and by validating that they have the ability to exchange and meet Stage II Meaningful Use requirements.

**A.10. Contractor's Project Management roles and responsibilities shall include:**

- a. Submitting a weekly Status report twenty-four (24) hours prior to the weekly status meeting;
- b. Assigning and making available a representative from each subcontractor to attend status meetings;
- c. Managing activities and timelines of each subcontractor;
- d. Immediately notifying the State of any delay, barrier or risk encountered during project implementation phase. The Contractor shall provide a written mitigation plan for each risk identified and shall implement the plan after review/approval with the State;
- e. After project initiation, submit in writing to the State any recommendations regarding on-going scope activities or projected schedule changes, and
- f. Providing and managing a change request review/approval process that shall be part of the regular Direct technology status meeting.

**A.11. The Contractor shall distribute payments according to rates in Section C.3.b. to defined participants for actual technology expenses incurred during the duration of this Contract. A list of new participants and actual expenses shall be attached to the invoice submitted monthly to the State.**

**B. CONTRACT PERIOD:**

This Contract shall be effective for the period beginning October 15, 2012, and ending on September 30, 2013. 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.



**C. PAYMENT TERMS AND CONDITIONS:**

C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed Two Million Eight Hundred Thirty-Seven Thousand Five Hundred Dollars (\$2,837,500.00). 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.

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.

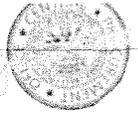
- a. The Contractor's compensation shall be contingent upon the satisfactory completion of units, milestones, or increments of service defined in section A.
- b. The Contractor shall be compensated for said units, milestones, or increments of service based upon the following payment rates:

Service Description	Amount (per compensable increment)
General	
Administration and Operation – Completion of all Deliverables in Contract Section A.1- A10	\$112,500.00/first month (October)  \$225,000.00/month (November – September)
HISP Technology Expenses to Participants – Section A.11 (Approximately 500 Participants Expected to Participate)	Actual Technology Expenses to Participants not to Exceed \$500.00/Participant (Total Not to Exceed \$250,000.00)

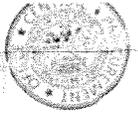
C.4. Travel Compensation. The Contractor shall not be compensated or reimbursed for travel, meals, or lodging

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 present said invoices no more often than monthly, with all necessary supporting documentation, to:

State of Tennessee  
Department of Finance & Administration  
Division of Health Care Finance & Administration  
Office of eHealth Initiatives  
Attn: Lovel VanArsdale  
310 Great Circle Road



- a. Each invoice shall clearly and accurately detail all of the following required information (calculations must be extended and totaled correctly).
- (1) Invoice Number (assigned by the Contractor)
  - (2) Invoice Date
  - (3) Contract Number (assigned by the State)
  - (4) Customer Account Name: Department of Finance & Administration Division of Health Care Finance & Health Care, Office of eHealth Initiatives
  - (5) Customer Account Number (assigned by the Contractor to the above-referenced Customer)
  - (6) Contractor Name
  - (7) Contractor Tennessee Edison Registration ID Number Referenced in Preamble of this Contract
  - (8) Contractor Contact for Invoice Questions (name, phone, and/or fax)
  - (9) Contractor Remittance Address
  - (10) Description of Delivered Service
  - (11) Complete Itemization of Charges, which shall detail the following:
    - i. Service or Milestone Description (including name & title as applicable) of each service invoiced
    - ii. Number of Completed Units, Increments, Hours, or Days as applicable, of each service invoiced
    - iii. Applicable Payment Rate (as stipulated in Section C.3.) of each service invoiced
    - iv. Amount Due by Service
    - v. Total Amount Due for the invoice period
- b. The Contractor understands and agrees that an invoice under this Contract shall:
- (1) include only charges for service described in Contract Section A and in accordance with payment terms and conditions set forth in Contract Section C;
  - (2) only be submitted for completed service and shall not include any charge for future work;
  - (3) not include sales tax or shipping charges; and
  - (4) initiate the timeframe for payment (and any discounts) only when the State is in receipt of the invoice, and the invoice meets the minimum requirements of this section C.5.
- C.6. Payment of Invoice. A payment by the State shall not prejudice the State's right to object to or question any payment, invoice, or matter in relation thereto. A payment by the State shall not be construed as acceptance of any part of the work or service provided or as approval of any amount invoiced.
- 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. Prerequisite Documentation. The Contractor shall not invoice the State under this Contract until the State has received the following documentation properly completed.
- a. The Contractor shall complete, sign, and present to the State an "Authorization Agreement for Automatic Deposit (ACH Credits) Form" provided by the State. By doing so, the Contractor acknowledges and agrees that, once said form is received by the State, 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).



- b. The Contractor shall complete, sign, and present to the State a "Substitute W-9 Form" p by the State. The taxpayer identification number detailed by said form must agree with Contractor's Federal Employer Identification Number or Tennessee Edison Registration ID referenced in this Contract.

**D. STANDARD TERMS AND CONDITIONS:**

- D.1. Required Approvals. The State is not bound by this Contract until it is signed by the contract parties and approved by 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).
- D.2. Modification and Amendment. This Contract may be modified only by a written amendment signed by all parties hereto and approved by both the officials who approved the base contract and, depending upon the specifics of the contract as amended, any additional officials required by Tennessee laws and regulations (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).
- 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 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.
  - a. The State will provide notification of termination for cause in writing. This notice will: (1) Specify in reasonable detail the nature of the breach; (2) provide the contractor with an opportunity to cure, which must be requested in writing no less than 10 days from the date of the termination Notice; and (3) shall specify the effective date of termination in the event the contractor fails to correct the breach. The contractor must present the State with a written request detailing the efforts it will take to resolve the problem and time period for such resolution. The opportunity to "cure" shall not apply to circumstances in which the contractor intentionally withholds its services or otherwise refuses to perform. The State will not consider a request to cure contract performance where there have been repeated problems with respect to identical or similar issues, or if a cure period would cause delay that would impair the effectiveness of State operations. In circumstances where an opportunity to cure is not available, termination will be effective immediately.
  - b. Notwithstanding the foregoing, 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, each 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.

The Contractor acknowledges, understands, and agrees that this Contract shall be null and void if the



Contractor is, or within the past six months has been, an employee of the State of Tennessee or Contractor is an entity in which a controlling interest is held by an individual who is, or within the months has been, an employee of the State of Tennessee.

- 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 handicap or 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 *Tennessee Code Annotated*, Section 12-4-124, *et seq.*, 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 C, 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 *Tennessee Code Annotated*, Section 12-4-124, *et seq.* 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 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:

Will Rice, Executive Director  
Office of eHealth Initiatives  
310 Great Circle Road  
Nashville, TN 37243  
[Will.Rice@tn.gov](mailto:Will.Rice@tn.gov)  
Telephone # 615-687-4945  
FAX #615-532-2849

The Contractor:

Dawn FitzGerald, Chief Executive Officer  
Qsource  
3340 Players Club Blvd., Suite 300  
Memphis, TN 38125  
Email: [dfitzgerald@qsource.org](mailto:dfitzgerald@qsource.org)  
Telephone #901-682-0381  
FAX # 901-761-3786

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. 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.



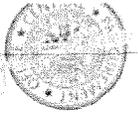
- E.5. Debarment and Suspension. The Contractor certifies, to the best of its knowledge and belief, that current and future principals, its current and future subcontractors and their principals:
- a. are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal or state department or agency;
  - b. have not within a three (3) year period preceding this Contract been convicted of, or had a civil judgment rendered against them from commission of fraud, or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or grant under a public transaction; violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification, or destruction of records, making false statements, or receiving stolen property;
  - c. are not presently indicted or otherwise criminally or civilly charged by a government entity (federal, state, or local) with commission of any of the offenses detailed in section b. of this certification; and
  - d. have not within a three (3) year period preceding this Contract had one or more public transactions (federal, state, or local) terminated for cause or default.

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

- E.6. HIPAA and HITECH Compliance. The State and Contractor shall comply with obligations under the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and Health Information Technology for Economic and Clinical Health Act (HITECH) under the American Recovery and Reinvestment Act of 2009 (ARRA) and their accompanying regulations, and as amended.
- a. Contractor warrants to the State that it is familiar with the requirements of HIPAA and HITECH and their accompanying regulations, and shall comply with all applicable HIPAA and HITECH requirements in the course of this Contract including but not limited to the following:
    1. Compliance with the Privacy Rule, Security Rule, Notification Rule;
    2. The creation of and adherence to sufficient Privacy and Security Safeguards and Policies;
    3. Timely Reporting of Violations in the Access, Use and Disclosure of PHI; and
    4. Timely Reporting of Privacy and/or Security Incidents.
  - b. Contractor warrants that it shall cooperate with the State, including cooperation and coordination with State privacy officials and other compliance officers required by HIPAA and HITECH and their accompanying regulations, in the course of performance of the Contract so that both parties will be in compliance with HIPAA and HITECH.
  - c. The State and the Contractor shall sign documents, including but not limited to business associate agreements, as required by HIPAA and HITECH and that are reasonably necessary to keep the State and Contractor in compliance with HIPAA and HITECH.

- E.7. State Ownership of Work Products. The State shall have ownership, right, title, and interest, including ownership of copyright, in all work products, including computer source code, created, designed, developed, derived, documented, installed, or delivered under this Contract subject to the next subsection and full and final payment for each "Work Product." The State shall have royalty-free and unlimited rights and license to use, disclose, reproduce, publish, distribute, modify, maintain, or create derivative works from, for any purpose whatsoever, all said Work Products.

- a. To the extent that the Contractor uses any of its pre-existing, proprietary or independently developed tools, materials or information ("Contractor Materials"), the Contractor shall retain all right, title and interest in and to such Contractor Materials, and the State shall acquire no right, title or interest in or to such Contractor Materials EXCEPT the Contractor grants to the State an unlimited, non-transferable license to use, copy and distribute internally, solely for the State's internal purposes, any Contractor Materials reasonably associated with any Work Product provided under the Contract.



- b. The Contractor shall furnish such information and data as the State may request, including but not limited to computer code, that is applicable, essential, fundamental, or intrinsic to any Work Product and Contractor Materials reasonably associated with any Work Product, in accordance with this Contract and applicable state law.
- c. Nothing in this Contract shall prohibit the Contractor's use for its own purposes of the general knowledge, skills, experience, ideas, concepts, know-how, and techniques obtained and used during the course of providing the services requested under this Contract.
- d. Nothing in the Contract shall prohibit the Contractor from developing for itself, or for others, materials which are similar to and/or competitive with those that are produced under this Contract.

E.8. **Federal Economic Stimulus Funding.** This Contract requires the Contractor to provide products and/or services that are funded in whole or in part under the American Recovery and Reinvestment Act of 2009, Public Law 111-5, (Recovery Act). The Contractor is responsible for ensuring that all applicable requirements, including but not limited to those set forth herein, of the Recovery Act are met and that the Contractor provides information to the State as required.

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

- a. Federal Grant Award Documents, as applicable.
- b. Executive Office of the President, Office of Management and Budget (OMB) Guidelines as posted at [www.whitehouse.gov/omb/recovery\\_default/](http://www.whitehouse.gov/omb/recovery_default/), as well as OMB Circulars, including but not limited to A-102 and A-133 as posted at [www.whitehouse.gov/omb/financial\\_offm\\_circulars/](http://www.whitehouse.gov/omb/financial_offm_circulars/).
- c. Office of Tennessee Recovery Act Management Directives (posted on the Internet at [www.tnrecovery.gov](http://www.tnrecovery.gov)).
- d. The subrecipient Contractor, if covered by the Single Audit Act Amendments of 1996 and OMB Circular A-133, agrees to specifically identify Recovery Act expenditures separately for Federal awards under the Recovery Act on the Schedule of Expenditures of Federal Awards (SEFA) and the Data Collection Form (SF-SAC) required by OMB Circular A-133.
- e. The Recovery Act, including but not limited to the following sections of that Act:
  - (1) Section 1604 – Disallowable Use. No funds pursuant to this Contract may be used for any casino or other gambling establishment, aquarium, zoo, golf course, or swimming pool.
  - (2) Section 1512 – Reporting and Registration Requirements.
    - i. The Contractor must report on use of Recovery Act funds provided through this Contract. Information from these reports will be made available to the public.
    - ii. The subrecipient Contractor must maintain current registrations in the Central Contractor Registration ([www.ccr.gov](http://www.ccr.gov)) at all times during which they have an active Contract funded with Recovery Act funds.
  - (3) Section 1553 – Recovery Act Whistleblower Protections. An employee of any non-Federal employer receiving covered funds under the Recovery Act may not be discharged, demoted, or otherwise discriminated against as a reprisal for disclosing, including a disclosure made in the ordinary course of an employee's duties, to the Accountability and Transparency Board, an inspector general, the Comptroller General, a member of Congress, a State or Federal regulatory or law enforcement agency, a person with supervisory authority over the employee (or other person working for the employer who has the authority to investigate, discover or terminate misconduct), a court or grand jury, the head of a Federal agency, or their representatives, information that the employee believes is evidence of one or more of the following related to the implementation or use of covered funds:
    - i. gross mismanagement,



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

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

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

- (4) Section 902 – Access Of Government Accountability Office. The Contractor shall provide that the Comptroller General and his representatives are authorized:
  - i. to examine any records of the Contractor or any of its subcontractors, that directly pertain to, and involve transactions relating to, this Contract or a subcontract; and
  - ii. to interview any officer or employee of the Contractor or any of its subcontractors regarding such transactions.
- (5) Section 1514 – Inspector General Reviews. Any inspector general of a federal department or executive agency has the authority to review, as appropriate, any concerns raised by the public about specific investments using such funds made available in the Recovery Act. In addition, the findings of such reviews, along with any audits conducted by any inspector general of funds made available in the Recovery Act, shall be posted on the inspector general's website and linked to the website established by Recovery Act Section 1526, except that portions of reports may be redacted to the extent the portions would disclose information that is protected from public disclosure under sections 552 and 552a of title 5, United States Code.
- (6) Section 1515 – Access of Offices of Inspector General to Certain Records and Employers. With respect to this Contract, any representative of an appropriate inspector general appointed under section 3 or 8G of the Inspector General Act of 1978 (5 U.S.C. App.), is authorized:
  - i. to examine any records, of the Contractor or any of its subcontractors, that pertain to and involve transactions relating or pursuant to this Contract; and
  - ii. to interview any officer or employee of the Contractor or any subcontractors regarding such transactions.
- (7) Section 1606 – Wage Rate Requirements. All laborers and mechanics employed by pursuant to this Contract shall be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the Secretary of Labor in accordance with subchapter IV of chapter 31 of title 40, United States Code. All rulings and interpretations of the Davis-Bacon Act and related acts contained in 29 CFR 1, 3, and 5 are herein incorporated by reference.

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



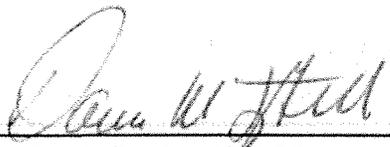
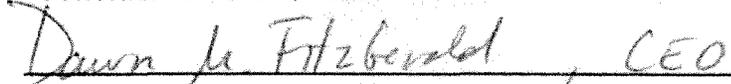
(8) Section 1605 – Buy American Requirements for Construction Material – Buy An Use of American Iron, Steel, and Manufactured Goods. None of the funds provided by this Contract may be used for a project for the construction, alteration, maintenance, or repair of a public building or public work unless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

- f. The Contractor agrees to comply with any modifications or additional requirements that may be imposed by law and future guidance and clarifications of Recovery Act requirements.
- g. If the Contractor enters into one or more subcontracts for any of the services performed under this Contract, each subcontract shall contain provisions specifically imposing on the subcontractor all requirements set forth in this Contract Section E.7., "Federal Economic Stimulus Funding."

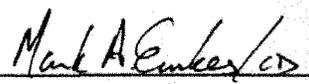
The Contractor's failure to comply with the above requirements is a material breach of this Contract for which the State may terminate this Contract for cause. The State will not be obligated to pay any outstanding invoice received from the Contractor unless and until the Contractor is in full compliance with the above requirements.

**IN WITNESS WHEREOF,**

**QSOURCE:**

	9/27/2012
<b>CONTRACTOR SIGNATURE</b>	<b>DATE</b>
	
<b>PRINTED NAME AND TITLE OF CONTRACTOR SIGNATORY (above)</b>	

**DEPARTMENT OF FINANCE & ADMINISTRATION  
 DIVISION OF HEALTH CARE FINANCE AND ADMINISTRATION  
 OFFICE OF eHEALTH INITIATIVES:**

	9/27/2012
<b>MARK A. EMKES, COMMISSIONER</b>	<b>DATE</b>



## TERMS AND DEFINITIONS

1. Certified Direct Technology – secure email for the purpose of exchanging healthcare information. Each email is encrypted and cannot be decrypted except by the person to whom it was sent; therefore the information is 'secure' from being collected by an unauthorized source.
2. Communication Plan – A plan/document that describes what type of information the Contractor will provide, in what format and to what groups. Information may consist of print ads or brochures or face-to-face meetings; the content may change based on the audience. All of this will be described in the 'plan' during the Planning phase of the project in preparation for how communications will operate in the Pilot.
3. Dashboard – a utility (spreadsheet or on-line) to visually see the tracking of the Statewide Environmental Survey metrics.
4. Direct Technology Program – Reference to the overall Direct technology and the rules that govern the exchange of secure email.
5. DirectTrust.org – (<http://directtrust.wikispaces.com/>) An independent non-profit trade association created by and for participants in the Direct community, the common goal being to establish and maintain a national Security and Trust Framework (the "Trust Framework") in support of Directed exchange. The Trust Framework is defined as a set of technical, legal, and business standards, expressed as policies and best practices recommendations, which members of the trust community agree to follow, uphold, and enforce.
6. Glide-path – Refers to a workable process or path forward.
7. Meaningful Use (MU) – Meaningful use of health information technology is an umbrella term for the rules and regulations that hospitals and physicians must meet in order to qualify for federal incentive funding under the American Recovery and Reinvestment Act (ARRA). ARRA authorizes the Centers for Medicare & Medicaid Services (CMS) to provide reimbursement incentives for hospitals and physicians that meet those defined criteria (rules and regulations). The MU criteria ensure that technology used for the purpose of healthcare exchange functions to both improve and demonstrate a level of quality of care. (i.e. A physician must use the technology in a "meaningful" way, not just purchase/install the technology).
8. Medicare MU Providers – The providers (physician and hospitals) working with Medicare patients that are working toward meeting the MU criteria in order to receive the reimbursement incentives.
9. Pilot Community Areas – the Community Areas will be groups of providers that normally exchange healthcare information amongst themselves. They could be hospitals, specialists, home health, etc. that see the same patients and need to exchange the latest data.
10. Regional Centers – Tennessee Regional Extension Centers (tnREC). tnREC is Tennessee's regional extension center whose resources assist healthcare providers across the state to implement electronic health record systems or Direct technology in their practices and ensure they meet government requirements for MU implementation and reimbursement incentives.
11. Stage 1; Stage 2; Stage 3 – The criteria/rules that the physicians/hospitals must meet for the incentives are broken into timeframes, called Stages.
12. State Health Information Exchange – Each state is defining how they are choosing to exchange healthcare information and that arrangement is called the State Health Information Exchange. This exchange can take place either by the transfer of data within Electronic Health Records (EHR) or by exchanging information using Direct Technology (secure email), or a combination of the two.

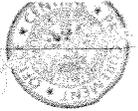


13. Statewide Environmental Survey – A list of questions that will be asked of all healthcare providers to assess what type of patients they serve, what type of technology they use for healthcare exchange, etc. This information and how the providers adopt and increase their use of healthcare technology will be tracked. In the Planning phase, information collected will provide a baseline view of TN practice and in the long term will provide metrics in increased adoption.
14. Technology Expenses – References the types of expenses due to the implementation of new technology (purchase of hardware, set up costs, training costs, etc).
15. Tennessee Direct Technology Pilot – References the 'test' of increasing adoption of Direct technology in our state. The Pilot phase is 3 months.



	Month
<b>Participation Metrics</b>	
<b>Directed/Push</b>	
IM1. Organizations enabled for directed exchange	
IM2. Individual users enabled for directed exchange	
IM3. Acute care hospitals actively participating in directed exchange	
IM4. Ambulatory entities actively participating in directed exchange	
IM5. Laboratories actively participating in directed exchange	
IM6. Other health care organizations actively participating in directed exchange	
<b>Query</b>	
IM7. Organizations enabled for query-based exchange	
IM8. Individual users enabled for query based exchange	
IM9. Acute care hospitals actively participating in query-based exchange	
IM10. Ambulatory entities actively participating in query-based exchange	
IM11. Laboratories actively participating in query-based exchange	
IM12. Other health care organizations actively participating in query based exchange	
*who have sent clinical information or queried system at least one time during reporting timeframe	
<b>Transaction Metrics</b>	
<b>Directed/Push</b>	
IM13. Directed transactions	
IM14. Directed transactions between hospitals and ambulatory entities	
IM15. Directed transactions from clinical laboratories	
IM16. Directed transactions to public health	
<b>Query</b>	
IM17. Patient record queries	
IM18. Patient record queries from ambulatory entities	
IM19. Patient record queries from acute care hospitals	

Names of HIOs/HISPs included in metrics
Names of HIOs/HISPs not included in metrics and why
If you provided a number "other" active participants, please describe the types of participants



ATTACHMENT C

**ATTESTATION RE PERSONNEL USED IN CONTRACT PERFORMANCE**

SUBJECT CONTRACT NUMBER:	34021
CONTRACTOR LEGAL ENTITY NAME:	Qsource
FEDERAL EMPLOYER IDENTIFICATION NUMBER: (or Social Security Number)	62-0924699

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

**CONTRACTOR SIGNATURE**

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

Dawn M. Fitzberall, CEO

**PRINTED NAME AND TITLE OF SIGNATORY**

9/27/2012

**DATE OF ATTESTATION**